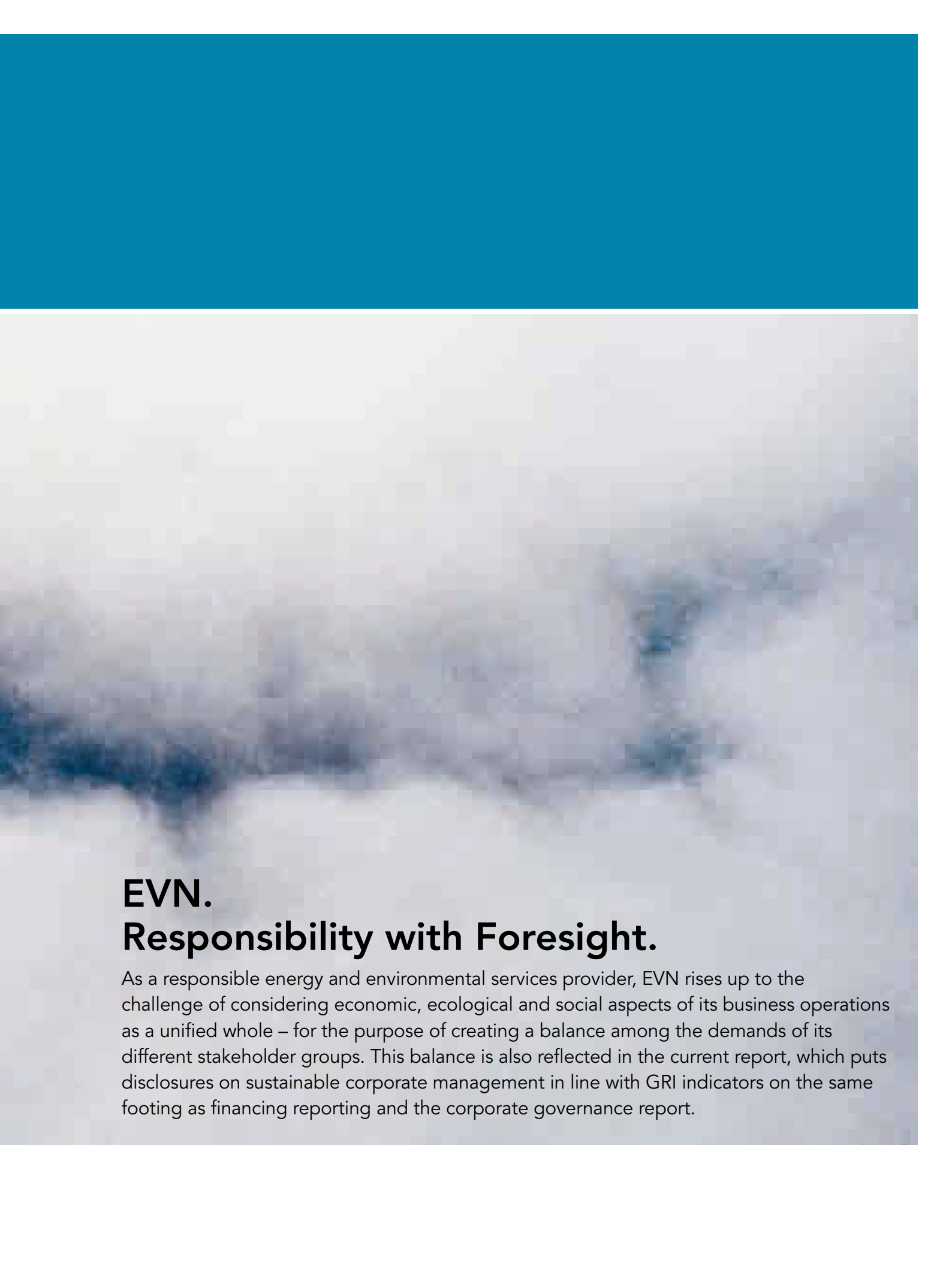

EVN Full Report 2010/11

Group Management Report and Consolidated Financial Statements
Corporate Governance Report
Corporate Social Responsibility





EVN. Responsibility with Foresight.

As a responsible energy and environmental services provider, EVN rises up to the challenge of considering economic, ecological and social aspects of its business operations as a unified whole – for the purpose of creating a balance among the demands of its different stakeholder groups. This balance is also reflected in the current report, which puts disclosures on sustainable corporate management in line with GRI indicators on the same footing as financing reporting and the corporate governance report.

Key figures

		2010/11	2009/10	Change in %	2008/09	2007/08	2006/07
Sales volumes							
Electricity generation volumes	GWh	3,332	3,653	-8.8	3,477	4,022	3,451
Electricity sales volumes to end customers	GWh	20,403	20,101	1.5	19,541	19,372	18,043
Natural gas sales volumes to end customers	GWh	6,475	6,738	-3.9	6,102	6,759	5,603
Heat sales volumes to end customers	GWh	1,911	1,821	4.9	1,576	1,362	911
Consolidated Income Statement							
Revenue	EURm	2,729.2	2,752.1	-0.8	2,727.0	2,397.0	2,233.1
EBITDA	EURm	471.4	416.6	13.2	373.4	362.3	350.7
EBITDA margin ¹⁾	%	17.3	15.1	2.1	13.7	15.1	15.7
Results from operating activities (EBIT)	EURm	218.7	187.3	16.8	175.2	166.6	197.3
EBIT margin ¹⁾	%	8.0	6.8	1.2	6.4	7.0	8.8
Profit before income tax	EURm	260.5	270.9	-3.8	226.0	235.5	287.4
Group net profit	EURm	189.7	207.0	-8.4	177.9	186.9	227.0
Consolidated Balance Sheet							
Balance sheet total	EURm	6,870.4	6,731.2	2.1	6,695.4	6,636.3	6,261.9
Equity	EURm	3,176.0	3,025.3	5.0	3,127.2	3,208.5	3,014.7
Equity ratio ¹⁾	%	46.2	44.9	1.3	46.7	48.3	48.1
Net debt	EURm	1,579.2	1,458.2	8.3	1,378.2	1,131.3	825.3
Gearing ¹⁾	%	49.7	48.2	1.5	44.1	35.3	27.4
Return on Equity (ROE) ¹⁾	%	7.5	7.4	0.1	6.3	7.4	9.0
Return on Capital Employed (ROCE) ¹⁾	%	5.7	5.6	0.1	5.4	6.3	7.1
Consolidated Cash Flow and Investments							
Net cash flow from operating activities	EURm	522.0	499.3	4.6	335.3	382.6	342.8
Investments ²⁾	EURm	415.7	394.0	5.5	415.7	415.6	277.7
Net Debt Coverage (FFO) ¹⁾	%	38.2	39.0	-0.8	30.6	41.3	50.7
Interest Cover (FFO)	x	7.6	8.2	-6.9	4.9	5.5	5.5
Employees							
Number of employees	Ø	8,250	8,536	-3.4	8,937	9,342	9,535
thereof Austria	Ø	2,578	2,546	1.2	2,563	2,468	2,365
thereof abroad	Ø	5,672	5,990	-5.3	6,374	6,874	7,170
Value added							
Net operating profit after tax (NOPAT)	EURm	328.6	254.5	29.1	234.9	280.9	275.2
Capital Employed ³⁾	EURm	4,393.8	3,952.4	11.2	3,493.8	3,219.7	3,041.2
Operating ROCE ¹⁾	%	7.5	6.4	1.0	6.7	8.7	9.0
Weighted Average Cost of Capital (WACC) ¹⁾	%	6.5	6.5	-	6.5	6.5	6.5
Economic Value Added (EVA [®]) ⁴⁾	EURm	43.0	-2.4	-	7.8	71.7	77.5
Share							
Earnings ⁵⁾	EUR	1.07	1.27	-16.1	1.09	1.14	1.39
Dividend ⁵⁾	EUR	0.41 ⁶⁾	0.40	2.5	0.37	0.37	0.38
Payout ratio ¹⁾	%	38.5	34.7	3.8	33.9	32.4	27.0
Dividend yield ¹⁾	%	3.8	3.5	0.3	2.7	2.5	1.7
Share performance							
Share price at September 30 th ⁵⁾	EUR	10.82	11.45	-5.5	13.68	14.99	22.63
Highest price ⁵⁾	EUR	13.76	13.75	0.1	16.00	23.38	23.87
Lowest price ⁵⁾	EUR	9.92	10.61	-6.5	10.11	14.39	20.38
Market capitalisation at September 30 th	EURm	1,945.0	1,872.0	3.9	2,237.0	2,451.3	3,699.8
Credit Rating							
Moody's		A3, stable	A3, stable	-	A2, negative	A1, stable	A1, stable
Standard & Poor's		A-, negative	A-, negative	-	A-, negative	A, negative	A, stable

1) Changes reported in percentage points

2) In intangible assets and property, plant and equipment

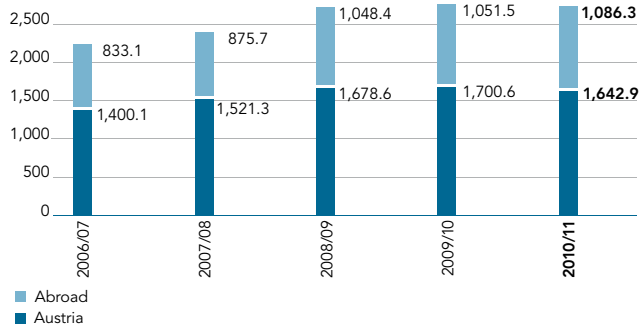
3) Average adjusted Capital Employed

4) As defined by Stern Stewart & Co.

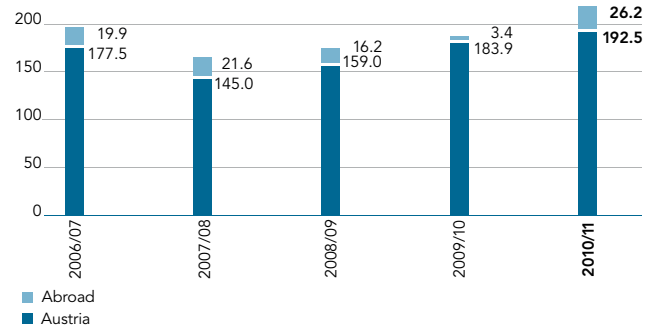
5) The figures of the business year 2006/07 have been adopted in accordance with the stock split in a ratio of 1:4 carried out effective April 17th, 2008.

6) Proposal to the Annual General Meeting

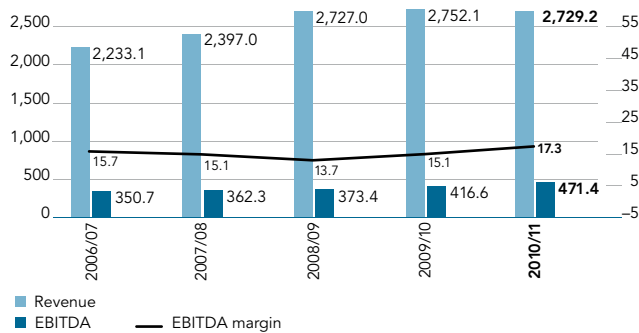
Revenue by region in EURm



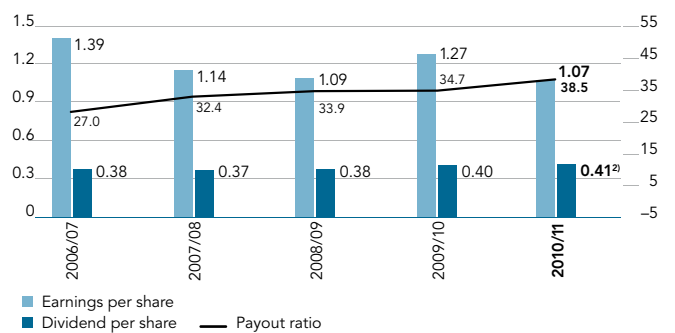
EBIT by region in EURm



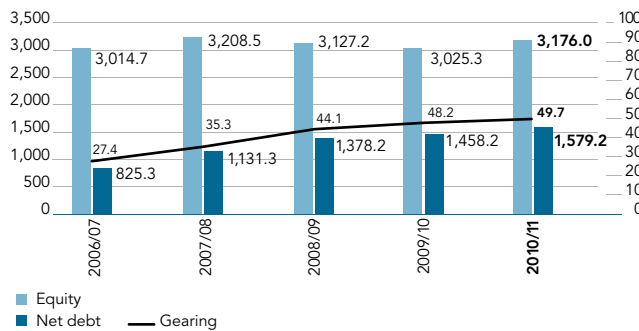
Revenue, EBITDA in EURm, EBITDA margin in %



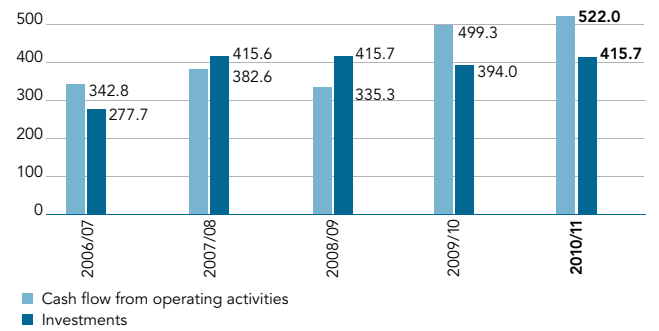
Earnings, Dividend per share¹⁾ in EUR, Payout ratio in %



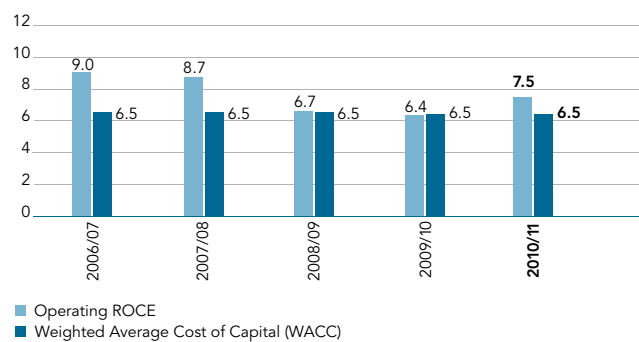
Equity, Net debt in EURm, Gearing in %



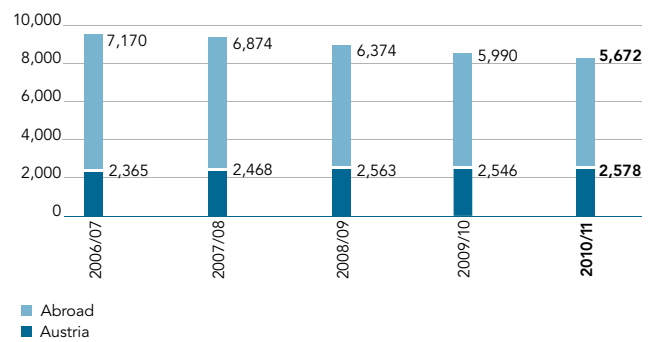
Cash flow and investments in EURm



Operating ROCE and WACC in %



Employees by region



1) The figures of the business year 2006/07 have been adopted in accordance with the stock split in a ratio of 1:4 carried out effective April 17th, 2008.
 2) Proposal to the Annual General Meeting

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**EVN is
always here
to serve you.
Now and in
the future.**

EVN safely and reliably supplies energy to 3.7 million people – and provides environmental services to 14 million more. The focus is on the security and reliability of the energy supply and winning the trust of our customers. For this reason sustainability aspects are of paramount importance in defining EVN's corporate strategy.

Insight

© Susanne Spiel





EVN focuses on exploiting the power of water, wind and the sun.

EVN will increase the share of renewable energies in its power generation mix from 35% at present to 50% by 2020. That is why we are investing in wind power, hydropower and photovoltaics – in Lower Austria, but also in selected markets abroad such as Bulgaria, Germany and Albania. In this way EVN masters the balancing act between ecological responsibility and ensuring a secure energy supply.

© Daniel Gebhart de Koekoek

Insight

Statement by the Executive Board

Ladies and Gentlemen!

The sustainable changes taking place in the European energy policy and the energy business also posed major challenges to EVN in this past financial year. The devastating catastrophe in Japan prompted several European countries, including Germany, Belgium and Switzerland, to phase out the use of nuclear power. Increasing importance will be attached in the upcoming years to energy production from renewable energy sources, serving as the basis for an expansion of related power generating capacities in record time. This transformation of the energy policy confirms EVN's strategic orientation, which we have been pursuing for years. In its electricity production EVN relies on a flexible generation mix of hydropower and thermal power, as well as other renewable energies, and places sustainability aspects and a secure energy supply at the centre of its strategic decisions. We will continue to adhere to this strategy.

The business results of EVN were shaped by one-off effects in the 2010/11 financial year. The sustainable structural changes in the European energy industry impact the intrinsic value of our power generating facilities for electricity. Taking account of high gas sourcing costs from long-term supply contracts and the elimination of free CO₂ emission certificates as of the year 2013, EVN recognised impairment losses of EUR 38.4m as the result of impairment tests carried at EVN's gas-fired power plants Theiß and Korneuburg. In contrast, the hydropower plants are gaining in importance as power generation sources for electricity. The impairment test for the Freudenuh hydropower plant resulted in a reversal of impairment to the amount of EUR 31.2m for the procurement rights held by EVN. Moreover, extraordinary depreciation totalling EUR 9.2m was recognised for goodwill and EUR 1.9m for property, plant and equipment at TEZ Plovdiv in the first half of 2010/11 due to the ongoing disadvantageous regulations in the heating segment imposed by the regulatory authority in Bulgaria. In addition, an impairment loss of EUR 6.6m was taken for the power plant site in Plovdiv, in the light of the fact that the delay in liberalizing the electricity market has postponed plans to construct a gas-fired power plant on the site. The prior-year period was burdened by an impairment loss of EUR 10.7m related to the Kavarna wind park project in Bulgaria. Furthermore, earnings were positively affected by the use of provisions for impending losses which were formed in the previous year.

On balance, these developments and increased earnings in the environmental business led to a rise in the operating result (EBIT) of 16.8% to EUR 218.7m in spite of the 0.8% decline in revenue, which totalled EUR 2,729.2m.

The financial results fell by 50.0% to EUR 41.8m, which is the result of lower income from investments as well as higher interest expense. The share of profit of equity accounted investees climbed by EUR 1.3m to EUR 62.9m, in which case the earnings contribution from RAG and BEWAG were in contrast to an impairment loss of EUR 23.1m in relation to the Ashta hydropower plant project in Albania.

The Group net profit was EUR 189.7m, or 8.4% below the high prior-year level. EVN invested EUR 415.7m in intangible assets and property, plant and equipment in the 2010/11 financial year, focusing on electricity generation and networks.

In the light of the challenging business environment and the previously mentioned effects, we look favourably on the business results in the 2010/11 financial year. We see them as confirmation of our strategy to increasingly focus on the consolidation of our existing core markets and the domestic market and the realisation of investment projects which have already been initiated. This solid orientation enables us to propose to you at the upcoming 83rd Annual General Meeting to be held on January 19th, 2012 that a slightly higher dividend of EUR 0.41 per share is to be distributed to shareholders, corresponding to a dividend payout ratio of 38.5%. With this approach we want to ensure a steady dividend policy as well as the financing of previously initiated investment projects of EVN.

A cornerstone of our medium- to long-term business strategy is our objective of increasing the share of renewable energies in our power generation mix to 50%. In the 2010/11 we took important steps to achieve this target. In July 2011 we acquired a 13.0% stake in the 13 power plants operated by VERBUND-Innkraftwerke GmbH, and thus increase our share of hydropower. A further example was the Schütt small-scale hydropower plant, which was opened in July 2011 following a comprehensive modernisation programme, and which are supplying electricity for 10,000 households. Since July 2011



the Markgrafneusiedl wind park featuring a capacity of 18 MW has been feeding electricity for about 12,000 households into the power grid. In November 2011 a wind park with eight wind turbines and a total capacity of 16 MW will be completed in Tattendorf. A total of EUR 57.0m were invested in these two projects. EVN now has nine wind farms with a total capacity of 138 MW which delivers electricity for about 80,000 households, making EVN one of the biggest producers of wind power in Austria.

We also took several steps in the reporting year to expand production from renewable energy sources in Bulgaria. In July 2011 EVN's largest photovoltaic facility was put into operation in Trastikovo. In the same month we acquired 70% stake in the Gorna Arda project company, which is pursuing a hydropower plant project together with the state-owned electricity producer NEK. A highly advanced cogeneration plant in Plovdiv was completed at the beginning of September after a construction period of one year, and is now undergoing trial operation. The facility boasts electricity output of 50 MW and heat output of 54 MW. Total investments amounted to EUR 50.0m.

In contrast, the realisation of the black coal-fired power plant Duisburg-Walsum, Germany is subject to delays. On the basis of a recurrence of damage to the boiler, material replacement is considered to be the most technically feasible solution. As a result, the plant is first expected to commercially come on stream in the summer of 2013.

Within the context of the road map agreed upon between the Macedonian government and EVN in 2010, court proceedings pending since 2008 between the state-owned company ELEM and EVN Macedonia were ended by a settlement. Moreover, the Macedonian Parliament passed a new energy law in February 2011 providing support to establishing a liberalised electricity market. At the same time, the regulatory framework in South Eastern Europe slightly improved in the first half of 2011. Following a positive tariff change in Macedonia as of March 1st, 2011, the regulatory authority in Bulgaria approved a price hike for natural gas and heat as of April 1st, 2011 and a slight increase in end customer prices for electricity as of July 1st, 2011.

In Lower Austria the southern portion of the natural gas transport pipeline "Südschiene" featuring a length of 120 km and investments of EUR 114.0m was put into operation. Construction work was started on the 150 m long western portion, the "Westeschiene", with investments of EUR 150.0m budgeted for this further project designed to increase the reliability of the energy supply. In previous years EVN won gas supply contracts for three counties along the Dalmatian coast in Croatia. The first phase was marked by the ground-breaking ceremony for constructing the high and medium-pressure pipelines for the gas supply in Zadar, with a length of 25 km.

We can also report on positive developments in EVN's Environmental Services segment, which reported an order value of EUR 1.3 billion on September 30th, 2011. The large project involving the construction of the second waste incineration plant in Moscow with a capacity of 700,000 tons annually is currently in the approval stage. In July 2011 EVN opened a biogas treatment plant at the site of the Wiener Neustadt wastewater purification facility. EVN is now active in 20 European countries thanks to its winning a contract to expand and modernise two wastewater treatment plans in Romania.

EVN is also well prepared to meet the challenges arising in the years to come. On the basis of the successful capital increase in the fall of 2010, EVN benefitted from proceeds of EUR 175.5m which strengthen the balance sheet structure and were used for investments in renewable energy projects. With the successful issue of a corporate bond in October 2011 featuring a total volume of EUR 300.0m and a balanced maturity-congruent balance sheet and financing policy, we are assured that EVN will be able to realise its investment projects as planned without endangering its stable liquidity situation.

Despite the difficult market environment, the rating agencies confirmed the "A" rating for EVN during the year under review. They positively noted the improvement of the company's operational and financial performance, the positive cash flow development and strong liquidity situation. The focus on the core business and stable earnings contributions on the domestic market in addition to the excellent rating for EVN's majority shareholder, the Federal Province of Lower Austria, were also viewed in a very positive light.

In the 2011/12 financial year we do not anticipate any sustainable improvement in the market and industry environment. In particular, conditions in the energy sector will remain challenging. Nevertheless, we are optimistic that we will be able to report to you one year from now about the further stable development of EVN. We would like to thank you for the confidence you have displayed as shareholders of EVN, and invite you to continue accompanying EVN on its future sustainable path. We would also like to express our sincere thanks to the employees, who performed outstandingly in a challenging year.




Peter Layr
Spokesman of the Executive Board
since January 20th, 2011

Member of the Executive Board
since October 1999



Stefan Szyszkowitz
Member of the Executive Board
since January 20th, 2011



Herbert Pöttschacher
Member of the Executive Board
since July 1995

► Detailed information on the Executive Board members and their responsibilities can be found in the Corporate Governance Report starting on page 13.

Business overview

Corporate profile

EVN¹⁾ is 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, EVN offers electricity, gas, heat, water, waste incineration and related services from a single supplier and supplies these services to more than one million customers here. Starting from its domestic market in Lower Austria, EVN has been pursuing a dynamic and continually well conceived expansion strategy. At the beginning of 2005 EVN already entered the Bulgarian market, where it now supplies electricity to 1.7 million customers and heat to 33,600 customers. In April 2006 EVN succeeded in entering the Macedonian market, where 0.8 million customers are provided with electricity. EVN has also been able to successfully position itself in the energy industry in Albania, Germany and Croatia. Thus EVN safeguards and improves the quality of life of more than 3.7 million energy customers.

Based on the acquisition of a German environmental services group in 2003, EVN significantly expanded its product portfolio and geographical outreach. It managed to build up a second strategic pillar of its business operations, the Environmental Services segment. EVN boasts extensive expertise in the planning and construction of water supply, wastewater treatment, desalination and waste incineration plants over the last 20 years on the basis of more than 90 environmental projects carried out in its markets. EVN supplies some 14 million customers on the basis of the successful projects implemented in Central, Eastern and South Eastern Europe in the past 20 years.

On balance, EVN operates in 20 countries in the energy and environmental services businesses. During the period under review, about 39.8% of total revenue was generated outside of Austria, namely in the markets of Central, Eastern and South Eastern Europe (previous year: 38.2%).

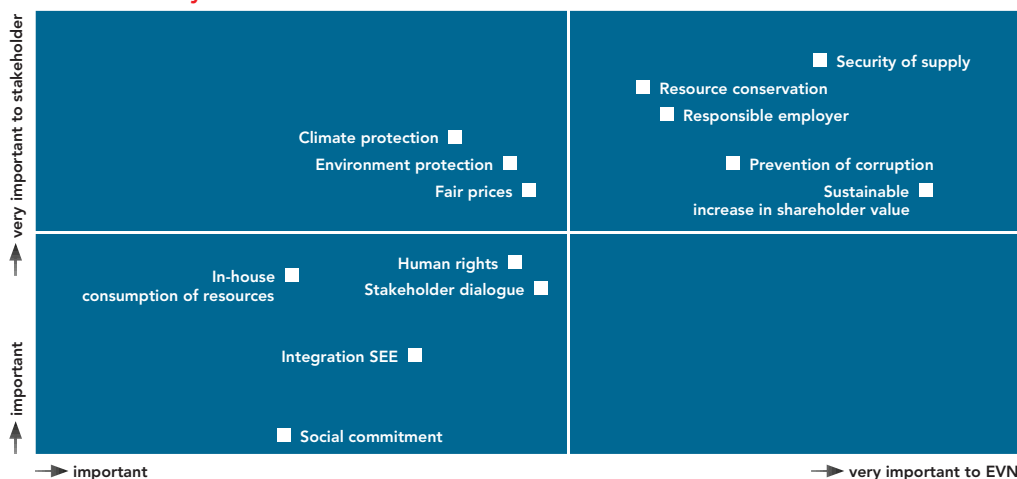
1) EVN is used to signify the EVN Group and subsidiaries.

Corporate strategy

EVN's main corporate objective is to generate a sustainable increase in shareholder value. The strategy being pursued is shaped by the conviction that this target can only be achieved by optimally taking the demands and requirements of all stakeholder groups into account. EVN strives to attain the necessary balance of economic, ecological and social aspects and challenges within the context of a well-founded dialogue with its stakeholders.

► For more information see CSR-section "Governance, commitments and engagement" starting on page 125.

EVN materiality matrix



In the spirit of a holistic approach, sustainability aspects and the related objectives comprise an integral part of EVN's corporate strategy. The EVN materiality matrix provides an overview of the most important strategic areas of action, and presents those issues and fields which entail the greatest impact, opportunities as well as risks for EVN. The matrix was compiled by involving both internal and external stakeholders, and is being continuously updated to ensure that the company takes trends and issues relevant to its stakeholder groups into account. Measures and objectives designed to ensure the ongoing development of each of the areas of action are defined by involving all business units. The resulting CSR programme of measures is approved by the Executive Board and updated annually.

► The actual programme can be found in the CSR-section starting on page 164 as well as on the EVN Website at www.evn.at/Verantwortung/CSR-Management/Massnahmenprogramm.aspx.

The main principles underlying EVN's business operations are ensuring the security and reliability of energy supplies, responsibly using natural resources, creating a modern infrastructure as well as the consistent positioning of EVN as a provider of top quality services. On the basis of exploiting synergies among the different business areas of EVN 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 most important indicators applied to measure the success of EVN's operating activities are the economic value added – EVA® and the operating return on capital employed (OpROCE) as well as the management of the financial stability of the net cash flow from operating activities.

► A detailed analysis of these indicators is presented in the Management Report on page 33 as well as starting on page 35.

Strategic focus

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

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, 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 16 countries.

► A list of all EVN's investments can be found starting on page 112.

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.

► Details on segment reporting can be found starting on page 47.

Shareholder structure

The shareholder structure of EVN changed as a result of the capital increase carried out in October/November 2010 amounting to 10.0% of the share capital. On the basis of federal and provincial constitutional law requirements, the province of Lower Austria continues to be the major shareholder of EVN AG, with a stake of 51%. Lower Austria's shareholding is formally held via its investment holding, NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The second biggest shareholder is EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, whose stake was diluted from 35.7% to 32.5%. As a result, free float increased from 13.3% to 16.5%.

EVN share

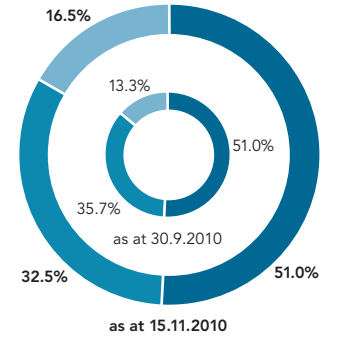
International stock markets continued to be subject to high volatility and most recently to major share price losses during the period under review, from October 1st, 2010 to September 30th, 2011. The markets strongly profited from robust economic growth in the first two quarters of the 2010/11 financial year. However, as a consequence of the nuclear catastrophe in Japan and uncertainties surrounding the sovereign debt crisis in Europe, significant share price losses plagued stock exchanges in the third and fourth quarters of 2010/11. The German share index DAX registered a 11.7% loss in value during the reporting period, whereas the Viennese benchmark index ATX fell by 23.4% and the Dow Jones Euro Stoxx Utilities Index, which is relevant to EVN, decreased by 19.2%.

EVN was also not immune to the negative developments on international stock markets. It posted a loss in value of 5.5%, a more moderate decline than the relevant indices for the EVN share. The EVN share ended on September 30th, 2011 trading at EUR 10.82, which corresponds to a market capitalisation of EUR 1.95 bn.

The EVN share has been listed on the Vienna Stock Exchange since November 1989, and performed well since then. Since its initial public offering, the long-term total shareholder return including the annual dividend has amounted to 8.4% per year.

In its strategic approach to using the financial resources at its disposal, EVN strives to achieve a balance between investment projects which have already been initiated and attractive dividends to shareholders. In recent years the dividend payout ratio of the EVN Group has hovered between 27.0% and 35.0% of the Group net profit. The Executive Board will propose a dividend of EUR 0.41 per share to the Annual General Meeting scheduled for January 19th, 2012. This corresponds to a dividend payout ratio of 38.5%.

Shareholder structure



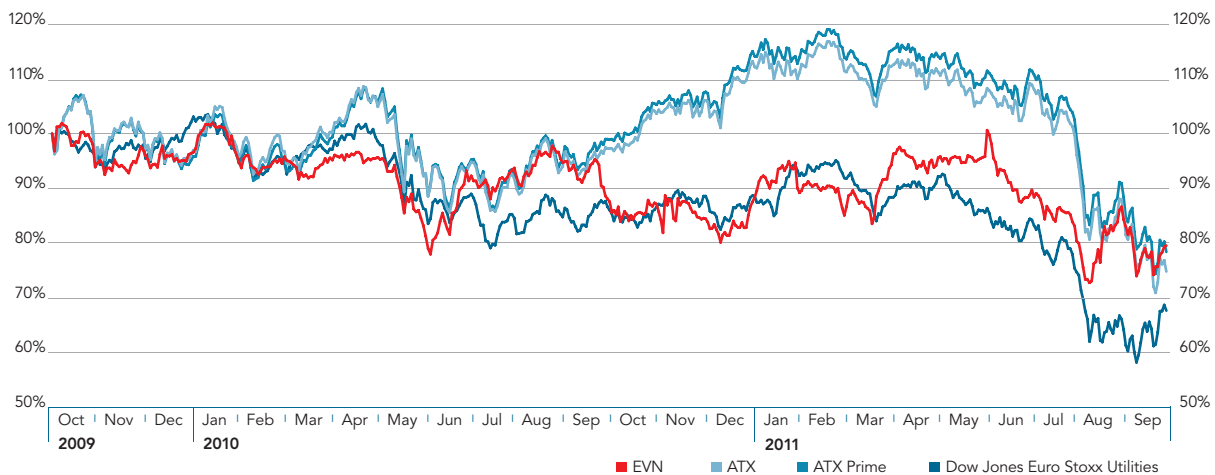
as at 30 September 2010:

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

as at 15 November 2010:

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

EVN share price – relative development



The EVN share		2010/11	2009/10	2008/09
Share price at the end of September	EUR	10.82	11.45	13.68
Highest price	EUR	13.76	13.75	16.00
Lowest price	EUR	9.92	10.61	10.11
Value of shares traded ¹⁾	EURm	358	197	209
Average daily turnover ¹⁾	Shares	122,528	63,724	69,031
Share of total turnover ¹⁾	%	1.08	0.52	0.49
Market capitalisation at the end of September	EURm	1,945	1,872	2,237
Earnings/share ³⁾	EUR	1.07	1.27	1.09
Dividend/share ³⁾	EUR	0.41 ²⁾	0.40	0.37
Cash Flow/share ^{3) 4)}	EUR	2.68	2.87	2.73
Book value/share ³⁾	EUR	17.84	18.56	19.18
Price/earnings	X	10.2	9.0	12.5
Price/Cash Flow ⁴⁾	X	4.0	4.0	5.0
Price/book value	X	0.7	0.7	0.8
Dividend yield	%	3.8	3.5	2.7
Price performance	%	-5.5	-16.3	-8.7
Total shareholder return	%	-1.7	-12.8	-6.0
Payout ratio	%	38.5	34.7	33.9
ATX Index weighting	%	1.27	1.05	1.50
WBI (Vienna Stock Exchange Index) weighting	%	2.91	2.36	2.79
ATX performance	%	-23.4	-1.4	-4.7
Dow Jones Euro Stoxx Utilities performance	%	-19.2	-16.9	-14.4

1) Vienna Stock Exchange, counted once

2) Proposal to the Annual General Meeting

3) Shares outstanding on September 30th

4) Gross Cash Flow

Success and influencing factors

The earnings development of EVN's energy business is shaped by external influencing factors which the company's management can only counteract to a limited extent. Electricity, gas and heating sales volumes depend on outside temperatures, the overall business environment as well as a successful positioning in relation to competitors. In order to ensure a reliable and secure energy supply, primary energy sources are procured on the basis of long-term agreements or futures contracts concluded in advance. The price development of these futures markets compared to market prices thus has a significant impact on the earnings development of EVN. Therefore, correctly assessing future price developments on the procurement side and ensuring a competitive price level on the sales side comprise key success factors. A balanced mix of different technologies and energy sources is crucial in orienting the company's own power generation facilities in order to be able to flexibly react to the aforementioned market mechanisms.

► Details can be found in the Management Report starting on page 28.

In the Environmental Services segment the main success factors are minimising risk in project implementation and the cost-effective operation of facilities in addition to ongoing efforts to acquire new projects matching EVN's areas of competence. EVN is responsible for the long-term operation of numerous environmental projects. The Environmental Services segment also serves the purpose of ensuring the operational diversification of the company.

The shareholdings held by EVN which are encompassed in the Strategic Investments and Other Business segment make an important contribution to the company's financial results:

- 12.63% stake in VERBUND AG: Austria's largest electricity producer with an installed capacity of 8.6 GW
- 50.03% of RAG: Austria's second largest oil and gas exploration company, with an average oil production of about 100,000–120,000 tonnes of oil and an average gas production of about 500 million m³ and gas storage capacities of close to 5 billion m³
- 73.6% shareholding in Burgenland Holding AG (and therefore indirectly 49.0% of BEGAS and BEWAG), Austria's largest producer in the field of wind energy with an installed capacity of 242 MW

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

► Details on the contributions of these companies to the financial results of EVN are included in the Consolidated Notes, note 54. Financial results on page 99.

Overview of strategic projects

The corporate strategy of EVN will focus on increasingly consolidating the existing core markets and the domestic market as well as realising investment projects which have already been initiated. A flexible energy mix is of decisive importance to the future viability of EVN. For this reason, a major focus of EVN's strategic orientation in the years to come is to more strongly promote the development of renewable energies. By the year 2020 renewable energy sources should account for 50% of total electricity production, up from 35% at present.

Several large projects are currently in different phases of planning or implementation. For example, in Lower Austria EUR 57.0m is being invested in the construction of two wind parks, which will supply electricity to 22,000 households and enable CO₂ savings of about 63,000 tonnes per year. EVN is currently building a run-of-river power station on the Drin River in the Shkodra region of Albania in cooperation with VERBUND AG, which will provide about 100,000 households with electricity. Another three-stage hydropower plant project on the Devoll River is being evaluated at present. Extensive preliminary work is being done on constructing a multi-stage storage power station on the Arda River in Bulgaria. A highly efficient cogeneration plant in the City of Plovdiv was completed in September 2011 and is now undergoing trial operation. The facility will provide heat to about 40,000 customers.

It will remain necessary for EVN to use thermal power generating plants in order to compensate for production fluctuations from renewable energy sources or peak demand periods. For this reason EVN is participating in the construction of a highly-efficient black coal-fired power plant in Duisburg-Walsum, Germany, which is now scheduled to come on stream in the summer of 2013 following delays relating to technical construction problems.

All in all, EVN invested a total of EUR 415.7m in intangible assets and property, plant and equipment in the 2010/11 business year. In addition to expanding power generation capacities, the focus of investments is on the network infrastructure in order to safeguard a secure and reliable energy supply. Two projects of major strategic importance are the "Süd- and Westschiene", i.e. the southern and western portions of the natural gas transport pipeline. EUR 114.0m was invested in the 120 km long "Südschiene" until it was completed in the fall of 2011. Construction work on the "Westschiene" featuring a total length of 150 km will be concluded by the end of 2013, involving budgeted investments of EUR 150.0m.

Financing strategy

Two important financial transactions designed to implement the business strategy and the projects and investments being realised were the capital increase in October/November 2010 and the corporate bond issued in EUR in October 2011. The capital increase resulted in net proceeds of EUR 175.5m for EVN, which was used to strengthen the balance sheet and support the ratings of EVN, to carry out investments in renewable energy projects. In October 2011 EVN issued a bond with a nominal value of EUR 300.0m. This bond which will fall due on April 13th, 2022 features a maturity period of 10.5 years and a denomination of EUR 1,000. The fixed coupon offers an interest rate of 4.25% at an issue price of 99.235%.

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

EVN bonds

EVN bonds	Public bonds			Private placements				
	EUR	EUR	CHF	EUR	JPY	EUR	EUR	JPY
Amount	300.0m ¹⁾	300.0m	250.0m	30.0m	8.0bn	28.5m	150.0m	12.0bn
Due date	13.04.2022	14.12.2011	20.2.2014	18.3.2019	1.9.2014	11.3.2016	23.6.2017	9.1.2024
Maturity (yrs)	10.5	10	5	10	20	7	8	15
Coupon (% p.a.)	4.250	5.250	3.625	5.250	5.200	5.000	5.250	3.130
ISIN	XS0690623771	XS0140090514	CH0049763102	XF000NS4HD4	XS0052014114	XS0417260329	XS0434384334	XS0406428036

1) This public bond was issued in October 2011.

Awards in the 2010/11 financial year

In the last business year, EVN was awarded on national and international levels in diverse categories:

- 1st place at the Austrian Annual Report Award (AAA trend) in the category “Sustainability Reports”
- 3rd place at the Austrian Annual Report Award (AAA trend) in the category “Publicly Traded Companies”
- The evn sammlung art collection was awarded the OscART in the category “Corporate Art Collections”
- 2nd place in the competition “Women- and Family-Friendly Firms in Lower Austria”
- 1st place at the Austrian Sustainability Reporting Award (ASRA) 2011 in the category “Integrated Annual and Sustainability Report”
- “Most Trusted Brands” 2011 in the category “Energy Company” in the eleventh study of “Reader’s Digest European Trusted Brands 2011”
- 2nd place at the Lundquist CSR Online Awards 2011 for the 2010/2011 financial year

EVN at a glance

Energy

Generation

Own power-generating capacity	1,873 MW
Thermal	1,434 MW
Hydro ¹⁾	278 MW
Wind	138 MW
Photovoltaic	3 MW
Biomass	10 MW
Other Renewables	10 MW

Energy distribution/Networks

Electricity networks

Power lines	134,308 km
Austria	51,908 km
Bulgaria	56,000 km
Macedonia	26,400 km
Customers	3,288,000
Sales volumes	21,150 GWh
Austria, Germany	7,754 GWh
Bulgaria	8,163 GWh
Macedonia	5,233 GWh

Gas networks²⁾

Gas pipelines	13,630 km
Customers	290,000
Sales volumes	16,415 GWh

Other²⁾

Cable TV customers	118,827
Telecommunications customers	57,413

Energy supply

Electricity

Sales volumes	20,403 GWh
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Gas

Sales volumes	6,475 GWh
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Heating

Heating lines	602 km
Austria	448 km
Bulgaria	154 km
Customers	77,600
Sales volumes	1,911 GWh
Austria	1,678 GWh
Bulgaria	233 GWh

Environmental Services

Drinking water/wastewater

Drinking water in Austria

Customers	497,400
Thereof directly supplied	72,600
Water pipes	2,267 km
Sales volumes	25.3m m ³

Drinking water/wastewater in Central, Eastern and South Eastern Europe

93 drinking and wastewater projects

82 completed projects

 Thereof

 Installed drinking water capacity
 in thousand 1,098 PE³⁾

 Installed wastewater capacity
 in thousand 12,664 PE³⁾

Waste incineration

Austria

Facility in Zwentendorf/Dürnrohr	
Annual capacity	500,000 t

International

Facility in Moscow	
Annual capacity	360,000 t

Strategic Investments and Other

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 hydropower plants along the Danube, Melk, Greifenstein and Freudenau as well as from investment in hydropower plant in Nussdorf, Vienna and VERBUND-Innkraftwerke GmbH

2) In Austria

3) Population equivalents (PE): industrial wastewater adjusted for wastewater of households

Corporate governance report

EVN is an Austrian public limited company listed on the Vienna Stock Exchange. Thus, in addition to Austrian regulations, in particular stock corporation and capital market laws, legal regulations applying to the right of co-determination on the workplace and the company by-laws, the corporate governance results out of the Austrian Corporate Governance Code under www.corporate-governance.at and the rules of internal procedure of the company's corporate bodies.

Commitment to the Austrian Corporate Governance Code

Preface

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 June 1st, 2006, EVN fully complied with the Austrian Corporate Governance Code in accordance with the valid and binding version published in January 2006. As of January 1st, 2008, EVN agreed to adhere to the updated version dated June 2007, the version of January 2009 applied to EVN effective October 1st, 2009, whereas EVN has been complying with the stipulations of the January 2010 version since March 1st, 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: EVN disclose the remuneration only for the entire Executive Board. Disclosure of the individual remuneration without knowledge of all the factors taken into account by the remuneration (personnel) committee would give a distorted impression and would result in misinterpretations. Thus, EVN does not publish a detailed breakdown.

Corporate bodies

Executive board

Effective January 20th, 2011 the composition of the Executive Board of EVN was modified. Burkhard Hofer resigned from the Executive Board at this date, Stefan Szyszkowitz was appointed to the Executive Board and Peter Layr was named to serve as the new Spokesman of the Executive Board. Within the contexts of these personnel changes the Supervisory Board also amended the Internal Rules of Procedure for the Executive Board. Since January 20th, 2011, Peter Layr is not only responsible for the networks in Austria but also for EVN's power plants. In addition to his managing EVN's energy business, Stefan Szyszkowitz was given responsibility for the business and financial aspects of the business. Herbert Pöttschacher is head of EVN's entire environmental services business.

Peter Layr

Spokesman of the Executive Board and CEO since January 20th, 2011

Born 1953. Doctor of Technical Sciences. Joined EVN in 1978. Member of the EVN Executive Board since October 1999. Named Spokesman of the EVN Executive Board in January 2011. His term of office expires on September 30th, 2014. Peter Layr has executive responsibility for the Generation and Network Infrastructure Austria segments, as well as for Group functions data processing, procurement and purchasing. One Supervisory Board mandate 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⁾



Herbert Pöttschacher

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 June 30th, 2013. Herbert Pöttschacher has executive responsibility for the Environmental Services segment, as well as for Group functions 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⁾



Stefan Szyszkowitz

Member of the Executive Board and CFO since January 20th, 2011

Born 1964. Doctor of Law. Joined EVN in 1993. Member of the EVN Executive Board since January 2011. His term of office expires on January 19th, 2016. Stefan Szyszkowitz has executive responsibility for Energy Trade and Supply and Energy Supply South East Europe segments, as well as for Group functions controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communication and human resources. One Supervisory Board mandate 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.³⁾



Burkhard Hofer

Spokesman of the Executive Board until January 20th, 2011

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. Burkhard Hofer has executive responsibility for the Environmental Services segment and Energy Trade and Supply segment, as well as for Group functions procurement and purchasing, controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communications and human resources. Burkhard Hofer retired from the Executive Board of EVN AG on January 20th, 2011.

1) VERBUND AG, member of Supervisory Board
2) SERVICE MENSCH GmbH,
member of the Supervisory Board
3) EVN-Pensionskasse Aktiengesellschaft,
Chairman of the Supervisory Board

Supervisory Board

Members of the Supervisory Board

Name (Year of birth)	Date of initial appointment	Function in listed companies and other important function	Independence	
			Rule 53 ¹⁾	Rule 54 ²⁾
Shareholder representatives				
President and Chairman Rudolf Gruber (1933)	January 19 th , 2005 until January 20 th , 2011	Member of the Supervisory Board of several non-listed companies	yes	yes
President and Chairman Burkhard Hofer (1944)	January 20 th , 2011	Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft	no	yes
Stefan Schenker Vice-Chairman 1 (1946)	December 12 th , 1996	Independent forestry engineer	yes	yes
Gerhard Posset Vice-Chairman 2 (1949)	December 12 th , 1995 until January 20 th , 2011		yes	yes
Willi Stiwowicek Vice-Chairman 2 (1956)	January 15 th , 2009	Head of the Presidential Department of the Magistrate of Provincial Capital St. Pölten	yes	yes
Norbert Griesmayr (1957)	January 12 th , 2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes	yes
Gottfried Holzer (1946)	June 22 nd , 1987 until January 20 th , 2011		yes	yes
Dieter Lutz (1954)	January 12 th , 2006	Shareholder and Managing Director of the BENDA LUTZ- WERKE GmbH, Chairman of the management board of the Benda-Lutz Corporation, USA, Vice-President of the Lower Austrian Chamber of Commerce and of the associa- tion of Österreichische Industrie, Group Lower Austria	yes	yes
Reinhard Meißl (1959)	January 12 th , 2006	Head of the Finance department, Provincial Government of Lower Austria, CEO of the NÖ Holding GmbH and the NÖ Landes-Beteiligungsholding GmbH	yes	yes
Bernhard Müller (1973)	January 12 th , 2006	Mayor of statutory city Wiener Neustadt, Member of the Executive Board of the housing cooperative Gemein- nützigen Bau- und Wohnungsgenossenschaft „Wien-Süd“	yes	yes
Wolfgang Peterl (1955)	January 12 th , 2001 until January 20 th , 2011	Vice-Chairman of the Gemeinnützigen Wohnungs- und Siedlungsgenossenschaft Neunkirchen registrierte Genossenschaft mit beschränkter Haftung	yes	yes
Edwin Rambossek (1943)	January 20 th , 2011	Corporate consultant	yes	yes
Martin Schuster (1967)	January 12 th , 2006 until January 20 th , 2011	Member of the Lower Austrian Parliament, Mayor of Perchtoldsdorf	yes	yes
Michaela Steinacker (1962)	January 12 th , 2001	Member of the Executive Board of the RAIFFEISEN- HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H.	yes	yes
Hans-Peter Villis (1958)	January 17 th , 2008	CEO of the EnBW Energie Baden-Württemberg AG, Mem- ber of the Supervisory Board Pražská energetika a.s., Prague	yes	no
Employee representatives				
Franz Hemm (1955)	May 3 rd , 1994	Chairman of the Central Works Council of the EVN Netz GmbH, Vice-President of the Lower Austrian Chamber of Labour		
Manfred Weinrichter (1961)	January 1 st , 2001	Vice-Chairman of the Central Works Council of the EVN Netz GmbH		
Paul Hofer (1960)	April 1 st , 2007	Chairman of the Central Works Council of the EVN AG		
Leopold Buchner (1953)	January 19 th , 2009	Vice-Chairman of the Central Works Council of the EVN AG		
Friedrich Bußlehner (1962)	from January 1 st , 2011 until January 20 th , 2011	Member of the Works Council		
Otto Mayer (1959)	May 12 th , 2005	Member of the Works Council		
Helmut Peter (1957)	January 1 st , 2009 until January 20 th , 2011	Member of the Works Council		
Franz Ziegelwagner (1952)	March 22 nd , 2004 until December 31 st , 2010	Member of the Works Council		

The terms of office of all Supervisory Board members expire at the end of the Annual General Meeting resolving on matters pertaining to the 2014/15 financial year.

1) Rule 53 of the Austrian Corporate Governance Code: Independence of EVN Executive Board

2) Rule 54 of the Austrian Corporate Governance Code: no representatives of shareholders with a shareholding exceeding 10% and pursuant to Rule 53 of the Austrian Corporate Governance Code independent

A list of the Supervisory Board committees can be found on page 15.

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 likely to influence the behaviour of the member. Should such a conflict of interest arise, multi-year transition periods are foreseen at 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

- 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;
- 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;
- 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;
- 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;
- 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 and
- 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.

Function and committees of the Supervisory Board

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** handles the following responsibilities:

- the monitoring of the accounting process;
- the monitoring of the effectiveness of the internal control systems, and, if necessary, of the internal auditing and the risk management systems of the company;
- the monitoring of the annual and of the consolidated annual audits;
- the verification and the monitoring of the independence of the auditor conducting the annual audit (auditor of the consolidated annual audit), especially regarding the supplementary services rendered by the company being audited;
- the auditing of the annual accounts and the preparation of the financial statements, the examination of the proposal for the distribution of profits, of the Management report and, if need be, of the Corporate governance report as well as the submission of the report on the results of the audit to the Supervisory Board;
- the examination of the consolidated annual accounts as well as the submission of the report on the results of the audit to the Supervisory Board of the parent company and
- the preparation of the proposal of the Supervisory Board as to the selection of the official annual auditors (auditor of the consolidated annual accounts).

The **Personnel committee** is responsible for all matters involving the relationships between the company and the members of the Executive Board, in cases in which the responsibility of the entire Supervisory Board is not compulsorily foreseen. The Personnel committee nominates replacements for mandates relinquished on the Executive and Supervisory Boards.

Burkhard Hofer, the Spokesman for the Executive Board, reached the age of retirement during the period under review. This caused the appointment of a successor on the Executive Board, whose distribution of responsibilities, as laid down in its Internal Rules of Procedure, was reassigned.

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.

During the reporting period the Supervisory Board convened six times for plenary meetings, fulfilling the tasks and duties incumbent upon it in accordance with legal regulations and the Articles of Incorporation. One Supervisory Board meeting was held as a retreat, focusing on updating the Group's business strategy. The Audit committee met twice in the 2010/11 financial year. The Working committee held five meetings in the course of the reporting period. The Personnel committee, which simultaneously serves as the remuneration and nomination committee, convened for six meetings in the course of the financial year. Within the context of a retreat the Supervisory Board discussed the "Rights and duties of the Supervisory Board of a public limited company" and "Current developments in the European energy and environmental business".

Average attendance at Supervisory Board meetings amounted to 90%.

Composition of the committees of the Supervisory Board

Working committee

Rudolf Gruber (Chairman until January 20th, 2011)
 Burkhard Hofer (Chairman since January 20th, 2011)
 Stefan Schenker
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicsek (since January 20th, 2011)
 Reinhard Meißl
 Franz Hemm
 Paul Hofer

Personnel committee

Rudolf Gruber (Chairman until January 20th, 2011)
 Burkhard Hofer (Chairman since January 20th, 2011)
 Stefan Schenker
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicsek (since January 20th, 2011)

Audit committee

Stefan Schenker (Chairman)
 Rudolf Gruber (until January 20th, 2011)
 Burkhard Hofer (since January 20th, 2011)
 Gerhard Posset (until January 20th, 2011)
 Willi Stiwicsek (since January 20th, 2011)
 Reinhard Meißl
 Bernhard Müller (until January 20th, 2011)
 Franz Hemm
 Manfred Weinrichter (until January 20th, 2011)
 Paul Hofer

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 82nd Annual General Meeting of EVN, held on January 20th, 2011, are available on the EVN website.

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 Spokesman, the Executive Board itself shall elect a Spokesman. 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

On September 30th, 2011, the Supervisory Board of EVN consists of ten shareholder representatives elected by the Annual General Meeting. The number of employee representatives on the Supervisory Board is five. The Supervisory Board is led by a chairman and two deputy chairmen, who are chosen by the Supervisory Board itself from among its members. In a meeting convened on May 29th, 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 14. The terms of office of all thirteen Supervisory Board members elected by the Annual General Meeting expired at the end of the 82nd Annual General Meeting on January 20th, 2011. The Annual General Meeting reduced the number of Supervisory Board members subject to election to ten people, and elected ten Supervisory Board members for the longest permissible period in accordance with the Articles of Association of EVN. Thus these ten members will serve on the Supervisory Board until the Annual General Meeting resolving upon the discharge for the 2014/15 financial year.

The Supervisory Board exercises its job according to regulations 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.

Remuneration report

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 was adjusted starting on October 1st, 2010. However, the ratio of the variable performance-based remuneration to the fixed salaries will remain the same.

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 per-

formance indicators in accordance with the strategic and operational priorities of the EVN Group: Increase of Economic Value Added (EVA®), 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 analysis 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.

Share option (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 75% of the annual income paid to the members of the Executive Board, whereas the remaining 25% 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 (OpROCE) and 30% on individual targets which have been set.

In the light of amendments made to the current Austrian Corporate Governance Code (January 2010 version), the corporate bodies of the company have resolved upon an adjustment of the existing variable remuneration system starting in the 2010/11 financial year. The ratio of the variable performance-based remuneration to the fixed salaries will remain the same.

There are different forms of retirement benefits, ranging from a pre-defined 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 the active members of the Executive Board amounted to TEUR 1,389.2 in the 2010/11 financial year (previous year: TEUR 1,295.3). Moreover, pension commitments to these Executive Board members totalled TEUR 8,362.7 (previous year: TEUR 10,400.0). Each of the Executive Board members is entitled to the 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 primarily resulted from the annual salary adjustments as well as the aforementioned variable profit-sharing scheme. This remuneration includes specified payments in kind.

Two members of the Executive Board assumed a Supervisory Board position in another company during the period under review.

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.

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 98. The chairman is granted 15.1% of the amount, whereas 11.0% each is to be paid to the two vice-chairmen, and slightly more than 9.0% to each of the other members. A lump-sum payment is EUR 190.

Measures to promote women (Rule 60): A central principle of EVN is offering the same opportunities to all staff members, be they men or women. Despite this, the percentage of women in EVN's work force amounts to only 22.8%. "Women@EVN" was developed in the 2010/2011 financial year, and resolved upon by the Executive Board. This programme is being undertaken to increase this percentage by improving the opportunities and perspectives offered to women working for the EVN Group in Austria. The programme is designed to create operating conditions enabling women, according to their inclinations and skills, to assume highly qualified positions in specialised areas and on the management level. Four women were appointed to senior positions in the period under review. A further 19 women were commissioned in the Group during the period under review with projects (careers as project managers). Viewed as a whole, a number of young women greater than that of the current percentage of women in the corporate workforce have taken part in a special programme of management development. EVN has long pursued measures ensuring the compatibility of work and careers. These measures include flexible working time models, the provision of individualised support to women returning to their professions after maternity leave, day care during holidays, information events for staff members on parental leave as well as a comprehensive programme of vocational and professional education which is also open to staff members on parental leave. EVN's objective for the medium-term is achieving a percentage of women working for the Group corresponding to the current ones held by women undergoing vocational and professional education in their specific fields.

Austria's Anti-Discrimination Act requires employers whose workforces exceed a predefined number of employees to compile a report every two years analysing the remuneration paid. The Income Report stipulated by § 11a of the Anti-Discrimination Act was compiled for EVN Netz GmbH. As foreseen by the Act, the report was submitted to the Central Works Council and disclosed. Further, the Income Report was compiled on a voluntary basis for EVN AG and then disseminated.

Directors' Dealings (Rule 73): In the 2010/11 financial year, nine transactions involving the purchase of EVN shares by members of EVN's corporate bodies were reported, which were also published on the company's Website at www.evn.at/Investoren/Corporate-Governance/Directors-Dealings.aspx.

No business relationships with a "related party" was concluded in the 2009/10 financial year. A Group and tax sharing agreement exists which was concluded between EVN and NÖ Landes-Beteiligungsholding GmbH on October 13th, 2005.

Auditing fees: The auditing of the consolidated financial statements of EVN for the 2010/11 financial year is carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.5m (previous year: EUR 2.0m). 68.0% of the fees paid were for auditing and audit-related services (previous year: 55.5%), 27.0% for tax consulting services (previous year: 40.0%) and 5.0% for other consulting services (previous year: 4.5%).

Internal control and risk management at EVN

Internal Audit

EVN's Internal Audit Department reports directly to the Executive Board, and to the Audit committee of the Supervisory Board. It is responsible for overseeing auditing and controlling for processes and business units throughout the EVN Group. Separate auditing departments were set up at EVN's two subsidiaries in Bulgaria and Macedonia. Any problem areas discovered by the internal technical and financial audits were reported to the audited business units, and improvement measures were proposed. The implementation of the measures approved by EVN's management was evaluated within the context of the so-called "follow up process". Serious deficiencies which could threaten the strategy and objectives of the Group were not identified.

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 minimise 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 analysis 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 in the Management report of the 2010/11 financial year.

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 2010/11 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, November 15th, 2011



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

Report of the Supervisory Board

Ladies and gentlemen!

The 2010/11 financial year of the EVN Group was characterised by a difficult market and energy sector environment. Uncertainties on the international financial and capital markets, the phasing out of nuclear power in Germany and the transformation taking place in Europe's energy policy led to a high level of volatility and negative price developments for primary energy sources. Against the backdrop of these developments in the European energy and environmental business, EVN's business strategy was subject to a comprehensive evaluation. The revised EVN strategy aims at a greater consolidation, a stronger focus on the domestic market and selective growth.

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. It convened six 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 90%. One Supervisory Board meeting was held as a retreat, where the rights and duties of the Supervisory Board of a public limited company were discussed along with current developments in the European energy and environmental business and the strategic orientation of the EVN Group.

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.

Capital increase and investments

Among the main decisions made by the Supervisory Board during the 2010/11 financial year was the capital increase, which was carried out in October 2010 on the basis of the resolution passed by the Annual General Meeting on January 21st, 2010. The capital increase has strengthened the capital structure of the company and ensured the implementation of long-term investment projects. In addition to approving the Group budget, it is important to note the implementation of the road map to end any unresolved issues in Macedonia as the prerequisite for a positive development of EVN Macedonia AD. Furthermore, the Supervisory Board gave its stamp of approval to interim financing required to adapt the steam boiler of the black coal-fired power plant in Duisburg-Walsum. The strategic orientation of the company in the field of power generation was taken into account on the basis of its acquisition of a 26% stake in VERBUND-Innkraftwerke GmbH together with WIEN ENERGIE GmbH as well as the realisation of a biomass and wind park project (Steyr biomass power plant and the Wulkatal West wind park). In the environmental services business the Supervisory Board approved drinking water treatment and wastewater disposal projects.

New composition of the Supervisory Board, the Advisory Committee for Environment and Social Responsibility and the Executive Board

The terms of office of all 13 members of the Supervisory Board elected by the Annual General Meeting expired at the end of the Annual General Meeting held on January 20th, 2011. For this reason, the Annual General Meeting reduced the number of members elected to the Supervisory Board by the Annual General Meeting to ten, and elected ten individuals to the Supervisory Board in accordance with the Articles of Association for the longest period of time permitted by the Stock Corporation Act, thus until the Annual General Meeting resolving upon the discharge for the 2014/15 financial year. Thus the number of employee representatives also decreased, namely to five members of the Supervisory Board.

At the constituent meeting of the Supervisory Board, the Chairman and two Deputy Chairmen were elected pursuant to the stipulations of the Articles of Association. Burkhard Hofer, previously member and Spokesman of the Executive Board, was elected as Chairman of the Supervisory Board in line with Rule 55 of the Austrian Corporate Governance Code. Stefan Schenker was re-elected to the first Deputy Chairman of the Supervisory Board as well as the Chairman of the Audit committee. Willi Stiwicek was elected to the second Deputy Chairman of the Supervisory Board.

Pursuant to the requirements contained in the Austrian Corporate Governance Code and the Internal Rules of Procedure for the Supervisory Board, the Supervisory Board established an Audit committee, a Personnel committee which simultaneously serves as a remuneration and nomination Committee as well as a Working committee. The Supervisory Board appointed the members of the Advisory Committee for Environment and Social Responsibility for a term of office lasting from 2011 to 2015.

Following the resignation of the Spokesman of the Executive Board, who retired as of January 20th 2011, the Supervisory Board redefined the allocation of responsibility within the Executive Board. Stefan Szyszkowitz, was appointed to the Executive Board and Peter Layr was named to serve as the new Spokesman of the Executive Board.

The Supervisory Board would like to express its thanks to the members of the Advisory Committee for Environment and Social Responsibility who have retired for their long work in the corporate bodies of the company, and in particular Rudolf Gruber, who successfully served on the Executive Board and Supervisory Board of EVN for a period of 43 years.

Austrian Corporate Governance Code, Committees of the Supervisory Board

As a publicly traded company, EVN is committed to adhering to the Austrian Corporate Governance Code. The Supervisory Board strives to consistently abide by the stipulations of the code pertaining to the Supervisory Board. In this regard all rules relating to the cooperation of the Supervisory Board with the Executive Board as well as to the Supervisory Board itself are complied with, with the exception of one deviation which is correspondingly justified.

Pursuant to the Austrian Corporate Governance Code, the Supervisory Board dealt with the efficiency of its organisation and the way it works. Key measures implemented by the Supervisory Board included the reduction in the number of members serving on the Audit committee from eight to six, and the allocation of the remuneration to be paid to the Supervisory Board as determined by the Annual General Meeting on January 20th, 2011. The Personnel committee of the Supervisory Board, convened for six meetings during the 2010/11 financial year, dealing with issues pertaining to the relationship of the company to the members of the Executive Board. The Working committee held five meetings in the course of the reporting period, focusing on the capital increase and a solution to the defective steam boiler of the black coal-fired power plant in Walsum-Duisburg.

The Audit committee of the Supervisory Board held two meetings during the 2010/11 financial year. It primarily dealt with the results for the first half-year 2010/11, 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 discussed current developments in the business segments, and in particular discussed the situation in South Eastern Europe, the implementation of the road map in Macedonia, developments at EVN Bulgaria Toplofikatsia EAD, Plovdiv, the status of the black coal-fired power plant in Duisburg-Walsum, the participation of EVN in VERBUND-Innkraftwerke GmbH and the planned financing model for environmental projects. It also dealt in detail with the effectiveness of the internal controlling, auditing and risk management systems.

Annual financial statements and consolidated financial statements

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna appointed as EVN's certified public accountants for the 2010/11 financial year, starting October 1st, 2010 and ending on September 30th, 2011, examined the annual accounts of EVN AG on September 30th, 2011, 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 on September 30th, 2011 submitted by the Executive Board, the related Management Report, Corporate governance report and the proposals for the distribution of profits. The financial statements on September 30th, 2011 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 Consolidated 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 2010/11 financial year. Particular thanks are extended to the shareholders, customers and partners of the EVN for their confidence in the company.

Maria Enzersdorf, December 14th, 2011

On behalf of the Supervisory Board



Burkhard Hofer

Management report

Legal framework

International climate policy

The main objective of the United Nations Climate Change Conference which took place in Mexico at the end of 2010 was to conclude a legal follow-up agreement for the Kyoto Protocol which expires in 2012 following the failed attempt in Copenhagen. However, a consensus could only be reached on a minimum target, namely to maintain the Kyoto Protocol until 2012. A follow-up treaty did not materialise. Nevertheless, the countries participating in the conference did agree on the following objectives: they committed themselves to limiting global warming to two degrees Celsius in comparison to the pre-industrial level. The industrialised nations acknowledged the voluntary pledges relating to CO₂ emission reduction targets, which were agreed upon at the climate conference in Copenhagen in 2009. Accordingly, they will reduce greenhouse gas emissions by 25% to 40% by the year 2020 compared to 1990. During the next three years an annual emergency assistance package of USD 10 billion will flow into a United Nations fund designed to support countries which are particularly impacted by climate change. By 2020 the financial resources should be increased to a total of USD 100 billion for the benefit of developing countries, without any corresponding decreases in conventional development aid. The funds, which can be raised from either private or public sector sources, will flow into a newly-established "Green Climate Fund", which will be administered by the United Nations. Moreover, a forest protection programme entitled Reducing Emissions from Deforestation and Degradation (REDD) was created.

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

European energy policy

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

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

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

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

Shortly after the end of the period under review, on October 19th, 2011, the EU Commission presented its proposal for guidelines to design the new trans-European energy networks, the so-called EU Infrastructure Package 2020/30. With

this package of measures the priority will be on identifying and providing support to network expansion projects in the members states, which should comprise a secure EU-wide energy network and storage capacities. The EU Commission identified twelve international transport routes for electricity, natural gas, crude oil and CO₂ deliveries.

Energy policy environment in Austria

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

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

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

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

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

With the context of the National Allocation Plan II (2008–2012), EVN was granted CO₂ emission certificates totalling 1.58 million tons per annum at no charge based on its historical level of emissions. The shortfall relative to its long-term requirements is 0.5 to 0.8 million tons. EVN engages in emission certificate trading as part of its portfolio and risk management in order to be able to cover its CO₂ emission requirements or in order to sell unused emission certificates. (For details on certificates purchased in the 2010/11 financial year, see Consolidated Notes, note 50. **Cost of materials and services**, page 97.)

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

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

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

Legal framework in South Eastern Europe

Bulgaria

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

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

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

The Bulgarian regulatory authority has fixed all prices for provider functions (generation, transmission, system operator, distribution network and providers). The provider functions generation, transmission and system operators are all carried

out by the national utility company NEK and its subsidiary, the system operator EAD. The regulated energy prices are lower than the prevailing market prices on European electricity exchanges so that customers have yet to obtain any cost savings based on the changeover to a free market, which also contributes to the actual low level of deregulation.

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

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

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

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

Within the context of the National Allocation Plan in Bulgaria, EVN was granted free CO₂ emission certificates for 0.1 million tons for its facilities. EVN is a pioneer in Bulgaria as first company trading with CO₂ emission certificates in the country.

In February 2011 Bulgaria recovered the right to take part in European trading with CO₂ emission certificates. In June 2010 the right of the Bulgarian government to participate in trading had been revoked due to deficiencies in the trading process. After the shortcomings were remedied in the fall of 2010, Bulgarian companies were able to resume trading with CO₂ emission certificates in the spring of 2011.

Macedonia

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

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

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

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

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

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

Overall business environment

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

1) Source: Raiffeisen Research "Strategie Globale Märkte 4. Quartal 2011" and "Strategie Österreich & CEE 4. Quartal 2011"

2) Source: wiiw "Country Report Macedonia", July 2011

3) Source: WIFO & IHS press release from September 29th, 2011

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

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

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

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

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

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

Energy sector environment

		2010/11	2009/10	Change in %	2008/09
Temperature-related energy demand¹⁾					
	%				
Austria		101.7	105.5	-3.8	93.8
Bulgaria		86.2	81.2	4.9	102.8
Macedonia		100.8	91.3	9.5	87.5
Primary energy and CO₂ certificates					
Crude oil – Brent	EUR/bbl	75.49	57.28	31.8	42.91
Natural gas – GIMP ²⁾	EUR/MWh	25.55	21.37	19.6	22.17
Coal – API#2 ³⁾	EUR/t	86.95	69.49	25.1	65.23
CO ₂ certificates (2 nd period)	EUR/t	14.76	14.23	3.7	14.50
Electricity – spot market					
EEX ⁴⁾ base load	EUR/MWh	51.55	41.28	24.9	46.20
EEX peak load	EUR/MWh	61.76	52.23	18.2	61.57
Electricity – forward market⁵⁾					
EEX base load	EUR/MWh	50.29	48.87	2.9	66.57
EEX peak load	EUR/MWh	64.10	67.84	-5.5	93.33

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

2) Gas Import Price (GIMP)

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) EEX – European Energy Exchange

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

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

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

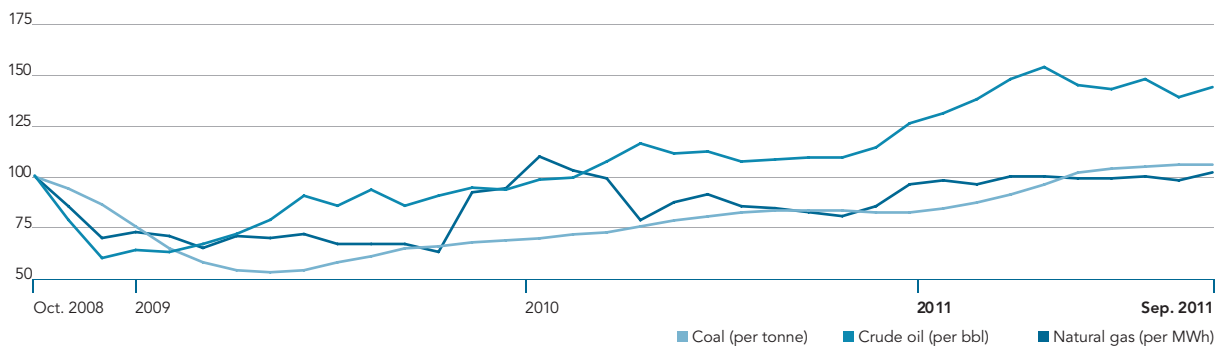
The colder weather in Austria as well as in Macedonia led to higher demand for electricity generated by EVN in the 2010/11 financial year. The temperature-driven demand for energy on the domestic market was up 1.7% on the long-term average. In Macedonia, the temperature-driven demand for energy was 0.8%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

The positive economic development, in particular the ongoing strong demand in Asia, was the basis for a 31.8% increase (stated in euros) during the 2010/11 financial year in the price of North Sea crude oil (Brent), which is considered the benchmark for Europe. Natural gas procurement prices, which are primarily linked to the price of crude oil, climbed by 19.6% from the prior-year level, and the price of coal rose by 25.1%. The price for CO₂ emission certificates increased 3.7% to EUR 14.76 per ton. The discussion pertaining to a potential increase in the European CO₂ reduction target from 20% at present to 30% and the phasing out of nuclear energy in Germany sparked a rise in CO₂ prices to more than EUR 17.00 at the beginning of February 2011. The debt crisis in Europe and the further development of the global economy in the fourth quarter of the 2010/11 financial year resulted in a decrease in the price level to slightly over EUR 10.00 per ton.

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

Development of primary energy prices (indexed)

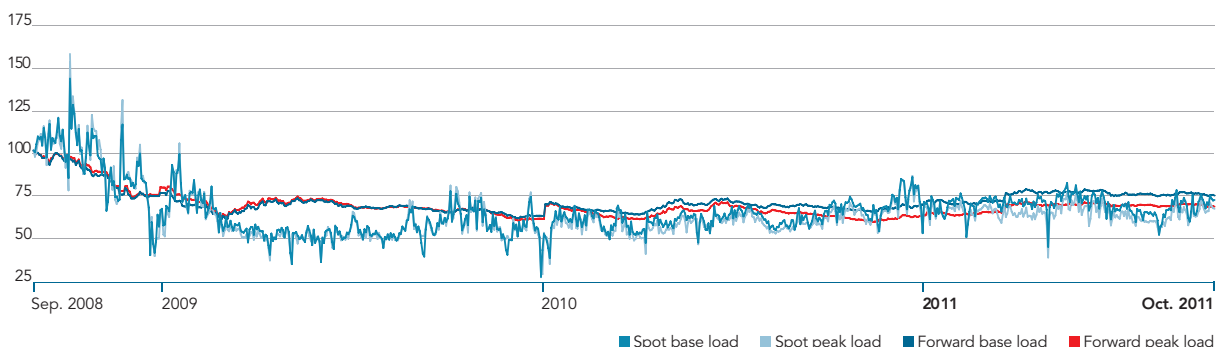
in %



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

Development of electricity prices – spot and forward market

in EUR/MWh



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

Business development

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

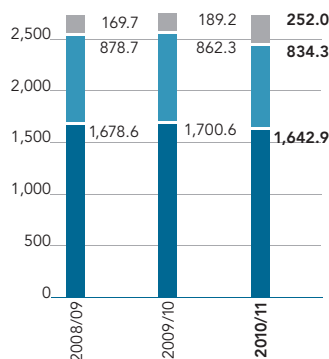
As of the 2010/11 financial year, the fully consolidated companies now include EVN WEEV Beteiligungs GmbH, evn naturkraft Beteiligungs- und Betriebs-GmbH as well as Hydro Power Company Gorna Arda AD. The company NÖKOM NÖ Telekom Service Gesellschaft was no longer included in consolidation as an equity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

Highlights 2010/11

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

Revenue by region

in EURm



■ Central and Eastern Europe
■ South Eastern Europe
■ Austria

Statements of operations

Results of operations

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

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

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

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

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

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

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

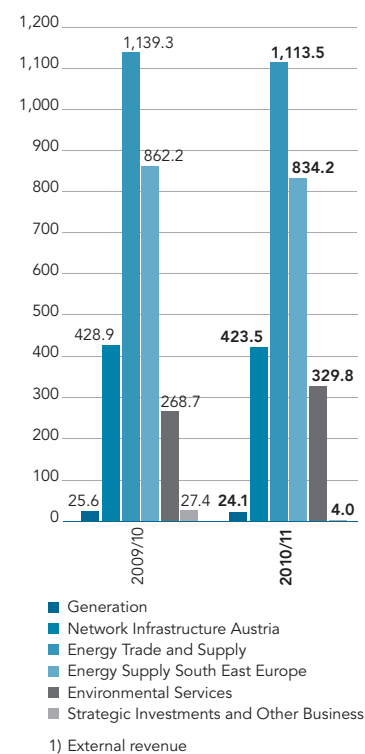
The average number of employees fell by 3.4%, or 286 people during the period under review, to 8,250 employees. Due to the positive development in the environmental services business, 48 additional employees were hired. In contrast, efficiency enhancement measures in Macedonia and Bulgaria led to a reduction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

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

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

The increase in scheduled depreciation and amortisation of 3.0%, or EUR 6.5m, to EUR 223.7m, can be attributed to the commissioning of several investment projects in the 2009/10 financial year. In the second quarter of 2010/11, an impairment

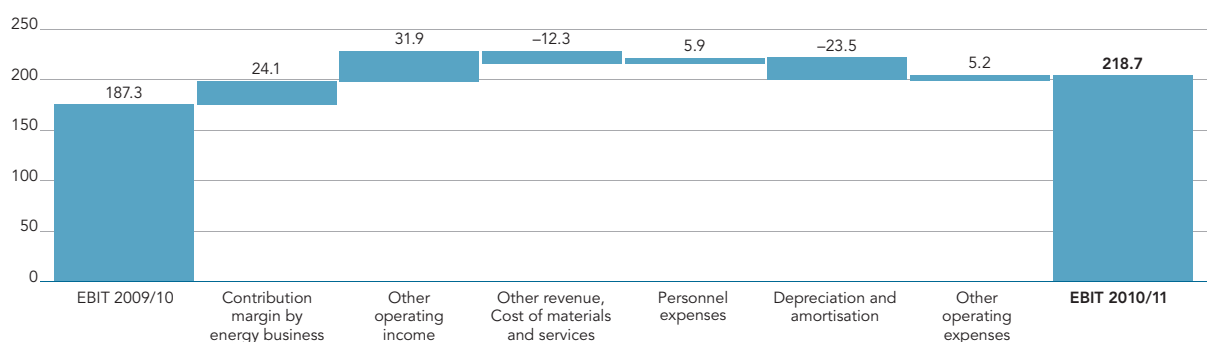
Revenue by segments¹⁾
in EURm



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

Changes in EBIT 2010/11 compared to previous year

in EURm

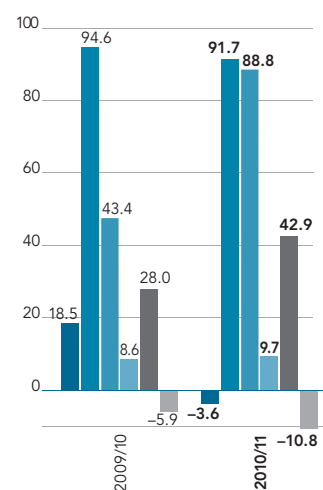


Taking account of the above-mentioned positive earnings effects from the use of a provision for impending losses from the previous year, EBIT rose by 16.8%, or EUR 31.4m, to EUR 218.7m, thus improving the EBIT margin from the prior-year level of 6.8% to 8.0%.

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

EBIT by segments

in EURm



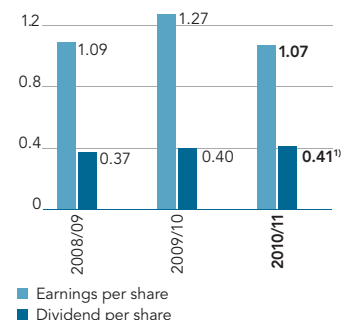
- Generation
- Network Infrastructure Austria
- Energy Trade and Supply
- Energy Supply South East Europe
- Environmental Services
- Strategic Investments and Other Business

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

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

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

Earnings and dividend per share in EUR



1) Proposal to the Annual General Meeting

Value management and key indicators

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

1) Change reported in percentage points

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

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

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

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

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

Statements of financial condition

Net assets and financial positions

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

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

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

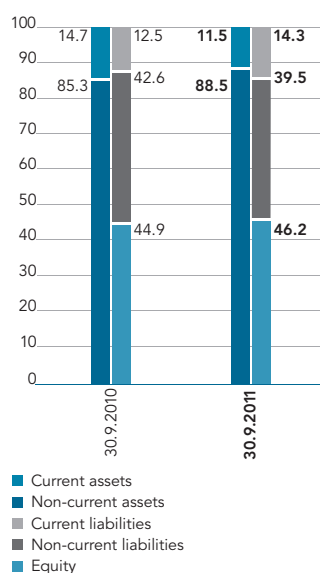
VERBUND AG had a negative effect on other investments. The increase in non-current lease receivables and other non-current assets led to an increase in other non-current assets of 13.0%, or EUR 97.8m, to EUR 849.1m.

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

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

Balance sheet structure

in %



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

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

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

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

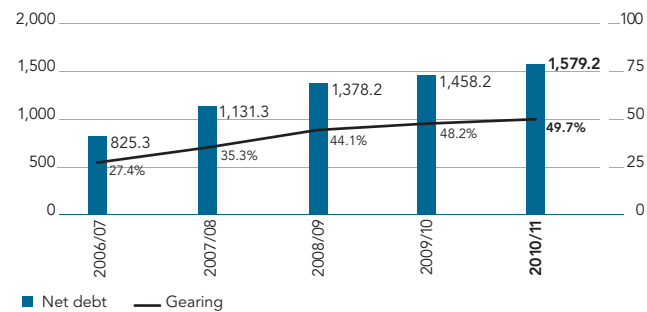
	2010/11 EURm	2009/10 EURm	Change		2008/09 EURm
			EURm	in %	
Net debt					
Non-current loans and borrowings	1,591.3	1,726.4	-135.1	-7.8	1,702.5
Current loans and borrowings ¹⁾	280.8	170.8	110.0	64.4	0.1
Cash and cash items	-112.6	-89.1	-23.5	-26.4	-113.6
Current securities	-57.9	-223.8	165.9	74.1	-86.7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

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

2) Reported change in percentage points

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

Net debt in EURm, Gearing in %



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

Liquidity situation

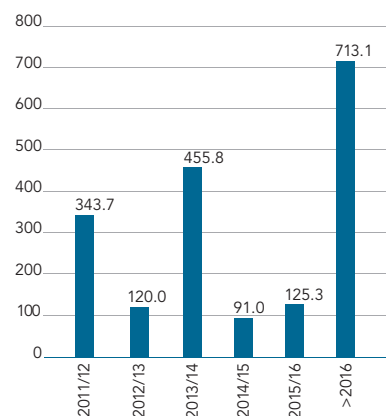
In the 2010/11 financial year, EVN primarily invested in non-current financial and other assets. The non-current investments in securities, which at EUR 97.9m were by 6.0%, or EUR 6.2m below the prior-year level of EUR 104.1m, served to cover provisions for pensions as required by law.

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

As a liquidity reserve, EVN also has access to a syndicated credit line of EUR 600.0m, which was completely unused as at the reporting date on September 30th, 2011. The credit line is utilised solely for short-term interim financing as necessary, and there are no plans whatsoever to use it in the long-term or on an ongoing basis. Moreover, a contractually stipulated

Debt maturity profile

in EURm



bilateral credit line totalling EUR 165.0m with a term to maturity of three to seven years has also been available since July 2011. These credit lines were fully at the disposal of EVN as at September 30th, 2011.

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

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

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

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

Statements of cash flows

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

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

*) small amount

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

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

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

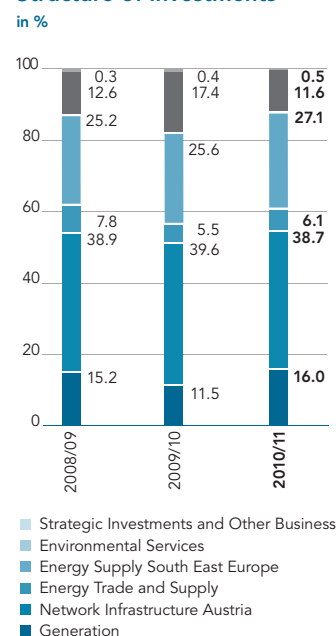
On balance, the above-mentioned developments resulted in a positive cash flow for EVN of EUR 23.5m in the reporting period (previous year: EUR –24.6m). As a result, the Group's cash and cash equivalents increased to EUR 112.6m (previous year: EUR 89.1m). In addition, as at the reporting date of September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

Investing activities

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

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

Structure of investments



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

1) after consolidation

Human resources

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

Environment and sustainability

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

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

Research and development

EVN is involved in numerous national and international research and development projects and has taken a leading role for decades in Austria in further developing highly efficient and environmentally sound power plants as well as using and researching new and innovative technologies. In the 2010/11 financial year about EUR 1.1m was invested for research and development, particularly in the field of renewable energies (e.g. solar thermal energy, biomass pilot plant), smart metering, CCS technology (e.g. CO₂ utilisation) and demand side management.

Risk management

Definition of risk

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

Risk management process

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

The risk management process consists of the following measures:

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

Tasks of the Risk Management Working Committee

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

Group Risk Committee and Controlling

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

Risk profile

Risk in the Energy business

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

Risk in the Environmental Services segment

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

Political and legal risks

Changes in the regulatory environment, the exposure of major projects to political pressures as well as the tightening of requirements under environmental protection laws are the primary drivers of political and legal risks. Moreover, the existing political and economic instability in some of the markets in South and South Eastern Europe present risks that are

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

Financial risks

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

Overall risk profile

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

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

Market and competitive risks

Price risk

Procurement prices for primary energy, electricity, natural gas, CO₂ emission certificates and biomass
 → Fixed pricing agreements, procurement strategy tailored to the market environment, hedging transactions

Profit margin risk

Energy sales: failure to achieve profit margin targets
 → Hedging strategies: diversification of customer segments and business areas, longer-term sale of power plant capacities, fixed pricing agreements
 Network operations: non-recognition of the actual costs of operating the network as reflected in network tariffs imposed by the given regulatory authority
 → Lobbying with national and international regulatory authorities and interest groups

Volume risk

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

Counterparty risk

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

Supplier risk

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

Financial risks

Foreign currency risk

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

Liquidity risk

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

Equity investment risks

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

Rating changes

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

Interest rate risks

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

Impairment risks

Impairment losses on goodwill, equity investments or power plants

Deflation/inflation risks

Risk guarantees will come into effect

Operating risks

Technology risks

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

Infrastructure risks

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

Technical complications at third-party facilities

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

Contract risks

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

Legal, political and macroeconomic risks

Regulatory framework/political risks

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

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

Legal and litigation risks

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

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

Other risks

Granting of undue advantages

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

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

Project risks

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

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

Planning risks

Model risks, false or incomplete assumptions made

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

Employee risk

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

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

Co-investment risks

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

- Contractual safeguards, efficient project management

Sabotage

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

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

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

Introduction

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

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

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

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

Controls

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

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

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

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

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

Risk assessment and risk management measures

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

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

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

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

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

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

Information, communication and monitoring

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

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

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

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

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

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

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

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

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

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

4. No shares with special control rights were issued.

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

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

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

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

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

Outlook for the 2011/12 financial year

The success of the EVN Group in the Energy business depends primarily on the wholesale prices for electricity in the European spot and forward markets as well as on the prices for primary energy and CO₂ emission certificates. In addition, the development of outdoor temperatures also influences energy sales volumes. In the Environmental Services segment demand in the international project business depends on the financial resources of public institutions. Moreover, due to their inherent nature, large projects are subject to fluctuations in realising earnings which in turn depend on construction progress. In the Strategic Investments and Other Business segment, the earnings contribution mainly depends on the development of primary energy and electricity prices for EVN's investments in RAG and VERBUND AG.

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

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

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

- The business success in the **Generation segment** will be shaped by the extraordinarily unfavourable market conditions for thermal power plants. Low or negative spreads continue to be expected between the primary energy costs and electricity market prices. The contribution from power generated from renewable energy sources should increase on the basis of new capacities. On balance earnings of the Generation segment in the next financial year should match the prior-year level.
- In the **Network Infrastructure Austria** segment, the electricity and gas networks are expected to generate stable sales volumes, assuming average outdoor temperatures and in spite of the energy efficiency measures on the part of end customers. No major negative effects on revenue are expected from changes in network tariffs. Earnings are expected to decline slightly due to higher depreciation and amortisation and a slightly decline in electricity and gas network revenue in spite of rising revenue and earnings in the cable TV and telecommunications business an further internal optimisation measures and cost savings.

- In the **Energy Trade and Supply segment**, assuming average outdoor temperatures, sales volumes of both natural gas and heat are expected to decline somewhat in comparison to the relatively cold prior-year 2010/11. On the basis of gas price increases for end customers as at April 1st, 2011 and October 1st, 2011, revenue should be slightly higher. Nevertheless, earnings are expected to fall considerably due to the ongoing unfavourable market situation with respect to electricity marketing and the elimination of positive one-off effects, as well as because of high volatility on electricity markets.
- A revenue and earnings improvement is expected in the **Energy Supply South East Europe** segment. This assumption will be supported by the continuation of the restructuring and integration process as scheduled, which should lead to further efficiency improvements and a consistent reduction of losses from the power grid. The positive changes in the regulatory framework, higher tariffs in Bulgaria and Macedonia, the change in energy regulations in Macedonia and the coming on stream of the cogeneration plant in Bulgaria will also provide a positive impetus to growth. However, business development in Bulgaria will depend on the success made in liberalising the market.
- Both revenue and earnings in the **Environmental Services segment** will continue to develop along a positive trajectory in the 2011/12 financial year given the current contract value of EUR 1.3 billion for international projects, assuming that the order intake is not negatively affected by overall economic developments.
- Earnings of the **Strategic Investments and Other Business** segment are likely to improve, though this forecast is largely contingent on the further development of primary energy and electricity prices at EVN's investments RAG and VERBUND AG.

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

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

Maria Enzersdorf, November 15th, 2011

EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

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, 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 supply, wastewater disposal and thermal waste incineration in 16 countries.

Taking the requirements of IFRS 8 "Business Segments" into account the operating segments are identified solely on the basis of EVN's internal organisational and reporting structure. Due to a re-assignment three subsidiaries previously included in the Strategic Investments and Other Business segment relate to different segments: The results of first facility GmbH and Allplan Gesellschaft m.b.H. are now shown in the segment Energy Trade and Supply. The result of V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. is assigned to the segment Network Infrastructure Austria. The previous year figures are not adopted due to inessentiality.

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

Key energy business indicators	GWh	2010/11	2009/10	Change		2008/09
				nominal	in %	
Electricity generation volumes		3,332	3,653	-321	-8.8	3,477
Thermal energy sources ¹⁾		2,151	2,352	-201	-8.5	2,211
Renewable energy sources ²⁾		1,181	1,300	-119	-9.1	1,267
Network distribution volumes						
Electricity		21,150	20,766	384	1.9	20,428
Natural gas ³⁾		16,415	18,525	-2,110	-11.4	17,159
Energy sales volumes to end customers						
Electricity		20,403	20,101	302	1.5	19,541
Thereof Central and Western Europe ⁴⁾		7,143	7,017	126	1.8	6,537
Thereof South Eastern Europe		13,260	13,084	176	1.3	13,003
Natural gas		6,475	6,738	-263	-3.9	6,102
Heat		1,911	1,821	90	4.9	1,576
Thereof Central and Western Europe ⁴⁾		1,678	1,569	109	6.9	1,316
Thereof South Eastern Europe		233	253	-20	-7.9	260

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. network distribution volumes to EVN power stations

4) Central and Western Europe covers Austria and Germany.

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 Intra-Group 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 Intra-Group 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 from the utilisation of its power generation capacities by the Energy Trade and Supply segment in return for the marketing of the power generation. 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 conclusion as to the development of earnings. In contrast, the marketing of the electricity generated and the sourcing of primary energy are shown in the Energy Trade and Supply segment.

Highlights 2010/11

- > Reduction of generation volumes due to lower usage of thermal power plants and lower water flow conditions
- > Continuing low or negative spreads between primary energy costs and electricity market prices
- > Revaluation and impairment losses due to impairment tests sum up to EUR 9.5m
- > Impairment loss in at equity investments of EUR 23.1m

Key indicators		2010/11	2009/10	Change		2008/09
				nominal	in %	
Key energy business indicators						
	GWh					
Electricity generation volumes		3,000	3,303	-302	-9.2	3,197
Thereof thermal energy sources		1,998	2,185	-186	-8.6	2,031
Thereof renewable energy sources		1,002	1,118	-116	-10.4	1,166
Key financial indicators						
	EURm					
External revenue		24.1	25.6	-1.6	-6.1	30.1
Internal revenue		73.0	93.0	-20.0	-21.5	116.0
Total revenue		97.1	118.6	-21.6	-18.2	146.1
Operating expenses		-65.0	-66.2	1.2	1.8	-61.9
EBITDA		32.1	52.5	-20.4	-38.9	84.2
Depreciation and amortisation		-35.7	-34.0	-1.7	-4.9	-21.3
Results from operating activities (EBIT)		-3.6	18.5	-22.1	-	62.9
Financial results		-32.9	-7.1	-25.8	-	-6.5
Profit before income tax		-36.5	11.4	-47.9	-	56.4
Total assets		745.9	458.0	287.8	62.8	436.5
Total liabilities		484.7	258.5	226.2	87.5	224.0
Investments ¹⁾		70.8	48.9	22.0	44.9	63.4

1) In intangible assets and property, plant and equipment

Development of power generation

The amount of electricity generated in the 2010/11 financial year declined by 9.2%, or 302 GWh, to 3,000 GWh. This negative change can be attributed to the decrease in the electricity produced by EVN's own thermal power plans, which fell by 8.6% to 1,998 GWh as well as to the drop in the amount of electricity generated from renewable energy sources, which fell by 10.4% to 1,002 GWh, which is due to lower water flow conditions. The production coefficient in the 2010/11 financial year was 93% for the hydropower plants (previous year: 104%). The generation of electricity from wind power production plants could be slightly increased as a consequence of the coming on stream of the Markgrafneusiedl wind park in July 2011. Wind conditions were once again at about the same low level as in the previous year.

The total coverage ratio of electricity from own production in the EVN Group during the 2010/11 financial year amounted to 16.3%, down from the prior-year level of 18.2%. 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 46.7% (previous year: 52.1%) excluding the energy sales in the Energy Supply South East Europe segment.

Revenue development

The revenue of the Generation segment totalled EUR 97.1m, a drop of 18.2%, or EUR 21.6m, from the previous year. This is attributable to the ongoing unfavourable market price situation and the related lower marketing value of the generated electricity.

Operating costs and operating results

Operating expenses were down somewhat in the reporting period despite higher personnel expenses, which is mainly due to the lower costs of materials and services. EBITDA was EUR 32.1m, down 38.9% or EUR 20.4m from the prior year. In the fourth quarter of 2010/11, impairment tests led to impairment losses or revaluation for EVN's power plants. Impairment losses totalling EUR 38.4m were recognised for the gas-fired power plants Theiß and Korneuburg due to the sustainably difficult market situation for such power plants. In contrast, the impairment test for the Freudenua hydropower plant resulted in a revaluation to the amount of EUR 31.2m for the procurement rights held by EVN. EBIT was EUR -3.6m, down EUR 22.1m from the previous year, which had included a one-off effect resulting from the impairment loss of EUR 10.7m recognised for the Kavarna wind park.

Financial results and profit before tax

The financial results decreased by EUR 25.8 in the 2010/11 financial year to EUR -32.9m. This is related to the impairment loss of EUR 23.1m reported for Shkodra Region Beteiligungsholding GmbH in connection with the Ashta hydropower plant project in Albania. This was based on lower expectations pertaining to proceeds from the sale of Certified Emission Reductions, or CERs. The profit before tax amounted to EUR -36.5m, down EUR 47.9m from the prior-year level.

Investments

A total of EUR 70.8m was invested in the course of 2010/11, a rise of 44.9%, or EUR 22.0m, from the prior-year level. In addition to revitalising the Schütt hydropower plant and building the small-scale hydropower plant in Schaldorf, the focus of the investments was on constructing the wind parks in Markgrafneusiedl and Tattendorf.

In the 2010/11 financial year, the small-scale Schütt hydropower plant was completed, and came on stream with a capacity of 2 MW, supplying some 2,700 households with environmentally compatible energy. Investment costs amounted to EUR 9.5m. In February 2011 EVN began reconstruction work on the small-scale hydropower plant in Schaldorf, which will feature a capacity of about 1 MW and supply electricity to about 1,500 households. The plant is expected to be put into operation in the spring of 2012.

The Markgrafneusiedl wind park with an electricity supply to 12,000 households, which has been feeding electricity into the power grid since the beginning of July 2011, encompasses nine wind turbines and boasts a total capacity of 18 MW. Total investments were EUR 30.0m. In Tattendorf eight wind turbines with a total capacity of 16 MW are being constructed to provide electricity to some 10,000 households. The new plant, involving investments of about EUR 27.0m, is scheduled to come on stream in November 2011.

In July 2011 EVN acquired a 13.0% stake in the 13 hydropower plants operated by VERBUND-Innkraftwerke GmbH on the Inn River. The acquisition price for the stake acquired by EVN is based on the price originally paid by VERBUND AG for VERBUND-Innkraftwerke GmbH plus an appropriate return on investment. In addition, EVN will be granted pro rata electricity procurement rights at market prices for the energy generated by these power plants.

Furthermore, EVN purchased a 70.0% shareholding in the project company "Gorna Arda" in July 2011, in order to continue pursuing the implementation of the "Gorna Arda" hydropower plant project in Bulgaria in cooperation with the state-owned electricity producer NEK. Similarly, at the end of July 2011, EVN's largest photovoltaic facility with a total capacity of about 2 MWp was put into operation in Trastikovo, Bulgaria. A total of EUR 5.0m was invested in the project.

Outlook

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

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 Burgenland. The previously at equity accounted investees included NÖKOM NÖ Telekom Service Gesellschaft which has been fully consolidated as of the acquisition of the remaining 50.0% interest in the company in December 2010. Subsequently the merger of NÖKOM and Kabelsignal AG took place in March 2011. The subsidiary V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. previously included in the Strategic Investment and Other Business segment is assigned to this segment. The previous year figures are not adapted due to inessentiality. In addition, this segment also provides Intra-Group services – especially in connection with construction activities – that are recognised as Intra-Group revenue.

Highlights 2010/11

- > Higher electricity network distribution volumes due to positive economic development
- > Lower gas network distribution volumes due to reduced usage of own thermal power plants
- > Tariff adjustments as of January 1st, 2011
 - Electricity: +1.0%
 - Natural gas: +10.6%
- > Completion of construction of the natural gas transport pipeline "Südschiene"

Key indicators		2010/11	2009/10	Change		2008/09
				nominal	in %	
Key energy business indicators	GWh					
Network distribution volumes						
Electricity		7,754	7,576	178	2.4	7,317
Natural gas		16,415	18,525	-2,110	-11.4	17,159
Key financial indicators	EURm					
External revenue		423.5	428.9	-5.3	-1.2	404.8
Internal revenue		55.2	60.0	-4.8	-8.1	63.0
Total revenue		478.8	488.9	-10.2	-2.1	467.9
Operating expenses		-288.3	-297.5	9.2	3.1	-308.7
EBITDA		190.4	191.4	-1.0	-0.5	159.1
Depreciation and amortisation		-98.8	-96.8	-2.0	-2.1	-93.0
Results from operating activities (EBIT)		91.7	94.6	-3.0	-3.2	66.2
Financial results		-11.1	-13.2	2.1	15.6	-13.8
Profit before income tax		80.5	81.5	-0.9	-1.1	52.4
Total assets		1,673.2	1,620.7	52.5	3.2	1,547.7
Total liabilities		1,144.7	1,093.4	51.3	4.7	1,076.9
Investments ¹⁾		160.9	156.5	4.5	2.9	161.5

1) In intangible assets and property, plant and equipment

Development of network distribution volumes

Network tariffs for electricity and natural gas are adjusted annually on January 1st, pursuant to the incentive regulatory system by means of a resolution of the E-Control Commission. As of January 1st, 2011, the electricity network tariffs were increased by 1.0% on average (they had declined by 2.0% as of January 1st, 2010), and the natural gas network tariffs were raised by 10.6% on average (compared to the increase of 8.2% on average effective January 1st, 2010). Network distribution volumes for electricity and natural gas did not develop uniformly. Whereas the electricity network distribution volumes rose by 2.4%, or 178 GWh, to 7,754 GWh, due to the positive economic development compared to previous periods, the natural gas distribution volumes were down 11.4%, or 2,110 GWh, to 16,415 GWh, which is primarily related to the significantly reduced use of EVN's own thermal power plants.

Revenue development

Despite the initial consolidation of V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. and the revenue contribution of NÖKOM, which had merged with Kabelsignal, network revenue was down 2.1%, or EUR 10.2m. This decrease is mainly related to the change in the reporting for non-invoiced customer orders. The increase in the electricity network distribution volumes and the upward tariff adjustment for the natural gas network more than compensated for the decline in the natural gas distribution volumes. Accordingly, total network revenue was up slightly by 0.6%, or EUR 2.4m, to EUR 384.1m.

Operating expenses and operating results

During the period under review operating expenses could be reduced by 3.1% from the prior-year level, or EUR 9.2m, to EUR 288.3m. This is mainly attributable to a changed recognition of non-invoiced customer orders as well as lower personnel expenses. EBITDA amounted to EUR 190.4m, a drop of 0.5% or EUR 1.0m from the previous year. Taking account of higher depreciation and amortisation, EBIT was down 3.2%, or EUR 3.0m, to EUR 91.7m.

Financial results and profit before income tax

Based on higher earnings contributed from investments, the financial results improved by 15.6% from the previous year, or EUR 2.1m, to EUR -11.1m. On balance, this led to a profit before income tax of EUR 80.5m, a drop of 1.1%, or EUR 0.9m.

Investments

During the reporting period, investment activity in the Network Infrastructure Austria segment totalled EUR 160.9m, a rise of 2.9%, or EUR 4.5m, from the prior-year level. In addition to upgrading and modernising the natural gas network and further network expansion work designed to increase the security and reliability of the energy supply, investments focused on construction of the southern and western sections of the natural gas transport pipeline ("Südschiene"/"Westeschiene"). The entire southern section "Südschiene" with a length of 120 km was completed in 2010/11, entailing investments of

EUR 13.1m during the period under review. Furthermore, preparatory work was commenced for construction of the western section "Westschiene" of the natural gas transport pipeline with a length of 143 km. Initial subsections of the pipeline have already been completed. Investments on this project in the 2010/11 financial year totalled EUR 30.7m. A total of EUR 2.8m was invested in network insulation and modernisation of the cable TV and telecommunications business.

Outlook

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

Energy Trade and Supply

The Energy Trade and Supply segment encompasses mainly in the Austrian domestic market 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 production and sale of heating. The facility management of the 100%-subsidiary first facility GmbH as well as the results of Allplan Gesellschaft m.b.H., which were previously included in the Strategic Investments and Other Business segment are now assigned to this segment. The previous year figures are not adapted due to inessentiality.

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

Highlights 2010/11

- > Higher electricity and heat sales volumes to end customer
- > Reduced gas sales volumes to end customer due to warmer outdoor temperatures
- > Usage of thermal power plants was not cost-covering due to sustainable unfavourable market prices
- > End customer prices in the gas business
 - December 1st, 2009: -7.0%;
 - April 1st, 2011: +8.9%
- > Higher EBIT due to the use of the provisions formed in the prior-year for impending losses

Key indicators	2010/11	2009/10	Change		2008/09
			nominal	in %	
Key energy business indicators	GWh				
Energy sales volumes to end customers					
Electricity	7,143	7,017	126	1.8	6,538
Natural gas	6,475	6,738	-263	-3.9	6,102
Heat	1,678	1,569	109	6.9	1,316
Key financial indicators	EURm				
External revenue	1,113.5	1,139.3	-25.9	-2.3	1,147.1
Internal revenue	50.8	47.9	2.9	6.1	42.7
Total revenue	1,164.3	1,187.2	-22.9	-1.9	1,189.8
Operating expenses	-1,060.4	-1,130.0	69.7	6.2	-1,156.4
EBITDA	103.9	57.3	46.7	81.5	33.4
Depreciation and amortisation	-15.1	-13.9	-1.2	-8.9	-10.8
Results from operating activities (EBIT)	88.8	43.4	45.4	-	22.6
Financial results	1.8	8.0	-6.2	-77.2	10.4
Profit before income tax	90.6	51.4	39.2	76.2	32.9
Total assets	634.1	665.0	-30.9	-4.6	627.0
Total liabilities	363.9	367.8	-3.9	-1.1	373.4
Investments ¹⁾	25.3	21.5	3.8	17.6	32.5

1) In intangible assets and property, plant and equipment

Development of energy sales to end customers

Energy sales to end customers in the 2010/11 financial year featured higher electricity and heating sales volumes. Electricity sales to end customers rose by 1.8%, or 126 GWh, to 7,143 GWh. This can be mainly attributed to the positive economic development as well as the enhanced activities of EnergieAllianz outside of the Austrian region supplied by EVN. In contrast, due to the warmer outdoor temperatures, natural gas sales to end customers fell by 3.9%, or 263 GWh, to 6,475 GWh. Heating sales volumes climbed by 6.9%, or 109 GWh, which was driven by the increased deliveries of steam and heat to large customers.

Revenue development

In spite of the higher sales volumes and the first-time consolidation of first facility GmbH in the Energy Trade and Supply segment, total revenue was down slightly by 1.9%, or EUR 22.9m, to EUR 1,164.3m. This was primarily the result of the decline in marketing proceeds from power plants based on lower production volumes, the negative electricity price development as well as the reduction of end customer prices in the gas business by 7.0% as of December 1st, 2009. This was in contrast to the increased end customer prices in the gas business by 8.9% as of April 1st, 2011, which was not able to compensate for this negative development.

Operating expenses and operating results

Operating expenses could be reduced by 6.2%, or EUR 69.7m, to EUR 1,060.4m. Lower electricity procurement costs due to the use of the provisions formed in the previous year for impending losses as well as the reduced use of gas by EVN's own thermal power stations more than compensated for the volume-related cost increases in the electricity and heating business, the higher primary energy prices as well as higher personnel expenses mainly as a consequence of the initial consolidation of first facility GmbH. On balance, EBITDA rose by 81.5%, or EUR 46.7m, to EUR 103.9m. Taking the slightly higher depreciation and amortisation into account, EBIT rose by EUR 45.4m to EUR 88.8m.

Financial results and profit before income tax

Due to the decline in the earnings contribution of EconGas as well as the lower interest results, the financial results of the segment were down by 77.2%, or EUR 6.2m, to EUR 1.8m. This resulted in a profit before income tax of EUR 90.6m, a rise of 76.2%, or EUR 39.2m.

Investments

Investments in the Energy Trade and Supply segment were increased by 17.6%, or EUR 3.8m, to EUR 25.3m. Investment activity primarily focused on further expanding the heating networks.

Outlook

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

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	2010/11	2009/10	Change		2008/09
			nominal	in %	
Key energy business indicators					
	GWh				
Network distribution volumes ¹⁾	13,396	13,189	207	1.6	13,111
Heat sales volumes to end customers	233	253	-20	-7.9	260
Key financial indicators					
	EURm				
External revenue	834.2	862.2	-28.1	-3.3	877.3
Internal revenue	0.1	-	0.1	-	1.4
Total revenue	834.3	862.2	-28.0	-3.2	878.7
Operating expenses	-747.4	-793.2	45.8	5.8	-813.8
EBITDA	86.8	69.0	17.8	25.8	64.9
Depreciation and amortisation	-77.1	-60.4	-16.7	-27.7	-57.9
Results from operating activities (EBIT)	9.7	8.6	1.1	12.7	7.1
Financial results	-19.6	-19.1	-0.5	-2.4	-25.5
Profit before income tax	-9.8	-10.5	0.6	6.1	-18.4
Total assets	1,140.1	1,089.7	50.4	4.6	1,037.5
Total liabilities	812.0	768.0	44.0	5.7	712.6
Investments ²⁾	112.5	100.7	11.8	11.7	104.8

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

2) In intangible assets and property, plant and equipment

Energy sector development

In Bulgaria, regulatory authorities once again increased end customer prices for electricity by about 1.9% effective July 1st, 2011 after the previous year's price rise on July 1st, 2010 (increase of end customer prices by about 2.0%). The prices for procured energy as well as for transmission grid operators and the system operator remained at the about the prior-year level (on July 1st, 2010: increase in prices for procured energy as and for transmission grid and system operators by about 8.0%). Similarly, a price rise of 6.8% for end customer prices of heat was also approved effective April 1st, 2011. The gas sourcing price rose by 4.7%.

A change in the price structure resulted in a corresponding change in the reporting of the tariff components in Bulgaria related to the high-voltage network, such that they are no longer included by EVN. This decreased both revenue and procurement costs. The resulting effect in 2010/11 amounted to about EUR 74.5m, but this did not have an impact on earnings.

In Macedonia, after the regulatory authority approved a hike in end customer prices by 10.0% effective January 1st, 2010 (5.1% can be assigned to EVN Macedonia), it once again raised end customer prices by 5.5% as of March 1st, 2011 (4.9% applies to EVN Macedonia).

Due to the cold outdoor temperatures compared to the very mild weather in the previous year as well as the positive economic development, network distribution volumes of electricity rose slightly in the 2010/11 financial year, especially in Bulgaria (heating degree total was 5.0 percentage points above the prior-year level). In Macedonia (heating degree total up 10.0 percentage points from the previous year), network distribution volumes of electricity were about the same as in 2009/10. Heating sales volumes in Bulgaria fell by 7.9%, or 20 GWh, to 233 GWh.

Revenue development

Total revenue of the segment fell by 3.2%, or EUR 28.0m, to EUR 834.3m, which can be chiefly attributed to the previously described change in the reporting of tariff components. The slightly higher electricity sales volumes and the increase in

Highlights 2010/11

- > Realisation of the road map in Macedonia
- > Slight increase of sales volumes due to colder weather and positive economic development
- > Tariffs adjustment in Macedonia as of March 1st, 2011
 - End customer prices for electricity: +5.5% (EVN Macedonia +4.9%)
- > Tariffs in Bulgaria as of April 1st and July 1st, 2011:
 - End customer prices for heat: +6.8%
 - Gas sourcing price: +4.7%
 - End customer prices for electricity: +1.9%
- > One-off effects due to impairment test totalled EUR -17.7m

end customer prices in Bulgaria and Macedonia could not compensate for this development. In contrast, the decline in heating sales volumes was more than compensated by the higher end customer prices for heat.

Operating expenses and operating results

In line with the revenue development, operating expenses were down 5.8%, or EUR 45.8m, to EUR 747.4m. The decline in operating expenses was related to falling energy procurement costs, in which case the changed reporting of sourcing costs and the use of a provision in Bulgaria for impending losses which was formed last year compensated for the rise in energy sourcing costs in Macedonia. Moreover, higher proceeds from default charges as well as lower personnel expenses, write-offs of receivables and other expenses had a positive effect. On balance, segment EBITDA was up 25.8%, or EUR 17.8m, to EUR 86.8m. Due to the ongoing unfavourable regulations in the heating business imposed by the regulatory authority in Bulgaria, an impairment loss amounting to EUR 9.2m was reported for goodwill at TEZ Plovdiv during the reporting period as well as for property, plant and equipment of the heating facility in Plovdiv of EUR 1.9m. Moreover, an impairment loss of EUR 6.6m was carried out for the Plovdiv power plant site, due to the fact that construction on a planned gas-fired power plant was not begun as a consequence of the delay in the electricity market liberalisation. Despite these developments, EBIT rose by 12.7%, or EUR 1.1m, to EUR 9.7m.

Financial results and profit before income tax

The financial results totalled EUR –19.6m, close to the prior-year level of EUR –19.1m. The profit before tax rose by 6.1%, or EUR 0.6m, to EUR –9.8m.

Investments

In the 2010/11 financial year, investments amounted to EUR 112.5m, a rise of 11.7%, or EUR 11.8m. The focus of investment activity in the Energy Supply South East Europe segment was on the expansion of the network infrastructure and the replacement of electricity meters in order to improve supply reliability and quality as well as sustainably reduce network losses. The increase compared to the prior-year level is primarily the consequence of the construction of a cogeneration plant at the TEZ Plovdiv district heating site and the gas pipeline construction work in Croatia.

The construction and assembly work on the new cogeneration plant at the TEZ Plovdiv site boasting electricity generation capacity of 50 MW and heating capacity of 54 MW was already completed after a period of one year. The facility will already be put into operation in the winter season 2011. Total investments amounted to about EUR 50.0m.

In the previous years, EVN won gas supply contracts for three counties along the Dalmatian coast in Croatia, which will be built up in order to deliver natural gas to about 130,000 customers. In an initial step, the ground-breaking ceremony for construction of the high- and medium-pressure gas pipeline in Zadar, Croatia featuring a length of 25 km took place in April 2011.

Outlook

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

Highlights 2010/11

- > Revenue increased by 21.6% up to EUR 346.9m
- > Strong growth of EBITDA and EBIT
- > Contract value: EUR 1.3 billion
- > Biogas treatment plant as environmentally friendly state of the art project
- > After market entry in Romania EVN operates in 20 countries

Environmental Services

The Environmental Services segment encompasses drinking water supply, wastewater disposal and thermal waste incineration in EVN's domestic market as well as the international project business in 16 countries of Central, Eastern and South Eastern Europe.

Key indicators	EURm	2010/11	2009/10	Change		2008/09
				nominal	in %	
External revenue		329.8	268.7	61.2	22.8	236.1
Internal revenue		17.1	16.7	0.4	2.6	11.3
Total revenue		346.9	285.4	61.6	21.6	247.3
Operating expenses		-278.0	-233.1	-45.0	-19.3	-205.3
EBITDA		68.9	52.3	16.6	31.8	42.0
Depreciation and amortisation		-26.0	-24.3	-1.7	-7.1	-14.5
Results from operating activities (EBIT)		42.9	28.0	14.9	53.2	27.5
Financial results		11.8	18.5	-6.6	-35.9	17.5
Profit before income tax		54.8	46.5	8.3	17.8	45.1
Total assets		1,450.1	1,345.2	104.9	7.8	1,135.4
Total liabilities		1,077.6	1,004.5	73.1	7.3	833.9
Investments ¹⁾		48.3	68.6	-20.2	-29.5	67.4

1) In intangible assets and property, plant and equipment

Revenue development

Revenue of the Environmental Services segment amounted to EUR 346.9m in the 2010/11 financial year, corresponding to a rise of 21.6%, or EUR 61.6m. This development was mainly impacted by the initial full-year inclusion of the revenue contributions of projects, in particular the sodium hypochlorite and the waste incineration plant in Moscow.

Operating expenses and operating results

Operating expenses in the segment rose by 19.3%, or EUR 45.0m, to EUR 278.0m, which is mainly related to higher project-specific material and operating and personnel costs triggered by the expanded project activity. Moreover, operating results in the prior-year were burdened by a write-off of receivables amounting to EUR 3.9m relating to the bankruptcy of a large customer in the waste incineration business. The EBITDA increased by 31.8%, or EUR 16.6m, to EUR 68.9m. The expansion of the Dürrohr waste incineration plant by a third line and the coming on stream of the co-generation plant in Kurjanovo, Moscow led to slightly higher depreciation and amortisation in the 2010/11 financial year. The positive revenue development and the comparatively moderate increase in operating expenses led to operating results (EBIT) of EUR 42.9m, an improvement of 53.2%, or EUR 14.9m, from the previous year.

Financial results and profit before income tax

The financial results were down considerably from the previous year, declining from EUR 18.5m to EUR 11.8m. This can be attributed to the lower interest income related to scheduled payments of lease receivables in the project business, increased interest expenses for projects in the construction phase and the decreased earnings contribution of the wastewater treatment plant in Zagreb. The profit before income tax improved by 17.8%, or EUR 8.3m, to EUR 54.8m.

Investments

Investments during the period under review totalled EUR 48.3m, corresponding to a reduction of 29.5% or EUR 20.2m. The high level of investments in the previous year was related to the expansion of the waste incineration plant in Dürrohr with the addition of a third line. In 2010/11 the focus of investment activity was on the construction of a co-generation plant in Moscow on the premises of the large Ljuberzy wastewater treatment plant.

The scheduled continuation, completion or partial completion of eleven large international projects, two new acquisitions and the signing of a communal concession contract shaped the business operations of this segment during the reporting year.

Three plants in Moscow are currently being realised. The 13.5 MW cogeneration plant on the premises of the large Ljuberzy wastewater treatment plant is expected to be completed at the beginning of 2012. Construction of a sodium hypochlorite plant at the Kurjanovo site with a capacity of 50,000 t/a is progressing on schedule. EVN is also responsible in Moscow for the financing, construction and subsequent twelve-year operation of a waste incineration plant with a capacity of 700,000 t/a and a contract value of EUR 707.7m.

Two wastewater treatment plants are being built in Famagusta, Morphou and Nicosia on the island of Cyprus. The total capacity of these facilities will be more than 310,000 population equivalents (PE). A sludge treatment plant serving to

produce biomass will also be built in that connection. A further wastewater treatment plant with a capacity of 130,000 PE is being built in Budva, Montenegro. With respect to the two wastewater treatment installations in Poland, one in Warsaw featuring a capacity of 2,100,100 PE is under construction, whereas the other plant in Kielce with a capacity of 290,000 PE has already been completed.

In Lithuania two waste sludge treatment plants are being built including biogas extraction and sludge drying and boasting a capacity of 200,000 PE in Siauliai and 225,000 m³ in Vilnius respectively.

In February 2011, EVN in a consortium with local partners was awarded a contract to expand and modernise the wastewater treatment plants in Gherla (20,000 PE) and Huedin (9,400 PE) in Romania. The project featuring an investment volume of about EUR 8.6m is being financed by the European Cohesion Fund. On the basis of this contract, the international business operations of the EVN Group have now expanded to cover 20 countries.

In September 2011 a concession agreement between the Municipality of Sentjerney, Slovenia and EVN was signed for wastewater treatment services over a period of 35 years. The contract volume amounts to EUR 2.5m.

EVN acquired several drinking water networks on its domestic market in the 2010/11 financial year, e.g. Judenau-Baumgarten, Langau, Hadres and in the summer the local water network of the Municipality of Strasshof with a length of 86.5 km. On balance, EVN now manages the local water networks in 24 political municipalities encompassing a total of 73 cadastral communities.

In August 2011 EVN put the trans-regional water transport pipeline from Marchfeld to the eastern Weinviertel area of Austria into operation. The 5.5 km long pipeline will transport 950,000 m³ of water per year. Project costs totalled EUR 0.9m.

In July 2011 EVN in cooperation with the Wiener Neustadt Wastewater Association opened a biogas treatment plant at the site of the Wiener Neustadt wastewater purification facility. This Lower Austrian showcase project is designed to feed some 1.1m³ of biomethane into the gas network each year, and thus save about 2,000 tonnes of CO₂.

Outlook

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

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 Intra-Group services as well as companies outside of EVN's core business that provide mainly Intra-Group services within EVN are also classified to this segment.

Key indicators	EURm	2010/11	2009/10	Change		2008/09
				nominal	in %	
External revenue		4.0	27.4	-23.3	-85.2	31.6
Internal revenue		59.4	64.0	-4.6	-7.2	55.4
Total revenue		63.4	91.4	-27.9	-30.6	87.0
Operating expenses		-72.3	-95.4	23.1	24.2	-96.2
EBITDA		-8.9	-4.1	-4.8	-	-9.2
Depreciation and amortisation		-2.0	-1.8	-0.2	-9.2	-1.9
Results from operating activities (EBIT)		-10.8	-5.9	-5.0	-84.6	-11.1
Financial results		94.4	97.7	-3.3	-3.4	73.1
Profit before income tax		83.6	91.9	-8.3	-9.0	62.0
Total assets		2,761.3	2,854.2	-93.0	-3.3	2,943.4
Total liabilities		1,256.2	1,427.1	-170.9	-12.0	1,291.4
Investments ¹⁾		2.2	1.6	0.7	41.5	1.1

1) In intangible assets and property, plant and equipment

Revenue, EBITDA and EBIT development

The development of the business operations of this segment was shaped by two factors in the 2010/11 financial year: on the one hand, the reclassification of two subsidiaries, first facility GmbH and V&C Kathodischer Korrosionsschutz in other segments, which in turn led to a decline in revenue as well as the cost of materials and personnel expenses. On the other hand, EBITDA of the segment was burdened by higher legal and consulting costs as well as higher advertising expenses, and thus declined by EUR 4.8m to EUR –8.9m. EBIT fell by 84.6%, or EUR 5.0m, to EUR –10.8m, despite the slightly lower level of depreciation and amortisation.

Highlights 2010/11

- > Increase of earning contribution of at equity accounted companies by 70.8%
 - RAG: EUR +16.1m
 - BEWAG and BEGAS: EUR +12.5m
- > Reduction of contributions from other investments by 44.8%
 - VERBUND AG: drop by EUR –28.1m
- > Financial results down by 3.4% to EUR 94.4m

The profit before income tax of the segment is primarily affected by the financial results, which developed clearly positively in 2010/11 and is comprised of the following:

Financial results	EURm	2010/11	2009/10	Change		2008/09
				nominal	in %	
Income from investments						
RAG ¹⁾		60.4	44.3	16.1	36.4	32.2
BEWAG; BEGAS ²⁾		9.4	–3.1	12.5	–	–3.4
Other companies		0.8	0.1	0.7	–	0.1
Income from investments in equity accounted investees		70.6	41.3	29.2	70.8	28.9
Dividend payments		26.5	55.6	–29.1	–52.3	49.9
VERBUND AG		22.1	50.1	–28.1	–56.0	42.1
Other companies		4.5	5.4	–0.9	–16.9	7.8
Impairment		0.0 ^{*)}	–0.4	–0.4	–	–
Gain from other investments		26.5	55.2	–28.7	–52.0	49.9
Total income from investments		97.1	96.5	0.5	0.5	78.8
Total interest results		1.2	2.7	–1.5	–56.7	–0.9
Total other financial results		–3.8	–1.5	–2.3	–	–4.8
Financial results		94.4	97.7	–3.3	–3.4	73.1

1) Indirect held through RBG

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

*) small amount

Financial results and profit before income tax

The financial results were relatively stable during the period under review, and amounted to EUR 94.4m, a slight decline of 3.4%, or EUR 3.3m, from the prior-year level. Included in the financial results is the total income from investments, which at EUR 97.1m was up 0.5% or EUR 0.5m and was the consequence of contradictory developments. In particular, the gain from other investments was down 52.0%, or EUR 28.7m, which related to the lower dividend payment on the part of VERBUND AG (decline in the dividend payment per share from EUR 1.25 in 2009/10 to EUR 0.55 in 2010/11). However, this could be compensated by the higher income from investments in equity accounted investees, above all RAG and BEWAG, which climbed 70.8%, or EUR 29.2m.

The lower interest income was in contrast to the slightly higher other financial results during the reporting period. Despite higher interest income, the interest result was down 56.7%, or EUR 1.5m, to EUR 1.2m, which is due to higher interest expenses. The decrease in the other financial results by EUR 2.3m to EUR –3.8m primarily related to valuation changes.

On balance, these developments led to a drop in the profit before income tax of 9.0%, or EUR 8.3m, to EUR 83.6m.

Outlook

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

Consolidated Financial Statements for 2010/11

According to International Financial Reporting Standards

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Consolidated Statements of Financial Position

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

Consolidated Statements of Operations

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

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

2) Proposed to the Annual General Meeting

Consolidated Statements of Comprehensive Income

	EURm	2010/11	2009/10
Profit for the period¹⁾		232.6	228.7
Pre-tax gains (+) or losses (-) recognised directly in equity from			
Foreign currency translation differences for foreign operations		-2.0	-0.1
Net change in fair value of other investments		-185.5	-330.9
Net change in fair value of cash flow hedges		-7.1	5.8
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees		-13.3	-5.4
Total pre-tax gains (+) or losses (-) recognised directly in equity		-207.8	-330.6
Income tax expenses ²⁾		48.1	81.2
Total after-tax gains (+) or losses (-) recognised directly in equity		-159.7	-249.4
Comprehensive income		72.9	-20.6
Thereof profit attributable to EVN AG shareholders (Group net profit)		30.6	-44.8
Thereof profit attributable to non-controlling interests		42.2	24.1

1) A dividend payout of EUR 0.41 per share from the net profit for the period will be proposed to the Annual General Meeting.

2) Distribution of income tax expenses on total gains (+) or losses (-) is as follows: net change in fair value of other investments EUR 46.4m (previous year: EUR 82.7m), net change in fair value of cash flow hedges: EUR 1.7m (previous year: EUR -1.5m).

Consolidated Statements of Cash Flows

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

^{†)} small amount

Consolidated Statements of Changes in Equity

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

Segment Reporting

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

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

1) In intangible assets and property, plant and equipment

Segment information by products – Revenue

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

Segment information by region – Revenue

	EURm	2010/11	2009/10
Austria		1,642.9	1,700.6
Central and Eastern Europe		252.0	189.2
South Eastern Europe		834.3	862.3
Total		2,729.2	2,752.1

**Segment information by region –
Non-current assets**

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

Consolidated Notes

Basis of Preparation

1. General

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

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

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

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

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

2. Reporting in accordance with IFRS

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

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

2. Standards and interpretations applied for the first time

Effective¹⁾

New Interpretations

IFRIC 15	Agreements for the Construction of Real Estate	1/1/2010
IFRIC 17	Distributions of Non-cash Assets to Owners	11/1/2009
IFRIC 18	Transfers of Assets from Customers	11/1/2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	7/1/2010

Revised Standards and Interpretations

IAS 10	Events after the Balance Sheet Date	11/1/2009
IAS 32	Financial Instruments: Presentation	2/1/2010
IFRS 1	First-time Adoption of International Financial Reporting Standards	11/1/2009–1/1/2010–7/1/2010
IFRS 2	Share-based Payments	1/1/2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	11/1/2009
IFRS 7	Financial Instruments: Disclosure	7/1/2010
IFRIC 4	Determining Whether an Arrangement Contains a Lease	1/1/2010
Several	Annual Improvements 2007–2009	1/1/2010

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

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

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

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

2. Standards and interpretations not yet effective

Effective

New Standards and Interpretations

IFRS 9	Financial Instruments	1/1/2013 ¹⁾
IFRS 10	Consolidated Financial Statements	1/1/2013 ¹⁾
IFRS 11	Joint Arrangements	1/1/2013 ¹⁾
IFRS 12	Disclosure of Interests in Other Entities	1/1/2013 ¹⁾
IFRS 13	Fair Value Measurement	1/1/2013 ¹⁾
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1/1/2013 ¹⁾

Revised Standards and Interpretations

IAS 1	Presentation of Financial Statements	7/1/2012 ¹⁾
IAS 12	Income Taxes	1/1/2012 ¹⁾
IAS 19	Employee Benefits	1/1/2013 ¹⁾
IAS 24	Related Party Disclosures	1/1/2011 ²⁾
IAS 27	Consolidated and Separate Financial Statements	1/1/2013 ¹⁾
IAS 28	Investments in Associates	1/1/2013 ¹⁾
IFRS 1	First-time Adoption of International Financial Reporting Standards	7/1/2011 ¹⁾
IFRS 7	Financial Instruments: Disclosure	7/1/2011 ¹⁾
IFRS 8	Operating Segments	1/1/2011 ²⁾
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1/1/2011 ²⁾
Several	Annual Improvements 2009–2010	1/1/2010 ²⁾ /1/1/2011 ²⁾

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

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

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

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

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

Basis of Consolidation

3. Consolidation methods

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

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

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

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

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

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

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

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

4. Scope of Consolidation

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

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in the assets and results of EVN KG. The general partner, without investment, of EVN KG is EnergieAllianz. Pursuant to an agreement regarding the man-

agement of EVN KG entered into between the shareholders of EnergieAllianz, EVN KG is proportionately consolidated (quota consolidation) in the consolidated financial statements. EVN KG is thereby included to 100.0%, corresponding to the financial status.

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

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

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

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

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

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

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

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

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

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

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

4. Impact of business combinations	EURm	2010/11 ¹⁾
Non-current assets		33.5
Current assets		5.8
		39.2
Equity		34.6
Non-current liabilities		4.0
Current liabilities		0.7
		39.2

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

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

5. Foreign currency translation 2010/11

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

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

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

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

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

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

1) Average on the last day of each month

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

Accounting policies

6. Intangible assets

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

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

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

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

7. Property, plant and equipment

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

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

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

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

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

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

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

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

8. Investments in equity accounted investees

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

9. Financial instruments

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

Primary financial instruments

The following measurement categories are applied by EVN:

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

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

9. Classes and measurement categories of primary financial instruments

Measurement category

Current assets

Other investments

Investments in affiliates	AFS
Miscellaneous investments	AFS

Other non-current assets

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

Current assets

Current receivables and other current assets

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

Securities

	HFT
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Cash and cash equivalents

Cash on hand and cash at banks	LAR
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Non-current liabilities

Non-current loans and borrowings

Bonds	FLAC
Bank loans	FLAC

Other non-current liabilities

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

Current liabilities

Current 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

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

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

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

11. Other non-current assets

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

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

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

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

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

12. Inventories

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

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

13. Trade and other receivables

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

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

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

14. Securities

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

15. Cash and cash equivalents

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

16. Equity

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

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

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

17. Provisions

Provisions for pensions and obligations similar to pensions

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

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

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

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

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

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

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

Provision for severance payments

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

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

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

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

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

Other provisions

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

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

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

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

18. Liabilities

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

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

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

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

19. Revenue recognition

Realisation of revenue (in general)

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

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

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

Contract manufacturing

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

20. Income taxes and deferred taxes

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

The following tax rates were applied for current income taxes:

20. Corporate income tax rates	%	2010/11	2009/10
Headquarters			
Albania		10.0	10.0
Austria		25.0	25.0
Bulgaria		10.0	10.0
Croatia		20.0	20.0
Cyprus		10.0	10.0
Denmark		25.0	25.0
Estonia ¹⁾		21.0	21.0
Germany		30.0	30.0
Lithuania		15.0	15.0
Macedonia ²⁾		10.0	10.0
Montenegro		9.0	9.0
Poland		19.0	19.0
Romania		10.0	–
Russia		20.0	20.0
Serbia		10.0	10.0
Slovenia		20.0	20.0
Turkey		20.0	20.0

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

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

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

The 2005 Tax Reform Act enacted by the Austrian parliament allows companies to establish corporate tax groups. EVN has taken advantage of this measure by establishing five such groups. EVN AG is in a corporate tax group of which NÖ Landes-Beteiligungsholding GmbH, St. Pölten, is the top-tier corporation. The taxable profit of the companies belonging

to these groups was assigned to the respective superior group member or the group's top-tier corporation. The group contracts include a tax apportionment that is based on the stand-alone method in order to offset the transferred taxable results.

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

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

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

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

21. Procedures and effects of impairment tests

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

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

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

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

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

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

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

22. Leased and rented assets

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

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

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

23. Forward-looking statements

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

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

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

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

24. Segment reporting

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

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

The segments encompass the following activities:

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

Principle of segment allocation and transfer pricing

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

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

Reconciliation of segment results at the Group level

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

Entity-wide disclosures

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

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

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

Notes to the Consolidated Statements of Financial Position

Assets

Non-current assets

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

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

25. Intangible assets

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

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

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

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

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

25. Reconciliation of intangible assets

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

^{*)} small amount

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

^{*)} small amount

26. Property, plant and equipment

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

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

In the 2010/11 financial year, a valuation of assets within the context of impairment tests pursuant to IAS 36 resulted in an impairment loss of EUR 38.4m for the gas-fired power stations in Theiß and Korneuburg. This step was necessary as a

consequence of the ongoing difficult market situation. In EVN's heating business in Bulgaria, it was necessary to take an impairment loss on property, plant and equipment at the Plovdiv power plant site of EUR 8.5m in addition to the impairment on goodwill. Impairment of EUR 4.2m (previous year: EUR 12.2m, of which EUR 10.7m applied to EVN Kavarna) was recognised for other EVN facilities.

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

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

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

26. Reconciliation of property, plant and equipment

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

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

^{*)} small amount

27. Investments in equity accounted investees and other investments

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

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

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

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

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

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

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

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

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

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

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

28. Other non-current assets

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

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

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

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

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

28. Reconciliation of other non-current assets

EURm	Other financial assets			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 9/30/2010	101.3	22.4	555.4	38.0	14.4	11.3	742.9
Currency translation differences	–	–	–	–	–	–	–
Additions	34.2	4.0	107.2	38.8	–	1.1	185.3
Disposals	–40.2	–1.6	–47.1	–	–	–1.6	–90.5
Gross value on 9/30/2011	95.3	24.8	615.6	76.8	14.4	10.8	837.6
Accumulated amortisation 9/30/2010	2.8	–0.4	–	–	–0.5	–	1.9
Disposals	–1.0	–	–	–	–	–	–1.0
Revaluation	0.8	–	–	–	–	–	0.8
Accumulated amortisation 9/30/2011	2.6	–0.4	–	–	–0.5	–	1.7
Net value on 9/30/2010	104.1	22.0	555.4	38.0	13.9	11.3	744.8
Net value on 9/30/2011	97.9	24.4	615.6	76.8	13.9	10.8	839.3

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

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

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

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

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

Current assets

29. Inventories

Primary energy reserves are mainly comprised of coal supplies.

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

29. Inventories

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

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

30. Trade and other receivables

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

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

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

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

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

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

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

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

31. Securities

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

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

^{*)} small amount

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

Liabilities

Equity

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

32. Share capital

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

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

33. Share premium and capital reserves

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

34. Retained earnings

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

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

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

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

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

35. Valuation reserve according to IAS 39

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

35. Valuation reserve according to IAS 39

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

36. Treasury shares

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

The number of outstanding shares thus developed as follows:

36. Reconciliation of the number of outstanding shares

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

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

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

37. Non-controlling interests

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

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

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

38. Breakdown of non-current loans and borrowings

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

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

38. Maturity of non-current loans and borrowings

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

Bonds

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

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

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

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

Bank loans

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

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

Deferred interest expenses are included under other current liabilities.

39. Deferred tax liabilities

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

The deferred taxes developed as follows:

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

*) small amount

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

40. Non-current provisions

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

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

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

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

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

*) small amount

40. Reconciliation of other non-current provisions

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

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

41. Deferred income from network subsidies

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

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

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

42. Other non-current liabilities

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

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

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

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

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

42. Term to maturity of other non-current liabilities

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

Current liabilities

43. Current loans and borrowings

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

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

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

44. Taxes payable

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

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

45. Trade payables

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

46. Current provisions

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

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

46. Reconciliation of current provisions

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

47. Other current liabilities

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

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

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

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

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

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

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

47. Other current liabilities

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

Notes to the Consolidated Statements of Operations

48. Revenue

The revenues of the individual business segments developed as follows:

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

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

49. Other operating income

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

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

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

50. Cost of materials and services

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

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

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

51. Personnel expenses

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

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

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

The average number of employees was as follows:

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

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

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

52. Depreciation and amortisation

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

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

	EURm	2010/11	2009/10
Amortisation of intangible assets		24.2	12.5
Revaluation of intangible assets ¹⁾		-31.2	-
Depreciation of property, plant and equipment		259.8	216.8
Total		252.8	229.3

52. Depreciation and amortisation

	EURm	2010/11	2009/10
Scheduled depreciation and amortisation		223.7	217.1
Impairment losses ¹⁾		60.3	12.2
Revaluation ¹⁾		-31.2	-
Total		252.8	229.3

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

53. Other operating expenses

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

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

54. Financial results

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

1) Indirectly held through RBG

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

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

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

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

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

55. Income tax expense

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

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

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

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

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

56. Earnings per share

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

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

Other information

57. Consolidated statements of cash flows

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

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

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

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

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

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

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

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

57. Cash and cash items

	EURm	2010/11	2009/10
Cash		143.4	123.5
Cash on hand		1.2	0.5
Cash at banks		142.2	123.0
Bank overdrafts		-30.8	-34.4
Total		112.6	89.1

58. Risk management

Interest rate risk

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

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

Foreign exchange risk

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

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

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

Other market risks

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

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

58. Price hedging in the Energy business

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

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

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

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

Liquidity risk

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

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

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

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

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

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

Credit risks

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

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

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

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

58. Impairment losses by class

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

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

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

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

59. Reporting of financial instruments

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

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

59. Information on classes and categories of financial instruments

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

Derivative financial instruments

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

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

Derivative financial instruments are comprised of the following:

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

1) In m nominal currency

2) In EURm

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

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

60. Significant events after the balance sheet date

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

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

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

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

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

61. Other obligations and risks

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

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

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

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

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

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

62. Information on transactions with related parties

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

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

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

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

Transactions with related companies

Main shareholder

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

Investments in equity accounted investees

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

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

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

^{*)} small amount

Transactions with related individuals

Executive Board and Supervisory Board

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

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

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

Transactions with other related companies

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

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

63. Other disclosures

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

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

64. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

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

Supervisory Board

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

65. Approval of the consolidated financial statements 2010/11 for publication

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

66. Auditing fees

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

Maria Enzersdorf, November 15th, 2011

EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

Financial information on joint ventures and investments in equity accounted investees

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

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

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

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

EVN's Investments

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

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

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

Method of consolidation:

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

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

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

1) The company was acquired during the 2010/11 financial year.

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

3) formerly EVN ENERTRAG Kavarna OOD, Plovdiv, Bulgaria; in 2010/11 financial year, EVN acquired the remaining 30.0% stake and renamed the company.

4) The company was newly established during the 2010/11 financial year.

5) formerly Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH, Essen, Germany.

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

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

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

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

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

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

1) The company was acquired / newly established during the 2010/11 financial year.

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

Main EVN AG's subsidiaries

Generation	100%	EVN Kraftwerks- und Beteiligungsgesellschaft mbH	
	49%	STEAG-EVN Walsum 10 Kraftwerksgesellschaft mbH	Construction of a coal fired power plant in Duisburg
	100%	evn naturkraft Erzeugungsgesellschaft m.b.H.	Electricity generation from renewable energy sources
	70%	Wasserkraftwerke Trieb und Krieglach GmbH	Hydroelectric power generation
	100%	EVN Kavarna EOOD	Electricity generation from wind power in Bulgaria
	100%	Naturkraft EOOD	Electricity generation from photovoltaics in Bulgaria
	100%	evn naturkraft Beteiligungs- und Betriebs-GmbH	
	13%	VERBUND-Innkraftwerke Deutschland GmbH	Hydroelectric power generation in Germany
	100%	EVN Liegenschaftsverwaltung Gesellschaft m.b.H.	Management of elements of power plant
	100%	EVN Projektmanagement GmbH	
	50%	Devoll Hydropower SHA	Hydroelectric power generation in Albania
	49.99%	Shkodra Region Beteiligungsholding GmbH	Holding in connection with water generation project Ashta in Albania
	70%	Hydro Power Company Gorna Arda AD	Hydroelectric power generation in Bulgaria
Network Infrastructure Austria	100%	EVN Netz GmbH	Operation of electricity and gas networks
	100%	Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H.¹⁾	Technical services
	100%	Kabelsignal AG	Cable TV and internet services
	100%	B.net Burgenland Telekom GmbH	Cable TV and internet services
	100%	EVN Geoinfo GmbH	Digital cartography
	100%	V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H.	Cathodic corrosion protection
Energy Trade and Supply	100%	EVN Energievertrieb GmbH & Co KG	Electricity and gas sales to end customers within EnergieAllianz
	100%	EVN Wärme GmbH	Supply of heat, gas, combined cycle heat and power, biogas heat, solar energy and heat pump facilities
	49%	Fernwärme St. Pölten GmbH	Joint venture with St. Pöltener Stadtwerken in district heating business
	45%	ENERGIEALLIANZ Austria GmbH	Joint EnergieAllianz partner sales subsidiary
	100%	Naturkraft Energievertriebsgesellschaft m.b.H.	Electricity sales from renewable energy sources
	100%	SWITCH Energievertriebsgesellschaft m.b.H.	Electricity and natural gas sales in Austria
	100%	EAA Erdgas Mobil GmbH	Construction of CNG refuelling stations
	45%	e&t Energie Handelsgesellschaft mbH	Joint EnergieAllianz partner energy trading and sourcing company
	16.5%	EconGas GmbH	Joint venture of EnergieAllianz partner in gas business with OMV, EGBV
	100%	Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H.¹⁾	Technical services
	50%	Allplan Gesellschaft m.b.H.	Building utility, energy and environmental engineering
	100%	first facility GmbH Facility Management	Facility management
Energy Supply South East Europe	67%	EVN Bulgaria Electrorazpredelenie AD	Electricity distribution for retail customers in Bulgaria
	67%	EVN Bulgaria Electrosnabdjavane AD	Electricity distribution for small customers in Bulgaria
	100%	EVN Trading South East Europe EAD	Electricity trading
	100%	Energy Trading d.o.o. Belgrad	Electricity trading
	100%	Energy Trading DOOEL	Electricity trading
	100%	EVN Bulgaria Toplofikatsia EAD	District heating company in Bulgaria
	100%	EVN Bulgaria EAD	Management company
	90%	EVN Macedonia AD	Electricity supply in Macedonia
	100%	EVN Macedonia Holding DOOEL	Management company
	100%	EVN Croatia Plin d.o.o.	Build and operate gas network in Croatia
Environmental Services	100%	evn wasser Gesellschaft m.b.H.	Drinking water supply in Lower Austria
	100%	EVN Umweltholding und Betriebs-GmbH	Holding for drinking water supply, wastewater and waste incinerations services as well as environmental projects in 16 countries ²⁾
	100%	WTE Wassertechnik GmbH, Essen Germany	Drinking water supply and wastewater services
	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	12.6%	VERBUND AG³⁾	Power generation, trading and distribution
	100%	EVN WEEV Beteiligungs GmbH	
	50%	WEEV Beteiligungs GmbH	
	73.6%	Burgenland Holding Aktiengesellschaft	Regional electricity and gas supply
	49%	Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG)	Electricity supply
	49%	BEGAS Energie AG	Gas supply
	50.03%	RAG-Beteiligungs-Aktiengesellschaft	
	100%	Rohöl-Aufsuchungs Aktiengesellschaft	Oil and gas exploration and gas storage
	100%	Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H.¹⁾	
	100%	EVN Business Service GmbH	
	100%	EVN Finanzmanagement und Vermietungs GmbH	Group financing
	100%	EVN Finanzservice GmbH	Group financing
	100%	EVN Finance Service B.V.	Group financing

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

1) Utilitas Services are integrated in the Strategic Investments and Other Business segment.

2) The investments of WTE Wassertechnik GmbH are project and operating companies in Central, Eastern and South Eastern Europe.

3) VERBUND AG is neither a fully consolidated company nor an investment included at equity. EVN's direct investment in VERBUND AG amounts to 11.5% and the indirect investment via EVN WEEV Beteiligungs GmbH and WEEV Beteiligungs GmbH amounts to 1.1%.

Auditor's Report

Report on the Consolidated Financial Statements

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

**EVN AG,
Maria Enzersdorf,**

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

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

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

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

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

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

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

Opinion

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

Report on the Management Report for the Group

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

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

Vienna, November 15th 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed

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

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

Corporate social responsibility

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. EVN's corporate strategy is strictly committed to sustainability. As a consequence of this orientation, EVN joined the UN Global Compact in September 2005.

Key figures

		2010/11	2009/10	2008/09
Business				
Revenue	EURm	2,729.2	2,752.1	2,727.0
Group net profit	EURm	189.7	207.0	177.9
Net cash flow from operating activities	EURm	522.0	499.3	335.3
Operating ROCE	%	7.5	6.4	6.7
Dividend per share	EUR	0.41 ¹⁾	0.40	0.37
Employees				
Number of employees ²⁾	Number	8,250	8,536	8,937
Employee fluctuation	%	3.0	3.1	3.6
Proportion of women	%	22.8	22.5	22.9
Training hours per employee	hrs.	22.1	27.1	23.9
Number of occupational accidents		113	92	–
Environment				
Electricity generation from renewable energy sources	GWh	1,181	1,300	1,267
Quantity of CO ₂ emissions	1,000 t	1,736	1,517	1,586
Specific NO _x emissions	kg/MWh	0.283	0.257	0.298
Hazardous waste ³⁾	t	9,396	12,036	10,518
Water consumption (drinking and process water)	m ³	1,682,836	1,454,942	1,634,838

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

EVN environmental policy statement

Minimisation of environmental impact

We seek to minimise the environmental impact of our activities and thus make an important contribution to the maintenance of the general ecological balance.

Sustainable development

We feel an obligation to the principle of sustainability and adopt a responsible approach to the resources entrusted to us. Our aim is to secure the long-term quality of the environment for future generations. We make every effort to allocate equal attention to ecological, economic and social objectives.

Improved environmental performance

EVN ensures compliance with all statutory requirements through the use of the very latest technology. In addition, the company is committed to constant improvements in the standard of its environmental performance. Accordingly, plants causing emissions are mainly accredited according to EMAS and ISO 14001 and subjected to annual external audits.

State-of-the-art environmental engineering

All of EVN's energy generation plants are of state-of-the-art design. In this connection, the environmental upgrading of existing capacity and installation of new plants at established locations are of special importance. At the same time, the company endeavours to husband resources through the highest possible efficiency levels and further the development of innovative, environmental protection technologies.

Resource conservation and climate protection

Resource conservation constitutes a yardstick for our activities. Through increased efficiency, the forced expansion of renewable energy sources and waste treatment, we want to make a valuable contribution to the climate protection targets of the EU, the Austrian Republic and the federal province of Lower Austria. EVN employs a flexible generation mix comprised of energy from water, heat and renewable sources. The expansion of electricity and heat generation from alternative sources is priority for EVN. Electricity generation from thermal energy sources will continue to make an important contribution to security of supply as well as network stability and will be conducive to the integration of renewable sources in the systems.

Landscape conservation

In the course of its energy production and transmission activities, EVN pays close attention to landscape conservation. Local network cabling projects and optimum line routing are two examples of this policy.

Waste management

The flows of material within our company are carefully monitored and controlled, facilitating waste prevention, recycling and correct disposal, in that order. The company also applies ecological criteria when selecting its material and equipment suppliers, and waste disposal contractors.

Energy consulting

Efficient, customer-oriented energy consulting is a matter of key importance to EVN. In addition to economic considerations, this also involves ecological aspects. "Energy saving" is one of the core principles of EVN consulting.

Employee motivation

The comprehensive range of tasks for an ecologically oriented company is so wide, that only well-informed and motivated employees can accomplish it. Therefore, EVN regards staff training and identification with the company's ecological policy as a major priority.

EVN key values – E(V)Nsure, E(V)Ncourage, E(V)Nable

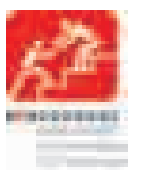
In the last years EVN has grown from a regional provider to an internationally acting company operating in 20 countries. Six years ago EVN had about 2,000 employees – in the business year 2010/11, the number of employees was 8,250, leading to a great cultural diversity within EVN.

During the reporting period, the project “Internal Branding” was initiated as an ideal basis to enable and motivate EVN employees to keep the EVN brand promise. Only if the brand EVN is lived by all its employees, EVN will be able to both make and keep its promises to customers. The new EVN key values developed by the management and a project team provide the basis for this goal. In a first step, the management of EVN learned about the new EVN key values. Each department then organised a workshop and presented the new values to its employees. From now on, they will be integrated into our day-to-day business. At the same time, the new values become vital elements of all corporate “cultural” documents, such as the “Feedback and Orientation Talks” (FOG) and the managerial mission statement. In a second step, employee values will also apply to Bulgaria, Croatia and Macedonia.



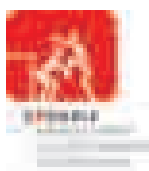
We ensure quality and corporate success.

- > We are committed to continuity and safety. Our employees are willing to perform, competent, reliable and quality conscious.
- > Each employee ensures that we are able to implement our strategy and provide energy and environmental services to our customers in the best possible way.
- > This position of the EVN Group ensures healthy growth.



We encourage people.

- > The way we are thinking and acting encourages people.
- > Both good atmosphere and a positive working climate are as important for our corporate success as our employees’ development.
- > We are the right company for people who love to learn and who – if necessary – also offer constructive criticism.



We enable the future.

- > We do not only talk, we also enable things. We always choose the correct and solution-oriented way.
- > Whatever we do, we always keep the environment from which we generate energy in mind.
- > We are committed to sustainability in all fields.

Sector supplements – Company profile

EU1 Installed capacity in MW

EVN has a power-generating capacity of 1,873 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 hydropower plants as well as 63 wind power plants operating at seven wind parks. During the reporting period, the wind park Markgrafneusiedl with a total of nine wind power plants was taken into operation. The wind park Tattendorf with a total of eight wind power plants was opened after the reporting date. 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 as well as a 13% stake in the 13 Inn river power plants of VERBUND-Innkraftwerke GmbH since the reporting year. 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. In addition to the photovoltaic power plant in Zwentendorf, Austria, with a power-generating capacity of 0.2 MWp and in Blatets, Bulgaria, with a power-generating capacity of 0.8 MWp, EVN took its largest photovoltaic power plant with a total capacity of 2 MWp into operation in Trastikovo, Bulgaria, in July 2011.

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 volumes, was created. Security of supply is ensured through long-term supply contracts and large storage capacities.

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 9/30/2011	as of 9/30/2010
Thermal power ¹⁾		1,434	1,421
Thereof coal		398	398
Thereof gas		1,036	1,023
Hydropower ²⁾		278	235
Wind power		138	120
Photovoltaics		3	1
Biomass		10	10
Other renewable energy sources		10	–
Total		1,873	1,787

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

2) Including procurement rights from the Danube hydropower plants Melk, Greifenstein and Freudenu as well as the participations in the Nußdorf power plant in Vienna and the VERBUND-Innkraftwerke GmbH

EU2 Energy generation in GWh

In the reporting year, some 3.3 TWh of electricity were generated; 65% from thermal and about 35% from renewable energy. The share of power from renewables is planned to increase to 50% by 2020. The coverage ratio from own generation is close to 16.3% for the 2010/11 business year.

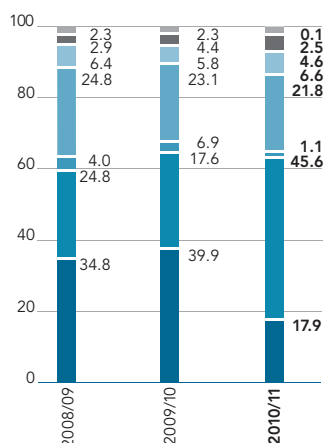
Power generation	GWh	2010/11	2009/10	2008/09
Electricity generation volumes		3,332	3,653	3,477
Thereof thermal energy sources		2,151	2,352	2,211
Thereof renewable energy sources		1,181	1,300	1,267

EU3 Customer numbers

EVN has approximately 3.7 million energy customers. In the environmental business, EVN supplies around 0.5 million customers in Lower Austria with water. Concerning drinking water supply and wastewater disposal in Central and Eastern Europe, EVN has almost 14 million customers. Between 60% and 70% of all EVN customers are private households. Due to competition laws there is no more exact breakdown.

EVN energy generation by energy sources

in %

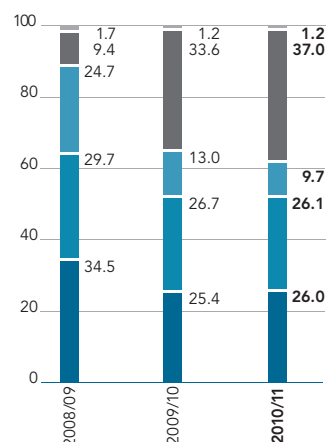


- Natural gas¹⁾
- Coal
- Other (waste incineration)
- Hydropower²⁾
- Wind power
- Other renewables
- Biomass
- Photovoltaics

- 1) Thereof 85,615 MWh own generation in Bulgaria (cogeneration plant)
 2) Thereof 26,002 MWh own generation in Macedonia (hydropower plants)

EVN heat generation by energy sources in Lower Austria

in %



- Natural gas
- Biomass
- Heat from combined heat and power
- Steam from waste incineration
- Fuel oil

EVN customer units

as of 9/30/2011

Power grid	3,288,000
Gas grid	290,000
Heating grid	77,600
Customer units in total	3,655,600

EVN customers

as of 9/30/2011

Water (Austria) ¹⁾	497,400
International drinking water and wastewater business (PE ²⁾)	13,762

1) Of which directly supplied – 2011: 72,600; 2010: 58,800; 2009: 50,000

2) In 1,000; Population equivalent: Industrial wastewater converted to household water.

EU4 Total length of long-distance and distribution lines (grids)

Network lengths – Energy

km as of 9/30/2011

Power grids	134,308
Gas grids	13,630
Heating grids	602
Network length in total	148,540

Due to current company-specific constraints and internal regulations there is no further elaboration of details.

► See also page 163 "Additional specific operational data of subsidiaries".

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 1.58 million tons per year for Austrian facilities and around 0.1 million tons per year for Bulgarian facilities. In Bulgaria, EVN is a pioneer, being the first to trade CO₂ certificates there. The remaining value beyond the free CO₂ certificates of about 0.5 million to 0.8 million tons per year must be purchased additionally. For details on certificates purchased, see Consolidated Notes, note 50. **Cost of materials and services.**

In order to cover the CO₂ requirements, EVN participates in the emission certificate trading process. With ten plants in Austria and one in Bulgaria, EVN was subject to the EU emissions trading scheme in the financial year 2010/11.

As of the third trading period (2013–2020), the plan is to auction off all CO₂ certificates for electricity generation within the EU emissions trading scheme. The price for CO₂ certificates amounted to EUR 14.76 per ton in the reporting year.

Governance, commitments and engagement

Corporate governance/management structure

For the management and organisational structure of EVN, please see the Corporate governance report on page 12. You will find a breakdown of EVN's main subsidiaries on page 117 of this report.

Aside from continuous strategic developments by the Executive Board in close cooperation with the Supervisory Board, 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 the Executive Board and heads of the Group functions Information and Communication, Human Resources as well as Environmental Protection and Controlling. 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 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.

- ▶ For information concerning the diversity of employees and leading bodies, see indicator LA13.
- ▶ See page 126 on EVN AG in sustainability indexes.

Expertise of the management committee in the sustainability area, CSR organisation

The sustainability strategy is a vital element of EVN's corporate strategy. The CSR steering committee plays an important role in this. 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. Additionally, a CSR organisation of the same structure as in Austria is formed in Bulgaria, Macedonia and Croatia.

- ▶ For further information on the CSR organisation please go to www.responsibility.evn.at.

Advisory Committee for Environment and Social Responsibility

In order to advise the Executive Board on questions of sustainability an Advisory Board for Environment was established in 1992. In 2006 the Board was extended to the Advisory Committee for Environment and Social Responsibility. The members come together for two meetings each year and discuss current issues. During the financial year 2010/11, the subjects "The energetic use of different plants" as well as "The dialogue between NGOs and energy suppliers" were addressed.

- ▶ You will find a list of the advisory committee members on page 170 and at www.evn.at/Committee.aspx.

EVN Social fund

At the end of September 2008, EVN started a social fund in order to consolidate and make transparent sponsoring activities in the social field. The fund is endowed with EUR 100,000 per year and focuses on the sustainable support of youth institutions in Lower Austria. A team of experts, comprising Gabriela Peterschofsky-Orange, Helga Preitschopf, Harald Wieser and Elisabeth Baum-Breuer, headed up by Caritas Vienna Director Michael Landau, meets twice a year and passes on unanimous recommendations about the use of funds to EVN AG's Executive Board. 13 projects were sponsored during the reporting year.

- ▶ A list of supported projects can be found under indicator EC8.

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. In this connection EVN has also implemented an integrity clause for suppliers. In eleven points this clause defines the guidelines for sustainable procurement and the tasks and duties of suppliers.

- ▶ You will find all mission statements under "CSR strategy" on our homepage at www.responsibility.evn.at.
- ▶ The integrity clause may be retrieved at www.evn.at/Gruppe/Lieferanten/Beschaffungportal/AGB.aspx.

Procedure for controlling sustainability performance

The sustainability strategy is a vital element of EVN's corporate strategy. The CSR steering committee plays an important role in this. The most effective instrument of EVN 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, ECPI and VÖNIX.

EVN's company 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. Furthermore, dedicated revision departments have been established in the subsidiaries in Bulgaria and Macedonia. In the financial year 2010/11, audited departments submitted complaints in technical and financial areas and proposed measures for improvement. The implementation of the measures decided by the Executive Board is evaluated through a follow-up process. There were no major complaints jeopardising the strategy and goals of the EVN Group to be determined.

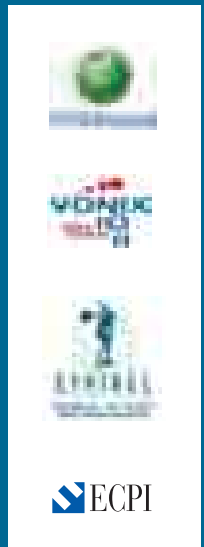
For the coming financial year 2011/12, EVN keeps improving the incorporation of sustainability parameters into regular quarterly reporting as well as the intensified collection and analysis of sustainability key figures (such as environmental costs) for improved comparability over time.

Performance rating of the Executive Board regarding sustainability

The performance rating of the CSR steering committee and thus the Executive Board regarding sustainability performance is an integral element of the annual process of collecting, analysing, summarising and publishing company data and facts regarding the sustainability report according to GRI A+ (including external audit). In particular, the Executive Board undergoes an annual audit in the context of the listing as a sustainable investment (FTSE4Good, Ethibel, VÖNIX, ECPI) and in the context of the GRI and EMAS certification.

EVN AG in sustainability indexes

The EVN share is featured in several sustainability indexes and, therefore, undergoes regular and all-encompassing audits. Since 2002, the EVN share has been listed in the FTSE4Good Index and is featured in the FTSE-4Good Europe Index and the FTSE-4Good Global Index. These indexes offer 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. Since December 2010, the EVN share has also been rated in the ECPI Index and is listed in the ECPI Ethical Index EMU. This index comprises the 150 highest-capitalised companies of the Economic and Monetary Union of the European Union, which present suitable, sustainable investments according to ECPI screening methodologies.



6th Austrian CSR Day at the EVN Forum

On September 29th, 2011, the EVN Forum hosted the 6th Austrian CSR Day of the association respACT – austrian business council for sustainable development. The role of politics in Corporate Social Responsibility in Austria and Europe was discussed. RespACT organises this CSR meeting once a year, which turns it into an important Austrian CSR platform for further developments and exchange of ideas. EVN has been a member of respACT for twelve years.

- ▶ For more information concerning respACT, go to www.respact.at.

Beginning on October 1st, 2010, the variable payment system for executive employees was adapted. 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 12.

Observance of the precautionary principle

EVN regards the precautionary principle 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 employees alike. The implementation is defined in the EVN environmental policy statement.

- ▶ For the EVN environmental policy statement see page 121 and go to www.evn.at/CSR-Management.aspx.

Support of external initiatives

OECD	OECD Guidelines for multinational enterprises
UNGC	UN Global Compact
respACT	Austrian business council for sustainable development
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik

Membership in associations and interest groups

EVN is a member of numerous industry-relevant organisations and associations.

Selection of memberships (in alphabetical order)

AEA	Österreichische Energieagentur
AIA	Association for Internal Auditors of Macedonia
ATDB	Association of District Heating Companies in Bulgaria
ATEB	Association of traders with electricity in Bulgaria
BBCE	Bulgarian Branch Chamber of Power Engineers
BHRMDA	Bulgarian Human Resources Management and Development Association
BIA	Bulgarian Industrial Association
BPVA	Bulgarian Photovoltaic Association
Bulgarian WEC	Bulgarian National Committee to the World Energy Council
CEIBG	Confederation of the Employers and Industrialists in Bulgaria
DBIHK	Deutsch-Bulgarische Industrie- und Handelskammer
ECNWM	Economic Chamber of North-Western Macedonia
ECRM	Economic Chamber of the Republic of Macedonia
EDSO	European Distribution System Operators (for Smart Grids)
EEA	Bulgarian Energy Efficiency Agency
EMI	Energy Management Institute, Bulgaria
ERC	Energy Regulatory Commission of Macedonia
FGW	Fachverband der Gas- und Wärmeversorgungsunternehmen
GEC	German Economic Chamber
IV	Industriellenvereinigung Österreich
MABA	Macedonian Austrian Business Association
MAKO Cigre	Macedonian National Committee – MAKO Cigre
MCC	Macedonian Chambers of Commerce
MGEA	Macedonian-German Economic Association
MHRA	Macedonian Human Resources Association
OE	Oesterreichs Energie
ÖGUT	Österreichische Gesellschaft für Umwelt und Technik
ORM	Organization of Employers of Macedonia
OVE	Österreichischer Verband für Elektrotechnik
ÖVGW	Österreichische Vereinigung für das Gas- und Wasserfach
ÖWAV	Österreichischer Wasser- und Abfallwirtschaftsverband
respACT	Austrian business council for sustainable development
UNGC	UN Global Compact
VGB	PowerTech e.V.
WK NÖ	Wirtschaftskammer Niederösterreich
ZEMAK	Association of Energy Department Engineers of Macedonia

Included stakeholder groups, selection of stakeholders, approaches to the stakeholder dialogue

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, more commitment, and also the voluntary dialogue with stakeholders has become more important. Based on this development, EVN's stakeholder management aims at developing effective strategies for the further development of the company as well as for the on-going 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.

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. EVN's most important stakeholders are those interest groups that are closely and relevantly related to the company.

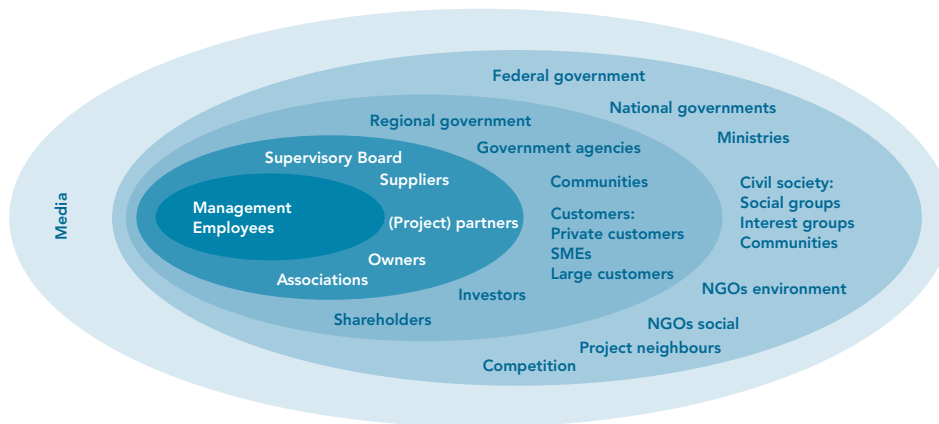


Image: Diagram of EVN's stakeholder groups

In November and December 2010, EVN surveyed 251 representatives of the following areas: employees, customers, suppliers, investors, media, NGOs, stakeholder platforms, professional associations, market participants and competitors, politics, authorities, science and research, and the Supervisory Board. Furthermore, also the EVN management as well as the Executive Boards of EVN subsidiaries were included in this survey.

This survey, which is to be performed annually from the reporting year onwards, mainly dealt with the relevance of activity areas in the EVN materiality matrix. The goal was a systematic analysis of activity areas defined as "important" or "very important" by the stakeholders and an assessment of future challenges. The results of the survey were then contrasted with evaluations by the management.

The survey included a total of 13 areas of action for sustainability in which EVN is active:

- > Climate protection
- > Resource conservation
- > Security of supply
- > Fair prices
- > Responsible employer
- > Sustainable increase in shareholder value
- > Integration South East Europe
- > In-house consumption of resources
- > Environmental protection
- > Social commitment
- > Prevention of corruption
- > Stakeholder dialogue
- > Human rights

Afterwards the outcomes of the stakeholder survey resulted in an adjustment and a further development of the EVN 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. This representation is pursuant to Global Reporting Initiative (GRI) guidelines. For the EVN materiality matrix please see page 5 of the Full report.

Based on the stakeholder survey, additional concentrations on future, further developments could be defined. Qualitative surveys in form of focus groups and individual interviews will be conducted for the areas of action "responsible employer" and "climate and environmental protection, resource conservation".

A part of the EVN 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.

In the financial year 2010/11, EVN, Greenpeace and the trade union vida together have commissioned the Institute for Advanced Studies (IHS) to conduct a study to assess Austria's energy consumption until 2050. Its publication "energy [r]evolution 2050" clearly shows that by 2050, it is possible to reduce Austria's energy consumption by 50% while increasing the share of renewable energies to 85% as well as reducing CO₂ emissions by 90%. These developments would not negatively affect the quality of life in Austria. The study further indicates that the highest potential for energy savings is found in the sectors of construction and transportation. The realisation of such potentials will crucially depend on numerous measures, such as improving efficiency in transportation, the heating of buildings and the industry as well as the continuous development of renewable energies and the greening of tax systems. The study "energy [r]evolution 2050" is available under www.greenpeace.at/energy-revolution.

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 committees, 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

- ▶ For information on the EVN materiality matrix, also see page 5.
- ▶ The EVN materiality matrix is available under: www.evn.at/Verantwortung/CSR-Management/CSR-Wesentlichkeitsmatrix.aspx?lang=en-us.
- ▶ For an explanation of individual fields of action and their relevance to EVN, go to: www.responsibility.evn.at > CSR management > CSR materiality matrix.

EVN Customers' Board

EVN is strongly interested in securing opinions from its customers. In addition to instruments to identify customer needs already used, EVN founded its Customers' Board in spring 2011. It is the task of the board's 24 members to intensify dialogue with the EVN management in topics of interest to the customers. In 2011, committed members have already put forward interesting suggestions and ideas both to improve customer satisfaction and concerning current measures of communication. Recruiting of the board's 24 members representing customers in Lower Austria was undertaken via the company's customer magazine EVN Journal as well as the company's website. For a term of two years, these members are to meet twice a year.

- ▶ Further information on the EVN Customers' Board under www.evn.at/Gruppe/Kundenbeirat.aspx?lang=en-us.

Economic responsibility

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 shareholder value.

Aspect: Economic performance

EC1 Directly generated and distributed economic value¹⁾

Operational KPIs/sales trend		2010/11	2009/10	2008/09
Electricity sales volumes	GWh	20,403	20,101	19,541
Gas sales volumes	GWh	6,475	6,738	6,102
Heating sales volumes ²⁾	GWh	1,911	1,821	1,576

Key financial figures		2010/11	2009/10	2008/09
Revenue	EURm	2,729.2	2,752.1	2,727.0
EBITDA	EURm	471.4	416.6	373.4
Results from operating activities (EBIT)	EURm	218.7	187.3	175.2
Profit before income taxes	EURm	260.5	270.9	226.0
Group net profit	EURm	189.7	207.0	177.9
Investments	EURm	415.7	394.0	415.7
Return on equity (ROE)	%	7.5	7.4	6.3
Equity ratio	%	46.2	44.9	46.7

Key share indicators		2010/11	2009/10	2008/09
Earnings per share	EUR	1.07	1.27	1.09
Dividend per share	EUR	0.41 ³⁾	0.40	0.37
Share price at the end of September	EUR	10.82	11.45	13.68

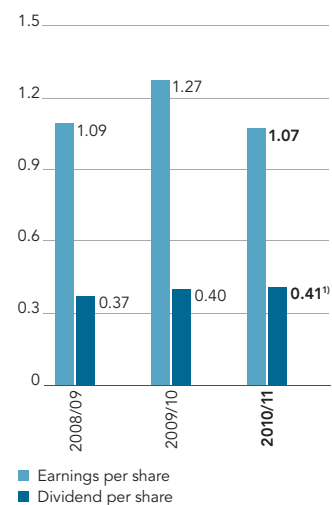
1) Fiscal year always from October 1st to September 30th; key financial figures according to IFRS

2) From January 1st, 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 27.9m, EVN contributed to the fulfilment of public duties. For the financial year 2010/11, EVN listed personnel expenses of EUR 323.3m (11.8% of revenue). The average number of employees in the reporting year totalled 8,250, of whom 55 were apprentices. Also in this year, EVN invested EUR 1,879.6m in cost of materials and services, therefore being an important employer in its relevant markets.

The 82nd Annual General Meeting, held on January 20th, 2011, approved the proposal of the Executive Board and Supervisory Board to pay a dividend to the shareholders of EVN AG of EUR 0.40 per share for the fiscal year 2009/10. The proposal to the Annual General Meeting of dividends per share for fiscal year 2010/11 amounts to EUR 0.41.

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.

► For more detailed information on the innovation, development and research activities of EVN, see indicators EC4 and EU8.

EC3 Company defined benefit plan obligations

In the financial year 2010/11, EUR 27.9m, a proportion of 8.6% 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 97f of the report.

EC4 Government financial assistance

NÖ Landes-Beteiligungsholding GmbH holds a 51% share of EVN AG. In the reporting year 2010/11, approximately EUR 1.3m (about 16.1% thereof through funding) was spent on innovation, development and research 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.

Holidays@EVN

To support child care during the summer holidays, EVN for the first time offered its employees a one-week children holiday programme in August 2011. The EVN children holiday week for children of six to ten years took place at EVN corporate headquarters and adjoining green area. The child care programme was organised in cooperation with the initiative Family Business. A total of 13 children of EVN employees participated in a diverse programme of games and handicraft activities, excursions and many other attractions.

Aspect: Market presence

EC5 Ratios of standard entry-level remuneration compared to local minimum wages

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 contracts are allocated taking account of the basic freedoms stipulated within the European Union and the prohibition of discrimination in accordance with the principles of fair and free competition and equal treatment of all applicants and bidders.

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.

► The integrity clause may be retrieved at www.evn.at/Gruppe/Lieferanten/Beschaffungportal/AGB.aspx.

Concerning the selection of or preference given to local suppliers, the Federal law on public procurement must be taken into account: 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, EVN follows the principles regulating competition in the EU. Unequal treatment of bidders, and therefore preferential treatment of local suppliers, is inadmissible. Nevertheless, the proportion of local suppliers amounts to 50%, and even 70% for construction.

In addition, the contract allocation process takes into account the environmental criteria of the Austrian National Action Plan on Green Public Procurement. Before each tender process, all documents are considered particularly concerning necessary criteria of sustainability.

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.

Aspect: Indirect economic impacts**EC8 Infrastructure investments and services, taking place primarily in the public interest**

In the financial year 2010/11, EVN invested EUR 415.7m in the construction and modernisation 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. Recognising 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.

In 2010/11, the following projects were supported by the social fund:

Projects	EUR
Liesenfeld/Original play	5,600
Landesverband Hospiz Niederösterreich/Hospice in school	5,000
Lamasté Wagenburg/Day care centre	8,000
Verein Wohnen/Semi-assisted living for a disabled couple with child	10,000
Caritas Hospiz/"Facing grief", Gänserndorf and Retz	5,000
Caritas/Health future for Romani children, mobile tutoring Weinviertel	10,000
Landesjugendheim Pottenstein/Educational garden	6,000
Kindersozialdienste St. Martin/Holiday week for children with disabilities	4,000
Diakonie Österreich/InterKULT "learning factory" St. Pölten	6,060
Caritas/Leisure room for the institution Unternalb farm	10,000
Caritas/Refugee house St. Gabriel, outdoor education	10,000
Caritas/Family centre Mistelbach	9,830
Landesjugendheim Pottenstein/pattern garden	10,000

Hydropower in Albania

On the Devoll river in Albania, EVN and its Norwegian partner Statkraft, the largest European supplier of renewable energies, are realising a 50:50 joint-venture hydropower project. In December 2008, the concession agreement for three peak-load storage power plants with a planned capacity of about 280 MW was signed. Since then, preparations have run at full speed, allowing for an estimated construction start at the beginning of 2013. This project is part of the Clean Development Mechanism (CDM) programme of the Kyoto Protocol. It goes without saying that EVN seeks open dialogue with stakeholders as well as their active participation. This is why during the planning stage of the project, not only hydrological, topographic and seismic tests but also a comprehensive Environmental and Social Impact Assessment (ESIA) as well as work and safety regulations were developed. Further details of the project may be retrieved under www.dhp.al.

EVN is also active in other countries, where in particular it supports kindergartens, homes for children and schools in Bulgaria, Macedonia and Croatia.

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 outlined in indicator EC1, taking into account that multiplier effects for the entire economy are not pointed out.

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. A flexible energy mix is of decisive importance to the future viability of EVN. For this reason, a major focus of EVN's strategic orientation in the years to come is to more strongly promote the development of renewable energies. By the year 2020 renewable energy sources should account for 50% of total electricity production, up from 35% at

present. Hydropower projects in Bulgaria and Albania are under construction or in the planning stage. 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 2010/11: 16.3%).

EVN constructed the high-pressure natural gas transport pipeline "Südschiene" to secure the future supply of natural gas in southern (Lower) Austria and to counteract capacity shortages. The pipeline of 120 km starts at Gänserndorf and leads to the Semmering, passing Velm, Eggendorf and Peisching/Hohe Wand on its way. Concluded during the financial year 2010/11, the construction covers all sales requirements of plants, industrial consumers and households. Investments totalled EUR 114m. At the same time, the construction of the 150 km high-pressure natural gas transport pipeline "Westeschiene" commenced in spring 2011. The pipeline from Auersthal to Amstetten, passing Tulln and Loosdorf will be finished by the end of 2013. In order to minimise the environmental impact on nature of the pipeline project, a pipeline route was developed in cooperation with public officials which fulfils the stipulations of nature conservation planning. Especially for sensitive areas which are particularly worthy of protection, such as the Tullnerfeld Danube floodplains, the project is striving to use existing swaths for constructing the pipeline. The strip of land required for forest clearance will be reforested again after work has been completed up to the statutory width of four meters.

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.

EVN operates in total a network for the supply of electricity, gas, heat and water to its customers of 150,807 km. In order to guarantee the supply, it continuously carries out inspections, maintenance and modernisation work. In the fiscal year 2010/11 a total of EUR 415.7m was invested in the maintenance, expansion and modernisation 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 for all questions concerning energy supply with a broad portfolio of services and information for households, industrial and business customers as well as communities. The portfolio is constantly being expanded by new services.

- ▶ For more detailed information on the diverse EVN product offers, go to www.evn.at/Privatkunden/Produkte.aspx.
- ▶ EVN services may be retrieved under www.evn.at/Privatkunden/Dienstleistungen.aspx.

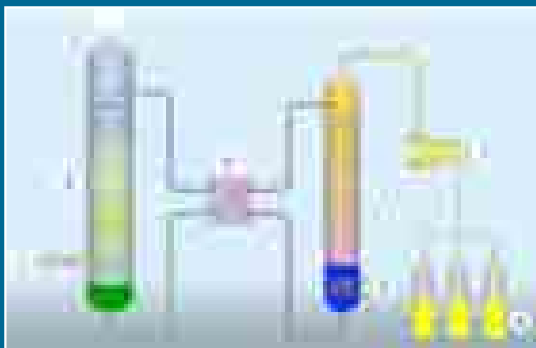
Initiatives to ensure security of supply

To ensure security of supply is a top priority of all EVN activities. By 2020 EVN is expected to produce three times the amount of energy from hydropower, wind power, biomass, and solar power compared to the reporting year (2010/11: 1.2 TWh). In this connection, pump storage power plants are another, ideal opportunity to both balance the hardly-controllable production of energy from wind and solar power, and to cover fluctuations in consumption. This method pumps water from a lower elevation reservoir to a higher elevation. Later, the stored water is released through turbines to produce electric power. Currently several locations are being discussed. At the same time, existing hydroelectric power plants are evaluated to convert them to the technology of pump storage power plants. The EVN power plant in Ottenstein which produces energy by pumping water between two reservoirs is already one of these examples.

CO₂ deposition facility at the Dürnrrohr power plant

The CO₂ deposition facility at the Dürnrrohr power plant was opened September 2011. Developed, constructed and opened in cooperation with ANDRITZ Energy & Environment and the Vienna University of Technology, the test facility studies the separation of carbon dioxide (CO₂) from flue gas of the Dürnrrohr coal/gas power plant. It is the facility's goal to reduce CO₂ emissions, do more industrial research on the deposition process, and at the same time to produce pure CO₂ for the future use as a valuable resource.

How the CO₂ deposition facility works:



1. After denitration (NO_x), desulfurisation (SO₂) and dedusting (particles), the plant's flue gas is cooled and transferred for decarbonisation (CO₂).
2. In an absorber, the flue gas is cleaned from CO₂ with a washing fluid at 40 °C.
3. Purified for the largest part, the cleaned gas is emitted into the environment. It now mainly consists of nitrogen (N₂), oxygen (O₂) and steam (H₂O).
4. The heat exchanger is used both to heat the enriched washing fluid and to cool the cleaned washing fluid.
5. At the desorber, steam of 100 °C is used to clean the washing fluid from CO₂.
6. At the lower end, the desorber is equipped with a heating rod to provide the necessary heat.
7. Compressors are used to densify the extracted CO₂ which is then filled into gas cylinders.
8. This method produces pure CO₂, a valuable resource. It is used for many products of the chemical, cosmetics, and food (lemonades, mineral water) industry as well as for the production of fertilisers and fire extinguishers.

EU8 Research and development activities

EVN is involved in numerous national and international innovation, development and research projects and has played a significant role in Austria for decades in the further development of highly efficient and environmentally friendly power plants. In the fiscal year 2010/11 approximately EUR 1.3m (thereof about 16.1% through funding) was spent with emphasis on the following projects:

- > Biomass test facility Dürnrrohr – Biomass Pyrolysis
- > CCS technologies (e.g. CO₂ deposition facility Dürnrrohr)
- > Smart-Metering
- > ARGE EEE (thermal e-efficiency)
- > Multi-functional energy storage
- > emporA (electro-mobility)
- > Green home
- > Solar energy project with HELIOVIS AG and the Vienna University of Technology: crucial element of this CSP (Concentrated Solar Power) demonstration plant at Dürnrrohr is the so-called HELIOtube (sun concentrator). HELIOtube is an inflatable sun concentrator made of plastic foil, which uses reflective foil to concentrate the sunlight, thus making it economically feasible. Following the sun through the day, the reflecting membrane of HELIOtube focuses sun rays and produces steam in an evaporator tube. The steam then can be energetically converted. The demonstration plant is going to run for about two years, offering insights into its suitability in continuous operation, production capacities, and the control mode.

EU10 Planned capacity – expected demand

In the financial year 2010/11 the total amount of electricity generated by EVN was 3.3 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 4.2 TWh.

The extension of renewable energy production is a central issue of EVN's strategic orientation. By 2020 EVN is expected to produce three times the amount of energy from hydropower, wind power, biomass, and solar power compared to the reporting year (2010/11: 1.2 TWh). The proportion of renewable energy sources will increase to 50% by 2020.

EU11 Efficiency level

The Dürnröhr 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. In the financial year 2010/11 the average level of efficiency of the electricity production from gas (the ratio of the utilisation of fuel to energy production) amounts to 58.0%.

EU12 Grid losses

Grid losses in Lower Austria are within the average Austrian range. In Bulgaria the grid losses decreased from around 17% to around 12% as a result of investments in the improvement of network quality since market entry in 2005. In Macedonia grid losses were reduced from 24% to approximately 18% since market entry in 2006. EVN will further focus on investments for the extension of network infrastructure as well as for the exchange of power meters. This will help to improve security and quality of supply and to consequently reduce grid losses.

Environmental responsibility

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 environment and to climate protection.

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 and biogas – raising awareness of the general public and our employees
- > Internal measures of environmental and climate protection

Aspect: Materials

EN1 Materials employed by weight or volume

Material usage for energy generation ¹⁾		2010/11	2009/10	2008/09
Fossil fuels ²⁾	Terajoule	22,670	22,585	23,052
Biomass	Terajoule	2,311	2,293	2,074
Waste ³⁾	Terajoule	4,178	3,863	2,982

1) Of the EVN thermal and combined heating and stations in Austria and 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 do not exceed legal limit values for PCB. Transformers are tested for PCB before being scrapped. A comprehensive assessment to be concluded by the end of 2011, is currently being carried out in Macedonia. Analysis by the Ministry of the Environment are expected to be concluded by the end of next year.

EN2 Percentage of materials used that are recycled input materials

Material utilisation – network construction in Lower Austria ¹⁾		2010/11	2009/10	2008/09
Additional power lines	km	2,403	944	1,333
Additional gas lines	km	90	202	128
Additional heating lines	km	16	25	45

1) This includes overhead lines and underground cables.

For technical reasons little recycling material is used in the main components.

Aspect: Energy

EN3 Direct own energy consumption broken down by primary energy sources¹⁾

EN4 Indirect own energy consumption broken down by primary energy sources¹⁾

Own energy consumption		2010/11	2009/10 ²⁾
Gas	MWh	7,034	4,930
Electricity	MWh	334,454	188,466
Heating	MWh	8,466	12,854
Heating oil ³⁾	MWh	100	–

1) Since energy purchases for customers and for internal consumption are not broken down separately, direct and indirect primary energy consumption are not shown separately.

2) Excluding Bulgaria and Macedonia

3) Heating oil is used in Macedonia only.

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. In addition, the refitting of the aircraft warning light system on the plant's smokestack with energy-saving LED technology resulted in annual energy savings of 20,000 kWh and reduced maintenance efforts. At the Theiß power plant, the existing, central air-conditioning was integrated into the plant's cooling system, thus replacing eleven small air-conditioning units operating on the refrigerant R22. Furthermore, during the conversion of the Austrian Customer Relations Center in the reporting year, energy-saving computer equipment emanating less waste heat was purchased.

► In this connection, also see EN6.

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. With "NaturStrom" the evn naturkraft Erzeugungsgesellschaft m.b.H., a subsidiary of EnergieAllianz, 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. In order to raise customer awareness for the issue of energy efficiency, the campaign "Know more, pay less." was started in Bulgaria.

► You will find details on the consultation services at: www.evn.at/Privatkunden/Dienstleistungen.aspx.

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. In the financial year 2010/11, EVN added two electric vehicles for the district of Mödling and for the drive to Vienna to its car pool. Another initiative is the reduction of travel time and expense by the increased use of video conferences. In Bulgaria, for example, plant windows were replaced and at headquarters a solar-thermal system for independent warm-water supply was installed to reduce the indirect use of energy.

Extract of the EVN integrity clause

"7. **Environmental protection.** In the course of their business activities, we expect our contractors and their subcontractors to observe all laws and regulations applicable to protect the environment, and to weigh all economic, environmental and social aspects while providing services/supplies, thus keeping sustainable development in mind.

8. **Reduction of resource consumption, waste and emissions.** The continuous improvement of the efficient usage of resources is an integral issue of the management and corporate leadership. Our contractors and their subcontractors are expected to minimise any kind of waste as well as emissions into the air, into water or the ground."

► The EVN integrity clause may be retrieved at: www.evn.at/Gruppe/Lieferanten/Beschaffung-portal/AGB.aspx.

EVN's largest photovoltaic park

In July 2011, EVN opened its largest photovoltaic park at Trastikovo, Bulgaria near the Black Sea coast. The facility has a capacity of 1,998 kWp on an area comprising eight hectares, with an expected annual electricity generation of 2.4 million kWh. The construction of the solar power plant involved the installation of close to 25,000 fixed elevated thin-film modules and central inverters, in which case the configuration and design was optimized. Construction work was successfully completed after a period of only three months. A total of about EUR 5.0m were invested into the project which now saves up to 2,000 tons of CO₂ emissions each year.

Aspect: Water**EN8 Total water withdrawal divided according to source**

Water withdrawal		2010/11	2009/10	2008/09
Drinking water (municipal suppliers)	m ³	305,671	485,181	576,224
Water use (groundwater)	m ³	1,377,166	969,761	1,058,614
Cool water (surface waters)	m ³	293,400,737	270,319,000	269,179,237

All plants in Lower Austria, Bulgaria and Macedonia

In Bulgaria and Macedonia, savings in drinking water are the result of water-pipe renovations as well as of measures to raise awareness to lower water consumption.

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 267.7 Mm³ in 2010/11 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 60,518 Mm³.

1) Source: Austrian Hydrographic Annual 2008, 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.

EVN's properties in Austria in protected areas or adjacent to protected areas¹⁾

	Number	Area (ha)
Properties in protected areas (>50 m ²)	666	471.2
Properties in protected landscape areas (>50 m ²)	404	367.7
Properties in areas of Natura 2000 (>50 m ²)	515	236.9
Properties directly adjacent to protected areas	18	22.0
Total	1,603	1,097.8

1) Excluding pipeline routes; multiple answers possible

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. By complying with the various notifications regarding cooling water intake temperatures, possibly harmful environmental effects are minimised.

In spring 2007, EVN took the revitalised small-scale hydropower plant Schütt into operation, replacing a 107-year-old plant. With a capacity of 2 MW, the new facility provides environmentally-friendly energy for 2,700 households. In the last few years, EVN has worked with experts in the fields of environmental protection, landscape and aquatic ecology as well as power plant engineering to realise this model project at such a historic location of using water. In taking the new power plant into operation, EVN has revitalised the last of its power plants along the river Ybbs and, therefore, greatly contributes to climate protection and regional security of supply.

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 (extension in the project LIFE+)
- > Nest platforms for storks (endangered species of white and black storks) in Bulgaria and Macedonia
- > Project for the protection of imperial eagles and hunting falcons with the Bulgarian Association for Bird Protection (EU LIFE+ Programme)
- > Project for the protection of birdlife at the Burgas Lakes in Bulgaria
- > Project with the Macedonian Environmental Association for the protection of birdlife in the region Ovce Pole (assessment of the influence of the energy grid on birds)
- > Participation in the development of a National Ecological Network in Macedonia (MAK-NEN)

► Also see EC9, EN13–EN15 and EN19.

EN13 Protected or restored natural habitats

In February 2011, EVN started constructions of the new small-scale hydropower plant Schaldorf an der Mürz. With a capacity of 1 MW, the new facility provides environmentally-friendly energy for about 1,500 households. Aside from the CO₂-neutral generation of energy through hydropower (annual CO₂ savings of about 3,200 tons), EVN emphasises numerous, additional environmental aspects for the construction of the Schaldorf power plant. Besides the base area for dams and the power station EVN bought a compensation area of 3 ha in addition. This riparian forest is one of the last remaining parts of the former extensive woods along the Mürz river, and can be preserved in its current form with sparing usage. In the end, extensive cultivation and the reservoir of the small-scale hydropower plant allow the conservation of the riparian forest. In the reservoir area, additional groins were created to conserve spawning grounds. In general, a groin is a structure similar to a dam built perpendicular to a riverbank that interrupts water flow and limits siltation. This way, local fish species will continue to find gravel river beds for their spawning grounds.

Protected areas in Lower Austria



In the financial year 2010/11, another help for fish migration was created at the small-scale hydropower plant Hohenberg to help the local species river trout, rainbow trout and bullhead as well as aquatic invertebrates to overcome the difference in water levels. For all these projects, EVN enters into open dialogue with stakeholders and actively includes residents, citizen's groups, NGOs, political representatives, local initiatives and associations, such as the Lower Austrian Provincial Fishery Association.

Protected areas in Bulgaria



■ Special protected areas (SPA) by the Natura 2000 network, Directive 79/409/EEC on the conservation of wild birds (briefly: Birds Directive)

▨ Special areas of conservation (SAC) by the Natura 2000 network, Directive for conserving natural habitats and the animal and plant species they contain 92/43/EEC (briefly: fauna and flora directive)

■ EVN Bulgaria

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 aims at integrating ecological construction supervision with its construction projects.

► Also see page 133, EN12 and EN13.

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

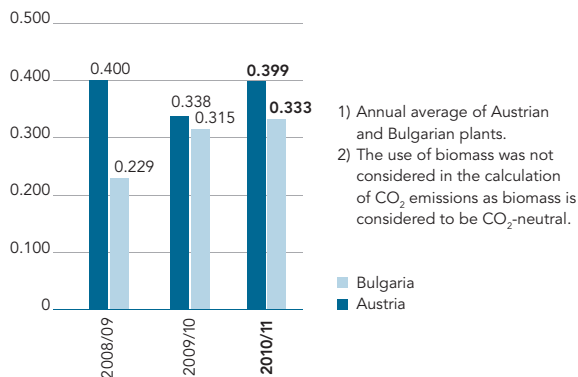
In its sphere of action EVN makes an important contribution to the protection of biodiversity. In the framework of a habitat study ordered by EVN to determine biodiversity at the location and surrounding areas of the power plant Zwentendorf/Dürnröhr site in 2009, 389 animal and plant species were counted 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**

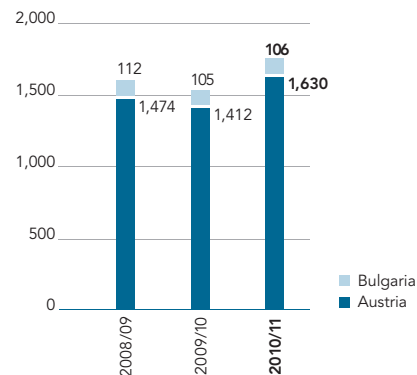
EVN takes numerous measures to improve both the company's energy efficiency and the reduction of emissions on the production and customer side. CO₂ emission data was collected pursuant to European and Austrian or respectively Bulgarian regulations on emission trading. Based on given emission factors CO₂ emissions are calculated in relation to used primary energy carriers.

Specific CO₂ emissions of the EVN thermal and district heating (power) plants¹⁾²⁾

in kg/MWh

**Quantity of CO₂ emissions of the EVN thermal and district heating (power) plants**

in 1,000 t



Compared to the previous year an increase in specific emissions can be traced back to the increased use of coal at the Dürnröhr power plant.

In the financial year 2010/11, the specific CO₂ emissions at the district heating supply company TEZ Plovdiv in Bulgaria came to 0.333 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 2009/10 amount to 247.4 g CO₂/kWh (1.4 million tons CO₂ in absolute figures) and 0 g/kWh radioactive waste in absolute figures.

► Also see EN20.

EN17 Other relevant greenhouse gas emissions by weight

In the financial year 2010/11, business trips within Austria as well as flights resulted in CO₂ emissions of about 6,500 tons, this being about 0.4% of EVN's total CO₂ emissions.

► For details concerning initiatives to reduce indirect energy consumption, see EN7.

EN18 Initiatives for the reduction of greenhouse gas emissions and the results thereof

EVN is constantly working hard, to achieve lower emissions. Examples of current measures are being subsequently introduced:

Already at the end of November 2010, EVN established district heating and a compact biomass heating plant with a capacity of 1,000 kW at the market town Spillern, thus providing 200 households and community facilities, such as kindergarten, primary school or the housing project "Betreutes Wohnen" with environmentally-friendly district heating. In its final stage, the project uses about 2,000 m³ of wood chips per year and saves about 300 tons of CO₂ emissions.

EVN is currently operating 54 biomass facilities in Lower Austria. EVN is therefore the largest Austrian supplier of natural heat. In April 2011, constructions of a further biomass plant in Langenlois began. The EVN heating plant is powered by wood chips of the community's own forest and its surrounding regions. Also local farmers are included in the supply with wood chips. By using about 7,000 m³ of wood chips, roughly 1,500 tons of CO₂ are saved each year.

The EVN district heating grid Wiener Neustadt is one of the largest biomass district heating grids in Lower Austria. 30 km of district heating line provide environmentally-friendly district heating to 1,500 customers from public buildings and building complexes to private households. Over the years, just Wiener Neustadt saved about 70,000 tons of CO₂.

Since its opening at the beginning of July 2011, the wind park Markgrafneusiedl with a capacity of 18 MW has provided environmentally-friendly energy for about 12,000 households. In summer 2011, constructions of a new wind park in Tattendorf began. The wind park will comprise eight wind turbines with a total capacity of 16 MW, supplying 10,000 households with electricity. Both wind parks achieve total annual savings of 63,000 tons of CO₂ emissions.

In July 2011, a new EVN biogas treatment plant was opened in Wiener Neustadt. The wastewater treatment plant in Wiener Neustadt not only fulfils its original task of cleaning wastewater of the region but also produces more biogenic energy as it consumes thanks to corporate optimisation measures. The new biogas treatment plant produces bio-methane of the quality of natural gas. About 1.1 million m³ of bio-methane are fed into the grid and cover the heat consumption of 1,000 households. The facility saves up to 2,000 tons of CO₂ per year.

Further examples:

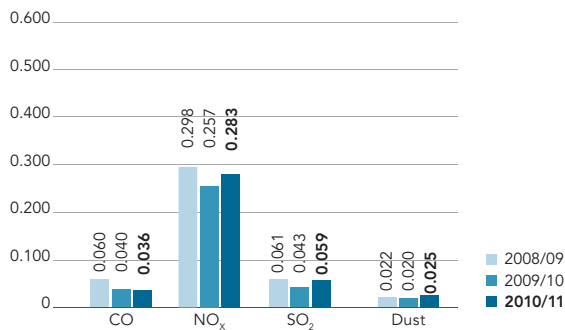
- > 31 km district heating transport line, which runs from Dürnröhr via the Perschling Canal and the Traisen Valley to St. Pölten – more than 40,000 tons of CO₂ emissions are saved each year
- > Line 3 of the waste incineration plant at Zwentendorf/Dürnröhr – with the added capacity of Line 3, more than 500,000 tons of household and bulk waste as well as industrial and commercial waste per year can be treated ecologically, savings of 100,000 tons of coal and 10 million m³ of natural gas
- > 5 km district heating line from Burgenland to Lower Austria – annual reduction of 7,000 tons of CO₂

► Also see indicator EN16.

EN20 NO_x, SO₂ and other important atmospheric emissions by type and weight

Specific emissions of the EVN thermal and district heating (power) plants¹⁾

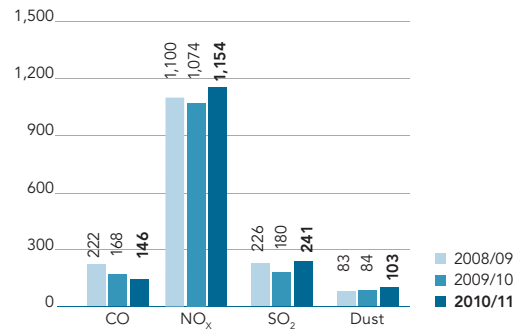
in kg/MWh



1) Annual average of the Austrian plants

Quantity of emissions of the EVN thermal and district heating (power) plants¹⁾

in t



Emission levels are determined either through continuous measurements or based on reference measurements of fuel expenses in accordance with regulations.

► Also see EN16.

EN21 Total wastewater discharges by type and place of discharge

If the type or quantity of a wastewater stream differs from ordinary household wastewater, 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. By complying with the various notifications regarding cooling water intake temperatures, possibly harmful environmental effects are minimised.

EN22 Total weight of the waste by type and disposal method

Development of waste quantities¹⁾

		2010/11	2009/10	2008/09
Hazardous waste	t	9,396	12,036	10,518
Non-hazardous waste	t	127,522	121,638	97,557

Export of hazardous waste²⁾

		2010/11	2009/10	2008/09
Hazardous waste	t	5 ³⁾	0	186 ⁴⁾

1) With no construction residue or power plant side products

2) EVN AG, EVN Netz GmbH, Bulgaria, Macedonia

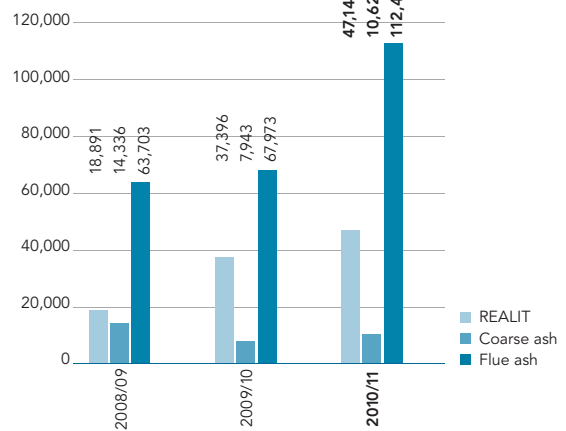
3) Oil containing PCBs from Macedonia to France for disposal

4) Electrical equipment containing PCBs to Germany for complete recycling (>70% of them originate in Macedonia)

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 take it to a secure landfill (thermal utilisation or deposition).

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.

Reutilisation of power plant side products
in t/year



EN23 Environmentally relevant incidents – the total number and volume of essential releases

In the reporting year 2010/11 there were three environmentally relevant incidents¹⁾. In one case, about 40 m³ of earth were polluted because of vandalism. In both other incidents storms damaged transformers which resulted in oil leakages. In all three incidents, the contaminated earth could be completely dug off and disposed of without polluting ground water. In Bulgaria and Macedonia, EVN continuously takes precautions to minimize the risk of oil leakages – especially when storing transformers. 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 about 5 tons of PCB-containing transformer oil were exported from Macedonia because currently environmentally-responsible treatment or disposal is not possible in Macedonia.

► Also see EN22.

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, conformant to the environmental norms currently in force, are discharged into the Danube. No relevant damage results 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 air emissions. Numerous measures are put in place for the avoidance and minimisation of these emissions, inter alia by innovation, development and research activities. 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.

► Also see the EVN environmental policy statement on page 121 and the indicators EU8, EN6 and EN18.

Aspect: Compliance

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 and EN17.

Aspect: Overall**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 monetised, internal costs of repercussions of business activity on the environment and in particular the costs of damage avoidance and damage removal.

In the financial year 2010/11 the environmental costs of the analysed businesses of the company amounted to EUR 88.3m. 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 2010/11 came to EUR 26.2m.

Environment-related costs and income

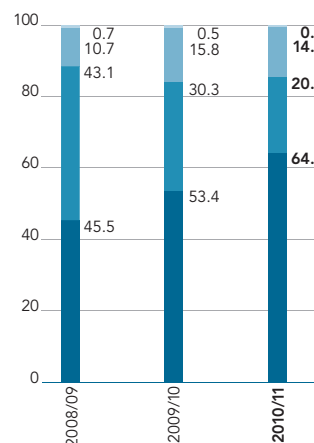
	EURm	2010/11	2009/10	2008/09
Costs		88.3	82.6	66.1
Income		26.2	32.8	35.7

Sector supplements – Ecology**EU13 Biodiversity of alternative locations in comparison with affected areas**

In the reporting year alternative sites measuring 31.5 ha exist for wind power plants in Lower Austria. For the wind power projects Markgrafneusiedl and Tattendorf which have been feeding electricity into the grid since July 2011 and late autumn 2011, 18 ha have already been laid out, while 3 ha are in preparation. Alternative site for pipeline routes may be obtained from publically accessible documents on the environment and environmental compatibility tests (UVP, NVP).

Environmental costs by cost categories

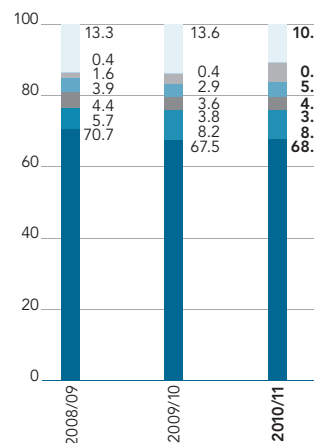
in %



- Waste and emissions treatment
- Intangible costs (not unambiguously identifiable)
- Preventive measures and other environmental management costs
- Innovations, development and research costs

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 responsibility

Labour practices and decent employment

EVN pursues a consistent and sustainable management approach in the field of Human Resources. The following are key points:

- > **Equal treatment and opportunity:** The EVN Group operates in a growing number of countries with varying labour conditions. For this reason, it is committed to adhering to the principles of the International Labour Organisation (ILO) and the UN Global Compact. Furthermore, EVN is committed to adhering, to the joint declaration of June 2003 issued by Eurelectric and EPSU/EMCEF (European Federation of Public Service Unions/European Mine, Chemical and Energy Workers Federation) on the issues of equal opportunity and diversity. In addition, EVN joined the UN Global Compact in September 2005 and thus champions compliance with global principles in respect to ethical behaviour in business. In practice, this means overcoming the challenge of ensuring that nobody is discriminated against for reasons of nationality or ethnic background, gender, cultural practices, religion, age or state of health. As a result, people with the same professional and personal qualifications are treated equally in respect to hiring, further training and career development, working conditions and salaries.
- > **Social partnership in the company:** Major business decisions on the part of the EVN Group are made in a transparent manner in accordance with the managerial mission statement and on the basis of binding legal regulations. It goes without saying that employee representatives are integrated into the decision-making process and provided with information.
- > **Occupational safety and accident prevention:** EVN attaches great importance to measures designed to optimally ensure a high safety level to protect employees in all business areas. It primarily relies on training and building safety awareness. Accordingly, in addition to binding legal regulations, EVN has developed a comprehensive internal safety manual consisting of business directives and guidelines. The main section is a special "Safety Handbook" tailored to working conditions in the energy industry and available to each employee on the company Intranet.
- > **Up-to-date and comprehensive information provided to employees:** EVN's employee journal "EVN Intern" has been regularly informing the workforce for many years about events and changes at the company. In addition, the EVN Intranet provides a broad overview of current issues affecting the company, energy supply, employee representatives, and news about seminars and training events as well as personal flexitime data. Transparency also applies to job advertisements and filling of vacant posts. All vacancies are posted on the Intranet and can be accessed by all employees. Accordingly, the filling of posts internally takes priority over the recruitment from external applicants. In this regard, EVN also promotes the Group-wide exchange of staff.

Among the most important activities and initiatives of the Human Resources department continued or initiated, in the reporting year are the following:

- > Signature of the "Charta on new compatibility parents – economy" in May 2011
- > "Women@EVN": implementation of measures for equal opportunities and perspectives for women at EVN
- > Holiday child care "Holiday@EVN"
- > EVN SUN Academy
- > Trainee programme in Macedonia
- > EVN apprentice support programme
- > Know-how transfer and dialogue between the affiliates
- > Feedback and Orientation Talks
- > Idea management
- > EVN Group Day SmartEVN11

Women@EVN

EVN places great importance in equal opportunities for all employees. In the financial year 2010/11, the programme Women@EVN was developed and decided by the Executive Board to increase the proportion of women. The programme is meant to improve opportunities and perspectives for women working in Austria for the EVN Group. It includes the development of a business environment in which women have the opportunity to attain skilled or leading positions according to interests and abilities. Long ago EVN has begun to take measures to ensure women the compatibility of work and family, such as flexitime working schemes, individual support after parental leaves, holiday child care, information events for employees on parental leave, and an extensive further training programme also open to employees on parental leave. In the medium run, EVN strives to achieve a proportion of women which mirrors current education levels of women of the professional group.

Aspect: Employment

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 3.7%.

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, 130 leased employees worked for the EVN Group during the financial year 2010/11.

To support a healthy work-family balance, EVN offers its employees flexible working hours such as part-time work or flexitime without core times. In the reporting period, a total of 3.2% of all EVN employees worked part time. In Austria this ratio amounted to 8.6%.

► Further information about work-family balance are available at: www.evn.at/Verantwortung/Mitarbeiter/Personalmanagement/Work-Life-Balance.aspx?lang=en-us.

Diversity of employees 2010/11		Austria	Bulgaria	Macedonia	Others	Total
Number of employees¹⁾	Number	2,578	2,829	2,447	396	8,250
Thereof proportion of women	%	20.7	26.0	20.0	30.7	22.8
Thereof proportion of men	%	79.3	74.0	80.0	69.3	77.2
Type of employment²⁾						
Worker	%	6.7	–	–	28.0	3.7
Employee	%	93.3	–	–	72.0	96.3
Contract type						
Part-time	%	8.6	0.0	0.0	6.9	3.2
Thereof women	%	7.0	0.0	0.0	6.0	2.6
Persons with special needs	%	1.7	1.7	1.0	1.6	1.5

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

2) In Bulgaria and Macedonia, there is no distinction between employee and worker.

Employee key indicators

		2010/11	2009/10	2008/09
Number of employees ¹⁾	Number	8,250	8,536	8,937
Thereof proportion of women	%	22.8	22.5	22.9
Apprentices ²⁾	Number	55	64	82
Employee fluctuation ³⁾	%	3.0	3.1	3.6
Average employment period	Years	16.0	15.9	15.5
Average age	Years	43.6	43.3	43.4
Revenue per employee	EUR	332,254	322,411	305,138
Sick days per employee	Number	10	10	10
Cost of personnel in relation to revenue	%	11.8	12.0	11.7

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

LA2 Employee fluctuation

Employee fluctuation during the financial year 2010/11 was 3.0%. Not included are departures due to Bulgarian and Macedonian redundancy programmes and retirements. No detailed analysis was performed due to the low fluctuation level. Overall, in the reporting year 354 employees started at EVN, 99 thereof women.

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. Also in Bulgaria EVN assumes the responsibility of an employer concerning occupational pensions for their employees. Therefore, EVN has effected voluntary pension insurance for all – full and part time – employees.

LA15 Return to work after parental leave

EVN supports all employees with legal claims to parental leaves in their decisions. In order to ease the return to work, EVN maintains contact to employees throughout the parental leave period. As an alternative to full parental leave or recommencing work after parental leave, parents can also choose to work part-time and thus adjust their own working hours to their personal needs. As a result of these individually designed models, all mothers and fathers at EVN AG and EVN Netz GmbH return to employment after such periods of leave. In the last two years, no employee left the company following their parental leave.

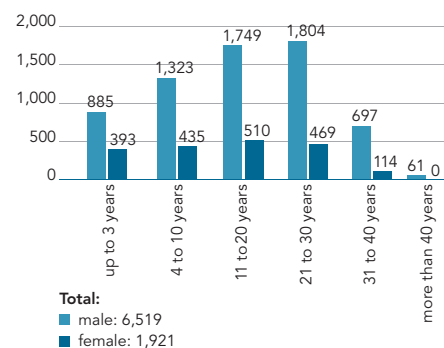
These flexible arrangements offer advantages for the company and employees. EVN can retain the knowledge of qualified staff and take advantage of its entire investments in training and professional development beyond the phase of intensive parental care. The close ties and contact to the company facilitate the ability of employees to keep their professional expertise up-to-date, and thus ensure the optimal prerequisites for a successful return to full employment.

Aspect: Labour/management relations

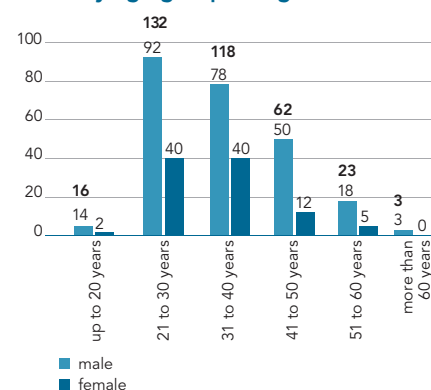
LA4 Percentage of employees under collective agreements

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. Members of the Works Council also have seats and votes in the Supervisory Board as well as in the Advisory Board for Environment and Social Responsibility. With the appointment of youth councillors in the year 2008, apprentices have also been given a voice in the Works Council and can express their concerns. Furthermore, EVN pays special attention to:

Employment period of employees



Total number of new employees broken down by age group and gender 2010/11



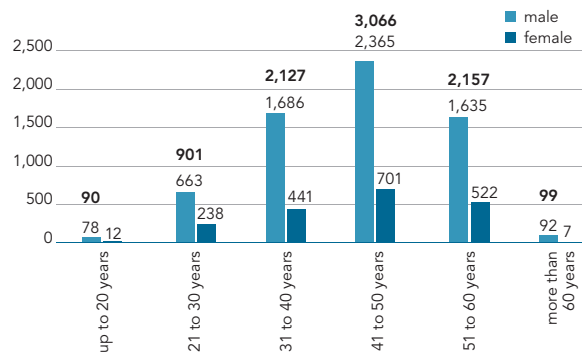
> **Older employees:** EVN employees have an average age of about 43.6. This figure will rise even further as a result of expected increases in the legally stipulated retirement age. Against this backdrop, EVN has intensified its further training programme targeting older employees. It also offers part-time working models within the context of a partial retirement programme, which involved 53 employees in the 2010/11 financial year.

> **Persons with special needs:** During the 2010/11 financial year, 1.5% of the workforce employed at EVN were persons with special needs. In this regard, particular importance is attached to the disabled-friendly design of workplaces and processes (e.g. the use of sign-language interpreters). If necessary, additional opportunities are made available in respect to extend flexitime and place of work. Overall, 21 of the total 26 customer centres in Lower Austria are accessible for people with special needs.

> **Young people:** At EVN the training of young people is a long-standing tradition. In the financial year 2010/11, EVN employed an average of 55 apprentices.

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".

Age structure of employees



Extract of EVN integrity clause

5. Labour and social welfare regulations. In the course of their business activities, our contractors and their subcontractors are obliged to observe all local labour and social welfare laws and regulations.

6. Working time and remuneration transparency. Working times shall be in accordance with applicable law. The employees of our contract partners and their subcontractors shall have work contracts in which working times and remuneration is stipulated."

► The EVN integrity clause may be retrieved at: www.evn.at/Gruppe/Lieferanten/Beschaffung-portal/AGB.aspx.

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 managerial 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. EVN and each of the major subsidiaries of the EVN Group have their own works councils.

In September 2007, a European works council was founded in order to further integrate the South Eastern European subsidiaries and to improve communication. It is composed of three members each from Austria and Bulgaria and one member from Macedonia. The European works council is primarily a platform for communication and agreement. The last presidium meeting was held in Skopje, Macedonia on June 28th, 2011, and the last conference in Maria Enzersdorf on November 10th and 11th, 2011.

All employees can find current information on the Group and its activities in the company publication, regular employee bulletins and the Intranet.

► The EVN managerial mission statement may be retrieved under www.evn.at/management-culture.aspx.
 ► Also see LA4.

Aspect: Occupational health and safety

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.

► In this connection, also see indicator LA4.

LA7 Injuries, occupational diseases, lost days, absence and fatalities according to region

In the financial year 2010/11, injury indicators were added to the EVN monthly reports. Statistics are collected for the number of accidents and sick days (excluding weekends) of all companies in which EVN holds more than 50.0% of shares and has more than ten employees. The LTIF Index (Lost Time Injury Frequency Index) is used as a reference value for the frequency of work-related sick days. In the financial year 2011/12, a new injury database is expected to be implemented.

The number of occupational accidents throughout the EVN Group increased by 22.8% in the financial year 2010/11. Also in the case of sick days, there was an increase of 18.1% for the same period. These increases may be traced back to the continuous and more frequent reporting of minor and "not serious" accidents in Bulgaria and Macedonia. During the reporting period, one fatal work-related accident occurred. The employee in Bulgaria was caught up in an electricity circuit during repair work on a defective power line.

► For more information concerning workplace health and safety, see:
www.evn.at/Verantwortung/Mitarbeiter/Sicherheit.aspx.

Accident and lost days statistics	2010/11	2009/10
Number of occupational accidents ¹⁾	113	92
Number of staff sick days ²⁾	3,149	2,667
LTIF ³⁾	8.2	6.4

1) Number of minor accidents and of notifiable occupational accidents (excluding commuting accidents)

2) Lost days are working days only; excluding weekends resulting from work-related accidents (excluding commuting accidents)

3) Lost Time Injury Frequency Index – Frequency of occupational accidents per one million working hours

Fire statistics ¹⁾	2010/11	2009/10	2008/09
Number	4	6	11
Damage	TEUR 62.0	43.1	142.8

1) Austria

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 2010/11, 861 vaccinations were performed at EVN AG and EVN Netz GmbH in Lower Austria; 139 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 the Group guideline "EVN Pandemic Prevention", which 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. In the reporting year 248 employees in Lower Austria attended training programmes on safety-relevant topics, such as "Working with Voltage" or "Chainsaw handling courses". In Bulgaria 2,583 employees and in Macedonia

1,848 employees received training programmes on safety-relevant topics. Therefore, a total of 4,679 employees attended training programmes on safety-relevant topics. Other training programmes such as the handling of anti-fall protection or first aid were offered too. In Austria, all employees are represented by safety confidants in works councils which control and discuss workplace safety programmes.

► 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. Therefore a safety and security unit was established at EVN. 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.

► See also the management approach “labour practices and decent employment” on page 146.

Aspect: Training and education

LA10 Training and further education per employee

Training and further education

		2010/11	2009/10	2008/09
Expenses ¹⁾	EURm	2.6	2.7	2.9
Average training expenses per employee	EUR	313.7	314.1	324.5
Training hours per employee	hrs.	22.1	27.1	23.9

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. Therefore, the Human Resources department places great importance in keeping and further developing high levels of expertise among employees. The EVN Academy was founded Group-wide to organise all training and further education programmes in Austria, Bulgaria and Macedonia. In all departments and 100% EVN subsidiaries, employees work as training coordinators who coordinate qualification measures, assess development needs of individual employees and submit their results to the EVN Academy.

► For further information on training and further education measures, see indicator LA10 and visit www.evn.at/Verantwortung/Mitarbeiter/Personalentwicklung/Bildung.aspx?lang=en-us.

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.

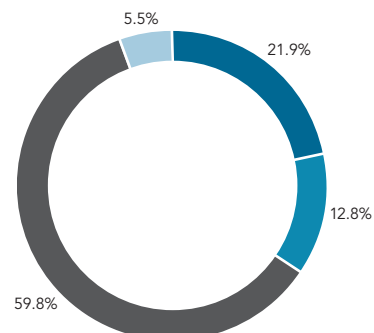
Employee talks are held on a regular basis in Bulgaria too. In Macedonia, managers received relevant training during the reporting year. With the beginning of 2012, FOGs will also be held in Macedonia for the first time. The goal of these FOGs is more than just an assessment by a line manager. Besides work performance and quality, the agreement on tangible development goals and measures is discussed. More than 90% of all employees participating in FOGs regularly receive feedback on their performance and development plans.

Aspect: Diversity and equal opportunity

LA13 Diversity of employees and leading bodies

The international orientation of EVN corporate policies may also be seen in its workforce. EVN mainly employs Austrians, Bulgarians and Macedonians. However, employees of 20 different nationalities work at EVN.

Education structure of EVN



■ University 21.9%
 ■ Secondary school¹⁾ 12.8%
 ■ Technical school graduates/employees with completed apprenticeships or master craftsman certificates 59.8%
 ■ Others 5.5%

1) Includes higher graduation in Macedonia because of country-specific educational structures, equal to secondary school graduation.

Women are historically underrepresented in technically oriented companies. The proportion of women in EVN's workforce is 22.8% in the reporting year. In the financial year 2010/11, the programme Women@EVN was developed and decided by the Executive Board to increase the proportion of women among the EVN workforce. The programme is meant to improve opportunities and perspectives for women working in Austria for the EVN Group. It includes the development of a business environment in which women have the opportunity to attain skilled or leading positions according to interests and abilities.

EVN particularly seeks to facilitate the compatibility of work and family for employees with children, including flexible working hours (flexitime) and part-time schemes as well as keeping contact with employees during parental leaves. When employees are on parental leave, they have, for example, the opportunity of guaranteed return to work until the child's 36th month, which exceeds legal requirements. Men also use the opportunities offered by EVN. During the reporting year two men were on paternal leave.

► Also see indicator LA1.

Aspect: Equal remuneration for women and men

LA14 Differences in remuneration due to gender

At EVN there are no differences in remuneration for women and men with comparable period of employment, function and qualification. In accordance with the Equal Treatment Act, in Austria employers of a certain workforce are obliged to submit a remuneration report (§ 11a Equal Treatment Act). EVN Netz GmbH has met these obligations and submitted such a report to the central works council. EVN AG developed a remuneration report on a voluntary basis.

Sector supplements – Labour practices and decent employment

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:** On September 1st, 2011, nine apprentices took up their training to become electrical engineers for EVN. In the reporting year, 55 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 second EVN Summer University, "EVN SUN", was held between September 20th and 25th, 2011. 21 attendees from Austria, Macedonia, Bulgaria, Hungary and Germany participated. The programme was jointly developed with the Executive Academy of the Vienna University of Economics and Business. International lecturers presented the main issues operations, change management, innovation, and leadership, and showed case studies to deepen the attendees' knowledge of the presented theory. Furthermore, interesting topics could be discussed with the EVN management.
- > **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 6% of employees will retire within the next five years; 20% will retire within the next ten years.

EU16 Health and safety regulations

EVN places great importance in the best possible training and further education of relevant issues concerning health and safety for their employees. Aside from legal regulations, an extensive set of internal regulations containing business direc-

tives and guidelines applies. Additionally, 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.

► See also the management approach “labour practices and decent employment” on page 146.

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 and transmission networks. During the reporting year, more than 5,000 subcontractors and suppliers worked for EVN domestically and abroad. EVN does not centrally record the number of work days of subcontractors and suppliers because it would not have any essential significance for labour practices.

Extract of the EVN integrity clause

„4. **Health and Safety at the Workplace.** Our contractors and their subcontractors shall guarantee health and safety at the workplace for their employees in 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 gear – if necessary – and training for its use shall be available. Employees shall be trained in the correct use of protective gear as well as in general safety regulations.“

► The EVN integrity clause may be retrieved at: www.evn.at/Gruppe/Lieferanten/Beschaffung-portal/AGB.aspx.

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 civil engineering) are performed by prequalified 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 and 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 gear and training for its use. Companies have to instruct their employees according to § 14 ASchG (Occupational Health and Safety Act) and § 154 BauV (Construction Worker Safety Regulation). 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

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. 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. A deepening of the compliance structure is currently being worked out.

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.

- ▶ For the EVN Code of Conduct, see www.responsibility.evn.at.
- ▶ The EVN integrity clause may be retrieved at www.evn.at/Gruppe/Lieferanten/Beschaffungportal/AGB.aspx.

Aspect: Investment and procurement practices

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. 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 steel, major suppliers and subcontractors, especially from non-EU countries, were assessed under human rights and sustainability aspects. EVN contractors performing services are assessed randomly on their compliance with human rights in the course of their performance. About 95% of all deliveries originate in the EU. Suppliers that are not based in the EU are audited on site by EVN. Especially when it comes to companies of the construction industry, EVN controls its contractors with regard to their payment of social insurance contributions for their employees. This check is carried out for 100% of Austrian contractors performing construction services with a volume above EUR 5,000. EVN contractors not observing their obligations of paying social insurance contributions could not be identified yet.

HR3 Number of hours of training on company-relevant human rights aspects

In the financial year 2010/11, both the whistle-blowing procedures and the corresponding EVN e-learning programme were concluded. In February 2011 already, it was filed with the Austrian data protection commission for approval. The system's applicability and roll out in EVN subsidiaries depends on the approval of the Austrian data protection commission which, however, was still pending when this report was prepared.

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 of three years 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.

Aspect: Non-discrimination

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.

Extract of the EVN integrity clause

1. Compliance with human rights. We expect our contractors and their subcontractors to accept and support the Universal Declaration of Human Rights of the United Nations and to ensure that they are not involved in any violation of human rights whatsoever.

2. No child or forced labour. In the course of their business activities and services, our contractors and their subcontractors shall not engage in or tolerate child labour, forced labour or any kind of involuntary labour in accordance with the conventions of the International Labour Organization (ILO).

3. No discrimination or harassment at work. Each and every employee shall be treated with respect and dignity. Employees shall not be physically, psychologically, sexually or verbally harassed, abused or discriminated on the grounds of gender, race, religion, age, origin, disability, sexual orientation, or political or ideological beliefs. [...]

11. Freedom of assembly and strikes. In accordance with legal stipulations of the country in which they are working, employees of our contractors and their subcontractors shall have the opportunity to participate in assemblies and strikes without having to fear any consequences whatsoever."

► The EVN integrity clause may be retrieved at: www.evn.at/Gruppe/Lieferanten/Beschaffung-portal/AGB.aspx.

Aspect: Freedom of association and collective bargaining

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 Universal Declaration of Human Rights as well as the ILO core work norms in all its locations. This right is also an integral element of the EVN integrity clause on which each and every order and contract by and with EVN is based. 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. 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.

Aspect: Child labour

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. 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.

Aspect: Forced and compulsory 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. Also see indicator HR6.

Aspect: Security practices

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 was trained in the EVN Code of Conduct, which also touches upon human rights. Encroachments can be ruled out, or else are strictly sanctioned.

Aspect: Indigenous rights

HR9 Violation of the rights of indigenous peoples

EVN does not operate in countries where indigenous peoples according to the GRI definition live.

Aspect: Assessment

HR10 Number of checks concerning the compliance with human rights and/or impact assessments

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. 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. EVN contractors performing services are assessed randomly on their compliance with human rights in the course of their performance.

► Also see HR2.

Aspect: Remediation

HR11 Number of complaints regarding the compliance of human rights

In the financial year 2010/11, no violations of human rights were recorded.

Extract of the EVN integrity clause

"9. High ethical standards. We expect our contractors and their subcontractors to employ high business ethics, comply with applicable law (particularly regulations on work, competition, cartel, and consumer rights), and not to embark on or participate in any form of corruption, bribery, fraud, or extortion whatsoever.

10. Transparent business relations. Our contractors and their subcontractors shall not offer or demand, allow or accept presents, payments or any other form of comparable advantages or benefits which could be suitable to tempt a person to violate his or her duties."

► The EVN integrity clause may be retrieved at: www.evn.at/Gruppe/Lieferanten/Beschaffung-portal/AGB.aspx.

Society

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.

► Also see www.evn.at/code-of-conduct.aspx.

Aspect: Local communities

SO1 Effects of business activities on society

EVN supplies about 3.7 million customers with power, gas and heat and thus makes a major contribution to their quality of life. These services constitute a requirement of the usual, 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 and EU19.

SO9 Business activities with significant potential or actually negative impact on local communities

The main principles underlying EVN's business activities are ensuring the security of energy supplies, responsibly using natural resources, creating modern infrastructure, and the consistent positioning of EVN as a provider of top quality services. All infrastructure projects – from (small-scale) hydropower plants, pipeline projects, and wind parks to biomass and waste incineration plants – influence the environment and the regional population.

SO10 Prevention and mitigation measures for business activities with significant potential or actually negative impact on local communities

From small-scale hydropower plants, pipeline projects, and wind parks to biomass and waste incineration plants – for all these projects, EVN early and actively includes residents, citizen's groups, NGOs, political representatives, local initiatives and associations in planning and realisation. EVN regards these stakeholders as valuable planning partners who provide information on the most resource-saving realisation possible. Furthermore, we cooperate with leading environmental and animal protection experts and employ state-of-the-art technology. We regard authority regulations as mere minimum requirements and prioritise exceeding information, protection and prevention measures.

► In this connection, also see measures taken starting on page 166 and page 169.

Aspect: Corruption

SO2 Examination of corruption risks

In EVN's internal risk management, corruption is seen as a 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 all subsidiaries active 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

All new employees are trained in EVN's Code of Conduct and anti-corruption policies. In the financial year 2010/11, both the whistle-blowing procedures and the corresponding EVN e-learning programme were concluded. For more details please see HR3.

SO4 Measures taken in response to corruption issues

In the financial year 2010/11, no corruption issues were recorded. 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 directly and immediately contact EVN's Compliance Officer.

Aspect: Public policy

SO5 Political positions, participation in the political consensus building process, lobbying

EVN expresses 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. One of the most significant organisations EVN is a member of is "Oesterreichs Energie" representing the interests of the Austrian electricity industry.

SO6 Total value of contributions (monetary and material) to parties and/or politicians

No relevant issues were recorded.

Aspect: Anti-competitive behaviour

SO7 Number of lawsuits in consequence of anti-competition behaviour and cartel or monopoly formation

In the financial year 2010/11, EVN Bulgaria faced a total of five lawsuits with the Bulgarian Competition Commission as well as several cases with the Supreme Administrative Court. For one lawsuit concerning unfair competition, the responsible authorities could not determine any violation of market rules. With regard to the charge of exploitation of a dominant position in the market, two lawsuits resulted in fines of about EUR 35,000 and EUR 131,000. Two further lawsuits are still pending. In Austria and Macedonia, no cases in the sense of SO7 were recorded.

Aspect: Compliance

SO8 Major fines and number of non-monetary fines resulting from violations of laws

In the financial year 2010/11 in Bulgaria, a fine of the Bulgarian regulator for a missing organisational unit for customer service resulted in a payment of about EUR 10,300. A corresponding adaptation of the Bulgarian organisation structure have already been implemented. Two further lawsuits are still pending. In Macedonia, a payment of EUR 500,000 was imposed for the collection of processing fees for electricity bills. EVN stopped the collection of processing fees in 2008, thus this payment refers to periods before 2008.

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, national legislation and beyond. Especially for examinations on the environmental and social compatibility of major new projects. EVN therefore supports the early, comprehensive and open inclusion of stakeholders in decision-making processes. From small-scale hydropower plants, pipeline projects, and wind parks to waste incineration plants – for all these projects, EVN actively includes residents, citizen's groups, NGOs, political representatives, local initiatives and associations in planning and realisation. EVN regards these stakeholders as valuable planning partners. Early inclusion is the basis of broad acceptance, provides valuable information on the most resource-saving realisation possible, and is a decisive prerequisite for planning certainty ("licence to operate").

EU20 Relocations

EU22 Relocations during the reporting year

EVN is strictly opposed to any forced relocation and physical or economic expulsion and complies with relevant 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. In Lower Austria, internal and external training programmes in crisis management are performed. At all EVN sites 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. Also in Bulgaria and Macedonia, a crisis management system is being developed.

Product responsibility

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, wastewater 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 monitors the quality assurance and strict compliance with data privacy of all EVN customers. EVN places great importance in transparent and informative market, product and service communication which ensures the understanding of the products as well as aspects of climate protection and social responsibility toward the disadvantaged groups.

EVN sets itself high goals to meet the demands of customers in the best possible way. In December 2010, the high customer service quality standards have been certified in accordance with the European Norm EN 15838 for call centres. First published at the end of 2009, the European Call Centre Norm enables the EU-wide comparison of call centres and stipulates requirements for service quality. Customer satisfaction is thereby the main focus. Evaluations include the issues of personnel, administration, process, technology and service. In addition, this certification has confirmed the high customer service quality standards of the free EVN service hotline. EVN has also been granted certification of its electricity and gas grids. The certification ensures compliance with safety-related technical standards contained in guidelines developed by the two associations, Oesterreichs Energie and the Austrian Association for Gas and Water (ÖVGW). Repeated audits by an external and independent team of auditors serve as the basis for a high level of quality in the following areas:

- > Planning, construction, operation and maintenance of networks and facilities
- > Organisational structure, procedures and processes
- > Responsibilities, professional competence and decision-making authority
- > Training, material and human resources

Aspect: Customer health and safety

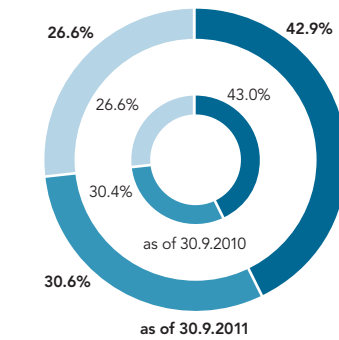
PR1 Effects on health throughout the product life cycle

The responsible approach by EVN throughout the entire product cycle – i.e. the EVN quality management during the (further) development of the product concept, innovation, development and research activities, 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.

PR2 Violation of health and safety regulations

There were no breaches of health and safety regulations during the financial year 2010/11.

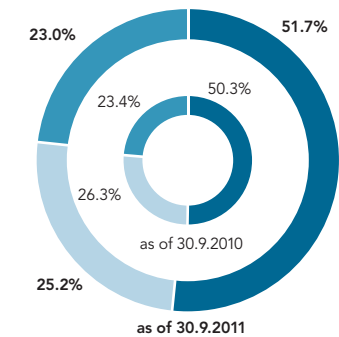
Electricity price structure in Lower Austria¹⁾



- Energy costs 42.9% (EUR 293.0)
- Network costs 30.6% (EUR 209.0)
- Taxes and charges 26.6% (EUR 181.0)

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.

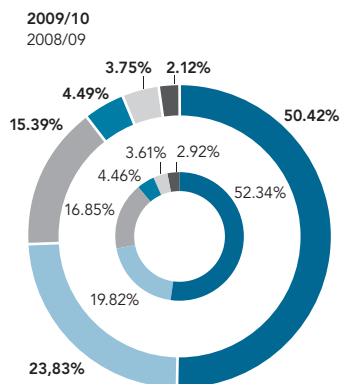
Gas price structure in Lower Austria¹⁾



- Energy costs 51.7% (EUR 713.0)
- Network costs 23.0% (EUR 317.0)
- Taxes and charges 25.2% (EUR 348.0)

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.

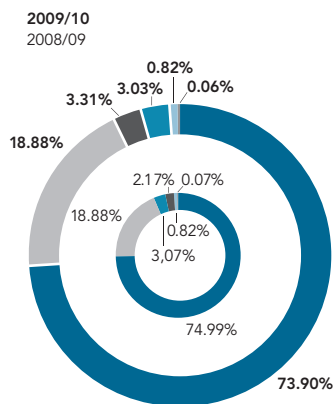
Composition of electricity from EVN KG in terms of primary energy sources



- Hydropower¹⁾ 50.42% (52.34%)
- Natural gas 23.83% (19.82%)
- Coal 15.39% (16.85%)
- Solid or liquid biomass 4.49% (4.46%)
- Wind and solar power 3.75% (3.61%)
- Rest (electricity generation from waste incineration by EVN Abfallverwertung, crude oil and its by-products, biogas, landfill gas, sewage gas and geothermal energy) 2.12% (2.92%)

1) 6.57% 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 hydropower plants) 73.90% (74.99%)
- Wind power 18.88% (18.88%)
- Solid or liquid biomass 3.03% (3.07%)
- Solar power 3.31% (2.17%)
- Biogas 0.82% (0.82%)
- Landfill and sewage gas 0.06% (0.07%)

Aspect: Product and service labeling

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 2009/10 amount to 247.4 g/kWh CO₂ emissions and 0 g/kWh radioactive waste.

From July to September 2011, the environmental protection organisations Greenpeace and Global 2000 conducted a nuclear-power check of the energy mix of Austrian energy suppliers. EVN is among those energy suppliers that were able to satisfactorily show that they do not use electricity generated by nuclear power.

► More details on the nuclear-power check 2011 under www.greenpeace.org/austria/de/section/issues/nuclear.

PR4 Violation of information obligations

There were no breaches of information obligations during the 2010/11 financial year.

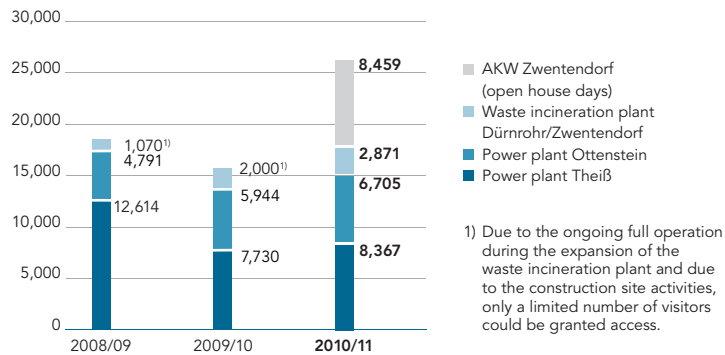
PR5 Customer satisfaction

As part of a continuous assessment, EVN has been monitoring the satisfaction of its private and business customers for several years. In 2010, around 7,200 private 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 1.74 (on a 5 grade scale with 1 = very satisfied to 5 = not at all satisfied). In 2009, this indicator came to 1.78. Therefore, a slight improvement has been achieved. A major strength of EVN remains security of supply. Further strengths are customer contact by phone and the EVN Journal, that provides a regular customer communication.

In the financial year 2010/11, EVN conducted an image survey with 500 participants representing Lower Austria. It should be emphasized that 99% of all Lower Austrians know EVN. In comparison to the 2007 image survey, EVN's significance as an attractive employer doubled.

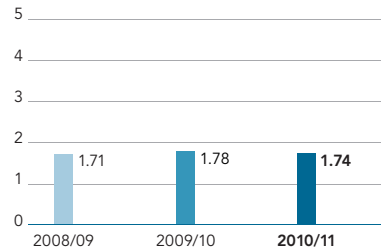
Customer satisfaction in Bulgaria and Macedonia: The Customer Relations Centre in Bulgaria was opened in 2007. The continuous optimization of the processes and the customer relationship management in place enable a full capture and processing of all enquiries within only a few working days. In the financial year 2010/11, the Customer Relations Centre serviced on average 43,000 customer enquiries by phone and around 1,200 enquiries by email. As part of the EVN complaints management, around 9,600 customer complaints were investigated. The careful processing of each individual case has shown that about half of the complaints could be invalidated. About 75% of all customer complaints could be solved within five days. A further service offensive was launched with the "mystery shopping" programme in Bulgaria. In it, "test customers" assess the quality of the customer contact. In the financial year 2010/11, EVN conducted a satisfaction analysis of about 13,000 customers, which also included key customers for the first time.

Visitors to the EVN information centres



EVN customer satisfaction in Lower Austria

School grade system



In order to intensify and improve customer communication, a 24-hours-per-day, 7-days-a-week and 365-days-a-year call centre in Macedonia was opened in August 2008. During the financial year 2010/11, an average of 70,000 customer enquiries by phone was serviced. Furthermore, in the reporting year an outage management system which had already been tried and tested in Bulgaria was implemented in Macedonia. It improves the coordination and solution of reported failures, informs customers, analyses causes of failures, and enables efficient planning of improvement measures for the network.

Aspect: Marketing communication

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.

PR7 Advertising-related violations

There were no advertising-related violations during the reporting year.

Aspect: Customer privacy

PR8 Justified data protection complaints

No relevant cases in the reporting year.

Aspect: Compliance

PR9 Fines due to violation against product and services regulations

In the financial year 2010/11, EVN Macedonia was fined with about EUR 1,300 for the non-compliance with quality standards and services due to a malfunction of a low-voltage network which resulted in the interruption of the energy supply of involved customers for two days.

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 approach regarding product responsibility as well as PR1 and PR5.
- ▶ See information on the EVN Customers' Board on page 130.

EU25 Injuries and fatalities of persons (customers, neighbours, general public)

During the reporting year, EVN had to register a total of one fatality and eight injuries to neighbours and employees of subcontractors: In Austria, four employees of subcontractors were injured. One person fractured his/her ankle when working on a switch cabinet; another person fell into a riser cable duct and suffered lacerations; and two persons suffered severe scalding when dismantling a steam vent.

In Bulgaria there were five accidents in the sense of EU25, one of which was a fatality. Three employees of a subcontractor and two neighbours were involved. One employee of a cleaning company suffered the voltage of a transformer station and lost her life. During cable-laying work, the employee of a contractor fell off a ladder; another employee was attacked by two persons and suffered stab wounds. When a skip was lifted, a neighbour got into the electricity circuit but was not injured. A child was burnt when it touched a defective street lamp of which a part was under voltage.

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 99% and that in Macedonia to 92%. In the field of heating, the collection in Bulgaria came only to 70%. 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 2010/11.

► For further information on the availability of Austrian energy supply, please visit the homepage of E-Control (www.e-control.at/de/presse/aktuelle-meldungen/ausfallstatistik-2010).

Additional specific operational data of subsidiaries

WTE

In 2010, WTE achieved an average capacity utilization of 86.0%¹⁾ and treated around 198.5 million m³ wastewater which corresponds to around 2.2 million population equivalents. Some of the resulting sewage sludge is then used in agriculture or in the production of compost; the biggest part is deposited.

EVN Wasser



In the financial year 2010/11, a total of 497,400 people were supplied with 25.3 million m³ drinking water through 2,267 km of transport and distribution pipes. In addition, EVN Wasser, in its wastewater treatment division, treated around 1.6 million m³ wastewater 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 EVN materiality matrix. In the financial year 2010/11 a process for optimizing the existing programme of CSR measures was launched. In an iterative, multistage process in cooperation with all corporate areas new measures will be developed and existent ones will be supplemented.

- ▶ For the EVN materiality matrix, see page 5 of this report.
- ▶ The programme for CSR measures may be retrieved under www.responsibility.evn.at.

Target	Measures	Milestone Deadline	Status as of September 30 th , 2011	
Area of action: Climate protection				
Expansion of the use of renewable energy sources	Construction of a 50 MW wind power plant in Kavarna, Bulgaria	Spring 2012	Wind park in the stage of completion; construction of a radar and security system to protect birds	
	Conversion of the Schütt hydropower station	Apr. 2011	Completed measure	
	Construction of the Schaldorf hydropower station	Spring 2012	Under construction	
Promotion of alternative drives and fuels	Observation and investigation of market developments in the field of electrical mobility; participation in implementation projects	ongoing	Purchase of two electric cars and two electric scooter	
CO ₂ reduction by means of afforestation measures	Afforestation and cultivation of 30 ha forest area (cedar) near Stara Zagora	Apr. 2013	Afforestation already completed; cultivation until April 2013	
 EMAS target	Reduction of the CO ₂ footprint of the vehicle fleet of EVN Wärme	Substitution of 10% of diesel-powered company vehicles by natural gas-powered vehicles	2012	New measure
Area of action: Resource conservation				
Improvement in efficiency level	Optimisation of start-up procedure in the Korneuburg power station, as well as emission reductions and gas savings in the Dürnröhr power station achieved through optimisation of district heating transmission	ongoing	Ongoing measure	
 EMAS target	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 eleven small air-conditioning units operated with R22 to be replaced	Sep. 2011	Completed 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	
Raising customer awareness on how best to use energy in Macedonia	Workshops, cooperations, information via energy-saving campaigns	ongoing	Customer information by school projects, workshops with Romani on how best to use energy, cooperation with UNDP in the field of energy efficiency in municipalities, energy efficiency campaign	


Target	Measures	Milestone Deadline	Status as of September 30 th , 2011
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Area of action: Resource conservation

 EMAS target	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	Measure mostly completed
 EMAS target	Energy savings in aircraft warning lighting	Conversion of the aircraft warning lighting on the chimney of the Dürnröhr 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	Completed measure
 EMAS target	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	ongoing	Utilisation of biomass ash as had been agreed with disposal contractor; ongoing efforts for direct recycling paths by EVN Wärme
	Enhance efficiency of district heating production and supply in Plovdiv, Bulgaria	Construction of a cogeneration plant	Dec. 2011	Measure mostly completed
		Reconstruction of the existing district heating facility	June 2011	Completed measure
 EMAS target	Energetic utilisation of sewage sludge	Conversion of the pilot plant to a concurrent sewage sludge combustion	2012–2014	New measure
 EMAS target	Efficiency improvement of EVN steam turbine	Additional evacuation system for leaking steam	2012	New measure
 EMAS target	Energy saving by 50% in the field of REA	Optimising the system for compressed air	2012	New measure

Area of action: Security 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, with the focus on expanding generation capacities from renewable sources	ongoing	Part of Strategy 2020
	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

Target	Measures	Milestone Deadline	Status as of September 30 th , 2011	
Area of action: Responsible employer				
Improvement in satisfaction and corporate identification of employees	Introduction of Feedback and Orientation Talks	ongoing	Introduction completed; meetings conducted on an annual basis; preparations for the introduction in South East Europe completed – talks in Macedonia will be conducted in the financial year 2011/12	
	Project "Internal Branding"	ongoing	Measure mostly completed; introduction in South East Europe will be in the business year 2011/12	
Promotion of women in technical professions	Teenies' Day	Spring 2012	The event aims at lessening one's inhibitions for atypical occupations – particularly for girls – and motivating them to enter technical professions.	
Promotion of health awareness among employees	First aid courses and preventive healthcare examinations	ongoing	Ongoing measure	
	Preparation of a health programme in the business year 2011/12	Sep. 2012	New measure	
 EMAS target	Improvement of occupational safety for working with cranes and upgrading to state of the art	Specific instructions for each type of cranes; central system for authorizing releases and technical measures	2012	New measure
Area of 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	Completed measure	
Raising employee awareness and active contribution towards human rights and avoidance of corruption	Training through e-learning modules on human rights and anticorruption as well as implementing preventative measures. Roll-out of e-learning programme is pending approval of the Austrian data protection commission	Sep. 2010	Delays due to pending approval of the Austrian data protection commission	
Area of action: Stakeholder dialogue				
Continuous dialogue with all stakeholders	Firm establishment and implementation of the prepared stakeholder concept	Sep. 2011	Measure mostly completed; stakeholder survey for the areas of action "responsible employer" carried out in June 2011	
	Introduction of EVN Customers' Board	Apr. 2011	Completed measure	
Active communication and cooperation with other companies; organising and participating in CSR events	Exchange through external CSR events, Member of the Steering Committee of UN Global Compact	ongoing	Participation in e.g.: Supporting the CSR Day 2011, UNGC COP Working Group	

Target	Measures	Milestone Deadline	Status as of September 30 th , 2011
Area of action: Stakeholder dialogue			
Raise awareness in the company as well as ongoing optimisation of the CSR organisation and communication	Training, workshops and exchange of experiences, internal communication	ongoing	Conducting CSR workshops with EVN Croatia for developing a materiality matrix
Project "renewable energies" together with municipalities	<ul style="list-style-type: none"> > Expansion of wind power in Lower Austria, considering all relevant factors (population acceptance, jusnaturalistic principles, sound and shadow) > Planning in close consultation with community representatives, population and all relevant stakeholders > Utilisation of wind power for investments in the fields of energy efficiency (energy-check, energy advice) and renewable energy (particularly sun, water, biomass) 	ongoing	Ongoing info events, round-table and opening ceremonies with municipalities
Acceptance for, and identification with, renewable energy projects with municipalities	<ul style="list-style-type: none"> > Consistent involvement of all relevant stakeholders (e.g. politics, population, associations, citizens' groups, NGOs) at every stage of planning > Proposals for info events, round-tables, information leaflets > Supporting local politics in decision-making with population (e.g. preparation of public opinion polls) 	ongoing	Ongoing talks, info events, round-tables and opening ceremonies with municipalities
	Establishment of information panels for all new and existing wind parks in Lower Austria	May 2012	Basic concept completed; initial prototypes being planned
Solid partnership with all relevant NGOs and citizens' groups	Consistent contact and coordination with all relevant NGOs and citizens' groups particularly for planning-relevant environmental concerns and concerns from neighbours	ongoing	Ongoing measure
Area of 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
Raise awareness for energy saving in Lower Austria	Energy-saving team with information on energy saving in households across Lower Austria	Oct. 2011	Completed measure
Intensified cooperation with NGOs/NPOs	Preparation of the study "energy [r]evolution 2050" together with Greenpeace and vida	Apr. 2011	Completed measure
	Participation in the market place „Gute Geschäfte“	Nov. 2011	Completed measure
Increasing safety when dealing with electricity in Lower Austria	Raising awareness with children and youth	ongoing	Ongoing measure

Target	Measures	Milestone Deadline	Status as of September 30 th , 2011
Area of action: Social commitment			
Saving energy in the everyday life of children in Lower Austria	Energy saving campaign in schools; curriculum planner on the topic energy supplied by nature; redevelopment of the teaching material for elementary schools, kindergarten project: 2 nd expansion on the topic of energy saving	ongoing	Ongoing measure
Increasing safety when dealing with electricity in Bulgaria	Project "energy efficiency in schools" (years 2 and 3)	ongoing	Providing education for 180 school classes, reaching 4,000 pupils; conducting a school competition
Increasing safety when dealing with electricity in Macedonia	National school competitions and lessons on the topic	ongoing	Providing education for 70 school classes, reaching 5,000 pupils
Tennis weekend for children "Master your Energy! Turn it into health, knowledge and skills."	For the next three years 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.	2010–2013	Ongoing measure
Increase interest in technical professions, higher quality of education	Cooperation with schools and universities in Bulgaria	ongoing	New measure
Focussing on projects for child and youth promotion in Bulgaria	Fundraising campaign together with the Bulgarian association for mothers noxco collection of clothes and utilitarian objects from EVN employees and distribution to children and social care homes	Nov. 2011	New measure
Area of action: Sustainable increase in shareholder value			
Further development of documentation and control of financial reporting processes	Successive further development of the risk-oriented internal control system (RIKS) implemented in 2009/10	ongoing	RIKS implemented; further development
Introduction of sustainability controlling	Integration of sustainability risks into the risk management, improved presentation of the cost-benefits relationship and CSR benefits	Sep. 2010	Measure 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 of action: Integration SEE			
Integration and modernisation	Internal events and know-how transfer across divisions and countries	ongoing	Ongoing measure, e.g. EVN SUN Academy
Establishment of CSR standards	Establishment of a structural and procedural organisation in South East Europe of the same structure as in Austria, communication with the persons responsible in Bulgaria and Macedonia	Sep. 2012	Building an organisational structure in consultation with the management; integration through a CSR coach

Target	Measures	Milestone Deadline	Status as of September 30 th , 2011
Area of action: In-house consumption of resources			
Efficient handling of CO ₂ emissions	Preparation of a Group-wide mobility concept	2013	New measure
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 2011 held climate-neutral; climate-neutral printing of reports
Area of action: Environmental protection			
Reduction of the NO _x emissions in the Dürnröhr power plant starting from 2010 by 25% (annual average) as compared to the legally prescribed value	Voluntary agreement NO _x : Despite the age of the plants, additional requirements etc. this goal is sustainably maintained through: > 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	Ongoing measure; optimising catalyst and plant
Bird protection in Macedonia	Protecting stork nests and constructing nesting platforms in Macedonia	ongoing	Since 2009, installation of 811 protection insulations and 749 stork platforms (thereof 100 in the financial year 2010/11)
Bird protection in Austria	Cabling and labeling of overhead powerlines to protect great bustard in Lower Austria (LIFE+ project)	2015	New measure
Bird protection in Bulgaria	Isolation of dangerous masts and power lines through supporting the project of the Bulgarian Bird Protection Association (BDZP, bird life) "Save the Imperial Eagle and the Gyrfalcon"	2013	Installation of 359 platforms and 801 insulations in the financial year 2010/11
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 International Federation of Accountants (IFAC)	Dec. 2010	Completed measure
Operational environmental protection in Bulgaria and Macedonia	Establishing a documentation system for environmental controlling	June 2010	Milestone postponed due to issues related to legal compliance being brought forward
 EMAS target 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	multi-year target	The first year of data collection and analysis is completed. First measures are derived (e.g. increasing share of biomass, optimising controlling and grid regulation)

Advisory Committee for the Environment and Social Responsibility

Theodor Zeh (Chairman)

Erika Adensamer, Member of the Lower Austrian provincial parliament

Karl Bader, Member of the Lower Austrian provincial parliament, Mayor of the municipality Rohrbach an der Gölsen, Head of secondary school

Josef Edlinger, Member of the Lower Austrian provincial parliament, farmer

Albert Hackl, Civil engineer, Lecturer at the Institute for Process Engineering, Environmental Engineering and Technical Biosciences, Vienna University of Technology

Kurt Hackl, Member of the Lower Austrian provincial parliament, self-employed

Hermann Helm, Executive President of the Education Board Lower Austria

Josef Hintermayer, Managing Municipal Council of Großweikersdorf, viticulturist

Norbert Hummel, ARGE Compost and Biogas, farmer

Klaus Kastenhofer, CEO of the environmental protection organisation GLOBAL 2000

Heinz Kaupa, Member of the Executive Board of Austrian Power Grid AG

Gunda Kirchner, Austrian Energy Agency, Head of Research energy industry

Helmut Kroiss, Head of the Water Quality, Resource and Waste Management Department, Vienna University of Technology

Hermann Kühtreiber, Mayor of Zwentendorf

Walter Marschitz, Managing Director Hilfswerk Österreich

Georg Mayer, Head of the Economic Policy Department, Lower Austrian Chamber of Labour

Ernst Pucher, Institute for Powertrains and Automotive Technology, Vienna University of Technology

Gerhard Razborcan, Member of the Lower Austrian provincial parliament

Franz Rennhofer, Member of the Lower Austrian provincial parliament, Mayor of Lichtenegg, engineer

Klaus Schuster, EVN AG physician, Regional Manager NÖ Landeskliniken-Holding for the Mostviertel region

Matthias Stadler, Mayor of the Lower Austrian provincial capital of St. Pölten, employee

Christa Vladyka, Member of the Lower Austrian provincial parliament

Heinz Zipper, District Head, district of Baden

Employee representatives

Gerhard Felberbauer, Friedrich Bußlehner, Monika Fraißl, Helmut Peter, Walter Rehwald

Auditor's confirmation

We were engaged by EVN AG to verify the financial figures contained in the sustainability report of EVN AG for the financial year 2010/11. 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 September 30th, 2011, and September 30th, 2010, which are prepared in accordance with International Financial Reporting Standards and for which we have issued unqualified audit opinions. The financial figures contained in the 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 2010/11 and 2009/10 and the related notes.

Vienna, November 22th, 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Walter Reiffenstuhl
Wirtschaftsprüfer
(Austrian Chartered Accountant)

ppa MMag. Angelika Vogler
Wirtschaftsprüferin
(Austrian Chartered Accountant)

Assurance statement

Terms of engagement

This Assurance Statement has been prepared for EVN AG. Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by EVN AG to assure the corporate responsibility report for the business year 2010/11 (hereafter referred to as "the report"). The report relates to 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.

Management responsibility

EVN AG's management was responsible for preparing the report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the report in accordance with our contract with EVN AG. Ultimately, the report has been approved by, and remains the responsibility of EVN AG.

LRQA's approach

The assurance was undertaken against the Global Reporting Initiative Sustainability Reporting Guidelines 2011 (GRI G3.1) and GRI's Electric Utility Sector Supplement (EUSS). To form our conclusions the assurance was undertaken as a sampling exercise and covered the following activities:

- > Reviewing EVN AG's CSR materiality matrix
- > Assessing EVN AG's internal data and information management systems
- > Interviewing responsible employees at EVN AG's headquarter in Austria
- > Reviewing processes for setting performance indicators and for monitoring progress
- > Checking the use of performance data within EVN AG's business decision-making processes
- > Assessing EVN AG's self-declaration for GRI's G3.1 application level A+

Level of assurance and materiality

The opinion expressed in this assurance statement has been formed on the basis of a moderate level of assurance and applying professional judgement for materiality.

LRQA's opinion

Based on LRQA's approach it is our opinion that EVN AG has met the conditions for GRI's G3.1 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 AG should:

- > Improve the monitoring of their CSR related activities.
- > Improve the measurability of the objectives and targets that are stated in the CSR programme.

November 18th, 2011



On behalf of Register Quality Assurance
Lloyd's Register EMEA Vienna, Austria
LRQA Reference number: VNA 0004673/0028

A handwritten signature in blue ink, appearing to read 'Harald Ketzer'.

Harald Ketzer
Lead Verifier

A handwritten signature in blue ink, appearing to read 'Hans Kitweger'.

Hans Kitweger
Lead Verifier

This document is subject to the provision below: This Assurance Statement is only valid when published with the Report to which it refers. 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 German and English versions of this statement are the only valid versions. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

About this report

EVN has been publishing environmental reports since 1990. As from 2002, they were developed to annual sustainability reports published by EVN. With its Full report 2009/10, EVN decided to realign the format of the consolidated financial statement as well as the sustainability report and to concentrate on the integration of contents. It is the goal of this development to meet the information needs of different stakeholders and readers in an even more differentiated way. All figures, data and facts on economic success are now brought together with the sustainability report. Thus, the sustainability report including the programme of CSR measures was raised to the level of the consolidated financial statement and the Corporate governance report, underlining the high strategic significance of this issue.

EVN's central areas of activities portrayed in the EVN materiality matrix determine all those areas and issues, which also have the highest impacts, opportunities but also risks for EVN. The continuous inclusion of both internal and external stakeholders for actualisation purposes ensures that trends and issues relevant to stakeholders groups are kept in mind. The materiality of these issues also determines the selection of issues for this report.

The present report is also considered a progress report for the UN Global Compact. Submission deadline was on November 24th, 2011.

- ▶ For detailed information on EVN stakeholder groups, see page 128f.
- ▶ For further details on the EVN materiality matrix, see page 5 as well as the website under www.responsibility.evn.at > CSR management > CSR materiality matrix. This site also includes an explanation of the individual areas of activities important to EVN.

Sustainability reporting according to GRI 3.1

This report is oriented to the guidelines of application level A+ of the Global Reporting Initiative (GRI), version 3.1 and additional GRI indicators for the electricity industry (Electric Utility Sector Supplements) are incorporated. The GRI Content Index gives an overview of where contents relating to GRI indicators can be found. Collection and calculation of data is carried out by the departments Environmental Protection and Controlling as well as Accounting. All data is based on the GRI indicator protocol which was applied as completely as possible. Compliance with the report standards and the relevant criteria was assessed by Lloyd's Register Quality Assurance (LRQA) and officially approved. EVN continuously extends its reporting and strives to report all indicators correctly. Indicators not relevant to EVN are marked only in the GRI Content Index (see rear flap).

- ▶ Information in the Global Reporting Initiative under www.globalreporting.org
- ▶ For the GRI Content Index, go to www.responsibility.evn.at > Service.
- ▶ The "Reasonable Assurance" of the environmental verifier is on page 172.

Scope of the sustainability report

The reporting period from October 1st, 2010, to September 30th, 2011, is the same as the financial year of EVN. The report itself covers all companies of the consolidation range of the EVN Group, which at the deadline on September 30th, 2011, including EVN AG as parent company comprised 63 fully consolidated and five proportionally consolidated companies; in addition, the Group accounts 16 associated companies at equity. If certain data does not refer to all companies of the consolidation range or if there are significant changes of reporting limits compared to previous years, it will be indicated in footnotes. EVN has considerably grown in the last few years due to acquisitions. In this connection, the collection particularly of GRI-relevant indicators is continuously extended, the goal being the collection of all indicators for the whole Group.

- ▶ For further information on the consolidation range of the EVN Group, see Annual report 2010/11, page 68f.

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/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.

At-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.

Austrian Sustainability Reporting Award (ASRA)

Annual awards presented by the Chamber of Fiduciaries and Cooperation 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.

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.

BOOT model

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.

Book value per share

Book value of share capital divided by the number of shares at the balance sheet date.

Capital Employed

Equity plus loans subject to interest or assets minus liabilities not subject to interest.

Carbon Dioxide Capture and Storage (CCS)

Technology of CO₂ separation and storage, to prevent CO₂ from being released into the atmosphere. It is expected to highly contribute to the climate protection.

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).

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 January 1st, 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 certificate 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.

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.

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.

Directors-and-Officers (D&O) insurance

Claimes for damages are insured 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.

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.

E-Control (ECG) /

Energie-Control GmbH

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.

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.

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
 1 m³ natural gas = 11.07 kWh

Equity ratio

Ratio between equity and total capital.

Electric mobility

Defines the usage of electric powered vehicle for passenger and commercial transportation.

Emittenten-Compliance-regulation (ECV)

Regulation from the Austrian Financial Market Authority in place since November 1st, 2007. It regulates the Information flow within corporations as well as organisational measures to avoid insider information misuse for issuer.

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 primary energy source/fuels

Energy resources derived from biomass over a period of millions of years, such as crude oil, natural gas, brown and black coal.

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.

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.

Green electricity

Electricity won from regenerative sources (solar energy, wind energy, biomass, biogas, geo thermic, dump gas and sewage gas).

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 losses out of 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, wastewater and waste incineration, also see Vertical integration and Multi-service utility).

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)).

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.

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

VRatio of the funds from operations (FFO) to interest expenses.

International Financial Reporting Interpretation Committee/ Standard Interpretation Committee (IFRIC, vormalis 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, vormalis 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).

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.

Management Approach

Presentation of the management and controlling aspects of a company.

National allocation plan (NAP)

Each Member State of the European Union has to prepare and publish a National Allocation Plan (NAP), a plan setting out the total quantity of greenhouse gas emission allowances that it grants to their companies.

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.

Payout ratio

Ratio between dividends distributed and earnings per share.

Peak load

see Base load/peak load

Petajoule (PJ)

Parameter designed to measure a large amount of energy.
 1 PJ = 1 quadrillion Joule (10¹⁵ Joul)

Polychlorinated biphenyl (PCB)

Toxic chlorine compounds.

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/Credit 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)).

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 compared 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.

Smart Metering

A Smart Meter is an electricity meter with additional function which allows the utility company

to read the meter offsite by online reading systems.

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.

Stakeholder

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.

Standard capacity

Is the electricity that can be generated during a normal year, in ratio with the generator terminals.

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.

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.

VÖNIX (VBV Austrian Sustainability index)

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.

Value-oriented and value-generated 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)).

Value chain elements

The electricity sector is divided into different phases of value creation: generation, distribution, sale and consumption.

GRI G3.1 Content Index

The GRI content index indicates where in this report contents relating to individual indicators can be found. The index is available on the internet at www.evn.at/Verantwortung/Service/GRI-Content-Index.aspx?lang=en-us.

	Description	Source	Status
Declaration and profile			
1	Strategy and analysis		
1.1	Status of sustainability within the company	5f, 38, 121, 125ff	■
1.2	Description of the most important effects, risks and opportunities	38ff	■
2	Organisational profile		
2.1–2.10	Organisational profile	5ff, 10, 11	■
3	Report parameters		
3.1–3.13	Report parameters	173	■
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EU1	Installed capacity	122f	■
EU2	Energy generation	123	■
EU3	Customer numbers	123f	■
EU4	Total length of long-distance and distribution lines	124, 163	■
EU5	Quota of CO ₂ emission certificates	124	■
4	Governance, commitments and engagement		
4.1	Corporate governance/management structure	125	■
4.2	Explanation of whether the Executive Board chairman holds an operative management post	125	■
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	125	■
4.5	Correlation between management body remuneration and organisational performance	125	■
4.6	Mechanisms for the prevention of conflicts of interest	125	■
4.7	Expertise of the management committee in the sustainability area	125, 170	■
4.8	Mission statements, codes of conduct, sustainability principles	126	■
4.9	Procedure for controlling sustainability performance	126	■
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4.12	Support of external initiatives	127	■
4.13	Membership in associations and interest groups	127f	■
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EC2	Financial effects of climate change	131	■
EC3	Company defined benefit plan obligations	132	■
EC4	Government financial assistance	132	■
EC5 ¹⁾	Ratios of standard entry-level remuneration compared to local minimum wages	132	■
EC6	Business policies, practices and share of local suppliers	132	■
EC7	Employment of local personnel	132	■
EC8	Infrastructure investments and services, taking place primarily in the public interest	133	■
EC9 ¹⁾	Indirect economic effects	133	■
Sector supplements – Economy			
EU6	Short and long-term security of supply	133f	■
EU7	Programmes for Demand Side Management	134	■
EU8	Research and development activities	135	■
EU9	Reserves for the dismantling of nuclear power stations	EVN does not operate any nuclear power plants	n. r.
EU10	Planned capacity in relation to expected demand	135	■
EU11	Average efficiency in production	136	■
EU12	Efficiency of long-distance lines and distribution networks	136	■
Environmental performance indicators			
EN1	Material usage	137	■
EN2	Use of recycled material	137	■
EN3	Direct primary energy consumption	137	■
EN4	Indirect primary energy consumption	137	■
EN5 ¹⁾	Energy savings as a result of environmentally responsible use and efficiency increase	138	■
EN6 ¹⁾	Initiatives for higher energy efficiency and renewable energy	138	■
EN7 ¹⁾	Initiatives for the reduction of indirect energy consumption	138	■
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EN9 ¹⁾	Water sources affected by withdrawal	139	■
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EN11	Land-use in protected areas	139, 140	■
EN12	Effects of business activities on biodiversity	139f	■
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EN14	Strategies and measures for the protection of biodiversity	141	■
EN15 ¹⁾	Endangered species in the areas of business activities	141	■
EN16	Direct and indirect greenhouse gas emissions	141	■
EN17	Other relevant greenhouse gas emissions	142	■
EN18	Initiatives for the reduction of greenhouse gas emissions and results	142	■
EN19	Emissions of ozone-degrading substances		n. r.
EN20	NO _x , SO _x and other significant atmospheric emissions	143	■
EN21	Total wastewater discharge	143	■
EN22	Waste according to type and disposal method	143f	■
EN23	Major spills of hazardous substances	144	■
EN24 ¹⁾	Weight of waste considered hazardous	144	■
EN25 ¹⁾	Waters subject to wastewater discharge and surface run-off	144	■
EN26	Initiatives for the reduction of environmental impact of products and services	144	■

Description	Source	Status	
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EN28	Fines incurred for infringements of environmental regulations	144	■
EN29 ¹⁾	Major impact on the environment through transportation	144	■
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		146	■
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LA9 ¹⁾	Occupational safety agreements with trade unions	151	■
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LA12 ¹⁾	Performance evaluation and development plans for employees	151	■
LA13	Diversity of employees and leading bodies	151f	■
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HR3	Training programmes on company-relevant human rights aspects	154	■
HR4	Occurrences of discrimination and countermeasures taken	155	■
HR5	Freedom of assembly and collective negotiations	155	■
HR6	Business activities with the risk of child labour	156	■
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SO1	Effects of business activities on society	157	■
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SO10	Prevention and mitigation measures for business activities with significant potential or actually negative impact on local communities	157	■
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SO4	Anti-corruption measures	157	■
SO5	Political positions, participation in the political consensus building process, lobbying	158	■
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PR3	Legally required information on products and services	160	■
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PR9	Fines incurred in consequence of violations against product and service conditions	161	■
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EU29	Average duration of a power failure	162	■
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- Fully reported
- Partially reported
- Not reported
- n. r. non-relevant

The EVN Sustainability report is oriented to the requirements of application level A+ of the GRI G3 guideline, version 3.1 and additional GRI indicators for the electricity industry (Electric Utility Sector Supplements) 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.

¹⁾ Additional performance indicator

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.



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Information on the internet

www.evn.at

www.investor.evn.at

www.verantwortung.evn.at

Information on the internet

EVN Online Full Report 2010/11

www.investor.evn.at/gb/gb2011

Financial calendar 2011/12¹⁾

83 rd Annual General Meeting	January 19 th , 2012	Results HY. 1 2011/12	May 31 st , 2012
Ex-dividend day	January 24 th , 2012	Results Q. 1–3 2011/12	August 30 th , 2012
Dividend payment	January 27 th , 2012	Annual results 2011/12	December 13 th , 2012
Results Q. 1 2011/12	February 28 th , 2012		

1) preliminary

EVN share – basic information¹⁾

Share capital	330,000,000.00 EUR
Denomination	179,878,402 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 programme; Depository	Sponsored Level I ADR program (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A3, stable (Moody's); A–, negative (Standard & Poor's)

1) As of September 30th, 2011

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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: November 24th, 2011.

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PEFC certification International forest certification system to safeguard and continually improve sustainable forestry
Austrian Ecolabel Quality, product safety and high environmental standards
Environmental management system ISO 14001:2004 Optimisation of environmental processes, prudent use of natural resources

