

EVN Full Report 2011/12

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



Thanks!

We sincerely thank all participants of the EVN Summer University – EVN SUN 2012 – who worked together in Ottenstein to design and produce the entire series of photos for this report. The annual EVN Summer Academy is a cross-border personnel development programme tailored for EVN employees who are willing to take on more responsibility within the company.

Magdalena Andreeva, Bulgaria
Aleksandra Dimoska, Macedonia
Vladimir Hristov, Macedonia
Goran Jurilj, Croatia
Tim Kerstein, Germany
Teodora Kitaeva-Kirilova, Bulgaria
Zhivko Kolev, Bulgaria
Renate Lackner-Gass, Austria
Hannes Leitner, Austria
Doris Lohwasser, Austria
Vasko Mihajloski, Macedonia
Nikolay Peychev, Bulgaria
Stefan Sauer mann, Austria
Barbara Schlegl, Austria
Anita Schmidt, Austria
Ute Teufelberger, Austria
Stoyka Titova, Bulgaria
Nadezhda Tonkova, Bulgaria
Orce Trajkovski, Macedonia
Stefan Trost, Austria



Key figures

		2011/12	2010/11	Change in %	2009/10	2008/09	2007/08
Sales volumes							
Electricity generation volumes	GWh	3,284	3,332	-1.5	3,653	3,477	4,022
thereof renewable energy sources	GWh	1,503	1,181	27.2	1,300	1,267	1,300
Electricity sales volumes to end customers	GWh	21,241	20,403	4.1	20,101	19,541	19,372
Natural gas sales volumes to end customers	GWh	6,166	6,475	-4.8	6,738	6,102	6,759
Heat sales volumes to end customers	GWh	1,923	1,911	0.6	1,821	1,576	1,362
Consolidated income statement							
Revenue	EURm	2,846.5	2,729.2	4.3	2,752.1	2,727.0	2,397.0
EBITDA ¹⁾	EURm	458.0	474.9	-3.6	416.6	373.4	362.3
EBITDA margin ¹⁾²⁾	%	16.1	17.4	-1.3	15.1	13.7	15.1
Results from operating activities (EBIT) ¹⁾²⁾	EURm	206.7	222.2	-7.0	187.3	175.2	166.6
EBIT margin ¹⁾²⁾	%	7.3	8.1	-0.9	6.8	6.4	7.0
Profit before income tax ¹⁾	EURm	259.7	263.9	-1.6	270.9	226.0	235.5
Group net profit ¹⁾	EURm	194.9	192.3	1.4	207.0	177.9	186.9
Consolidated balance sheet							
Balance sheet total	EURm	6,863.2	6,870.4	-0.1	6,731.2	6,695.4	6,636.3
Equity ¹⁾	EURm	3,013.7	3,165.8	-4.8	3,025.3	3,127.2	3,208.5
Equity ratio ¹⁾²⁾	%	43.9	46.1	-2.2	44.9	46.7	48.3
Net debt ¹⁾	EURm	1,703.7	1,579.2	7.9	1,458.2	1,378.2	1,131.3
Gearing ¹⁾²⁾	%	56.5	49.9	6.6	48.2	44.1	35.3
Return on Equity (ROE) ¹⁾²⁾	%	7.6	7.6	-	7.4	6.3	7.4
Return on Capital Employed (ROCE) ²⁾	%	5.8	5.7	0.1	5.6	5.4	6.3
Consolidated cash flow and investments							
Net cash flow from operating activities	EURm	461.0	522.0	-11.7	499.3	335.3	382.6
Investments ³⁾	EURm	308.3	415.7	-25.8	394.0	415.7	415.6
Net Debt Coverage (FFO) ¹⁾²⁾	%	32.2	38.0	-5.8	39.0	30.6	41.3
Interest Cover (FFO)	x	6.2	7.6	-18.1	8.2	4.9	5.5
Value added							
Net operating profit after tax (NOPAT) ¹⁾	EURm	318.8	331.4	-3.8	254.5	234.9	280.9
Capital Employed ¹⁾⁴⁾	EURm	4,467.0	4,395.4	5.7	3,952.4	3,493.8	3,219.7
Operating ROCE ²⁾	%	6.9	7.5	-0.7	6.4	6.7	8.7
Weighted Average Cost of Capital (WACC) ²⁾	%	6.5	6.5	-	6.5	6.5	6.5
Economic Value Added (EVA®) ¹⁾⁵⁾	EURm	16.7	45.7	-63.4	-2.4	7.8	71.7
Share							
Earnings ¹⁾	EUR	1.09	1.08	0.6	1.27	1.09	1.14
Dividend	EUR	0.42 ⁶⁾	0.41	2.4	0.40	0.37	0.37
Payout ratio ¹⁾²⁾	%	38.7	38.0	0.7	34.7	33.9	32.4
Dividend yield ²⁾	%	3.9	3.8	0.1	3.5	2.7	2.5
Share performance							
Share price at September 30 th	EUR	10.84	10.82	0.2	11.45	13.68	14.99
Highest price	EUR	11.07	13.76	19.5	13.75	16.00	23.38
Lowest price	EUR	9.17	9.92	-7.5	10.61	10.11	14.39
Market capitalisation at September 30 th	EURm	1,949.0	1,945.0	0.2	1,872.0	2,237.0	2,451.3
Credit rating							
Moody's		A3, stable	A3, stable	-	A3, stable	A2, negative	A1, stable
Standard & Poor's		BBB+, stable	A-, negative	-	A-, negative	A-, negative	A, negative

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

2) Changes reported in percentage points

3) In intangible assets and property, plant and equipment

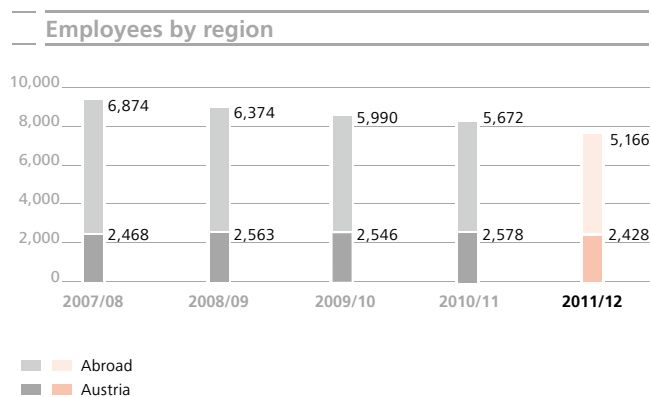
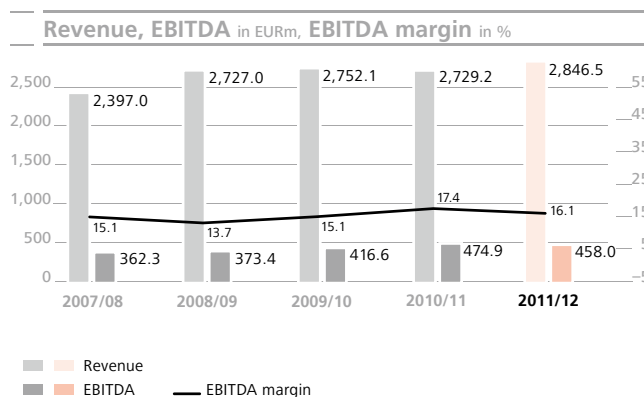
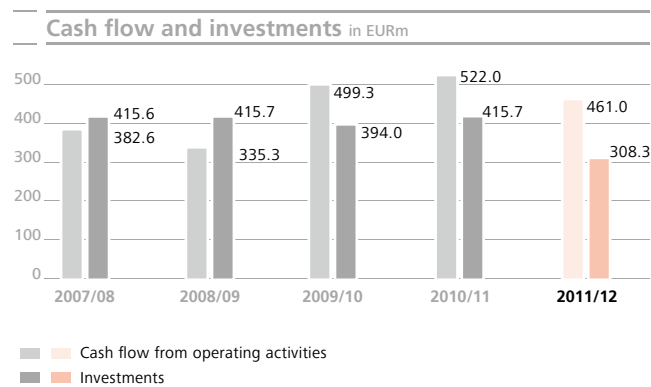
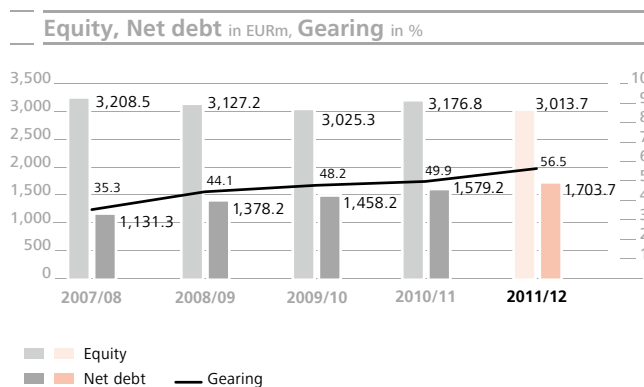
4) Average adjusted Capital Employed

5) As defined by Stern Stewart & Co.

6) Proposal to the Annual General Meeting

	2011/12	2010/11	2009/10
Employees			
Number of employees	7,594	8,250	8,536
thereof Austria	2,428	2,578	2,546
thereof abroad	5,166	5,672	5,990
Employee fluctuation	3.2	3.0	3.1
Proportion of women	21.6	22.8	22.5
Training hours per employee	hrs. 26.9	22.1	27.1
Number of occupational accidents	86	113	92
Environment			
Quantity of CO ₂ emission	1,000 t 1,424	1,736	1,517
Specific NO _x emission	kg/MWh 0.285	0.283	0.257
Hazardous waste ¹⁾	t 10,429	9,396	12,036
Water consumption (drinking and process water)	m ³ 1,570,354	1,682,836	1,454,942

1) Without building residues and power station by-products



Contents

Key values	2	
Highlights	8	
Statement by the Executive Board	20	
About this report	25	
Business overview	26	Corporate profile
	28	Corporate strategy
	32	Stakeholder management
	33	Overview of strategic projects
	34	Financing strategy
	34	Rating
	35	EVN bonds
	35	EVN share
	36	Shareholder structure
	37	Investor Relations
	39	EVN at a glance
EVN's role as a responsible employer	40	
Corporate governance report	51	Commitment to the Austrian Corporate Governance Code
	52	Corporate bodies
	56	Remuneration report
	58	Audit and risk management at EVN
Report of the Supervisory Board	60	
Management report	63	Legal framework
	69	Overall business environment
	70	Energy sector environment
	72	Success and influencing factors
	73	Business development
	81	Non-financial figures
	82	Risk management
	87	Share structure and capital disclosures
	88	Outlook for the 2012/13 financial year
Main EVN AG's subsidiaries	90	
Segment reporting	91	Overview
	92	Generation
	94	Energy Trade and Supply
	96	Network Infrastructure Austria
	97	Energy Supply South East Europe
	99	Environmental Services
	101	Strategic Investments and Other Business
Consolidated financial statements for 2011/12	103	
Corporate Social Responsibility	168	
	169	Governance, commitments and engagement
	172	Economic responsibility
	176	Environmental responsibility
	185	Social responsibility
	194	Programme of CSR measures
	200	Advisory Committee for Environmental and Social Responsibility
	201	Assurance statement
Glossary	203	
Editorial information	208	
GRI G3.1 Content Index	Inside cover	

Ensure

Key value I. Whoever's feet are firmly planted on the ground has a good overview of things and can act with foresight – for a successful EVN.

We ensure quality and success. If you have ever stood on the wall of a dam, you know that a solid foundation provides security. Here, on the highest point of this impressive building, which stands for engineering ingenuity and performance, you have the overview you need to help shape the future.

The employees at EVN allow themselves to be inspired. They are willing and motivated, competent, reliable and focused on quality. Their objective is to optimally provide all customers with energy and environmental services. One thing is certain: this attitude is what serves as the basis for the stable and ongoing growth of EVN.





Enable

Key value II. EVN is the key to a bright future. Our employees do not only talk: they walk the talk, working on new, sustainable solutions.

We make the future possible. Our world is in a state of transformation, and demands innovative solutions in all areas. As an internationally operating utility company with a strong base in Lower Austria, our more than 7,500 employees are working on developing new approaches to make the future more liveable – little by little.

EVN knows that only those people who think in a sustainable and solution-oriented manner will enable EVN to be successful – for the well-being of its customers, its employees and its shareholders. And, in the process, EVN never loses sight of the environment from which the energy is derived. In any case, one thing is clear: EVN enables. EVN is forward looking. This is how we are ensuring a secure future for the company and its employees.





Encourage

Key value III. The future belongs to whoever is brave and encourages others. A fresh way of thinking and decisive action are what make the impossible possible.

We encourage people. Can one make balls emit light or even fly? Whoever says “no” without even trying might just miss an opportunity. But whoever works together with others on developing solutions and overcomes barriers can solve even the most difficult problems.

That is why EVN encourages its employees to think courageously, and sometimes even unconventionally – without losing sight of the objectives of the company. And because we are only strong as a team, we ensure a great atmosphere and a positive working environment. This also means being open to what is new, and considering learning as a value. And also being able to voice constructive criticism – as well as to accept it. This requires courage – the type of courage which will lead to success for everyone.







We are optimistically looking ahead to the new financial year.

The focus is on consolidation and solidity.



EVN sees itself as a company bearing responsibility for society and the environment.



Highlights

EVN presents the highlights of the 2011/12 financial year.

→ **10 Renewable energies**

EVN is focusing on the massive expansion of renewable energies.

→ **12 Security of supply**

EVN is investing in a reliable, secure energy supply and network quality.

→ **14 Diversification**

EVN's operational and regional diversification is a competitive edge.

→ **16 Solid balance sheet**

EVN's sound business practices and innovative strength lead to success.

→ **18 Strong team**

EVN's 7,594 employees comprise a strong team.



Innovative solutions for everyone.

The 7,594 employees of EVN deliver energy and clean drinking water to 21 countries in Europe.





Renewable energies

EVN is focusing on the massive development of renewable energies. The focus is on exploiting the power of water and the wind.

Water is life. And gives us all new energy.



Energy for everyone. Wind and water – two elements which have accompanied people since time immemorial. For Johann Wolfgang von Goethe, water was the symbol of the soul, and wind symbolised destiny. And how does EVN see things? We consider the elemental forces of water and wind to be renewable energy sources. Expanding their use is a top priority. The company's ambitious target is to increase the long-term share of renewable energy as a proportion of the power generation mix to 50%. Today, twelve wind parks with a total output of 190 MW are already supplying environmentally-friendly electricity to more than 100,000 households. Two newly constructed wind parks, in Tattendorf and Glinzendorf, and another turbine in Markgrafneusiedl, all in our core market of Lower Austria, were connected to the power grid in this past financial year. In Bulgaria, eight turbines were commissioned at the Kavarna wind park. In total, EVN has invested a total of around EUR 200m in wind energy so far. And, in the hydropower business, EVN is relying on the operation of small-scale hydropower plants in Lower Austria, in addition to its 13% stake in 13 hydropower plants along the Inn River. In Albania, the first stage of the Ashta hydropower plant on the Drin River was opened. Their ecological scorecard: 100,000 households are being supplied with renewable energy, saving 79,000 tons of CO₂ each year.

Sustainability – walk the talk instead of just talking. Whoever banks on renewable energies acts sustainably. Whoever considers the three dimensions 'people', 'environment' and 'economy' as a holistic whole and makes an effort to reconcile divergent interests, acts in a future-oriented manner. Whoever embodies and lives the principles of sustainability in day-to-day business operations has recognised the signs of the times. This is what EVN and its employees stand for.

Energy supply? Safe and secure!

All of us require security in life. The employees of EVN stand for smart solutions when it comes to supplying energy.

Many facets. Ensuring a secure and reliable energy supply is one of the most important challenges faced by EVN. Because what good is electricity and gas if the energy is not available to the customer precisely when it is needed? In order to ensure a reliable energy supply 24 hours a day, 365 days a year, EVN relies on a flexible generation mix, the expansion of power generating capacities and strong networks, which will optimally support the conversion of the system towards a greater reliance on renewable energy sources.

Flexible generation mix. Even if the focus of EVN is on the expansion of renewable energies, wind, hydropower and solar are natural phenomena which do not orient themselves to the current energy needs of our customers. That is why the efficient and most environmentally compatible deployment of thermal power plants will continue to be a must in the future. This is the only way to compensate for fluctuations in production from renewable energies.

Expansion of power generating capacities. The long-term goal of EVN is to generate 40% to 60% of its electricity sales volumes from its own production or procurement rights. The focus is on renewable energy. In the coming years, EVN plans to triple production from wind-power, hydropower, biomass and solar energy.

Outstanding network quality. In order to ensure that electricity and gas reach customers with a minimum of network losses, EVN is continually investing to modernise and expand its networks. In Lower Austria, the focus is on the western section of the natural gas pipeline Westschiene, which is scheduled for completion in the 2013/14 financial year, following the coming on stream of the southern section of the pipeline Südschiene. The expansion of electricity networks poses a major challenge to EVN. In the context of high investment requirements and massive regulatory pressure, it is vital to ensure an optimal supply of energy on behalf of our customers.





The 7,594 employees at EVN are working together to guarantee a reliable energy supply to all customers.

Diversification as strength

Just as many healthy trees make up a thriving forest, clearly-defined and strong business areas comprise a sound company.

Strong pillars. A healthy forest stands out due to its diversity of flora and fauna. And a solid company like EVN? It relies on operational and regional diversification. With our energy and environmental services business as well as our presence in 21 markets – in particular our strong footholds in South Eastern Europe and Germany are vitally important besides Austria – EVN is

well prepared to master future challenges. Also thanks to its strong roots in Lower Austria.

Reliable partner. No matter which market we operate in, our customers know one thing: they can always rely on EVN. This is because EVN is a company of trustworthiness and integrity. In all business areas. And in all our markets.





Solidity – a value from Lower Austria

The performance indicators for 2011/12 once again demonstrate that sound business management, joint efforts and innovative strength are the keys to success.

Security in challenging times. For years, EVN has been relying on a solid, forward-looking business strategy. This provides security for all stakeholders – shareholders, customers, employees, suppliers or society as a whole – the security to be able to master the future with a reliable partner. Together – with optimism and sound judgment.

Success despite difficult conditions. Without doubt, the past financial year 2011/12 was shaped by the global economic crisis. Nevertheless, EVN managed to increase its revenue by 4.3% to EUR 2,846.5m. Revenue in the energy business rose 5.2%. Profit before income tax amounted to EUR 259.7m, a drop of 1.6% from the previous year. However, the Group net profit was up 1.4% to EUR 194.9m. In spite of the challenging business environment, EVN's strategy proved

its value once again. We are focusing on consolidation in our existing core markets. In addition, the uninterrupted implementation of ongoing investment projects guarantees the successful future of EVN. An equity ratio of 44% clearly demonstrates that sound business management simply pays off.

A solid investment. EVN AG shares, which have been publicly traded on the Vienna Stock Exchange since November 1989, performed well, with a total shareholder return of 8.2% annually. At the 84th Annual General Meeting on January 17th, 2013, the Executive Board will propose a dividend of EUR 0.42 per share, increasing the dividend payout ratio to 38.7% (dividend yield of 3.9% in relation to the share price as at September 30th, 2012). This is also an indication and result of sound business management.





Sound business management and the consistent pursuit of common goals leads to success – on behalf of our customers, our shareholders and our employees.



We are a strong team!

Committed, well-trained employees ensure the success of a company. Clearly-defined values, structures and numerous incentive measures make us a strong team.

Diversity leads to success. EVN has evolved from a regional energy supplier to an international company. Whereas around 2,000 people worked for EVN in 2002, there are now 7,594 employees in 21 countries. This growth and the new, resulting diversity demand a strong basis consisting of shared values.

Clear guidelines. In the 2010/11 financial year, the project Internal Branding was initiated. The three clearly-formulated key values – E(V)Nsure, E(V)Ncourage and E(V)Nable, comprise the basis for the continuation of EVN's success story. And these values should be conveyed to the outside world with conviction and joy by all employees. The tangible evidence of this is the report which you are now holding in your hands. Thanks to the vigorous support provided by 20 EVN employees from five countries, we managed to produce the entire series of photos contained in this publication within the context of the Summer Academy – EVN SUN 2012 – held in Ottenstein.

Opportunities for everyone. As a sustainably-oriented company, EVN takes up the challenge of treating its employees fairly each and every day. This means not discriminating against anyone on the grounds of his or her national or ethnic origin, gender, culture, religion, age or health. In particular, EVN attaches great importance to promoting our female employees (at present 21.6% of the entire staff). Over the past two years, the programme Women@EVN has been underway. EVN also undertakes considerable efforts on behalf of individuals with special needs, youth and talented employees, who we develop in particular. For we know that only satisfied employees safeguard a company's future success.

Don't just talk, take action. Furthermore, EVN supports the social commitment of its employees. Regardless of whether they are involved in helping the Red Cross or volunteer fire brigades, up to half of the time they invest responding to emergencies is considered to be time off work. After all, to give quickly is to give double.



Statement by the Executive Board

Ladies and Gentlemen!

In the 2011/12 financial year, EVN generated revenue of EUR 2,846.5m in spite of a difficult business environment, a rise of 4.3% from the previous year. In the energy business, higher energy sales due to the historically coldest winter on record and higher end customer prices in South Eastern Europe led to a revenue increase of 5.2%. In the environmental services business, revenue fell by 3.3% compared to the prior-year level as a result of the lower project implementation volume.

In spite of the higher revenue, EBITDA fell by 3.6% to EUR 458.0m. This development can be mainly attributed to the increase in the item "Electricity purchases and primary energy expenses" related to the higher procurement costs for energy, as well as the allocation to a provision for impending losses in connection with the marketing of EVN's own electricity production. Depreciation and amortisation, characterised by one-off effects both during the year under review and in the prior-year period, fell by 0.6% to EUR 251.3m. As a consequence of these developments, the results from operating activities were down 7.0% from the previous year, to EUR 206.7m.

The financial results, which could be improved by 26.8% to EUR 53.0m, reflected a EUR 21.8m increase in the income from investments, which more than compensated for the lower interest balance. Whereas the profit before income tax decreased by 1.6% from the previous year to EUR 259.7m, the Group net profit was up 1.4% to EUR 194.9m, which is mainly due to the lower income tax as well as the reduced share of non-controlling interests. Earnings per share amounted to EUR 1.09 (previous year: EUR 1.08).

Investments in intangible assets and property, plant and equipment during the 2011/12 financial year fell by 25.8%, or EUR 107.4m, to EUR 308.3m. The focus was on expanding and modernising the network infrastructure in Austria and abroad, as well as increasing power generation capacities from renewable energy sources.

In the light of the challenging business environment and the previously mentioned effects, we look favourably on the business results in the 2011/12 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.

Our medium and long-term corporate strategy featuring a focus on renewable energy sources was confirmed during the reporting year in the light of the fundamental changes taking place in Europe's power generation mix. Our ambitious target is to increase the share of renewable energies as a proportion of EVN's total power generation mix to 50%. In the 2011/12 financial year we succeeded in consistently implementing this strategy. We were able to successfully conclude several projects in the energy business.

In the field of wind energy, EVN's focus was on Lower Austria. Two newly constructed wind parks in Tattendorf and Glinzendorf and a further facility at the Markgrafneusiedl wind park, completed in July 2011, are now feeding electricity into the power grid. We also acquired a wind park in Pöttelsdorf, Burgenland, which has been operating since 2006. Eight wind turbines of the Kavarna wind park in Bulgaria with a total capacity of 16 MW came on stream. On balance, EVN now boasts a total of twelve wind parks in its portfolio, with a total capacity of over 190 MW, supplying more than 100,000 households with environmentally-friendly electricity. This represents a capacity increase of 38% compared to the previous year. In recent years we have invested some EUR 200m in our wind parks.



In the field of hydropower energy, we were able to move ahead with other projects after the acquisition of a 13% stake in the Verbund-Innkraftwerke GmbH in August 2011. Smaller hydropower plants were put into operation in Lower Austria. Since April 2012 the revitalised small-scale hydropower plant in Schaldorf on the Mürz River has been supply electricity for about 1,500 households. Two historic small-scale hydropower plants were acquired on the Erlauf River, providing electricity to around 200 households. In Northern Albania the first section of the Ashta hydropower plant along the Drin River was opened after about 30 months of construction work. The second section will likely come on stream in March 2013. With a total capacity of 53 MW, the power station will generate about 240m kWh of electricity each year, providing about 100,000 Albanian households with renewable energy and saving about 79,000 tons of CO₂ per year. Furthermore, EVN now operates five storage and 67 run-of-river power plants in Lower Austria and Styria. With a total capacity of 111.1 MW and a standard operating capacity of 301.9 GWh, this corresponds to a capacity increase of 3.3% compared to the previous year.

The activities in the heating business also concentrated on the expansion of natural heat projects. Two existing biomass heating plants in Waidhofen and Aschbach were acquired by EVN. In addition, EVN opened new facilities in Hagenbrunn and Langenlois and commenced construction on a biomass plants in Steyr, Amstetten and in Markt Piesting. The highly advanced combined heat and power plant in Steyr will be built in cooperation with Energie AG Oberösterreich, and will feature a thermal output of up to 20 MW and an electrical output of 5 MW. Starting in the 2012/13 heating season, it will supply approximately 12,000 households and companies with district heat and electricity from renewable biomass. At present, EVN is currently operating 63 biomass plants in Lower Austria, and is thus the largest supplier of natural heat in Austria. Following a construction period of about one year, a state-of-the-art co-generation facility in Plovdiv, Bulgaria, has been supplying about 33,600 households with heat and also feeds electricity into the power grid.

In the field of photovoltaics and biogas, EVN could also achieve significant progress in the 2011/12 financial year. In May 2012, EVN and the Federal Province of Lower Austria initiated a public participation model for the photovoltaic plant at the Zwentendorf power plant site. After the expansion work has been completed, this facility will encompass 2,300 panels and generate an output of 450 kWp of environmentally-friendly solar power for the region. Due to the high demand, a further public participation model is being planned. Since the beginning of September 2012, EVN has also offered its customers products with a share of biogas, and feeds biomethane from two biogas plants which are not needed by the facilities themselves into Lower Austria's natural gas network. In this way we have further extended the offering encompassed in EVN's environmentally compatible portfolio.

With respect to network expansion, the focus was on two projects implemented in the 2011/12 financial year. In Lower Austria, the first construction phase for the western section of the natural gas transport pipeline Westschiene was completed. In Croatia, the first gas customers in Zadar have now been served by EVN since June 2012 via the natural gas network constructed by EVN.

The Environmental Services business also showed positive developments we can report about, considering that we finally did manage to enter the markets in the Czech Republic and Serbia. As a general contractor, EVN won a contract with a project volume of EUR 250.0m for the planning, refitting, modernisation and turn-key expansion of a wastewater treatment facility in Prague. EVN's share in the project totals EUR 35.0m. In addition, EVN was awarded a contract valued at EUR 25.3m to plan, construct, finance and operate a drinking water purification plant for a municipality in Serbia and thus supply water to its 86,000 inhabitants. Following a three-year period of construction, EVN will assume responsibility for operating the facility for a period of 15 years. EVN was contracted to implement a fifth project on Cyprus, involving the refitting and expansion as well as the twelve-month operation of a wastewater purification plant in Larnaca. The project volume totals EUR 35.9m. On balance, EVN's Environmental Services segment is currently active in 18 countries and features a corresponding project volume of about EUR 1.3 billion.

In Lower Austria's drinking water supply, EVN made further investments, and is now supplying water to half a million customers. As a result, EVN is now the second largest drinking water supplier in Austria. Our 50 years of experience in this area are convincing an increasing number of municipalities to hand over direct responsibility to us for their drinking water supply networks. On this basis, the number of customers directly supplied with water by EVN rose by close to 10% to about 79,000.

In addition to the operational improvements in South Eastern Europe, a consolidation of our subsidiaries there also took place during the period under review. Our shareholdings in EVN Bulgaria Electrorazpredelenie AD (EVN Bulgaria EP) as well as in EVN Bulgaria Electrosnabdiavane AD (EVN Bulgaria EC) were increased in each case from 67% to a 100% stake. In September both companies, i.e. the shares of both firms, were delisted from trading on the stock exchange in Sofia.

The optimisation of EVN's financial position and the improvement of its financial flexibility comprised a further strategic priority in the reporting year 2011/12. Accordingly, a Eurobond due in December 2011 with a volume of EUR 257.4m was replaced by a ten-year bond issue in the amount of EUR 300.0m. Furthermore, two private placements were concluded for a period of 20 years, featuring a total volume of EUR 125.0m. Moreover, an existing revolving credit facility which existed since September 2006 was replaced by a new syndicated revolving credit facility with a nominal value of EUR 500.0m. This new credit facility has a maturity of five years, primarily serves as a liquidity reserve and comprises the cornerstone of a stable financing structure. In addition, EVN issued a long-term promissory note loan in the amount of EUR 121.5m in October 2012, following the reporting date of the 2011/12 financial year. In May 2012 the rating agency Moody's confirmed the long-term credit rating of EVN as A3 (stable outlook). In contrast, Standard & Poor's downgraded the long-term credit rating of EVN in the "Investment Grade" segment from A- to BBB+ in August 2012, but the outlook was raised from negative to stable.

This solid orientation enables us to propose to you at the upcoming 84th Annual General Meeting to be held on January 17th, 2013 that a dividend of EUR 0.42 per share is to be distributed to shareholders, which enables an increase of the dividend payout ratio to 38.7%. The dividend yield amounts to 3.9% in relation to the EVN AG share price of EUR 10.84 as of September 30th, 2012. With this approach we want to ensure a steady dividend policy as well as the financing of previously initiated investment projects of EVN.

Outlook: EVN's result for the 2012/13 financial year will be significantly influenced by the persistently difficult market environment, so that our economic and energy sector expectations are dampened.

No trend reversal is on the horizon with regard to forward prices for electricity, and primary energy prices remain high. In addition, economic prospects in Europe have not improved. In our South Eastern European markets, we continue to assume weak growth throughout the entire region. A further challenge will be the changed regulatory conditions for interim financing of the additional costs of renewable electricity in Bulgaria.

In spite of the challenging environment, we expect Group net profit in the 2012/13 financial year to be close to the prior-year level. We will determinedly continue on our defined path, and exploit our strong operational basis in order to once again be able to assert ourselves in the marketplace in an above-average manner. We consider our broad customer base in our domestic market and the high level of customer satisfaction to be an important success factor.

Finally, we would like to thank you for the confidence you have displayed as shareholders of EVN. We also wish to express our sincere gratitude to our employees for their commitment and their contributions to the successful further development and positioning of EVN. In addition, we wish to express our sincere appreciation to all participants of the EVN Summer University – EVN SUN 2012 – for actively contributing to the photos in this report.



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

→ Detailed information on the Executive Board members and their responsibilities can be found in the Corporate governance report starting on page 52.

About this report

As a responsible energy and environmental services provider, EVN¹⁾ regards economic, ecological and social aspects as a whole and strives to balance the requirements of different interest groups. This is also reflected in how the reports of the last few years up to the present Full report were developed. EVN has been publishing Environmental reports since 1990. Since 2002, these reports have been further developed and annually published as Sustainability reports. In 2010, the Sustainability report was integrated with the Consolidated financial statements to form a Full report. Thus, the Sustainability report including the programme for CSR measures was raised to the status of the Consolidated financial statements and the Corporate governance report.

While continuously including both internal and external stakeholders, EVN has developed those issues with the highest impact, opportunities but also risks for the company. Based on these issues, 13 areas of activities have been construed, which are portrayed in the "EVN materiality matrix" (see page 29) and constantly updated. The issues of the report have been selected in accordance with legal stipulations, materiality, and the communication requirements of stakeholders.

Reporting according to GRI

The present report is oriented to the guidelines of application level A+ of the Global Reporting Initiative (GRI), version 3.1 and incorporates additional GRI indicators for the electricity industry (Electric Utility Sector Supplements). The GRI Content Index on the end-cover flap gives an overview of where contents relating to GRI indicators can be found. 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 (see page 201). EVN continuously extends its reporting and strives to report all indicators correctly. Indicators not relevant to EVN are marked in the GRI Content Index.

The present report is also considered as progress report for the UN Global Compact and corresponds to the high requirements of the UN Global Compact "Advanced Level".

Scope of the report

The financial year of EVN encompasses the period from October 1st to September 30th. The report covers all companies of the consolidation range of the EVN Group, which at the deadline on September 30th, 2012, including EVN AG as parent company comprised 62 fully consolidated and five proportionally consolidated companies; in addition, the Group accounts include 18 associated companies at equity. You will find a detailed statement of all EVN investments starting on page 161. 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.

As EVN seeks the equal linguistic treatment of women and men in all its internal and external documents, this approach also applies to this Full report. If for the sake of making the document more readable, personal designations are stated in their male form, these designations equally refer to both women and men.

Editorial deadline was on November 28th, 2012.

1) Hereinafter referred to as "EVN", meaning the EVN Group including all its subsidiaries.

- For further information on the consolidation range of the EVN Group see page 113.
- For information on the Global Reporting Initiative, go to: www.globalreporting.org.
- For the GRI Content Index, see the website www.responsibility.evn.at > Service.

Business overview

Corporate profile

EVN is a leading, international and publicly listed energy and environmental services company, with headquarters in Lower Austria, the country's largest federal province. Based on state-of-the-art infrastructure, EVN provides its home market with electricity, natural gas, heat, drinking water and wastewater treatment, waste incineration and related services from a single supplier. Furthermore, the company operates cable TV and telecommunications networks and offers various energy services for private and business customers as well as municipalities as part of its portfolio. The energy business abroad includes retailing both electricity and natural gas in Germany, electricity in Bulgaria, Macedonia, and natural gas in Croatia. Further business activities EVN pursues are the production and retail of heat in Bulgaria, the procurement of electricity, natural gas and other primary energy sources, and the trade of electricity and gas on wholesale markets.

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 and integrate a second strategic pillar of its business operations, the Environmental Services segment. EVN boasts extensive expertise in the planning and construction of drinking water supply, wastewater treatment, desalination and waste incineration plants with the experience of 100 environmental projects carried out in its markets.

EVN operates in 21 countries and employs a total of 7,594 employees. In the reporting period, EVN generated 42.5% of sales revenues outside of Austria (previous year: 39.8%), 8.3% in the markets of Central and Eastern Europe (9.2%) and 34.2% in South Eastern Europe (30.6%).

EVN customers

EVN supplies some 3.3 million customers with electricity, 291,300 customers with natural gas and 78,700 customers with heat, and both secures and improves the quality of life of a total of 3.7 million energy customers. EVN has about 16.4 million customers in the environmental services business and 204,000 customers in its cable TV and communications segment. Between 60% and 70% of all EVN customers are private households in the energy business, while public institutions, such as cities, towns and municipalities, are customers of the environmental services business.

Energy ¹⁾	9/30/2012
Electricity grid	3,285,600
Natural gas grid	291,300
Heating grid	78,700
Customer units in total	3,655,600

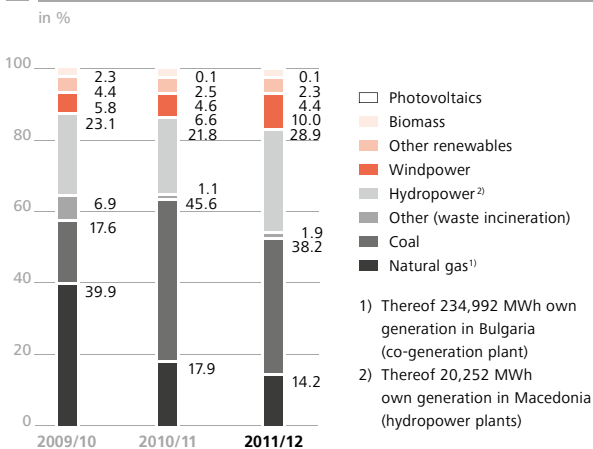
Environmental services	9/30/2012
Drinking water (Austria) ²⁾	506,100
International drinking/wastewater services (PE ³⁾)	16,376,000

Cable TV and telecommunication	9/30/2012
Customer units	204,000

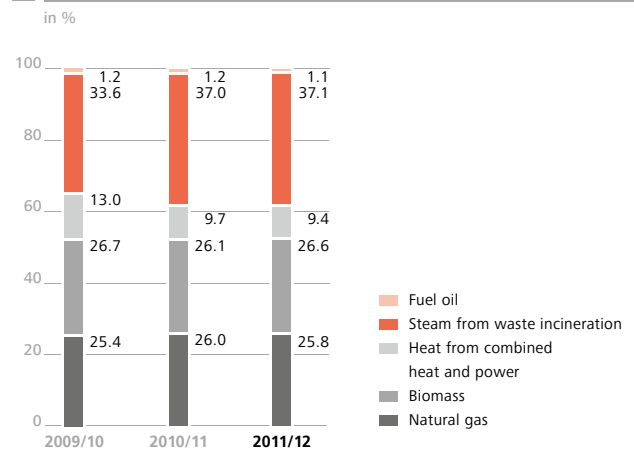
- 1) Due to current company-specific constraints and internal regulations there is no further elaboration of details.
- 2) Thereof directly supplied: 78,700
- 3) Population equivalents (PE): industrial wastewater adjusted for wastewater of households

→ GRI indicator: Customer numbers (EU3)

EVN energy generation by energy sources



EVN heat generation by energy sources in Lower Austria



Power generation capacities of EVN power plants	MW	9/30/2012	9/30/2011
Renewable energy		508	439
thereof hydropower ¹⁾		291	278
thereof windpower		191	138
thereof photovoltaics		3	3
thereof biomass		10	10
thereof other renewables ²⁾		13	10
Thermal energy³⁾		1,487	1,434
thereof coal		398	398
thereof natural gas		1,088	1,036
Total		1,994	1,873

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) Contains a sludge-fired combined heat and power plant in Moscow

3) Incl. co-generation and combined heat and power plants in Austria and Bulgaria

Capacities and their efficiency

EVN generation capacity

EVN has a total power-generating capacity of 1,994 MW of electricity.

In Austria, EVN operates one thermal power plant in Dürnröhr (coal/natural gas), 5 storage and 67 run-of-river hydro-power plants (63 in Lower Austria, 9 in Styria) and 90 wind-power plants operating in eleven wind parks. In addition, EVN has thermal power plants in Theiß (natural gas/oil) and Korneuburg (natural gas) that currently serve as power plant reserves. In addition, EVN has electricity procurement rights for the Danube power plants Melk, Greifenstein and Freudenau and holds shares in the Nußdorf power plant in Vienna as well as in the 13 Verbund's Inn river power plants in Germany. In Lower Austria, EVN operates two combined heat and power (CHP) plants with biomass, and two co-generation plants as well as two natural gas-fired combined heat and power plants. EVN's portfolio also includes 63 biomass facilities in Lower Austria; thereby EVN is Austria's biggest provider of natural heat. The company also has a thermal waste incineration plant with a heat capacity of 180 MW that is used for energy generation as well. In addition, the photovoltaic power plant in Zwentendorf generates 0.2 MWp.

In Plovdiv, Bulgaria, EVN has two co-generation plants with 105 MW of electrical capacity. In Macedonia, EVN owns eleven small-scale hydropower plants generating 130 GWh per year, seven of which plants are leased out until January 2013. In the last few years, all small-scale hydropower plants were revitalised. In June 2012, eight windpower plants were opened in Kavarna, Bulgaria. Besides a combined heat and power plant, EVN operates a thermal waste incineration plant with a heating capacity of 60 MW within the framework of a BOOT model in Moscow.

In addition to the photovoltaic power plants in Blatets, Bulgaria, with a power-generating capacity of about 0.8 MWp, EVN took its largest photovoltaic power park with a total capacity of some 2 MWp into operation in Trastikovo, Bulgaria, in July 2011.

→ GRI indicator: Installed capacity (EU1)

In the 2011/12 financial year, the average level of efficiency of the electricity production from natural gas (the ratio of the utilisation of fuel to energy production) amounts to 67.3%. Taking into account the new co-generation plant in Plovdiv, Bulgaria, at was completed in December 2011, the efficiency of this plant could be improved from formerly 70% to now 90%. The Dürnröhr power plant is linked to the district steam and thermal heating. In consequence, a strict mathematical determination of equipment efficiency is not possible.

→ GRI indicator: Average efficiency in production (EU11)

The EVN network

EVN operates in total a network of 149,189 km, the largest part of which (90%) are for the supply of electricity. EVN has state-of-the-art electricity and natural gas networks that make it possible to be benchmark in Austria. After acquisitions in Bulgaria and Macedonia, however, the company had to invest into the modernisation of the networks to guarantee the security and quality of energy supply.

In order to guarantee the high security of supply, EVN continuously expands existing networks and builds new lines. During the reporting period, EVN seriously addressed the issue that the massive expansion of renewable energy, especially windpower plants, creates a heavy strain for existing lines. Therefore, EVN has defined adequate measures to solve this problem in the future.

Electricity network losses in Lower Austria are within the average Austrian range. In Bulgaria, network losses have decreased from around 17% to round 12% as a result of continuous investments in the improvement of network quality since market entry in 2005. In Macedonia, network losses have been reduced from 24% to approximately 17% since market entry in 2006. EVN will further focus on investments in the extension of network infrastructure as well as for the exchange of electricity meters in South Eastern Europe. This will help to improve security and quality of supply and to consequently reduce network losses.

Network lengths – Energy ¹⁾	km	9/30/2012
Power grid		134,813
Natural gas grid		13,731
Heating grid		645
Network length in total		149,189

1) Due to current company-specific constraints and internal regulations there is no further elaboration of details.

- See also the aspect “Additional specific indicators from subsidiaries” on page 193.
- GRI indicator: Total length of long-distance and distribution lines (networks) (EU4)
- GRI indicator: Efficiency of long-distance lines and distribution networks (EU12)

Strategic orientation

EVN’s 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. In addition, EVN, via its 50.03% stake in RAG, is active in oil and natural gas exploration and natural gas storage business. The product portfolio consist-

ing 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 treatment and waste incineration in 18 countries.

→ For a breakdown of the most important shares of EVN AG as well as all associated companies and subsidiaries of EVN, see page 90 and 161 respectively.

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

→ For details on Segment reporting, see page 91.

Corporate strategy

On the basis of this orientation, EVN seeks a strong, long-term and constant position in selected markets of Central, Eastern and South Eastern Europe. EVN is a safe and reliable supplier of electricity to a total of 3.7 million customers and has addressed the issues of social responsibility, sustainable management, and the protection of the environment and resources for many years. We are committed to reliably provide for the daily needs of our customers and contribute to their quality of living. Our responsibility towards future generations has high significance in the exercise of EVN’s business activities, which reflects in a prudent corporate management. This is just as true for people and social cohesion as for the regional economy, the environment and the use of natural resources. In consequence of this orientation, EVN joined the UN Global Compact in September 2005. EVN has also been represented in the steering committee of the Austrian Global Compact Network since 2012.

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

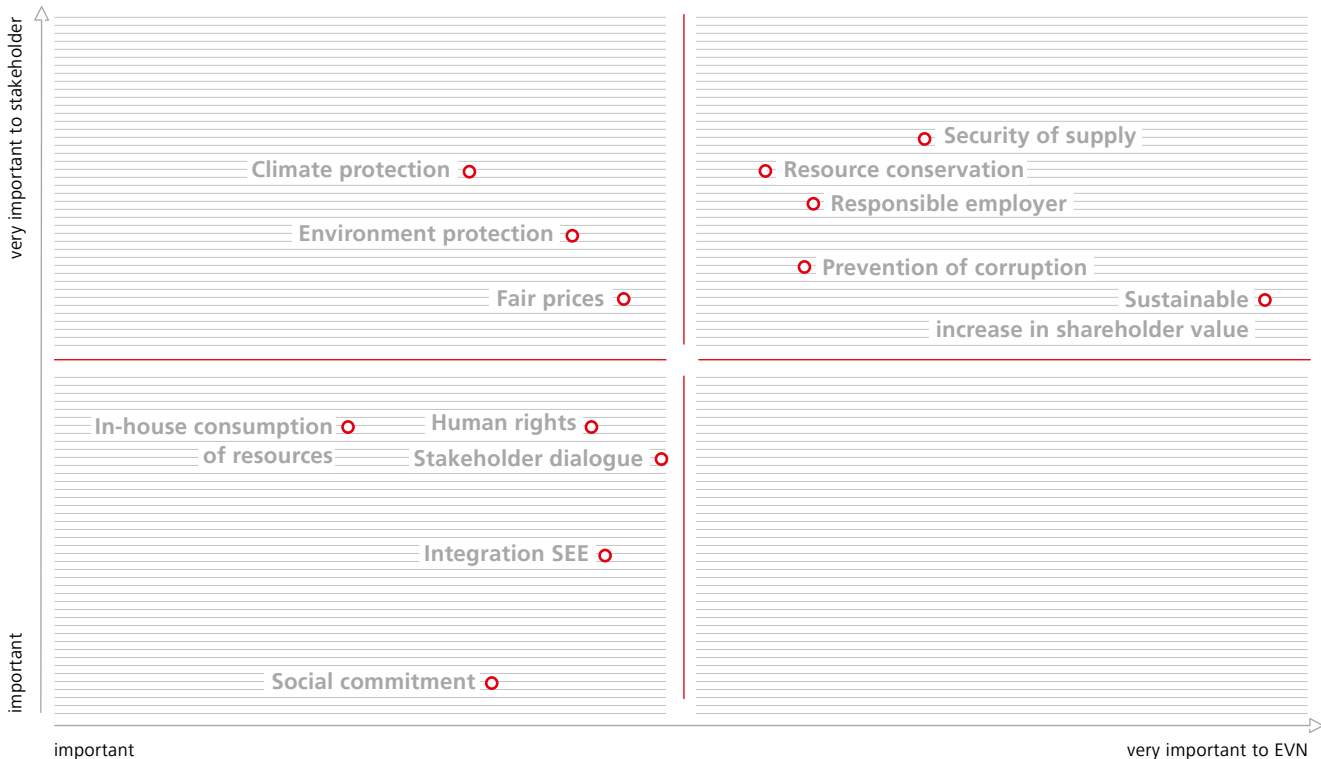
EVN sees itself as a reliable partner to its customers, providing high quality services at competitive prices. These high standards of quality are made possible by dedicated employees, who are offered career advancement opportunities, fair salary levels and attractive working conditions. On the basis of this set of values, EVN is committed to implementing a sustainability-oriented corporate management policy, and convinced that the targeted, ongoing enhancement of shareholder value can only be achieved by integrating all relevant stakeholder groups. Supported by active, transparent communications, this sustained increase in value is designed to lead to a corresponding increase in the price of the EVN share, which, combined with an attractive dividend policy, will ensure a suitable return on the capital invested.

Aside from realising synergies between the various EVN business segments both domestic and abroad, business activities always focus on the creation and increase in value in the interest of customers, owners and employees. EVN's central areas of activities were determined through the inclusion of both internal and external stakeholders and then portrayed in a materiality matrix. This thus shows all those areas and issues, which also have the highest impacts, opportunities but also risks for EVN.

As presented in the illustration, the following areas of activity form the key priorities of EVN and its stakeholders and are also reflected in this report:

- **Security of supply:** stands for sustainability-enhancing operations leading to a flexibility-imparting mix of sources of supply, to an increase in generating capacities, to an improvement in network quality and of procurement
- **Conservation of resources:** stands for operations leading to a careful use of resources, with this being achieved by increasing efficiency and by providing energy-related consulting and other services
- **Responsible employer:** stands for operations creating and ensuring jobs, and developing staff members' skills and assuring their health and workplace safety. It also stands for two-way and unimpeded communication, work-life balance, and the fostering of workforce diversity and equality of opportunity
- **Avoidance of corruption:** stands for all operations undertaken to increase transparency and raise awareness of corporate ethics
- **Sustainable increase in corporate value:** stands for business operations responsibly ensuring viability, purposeful growth, a value-oriented investment strategy and thus a positive development of dividend payouts

EVN materiality matrix



The EVN materiality matrix is constantly updated to include trends and issues relevant to interest groups. Each of the 13 areas of activities defines measures and goals for continuous progress and applies to all business units. The resulting programme of CSR measures is then approved by the Executive Board and updated every year.

- For the current programme, see page 194 of this report and the EVN's website www.evn.at/programme-of-CSR-measures.aspx.
- For the EVN materiality matrix including explanations, go to: www.evn.at/Verantwortung/CSR-Management/CSR-Wesentlichkeitsmatrix.aspx?lang=en-us.

The most important area of activity, security of supply, pursues the long-term goal of generating 40% to 60% of its total electricity sales from its own production and electricity procurement rights, respectively, (2011/12: 15.5%, 2010/11: 16.3%). 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, primarily windpower and hydropower but also biomass and photovoltaics. It is planned to increase the share of renewable energies as a proportion of EVN's electricity production to 50% within the context of implementing Austria's energy strategy 2020. In this context, the major priority is the expansion of windpower capacities, mainly in the domestic market of Lower Austria. This is how EVN achieves a balance between ecological and economic responsibility while simultaneously guaranteeing security of supply.

In 2011, EVN developed a more defined strategy to live up to future challenges and goals in the best possible way.

In the following years, EVN expects especially the energy business to face a rather difficult business environment. In the segment of Generation, EVN needs to find the ideal reaction to the higher burdens based on the new 2013 regime of CO₂ emission certificate trading as well as the changed structures of the generation market. The challenges of the network segment are found in the required high investments as forced primarily by renewable capacities and the pressure of regulation. In the segment Energy Trade and Supply, the most relevant questions remain the increased competition and stagnating demand. In the segment Energy Supply South East Europe, EVN needs to face the difficult political environment and the crude regulation for supplying energy. And in the segment Environmental Services, EVN has to react to the changed demand towards markets still not developed by EVN as well as to the difficult market environment of waste disposal.

In 2011, EVN determined two central directions for its strategy – concentration and consolidation. Here the industrial area of Lower Austria in which EVN is deeply rooted takes centre stage. In the next few years, the energy business will focus on the increased consolidation of already developed core markets, mainly in the domestic market of Lower Austria and Germany but also in Bulgaria and Macedonia. In addition, EVN will also realise investment projects which have been already initiated outside of the core markets in Albania and Croatia. Thus, EVN is committed to strict capital discipline to optimise the cash flow, stabilise debt levels and, in consequence, meet the requirements for an Investment Grade Credit Rating. All major investment projects defined in 2010 have already been or will be implemented delayed in time.

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 which defines the guidelines for sustainable procurement and the tasks and duties of suppliers.

- For the individual policy statements, go to CSR strategy under: www.responsibility.evn.at.
- See also page 189 "Fair policy – windpower" of evn naturkraft.
- For the EVN Code of Conduct, see: www.evn.at/Code-of-Conduct.aspx.
- For the integrity clause, visit: www.evn.at/Gruppe/Lieferanten/Beschaffungportal/AGB.aspx.

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 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 renewable sources is a 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 generation 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.

Work force 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.

Stakeholder management

The energy and environmental services business of EVN 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 ongoing sustainability process through a dialogue with relevant stakeholder and interest groups. EVN strives to identify risks and opportunities at an early stage and to obtain in-depth knowledge of stakeholders' expectations and furthermore to maintain good relations and create and reinforce new relations.

In 2010, EVN conducted a stakeholder survey to systemise and structure stakeholder relations. Afterwards, a strategic concept of stakeholder management was developed. The results of the stakeholder survey were then incorporated into the EVN materiality matrix (see page 29). Based on the stakeholder survey, additional concentrations on future, further developments could be defined. Qualitative surveys in form of focus groups and individual interviews were conducted for the area of action "responsible employer". This developed concept of stakeholder management facilitates corporate communications, helps to identify suitable dialogue and cooperation partners, and provides valuable insights for the early recognition of relevant social and ecological issues.

At the core of EVN's stakeholder management are the strong relations between those responsible for strategic business areas and departments and their stakeholders: employees, customers, suppliers, partners, external organisations, associations, NGOs, lobbyists, science and research. EVN key stakeholders are those interest groups that are closely and relevantly related to the company.

EVN Customers' Board

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 on topics of interest to the customers. The members are to meet twice a year. During the meetings already held, committed members put forward interesting suggestions and ideas both to improve customer satisfaction and concerning current measures of communication. Electricity and natural gas pricing were discussed as well. The first board was elected for a term of two years, and its terms end in March 2013. As the dialogue is continued, the second EVN Customers' Board will take office after the end of applications in spring 2013.

→ For further information on the EVN Customers' Board, go to: www.evn.at/Gruppe/Kundenbeirat.aspx?lang=en-us.

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 works 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.

→ For further information on the stakeholder dialogue at EVN, see also the indicators SO10 on page 188 and EU19 on page 189.

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	+	+	+	+	+

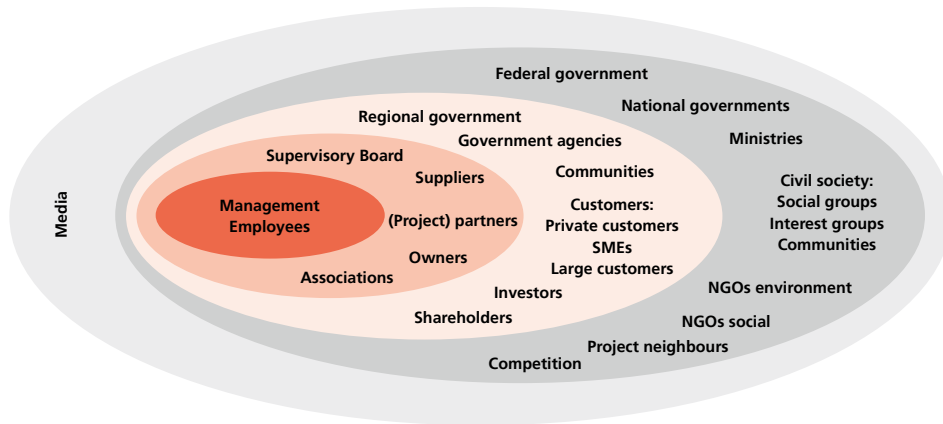


Image: Diagram of EVN's stakeholder groups

Overview of strategic projects

Guaranteeing security of supply stands at the centre of all EVN's activities. Therefore, EVN continuously strives to expand its capacities of power generation. Several large projects are currently in different phases of planning or implementation.

After the construction of a wind park with an additional total capacity of about 36 MW in Lower Austria in the financial year 2011/12, further windpower projects are evaluated and planned for the domestic market.

In September 2012, the first section of the run-of-river hydropower plant along the river Drin in Albania, which EVN and Verbund had built together, was opened. A further three-level hydropower project on Devoll River – in cooperation with Norwegian Statkraft AS – is being evaluated at present. A decision about its implementation is scheduled for 2013. Extensive

preliminary work is being done on constructing a multi-stage storage power station on the Arda River in Bulgaria.

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 commercially come on stream in 2013 following delays relating to technical construction problems.

The 120 km natural gas transport pipeline Südschiene was finished in Lower Austria in autumn 2011 to secure the future supply of natural gas in southern Austria and to counteract capacity shortages. In the financial year 2011/12, investment activities focused on construction works on natural gas transport pipeline Westschiene featuring a total length of 150 km which inter alia connects natural gas works capacities as well as end customer markets with natural gas storage facilities.

Financing strategy

EVN is pursuing a balanced strategy of deploying the financial resources at its disposal. This is designed to enable both an attractive dividend policy as well as sufficient financial strength to ensure the financing of investment projects. The focus is on the following aspects:

- Safeguarding the classification of EVN by rating agencies as “Investment Grade” in order to take advantage of favourable financing costs
- A balanced investment policy to enhance the company’s value
- Maintaining earnings contributions from foreign activities and strategic investments
- Maintaining an attractive dividend policy

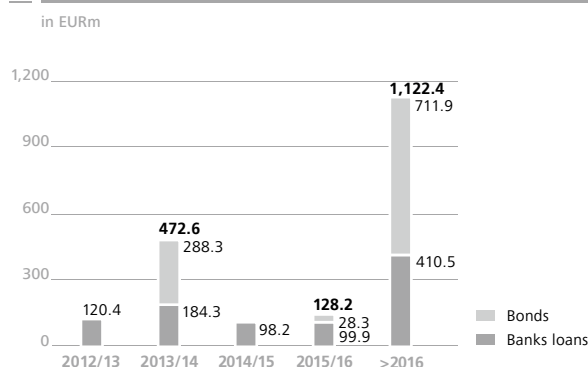
The following indicators are considered to be the cornerstones of the financing strategy:

Cornerstones of the financing strategy	9/30/2012	9/30/2011
Equity ratio	43.9%	46.1%
Net debt coverage (FFO)	32.2%	38.0%
Interest cover (FFO)	6.2 x	7.6 x
Payout ratio	38.7%	38.0%

EVN AG serves as the Group’s main link to the capital market. It is responsible for the central financing of the EVN Group. The distribution of liquidity within the Group takes place via the financing companies EVN Finanzservice GmbH and EVN Projektmanagement GmbH, in which case it is essential to continually ensure the arm’s length principle in financing and investment terms and conditions. Only in exceptional cases may the subsidiaries conclude direct financing agreements with external partners. This is done in close cooperation with the Group function Finance.

When concluding all financing transactions, EVN attaches great importance to ensuring a balance and diversification of the applied financing instruments, the targeted regional markets and the contractual partners. Special attention is paid to effectively managing the structure of the debt maturity profile and the debt portfolio. In financing with foreign currencies, the exchange rate risk is hedged when concluding the relating contracts, in order to avoid being subject to the volatilities of currency markets.

Debt maturity profile



The maturity profile of financial liabilities as at the reporting date of September 30th, 2012 is demonstrated by this chart. A description of the financial transactions during the reporting year and the balance sheet structure can be found in the Management report starting on page 77.

The Debt Issuance Programme (updated in March 2012) is of central importance to the financing strategy of EVN. This serves the purpose of long-term refinancing on the capital market. Within the context of this programme, EVN can issue bonds to the total value of up to EUR two billion. The current outstanding bonds have terms to maturity of two to 20 years. Their weighted average remaining terms to maturity was 8.03 years as at September 30th, 2012 (previous year: 3.85 years).

Rating

In May 2012, the rating agency Moody’s confirmed the long-term credit rating of EVN as A3 (stable outlook). In August 2012 Standard & Poor’s downgraded the long-term credit rating of EVN from A– (negative outlook) to BBB+ (stable outlook). This step was justified on the basis of the Group’s business operations in South Eastern Europe and the ratio of the funds from operations to the adjusted net debt, which is of relevance to the rating.

With the existing ratings of the two rating agencies, EVN continues to feature a good rating in the “Investment Grade” segment compared to other European energy suppliers. In this way EVN ensures it can benefit from favourable and flexible financing on the capital market. The latest downgrading by Standard & Poor’s did not have any negative effects on the financing costs of EVN Group in the 2011/12 financial year.

EVN bonds

EVN bonds	Public bonds		Private placements	
	EUR	CHF	JPY	JPY
Volume	300.0m	250.0m	12.0bn	8.0bn
Due date	4/13/2022	2/20/2014	1/9/2024	9/1/2014
Maturity (yrs)	10.5	5	15	20
Coupon (% p.a.)	4.250	3.625	3.130	5.200
ISIN	XS0690623771	CH0049763102	XS0406428036	XS0052014114

EVN bonds	Private placements				
	EUR	EUR	EUR	EUR	EUR
Volume	100.0m	25.0m	30.0m	28.5m	150.0m
Due date	2/20/2032	2/23/2032	3/18/2019	3/11/2016	6/23/2017
Maturity (yrs)	20	20	10	7	8
Coupon (% p.a.)	4.125	4.125	5.250	5.000	5.250
ISIN	XS0744577627	XS0746091981	XF000NS4HD4	XS0417260329	XS0434384334

→ Detailed information to the current bond programme is on EVN's website www.evn.at/bonds.aspx.

EVN share

The first quarter of 2012 was characterised by a slight economic pick-up, whereas the economy deteriorated in the second quarter due to developments relating to the high level of sovereign debt in the eurozone and diminishing confidence in financial markets. The consequence was an economic recession in the eurozone. The election results and new government in Greece did not help to reduce the prevailing uncertainty concerning the continued survival of the euro. After a rise in interest rates for government bonds in Spain and Italy in the late summer of 2012, the European Central Bank (ECB) announced it would buy government bonds, if necessary in unlimited quantities, from crisis-ridden countries requesting assistance from the European Stabilisation Mechanism. The purchases of government bonds in September 2012 reassured financial markets for the time being.

In the first quarter of 2012 the prime lending rate was kept at a level of 1.0%. In July 2012 the ECB reduced the prime lending rate to 0.75% because of the enhanced risk of an economic downturn and the low risk of inflation. No change has been made since then, and none is expected at the current time.

In the first quarter of 2012 the concluded agreement on a rescue package for Greece and the slightly improved economic

outlook reduced the volatility of stock markets and led to a positive trend on international stock exchanges. In contrast, the capital market reacted with price corrections to the spreading of the sovereign debt crisis to Spain. In the third quarter, international stock exchanges registered share price gains once again, and share price indices showed a moderate but ongoing positive development.

The German benchmark index DAX profited from the stable economic development in Germany, and was able to gain 31.1% in value from October 2011 to September 2012. In comparison, the Vienna benchmark index ATX performed more moderately, and registered only a 7.3% rise in value. In contrast, the Dow Jones Euro Stoxx Utilities Index, the industry index which is of relevance to EVN, posted a loss in value of 9.1% as a result of the low electricity prices, weakening demand and economic uncertainties. During the period under review the EVN share posted a 0.2% increase. The EVN share ended trading on September 30th, 2011 at a price of EUR 10.84, which corresponds to a market capitalisation of EUR 1.95 billion. The average daily turnover in EVN shares decreased considerably compared to the prior-year period, which featured the capital increase, and amounted to 48,417 shares (counted once). The total trading volume of EVN shares on the Vienna Stock Exchange was EUR 122.0m (counted once), which corresponds to 1.22% of total Vienna Stock Exchange trading volume.

The EVN share has been listed on the Vienna Stock Exchange since November 1989, and has performed well since then. Since its initial public offering, the long-term total shareholder return (share price increase plus dividend yield) has amounted to 8.2% per year.

The EVN share is listed in several sustainability indices. Since 2002 the EVN share has belonged to the FTSE4Good Index and is thus listed in the FTSE4Good Europe Index and in the FTSE4Good Global Index. These indices offer the opportunity to sustainably oriented investors to make targeted invests in companies which fulfill internationally recognised standards with respect to their responsibility towards the environment and their stakeholders. Since 2005 the EVN share has also been represented in the Ethibel Sustainability Index Group (ESI) which comprises ESI Global and ESI Europe. Furthermore, the EVN share was also accepted into the Austrian sustainability index VÖNIX, which encompasses publicly listed companies which are leaders regarding their social and ecological performance. The EVN share has also been part of the ECPI Index since December 2010, and is listed in the ECPI Ethical Index EMU. The index includes 150 highly capitalised companies in the European Economic and Monetary Union which are suitable for sustainable investments according to the screening method applied by ECPI.

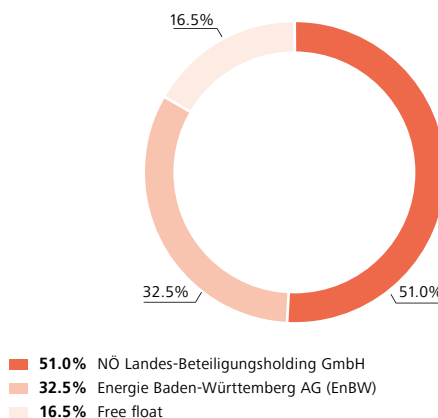
In its strategic approach to using the financial resources at its disposal, EVN strives to achieve a balance between investment projects which have already been initiated and attractive dividends to shareholders. In recent years, the dividend payout ratio of the EVN Group has hovered between 32.4% and 38.0% of the Group net profit. The Executive Board will propose a dividend

of EUR 0.42 per share to the Annual General Meeting scheduled for January 17th, 2013. This corresponds to a dividend payout ratio of 38.7%.

Shareholder structure

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 51.0%. 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, with a stake of 32.5%. Free float is 16.5%.

Shareholder structure



EVN share price – relative development



The EVN share		2011/12	2010/11	2009/10
Share price at September 30 th	EUR	10.84	10.82	11.45
Highest price	EUR	11.07	13.76	13.75
Lowest price	EUR	9.17	9.92	10.61
Price performance	%	0.2	-5.5	-16.3
Total shareholder return	%	4.1	-1.7	-12.8
ATX performance	%	7.30	-23.4	-1.4
Dow Jones Euro Stoxx Utilities performance	%	-9.10	-19.2	-16.9
Value of shares traded ¹⁾	EURm	122	358	197
Average daily turnover ¹⁾	Shares	48,417	122,528	63,724
Share of total turnover ¹⁾	%	0.64	1.08	0.52
Market capitalisation at September 30 th	EURm	1,949	1,945	1,872
ATX weighting	%	1.22	1.27	1.05
WBI (Vienna Stock Exchange Index) weighting	%	2.77	2.91	2.36
Earnings per share ³⁾⁴⁾	EUR	1.09	1.08	1.27
Dividend per share ⁴⁾	EUR	0.42 ²⁾	0.41	0.40
Cash flow per share ³⁾⁴⁾⁵⁾	EUR	2.68	2.68	2.87
Book value per share ³⁾⁴⁾	EUR	16.80	17.84	18.56
Price/earnings per share ³⁾	X	10.0	10.0	9.0
Price/cash flow per share ³⁾	X	4.0	4.0	4.0
Price/book value per share	X	0.7	0.7	0.7
Dividend yield	%	3.9	3.8	3.5
Payout ratio ³⁾	%	38.7	38.0	34.7

1) Vienna Stock Exchange, counted once

2) Proposal to the Annual General Meeting

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

4) Shares outstanding at September 30th

5) Gross cash flow

Investor Relations

EVN maintains an active and regular dialogue with existing and potential investors as well as with share and bond analysts, banks and rating agencies through its investor relations activities. In particular, the information requirements of sustainability-oriented investors are taken into account. The basic principles underlying EVN's investor relations efforts are timely, open and comprehensive communications with all capital market participants, ensuring a high degree of transparency and pro-active reporting in order to increase confidence in EVN. The corporate function of investor relations activity has been assigned to the Accounting Department, and is the direct responsibility of the Chief Financial Officer.

The communications offering and information materials are being continuously adapted to the needs of capital market participants, and complemented by innovative solutions. In order

to fulfill the wishes of private shareholders for more information outside of the Annual General Meeting, an information afternoon has been held at corporate headquarters annually since the 2007/08 financial year on the occasion of the presentation of EVN's half-year results, in which the Executive Board of EVN AG reports about the business development during the first half-year and informs shareholders about strategic targets and the success in achieving these goals. In the 2011/12 financial year about 120 private shareholders took part in this information afternoon. The financial reporting is complemented by quarterly telephone conferences for analysts, financial investors and banks as well as half-year press conferences for journalists.

In the spirit of conserving natural resources, EVN intends to strengthen its use of modern communications instruments starting with the beginning of the 2012/13 financial year. For this reason, the general mass printing and shipment of interim reports (EVN Letter to Shareholders) will be terminated. The

Letters to Shareholders will continue to be available as on-line reports and PDF documents on the EVN's website at www.investor.evn.at. On request shareholders will continue to receive printed copies of the EVN Letters to Shareholders by mail.

EVN is continually striving to optimise its reporting. Instead of issuing separate Annual and Sustainability reports, EVN has published a combined EVN Full report in its current form since the 2009/10 reporting year. In addition to the Management report and Consolidated financial statements, the report also contains the Corporate governance report and provides detailed information on sustainability indicators, such as the Global Reporting Initiative.

In the 2011/12 financial year, EVN was given the following awards or prizes in diverse categories on both a national and international level:

- Award at the Vienna Economic Forum 2011 for its contribution and long-term investments of EVN in South Eastern Europe
- EVN Bulgaria was named the Investor of the Year 2011 in the category "Investments in Innovations" by the Bulgarian Investment Agency
- Recognition of the bird protection guidelines and related initiatives on the part of EVN Bulgaria by the Green Balkans Federation and the Municipality of Rakovski, Bulgaria
- EVN Macedonia received the national award for social responsibility for its activities in 2010 in the area of energy efficiency in the category "market relations with users"
- EVN Macedonia was awarded for its active contribution to the improvement of living conditions and demands of individuals with special needs in Macedonia
- Silver Award in the category "Financial Data" at the International ARC Awards 2012
- Bronze Award in the category "Cover Photo and Design" at the International ARC Awards 2012
- 2nd place in the Austrian Annual Reporting Award in the category "Publicly Traded Companies"
- 3rd place in the Austrian Sustainability Reporting Award (ASRA) 2012 in the category "Integrated Annual and Sustainability Report"
- 1st place at the competition for "Place to Perform"

EVN's websites www.investor.evn.at and www.responsibility.evn.at serve as communication platforms which also offer audio recordings of telephone conferences, analyst assessments on business developments before the publication of quarterly results, online stock exchange information and

numerous services tailored to individual investors in addition to the EVN Full report and interim reports, capital market announcements, information on the Annual General Meeting, roadshows and analyst presentations as well as replay to EVN's conference calls.

In the 2011/12 financial year the Chief Financial Officer and the Investor Relations team took part in international conferences and roadshows organised by the following investment banks: HSBC Trinkaus, Frankfurt, Raiffeisen Centrobank AG, Vienna, Deutsche Bank AG, Frankfurt, Kepler Capital Markets, Vienna, GBR Financial Services, Vienna and Cheuvreux Crédit Agricole Group, Paris.

At present the business development of EVN is regularly analysed by Raiffeisen Centrobank AG, Macquarie Capital (Europe) Limited, Société Général S.A., Deutsche Bank AG and Kepler Capital Markets.

In recent years the number of financial institutions monitoring developments at EVN has declined significantly. On the one hand, this development is due to the declining importance of the Vienna Stock Exchange in international comparison. On the other hand, it is also the consequence of the difficult business environment in which utility companies operate. Nevertheless, the investment story of EVN has met with a positive response on the part of international investors. In contrast, the strongly limited liquidity of the EVN share tends to inhibit demand, and especially discourages large mutual funds from making investments in the EVN share. This development is reflected in the decreasing trading volume in the EVN share on the Vienna Stock Exchange.

EVN at a glance

Energy

Generation	
Own power generating capacity	1,994 MW
Renewable energy	508 MW
thereof hydropower ¹⁾	291 MW
thereof windpower	191 MW
thereof photovoltaics	3 MW
thereof biomass	10 MW
thereof other renewables ²⁾	13 MW
Thermal energy³⁾	1,487 MW
thereof coal	398 MW
thereof natural gas	1,088 MW

Energy distribution/Networks

Electricity networks	
Power lines	134,813 km
Customers	3,285,600
Sales volumes	21,619 GWh
Natural gas networks ⁴⁾	
Natural gas pipelines	13,731 km
Customers	291,300
Sales volumes	15,435 GWh
Other ⁵⁾	
Customer units cable TV and telecommunications	204,000

Energy supply

Electricity	
Sales volumes	21,241 GWh
Natural gas	
Sales volumes	6,166 GWh
Heating	
Heating lines	645 km
Customers	78,700
Sales volumes	1,923 GWh

Environmental Services

Drinking water/wastewater	
Drinking water supply in Austria	
Customers	506,100
thereof directly supplied	78,700
Water pipes	2,340 km
Sales volumes	28.7m m ³
Drinking water/wastewater in Central, Eastern and South Eastern Europe	
100 drinking and wastewater projects	
86 completed projects thereof	
Installed drinking water capacity	1,098,000 PE ⁶⁾
Installed wastewater capacity	15,278,000 PE ⁶⁾

Waste incineration

Austria	
Plant in Zwentendorf/Dürnrohr	
Annual capacity	500,000 t
International	
Plant in Moscow	
Annual capacity	360,000 t

Strategic Investments and Other Business

Strategic investments	
Verbund AG (EVN WEEV Beteiligungs GmbH) – power generation, trading and transport	12.63%
Burgenland Holding Aktiengesellschaft (Energie Burgenland AG) – regional electricity and gas supply	73.60%
RAG-Beteiligungs-AG (Rohöl-Aufsuchungs AG) – oil and natural gas exploration and gas storage	50.03%

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) Contains a sludge-fired combined heat and power plant in Moscow
- 3) Incl. co-generation and combined heat and power plants in Austria and Bulgaria
- 4) In Austria and Croatia
- 5) In Austria
- 6) Population equivalent (PE): Industrial wastewater converted to household water

EVN's role as a responsible employer

In the last few years EVN has grown from a regional provider to an internationally acting Group operating in 21 countries. Ten years ago EVN had approximately 2,000 employees – in the business year 2011/12, the number of employees was 7,594, leading to great cultural diversity within EVN.

During the reporting period, the project “Internal Branding” was initiated. The EVN key values E(V)Nsure, E(V)Ncourage, E(V)Nable provide an ideal basis to motivate EVN employees to keep the EVN brand promise to the various stakeholders. Only if the brand EVN is lived by all its employees, will EVN be able to keep its promises to stakeholders. In order to achieve this goal, the new EVN key values have been integrated into all relevant corporate “cultural” documents, such as the managerial mission statement and the feedback and orientation talk (FOG).

Principles of Human Resources

As EVN is oriented towards sustainability, the company strives to offer all employees a positive work environment, in which they can develop according to their skills and abilities. With its numerous measures in place, EVN does not only meet its legally stipulated obligations as an employer but also contributes a range of voluntary benefits. Thus, EVN attempts to answer to the needs of its employees in the best possible way. Principles define the central points of corporate culture as well as the treatment of employees.

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 the principles of the International Labour Organization (ILO) and the UN Global Compact. In addition, EVN joined the UN Global Compact in September 2005 and thus explicitly champions compliance with global principles of ethical behaviour in business. This is closely connected to the challenge of making sure that nobody is discriminated for reasons of nationality or ethnic background, gender, culture, religion, age or state of health. In consequence, people with the same professional and personal qualifications are treated equally with respect to hiring, further training and career development, working conditions and salaries. In May 2011, moreover, EVN signed the “Charta on new compatibility parents – economy”. In the financial year 2010/11, the programme Women@EVN was developed and approved by the Executive Board.



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 think and act encourages people.
- Both good atmosphere and a positive working climate are as important to 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.

Diversity of employees 2011/12		Austria	Bulgaria	Macedonia	Other countries	Total
Number of employees¹⁾	Number	2,428	2,469	2,282	415	7,594
thereof women	%	20.7	23.5	18.8	31.4	21.6
thereof men	%	79.3	76.5	81.2	68.6	78.4
Type of employment²⁾						
Worker	%	7.0	0.0	0.0	27.5	4.0
Employee	%	93.0	100.0	100.0	72.5	96.0
Contract type						
Part-time in total	%	9.2	0.0	0.0	7.3	3.6
Part-time women	%	7.5	0.0	0.0	6.4	2.9
Individuals with special needs	%	1.8	1.3	1.3	1.4	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		2011/12	2010/11	2009/10
Number of employees ¹⁾	Number	7,594	8,250	8,536
thereof women	%	21.6	22.8	22.5
Apprentices ²⁾	Number	41	55	64
Employee fluctuation ³⁾	%	3.2	3.0	3.1
Average employment period	Years	15.9	16.0	15.9
Average age	Years	43.2	43.6	43.3
Revenue per employee	EUR	374,835	332,254	322,411
Sick days per employee	Number	9	10	10
Cost of personnel in relation to revenue ⁴⁾	%	11.6	11.7	12.0

1) On full-time equivalent (FTE); annual average

2) Apprentices in Austria and Germany only due to dual education system

3) Excl. departures due to Bulgarian and Macedonian redundancy programme and excluding retirement

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

Corporate social partnership

Major business decisions on 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 ideally ensure a high safety level to protect employees in all business areas. It primarily relies on training and building safety awareness. 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 all employees on the company Intranet.

Up-to-date and comprehensive information for employees

For many years already, the employee journal "EVN Intern" has regularly informed the staff about corporate developments. In addition, the EVN Intranet provides a broad overview of current issues affecting the company, energy supply, employee representatives, and information on seminars, training events and personal time data. Transparency also applies to job advertisements for open posts in order to enable the preferred internal filling of posts. This and further measures also promote the Group-wide exchange and employment of employees.

Employee commitment for social causes

Numerous EVN employees do not only work for the company but also offer valuable contributions to society. During leisure time, a large number of EVN employees actively support and volunteer in organisations, such as the Red Cross or the Volunteer Fire Brigade. As an employer, EVN supports this commitment: These employees are excused from work for up to half of the invested time in disaster situations. In the context of flexitime work models, EVN as an employer strives to allow employees to make up for the necessary vacation time.

In the financial year 2011/12, some of the most important activities and initiatives that the Human Resources department continued or initiated are as follows:

- Opening of a parent-and-child office
- Holiday child care “Holidays@EVN”
- EVN SUN Academy 2012
- Trainee programme in Macedonia
- EVN apprentice support programme
- Know-how transfer and dialogue between the affiliates
- Introduction of feedback and orientation talks in Macedonia
- Process management weeks
- Management accompanying programme

The issue of employees who are satisfied with their work environment and conditions takes centre stage at EVN. At regular intervals, surveys provide relevant indicators and suggestions for continuous improvement. In the financial year 2011/12, a survey on employee satisfaction was conducted for the first time in Bulgaria. 51% of all employees of EVN Bulgaria participated in the survey; more than 90% of all participants are either very satisfied or satisfied with EVN as their employer.

→ GRI indicator: Management approach labour practices and decent employment.

→ For employee commitment for social causes, see also EC8 on page 172f.

Holidays@EVN

After the children holiday programme “Holidays@EVN” had been successfully launched in summer 2011, EVN offered an extended two-week programme to support child care for employees in summer 2012. The EVN children holiday week for children of six to twelve years took place at the EVN corporate headquarters and adjoining green area. The child care programme was organised in cooperation with the initiative “Family Business”. A total of 31 children of EVN employees participated in a diverse programme of games and handicraft activities, excursions, and the focus on arts with trips to art studios and museums.

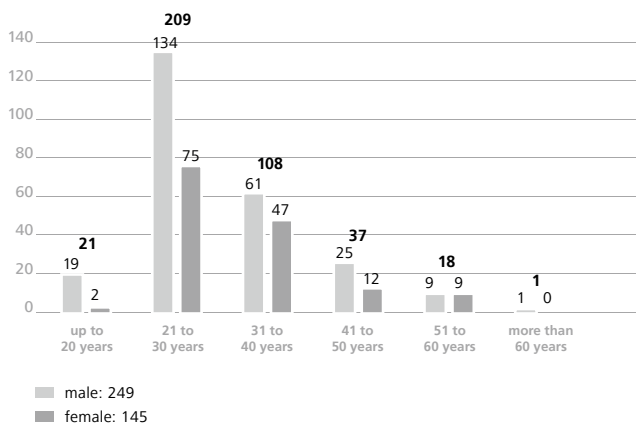
Diversity in workforce

In the financial year 2011/12, EVN had an average staff number of 7,594, of which 1,681 were women and 41 apprentices. All members of the EVN AG and EVN Netz GmbH staff are employees. In Macedonia and Bulgaria, there is no distinction between employee and worker. Therefore, the Group-wide share of workers is approximately 4.0%.

The international orientation of EVN corporate policies is also reflected in its employees. EVN mainly employs Austrians, Bulgarians, Macedonians, and Germans. However, employees of 20 different nationalities work at EVN.

Employee fluctuation during the reporting year was 3.2%. Not included are departures due to Bulgarian and Macedonian social plans, employment changes within the Group, and retirements. No detailed analysis of this number was performed due to the low fluctuation level. Overall in the reporting year, 394 individuals started working for EVN, 145 thereof women.

Total number of new employees broken down by age group and gender 2011/12



The EVN Group applies personnel leasing either as a pre-stage traditional employment relationship (integration leasing), or leased labour is used in projects for a limited period of time or during production peaks. A total of 169 leased employees worked for the EVN Group in the financial year 2011/12.

Traditionally the share of women in technology-oriented companies is rather low; 21.6% of all employees were women during the reporting period. In the financial year 2010/11, the programme Women@EVN was developed and approved by the Executive Board to increase the proportion of women. The programme aims at improving opportunities and perspectives for women working in Austria for the EVN Group. It includes the development of a business environment with ideal work conditions in which women have the opportunity to attain skilled or leading positions according to interests and abilities. EVN has taken measures to ensure women the compatibility of work and family for a long time, e.g. flexible working hours such as part-time work or flexitime without core times, individual support after parental leave, holiday child care (programme Holidays@EVN, parent-and-child office), 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.

At EVN women and men with comparable duration of employment, function and qualification receive the same remuneration for the same work. In accordance with the Austrian Equal Treatment Act, employers starting at a certain number of employees are obliged to submit a biannual remuneration report (§ 11a Equal Treatment Act). EVN Netz GmbH has met these obligations and submitted such a report to the central works council. In addition, EVN AG issued such a remuneration report as well.

- Further information on the issue work-family balance at EVN available at: www.evn.at/Verantwortung/Mitarbeiter/Personalmanagement/Work-Life-Balance.aspx?lang=en-us.
- GRI indicator: Total staff according to type of employment, work contract and region (LA1)
- GRI indicator: Employee fluctuation (LA2)
- GRI indicator: Diversity of employees and leading bodies (LA13)
- GRI indicator: Differences in remuneration due to gender (LA14)

Corporate social partnerships at EVN

At EVN, corporate social partnership is committed to the principle "convince rather than force". Major business decisions on 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 continuously integrated into the decision-making process and provided with information. This approach applies to strategic decisions as well as to changes and adaptations in human resources. Similar to EVN AG, larger companies of the EVN Group have established special employee representatives.

More than 90% of EVN's total staff are represented by Works Council or trade union delegates in workplace committees and are thus entitled to contractual, tariff-based or statutory minimum wages in terms of remuneration. Respective workplace, health and safety committees exist in Austria, Macedonia and Bulgaria. Representatives from, inter alia, works councils and trade unions are members of these committees. Members of the Works council also have seats and votes on the Supervisory Board as well as in the Advisory Committee for Environmental and Social Responsibility. With the appointment of youth councillors in the year 2008, apprentices have also been given a voice in the Works Council. The last election of youth councillors took place in May 2012.

In September 2007, a European Works Council was founded in order to further integrate the South East European subsidiaries and to improve communication. It is composed of one member each from Austria, Bulgaria and Macedonia and serves as a platform for communication and exchange. The last conference was held at the EVN headquarter on November 10th, and November 11th, 2011; the last presidium meeting in Sofia, Bulgaria, on June 25th, 2012.

Furthermore, EVN pays special attention to:

Senior employees

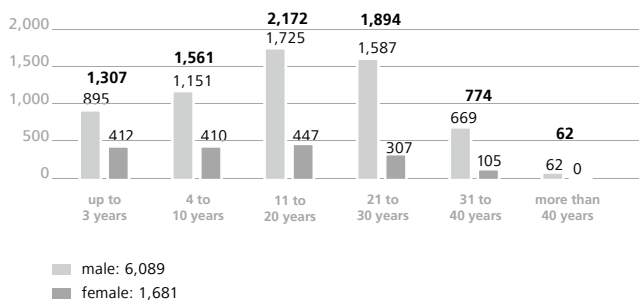
EVN employees have an average age of 43.2 years. This figure will rise even further as a result of expected increases in the legally stipulated retirement age. Against this backdrop, EVN has expanded its further training programme targeting senior employees. Furthermore, EVN is considerate of various age groups with regard to the development of its health programme. EVN also offers part-time working models within the context of a partial retirement programme, which involved 54 employees of EVN Netz GmbH, EVN AG, evn wasser and EVN Business Service in the 2011/12 financial year.

Assuming that the applicable 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. In consequence, EVN has implemented various activities to meet a resulting future demand of skilled labour and leadership. New engineers are supported by experienced colleagues – this way, their know-how and experience are passed on.

→ GRI indicator: Retirements in the next five and ten years (EU15)

→ In the context of meeting a future demand of skilled labour and leadership, see also page 47.

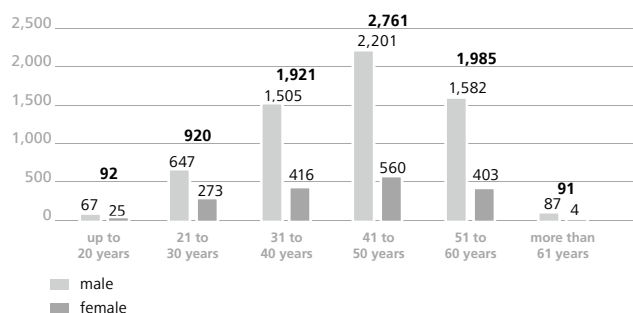
Employment period of employees



Individuals with special needs

With regard to socio-political responsibility, EVN particularly cares about integrating individuals with special needs as employees of equal status into the company. Particular importance is attached to the individual design of workplaces and processes (e.g. using sign-language interpreters). If necessary, additional opportunities are made available with respect to work hours and place. Overall, 21 of the total 26 EVN customer centres in Lower Austria are accessible for individuals with special needs. During the 2011/12 financial year, 1.5% of the staff employed at EVN were individuals with special needs. In addition, EVN AG, EVN Netz GmbH and EVN Wärme GmbH placed contracts of a total value of about EUR 575,000 with sheltered workshops in the reporting year. This is another way how they contribute to the employment of individuals with special needs.

Age structure of employees



Young people

EVN traditionally attaches great importance to the training of young people as apprentices to meet its own demand for qualified professionals and to fulfil its corporate responsibility. On September 1st, 2012, 17 apprentices took up their training to become electrical engineers for EVN. Thus in the financial year 2011/12, an average of 41 apprentices were employed. Additional classes and seminars complement the dual education of theoretical training at the vocational school and practical training on the job. EVN also supports double and multiple qualifications such as training programmes to qualify as natural gas and heating technicians.

Moreover, the high quality of training is also reflected in the majority of apprentices who stay and continue working for the company after having completed their training. For instance, 17 of the 18 apprentices who had begun their training at EVN since September 1st, 2006, were employed afterwards. After their training is completed, experienced colleagues support the young engineers and ensure that their know-how and experience are passed on.

Every year EVN offers more than 300 exciting traineeships for students to put their theoretical knowledge into practice and gain some work experience as a result. EVN wants to give young people perspectives and arouse their interest in the energy and environmental sector at an early stage. In November 2011, EVN was awarded first place at the "place to perform" competition for efforts in the training of young individuals. This annual prize evaluates the best internship offers available at Austrian companies.

EVN is also highly committed to cooperations with students and young professionals in Bulgaria. In April 2012, EVN Bulgaria and the Technical University Sofia, subsidiary Plovdiv, signed a cooperation agreement to promote the skills of students as well as the exchange of experience in information technology and electrical engineering.

Integrity clause for partners

For employees of contract partners and subcontractors, the EVN integrity clause is part of the contract. It prohibits any kind of discrimination or harassment at the workplace. Workplace conditions are also covered in the topics "health protection", "regulations of the Labour and Employment Law", and "transparency of working time and remuneration".

- GRI indicator: Percentage of employees under collective agreements (LA4)
- GRI indicator: Notification deadlines for major changes within the company (LA5)
- GRI indicator: Percentage of employees in occupational safety committees (LA6)
- GRI indicator: Securing the requirement of skilled labour (EU14)

Working and living at EVN

Work-family balance

EVN strives to facilitate the compatibility of work and family for employees with children. Therefore, it supports all employees with legal claims to parental leave in their decision. 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.

These flexible arrangements offer advantages for both sides: 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. 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.

Aside from all other measures, EVN also offers opportunities going beyond legal entitlements to parental leave and guarantees employees to be reemployed until the child is 36 months of age. Also men use the models available. In the financial year 2011/12, three men were on parental leave. As a result of these individually designed models, in Austria, basically all mothers and fathers at EVN return to employment after such periods of leave. One employee left the company due to family reasons during the reporting period (previous year: no employee left the company after parental leave).

- GRI indicator: Diversity of employees and leading bodies (LA13)
- GRI indicator: Employees returning to work after parental leave (LA15)

Parent-and-child office

In July 2012, EVN established a parent-and-child office on the ground floor of the corporate headquarters. Now it is possible to bring your children with you, especially in times of difficult childcare situations. A comfortable atmosphere allows concentrating on the work and children at once. The parent-and-child office is equipped with two fully-functional workstations and offers possibilities for play and distraction for children as well, such as special tables and chairs for children, baby corner, bottle warmer, books, toys and much more.

EVN pension fund

EVN provides its employees with the EVN pension fund in addition to the legal pension insurance (ASVG pension). It thus offers the opportunity to all employees of an additional, individual pension insurance supported by the company. Therefore, EVN significantly contributes to its staff's later retirement. The EVN pension fund is a contribution-oriented pension scheme, in which the amount of the future pension to be paid derives from the annuity on employer and employee contributions up to the date of retirement. Retirement benefits were deliberately not transferred to an intercompany pension fund, but instead a separate company pension fund was founded in which the right of employees to a share in the decision-making process is guaranteed via their representatives. Also in Bulgaria, EVN assumes the responsibility of an employer concerning occupational pensions for their employees. Therefore, EVN has effected voluntary pension insurances for all – full and part-time – employees.

Supplementary health insurance

EVN provides another voluntary social service to its employees: the opportunity to cover a supplementary health insurance at favourable conditions. For this purpose, a general agreement with an Austrian insurance provider guarantees optimal medical care for all participating employees. So far, around 900 individuals have already taken this opportunity. In addition, EVN also offers a voluntary, supplementary health insurance in Bulgaria, which 280 individuals have already accepted.

Additional benefits, such as supplementary health insurances and the EVN pension fund are equally available to all employees of contributing EVN employers – regardless of age, gender or extent of employment.

EVN Culture and Sports Club

One staff initiative with a long tradition is the EVN Culture and Sports Club (KSV). The wide range of activities offered includes football, yoga, mountain biking, running, sport shooting, curling, climbing, winter and water sports, scuba diving, sailing, surfing, fishing and tennis. Further KSV activities also enjoyed by many employees are pilates, chess, golf, bodywork, bodybuilding and cardio training, aviation, table tennis, hiking, photography and film or culture and tourism.

EVN primarily supports these activities in accordance with its emphasis on promoting health. At the same time, participating in KSV activities promotes employee communications and strengthens social ties and shared values within the company.

At present, KSV encompasses 16 individual sports clubs located in Krems, Horn, Waidhofen/Thaya, Deutsch Wagram, Hollabrunn, Mistelbach, St. Pölten, Waidhofen/Ybbs, Wiener Neustadt, Korneuburg, Theiß, Dürnrohr and Maria Enzersdorf, with a total of more than 1,500 active members. All clubs have strong links to their respective regions and largely operate autonomously with overall coordination.

In the financial year 2011/12, a total of EUR 29.5m was spent on corporate social benefits (contributions for pensions, other social contributions), amounting to a share of approximately 9% of human resources expenditures.

→ GRI indicator: Benefits for full-time employees only (LA3)

→ GRI indicator: Company defined benefit plan obligations (EC3)

Human resources development

With their know-how, commitment and ongoing willingness to learn, employees with top notch qualifications ensure the sustainable corporate success of the EVN Group. EVN is aware of the high value of qualified employees. Therefore, the Human Resources Department places great importance on keeping and further developing high levels of expertise among employees. For this purpose, 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 the measures and priorities of training and further education, see www.evn.at/Verantwortung/Mitarbeiter/Personalentwicklung/Bildung.aspx?lang=en-us.

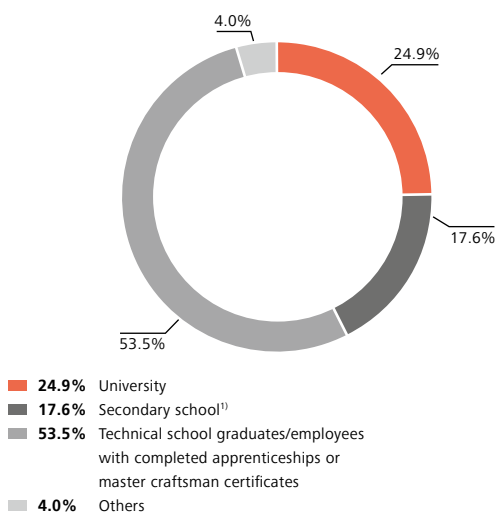
→ GRI indicator: Programmes for knowledge management and lifelong learning (LA11)

Continuous education and further training

In the 2011/12 financial year, EVN invested a total of EUR 2.7m (previous year: EUR 2.6m) or about EUR 359.0 (previous year: EUR 313.7) per employee for further training. The number of hours each employee has spent for further training amounts to an average of 26.9 hours.

Besides IT training programmes and dedicated seminars, emphasis was placed on strengthening social competences during education and further training. During the reporting period, further training in Bulgaria focused on the seminar "Customer Communication – Standards and Directives". Since the EVN Academy was established in Bulgaria in 2006, a total of 2,500 individuals have attended this seminar.

Education structure of EVN



1) Includes higher graduation in Macedonia because of country-specific educational structures, equivalent to secondary school graduation.

During the reporting period, 2,560 trainings took place in Bulgaria. Aside from SAP trainings and an introduction to project management, also language classes as well as trainings for improved safety at work took place in Macedonia. In addition in the financial year 2011/12, a new training centre was opened in

Bulgarian Stara Zagora, thus enabling another level of optimisation of further training for Bulgarian employees.

→ GRI indicator: Education and further training (LA10)

→ For more information on further training concerning safety and protection at work, see page 48.

Securing the requirement for skilled labour

EVN has implemented various activities to meet future demands of skilled labour and leadership. Various measures have been taken especially in the areas of apprentice training (see page 44), talent management and leadership development.

→ **Talent management:** EVN prefers to recruit its leaders from its own staff. In order to support qualified employees, the third EVN Summer University, "EVN SUN", was held between September 18th, and September 23rd, 2012. A total of 20 employees (50% women) from Austria, Macedonia, Bulgaria, Croatia 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 management, innovation management, cross-cultural management 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 at the EVN Academies in Austria, Bulgaria and Macedonia. Selected employees are prepared to assume leadership and expert tasks in the medium run as well as to make use of internal career opportunities. In addition, EVN also supports qualifications like MBA programmes. During the reporting period, an individual and customised leadership programme was initiated for employees who are supposed to assume leadership tasks.

EVN was able to present itself as an attractive employer in the context of presentations at apprenticeship, work and career fairs as well as in cooperations with universities and universities of applied sciences. In the financial year 2011/12, EVN participated

Training and further education	
Expenses ¹⁾	
Average training expenses per employee	
Training hours per employee	

	2011/12	2010/11	2009/10
EURm	2.7	2.6	2.7
EUR	359.0	313.7	314.1
hrs.	26.9	22.1	27.1

1) Seminar cost, trainers, e-learning

at the career fair of the Vienna University of Technology, Career Calling, YPD Challenge as well as at career fairs in Bulgaria (e.g. "National career days" in Plovdiv) and Macedonia (e.g. BEST, Career days, SEEU). Furthermore, EVN is represented in social media platforms, such as kununu and facebook.

- For more information on kununu, go to: www.kununu.com.
- GRI indicator: Securing the requirements for skilled labour (EU14)

Trainee programme in Macedonia

In 2007, a trainee programme was initiated to meet future demands for skilled labour and leadership in Macedonia. In the course of this programme, the trainees have the opportunity to get to know all corporate processes as comprehensively as possible. In the financial year 2011/12, the programme was carried out for the fourth time: 15 trainees from the fields of electrical engineering or economics and law were given the opportunity to complete a one-year trainee programme at EVN Macedonia. After six months of general training, the programme provides special training in a selected area of expertise. EVN could offer employment to 52 out of a total of 69 participants.

Feedback and Orientation Talks

Since February 2010, EVN has implemented annual "Feedback and Orientation Talks" (FOG) in all major Austrian subsidiaries. Employee talks have been held on a regular basis in Bulgaria, and since January 2012 in Macedonia as well. These instruments enable a structured feedback to both work performance and quality. Additionally, development goals and measures are set up. More than 90% of all employees participating in FOGs regularly receive feedback on their performance and development plans.

- GRI indicator: Performance evaluation and development plans for employees (LA12)

Health care, occupational safety

EVN places great importance in the best possible training and further education of relevant issues concerning health and safety for their employees. An occupational safety department was established for legal regulations and an extensive set of internal regulations containing business directives and guidelines to apply. Representatives of the Works Councils and trade unions are involved in respective workplace, health and safety issues. In the

financial year 2011/12, EVN has also begun to develop the health programme "Health@EVN" to intensify and strengthen health initiatives. This programme will be completed by 2012/13.

EVN provides occupational medical care even beyond legal requirements. Employees make frequent use of and appreciate these measures. In the financial year 2011/12, 1,230 vaccinations were performed in Lower Austria; 102 employees took the advantage of a general medical check-up.

EVN does not operate in countries with increased risk of communicable diseases. Nevertheless, Group guidelines are in place in the event of serious cases such as a pandemic. The Group guideline "EVN Pandemic Prevention" is in force throughout all Group subsidiaries. The goal of the company-wide pandemic prevention guideline (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 for each organisation unit. A separate guideline governs the processes of crisis management throughout EVN.

The extensive range of training programmes on health protection, occupational health and safety and fire prevention was maintained in the reporting year. In the financial year 2011/12 training programmes on safety-relevant topics, such as "Working with voltage" or "Safety technology for the construction of overhead lines" took place in Lower Austria. In Bulgaria and Macedonia employees received training programmes on safety-relevant topics too. Other training programmes such as the handling of anti-fall protection or first aid were offered as well. In Austria, all employees are represented – in accordance with regulatory requirements – by safety confidants in work committees which monitor and discuss workplace safety programmes.

- GRI indicator: Health prevention, education in serious diseases (LA8)
- GRI indicator: Occupational safety agreements with trade unions (LA9)
- GRI indicator: Health and safety regulations (EU16)

Successful gas trainings

The Austrian Association for Gas and Water (ÖVGW) has taken into account the changed work requirements in the field of natural gas. Therefore, it began to revise the regulations due to the increasing significance of the operation and maintenance of supply networks. These revised regulations are relevant to all employees working in the field of natural gas. In consequence, EVN adapted its internal measures in education and further training in summer 2011. Between November 2011 and April 2012, a total of 257 employees was familiarised with the new regulations.

In the reporting period an accident database was developed in order to statistically collect the number of accidents and sick days (excluding weekends) of all companies in which EVN holds more than 50.0% of shares and which have more than ten employees. Following an internal testing period, the newly developed accident database will be used as of the 2012/13 financial year, and made available to the first companies to register accidents. The purpose of the database is to provide a complete compilation of all accidents for statistical evaluation as well as to develop preventive measures.

In the financial year 2011/12, the number of occupational accidents throughout the EVN Group decreased by 23.9% to a total of 86. Also in the case of sick days, there was a reduction of 30.2% to 2,197 days. In the reporting period there were no reported fatalities of employees.

→ For more information concerning workplace health and safety, see: www.evn.at/Verantwortung/Mitarbeiter/Sicherheit.aspx?lang=en-us.

→ GRI indicator: Injuries, occupational diseases, lost days, absence and fatalities according to region (LA7)

Occupational safety for subcontractors and suppliers

EVN exclusively works with selected partners. They are obliged to employ only properly trained labour for their tasks. EVN employs highly skilled and trained employees, for example as construction coordinators or supervisors, who monitor compliance with all regulations. 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 period, more than 5,000 subcontractors and suppliers worked for EVN both domestic 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.

External services that are safety and/or health relevant (e.g. in civil engineering) are performed by prequalified companies under general contracts. The number of those companies qualifying is around 300. In Austria, all companies performing work for EVN must accept EVN's integrity clause as contract basis. This clause prescribes under item 4, "Health & Safety at the Workplace", compliance with legal stipulations governing occupational health and safety protection at the workplace, free access to drinking water and sanitation, appropriate fire protection, lighting, ventilation, appropriate personal protective gear and training for its use. Companies have to instruct their employees according

Accident and lost days statistics	2011/12	2010/11	2009/10
Number of occupational accidents ¹⁾	86	113	92
Number of staff sick days ²⁾	2,197	3,149	2,667
LTIF ³⁾	6.9	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⁾		2011/12	2010/11	2009/10
Number		6	4	6
Damage	TEUR	111.5	62.0	43.1

1) Austria

to § 14 ASchG (Occupational Health and Safety Act) and § 154 BauV (Construction Worker Safety Regulation). This applies to their subcontractors as well. 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.

- GRI indicator: Health and safety regulations (EU16)
- GRI indicator: Work days of subcontractors and suppliers for construction, servicing and maintenance (EU17)
- GRI indicator: Subcontractors and suppliers who have participated in health and safety training programmes (EU18)

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 (ACGC) 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 ACGC 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 January 2012 version of the ACGC took effect at EVN as of October 1st, 2012. The adjustment of the ACGC to reflect the changes contained in Austria's Second Stability Act, which took effect in July 2012, is binding under this law.

The standards specified in the ACGC 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. With 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.evn.at/ir-corporate-governance.aspx. 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 ACGC, 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 ACGC:

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 18a: Rule 18a is applicable for financial years beginning after December 31st, 2011, and is accordingly not relevant for this reporting period.

Rule 31: EVN only discloses the remuneration for the entire Executive Board. The regulations contained in § 239 para 1 (4) lit. a Austrian Business Code, in accordance with § 243b para 2 (3) Austrian Business Code and in conjunction with § 906 para 24 Austrian Business Code are first applicable to financial years beginning after December 31st, 2011, and are thus not relevant for this reporting period.

Rule 45: The stipulation that Supervisory Board members are not permitted to assume any functions on the boards of other enterprises which are competitors of the company was complied with by all Supervisory Board members with one exception. The respective Supervisory Board member represents the interests of a shareholder with a stake in the company.

Rule 51: The remuneration for the Supervisory Board is listed as a total as well as in percentages for the Chairman, the two Deputy Chairmen and other members. This presentation provides an adequate insight into the remuneration situation.

Corporate bodies

Executive Board



Peter Layr

Spokesman of the Executive Board

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 offices 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 rule 16 of the ACGC.¹⁾

1) Verbund AG, member of the Supervisory Board



Stefan Szyszkowitz

Member of the Executive Board

Born 1964. Master of Law, Master of Business Administration. Joined EVN in 1993. Member of the EVN Executive Board since January 2011. His term of offices 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 rule 16 of the ACGC.²⁾

2) EVN-Pensionskasse Aktiengesellschaft



Herbert Pötttschacher

Member of the Executive Board

Born 1949. Degree in Surveying, Regional and Environmental Planning. Member of the EVN Supervisory Board from 1991 to 1995, and of the EVN Executive Board since July 1995. His term of office expires on June 30th, 2013. Herbert Pötttschacher 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 rule 16 of the ACGC.³⁾

3) SERVICE MENSCH GmbH, member 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 Burkhard Hofer (1944)	1/20/2011	Member of the Supervisory Board of Flughafen Wien Aktiengesellschaft, Chairman of the Supervisory Board of HYPO NOE Gruppe Bank AG	no	yes
Vice-Chairman 1 (1946) Stefan Schenker	12/12/1996	Independent forestry engineer	yes	yes
Vice-Chairman 2 (1956) Willi Stiowicek	1/15/2009	Head of the Presidential Department of the Magistrate of Provincial Capital St. Pölten	yes	yes
Norbert Griesmayr (1957)	1/12/2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes	yes
Dieter Lutz (1954)	1/12/2006	Shareholder and Managing Director of the BENDA LUTZWERKE GmbH, Chairman of the management board of the Benda-Lutz Corporation, USA, Vice-President of the Lower Austrian Chamber of Commerce and of the association of Österreichische Industrie, Group Lower Austria	yes	yes
Reinhard Meißl (1959)	1/12/2006	Head of the Finance department, Provincial Government of Lower Austria, CEO of the NÖ Holding GmbH and the NÖ Landes-Beteiligungsholding GmbH	yes	no
Bernhard Müller (1973)	1/12/2006	Mayor of statutory city Wiener Neustadt, Member of the Executive Board of the housing cooperative Gemeinnützigen Bau- und Wohnungsgenossenschaft „Wien-Süd“ (until 5/10/2012)	yes	yes
Edwin Rambossek (1943)	1/20/2011	Corporate consultant	yes	yes
Michaela Steinacker (1962)	1/12/2001	Member of the Executive Board of the RAIFFEISENHOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H.	yes	yes
Hans-Peter Villis (1958)	1/17/2008	CEO of the EnBW Energie Baden-Württemberg AG (until 9/30/2012), Member of the Supervisory Board Pražská energetika a.s., Prague, Czech Republic (until 9/30/2012)	yes	no
Employee representative				
Franz Hemm (1955)	5/3/1994	Chairman of the Central Works Council of the EVN Netz GmbH, Vice-President of the Lower Austrian Chamber of Labour		
Paul Hofer (1960)	4/1/2007	Chairman of the Central Works Council of the EVN AG		
Leopold Buchner (1953)	1/19/2009	Vice-Chairman of the Central Works Council of the EVN AG		
Manfred Weinrichter (1961)	1/1/2001	Vice-Chairman of the Central Works Council of the EVN Netz GmbH		
Otto Mayer (1959)	5/12/2005	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 55.

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 ACGC.

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 set up by the Supervisory Board, each of which is required to include at least three elected Supervisory Board members and the legally stipulated number of employee representatives.

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 Audit Committee features the required financial experts as stipulated in the law and Rule 40 of the ACGC.

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. In its role as the Remuneration Committee of the Supervisory Board, the Personnel Committee has one member with knowledge and experience relating to remuneration policy (Rule 43 ACGC).

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 four times for plenary meetings, fulfilling the tasks and duties incumbent upon it in accordance with legal regulations and the Articles of Incorporation. The Audit Committee met twice in the 2011/12 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 two meetings in the course of the financial year.

Average attendance at Supervisory Board meetings amounted to 92%.

One Supervisory Board member (Hans-Peter Villis) did not personally participate in more than half of the Supervisory Board meetings (Rule 58 ACGC).

Composition of the committees of the Supervisory Board

Working Committee

Burkhard Hofer
(Chairman)
Stefan Schenker
Willi Stiwicek
Reinhard Meißl
Franz Hemm
Paul Hofer

Personnel Committee

Burkhard Hofer
(Chairman)
Stefan Schenker
Willi Stiwicek

Audit Committee

Stefan Schenker (Chairman)
Burkhard Hofer
Willi Stiwicek
Reinhard Meißl
Franz Hemm
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 for 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 by-laws, and capital raising measures. The results of the 83rd Annual General Meeting of EVN, held on January 19th, 2012, are available on the EVN's website under www.evn.at/AGM.aspx.

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 ACGC 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, 2012, 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 ACGC, are listed in the chart on page 53.

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 ACGC.

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. The Supervisory Board deals annually with the efficiency of its work, particularly its organisation and mode of operation.

Remuneration report

Remuneration for top executives (Rule 28a): In the light of the requirements contained in the latest version of the ACGC, 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: The following quantitative indicators are used in accordance with the strategic and operational priorities of the EVN Group: Increase of Economic Value Added (EVA®) and average cash flow contribution.

Sustainability: One of the primary objectives of the stipulations contained in the current version of the ACGC is to increasingly orient the behaviour of the Executive Board and top executives to sustainability and a long-term approach. The introduction of a multi-annual objectives as well as the instrument of a bonus reserve further increased 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. 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: The quantitative objectives are defined in advance for a period of three years. 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): In the 2011/12 financial year, contractually fixed salaries comprised 75% of the annual income paid to the members of the Executive Board, whereas the remaining 25% represents performance-based pay. The basis for payment of

the performance-oriented components is the previous 2010/11 financial year. The profit-sharing scheme, which stipulates pre-defined bonus limits, is 35% based on increasing the economic value added (EVA®), whereas 35% relates to raising the average cash flow contribution and 30% depends on individually agreed-upon targets.

The total remuneration paid to the active members of the Executive Board amounted to TEUR 1,431.4 in the 2011/12 financial year (including pension commitments and benefits in kind, prior year: TEUR 1,389.2).

In addition, pension obligations to the amount of TEUR 11,106.1 exist for current Executive Board members (prior year: TEUR 8,362.7).

The increase in the salaries of active Executive Board members compared to the previous year is mainly due to the annual valorisation as stipulated in the collective agreement for employees of the electricity companies, as well as the change in performance-oriented components. In case of the termination of the employment relationship with the Executive Board member, legal regulations pertaining to severance payments apply. In addition, each Executive Board member is entitled to contractually stipulated benefits at the time of retirement. The benefits provided by the General Social Security Act (ASVG) as well as from the company's pension fund EVN Pensionskasse are taken into account.

The increase of existing pension obligations as at September 30th, 2012 resulted, in particular, from adjusting the discount interest rate from 5.0% to 4.0%.

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 subsidiar-

ies, 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 21.6%. "Women@EVN" was developed in the 2010/11 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 eight 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 2011/12 financial year, there were no directors' dealings reported in the EVN Group.

No **business relationships with a "related party"** were concluded in the 2011/12 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 2011/12 financial year is carried out by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 2.1m (previous year: EUR 2.5m). 57.0% of the fees paid were for auditing and audit-related services (previous year: 68.0%), 33.0% for tax consulting services (previous year: 27.0%) and 10.0% for other consulting services (previous year: 5.0%).

Audit and risk management at EVN

Audit

EVN's 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 exposures to the central risk management team, which in turn classifies, analyses and evaluates risks in a cross-functional manner. Moreover, measures to minimise corporate risks are also registered and their implementation is monitored. The two-stage process of risk management

is supported by unified, Group-wide guidelines and carried out throughout the Group on an ongoing basis. The resulting risk analysis is 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 2011/12 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. 19 permanent and five 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 2011/12 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. In September 2012 the Code of Conduct was adapted to reflect the changed legal situation. This took place in connection with the conception on the implementation of a comprehensive compliance management system.

This 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 of KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, regarding the evaluation of the declaration of the Executive and Supervisory Boards of EVN AG, Maria Enzersdorf, concerning compliance with the ACGC is available at www.investor.evn.at.

Maria Enzersdorf, November 15th, 2012



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!

In the 2011/12 financial year, the EVN Group continued to be confronted with difficult economic and energy sector conditions. Growth of the global economy once again perceptibly weakened in the spring of 2012, and had a negative effect on the economic development of the European countries. In addition, the confidence and sovereign debt crises in the eurozone became more acute due to the increasing financing needs of banks in Southern Europe. Tensions on financial markets also increased. The economic uncertainty was reflected in the development of Europe's energy markets, and led to a negative development of electricity prices. In spite of the challenging environment, EVN demonstrated a high level of stability in the 2011/12 financial year thanks to its business model.

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated responsibilities. It convened four 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 Executive Board reports provided the Supervisory Board with regular, timely and comprehensive information about all relevant aspects of the Group's business development, including the risk situation and risk management of the company, 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.

Main resolutions passed by the Supervisory Board

Among the main decisions made by the Supervisory Board during the 2011/12 financial year were, in addition to approving the 2012/13 budget for the EVN Group, particularly the approval given to acquiring the Bulgarian government's shareholdings in the two companies EVN Bulgaria EP and EVN Bulgaria EC. Other important issues were the renewal of the syndicated line of credit to the amount of EUR 600.0m, and establishing a financing framework totaling EUR 200.0m for refinancing measures.

The Supervisory Board revised the mission statement of EVN and the EVN Code of Conduct to reflect legal changes.

In the past financial year, the Supervisory Board in cooperation with the Executive Board carried out a tender for providing auditing services to EVN AG and its direct or indirect subsidiaries during the 2012/13 financial year. It also evaluated the submitted offers, and resolved to recommend to the Annual General Meeting to select KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the company's Financial statements and Consolidated financial statements for the 2012/13 financial year.

With respect to the Generation segment, the Supervisory Board approved the acquisition of small-scale hydropower plants, in part including the distribution network acquired by EVN Netz GmbH, as well as the construction of wind park projects in the supply area of Lower Austria covered by EVN. Furthermore, the Supervisory Board also dealt with public participation models for photovoltaic plants in Lower Austria.

With respect to the subsidiary EVN Wärme, the Supervisory Board granted approval to the investments in the co-generation plant in Vösendorf and the Guntramsdorf heating plant.

In the Environmental Services segment, the Supervisory Board dealt with the acquisition of municipal drinking water pipelines as well as international drinking water and water purification projects.

Austrian Corporate Governance Code, Supervisory Board committees

As a publicly traded company, EVN is committed to adhering to the Austrian Corporate Governance Code. The Supervisory Board resolved to apply the stipulations of the revised January 2012 version of the Austrian Corporate Governance Code to EVN as of the 2012/13 financial year. The adjustment of the provisions of the Austrian Corporate Governance Code to reflect the changes contained in Austria's Second Stability Act is binding under this law. 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 except for two deviations which are correspondingly justified in the Corporate governance report.

Pursuant to the requirements laid out in the Austrian Corporate Governance Code, the Supervisory Board conducted a self-evaluation of its activities during the course of the year under review. This took place in the form of a questionnaire, which primarily focused on the organisation and mode of operation of the Supervisory Board. The results of the survey were discussed at a plenary session of the Supervisory Board.

In line with the requirements stipulated in the Austrian Corporate Governance Code, and the internal rules of procedure governing 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 Personnel Committee convened twice during the 2011/12 financial year, dealing with issues pertaining to the relationship of the company and the members of the Executive Board.

The Working Committee held two meetings in the course of the reporting period, which in particular dealt with the privatisation of the government's stakes in the companies EVN Bulgaria EP and EVN Bulgaria EC, renovation work on the steam generator at the Walsum 10 power plant, approval of the joint venture model at the central wastewater purification facility in Prague, Czech Republic, as well as financing issues.

The Audit Committee convened twice during the 2011/12 financial year, and mainly focused on preparing the resolution approving the annual Financial statements, the appointment and work of the certified public accountants to audit the annual accounts, as well as the company's half-year results including the outlook for the rest of the financial year. In addition, it dealt with current developments in the business segments, and in particular discussed the internal control, audit and risk management systems.

Further information on the composition and mode of operation of the Supervisory Board and its committees as well as remuneration of Supervisory Board members and guidelines the Supervisory Board has defined to ensure its independence can be found in the Corporate governance report.

Annual Financial statements and Consolidated financial statements

KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna appointed as EVN's certified public accountants for the 2011/12 financial year, starting October 1st, 2011 and ending on September 30th, 2012, examined the annual accounts of EVN AG on September 30th, 2012, which were prepared in accordance with Austrian accounting regulations, as well as the Management report submitted by the Executive Board. 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, 2012 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, 2012 are thereby approved, pursuant to § 95 para 4 of the Austrian Stock Corporation Act. These statements were prepared pursuant to International Financial Reporting Standards (IFRS) and audited by KPMG Austria AG 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 2011/12 financial year. Particular thanks are extended to the shareholders, customers and partners of the EVN for their confidence in the company.

Maria Enzersdorf, December 12th, 2012

On behalf of the Supervisory Board:



Burkhard Hofer
President

Management report

Legal framework

International climate policy

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

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

European energy policy

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

Transparency in the wholesale energy market

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

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

EU energy efficiency directive

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

EU emissions trading

The Director-General for Climate Action, which serves as the climate protection body set up by the European Commission, is currently working on proposals to delay CO₂ auctions in which CO₂ emission certificates for the third trading period (2013–2020) which were not allocated gratis are to be integrated into the Emission Trading System (ETS). In this regard it is planned to withhold a specified number of CO₂ emission certificates, the precise number of which has not yet been defined, at the beginning of the third trading period (2013–2015). Subsequently these certificates will first be made available on the marketplace towards the end of the third trading period (2018–2020). Accordingly, the total volume of certificates in the third trading period will remain the same, but there will be a delay in the actual number put up for auction closer to the year 2020. The number of CO₂ emission certificates being discussed ranges from 400m to 1.2 billion. (In comparison, the entire volume of emissions of all facilities encompassed in the Emission Trading System amounts to about 1.8 billion tons of CO₂ annually.)

On the basis of this measure, the EU Commission hopes to counteract the surplus of CO₂ emission certificates from the second trading period, and the related low certificate prices. The EU Commission holds the opinion that the current prices for CO₂ emission certificates do not constitute sufficient motivation for companies to make investments in low CO₂ emission technologies.

In addition to changing the existing CO₂ auction regulations of the ETS Directive, the EU Commission has already developed a document laying out the first step required to subsequently adapt or make changes to the ETS Directive. The crucial point is

that this draft proposal would enable CO₂ emission certificates to be withdrawn from the market at any time but does not stipulate if and when these certificates will be ever again be integrated in the system. A specific legislative proposal on the part of the EU Commission is expected by the end of 2012.

Energy policy environment in Austria

Electricity Labelling Decree

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

The legally binding electricity labelling on EVN invoices has been evaluated by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The environmental effects of the entire primary energy mix of EVN Energievertrieb GmbH & Co KG in 2010/11 amounted to 311.55 g/kWh CO₂ emissions and 0 g/kWh of radioactive waste.

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

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

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

Gas Management Act (GWG)

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

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

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

Directive on intelligent electricity measuring devices

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

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

The Renewable Electricity Act 2012

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

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

The new Emission Certificate Act (EZG 2011)

The new Emission Certificate Act was passed in October 2011. It transposes the EU Emissions Trading Directive 2009 into national law and regulates emissions trading in the period 2013 to 2020 (third trading period). As of 2013 gratis CO₂ emission certificates will no longer be granted for electricity generation. Accordingly, all certificates will be auctioned within the context of the Emission Trading System. During the period under review the price of CO₂ emission certificates was an average of EUR 7.9 per ton (previous year: EUR 14.8 per ton).

Within the context of the currently valid National Allocation Plan II 2008–2012 (second trading period for CO₂ emission certificates), EVN was granted CO₂ emission certificates totalling 1.58m tons per year at no charge based on its historical level of emissions and about 0.1m tons per year for its facility in Bulgaria. EVN takes part in trading in emission certificates within the context of its portfolio and risk management activities in order to be able to cover any potential additional needs for CO₂ emission requirements or in order to sell unused CO₂ emission

certificates. On balance, EVN was subject to the EU's Emission Trading System with ten plants in Austria and one in Bulgaria in the 2011/12 financial year. At the same time, it is also possible to apply a certain number of CO₂ emission certificates from special climate protection projects i.e. Certified Emission Reductions – CER or Emission Reduction Units – ERU. (For details on CO₂ emission certificates purchased in the 2011/12 financial year, see Consolidated notes, note 27. **Cost of materials and services**, page 129.)

→ GRI indicator: Contingent of CO₂ emission certificates (EU5)

Regulatory system for electricity and natural gas networks

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

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

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

1) Adjustment of WACC and productivity factors

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

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

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

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

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

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

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

Legal framework in South Eastern Europe Bulgaria

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

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

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

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

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

Price adjustments for all energy supply functions and changes in the pricing components of electricity prices take place on an annual basis in line with the legally stipulated unbundling. Network tariffs are determined on the basis of a regulation in accordance with EU standards (see chart on page 67). However, the actual annual price adjustment of network tariffs is largely influenced by the economic and socio-political objectives of the government. In the first three pricing periods of the current five-year regulatory period since 2008, the increases in end customer prices for electricity were below the comparable prices charged by transmission network and system operators. This put considerable pressure on the profitability of regional electricity suppliers. At the beginning of the fourth regulatory year, in 2011, the end customer prices for electricity were increased by the regulatory authority. The prices for energy procurement as well as the tariffs of the transmission network operator and system operator remained at about the prior-year level. The hike in end customer prices for electricity effective July 1st, 2012 was mainly justified on the basis of higher feed-in tariffs, the higher share of renewable energies and the initial costs incurred for purchased CO₂ emission certificates.

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

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

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

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

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

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

Macedonia

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. This is designed to pursue the liberalisation of the electricity market and its integration in international electricity markets on the basis of the ratified treaties, and also promote the improvement of energy efficiency and the expansion of renewable energies. The autonomy of the regulatory authority has been strengthened, and its responsibilities have been expanded. Moreover, the law clearly prescribes the unbundling of the regulated licenses (generation, network operation and electricity supply). The following changes are important to EVN Macedonia; the procurement of network losses on the free market will be more transparent, and the losses from the power grid recognised by the regulatory authority will be coordinated with the company plan to reduce network losses.

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

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

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

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

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

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

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

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

Croatia

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

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

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

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

Albania

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

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

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

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

3) Source: WIFO press release, September 2012

4) Source: IHS press release, September 2012

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

Overall business environment

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

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

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

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

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

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

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

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

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

		2011/12	2010/11	Change in %	2009/10
Temperature-related energy demand¹⁾					
	%				
Austria		99.0	101.7	-2.7	105.5
Bulgaria		108.2	86.2	22.0	81.2
Macedonia		120.4	100.8	19.6	91.3
Primary energy and CO₂ emission certificates					
Crude oil – Brent	EUR/bbl	86.0	75.5	13.9	57.3
Natural gas – GIMP ²⁾	EUR/MWh	28.3	25.6	10.6	21.4
Coal – API#2 ³⁾	EUR/t	76.3	87.0	-12.3	69.5
CO ₂ emission certificates (2 nd period)	EUR/t	7.9	14.8	-46.6	14.2
Electricity – EEX forward market⁴⁾					
Base load	EUR/MWh	54.8	50.3	8.9	48.9
Peak load	EUR/MWh	67.0	64.1	4.6	67.8
Electricity – EPEX spot market⁵⁾					
Base load	EUR/MWh	44.8	51.6	-13.0	41.3
Peak load	EUR/MWh	55.1	61.8	-10.8	52.2

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

2) Gas Import Price (GIMP)

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

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

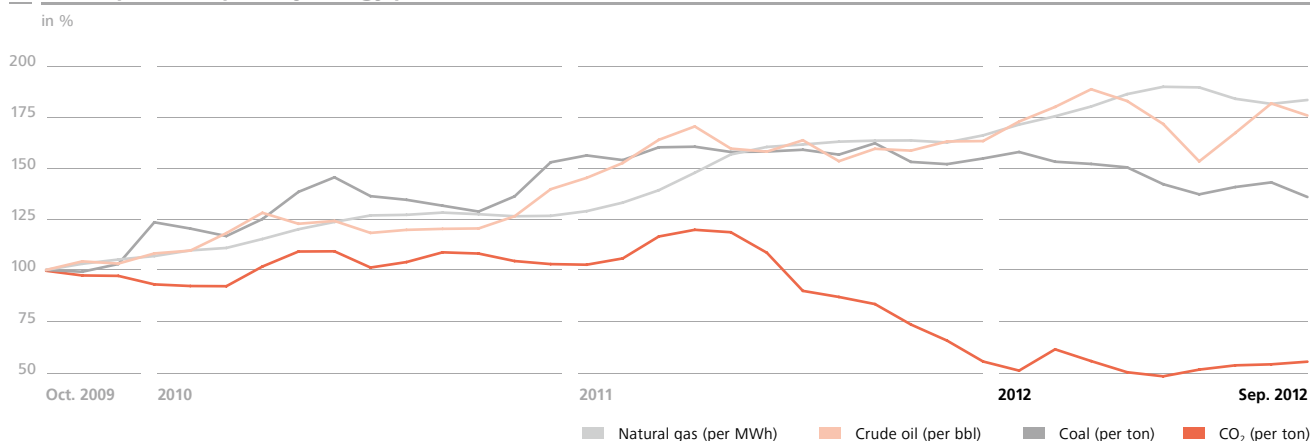
5) EPEX spot market – European Power Exchange

Energy sector environment

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

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

Development of primary energy prices (indexed)



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

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

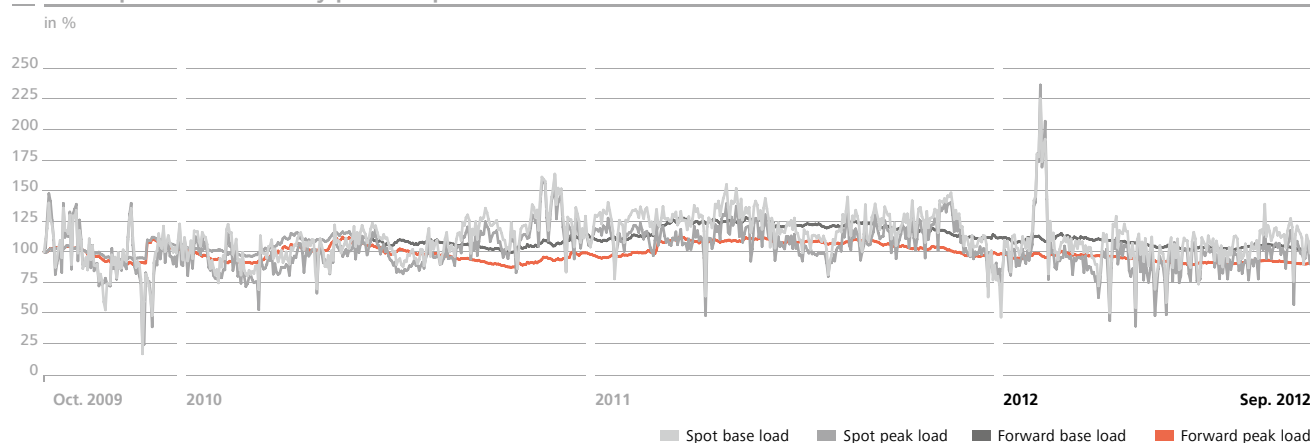
In euros, the average price for crude oil Brent, which is considered the benchmark for Europe, was 13.9% higher on average in the 2011/12 financial year compared to the previous year due to the ongoing strong demand in Asia as well as the continuing conflict between Iran and the Western industrialised nations. The natural gas procurement prices for Austria, which are primarily linked to the price of crude oil, were EUR 28.3 per MWh, a rise of 10.6% from the prior-year level in spite of the natural gas price revision between Gazprom and EconGas. In contrast, the price for coal at EUR 76.3 per ton was 12.3% below the comparable prior-year figure. The prices for CO₂ emission certificates were almost cut in half, mainly as a consequence of the economic slow-

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

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

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

Development of electricity prices – spot and forward market



Success and influencing factors

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

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

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

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

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

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

- 12.63% stake in Verbund AG (direct stake 11.5% and indirect stake via EVN WEEV Beteiligungs GmbH 1.1%): Austria's largest electricity producer with an installed capacity of 8.6 GW
- 50.03% of RAG: Austria's second largest oil and gas exploration company, with an average oil production of about 100,000 to 120,000 tons of oil and an average natural gas production of approximately 500m m³ as well as natural gas storage capacities of close to 5 billion m³
- 73.6% shareholding in Burgenland Holding Aktiengesellschaft (featuring an indirect stake of 49.0% in Energie Burgenland AG – formerly BEWAG), which in turn is Austria's largest producer in the field of wind energy with an installed capacity of 242 MW

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

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

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

1) Compared to the previous year

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

Business development

These Consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. Compared to the previous year, the scope of consolidation (see Consolidated notes, note 4. **Scope of consolidation**, page 113) was reduced by one fully consolidated subsidiary and expanded by two investments in equity accounted investees. Including EVN AG as the parent company, the Consolidated financial statements thus encompass a total of 62 fully consolidated companies (previous year: 63), five proportionally consolidated companies (previous year: five) and 18 investment in equity accounted investees (previous year: 16).

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

Highlights 2011/12

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

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

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

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

Statements of operations

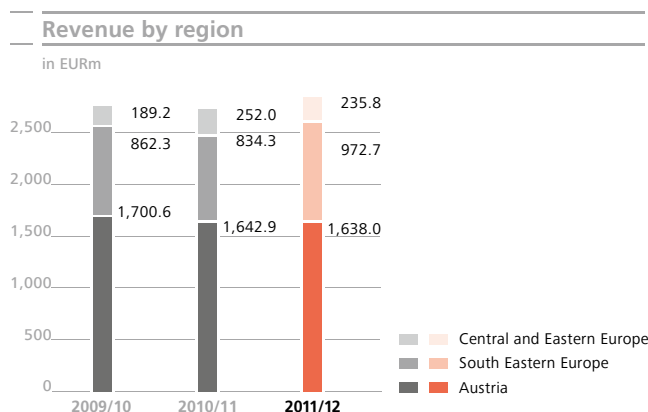
Results of operations

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

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

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

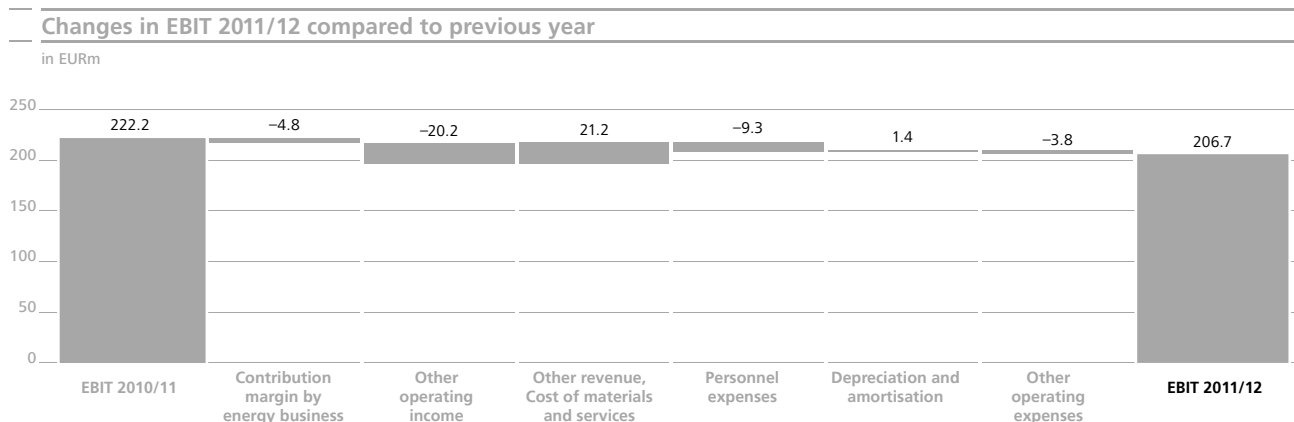
Other operating income was down 19.9%, or EUR 20.2m, to EUR 81.3m, which is related to fewer changes in work in progress.



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

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

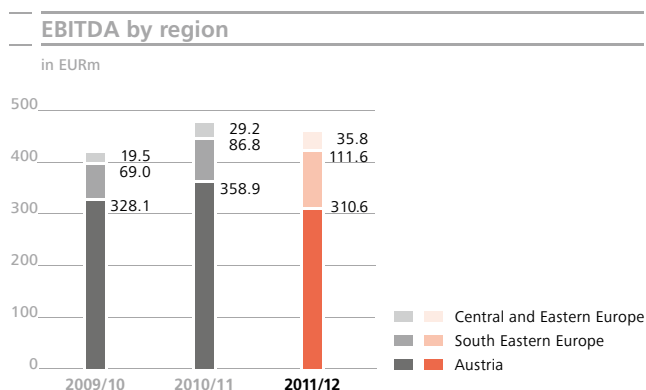
The average number of employees fell by 7.9% during the year under review, or 656 people, to 7,594 employees. This was related to outsourcing activities as well as further efficiency enhancement measures abroad, which in turn led to a decrease of 524 employees, as well as to the sale of first facility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



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

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

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



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

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

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

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

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

Value analysis

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

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

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

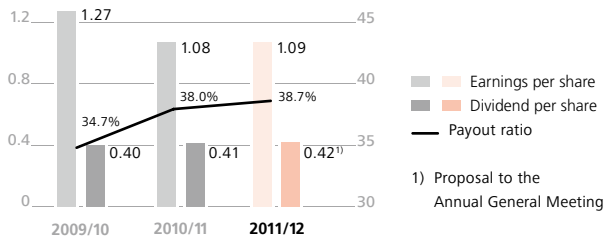
3) Adjusted for impairments and one-off effects; the market value of the shareholding in Verbund AG is not included in the capital employed in order to consistently convey the development of the value contribution.

Condensed Consolidated statements of financial positions	9/30/2012 EURm	9/30/2011 EURm	Change		9/30/2010 EURm
			EURm	%	
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,412.3	3,349.4	62.9	1.9	3,179.2
Investments in equity accounted investees and other investments	1,717.4	1,884.5	–167.1	–8.9	1,811.7
Other non-current assets	924.3	849.1	75.2	8.9	751.3
	6,053.9	6,083.0	–29.1	–0.5	5,742.1
Current assets	809.3	787.4	21.9	2.8	989.1
Total assets	6,863.2	6,870.4	–7.2	–0.1	6,731.2
Equity and liabilities					
Equity¹⁾					
Issued capital and reserves attributable to shareholders of EVN AG ¹⁾	2,768.3	2,804.1	–35.8	–1.3	2,679.5
Non-controlling interests	245.4	361.7	–116.3	–32.2	345.7
	3,013.7	3,165.8	–152.1	–4.8	3,025.3
Non-current liabilities¹⁾					
Non-current loans and borrowings	1,933.3	1,591.3	342.0	21.5	1,726.4
Deferred tax liabilities and non-current provisions ¹⁾	609.9	624.0	–14.1	–2.3	677.0
Deferred income from network subsidies and other non-current liabilities	519.4	506.8	12.6	2.5	461.0
	3,062.6	2,722.2	340.5	12.5	2,864.5
Current liabilities					
Current loans and borrowings	49.4	311.6	–262.2	–84.1	205.2
Other current liabilities	737.5	670.8	66.7	9.9	636.2
	786.9	982.4	–195.5	–19.9	841.5
Total equity and liabilities	6,863.2	6,870.4	–7.2	–0.1	6,731.2

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

Earnings and dividend per share

in EUR



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

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

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

Statements of financial condition

Net assets and financial positions

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

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

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

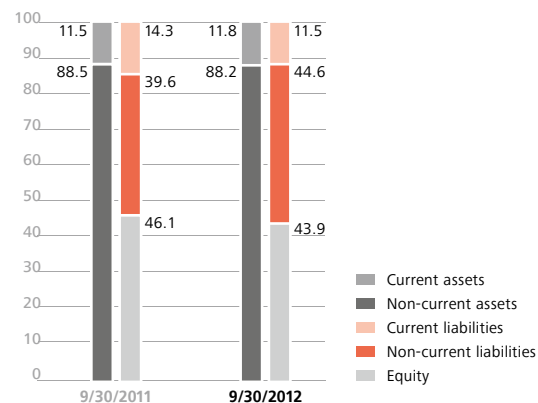
assets rose by 8.9%, or EUR 75.2m, to EUR 924.3m, which is mainly the result of increased non-current lease receivables.

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

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

Balance sheet structure

in %

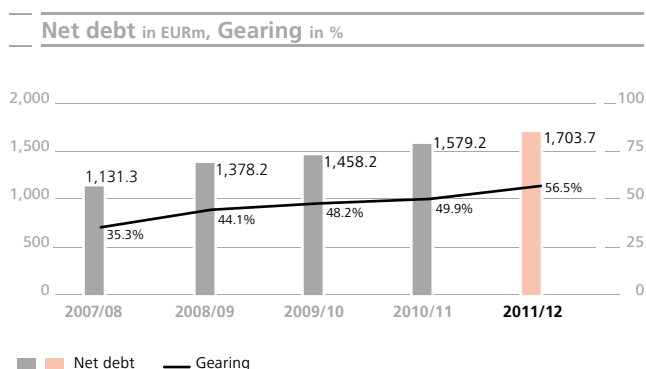


Non-current liabilities were up by 12.5%, or EUR 340.5m, to EUR 3,062.6m. This development is mainly related to the higher level of non-current loans and borrowings, which rose by 21.5%, or EUR 342.0m, to EUR 1,933.3m, largely as a result of the issuing of a Eurobond in October 2011 amounting to EUR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

	9/30/2012	9/30/2011	Change		9/30/2010
	EURm	EURm	EURm	%	EURm
Net debt					
Non-current loans and borrowings	1,933.3	1,591.3	342.0	21.5	1,726.4
Current loans and borrowings ¹⁾	21.4	280.8	-259.4	-92.4	170.8
Cash and cash items	-134.1	-112.6	-21.5	-19.1	-89.1
Current securities	-3.4	-57.9	54.5	94.1	-223.8
Non-current securities	-77.0	-97.9	20.9	21.4	-104.1
Loans receivable	-36.4	-24.4	-12.0	-49.1	-22.0
Net debt	1,703.7	1,579.2	124.5	7.9	1,458.2
Equity²⁾	3,013.7	3,165.8	-152.1	-4.8	3,025.3
Gearing (%)²⁾	56.5	49.9	-	6.6	48.2

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

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



On balance, current liabilities fell by 19.9%, or EUR 195.5m, to EUR 786.9m. This is primarily due to the decrease in current loans and borrowings of 84.1%, or EUR 262.2m, to EUR 49.4m. In turn, this is related to the planned redemption of the Eurobond which fell due in December 2011. The increase in other current liabilities by 9.9%, or EUR 66.7m, to EUR 737.5m is mainly due to the higher level of trade payables, which rose by EUR 16.3m, and the higher amount of other liabilities, which climbed by EUR 42.0m.

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

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

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

Liquidity situation

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

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

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

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

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

*) Small amount

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

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

Statements of cash flows

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

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

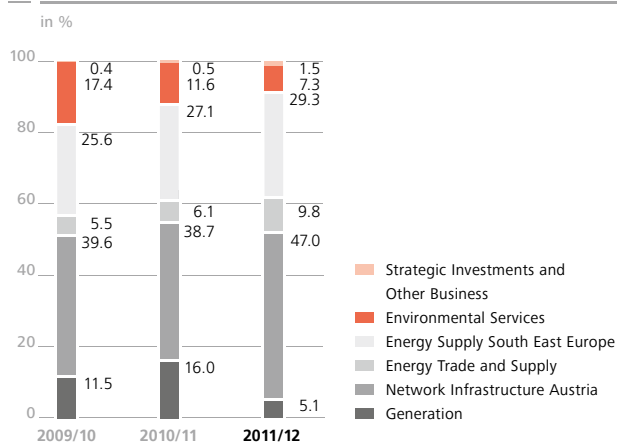
The net cash flow from investing activities at EUR -333.9m was mainly impacted by the ongoing investment programme, the capital payments for investments in equity accounted investees

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

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

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

Structure of investments



Investing activities

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

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

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

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

1) After consolidation

Non-financial figures

Human resources

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

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

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

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

Environment and sustainability

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

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

Research and development

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

- CCS technologies (e.g. the CO₂ deposition facility at the Dürnrrohr site or the CO2USE project))
- Power-to-gas projects (GECO feasibility study)
- Smart metering
- Multi-functional energy storage
- Electro-mobility projects (emporA, VIBRATEe)
- Green home
- Small-scale windpower
- Solar thermal energy

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

Risk management

Definition of risk

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

Risk management process

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

The risk management process consists of the following measures:

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

Tasks of the Risk Management Working Committee

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

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

Group Risk Committee and Controlling

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

Certification of the risk management system by KPMG Austria

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

Risk profile

Risks in the Energy business

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

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

Risk in the Environmental Services segment

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

Political and legal risks

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

Financial risks

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

Overall risk profile

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

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

Market and competitive risks

Price risk

Procurement prices for primary energy, electricity, natural gas, 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

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

- Monitoring, limits and hedging instruments

Liquidity risk

Failure to repay financial liabilities on schedule

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

Currency exchange risk

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

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

Equity investment risks

Non-fulfilment of the profit targets of an equity investment

- Representation on the Supervisory Board of the respective equity investment

Rating changes

Higher refinancing costs resulting from rating downgrades

- Ensuring compliance with key financial indicators

Interest rate risks

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

- Use of hedging instruments

Impairment risks

Impairment losses on goodwill, equity investments or power plants

Deflation/inflation risks

Risk guarantees will come into effect

Operating risks

Technology risks

Late identification and application of new technologies

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

Infrastructure risks

Incorrect design and application of technical facilities

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

Technical complications at third-party facilities

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

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

Contract risks

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

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

Legal, political and macroeconomic risks

Regulatory framework/political risks

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

- Cooperation with interest groups, associations

and government agencies on a regional, national and international level

Legal and litigation risks

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

Political and overall economic environment

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

Other risks

Granting of undue advantages

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

Project risks

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

Planning risks

Model risks, false or incomplete assumptions made
 → Feasibility study via experienced, highly qualified employees, monitoring of parameters, regular updates and four-eye principle

Employee risk

Loss of highly qualified employees, absence due to occupational accidents, excess or shortfalls in human resources, communication problems, cultural barrier, fraud, intentional or unintentional misrepresentations of transactions or items in the annual Financial statements
 → Attractive work environment and compensation system, occupational health care and safety measures; flexible working time models, training, group days, risk-oriented internal control system (RIKS)

Co-investment risks

Risks related to the implementation of major projects jointly with a partner
 → Contractual safeguards, efficient project management

Sabotage

Sabotage of natural gas pipelines, wastewater treatment plants and waste incineration plants
 → Suitable security measures, regular measurement of the water quality and emissions

Image risk

Risk of changes in ownership/shareholder structure

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

Introduction

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

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

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

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

Controls

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

Share structure and capital disclosures

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

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

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

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

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

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

4. No shares with special control rights were issued.
5. Employees who own shares may exercise their voting rights at the Annual General Meeting.
6. The Executive Board consists of three members appointed and dismissed by the Supervisory Board. In that connection, besides the requirements of the Austrian Stock Corporation Act, EVN must comply in particular with the Austrian law governing the filling of positions, which stipulates that job vacancies must be publicly advertised.
7. There is no authorisation granted to the Executive Board pursuant to § 243a (7) Corporate Code (UGB).
8. The company is not party to any agreements regarding a change of control in the event of takeovers.
9. There are no severance agreements to the benefit of the members of any corporate bodies or employees in the event of a public takeover offer pursuant to § 243a (9) Corporate Code (UGB).

Outlook for the 2012/13 financial year

The success of the EVN Group in the Energy business depends primarily on the wholesale prices for electricity in the European spot and forward markets as well as on the prices for primary energy and 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, the project structure in the environment services business could lead to fluctuations in revenue and earnings. In the Strategic Investments and Other Business segment, the earnings contribution mainly depends on the development of primary energy and electricity prices for EVN's investments in RAG and Verbund AG.

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

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

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

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

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

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

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

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

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

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

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

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

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

Maria Enzersdorf, November 15th, 2012

EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pöttschacher
Member of the Executive Board

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, Germany
	100%	evn naturkraft Erzeugungsgesellschaft m.b.H. Electricity generation from renewable energy sources
	70%	Wasserkraftwerke Trieb und Krieglach GmbH Hydroelectric power generation in Austria
	100%	EVN Kavarna EOOD Electricity generation from windpower 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
	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 hydropower project Ashta in Albania
	70%	Hydro Power Company Gorna Arda AD Hydroelectric power generation in Bulgaria
Energy Trade and Supply	100%	EVN Energievertrieb GmbH & Co KG Electricity and natural 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. Haus-, Energie- und Umwelttechnik Engineering and consulting in energy and environmental business
Network Infrastructure Austria	100%	EVN Netz GmbH Operation of electricity and natural gas networks
	100%	Utilitas Dienstleistungs- und Beteiligungs Gesellschaft m.b.H. ¹⁾ Technical services
	100%	kabelplus AG Cable TV and internet services
	100%	EVN Geoinfo GmbH Digital cartography
	100%	V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. Cathodic corrosion protection
Energy Supply		
South East Europe	100%	EVN Bulgaria Electrorazpredelenie EAD Electricity network operating in Bulgaria
	100%	EVN Bulgaria Electrosnabdjavane EAD Electricity supply in Bulgaria
	100%	EVN Trading South East Europe EAD Electricity trading in Bulgaria
	100%	EVN Energy Trading d.o.o. Belgrad, Serbia Electricity trading
	100%	EVN Energy Trading DOOEL, Skopje, Mazedonia Electricity trading
	100%	EVN Bulgaria Toplofikatsia EAD District heating company in Bulgaria
	100%	EVN Bulgaria EAD Management company in Bulgaria
	90%	EVN Macedonia AD Electricity network operating and supply in Macedonia
	100%	EVN Macedonia Holding DOOEL Management company in Macedonia
	100%	EVN Croatia Plin d.o.o. Building and operating natural 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 company for drinking water supply, wastewater and waste incinerations services
	100%	WTE Wassertechnik GmbH, Essen Germany Drinking water supply and wastewater services as well as environmental projects in 18 countries ²⁾
	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 AG ³⁾ Power generation, trading and transport
	100%	EVN WEEV Beteiligungs GmbH
	50%	WEEV Beteiligungs GmbH
	73.6%	Burgenland Holding Aktiengesellschaft
	49%	Energie Burgenland AG Electricity and gas supply
	50.03%	RAG-Beteiligungs-Aktiengesellschaft
	100%	Rohöl-Aufsuchungs Aktiengesellschaft Oil and natural gas exploration and natural gas storage
	100%	Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H. ¹⁾ Technical services
	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., Amsterdam, Netherlands Group financing

Status: September 30th, 2012. The companies incorporated in the EVN Group Consolidated financial statements are shown. In the Environmental Services segment only 1st and 2nd level subsidiaries are listed. The fully consolidated R138-Fonds is not included in this list due to the lack of 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 und WEEV Beteiligungs GmbH amounts to 1.1%.

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

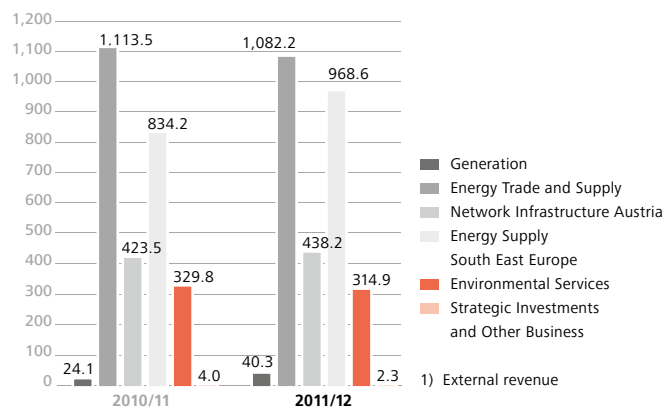
by the activities of its subsidiaries in related areas as well as in regional cable TV and telecommunications services. The Environmental Services business encompasses EVN's activities in the areas of drinking water supply, wastewater disposal and thermal waste incineration in 18 countries.

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. 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.

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

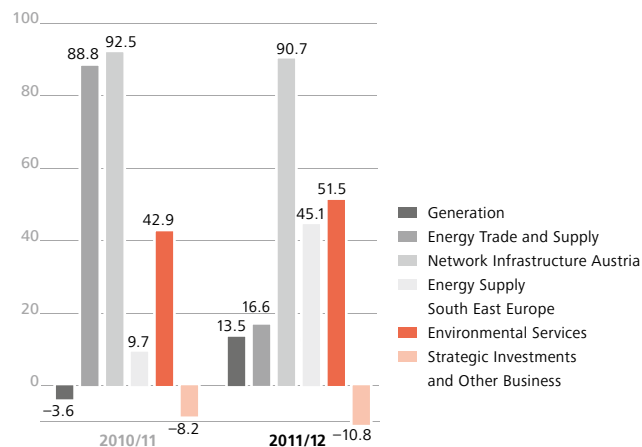
Revenue by segments¹⁾

in EURm



EBIT by segments

in EURm



EVN's key energy business indicators	GWh	2011/12	2010/11	Change		2009/10
				nominal	in %	
Electricity generation volumes		3,284	3,332	-49	-1.5	3,653
Thermal energy sources ¹⁾		1,781	2,151	-370	-17.2	2,352
Renewable energy sources ²⁾		1,503	1,181	322	27.2	1,300
Network distribution volumes						
Electricity		21,619	21,150	469	2.2	20,766
Natural gas ³⁾		15,435	16,415	-980	-6.0	18,525
Energy sales volumes to end customers						
Electricity		21,241	20,403	838	4.1	20,101
thereof Central and Western Europe ⁴⁾		7,427	7,143	284	4.0	7,017
thereof South Eastern Europe		13,814	13,260	554	4.2	13,084
Natural gas		6,166	6,475	-309	-4.8	6,738
Heat		1,923	1,911	12	0.6	1,821
thereof Central and Western Europe ⁴⁾		1,682	1,678	4	0.2	1,569
thereof South Eastern Europe		241	233	8	3.4	253

1) Incl. co-generation 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-co-generation 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 co-generation 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.

Generation

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

Segment revenue comprises Intra-Group revenue and external revenue arising mainly from the sale of electricity from renewable windpower. With regard to Intra-Group revenue, the market price of the energy procurement rights from the power plants on the Danube and Inn rivers is used with respect to electricity generation, whereas the option value is applied for the thermal power generation of EVN AG and the storage power plants. The option value generally reflects the pre-defined difference between the market prices for electricity and the related fuel costs. In contrast, the marketing of the electricity which was generated and the procurement of primary energy are included in the Energy Trade and Supply segment.

The income from investments mainly encompasses the earnings contributions of the Duisburg-Walsum, Verbund-Inn River and Ashta and Devoll power plants or power plant projects.

Highlights 2011/12

- Negative spreads for gas-fired power plants
- Power requests from the Federal Network Agency in Germany
- Increased power generation from renewable energy sources:
 - Coming on stream of new wind parks
 - Good water flows and wind conditions
- Impairment losses:
 - Biomass pilot plant, Dürnrrohr
 - Kavarna wind park, Bulgaria

Development of power generation

EVN's total electricity generation amounted to 2,803 GWh in the 2011/12 financial year, a drop of 6.6%, or 197 GWh, from the previous year. This is particularly due to the decline in production from EVN's own thermal power plants, which fell by 26.3%, or 525 GWh, to 1,473 GWh, as well as to the reduced use of gas-fired power plants and the Dürnrrohr plant. In contrast, the volume of electricity generated by renewable energy sources increased by 32.8%, or 329 GWh, to 1,331 GWh. This development was mainly characterised by the coming on stream of the new wind parks in Markgrafneusiedl, Tattendorf and Glinzendorf,

Key indicators – Generation		2011/12	2010/11	Change		2009/10
				nominal	in %	
Key energy business indicators	GWh					
Electricity generation volumes		2,803	3,000	-197	-6.6	3,303
thereof thermal energy sources		1,473	1,998	-525	-26.3	2,185
thereof renewable energy sources		1,331	1,002	329	32.8	1,118
Key financial indicators	EURm					
External revenue		40.3	24.1	16.2	67.5	25.6
Internal revenue		94.8	73.0	21.8	29.8	93.0
Total revenue		135.1	97.1	38.0	39.2	118.6
Operating expenses		-77.0	-65.0	-12.0	-18.5	-66.2
EBITDA		58.0	32.1	26.0	81.0	52.5
Depreciation and amortisation		-44.5	-35.7	-8.8	-24.8	-34.0
Results from operating activities (EBIT)		13.5	-3.6	17.1	-	18.5
Financial results		-10.2	-32.9	22.8	69.2	-7.1
Profit before income tax		3.3	-36.5	39.9	-	11.4
Total assets		820.5	745.9	74.7	10.0	458.0
Total liabilities		538.4	484.7	53.6	11.1	258.5
Investments ¹⁾		16.0	70.8	-54.8	-77.4	48.9

1) In intangible assets and property, plant and equipment

as well as the acquisition of the Pöttelsdorf wind park. In addition, the good water flows and wind conditions compared to the previous year had a positive impact on the amount of power which was generated. The production coefficient for the run-of-river hydropower plants was 106% during the reporting period (previous year: 92%) and 101% for windpower plants (previous year: 94%).

In the reporting period, the total coverage ratio of electricity from own production amounted to 15.5% of the electricity sold (previous year: 16.3%) on a Group level. The coverage ratio of electricity from own production totalled 44.2% (previous year: 46.7%) excluding the energy sales in the Energy Supply South East Europe segment. The share of renewable energy as a proportion of total electricity generation on a Group level was about 46% in the 2011/12 financial year, compared to the prior-year level of 35%.

Revenue development

Revenue of the Generation segment increased by 39.2%, or EUR 38.0m, in the reporting period, to EUR 135.1m, especially due to the increased electricity generation from renewable energies. The power requests on the part of the Federal Network Agency in Germany in order to support network reliability in Southern Germany and the revision in natural gas prices between Gazprom and EconGas had a positive impact on the option value of the power plants and their revenue. This was in contrast to

the reduced production from EVN's own thermal power plants and the declining market price prevailing in the period used for determining the option value of the power plants.

Operating expenses and operating results

The operating expenses increased by 18.5%, or EUR 12.0m, in the reporting period to EUR 77.0m. This development is related to electricity purchased from the power plants at the Inn River and the coming on stream of the wind parks. EBITDA was EUR 58.0m, up 81.0%, or EUR 26.0m, from the previous year. An impairment loss of EUR 8.0m was recognised on the biomass pilot plant at the Dürnrrohr power plant site due to the unfavourable market conditions. In addition, an impairment loss of EUR 9.8m was also taken for the Kavarna wind park, Bulgaria, as a result of a disadvantageous electricity tariff decision as at July 1st, 2012, and uncertainties concerning network access for further facilities. EBIT amounted to EUR 13.5m, a rise of EUR 17.1m compared to the previous year, which had included one-off effects related to impairment losses and the reversal of an impairment on power plants in the amount of EUR -9.4m on balance.

Financial results and profit before tax

The financial results increased in the 2011/12 financial year by 69.2%, or EUR 22.8m, to EUR -10.2m. This is primarily attributable to the higher income from investments related to the impairment loss of EUR 23.1m taken on the Ashta hydropower plant project, Albania, in the previous financial year. Accordingly,

the profit before income tax was EUR 3.3m, a rise of EUR 39.9m from the previous year.

Investments

The investment volume in the 2011/12 financial year was reduced by 77.4% or EUR 54.8m from the comparably high level in the previous year. The priority during the period under review continued to be the expansion of windpower capacities. An existing wind park in Pöttelsdorf with a total output of 9.2 MW was acquired in addition to the construction of the Tattendorf wind park featuring eight wind turbines and a total output of 16 MW, which has been supplying electricity to round 10,000 households since November 2011, and the expansion of the output of the Markgrafneusiedl wind park by two MW. Furthermore, at the end of June 2012, eight wind turbines in the wind park in Kavarna, Bulgaria were put into operation, boasting an output of 16 MW.

Outlook

The business success of the Generation segment in the 2012/13 financial year will continue to be characterised by extraordinarily unfavourable market conditions for thermal power plants. Low or negative spreads between the primary energy costs and electricity market prices are still expected. The elimination of free CO₂ emission certificates as of January 1st, 2013 will further aggravate the cost situation. Thus EVN does not expect to deploy the thermal power plants in Korneuburg and Theiß, which were both fully written off in the 2010/11 financial year, with the exception of potential power requests on the part of the Federal Network Agency in Germany in order to support network reliability in South Germany. The contribution from power generated from renewable energy sources should increase as a consequence of new capacities. On balance, earnings of the Generation segment in the next financial year are anticipated to be below the prior-year level.

Energy Trade and Supply

The Energy Trade and Supply segment encompasses the trading and selling of electricity and natural gas to end customers, mainly in the Austrian domestic market and in wholesale markets, as well as the sourcing of electricity, natural gas and other primary energy carriers as well as the production and sale of heat. In July 2012 the sale and thus the deconsolidation of the subsidiary first facility GmbH took place.

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

The income from investments primarily consists of the earnings contribution of EconGas as well as the dividend payment of e&t and the earnings contributions from the St. Pölten and Steyr district heat plants.

Highlights 2011/12

- Increased electricity sales volumes compared to the previous year
 - Enhanced activities on the part of EnergieAllianz (EAA)
- Decline in natural gas sales volumes
 - Warmer temperatures
 - Reduced use of own thermal power plants
- Heat sales volumes at the prior-year level
- Allocation to provisions for impending losses related to the marketing of EVN's own electricity production
- Adjustment of end customer prices for natural gas
 - Increase as of October 1st, 2011
 - Reduced procurement prices passed on to end customers in the form of a bonus payment
 - Reduction of additional charges on renewable electricity passed on to end customers

Development of energy sales to end customer

Energy sales to end customers in the 2011/12 financial year developed heterogeneously. Whereas electricity sales volumes increased by 4.0%, or 284 GWh, to 7,427 GWh as a result of higher sales volumes generated by EAA outside of the Austrian region supplied by EVN, natural gas sales volumes fell by 4.8%, or 309 GWh, to 6,166 GWh. This decrease was mainly related to the warmer weather compared to the prior-year period. Heat sales volumes amounted to 1,682 GWh, comparable to the prior-year level.

Key indicators – Energy Trade and Supply		2011/12	2010/11	Change		2009/10
				nominal	in %	
Key energy business indicators	GWh					
Energy sales volumes to end customers						
Electricity		7,427	7,143	284	4.0	7,017
Natural gas		6,166	6,475	-309	-4.8	6,738
Heat		1,682	1,678	4	0.3	1,569
Key financial indicators	EURm					
External revenue		1,082.2	1,113.5	-31.3	-2.8	1,139.3
Internal revenue		46.3	50.8	-4.5	-8.9	47.9
Total revenue		1,128.5	1,164.3	-35.8	-3.1	1,187.2
Operating expenses		-1,095.5	-1,060.4	-35.1	-3.3	-1,130.0
EBITDA		33.0	103.9	-71.0	-68.3	57.3
Depreciation and amortisation		-16.4	-15.1	-1.3	-8.3	-13.9
Results from operating activities (EBIT)		16.6	88.8	-72.2	-81.3	43.4
Financial results		-5.9	1.8	-7.8	-	8.0
Profit before income tax		10.7	90.6	-80.0	-88.2	51.4
Total assets		624.9	634.1	-9.3	-1.5	665.0
Total liabilities		413.5	363.9	49.6	13.6	367.8
Investments ¹⁾		30.1	25.3	4.9	19.3	21.5

1) In intangible assets and property, plant and equipment

Revenue development

During the year under review, revenue amounted to EUR 1,128.5m, corresponding to a drop of 3.1%, or EUR 35.8m, from the previous year. This development can be chiefly attributed to the decline in marketing proceeds of electricity production from EVN's own thermal power plants due to considerably lower power generation volumes, the passing on of reduced natural gas procurement costs in the form of a bonus payment to end customers and the passing on of the lower additional costs for renewable electricity in the form of a price reduction. This was in contrast to the demand for energy by the German Federal Network Agency and an increase in end customer prices for natural gas as of April 1st, 2011, and October 1st, 2011, by 8.9% and 3.6% respectively, the price adjustments for heat as well as higher sales volumes in Germany.

Operating expenses and operating results

Operating expenses in the 2011/12 financial year were up by 3.3%, or EUR 35.2m, to EUR 1,095.5m. This can be attributed to the rise in electricity sourcing costs due to the higher sales volumes as well as the increased natural gas sourcing costs in spite of the natural gas price revisions between Gazprom and EconGas. The significant drop in natural gas procurement volumes caused by the reduced use of EVN's own thermal power plants and the temperature-related decline in demand could not compensate for this development. The allocations of provisions

for impending losses related to the marketing of EVN's own electricity production, in particular from the Duisburg-Walsum power plant project, also had a negative effect. In turn, the termination of the cooperation agreement with BEGAS had a positive impact on earnings. EBITDA of the segment amounted to EUR 33.0m, down 68.3% or EUR 71.0m from the previous year. In the light of slightly higher depreciation and amortisation, EBIT in the Energy Trade and Supply segment was EUR 16.6m, a drop of 81.3% or EUR 72.2m from the previous year.

Financial results and profit before income tax

The financial results declined in the 2011/12 financial year by EUR 7.8m to EUR -5.9m. This can be attributed to the impairment loss reported for goodwill for EconGas in the amount of EUR 7.8m, which was reported in the income from investments. On balance, the profit before income tax amounted to EUR 80.0m, a decrease of 88.2%, or EUR 10.7m, from the prior-year level.

Investments

Total investment volume during the reporting period increased by 19.3%, or EUR 4.9m, to EUR 30.1m. Investment activities mainly focused on the further expansion of the district heating network. In December 2011, EVN opened up a biomass heating plant in Hagenbrunn and also commenced construction work on the biomass plant in Amstetten. Moreover, in March 2012, EVN

opened a biomass heating plant for the Municipality of Langenlois and commenced construction work on a biomass plant in Markt Piesting. Furthermore, EVN acquired the existing biomass heating plants in Waidhofen and Aschbach. On balance, EVN is currently operating 63 biomass plants in Lower Austria and is thus the largest producer of natural heat in Austria.

Outlook

In the Energy Trade and Supply segment, energy efficiency enhancement measures for end customers will likely lead to slightly lower natural gas sales volumes and stable electricity sales volumes. Assuming average outdoor temperatures as well as new capacities, sales of heat are expected to rise slightly compared to the 2011/12 year with relatively mild weather. Segment revenue is anticipated to be lower in 2012/13 due to the reduction of end customer prices for electricity as at January 1st, 2012 and July 1st, 2012, the lower marketing proceeds in the light of lower electricity market prices, the discontinuation of marketing surplus from the sale of natural gas and the loss of revenue from the deconsolidated subsidiary first facility. Earnings in the 2012/13 financial year are expected to match the prior-year level, particularly as a consequence of the lower procurement prices for electricity on Europe's electricity markets and the high provisions for impending losses from the marketing of EVN's own electricity production allocated during the 2011/12 financial year, in spite of the increase in natural gas sourcing prices.

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 fully-consolidated company B.net Burgenland Telekom GmbH was merged with Kabelsignal AG on February 15th, 2012 retroactively to September 30th, 2011. Subsequently, the company was renamed kabelplus AG.

In addition, this segment also provides Intra-Group services, especially in connection with construction activities, that are recognised as Intra-Group revenue.

Highlights 2011/12

- Stable electricity distribution volumes
- Decline in natural gas distribution volumes
 - Reduced use of EVN's own thermal power stations
 - Warmer temperatures
- Adjustment of network tariffs as of January 1st, 2012
 - Electricity: at the prior-year level
 - Natural gas: -1.9%

Key indicators – Network Infrastructure Austria		2011/12	2010/11	Change		2009/10
				nominal	in %	
Key energy business indicators						
	GWh					
Network distribution volumes						
Electricity		7,782	7,754	28	0.4	7,576
Natural gas		15,435	16,415	-980	-6.0	18,525
Key financial indicators						
	EURm					
External revenue		438.2	423.5	14.6	3.5	428.9
Internal revenue		64.7	55.2	9.5	17.2	60.0
Total revenue		502.9	478.8	24.1	5.0	488.9
Operating expenses ¹⁾		-312.0	-287.5	-24.5	-8.5	-297.5
EBITDA¹⁾		190.8	191.3	-0.4	-0.2	191.4
Depreciation and amortisation		-100.1	-98.8	-1.3	-1.3	-96.8
Results from operating activities (EBIT)¹⁾		90.7	92.5	-1.7	-1.9	94.6
Financial results		-9.1	-11.1	2.0	18.3	-13.2
Profit before income tax¹⁾		81.6	81.3	0.3	0.4	81.5
Total assets		1,698.4	1,673.2	25.2	1.5	1,620.7
Total liabilities ¹⁾		1,215.4	1,148.4	65.8	5.7	1,093.4
Investments ²⁾		144.8	160.9	-16.1	-10.0	156.5

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

2) In intangible assets and property, plant and equipment

Income from investments mainly consists of the dividend payment of the R 138 Fund to EVN Netz GmbH.

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 at January 1st, 2012, the natural gas network tariffs decreased by 1.9% on average (increase by 10.6% as at January 1st, 2011). The electricity network tariffs remained stable at the prior-year level (increase by 1.0% as at January 1st, 2011). Network distribution volumes in the 2011/12 financial year developed heterogeneously. Whereas the network distribution volumes for electricity of 7,782 GWh was close to the prior-year level, natural gas distribution volumes fell by 6.0%, or 980 GWh, to 15,435 GWh. This is primarily due to the reduced use of EVN's own thermal power plants as well as the warmer weather conditions prevailing compared to the previous year.

Revenue development

Revenue of the Network Infrastructure Austria segment climbed by 5.0%, or EUR 24.1m, to EUR 502.9m in the 2011/12 financial year. This is especially related to the change in the reporting for non-invoiced customer orders carried out in the previous financial year, as well as higher personnel expenses. Furthermore, for the first time pursuant to the stipulations of § 71 of the Gas Management Act, an asset item was reported in the form of a Regulatory account for natural gas to the amount of EUR 5.5m. Details are contained in the notes to the Consolidated financial statements, note 37. **Other non-current assets** on page 138. During the year under review electricity and natural gas network revenue amounted to EUR 385.8m, a slight rise of 0.4% or EUR 1.7m from the previous year.

Operating expenses and operating results

Total operating expenses during the reporting period rose by 8.5%, or EUR 24.5m, to EUR 312.0m, mainly as a result of the above-described change in the reporting of non-invoiced customer orders, as well as higher personnel expenses. On balance, EBITDA was close to the prior-year level, totalling EUR 190.8m, down only 0.2% or EUR 0.4m. Depreciation and amortisation rose by 1.3% in the 2011/12 financial year, or EUR 1.3m, to EUR 100.1m. These developments resulted in a decline in EBIT of 1.9%, or EUR 1.7m, to EUR 90.7m.

Financial results and profit before income tax

Compared to the prior year, the financial results were up by 18.3%, or EUR 2.0m, to EUR –9.1m, which is mainly related to the higher income from investments. Profit before income tax amounted to EUR 81.6m, a slight drop of 0.4%, or EUR 0.3m from the prior-year level.

Investments

Investment volume was reduced in the 2011/12 financial year by 10.0%, or EUR 16.1m, to EUR 144.8m. The focal point of the investment activities continued to be the construction of the natural gas transport pipeline Westschiene, with a length of 143 km.

Outlook

In the Network Infrastructure Austria segment, the electricity network is expected to generate a somewhat higher sales volume in the business sector in the 2012/13 financial year. In contrast, despite the assumption of average outdoor temperatures, natural gas sales volumes from end customers are anticipated to slightly lower as a result of energy efficiency measures. In spite of the improved revenue development in the cable TV and telecommunications business, segment revenue is expected to decline slightly in the 2012/13 financial year. This can be attributed to lower natural gas network sales and decreasing average revenue in the electricity network business as a consequence of tariff changes in the new regulatory period which will take effect on January 1st, 2013. In spite of internal optimisation measures and cost savings, earnings are likely to be below the prior-year level due to higher investments.

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, the sale of natural gas to end customers in Croatia as well as energy trading throughout the region.

Highlights 2011/12

- Temperature-related sales volumes increase
- Tariff change for end customer prices in Bulgaria as at July 1st, 2012:
 - Electricity: +13.9%
 - Heat: –20.6%
- Tariff change for end customer prices in Macedonia
 - January 1st, 2012: electricity +7.8% (EVN Macedonia: +4.8%)
 - August 1st, 2012: electricity +9.8% (EVN Macedonia: +6.1%)

Development of energy sales to end customers

In Bulgaria, regulatory authorities increased end customer prices for electricity by 13.9% effective July 1st, 2012 (increase

Key indicators – Energy Supply South East Europe		2011/12	2010/11	Change		2009/10
				nominal	in %	
Key energy business indicators						
	GWh					
Electricity generation volumes		257	112	145	–	122
		235	86	149	–	95
		22	26	–4	–15.7	27
Network distribution volumes¹⁾		13,837	13,396	441	3.3	13,189
Heat sales volumes to end customers		241	233	8	3.4	253
Key financial indicators						
	EURm					
External revenue		968.6	834.2	134.4	16.1	862.2
Internal revenue		0.1	0.1	–	44.1	–
Total revenue		968.7	834.3	134.4	16.1	862.2
Operating expenses		–860.1	–747.4	–112.7	–15.1	–793.2
EBITDA		108.6	86.8	21.8	25.1	69.0
Depreciation and amortisation		–63.5	–77.1	13.6	17.7	–60.4
Results from operating activities (EBIT)		45.1	9.7	35.4	–	8.6
Financial results		–27.4	–19.6	–7.9	–40.3	–19.1
Profit before income tax		17.7	–9.8	27.5	–	–10.5
Total assets		1,250.0	1,140.1	110.0	9.6	1,089.7
Total liabilities		935.2	812.0	123.1	15.2	768.0
Investments²⁾		90.3	112.5	–22.2	–19.8	100.7

1) In Bulgaria and Macedonia energy sales volumes are approximately equivalent to present network distribution volumes.

2) In intangible assets and property, plant and equipment

by 1.9% as at July 1st, 2011). The prices for procured energy as well as for transmission grid operators and the system operator remained at about the same level as in the previous year. Regulatory authorities approved a 20.6% reduction in end customer prices for heat, effective July 1st, 2012. In contrast, the natural gas sourcing price climbed by 4.9%. In addition, the regulatory authority in Bulgaria resolved a change in the methodology to compensate for the additional costs of renewable electricity and for electricity derived from highly efficient co-generation plants, effective July 1st, 2012. Rising sales volumes related to the large number of new energy supply contracts with renewable electricity producers led to a significant increase in electricity procurement costs on the part of EVN Bulgaria EC, Plovdiv.

In Macedonia, the regulatory authority approved a hike in end customer prices by 9.8% effective August 1st, 2011, of which 6.1% could be assigned to EVN Macedonia, which followed the 7.8% price increase as at January 1st, 2012 (of which 4.8% applies to EVN Macedonia). The price increase primarily serves to cover the increased sourcing costs for energy consumption not covered by Macedonian power generating capacities which must be carried out on the wholesale market by EVN Macedonia effective October 1st, 2012 (previously the responsibility was in the hands of the state-owned company ELEM). In addition, network losses must now be completely

procured on the wholesale market (previously in part at regulated prices).

The volumes of electricity produced by EVN in South Eastern Europe in the 2011/12 financial year climbed considerably due to the power generation from the new co-generation plant in Plovdiv, Bulgaria, since January 2012. Electricity production was up by 145 GWh to 257 GWh. Accordingly, during the period under review, electricity sales volumes were up 3.3%, or 441 GWh, to 13,837 GWh, and heat sales in Bulgaria climbed 3.4%, or 8 GWh, to 241 GWh. This is attributable to the historically coldest winter in Bulgaria (where the heating degree total was 22.0 percentage points higher than in the prior year) and the much colder temperatures in Macedonia (where the heating degree total was 19.6 percentage points higher than in the prior year).

Revenue development

Total revenue in the 2011/12 financial year climbed 16.1%, or EUR 134.4m, to EUR 968.7m. This increase is mainly due to the price increases in Bulgaria and Macedonia as well as the weather-related rise in sales volumes, mainly to household customers.

Operating expenses and operating results

Higher prices for procured energy, especially the additional costs related to renewable electricity, as well as the increased write-offs

of receivables were the main reasons for the increase in operating expenses of 15.1%, or EUR 112.7m, to EUR 860.1m during the reporting period. On balance, EBITDA was up 25.1% from the prior-year level, or EUR 21.8m, to EUR 108.6m. Depreciation and amortisation fell by 17.7% during the year under review, or EUR 13.6m, to EUR 63.5m. This is mainly due to the impairment loss of EUR 17.7m recognised in the previous year in connection with TEZ Plovdiv (especially for goodwill and the power plant site). All in all, these developments resulted in a significant EBIT increase by EUR 35.4m to EUR 45.1m in the period under review.

Financial results and profit before income tax

The financial results decreased by 40.3% in the reporting period, or EUR 7.9m, to EUR –27.4m. This development is related to the higher interest expense in connection with financing the increase of the stake held by EVN in its subsidiaries in Bulgaria. On balance, the profit after income tax could be improved by EUR 27.5m, from EUR –9.8m to EUR 17.7m.

Investments

In the 2011/12 financial year, the investment volume declined by 19.8% from the previous year, or EUR 22.2m, to EUR 90.3m. This decline is mainly in connection with the high level of investments in the previous year relating to the construction of the new co-generation plant in Plovdiv. During the reporting period the focus was on investments in the Croatian natural gas supply network in addition to the expansion of the network infrastructure and the replacement of electricity meters in order to improve the reliability and quality of the energy supply and sustainably reduce losses from the power grid.

Outlook

Assuming average temperature development, a revenue and earnings improvement is expected in the Energy Supply South East Europe segment. This assumption will be supported by the adjustments in end customer prices carried out during the 2011/12 financial year, as well as the continuation of the restructuring and integration process as scheduled, further efficiency improvements and a consistent reduction of losses from the power grid. However, business development will be primarily influenced by the necessary implementation of compensation for higher costs for renewable electricity in the form of higher tariffs in Bulgaria, and will also depend on the consequences of the legal change on procurement costs which took place in Macedonia effective October 1st, 2012. Accordingly, energy demand which cannot be covered by existing domestic power generating capacities must be purchased directly by EVN Macedonia on the wholesale market. The financing of these additional sourcing costs should be covered by the end customer price hikes approved on August 1st, 2012.

Environmental Services

The Environmental Services segment encompasses drinking water supply, wastewater treatment and waste incineration activities in EVN's domestic market as well as the international project business in 18 countries of Central, Eastern and South Eastern Europe.

The income from investments mainly relates to the earnings contributions of the Croatian ZOV/ZOV UIP.

Highlights 2011/12

- Revenue decline of 3.3% to EUR 335.7m
- Higher EBITDA and EBIT
- New contracts in Prague, Serbia and Cyprus and thus expansion of business operations to 18 countries
- Completion of projects in Lithuania, Poland, Romania, Russia and Cyprus
- Current order volume of EUR 1.3 billion

Revenue development

The revenue of the Environmental Services segment amounted to EUR 335.7m, down 3.3%, or EUR 11.3m from the previous year. This decrease was due to the lower international project implementation volume as a result of completed projects, which could not be fully compensated by the positive revenue development from the domestic drinking water supply business as well as from the waste incineration plant in Dürnröhr.

Operating expenses and operating results

In contrast to revenue development, project-related material costs and operating expenses in the international environmental services business fell at a disproportionately high rate. The result was a significant decline in total operating expenses, which were down 7.6%, or EUR 21.0m, to EUR 257.0m. In turn, this contributed to an improved EBITDA by 14.1%, or EUR 9.7m, to EUR 78.7m. Taking into account the higher depreciation and amortisation, which rose by 4.6%, or EUR 1.2m, EBIT improved by 19.9%, or EUR 8.5m, to EUR 51.5m.

Financial results and profit before income tax

The financial results amounted to EUR 12.0m, up 1.7%, or EUR 0.2m, from the previous year. The positive development of other financial results resulting from positive currency translation effects as at the reporting date was able to compensate for the lower interest income. The declining interest income related to the ongoing redemption of lease receivables of the large pro-

Key indicators – Environmental Services	EURm	2011/12	2010/11	Change		2009/10
				nominal	in %	
External revenue		314.9	329.8	-14.9	-4.5	268.7
Internal revenue		20.8	17.1	3.7	21.3	16.7
Total revenue		335.7	346.9	-11.3	-3.3	285.4
Operating expenses		-257.0	-278.0	21.0	7.6	-233.1
EBITDA		78.7	68.9	9.7	14.1	52.3
Depreciation and amortisation		-27.2	-26.0	-1.2	-4.6	-24.3
Results from operating activities (EBIT)		51.5	42.9	8.5	19.9	28.0
Financial results		12.0	11.8	0.2	1.7	18.5
Profit before income tax		63.5	54.8	8.7	16.0	46.5
Total assets		1,472.4	1,450.1	22.4	1.5	1,345.2
Total liabilities		1,054.0	1,077.6	-23.6	-2.2	1,004.5
Investments ¹⁾		22.7	48.3	-25.6	-53.0	68.6

1) In intangible assets and property, plant and equipment

jects in Moscow during the operational phase. The segment's profit before income tax was up by 16.0%, or EUR 8.7m, to EUR 63.5m.

Investments

The segment's investments declined by 53.0%, or EUR 25.6m during the reporting period, to EUR 22.7m. Investment activity focused on the construction of a co-generation plant with a capacity of 13.5 MW on the premises of the large Ljuberzy wastewater purification plant as well as the network expansion of evn wasser.

In October 2011, EVN won a new project when it was awarded responsibility as general contractor for the planning, reconstruction and turn-key delivery of a wastewater treatment plant in Prague. The plant will take care of the wastewater generated by 1.9 million inhabitants based on its capacity of 163,000 m³ per day. The investment volume amounts to EUR 250.0m for all the services provided by the consortium. EVN's part amounts to EUR 35.0m. EVN will assume responsibility for operating the plant after the scheduled completion and handover in the year 2014.

In April 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. Featuring a total investment volume of EUR 25.3m, the facility will supply drinking water for about 86,000 inhabitants, corresponding to about 17,800 m³ per day. EVN will be responsible for operating the facility for a period of 15 years following the three-year construction period.

In September 2012, EVN was contracted to modernise and expand the wastewater purification plant in Larnaca on Cyprus,

servicing 100,000 inhabitants based on its capacity of 18,000 m³ per day. The project, financed with loans from the European Investment Bank, has an investment volume of EUR 35.9m. EVN will operate the facility for a period of twelve months following the turn-key completion of the project.

In addition to these new acquisitions and the commencement of construction of the above-named projects in the environmental services business, numerous international projects were completed during the 2011/12 financial year, or are in the final stages of completion. The second expansion stage of the Czajka-Warsaw wastewater purification installation, the largest in Poland with a capacity of 2,100,000 PE, was finished. Construction of the combined cycle heat and power plant at the site of the Ljuberzy, Moscow wastewater purification plant with a capacity of 13.5 MW was concluded during the year under review, as was the expansion and modernisation of two wastewater treatment facilities in the Romanian cities of Gherla and Huedin.

In Famagusta and Morphou on Cyprus, two wastewater purification plants were constructed. The two facilities contracted in 2009, treating the wastewater of 35,000 and 10,750 inhabitants respectively, were already put into operation while the external works were being completed. The customer already took over responsibility for the wastewater treatment plant in Morphou, whereas scheduled pilot operations are underway at the plant in Famagusta. In the middle of October 2012, another wastewater treatment plant near Nicosia on Cyprus began to come on stream.

The thermal sludge treatment plants in Lithuania, with a capacity of 200,000 PE in Siauliai and 225,000 m³ in Vilnius were completed. Whereas a one-year trial period for the Vilnius facility began, the plant in Siauliai has already been handed over

to the customer for operation Construction on the wastewater purification facilities in Budva in Montenegro and Šentjernej in Slovenia is proceeding on schedule. In regards to the planned waste incineration plant in Moscow, EVN is making preparations to get a building license.

With respect to the domestic drinking water supply business, the drinking water connecting pipeline from Marchfeld to the Eastern Weinviertel area was put into operation in November 2011. In May 2012 the drinking water connecting pipeline linking the Weinviertel and Waldviertel regions also came on stream. Following three years of construction and investments of EUR 6.0m, the 40 km pipeline along with an elevated tank and two pressure enhancing facilities were put into operation.

During the period under review EVN assumed responsibility for several drinking water supply networks. As a result of the acquisition of the local water supply networks in the municipalities of Lanzendorf, Klein-Neusiedl, Neustift-Innermanzing and Drösing, EVN expanded its supply network by 51.9 km, or 2,000 households. Accordingly, EVN now operates a total of 36 local drinking water supply networks and directly supplies about 78,700 inhabitants with drinking water. On balance, EVN now manages the local water networks for 669 cadastral communities, supplying more than 500,000 inhabitants in Lower Austria with drinking water. The company is now the largest supplier of water in Lower Austria and the second biggest in all of Austria.

Outlook

In spite of the high order volume for international projects, revenue and earnings are expected to decline slightly in the 2012/13 financial year. This development can be attributed to the completion of several projects in the 2011/12 financial year.

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses EVN's interests in RAG, Energie Burgenland AG and Verbund AG. On July 5th, 2012, the merger of BEGAS-Energie AG with Burgenländischen Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG) was entered into the commercial register. The companies were merged retroactive to September 30th, 2011, and BEWAG was renamed Energie Burgenland AG in September 2012. EVN has an indirect stake in Energie Burgenland AG via Burgenland Holding Aktiengesellschaft, in which EVN AG has a direct interest of 73.63%. In addition, this segment includes central Group functions as well as companies outside of EVN's core business, especially those that provide Intra-Group services.

Highlights 2011/12

- Increase of income from investments by EUR 9.6m to EUR 106.7m
 - RAG: EUR +13.1m
 - Stable earnings contribution of Verbund AG
- Financial results of EUR 102.9m, a rise of EUR 8.5m from the previous year

Revenue, EBITDA and EBIT development

In the 2011/12 financial year, the central Group functions posted a slight rise in revenue. Operating expenses rose compared to the low level of the previous year. This led to a decline in

Key indicators – Strategic Investments and Other Business	EURm	2011/12	2010/11	Change		2009/10
				nominal	in %	
External revenue		2.3	4.0	-1.7	-42.0	27.4
Internal revenue		63.5	59.4	4.1	6.9	64.0
Total revenue		65.8	63.4	2.4	3.8	91.4
Operating expenses ¹⁾		-74.9	-69.6	-5.3	-7.6	-95.4
EBITDA¹⁾		-9.1	-6.2	-2.9	-46.6	-4.1
Depreciation and amortisation		-1.7	-2.0	0.3	15.8	-1.8
Results from operating activities (EBIT)¹⁾		-10.8	-8.2	-2.6	-31.5	-5.9
Financial results		102.9	94.4	8.5	9.0	97.7
Profit before income tax ¹⁾		92.1	86.2	5.9	6.9	91.9
Total assets		2,718.8	2,761.3	-42.5	-1.5	2,854.2
Total liabilities ¹⁾		1,326.8	1,262.7	64.1	5.1	1,427.1
Investments ²⁾		4.7	2.2	2.5	-	1.6

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

2) In intangible assets and property, plant and equipment

Financial results – Strategic Investments and Other Business	EURm	2011/12	2010/11	Change		2009/10
				nominal	in %	
Income from investments						
RAG ¹⁾		73.5	60.4	13.1	21.7	44.3
Energie Burgenland AG ²⁾		1.9	9.4	-7.5	-79.8	-3.1
Other companies		0.6	0.8	-0.2	-23.7	0.1
Income from investments in equity accounted investees		76.0	70.6	5.4	7.7	41.3
Dividend payments		30.7	26.5	4.2	15.8	55.6
Verbund AG		22.1	22.1	-	-	50.1
Other companies		8.6	4.5	4.1	92.0	5.4
Impairment		-	0.0 ^{*)}	-	-	-0.4
Gain from other investments		30.7	26.5	4.2	15.8	55.2
Total income from investments		106.7	97.1	9.6	9.9	96.5
Total interest results		-1.2	1.2	-2.4	-	2.7
Total other financial results		-2.6	-3.8	1.2	31.9	-1.5
Financial results		102.9	94.4	8.5	9.0	97.7

1) Indirectly held through RBG

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

*) Small amount

EBITDA of 46.6%, or EUR 2.9m, to EUR -9.1m. Taking account of the slightly lower depreciation and amortisation, EBIT amounted to EUR -10.8m, down 31.5%, or EUR 2.6m, below the previous year.

The profit before income tax of the segment is primarily affected by the financial results, which developed as follows in the 2011/12 financial year:

Financial results and profit before income tax

The financial results totalled EUR 102.9m, a rise of 9.0%, or EUR 8.5m, from the previous year. The main reason for this improvement was the increase in income from investments by 9.9%, or EUR 9.6m, to EUR 106.7m. In turn, this is related to the higher earnings contribution from investments in equity accounted investees as well as the increased gain from other investments. There were contrary developments with respect to the income from investments in equity accounted investees. Whereas RAG provided a higher earnings contribution, up EUR 13.1m, the contribution of BEGAS, which merged into Energie Burgenland AG during the year under review, was down in a year-on-year comparison by EUR 7.5m.

A lower interest balance was in contrast to a slight rise in the other financial results. In spite of the higher interest income, the interest balance was down by EUR 2.4m to EUR -1.2m due to the increased interest expense. The rise in the other financial results of EUR 1.2m to EUR -2.6m primarily resulted from changes in the market value of securities.

On balance, these developments led to a profit before income tax of EUR 92.1m, a rise of 6.9% from the prior-year level, or EUR 5.9m.

Outlook

Earnings of the Strategic Investments and Other Business segment in the 2012/13 financial year are expected to decline, primarily at its equity accounted investee RAG. Furthermore, the segment results are also contingent on the development of primary energy and electricity prices and the earnings contribution of Verbund AG.

Consolidated financial statements for 2011/12

According to International Financial Reporting Standards

Consolidated statements of operations	104	
Consolidated statements of comprehensive income	104	
Consolidated statements of financial positions	105	
Consolidated statements in changes in equity	106	
Consolidated statements of cash flows	107	
Segment reporting	108	
Consolidated notes	110	Basis of preparation
	113	Basis of consolidation
	116	Accounting policies
	129	Notes to the Consolidated statements of operations
	134	Notes to the Consolidated statements of financial positions
	150	Other information
	160	Financial information on joint ventures and investments in equity accounted investees
EVN's investments	161	
Auditor's report	166	

Consolidated statements of operations

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

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

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

3) Proposed to the Annual General Meeting

Consolidated statements of comprehensive income

EURm	2011/12	2010/11
Profit for the period¹⁾²⁾	233.8	235.2
Pre-tax gains (+) or losses (-) recognised directly in equity from		
Foreign currency translation differences for foreign operations	8.9	-2.0
Net change in fair value of other investments	-223.5	-185.5
Net change in fair value of cash flow hedges	-5.3	-7.1
Remeasurements IAS 19 ¹⁾	-40.2	-17.0
Investments in equity accounted investees	-26.1	-13.3
Total pre-tax gains (+) or losses (-) recognised directly in equity	-286.2	-224.9
Income tax expenses ¹⁾³⁾	67.3	52.4
Total after-tax gains (+) or losses (-) recognised directly in equity	-218.9	-172.5
Comprehensive income	14.9	62.7
thereof profit attributable to EVN AG shareholders (Group net profit)	-24.0	20.5
thereof profit attributable to non-controlling interests	38.9	42.2

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

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

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

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

Consolidated statements of financial positions

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

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

Consolidated statements of changes in equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
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	-	-	192.3	-169.9	-2.0	-	20.5	42.2	62.7
Increase in capital stock	30.0	145.5	-	-	-	-	175.5	-	175.5
Dividends 2009/10	-	-	-71.8	-	-	-	-71.8	-33.7	-105.4
Disposal of own shares	-	-0.2	-	-	-	1.0	0.8	-	0.8
Changes in the scope of consolidation	-	-	-0.4	-	-	-	-0.4	7.4	7.0
Balance on 9/30/2011¹⁾	330.0	253.5	1,928.1	304.0	-5.5	-6.0	2,804.1	361.7	3,165.8
Comprehensive income	-	-	194.9	-227.8	8.9	-	-24	38.9	14.9
Acquisition of shares in fully consolidated companies	-	-	69.6	-	-	-	69.6	-118.9	-49.3
Increase in capital stock	-	-	-	-	-	-	-	3.0	3.0
Dividends 2010/11	-	-	-73.6	-	-	-	-73.6	-38.4	-112.0
Disposal of own shares	-	-0.2	-	-	-	-4.8	-5.0	-	-5.0
Changes in the scope of consolidation	-	-	-2.9	-	-	-	-2.9	-0.9	-3.8
Balance on 9/30/2012	330.0	253.5	2,116.2	76.2	3.4	-10.7	2,768.3	245.4	3,013.7

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

Consolidated statements of cash flows

EURm	Note	2011/12	2010/11
Profit before income tax¹⁾		259.7	263.9
+ Depreciation, amortisation/– revaluation of intangible assets and property, plant and equipment	29	251.3	252.8
+ Non-cash share of profit of equity accounted investees	36	7.1	12.3
– Gains/+ losses from foreign exchange translations		–0.4	0.5
–/+ Other non-cash financial results		0.1	–2.8
– Release of deferred income from network subsidiaries	26	–35.9	–32.1
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment	57	–1.9	0.1
+ Increase/– decrease in non-current provisions ¹⁾	49	0.4	–16.5
Gross cash flow		480.3	478.1
+ Decrease/– increase in inventories and receivables		–53.5	64.8
+ Increase/– decrease in current provisions		5.5	–39.9
+ Increase/– decrease in trade payables and other liabilities		57.6	53.4
– Income tax paid		–28.9	–34.3
Net cash flow from operating activities		461.0	522.0
+ Proceeds from the disposal of intangible assets and property, plant and equipment	57	10.4	5.5
+ Proceeds from network subsidiaries		66.6	72.2
+ Proceeds from the disposal of financial assets and other non-current assets		77.2	48.7
+ Proceeds from the disposal of current securities		443.9	415.5
– Acquisition of subsidiaries, net of cash acquired	4	–3.2	–24.6
+ Net proceeds from business disposals		3.7	–
– Acquisition of intangible assets and property, plant and equipment		–309.6	–395.8
– Acquisition of financial assets and other non-current assets		–232.8	–382.0
– Acquisition of current securities		–390.1	–251.0
Net cash flow from investing activities		–333.9	–511.6
+ Payments of nominal capital by non-controlling interests/increase in capital stock		3.0	175.5
– Payments for acquisition of shares in fully consolidated companies		–49.3	–
– Dividends paid to EVN AG shareholders	43	–73.6	–71.8
– Dividends paid to non-controlling interests	57	–38.4	–33.7
– Repurchase/+ sales of own shares		–4.2	0.8
+ Increase in financial liabilities		400.6	24.6
– Decrease in financial liabilities		–343.8	–82.3
Net cash flow from financing activities		–105.6	13.1
Net change in cash and cash items		21.5	23.5
Net change in cash and cash items	57		
Cash and cash items at the beginning of the period		112.6	89.1
Cash and cash items at the end of the period		134.1	112.6
Net change in cash and cash items		21.5	23.5

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

Segment reporting

EURm	Generation		Network Infrastructure Austria		Energy Trade and Supply		Energy Supply South East Europe	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	40.3	24.1	438.2	423.5	1,082.2	1,113.5	968.6	834.2
Intra-Group revenue (between segments)	94.8	73.0	64.7	55.2	46.3	50.8	0.1	0.1
Total revenue	135.1	97.1	502.9	478.8	1,128.5	1,164.3	968.7	834.3
Operating expenses ¹⁾	-77.0	-65.0	-312.0	-287.5	-1,095.5	-1,060.4	-860.1	-747.4
EBITDA¹⁾	58.0	32.1	190.8	191.3	33.0	103.9	108.6	86.8
Depreciation and amortisation	-44.5	-35.7	-100.1	-98.8	-16.4	-15.1	-63.5	-77.1
thereof impairment losses	-17.7	-40.6	-0.6	-	-1.7	-1.3	-2.5	-17.7
thereof revaluation	-	31.2	-	-	-	-	-	-
Results from operating activities (EBIT)¹⁾	13.5	-3.6	90.7	92.5	16.6	88.8	45.1	9.7
EBIT margin (%) ¹⁾	10.0	-3.7	18.0	19.3	1.5	7.6	4.7	1.2
Income from investments in equity accounted investees	2.7	-24.0	-	1.1	-4.2	4.4	-	-
Interest results	-13.5	-9.5	-11.6	-11.3	-2.3	-3.2	-27.5	-18.2
Financial results	-10.2	-32.9	-9.1	-11.1	-5.9	1.8	-27.4	-19.6
Profit before income tax¹⁾	3.3	-36.5	81.6	81.3	10.7	90.6	17.7	-9.8
Goodwill	0.0	-	1.8	1.8	5.4	2.5	161.4	161.3
Carrying value of investments in equity accounted investees	372.9	297.2	-	-	45.7	49.7	-	-
Total assets	820.5	745.9	1,698.4	1,673.2	624.9	634.1	1,250.0	1,140.1
Liabilities ¹⁾	538.4	484.7	1,214.2	1,148.4	413.5	363.9	935.2	812.0
Investments ²⁾	16.0	70.8	144.8	160.9	30.1	25.3	90.3	112.5

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
External revenue	314.9	329.8	2.3	4.0	-	-	2,846.5	2,729.2
Intra-Group revenue (between segments)	20.8	17.1	63.5	59.4	-290.2	-255.6	-	-
Total revenue	335.7	346.9	65.8	63.4	-290.2	-255.6	2,846.5	2,729.2
Operating expenses ¹⁾	-257.0	-278.0	-74.9	-69.6	288.2	253.7	-2,388.5	-2,254.2
EBITDA¹⁾	78.7	68.9	-9.1	-6.2	-2.0	-1.9	458.0	474.9
Depreciation and amortisation	-27.2	-26.0	-1.7	-2.0	2.0	1.9	-251.3	-252.8
thereof impairment losses	-0.7	-0.6	-	-0.1	-	-	-23.3	-60.3
thereof revaluation	-	-	-	-	-	-	-	31.2
Results from operating activities (EBIT)¹⁾	51.5	42.9	-10.8	-8.2	-	-	206.7	222.2
EBIT margin (%) ¹⁾	15.3	12.4	-16.3	-12.9	-	-	7.3	8.1
Income from investments in equity accounted investees	12.4	10.8	76.0	70.6	-	-	87.0	62.9
Interest results	-0.9	0.1	-1.2	1.2	-	-	-57.0	-41.1
Financial results	12.0	11.8	102.9	94.4	-9.3	-2.7	53.0	41.8
Profit before income tax¹⁾	63.5	54.8	92.1	86.2	-9.3	-2.7	259.7	263.9
Goodwill	41.5	41.5	-	-	-	-	210.0	207.2
Carrying value of investments in equity accounted investees	78.5	68.8	551.4	576.4	-	-	1,048.7	992.1
Total assets	1,472.4	1,450.1	2,718.8	2,761.3	-1,721.8	-1,534.2	6,863.2	6,870.4
Liabilities ¹⁾	1,054.0	1,077.7	1,326.8	1,262.7	-1,632.4	-1,444.8	3,849.5	3,704.6
Investments ²⁾	22.7	48.3	4.7	2.2	-0.3	-4.4	308.3	415.7

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

2) In intangible assets and property, plant and equipment

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

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

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

Consolidated notes

Basis of preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider, which is headquartered in A-2344 Maria Enzersdorf, Austria. In addition to providing services to its domestic market in the province of Lower Austria, EVN has successfully positioned itself in the energy industry of Bulgaria and Macedonia. EVN provides customers in 18 countries with water supply, wastewater treatment and thermic waste incineration services via its subsidiaries.

The Consolidated financial statements are prepared as at the balance sheet date of EVN AG. The financial year of EVN AG encompasses the period from October 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 positions and the Consolidated statements of operations are summarised in order to achieve a more understandable and clearly structured presentation. In the notes, these positions are itemised individually and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the Consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

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

2. Reporting in accordance with IFRS

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

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

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

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

2) Early adoption in 2011/12

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EVN does not expect the future first-time application of the other new standards and interpretations to have any material impact on its assets, liabilities, financial position and profit and loss.

Basis of consolidation

3. Consolidation methods

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

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

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

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

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

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

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

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

4. Scope of consolidation

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

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

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

EconGas, in which EVN AG has an unchanged 16.51% interest, is included at equity due to special contractual arrangements that allow EVN to exert significant influence on the company.

An overview of the companies included in the Consolidated financial statements is provided under EVN's investments, starting on page 161. The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting period:

4. Changes in the scope of consolidation	Full consolidation	Proportionate consolidation	Equity method	Total
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
Start-ups and first consolidation	5	–	3	8
Change of consolidation	–	–	–	–
Mergers	–2	–	–1	–3
Deconsolidation	–4	–	–	–4
9/30/2012	62	5	18	85
thereof foreign companies	36	–	5	41

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Foreign currency translation 2011/12

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

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

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

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

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

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

1) Average on the last day of each month

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

Accounting policies

6. Intangible assets

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

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

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

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

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

7. Property, plant and equipment

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

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

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

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

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

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

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

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

8. Investments in equity accounted investees

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

9. Financial instruments

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

Primary financial instruments

The following measurement categories are applied by EVN:

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

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

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

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

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

Derivative financial instruments

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

Derivative financial instruments are reported at cost at contract conclusion, and at their fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or

discounting-based valuation methods. Derivative financial instruments are reported as other (current or noncurrent) assets or other (current or non-current) liabilities.

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

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

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

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

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

The forward and futures contracts concluded by EVN for the purchase or sale of electricity and 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 positions at fair value based on share prices, if possible. The cost less impairment is used in those cases where the fair value cannot be determined based on comparable transactions during the respective period, and no measurement by means of discounting the expected cash flow was made because the cash flows could not be reliably determined. Unrealised profits or losses are recognised directly in equity. In the case of a significant or continuous decline in the fair value of an equity instrument held by the company which falls below the cost of acquisition, a write-down is prescribed. A "significant, continuous decline" is defined by EVN as referring to a decrease of over 20 percent over a period of nine months. When financial assets are sold, the unrealised profits or losses previously recognised directly in equity are recognised directly in income.

11. Other non-current assets

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

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

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

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

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

12. Inventories

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

The CO₂ 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 CO₂ emission certificates are capitalised at cost, whereas additions to provisions for shortfalls are based on the fair value as at the balance sheet date. The cost of materials and services shown in the Consolidated statements of operations only includes expenses arising from an insufficient allotment of certificates.

13. Trade and other receivables

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

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

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

14. Securities

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

15. Cash and cash equivalents

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

16. Equity

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

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

After-tax gains or losses recognised directly in equity comprise certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position includes the currency translation reserve, unrealised gains or losses from the fair value measurement of other investments, the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also encompasses the proportional share of gains and losses recognised directly in equity accounted investees.

17. Provisions

Provisions for pensions and obligations similar to pensions

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

For employees who joined the company after January 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 natural gas.

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

The amounts of provisions are determined by an actuary on the basis of actuarial reports as at the respective balance sheet date. The measurement principles are described in note 49. **Non-current provisions**. All remeasurements, including at EVN only gains and losses from changes in actuarial assumptions, are recognised according to IAS 19 (2011) in other comprehensive income.

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

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

Provision for severance payments

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before January 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

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

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

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

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

18. Liabilities

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

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

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

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

19. Revenue recognition

Realisation of revenue (in general)

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

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

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

Regulatory account

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

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

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

Contract manufacturing

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

20. Income taxes and deferred taxes

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

The following tax rates were applied for current income taxes:

20. Corporate income tax rates	2011/12	2010/11
%		
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
Czech Republic	19.0	19.0
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	16.0	16.0
Russia	20.0	20.0
Serbia	10.0	10.0
Slovenia ³⁾	18.0	20.0
Turkey	20.0	20.0

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

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

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

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

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

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

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

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

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

21. Procedures and effects of impairment tests

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

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

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

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

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

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

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

22. Leased and rented assets

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

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

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

23. Forward-looking statements

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

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

The measurement of the existing provisions for pensions and obligations similar to pensions as well as of the provisions for severance payments is based on assumptions relating to the discount rate, the age of retirement, life expectancy and future pension and salary increases (see note 49. **Non-current provisions**).

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

24. Segment reporting

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

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

The segments encompass the following activities:

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

Principle of segment allocation and transfer pricing

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

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

Reconciliation of segment results at the Group level

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

Entity-wide disclosures

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

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

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

Notes to the Consolidated statements of operations

25. Revenue

The revenues of the individual business segments developed as follows:

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

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

26. Other operating income

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

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

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

27. Cost of materials and services

The cost of "electricity purchases from third parties and primary energy" mainly comprised natural gas and electricity procurement costs as well as the costs of EUR 7.2m (previous year: EUR 3.0m) for the purchase of additional certificates during the reporting period due to the insufficient allocation of free CO₂ 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.

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

28. Personnel expenses

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

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

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

The average number of employees was as follows:

28. Employees by business unit¹⁾	2011/12	2010/11
Generation	198	185
Network Infrastructure Austria	1,281	1,284
Energy Trade and Supply	300	448
Energy Supply South East Europe	4,775	5,304
Environmental Services	600	572
Strategic Investments and Other Business	440	457
Total	7,594	8,250

1) Number of annual average

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

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

29. Depreciation and amortisation

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

29. Depreciation and amortisation by items of the Consolidated statements of financial positions		
EURm	2011/12	2010/11
Amortisation of intangible assets	15.2	24.2
Revaluation of intangible assets ¹⁾	–	–31.2
Depreciation of property, plant and equipment	236.2	259.8
Total	251.3	252.8

29. Depreciation and amortisation		
EURm	2011/12	2010/11
Scheduled depreciation and amortisation	228.0	223.7
Impairment losses ¹⁾	23.3	60.3
Revaluation ¹⁾	–	–31.2
Total	251.3	252.8

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

30. Other operating expenses

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

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

31. Financial results

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

*) Small amount

1) Indirectly held through RBG

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

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

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

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

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

32. Income tax expense

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

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

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

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

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

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

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

33. Earnings per share

Earnings per share were calculated by dividing Group net profit (= proportional share of profit attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding, i.e. 179,378,364 (previous year: 178,059,870). This figure may be diluted by so-called potential shares arising from options or convertible bonds. However, since EVN did not have such potential shares, there was no difference between basic earnings per share and diluted earnings per share.

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

Notes to the Consolidated statements of financial positions

Assets

Non-current assets

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

Currency translation differences concern those amounts that arose from foreign companies' translation of assets using different exchange rates at the beginning and at the end of the 2011/12 financial year.

34. Intangible assets

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

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

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

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

^{*)} Small amount

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
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

35. Property, plant and equipment

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

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

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

The item “Prepayments and equipment under construction” included EUR 202.2m (previous year: EUR 361.0m) in acquisition costs relating to equipment under construction as at the balance sheet date.

For “Leased and rented equipment”, the present value of the payment obligations for the use of heating networks and heat generation plants is reported in the Consolidated statements of financial positions. The net value of these assets totalled EUR 14.7m at the balance sheet date (previous year: EUR 19.6m). The related leasing and rental liabilities were recognised under other noncurrent liabilities.

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

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

^{*)} Small amount

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 ^{*)}	-	-0.3
Scheduled depreciation	-17.6	-91.3	-68.3	-12.8	-18.7	0.0 ^{*)}	-208.7
Impairment losses	-12.2	-0.4	-35.6	-	-0.5	-2.3	-51.1
Disposals	4.8	6.6	16.3	4.1	26.5	3.2	61.4
Transfer	0.2	-0.4	-3.6	0.0 ^{*)}	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 9/30/2010	353.4	1,356.2	679.9	72.3	50.6	305.8	2,818.2
Net value 9/30/2011	351.7	1,441.2	668.1	68.3	47.6	362.0	2,938.9

^{*)} Small amount

36. Investments in equity accounted investees and other investments

The investments in equity accounted investees included in the Consolidated financial statements at equity are listed in the notes under the item EVN's investments starting on page 161.

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

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

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

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

The item "Miscellaneous investments" included shares in listed companies with a market value of EUR 645.8m (previous year: EUR 869,4m), of which EUR 24.2m was used as collateral. The other investments included in this item of the Consolidated statements of financial positions, which amount to EUR 23.0m (previous year: EUR 23.0m) and are reported at amortised cost less impairment losses, involve shares in companies which are not traded on an active market, i.e. which are not freely tradable.

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

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

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

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

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

*) Small amount

37. Other non-current assets

Securities reported under the item “Other non-current assets” mainly consist of shares in investment funds and serve to provide coverage for the provisions for pensions and obligations similar to pensions as required under Austrian tax law. The carrying amounts correspond to the fair value as at the balance sheet date. Additions and disposals resulted from the regrouping of assets during the 2011/12 financial year.

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

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

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

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

37. Reconciliation of other non-current assets

EURm

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

*) Small amount

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

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

EURm

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

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

The interest components correspond to the proportionate share of the interest component in the total lease payment, and do not represent discounted amounts. The interest components of lease payments in the 2011/12 financial year were largely reported as interest income on non-current financial assets.

Current assets**38. Inventories**

Primary energy reserves are mainly comprised of coal supplies.

The CO₂ emission certificates relate exclusively to certificates previously purchased to fulfil the requirements of the Austrian Emission Certificate Act but which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note 55. Current provisions).

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

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

39. Trade and other receivables

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

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

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

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

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

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

40. Securities

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

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

*) Small amount

In addition to a gain of EUR 0.3m (previous year: gain of EUR 1.5m) on the sale of securities, an impairment of EUR 0.8m (previous year: impairment of EUR 1.3m) was recognised in the reporting period in Group net profit to reflect the decline in stock prices.

Liabilities

Equity

The development of equity in the 2011/12 and 2010/11 financial years is presented on page 106.

41. Share capital

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

42. Share premium and capital reserves

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

43. Retained earnings

Retained earnings of EUR 2,116.2m (previous year: EUR 1,925.5m) contain the proportional share of the retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as of business combinations achieved in stages. The latter was still shown as a separate item of equity in the previous period

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

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

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

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

44. Valuation reserve according to IAS 39

The valuation reserve according to IAS 39 contains changes in the fair value of other investments and cash flow hedges, remeasurements according to IAS 19 as well as the proportional share of changes in the equity of investments in equity accounted investees.

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

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

45. Treasury shares

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

The number of outstanding shares thus developed as follows:

45. Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
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
Purchase of treasury shares	-	-554,530	-554,530
Disposal of treasury shares	-	75,168	75,168
9/30/2012	179,878,402	-877,622	179,000,780

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

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

46. Non-controlling interests

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

Non-current liabilities

47. Non-current loans and borrowings

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

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

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

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

Bonds

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

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

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

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

Bank loans

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

Deferred interest expenses are included under other current liabilities.

48. Deferred tax liabilities

48. Deferred taxes	2011/12	2010/11
EURm		
Deferred tax assets¹⁾		
Employee-related provision	-38.7	-30.0
Tax loss carryforward	-20.6	-21.1
Other deferred tax assets	-14.9	-18.1
Deferred tax liabilities		
Non-current assets	74.1	84.6
Financial instruments	76.9	135.9
Other deferred tax liabilities	16.6	12.6
Total	93.3	163.8
thereof deferred tax assets	-25.9	-9.7
thereof deferred tax liabilities	119.2	173.6

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

The deferred taxes developed as follows:

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

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

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

49. Non-current provision

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

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

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

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

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

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

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

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

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

The effect on earnings amounts to EUR 0.01 per share.

49. Reconciliation of other non-current provisions

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

¹⁾ Small amount

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

The provision for impending losses relates to obligations from the marketing of EVN's own electricity production. Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits,

which for the most part arise from operating activities and are currently pending, are reported under legal risks. Environmental, waste and other obligatory risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites and other obligations.

50. Deferred income from network subsidies

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

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

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

51. Other non-current liabilities

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

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

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

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

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

51. Term to maturity of other non-current liabilities

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

Current liabilities

52. Current loans and borrowings

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

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

53. Taxes payable

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

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

54. Trade payables

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

55. Current provisions

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

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

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

56. Other current liabilities

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

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

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

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

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

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

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

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

Other information

57. Consolidated statements of cash flows

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

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

Income tax payments of EUR 28.9m (previous year: EUR 34.3m) were reported separately under net cash flow from operating activities.

Dividends received, as well as interest received and interest paid, were allocated to gross cash flow. Cash flows from dividend payments received for the 2011/12 financial year totalled EUR 119.2m (previous year: EUR 102.6m). Interest received amounted to EUR 28.1m (previous year: EUR 33.5m), whereas interest paid totalled EUR 56.4m (previous year: EUR 53.7m).

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

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

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

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

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

58. Risk management

Interest rate risk

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

In addition to carrying out sensitivity analyses, interest rate risk is monitored by EVN by way of a daily value at risk (VaR) calculation in which VaR is calculated with a 99.0% confidence level for a holding period of one day using the variance-covariance method (delta-gamma approach) for calculation. At the balance sheet date, the VaR, taking the employed hedging instruments into account, was EUR 9.0m (previous year: EUR 4.4m). The increase in VaR compared to the previous reporting date arises from the capital market issues of EVN in the in 2011/12 financial year (a bond issue in October 2011 featuring a nominal value of EUR 300m and private placements at a nominal value of EUR 125m in February 2012).

Foreign exchange risk

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

Foreign exchange risk may become consequential for receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency. The most significant drivers of foreign exchange risk for EVN are the bonds issued in Japanese yen (JPY) and Swiss francs (CHF). Foreign exchange risk is managed by way of a central compilation, analysis and management of risk positions, and by hedging the bonds denominated in foreign currencies through cross currency swaps (see notes 47. **Non-current loans and borrowings** and 9. **Financial instruments**).

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

Other market risks

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

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

58. Price hedging in the Energy business

EURm

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

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

In the event of a 10.0% change in market prices at the balance sheet date, the effects of the derivatives on equity would be EUR 15.1m (previous year: EUR 16.5m).

The price risk for securities results from fluctuations in the capital markets. The most significant securities positions held by EVN are its holdings of shares in Verbund AG. The price risk VaR for the Verbund AG shares held by EVN as at the balance sheet date was EUR 29.9m (previous year: EUR 38.8m).

Liquidity risk

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

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

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

58. Expected occurrence of cash flows

EURm

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

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

EURm

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

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

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

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

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

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

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

59. Reporting of financial instruments

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

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

59. Information on classes and categories of financial instruments

EURm

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

Derivative financial instruments

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

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

Derivative financial instruments are comprised of the following:

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

*) Small amount

1) In m nominal currency

2) In EURm

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

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

60. Significant events after the balance sheet date

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

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

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

61. Other obligations and risks

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

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

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

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

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

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

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

62. Information on transactions with related parties

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

Hence related parties include all companies in EVN's consolidation range: the main shareholders NÖ Landes-Beteiligungsholding GmbH, St. Pölten, and EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as well as people who are responsible for planning, management and the supervision of the activities of the Executive Board, especially members of the Executive Board and Supervisory Board, as well as their family members.

A list of the Group companies can be found starting on page 161 under EVN's investments. EVN AG is integrated into the Consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as an investment in equity accounted investee.

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

Transactions with related companies

Main shareholder

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

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

Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous associates included at equity in the Consolidated financial statements of EVN. Long-term agreements were concluded with e&t for the sale and sourcing of electricity. Long-term sourcing contracts were concluded with EconGas for natural gas. A cooperation agreement with BEGAS relating to gas-related services was terminated by both sides effective December 31st, 2011.

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

62. Transactions with investments in equity accounted investees	2011/12	2010/11
EURm		
Revenue	155.8	175.5
Cost of services received	777.2	722.4
Trade accounts receivable	74.8	89.6
Trade accounts payable	21.3	7.2
Loans	11.7	–
Receivables from cash pooling	0.1	0.2
Liabilities from cash pooling	0.0 ^{*)}	–
Interest income from loans	0.2	–
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 2011/12 financial year amounted to EUR 1.4m (previous year: EUR 1.4m), payments to former members of the Executive Board or their surviving dependents totalled EUR 1.0m (previous year: EUR 1.6m). Expenses for severance payments and pensions for active members of the Executive Board totalled EUR 0.9m (previous year: due to the use of provisions income for severance payments and pensions of EUR 1.8m). Expenses for severance payments and pensions at EVN AG totalled EUR 0.8m (previous year: 0.2m) for active members of the senior management. Pension commitments for active members of the Executive Board totalled EUR 11.1m as at the balance sheet date (previous year: EUR 8.4m). This increase is particularly attributable to the adjustment of the interest rate applied to the calculation of this obligation as carried out during the year under review.

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

The basic principles underlying the remuneration system are presented in the remuneration report (starting at page 56), which is part of the Management Report.

Transactions with other related companies

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

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

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

63. Other disclosures

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

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

64. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

Peter Layr – Spokesman of the Executive Board

Stefan Szyszkowitz – Member of the Executive Board

Herbert Pötttschacher – Member of the Executive Board

Supervisory Board

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

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

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

66. Auditing fees

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

Maria Enzersdorf, November 15th, 2012

EVN AG
 The Executive Board



Peter Layr
 Spokesman of the Executive Board



Stefan Szyszkowitz
 Member of the Executive Board



Herbert Pöttschacher
 Member of the Executive Board

Financial information on joint ventures and investments in equity accounted investees

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

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

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

Key figures of investments in equity accounted investees EURm	2011/12	2010/11
Statements of financial positions		
Equity	1,630.2	1,452.7
Assets	5,829.0	5,077.2
Liabilities	4,198.8	3,624.5
Statements of operations		
Revenue	12,116.0	7,584.1
Profit for the period	134.5	162.6

EVN's investments

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

1. EVN's investments in the Energy business ≥ 20.0% as at September 30th, 2012

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

Method of consolidation:

V: Fully consolidated company (subsidiary)

NV: Non-consolidated affiliate

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

NQ: Company not included on a proportionate basis (joint venture)

E: Investment in equity accounted investee

NE: Investment in associate not included at equity

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

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

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

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

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

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

5) Formerly EVN T2 DOOEL, Plovdiv, Bulgaria

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

7) Formerly Kabelsignal AG, Maria Enzersdorf

2. EVN's investments in the Environmental Services business ≥ 20.0% as at September 30th, 2012

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	478	22	30.9.2012	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	WTE Essen	26.00	EUR	37	0	31.12.2011	NE
AUL Abfallumladelogistik Austria GmbH Maria Enzersdorf	EVN Abfall	50.00	EUR	424	29	30.9.2012	E
Cista Dolina – SHW Komunalno podjetje d.o.o. Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	172	19	30.9.2012	V
Degremont WTE Wassertechnik Praha v.o.s. Prag, Czech Republic ¹⁾	WTE Essen	35.00	CZK	–	–	31.12.2011	NE
DTV Zrt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,523	56	31.12.2011	NV
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	9,767	8,691	30.9.2012	V
EVN MVA Nr. 1 Finanzierungs- und Servicegesellschaft mbH, Maria Enzersdorf ¹⁾	WTE Essen	100.00	EUR	33	-2	30.9.2012	NV
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH, ("EVN MVA1"), Essen, Germany	WTE Essen	100.00	EUR	28	-6	30.9.2012	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH, ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	6,807	-4,054	30.9.2012	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	8,357	1,704	30.9.2012	V
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	EUR	10,221	-7,157	30.9.2012	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	EUR	151,590	16,877	30.9.2012	V
evn wasser Gesellschaft m.b.H., ("evn wasser") Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	3,501	30.9.2012	V

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2011/12
OA0 BUDAPRO-ZAVOD No.1, Moscow, Russia	EVN MVA 1	100.00	RUB	16,532	-59	31.12.2011	V
OA0 "EVN MSZ 3", ("OA0 MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	141,805	-10,009	31.12.2011	V
OA0 WTE Kurjanovo, Moscow, Russia ¹⁾	Kurjanovo	100.00	RUB	2	0	31.12.2011	NV
OA0 EVN Ljuberzy, Moscow, Russia ¹⁾	Ljuberzy	100.00	RUB	2	0	31.12.2011	NV
OA0 "WTE Süd-West", Moscow, Russia	Süd-West	100.00	RUB	134,969	-192	31.12.2011	V
OA0 "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	159,285	-105	31.12.2011	V
OO0 Eco Reagent, Moscow, Russia ¹⁾	OA0 "WTE Süd-Ost"/ EVN UBS	100.00	RUB	2	0	31.12.2011	NV
OO0 EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	53,958	-2,080	31.12.2011	V
OO0 EVN-Ekotechprom MSZ3, Moscow, Russia	OA0 MVA3	70.00	RUB	2,900	335	31.12.2011	NV
OO0 Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	3,769	2,099	31.12.2011	NV
OO0 "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	0	31.12.2011	NV
EVN Projektgesellschaft KSV Ljuberzy mbH, Essen, Germany ("Ljuberzy")	WTE Essen	100.00	EUR	24	-1	30.9.2012	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH, ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	444	21	30.9.2012	V
sludge2energy GmbH, Berching, Germany ¹⁾	WTE Essen	50.00	EUR	-	-	30.9.2011	NE
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd"), Essen, Germany	WTE Essen	100.00	EUR	7,854	843	30.9.2012	V
SHW/RWE Umwelt Aqua Vodogradnja d.o.o. Zagreb, Croatia	WTE Essen	50.00	HRK	1,696	351	31.12.2011	NE
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	EUR	-42	8	30.9.2012	V
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Essen	49.00	EUR	521	9	31.12.2011	NE
Viennatal-Sammelkanal Gesellschaft m.b.H Untertullnerbach	evn wasser	50.00	EUR	874	-5	31.12.2011	NE
WTE Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	LTL	169	13	30.9.2012	NV
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	0	30.9.2012	V
WTE desalinizacija morske vode d.o.o. Budva, Montenegro	WTE Essen	100.00	EUR	-1,365	-355	31.12.2011	V
WTE odpadne vode Budva DOO, Podgoriza, Montenegro	WTE Essen	100.00	EUR	11	0	31.12.2011	V
WTE Projektgesellschaft Kurjanovo mbH Essen, Germany ("Kurjanovo")	WTE Essen	100.00	EUR	23	-1	30.9.2012	NV
WTE Projektgesellschaft Natriumhypochlorit mbH, ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	147,631	0	30.9.2012	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	6,405	-3,822	30.9.2012	V
WTE Projektgesellschaft Trinkwasseranlage d.o.o., Beograd-Vracar, Serbia ¹⁾	WTE Essen	100.00	RSD	0	0	30.9.2012	NV
WTE Projektmanagement GmbH, Essen, Germany ²⁾	WTE Essen	100.00	EUR	20	0	30.9.2012	NV
WTE Projektna družba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	-31	0	30.9.2012	V
WTE Projektna družba Kranjska Gora d.o.o. Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	24	0	30.9.2012	V
WTE Wassertechnik GmbH, ("WTE Essen") Essen, Germany	EVN Umwelt	100.00	EUR	91,799	9,660	30.9.2012	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	PLN	1,154	982	30.9.2012	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	281	120	31.12.2011	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	713	173	31.12.2011	NV

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

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

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

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

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

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

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

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

Auditor's report

Report on the Consolidated financial statements

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

**EVN AG,
Maria Enzersdorf,**

for the reporting period from **October 1st, 2011 to September 30th, 2012**. These Consolidated financial statements comprise the Statements of financial positions as at September 30th, 2012 and the Statements of operations, Statements of comprehensive income, Statements of cash flows and the Statements of changes in stockholders' equity for the year then ended, and the notes.

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

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

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

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

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

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

Opinion

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

Report on the Management report for the Group

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

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

Vienna, November 16th, 2012

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed

Walter Reiffenstuhl	Angelika Vogler
Wirtschaftsprüfer	Wirtschaftsprüferin
(Austrian Chartered Accountants)	

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

Corporate Social Responsibility

As a responsible energy and environmental services provider, EVN regards economic, ecological and social aspects as a whole and strives to balance the requirements of different interest groups. This is also reflected in how the reports of the last few years up to the present Full report were developed.

EVN has been publishing environmental reports since 1990. Since 2002, these reports have been further developed and annually published as Sustainability reports. In the financial year 2009/10, the sustainability report was integrated with the Consolidated financial statements to form a Full report. This process strives to ensure the continuous integration of various issues, and to raise aspects of sustainability and the programme of CSR measures to the status of the Consolidated financial statements and the Corporate governance report. The issues of the report have been selected in accordance with legal stipulations, materiality, and the communication requirements of stakeholders. Those CSR issues that have not been integrated in the first segments of the Full report are presented here. The GRI Content Index on the end-cover flap gives an overview of where contents relating to GRI indicators can be found.

Governance, commitments and engagement

Corporate governance, management structure

For the management and organisational structure of EVN, please see the Corporate governance report starting on page 51. You will find a breakdown of EVN's investments on page 90 of this report.

Aside from continuous strategic developments by the Executive Board in close cooperation with the Supervisory Board, case-related steering committees and working groups are being formed to work on various relevant issues and questions. 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. In the financial year 2011/12, CSR management was reorganised and the entire EVN management team integrated into the CSR steering committee. This expansion is based on European best practices and presents a targeted control of CSR agendas in harmony with the corporate strategy and operative Group functions.

Aside from the well-represented internal CSR management, the Advisory Committee for Environmental 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 to the EVN Social fund, composed of external experts from the social field, advises the Executive Board in questions of social commitment. In spring 2011, EVN founded the Customers' Board to intensify customer dialogue.

As the dynamic internationalisation of EVN faces various challenges, the EVN Code of Conduct was implemented. It includes the common corporate culture, its main principles and rules of conduct that apply and are accessible to all employees of the EVN Group, and thus communicated across language barriers and country borders. The EVN Code of Conduct is continuously adapted to recent developments, particularly to legal stipulations. Aside from an English version, the Code is also translated into the languages of EVN subsidiaries: Bulgarian, Macedonian, and Russian. It is based on internal management directives, legal stipulations, and the following international sets of regulations:

- UN Global Compact
- Universal Declaration on Human Rights (U.N.) and the European Convention for the Protection of Human Rights and Fundamental Freedoms
- ILO (International Labour Organisation) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- ILO Declaration on Fundamental Principles and Rights at Work

- OECD Guidelines for Multinational Enterprises
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- Austrian Corporate Governance Code

In the reporting year, the existing EVN compliance management was revised and fundamental decisions on the development of a Compliance Management System (CMS) made. The department Corporate Compliance Management (CCM) directly subordinate to the Executive Board was established for the development, operation and further development. CMS includes the following units and institutions:

- **Chief Compliance Officer (CCO):** ensures a modern, Group-wide CMS across all Group functions.
- **Decentral/National Compliance Officer (DCO, NCO):** based on a risk assessment, responsible for the implementation of the compliance programme in the segments/countries.
- **Compliance Committee (CC):** established as an internal advisory committee for the CCO to monitor and evaluate compliance violations, to advise in fundamental questions, and to further develop the CMS.

- For individual mission statements, go to the menu point CSR strategy on EVN's website: www.responsibility.evn.at.
- For the issue of EVN capital market communication, see page 37 Investor Relations.
- For more information on the diversity of employees and leadership, see indicator LA13 from page 42.
- See page 36 about EVN AG in sustainability indices.

CSR organisation

The objectives and aspects of sustainability are vital integrated elements of EVN's corporate strategy. The CSR steering committee guarantees this integration. 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 units are involved and CSR development potentials in all units 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.

In the financial year 2011/12, CSR management was reoriented to ensure an even deeper foundation of sustainability aspects in corporate operative areas. For this purpose, the existing steering committee was expanded to include the entire EVN management team. In addition, CSR objective talks were

conducted to make CSR internally more effective in all EVN functions, and to define CSR objectives as well as priorities for all functions based on the EVN materiality matrix. These steps will on the one hand improve the understanding of CSR as well as the credibility and transparency of EVN, and on the other hand emphasise the company-specific key values E(V)Nsure, E(V)Ncourage and E(V)Nable.

→ For more information on the CSR management, go to: www.responsibility.evn.at.

Advisory Committee for Environmental and Social Responsibility

The Advisory Board for Environment was established in 1992 and expanded to become the Advisory Committee for Environmental and Social Responsibility in 2006. It advises the Executive Board on questions of sustainability. The 28 members come together for two meetings each year and discuss current issues. In the financial year 2011/12, the study "Energy [R]evolution Austria 2050 – A Clean Energy Outlook for Austria", commissioned in cooperation with Greenpeace and the trade union vida, was presented. In addition, the discussion points "EVN offer to the German Federal Network Agency concerning the support of network stability in southern Germany in winter 2011/12" as well as "Renewable energies need strong networks" were addressed.

→ You will find a list of the advisory committee members on page 200 and at www.evn.at/Committee.aspx.

EVN Social fund

In late September 2008, EVN launched 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 Austria Director Michael Landau, meets twice a year and passes on unanimous recommendations about the use of funds to EVN AG's Executive Board. 15 projects were sponsored during the reporting year.

→ A list of supported projects can be found under indicator EC8 on page 173.

Control of sustainability performance and assessment of the Executive Board's performance concerning sustainability

Aside from complying with the Austrian Corporate Governance Code, the most effective instrument of EVN for controlling the sustainability performance – and thus also the Executive Board – is the annual process of collecting, analysing, summarising and publishing company data and facts regarding the sustainability report according to GRI, application level A+. This is augmented by the external GRI assessment carried out by an independent evaluation institute. In addition, the Executive Board is also annually evaluated with the company performance in the context of the listing as a sustainable investment (according to the Austrian sustainability index VÖNIX, FTSE4Good, Ethibel, and ECPI) as well as in the context of EMAS certifications.

The EVN Group 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, separate auditing departments were set up at the subsidiaries in Bulgaria and Macedonia. Any problem areas discovered by the internal technical and financial audits in the financial year 2011/12 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 so-called "follow up processes". Serious deficiencies which could threaten the strategy and objectives of the Group were not identified.

Effective as of October 1st, 2010, the variable payment system for executive employees was adapted. Amongst others, this adaptation implemented the following focal points:

- Incorporation of value-oriented key figures
- Incorporation of sustained developments of respective areas

→ The report on the internal revision and risk management as well as information on the variable payment system at EVN are integrated in the Corporate governance report from page 51.

→ For further information on EVN AG in sustainability indexes, see page 36.

Support of external initiatives

EVN has been represented on the steering committee of the Austrian Global Compact Network since 2012. Established in 2009, the steering committee evaluates past activities and plans future activities of the Austrian UNGC Network.

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
AmCham	American Chamber of Commerce in 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
CIRA	Cercle Investor Relations Austria
DBIHK	Deutsch-Bulgarische Industrie- und Handelskammer
EBA	European Business Association
ECNWM	Economic Chamber of North-Western Macedonia
ECRM	Economic Chamber of the Republic of Macedonia
EDSO	European Distribution System Operators (for Smart Grids)
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
ÖVFA	Österreichische Vereinigung für Finanzanalyse und Asset Management
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

Economic responsibility

Aspect: Economic Performance

EC2 Financial effects of climate change

Reducing the impact of 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 security of supply also 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.

- On the consequences of legal parameters, such as the EU energy efficiency directive or the EU emissions trading Scheme, for EVN business activities, see page 63.
- For further information on EVN initiatives and projects to reduce CO₂ emissions, see page 181.
- For further information on EVN innovation, development, and research activities, see page 81 and page 174ff.

EC4 Government financial assistance

NÖ Landes-Beteiligungsholding GmbH holds a 51% share of EVN AG. In the financial year 2011/12, EUR 1.6m (9.9% 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 the utilisation of incentives, as is the case, for example, of the Eco-Electricity Act or the research and development tax credit, EVN studies the conditions laid down and applies respectively for the funds allocated to it.

Aspect: Market presence

EC6 Business policies, practices and the share of local suppliers

Aside from a cooperative partnership approach, fair business practices and open dialogue, EVN primarily strives in its procurement activities to jointly develop innovative energy solutions and, thus, ensure high quality at maximum resource conservation. EVN complies with the principles of efficiency in procurement, the principles of fair and free competition, equal treatment of all applicants and bidders, confidentiality during transactions, transparency and documentation of results, conservation of resources, and social responsibility.

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. EVN's integrity clause is binding for all suppliers (100%) and can be accessed by investors, investment and joint venture partners, subcontractors and stakeholders on the EVN website (see www.evn.at/Gruppe/Lieferanten/Beschaffungsportal/AGB.aspx). The integrity clause is sent out with each order and tender and is thus always part of the contract.

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 more than 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 relating to sustainability. Furthermore since the financial year 2011/12, an additional checklist is sent with each order and tender, particularly when procuring risk products. This checklist provides further information on environmental compatibility and possible recycling of the products and packaging as well as on the certification of manufacturers.

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. As 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 as well as international programmes such as the EVN SUN Academy.

Aspect: Indirect economic effects

EC8 Infrastructure investments and services, taking place primarily in the public interest

In the financial year 2011/12, EVN invested EUR 308.3m mainly in the construction and modernisation of the infrastructure and in the field of electricity generation. These investments

Combating energy poverty

Efficient, customer-oriented energy consulting is a matter of key importance to EVN. “Energy saving” is one of the core principles of EVN consulting. Caritas and EVN have developed the joint project “Combating poverty” based on the principle of training the trainer to significantly reduce energy costs for people at risk of poverty. In this context, social counsellors of Caritas learn the necessary know-how from EVN energy consultants and are equipped with special technical aids to offer consulting on saving energy directly at home. Thus, consulting on how to save energy offers “help to help themselves”.

Especially people vulnerable to poverty often live in poorly insulated apartments and use older appliances and heating systems that use more energy than modern appliances do. As Friedrich Schuhböck, Caritas Director St. Pölten explains, “This is not the only problem. Such households are often poorly informed with regard to the relationship between consumer behaviour and energy consumption. One of the central problems in this matter is the lack of necessary financial means for the needed investments.”

The project was implemented in six steps:

- Step 1:** Development of consulting tools (guideline, checklist) and selection of technical aids (energy measuring instruments, flow restrictor to reduce the consumption of hot water)
- Step 2:** Expert consultings on site (first evaluations)
- Step 3:** One-day basics course for social counsellors with EVN energy experts
- Step 4:** Joint consulting on site
- Step 5:** Another training session, feedback round
- Step 6:** Energy-saving consulting on site by social counsellors

For EVN tips to save energy, go to:
[www.evn.at/Energie/Energiesparen-\(1\)/Energiespartipps.aspx](http://www.evn.at/Energie/Energiesparen-(1)/Energiespartipps.aspx).

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, the concentration remains on supporting children and adolescents. Set up in autumn 2008, the social fund is endowed

with EUR 100,000 per year and focuses on the support of Lower Austrian institutions working in the field of children and adolescents.

In the previous year, an EVN Social fund project supported the refugee house St. Gabriel in Maria Enzersdorf. This Caritas facility has cared for asylum seekers for 20 years. Residents not only receive a place to stay but also the opportunity to integrate into their new environment in the best possible way. At the same time, the institution also strives to help refugee children regain happiness and hope. Individual learning assistance supports residents in their new living situation. EVN employees have the opportunity to volunteer – four volunteer employees have been involved in this project so far.

EVN is also active in other countries, where in particular it supports kindergartens, homes for children and schools in Bulgaria, Macedonia and Croatia.

In the financial year 2011/12, the following projects were supported by the social fund:

Projects	EUR
Diakonie – Assisting young asylum seekers undergoing vocational training (Hirtenberg Coop)	10,000
die möwe – Online consulting	5,000
Caritas – Integration through mobility, St. Gabriel House	10,000
Caritas – Creation of ways of communicating for young adults with cognitive disabilities	5,000
Caritas – Learning together	8,000
Caritas – Anti-aggression training in the Southern Lower Austrian region for young persons with cognitive disabilities	5,000
Diakonie – Careers with the “New World” learning-in-residence group in Gaaden	7,000
Diakonie – Bach School Mödling “IT for young persons of non-Austrian origins”	9,000
die möwe centres for the protection of children in Vienna and Lower Austria – financing of infrastructure	10,000
Caritas St. Gabriel house for refugees – language and participation	9,000
Caritas Daycare Centre in Wr. Neustadt – Outdoor Multisensory Room	10,000
Caritas Region Retz – Workshop for building technologies	10,000
Caritas Centre for Women’s Health	6,720
Caritas Learning together in cafés of learning in Lower Austria	10,000
Caritas Mistelbach Family Centre	10,000
Total	124,720

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 on the front-cover flap, taking into account that multiplier effects for the entire economy are not pointed out.

Sector supplements – Economy

EU7 Programmes for demand side management

In the financial year 2011/12, the EVN innovation, development and research projects focused on the field of CCS technologies (Carbon Capture and Storage). The project "CO2USE" conducts research on the transformation of CO₂ into bioplastics by means of algae and sunlight. "GECO – Green Energy and Conversion" is another innovative research project: currently the significant expansion of renewable energy power plants has caused a paradigm shift in the electricity industry. In addition to reported daily ups and downs, there are also substantial seasonal differences in the production of energy from windpower and photovoltaics. On the one hand, this causes unstable operations of conventional power plants because they cannot function beneath a certain minimum capacity, while their seasonal shut downs are extremely expensive. On the other hand from an economic point of view, this situation leads to grave fluctuations in the electrical energy market and, therefore, to heavily fluctuating prices. In addition, current technology only allows limited storing of electrical energy. The project GECO and its feasibility study assesses whether the surplus of renewable energy may be stored as methane in the natural gas grid. In periods of energy scarcity, carbohydrates can be used as energy sources both in the generation of energy and mobility.

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" project, aspects of demand side management are addressed as well.

For years, EVN has been considered to be a competent contact partner 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 expanded through the addition of new services.

The development of windpower technology

The development of windpower technology is proceeding with forward with giant strides, turning windpower into an extremely competitive and in the future probably leading power generating technology. Aside from ongoing developments in technology and improvements in materials, wind park manufacturers are currently focusing on system heights and rotor sizes. The latest onshore systems used in Austria in current licensing procedures are systems of the 3 MW category with a total height of up to 200 meters. As the environment has an impact on wind speeds, higher systems also lead to better achievable results. As the roughness of the sea only has little influence on air flows, offshore systems can also achieve high results with systems of less height. Aside from increased heights, onshore systems also have larger rotors to generate more energy out of the wind due to a larger surface area. This step allows systems to perform better even at lower wind speeds. A 3 MW windpower system provides enough windpower for an average of 2,500 households.

Further EVN projects:

- **Smart metering:** In October 2011, an E-Control regulation established the technical minimum requirements of new Smart Meters. It defined the measuring and storage of meter readings, how long collected data is stored, and the frequency of data output to grid operators.

Each grid operator is supposed to equip at least 10% by the end of 2015, at least 70% by the end of 2017, and if technically possible, at least 95% by the end of 2019 of all meter points connected to the grid with intelligent meters. Smart meters allow customers to see their energy consumption on a display at any time and to analyse their energy profile with an online energy management system. In the context of this regulation, EVN will gradually make the necessary changes.

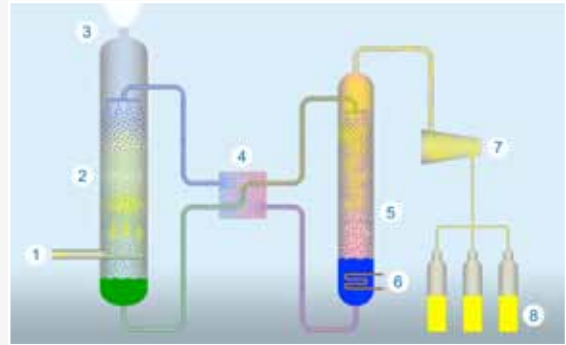
- **Solar energy project** in cooperation with NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -service-gesellschaft m.b.H., Heliovis AG and the Vienna University of Technology: crucial element of this CSP (Concentrated Solar Power) demonstration plant at Dürnröhr is the so-called

CO₂ deposition facility at the Dürnrohr power plant

The CO₂ deposition facility at the Dürnrohr 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 Dürnrohr coal/natural 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 of 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 at 100 °C is used to clean the washing fluid of 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) industries as well as for the production of fertilisers and fire extinguishers.

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.

- **Sludge2energy:** This process presents the decentral connection between sewage sludge drying with the later mono combustion and energy generation by means of a gas turbine. It also guarantees the optimal reduction of sewage sludge volume and mass. In addition, no external thermic energy is needed due to the independent (self-sufficient) combustion and drying process. Most of the residual waste material can be recycled (e.g. in construction).

See also www.sludge2energy.eu.

- See also the indicators EU8 Research and development activities as well as EN6 Initiatives for higher energy efficiency and renewable energies on the pages 81 and 177.
- For further information, also go to: www.evn.at/Verantwortung/Okologie/Klimaschutz.aspx?lang=en-us.
- For information on various EVN products, go to: www.evn.at/Privatkunden/Produkte.aspx.
- For information on EVN services, go to: www.evn.at/Privatkunden/Dienstleistungen.aspx.

Environmental responsibility

The responsibility towards future generations plays a key role 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 environmental and climate protection.

Through its strong focus on renewable energy sources, through efficiency enhancing measures, and through comprehensive consultation with its customers about reductions in their energy usage, EVN makes an essential contribution to the attainment of Austria's climatic targets. Climate protection management by EVN includes the following basic approaches:

- Focusing on renewable energy sources
- Enhancing the energy efficiency of our own production plants
- 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 – awareness raising of the general public and our employees
- Internal measures of environmental and climate protection

→ Also see the EVN environmental policy statement on page 31.

Aspect: Materials

EN1 Materials employed by weight or volume

Previous survey results confirm that EVN plants in Austria and Bulgaria do not exceed legal PCB limits. Transformers are tested for polychlorinated biphenyls (PCB) before being scrapped.

Concluded in late 2011, a comprehensive assessment was carried out in Macedonia. Analyses by the Ministry of the Environment are expected to be concluded by the end of next year. In the context of a project by the United Nations Framework Convention on Climate Change (UNFCCC) for the replacement of PCBs, trial operations of a decontamination plant have begun and transformers were cleaned of PCBs in Skopje, Macedonia, in summer 2012. The first transformers of EVN Macedonia as a project partner could already be decontaminated.

EN2 Use of recycled material

For technical reasons, little recycling material is used in the main components.

Aspect: Energy

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. A good example is the maintenance of the Theiß power plant, where jumbo screens, computers and connected screens as well as the maintenance desk of the plant were replaced by low-energy and efficient screens and computers. Thus, the energy consumption could be reduced by around 50,000 kWh per year.

Material usage for energy generation ¹⁾		2011/12	2010/11	2009/10
Fossil fuels ²⁾	Terajoule	18,900	22,670	22,585
Biomass	Terajoule	2,336	2,311	2,293
Waste ³⁾	Terajoule	4,502	4,178	3,863

1) Of the EVN thermal and combined heating and stations in Austria and Bulgaria as well as the waste incineration plant in Dürnrrohr, Zwentendorf

2) Natural gas, anthracite, heating oil

3) For incineration by the waste incineration plant at Dürnrrohr, Zwentendorf

Material utilisation – network construction in Lower Austria ¹⁾		2011/12	2010/11	2009/10
Additional power lines	km	505	2,403	944
Additional natural gas lines	km	101	90	202
Additional heating lines	km	59	16	25

1) This includes overhead lines and underground cables.

EN3, EN4 Direct and indirect own energy consumption¹⁾ broken down by primary energy sources

		2011/12	2010/11	2009/10 ²⁾
Natural gas	MWh	6,846	7,034	4,930
Electricity	MWh	313,676	301,128	188,466
Heating	MWh	8,508	8,466	12,854
Heating oil ³⁾	MWh	246	348	–
Total	MWh	329,276	316,976	206,250

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) Excl. Bulgaria and Macedonia

3) Heating oil is used in Macedonia only.

In addition, the refitting of the aircraft warning light system on the plant's smokestack with energy-saving and durable 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.

EN6 Initiatives for higher energy efficiency and renewable energies

In order to guarantee security of supply, EVN has defined as its long-term goal to achieve 40% to 60% of electricity sales from its own generation or from electricity-purchase rights (2011/12: 15.5%, 2010/11: 16.3%). A flexible mix of energy is of decisive significance for a future EVN. It is planned to increase the share of renewable energies as a proportion of EVN's electricity production to 50% within the context of implementing Austria's energy strategy 2020. In line with this strategic orientation, a crucial priority is given to an even higher rate of development towards renewable energy based on wind and hydropower but also biomass and photovoltaics.

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 hydropower plants are being 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.

EVN also offers customers numerous consultation services and products to lower their energy consumption or to obtain electricity from renewable sources. With "NaturStrom" the Naturkraft Energievertriebsgesellschaft m.b.H., a subsidiary of EnergieAllianz, delivers electricity exclusively from renewable energy sources and in recognition of this it was awarded the Austrian eco-labelling in March 2008. EVN does not only employ numerous measures in Austria but also in Bulgaria and Macedonia to raise customer awareness for the issue of energy efficiency.

- For more information on the management approaches of EVN, see also the individual policy statements of EVN at www.responsibility.evn.at as well as from page 28.
- For further projects concerned with raising the share of renewable energy, see indicator EN18 from page 181.
- For detailed information on consultation services, got to: www.evn.at/Privatkunden/Dienstleistungen.aspx.

EN7 Initiatives for reduction of indirect energy use and achieved savings

In order to promote a reduction of indirect energy use, EVN uses electric vehicles as much as possible for short distances. EVN also seeks to use more alternatively-driven vehicles for longer distances. In addition, travelling activity is reduced as much as possible through the increased use of video conferencing. In Bulgaria, for example, plant windows were replaced and a solar-thermal system for independent warm-water supply was installed at headquarters to reduce the indirect use of energy.

Aspect: Water**EN8 Total water withdrawal divided according to source**

In the financial year 2011/12, the consumption of drinking water was increased as compared to process water particularly at power plants due to operational reasons. The total water consumption was reduced both in the customer centres of EVN Netz GmbH and of those at EVN Bulgaria.

Water withdrawal

Drinking water (municipal suppliers)

Water use (groundwater)

Cool water (surface waters)

	2011/12	2010/11	2009/10
m ³	322,664	305,671	485,181
m ³	1,247,690	1,377,166	969,761
m ³	240,537,744	293,400,737	270,319,000

All plants in Lower Austria, Bulgaria and Macedonia

EN9 Sources of water that are fundamentally affected by the withdrawal of water

EVN plants obtain their water from municipal providers or groundwater wells. In the financial year 2011/12, the cooling water flow rate at the thermal power stations along the Danube totalled 239.7 million m³, corresponding 0.39% of the average annual volume of the Danube recorded by the Korneuburg gauge¹⁾ (measuring point number 207241) amounting to 60,738 million m³. Thus, the permissible thresholds of 5% were by no means reached.

1) Source: Austrian Hydrographic Annual 2009, Federal Ministry of Agriculture, Forestry, Environment and Water Management

EN10 Recovered and reused water

Insofar as possible, the EVN power plants reuse wastewater as process water.

Aspect: Biodiversity

EN11 Land-use in protected areas

A sufficiently consistent supply network is necessary for a comprehensive supply. Approximately 25% of the surface territory of Lower Austria is designated as a 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.

Protected areas in Lower Austria



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

EVN water quality measurements

As the operator of several reservoir lakes which also have a recreational and touristic value, EVN especially cares about water quality. This is why in 1996, EVN launched a constant hydro-ecological monitoring programme to evaluate chemistry, water quality and ecological situation of the Kamp River, Wienerbruck and Erlaufklause reservoir lakes. The programme is able to recognise long-term changes and possible negative influences at an early stage and makes it possible to take adequate measures. Furthermore, special programmes are conducted case-based. One such example would be the comprehensive evaluation of the ecological potential of the chain of power stations along the Kamp River in line with the EU Water Framework Directive in cooperation with Lower Austria and the Windhag Scholarship Foundation in 2009; or also the study on nutrient inputs by the tributaries to the Ottenstein and Dobra water reservoirs.

Further information at:

noel.gv.at/gesundheit/gesundheitsseinrichtungen/badegewaesser-und-badestellen/wasserqualitaet.html

EN12 Impact of business activities on biodiversity

EN13 Protected or restored natural habitats

EN14 Strategies and measures for the protection of 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 July 2012, EVN opened the new small-scale hydropower plant Schaldorf in St. Marein in Mürztal. With an installed capacity of 1.2 MW, the new plant 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. In order to preserve pervasiveness, a state-of-the-art fish bypass was constructed. In one part of the project area, the decline of the river Mürz as well as of ground water endangered the special riparian character of an older arm of the river. EVN purchased about 3 ha of land (remaining floodplain forest areas, restoration of riparian forest) to balance this development. 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. Aside from the additional purchase of about 3 ha, which meant sowing 33,500 m² with grass, a total of 16,000 plants (2,000 trees and 14,000 bushes) was lined out in cooperation with local schools.

Furthermore in September 2012, the first section of the Ashta hydropower plant in Albania, which EVN and Verbund AG had built together, was opened. The hydropower project consists of two sections (Ashta I and Ashta II – planned completion in March 2013), featuring a total capacity of 53 MW. In the future the hydropower plant will generate 240 million kWh of electricity annually, enabling about 100,000 Albanian households to be supplied with renewable energy and saving some 79,000 tons of CO₂ per year. The Ashta project was constructed in accordance with the rules stipulated in the Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC). The CDM envisions a comprehensive dialogue with the various stakeholder groups. This approach has been carried out in a manner which is unique in Albania.

Numerous other projects were initiated to protect biodiversity:

- Fish bypass at small-scale hydropower plant Hohenberg
- Project with the Association for the Protection of Great Bustards in Austria (continuation in the project LIFE+)
- Nest platforms for storks (endangered species of White and Black Storks) in Bulgaria and Macedonia

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

- Project for the protection of the Imperial Eagle and Gyrfalcons with the Bulgarian Association for Bird Protection (EU LIFE+ programme)
- Project for the protection of the bird life in the area of the Bulgarian Burgas lakes
- Project with the Macedonian Environmental Association for the Protection of Birds in the area Ovce Pole (assessment of the impact of energy grids on birds)
- Participation in the construction of a Macedonian national environment grid MAK-NEN

As a continuing measure for the management of harmful consequences for biodiversity, EVN strives to integrate ecological construction supervision into its construction projects.

Compensatory and maintenance measures for power lines

In the course of the construction of the 380 kV Etzersdorf-Theiß transmission line, compensatory and care measures were determined during the environmental compatibility assessment. A total of six forest areas (Etzersdorf, Spiegelberg, Traisenquerung, Nußdorf, Donauau, Theiß) were defined to be reforested with domestic plants according to professional requirements. The project paid close attention to guaranteeing a full planted cover of the path while observing relevant safety distances and to prevent the immigration of foreign flora. In addition, three chains of ponds were made to develop ground water as well as water coming down from the slopes in the area Einödgraben. This is how relevant environments were created for amphibians, waders and water birds.

EVN carries out the maintenance measures in forest areas which includes cutting back plants with regard to safety distances as well as fast-growing foreign species.

EN15 Endangered species in areas of business activities

In the framework of a habitat study ordered by EVN to determine the biodiversity of 140 ha of the location and surrounding areas of the power plant site Zwentendorf, Dürnrohr, in 2009, the hardly used areas of the power plant have become separate habitats in the last few years. This is then true, if the various zones are distinguished based on the zoological or botanical significance. 389 animal and plant species were counted at the site, 33 of which are found on the "Red List" in Lower Austria and five of which are under European-wide protection (FHH types – Flora-Fauna Habitat Directive). 199 animal and plant

species were counted adjacent to the site, 15 of which are found on the "Red List" in Lower Austria.

Aspect: Emissions, wastewater and waste

EN16 Direct and indirect greenhouse gas emissions

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 were 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.

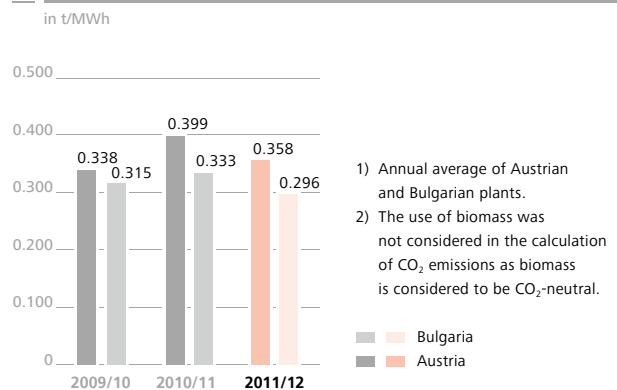
Compared to the previous year, a reduction of CO₂ emissions can be traced back to a reduced production on the one hand and optimisation measures at the Dürnrrohr power plant on the other hand. In Bulgaria, an increase in CO₂ emissions can be traced back to the opening of the co-generation plant in Plovdiv in December 2011. In the financial year 2011/12, the specific CO₂ emissions at the district heating supply company TEZ Plovdiv in Bulgaria amounted to 0.296 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 environmental impact of the supply mix of EVN Energievertrieb GmbH & Co KG 2010/11 amounts to 311.55 g CO₂/kWh (around 1.7 million tons of CO₂ in absolute numbers) and 0 g/kWh radioactive waste.

→ For the electricity indicator report 2012 of E-Control, go to: www.e-control.at/portal/page/portal/medienbibliothek/oeko-energie/dokumente/pdfs/Stromkennzeichnungsbericht%202012.pdf.

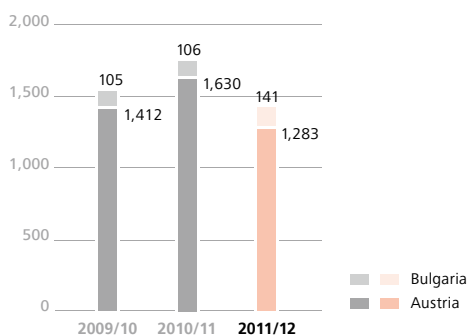
→ Also see EN20.

Specific CO₂ emissions of the EVN thermal and district heating (power) plants¹⁾²⁾



Quantity of CO₂ emissions of the EVN thermal and district heating (power) plants

in 1,000 t



EN17 Other relevant greenhouse gas emissions

In the financial year 2011/12, business trips as well as flights at EVN resulted in CO₂ emissions of about 14,400 tons, this being about 1% 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 greenhouse gas emissions – in the financial year 2011/12, initiatives lead to an annual reduction of about 222,000 tons CO₂. In the following part, a few projects are presented as examples:

Opened in early July 2011, the wind park Markgrafneusiedl grew by one additional wind turbine in July 2012. Now it provides 20 MW of environmentally-friendly energy. In addition, the two wind parks Tattendorf since November 2011 and Glinzendorf since July 2012 provide the grid with total capacities of 16 MW and 18 MW from eight and nine wind turbines. These three wind parks save about 91,000 tons of CO₂ emissions per year.

In July 2012, EVN opened the new small-scale hydropower plant Schaldorf in St. Marein in Mürztal. With an installed capacity of 1.2 MW, the new plant provides environmentally-friendly energy for about 1,500 households. The small-scale hydropower plant will save about 3,200 tons of CO₂ emissions per year. Furthermore in September 2012, the first section of the Ashta hydropower plant in Albania, which EVN and Verbund AG had built together, was opened. The hydropower project consists of two sections (Ashta I and Ashta II – planned completion in March 2013), featuring a total capacity of 53 MW. In the future the hydropower plant will generate 240 million kWh of electricity

annually, enabling about 100,000 Albanian households to be supplied with renewable energy and saving some 79,000 tons of CO₂ per year.

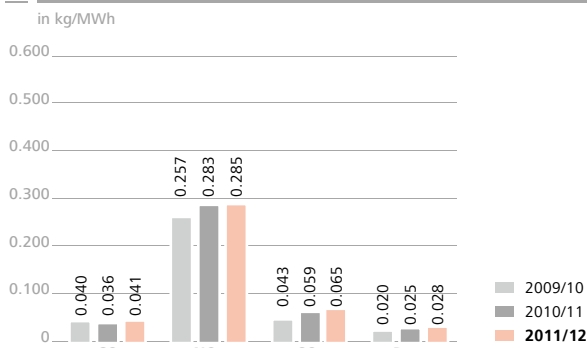
Clean energy for Albania

With two hydropower plant projects along the river Drin (Ashta) and Devoll, EVN substantially contributes to the development of renewable energy sources in Albania. Both projects are carried out as 50:50 joint ventures with Verbund AG and Statkraft respectively. The hydropower project Devoll is currently the largest one in the country. After its planned opening in 2019, it will provide about 800 GWh per year of electrical energy. In December 2011, the project was the first in Albania to be successfully registered according to the United Nations Framework Convention on Climate Change. This registration process is a first both for EVN and Statkraft but everything ran smoothly thanks to a team of experts comprising employees of EVN, Devoll Hydropower, Statkraft and Allplan.

The project generates 339,000 Certified Emission Reductions (CERs) per year, thus equivalent to savings of 3.3 million tons of CO₂ in ten years. Also the project Ashta has already applied for registration according to the United Nations Framework Convention on Climate Change. After the successful completion of this process, the project will deliver certificates for savings of 553,000 tons of CO₂ during an observation period of seven years. An option extension to two more 7-year periods is possible.

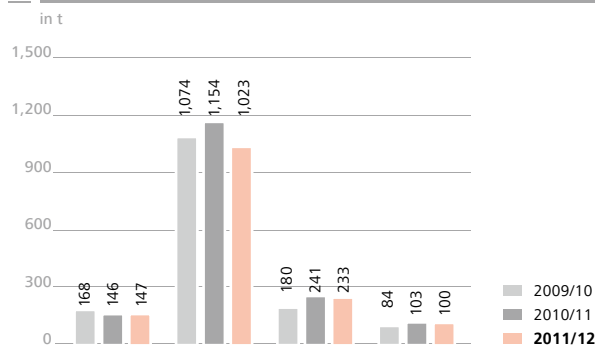
EVN operates 63 biomass plants in Lower Austria with a throughput of approximately 1.2 million cubic meters of wood chips annually. EVN is therefore the largest Austrian supplier of natural heat. During the reporting period, two more plants were opened, while another three are being constructed. After their completion, all five plants will be powered by a total of 277,600 cubic meters of wood chips, thus saving roughly 48,450 tons of CO₂ each year.

Specific emissions of the EVN thermal and district heating (power) plants¹⁾



1) Annual average of the Austrian plants

Quantity of emissions of the EVN thermal and district heating (power) plants¹⁾



Further initiatives for the reduction of greenhouse gas emissions:

- “Sonnenkraftwerk Zwentendorf” – in spring 2012, EVN and Lower Austria launched a new public participation model for another photovoltaics plant with 1,300 panels in Zwentendorf
- Construction of EVN’s largest photovoltaics park in Trastikovo, Bulgaria – 2,000 tons CO₂ savings per year
- CO₂ deposition facility at the power plant Dürnrrohr – developed, built and opened in cooperation with ANDRITZ Energy & Environment and the Vienna University of Technology, the test facility studies the separation of CO₂ from the flue gas of the coal/natural gas plant in Dürnrrohr
- Biogas treatment plant in Wiener Neustadt – 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 more than 1,000 households. The facility saves up to 2,000 tons of CO₂ per year
- 31-km district heating transport line, which runs from Dürnrrohr to St. Pölten – more than 40,000 tons of CO₂ emissions are saved each year
- Line 3 of the waste incineration plant at Zwentendorf, Dürnrrohr – 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, yielding 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

→ See also indicator EN16.

EN20 NO_x, SO₂ and other relevant atmospheric emissions

Emission levels are determined either through continuous measurements or based on reference measurements of fuel expenses in accordance with regulations or through continuous measuring.

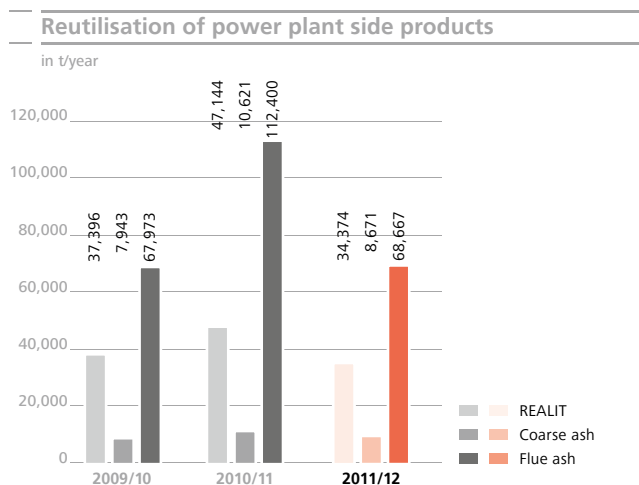
→ Also see EN16.

EN21 Total wastewater discharges

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 are 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 Waste by type and disposal method

All regularly occurring hazardous and non-hazardous waste in Austria is given to selected disposal specialists by means of general contracts. The specialists recycle it in accordance with Austrian law (thermal or material utilisation or deposition).



100% of all flue ashes and coarse ashes are reused. Until October 2009, REALIT was deposited in company landfill sites, but, as of November 2009, 100% of REALIT is also recycled.

EN23 Environmentally relevant incidents

In the reporting year 2011/12, there were three environmentally relevant incidents¹⁾. In one case, there was a leak of a larger amount of fuel oil due to a technical error. Immediate measures were taken and the oil removed without any damage under the supervision of the competent authority. In both other incidents – a burning and a damaged transformer – only minimal amounts of oil leaked without polluting the ground or the environment.

1) The registration system for environmentally relevant incidents comprises Austria, Bulgaria and Macedonia.

EN24 Weight of waste categorised as dangerous

In the financial year 2011/12, no dangerous or non-dangerous waste was disposed of by crossing borders.

EN25 Waters affected by wastewater discharges and surface run-off

A major part of the wastewater is cleaned by wastewater treatment plants before it reaches any surface water. At the power plants, quality-monitored wastewater flows corresponding to applicable environmental standards are discharged into the Danube. No relevant damage results from this practice.

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 in the area of innovation, research and development. Furthermore, the proportion of renewable energy sources is supposed to increase to 50% over the long term, and measures are taken both within 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 31 and the indicators EN6 and EN18.

Aspect: Compliance

EN28 Fines, sanctions based on non-compliance in the environmental sphere

In the reporting year, there were no relevant cases.

Aspect: Overall

EN30 Expenses and investments for environmental protection

The environmental cost calculation includes all fully consolidated and relevant subsidiaries of the EVN Group in Austria with 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

Development of waste quantities¹⁾

		2011/12	2010/11	2009/10
Hazardous waste	t	10,429	9,396	12,036
Non-hazardous waste	t	139,123	127,522	121,638

Export of hazardous waste²⁾

Hazardous waste	t	0	5 ³⁾	0

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

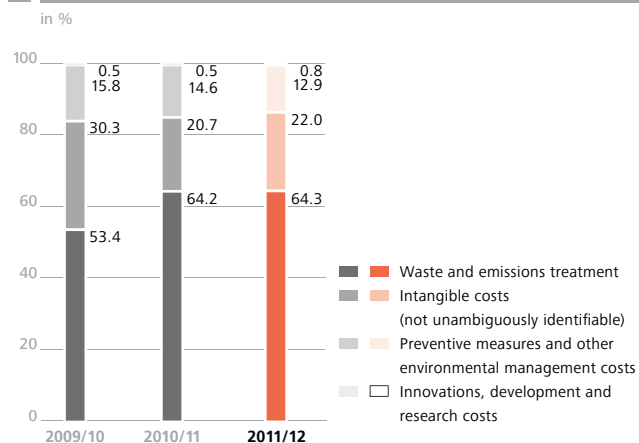
the environment and in particular the costs of damage avoidance and damage removal.

In the financial year 2011/12, the environmental costs of the analysed business areas of the company amounted to EUR 92.6m. They are composed of damage repair costs (e.g. costs of remediation of contaminated sites) and damage avoidance costs (e.g. expenditures for environment management or flue gas cleaning) broken down into environmental media and cost categories as seen in the graphs. The highest costs are found in the area of emission treatment because of the extensive amount of flue gas cleaning. Environment-related income (scrap metal sales, waste-generated steam) came to EUR 32.9m during the financial year 2011/12.

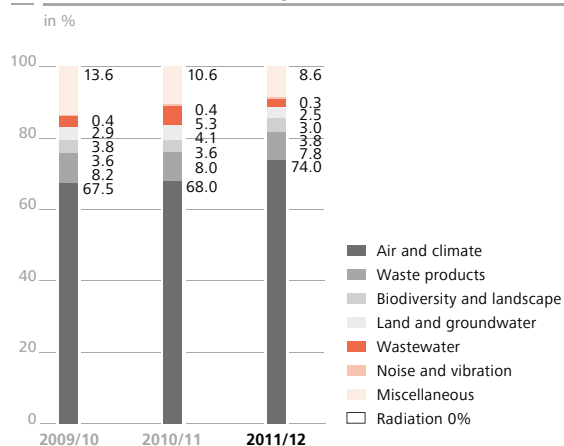
Environment-related costs and income

	EURm	2011/12	2010/11	2009/10
Costs		92.6	88.3	82.6
Income		32.9	26.2	32.8

Environmental costs by cost categories



Environmental costs by environment media



Sector supplements – Ecology

EU13 Biodiversity of alternative locations

In the reporting year, alternative sites measuring 50.25 ha were maintained for windpower plants in Lower Austria. Alternative sites for pipeline routes may be obtained from publically accessible documents on the environment and environmental compatibility tests (UVP, NVP).

Social responsibility

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 indigenous people 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. The EVN Code of Conduct is continuously adapted to recent developments, particularly to legal stipulations. Aside from an English version, the Code is also translated into the languages of EVN subsidiaries: Bulgarian, Macedonian, and Russian.

In addition, the integrity clause of the Group-function Procurement obliges suppliers and subcontractors to comply with these rules. The EVN integrity clause is binding for all suppliers (100%) and can be accessed by investors, investment and joint venture partners, subcontractors and stakeholders on EVN's website. The integrity clause is sent out with each order and tender and is thus always part of the contract. Suppliers are controlled and monitored regarding their compliance of EVN's integrity clause. In the financial year 2011/12, a special questionnaire was developed for this purpose. The first round of audits did not determine any violations. Compliance with human rights is the responsibility of the Executive Board, supported by the EVN Compliance Officer.

EVN, as an internationally acting company, also operates in countries with a lower level of compliance with human rights questions or may procure services, materials or products through central procurement. In the context of the sensitive area of procurement of textiles (work clothes), risk countries have already been excluded through an internal guideline. This guideline and exclusion practices are gradually being introduced to other product groups, or specific criteria and measures are being implemented going beyond the company's integrity clause and/or enforce it. For instance, coal procurement in Poland and Russia only takes place after EVN has conducted its own research and checks on compliance with human and employment rights and on working and living conditions.

EVN supports the UN Global Compact

- Principle 1:** EVN supports and respects the protection of internationally proclaimed human rights.
- Principle 2:** EVN makes sure that it is not complicit in human rights abuses.
- Principle 3:** EVN upholds the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4:** EVN supports the elimination of all forms of forced and compulsory labour.
- Principle 5:** EVN supports the effective abolition of child labour.
- Principle 6:** EVN supports the elimination of discrimination in respect of employment and occupation.
- Principle 7:** EVN supports a precautionary approach to environmental challenges.
- Principle 8:** EVN undertakes many national and international initiatives, to promote greater environmental responsibility.
- Principle 9:** EVN encourages the development and diffusion of environmentally friendly technologies.
- Principle 10:** EVN works against corruption in all its forms.

- GRI indicator: Investment agreements with human rights clauses (HR1)
- For more information on the EVN Code of Conduct, see www.responsibility.evn.at.
- For the integrity clause, go to www.evn.at/Gruppe/Lieferanten/Beschaffungportal/AGB.aspx.

Aspect: Investment and procurement practices 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. All suppliers and subcontractors performing services are randomly checked 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 to pay social insurance contributions have not yet been identified.

HR3 Number of hours of training on company-relevant human rights aspects

In the context of the e-learning programme on the code of conduct with the emphasis on the prevention 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.

Aspect: Equal treatment

HR4 Occurrences of discrimination and countermeasures taken

No incident of discrimination on the grounds of ethnic, national or social origin, 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 central 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.

Aspect: Freedom of assembly and collective negotiation

HR5 Right of free assembly and collective negotiation

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 at 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 extensive research into the compliance with human rights in such 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 Business activities with a risk 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 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.

Aspect: Security methods

HR8 Training of security personnel on the issue of human rights EVN does not operate in countries with a risk of encroachment on the part of security staff except in Russia. In each Russian facility, one security person is employed (under contract). All security staff have been trained in the EVN Code of Conduct, which also touches upon human rights. Encroachments can be ruled out, or else are strictly sanctioned.

Aspect: Rights of indigenous peoples

HR9 Violation of the rights of indigenous peoples

EVN does not operate in countries where indigenous peoples according to the Global Reporting Initiative (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 indigenous people 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 sub-contractors to comply with these rules. At least 90% of all EVN contractors performing services are assessed on their compliance with human rights in the course of their performance.

→ See also HR2.

Aspect: Correction of human rights violations**HR11 Number of complaints regarding the compliance of human rights**

In the financial year 2011/12, no violations of human rights were recorded.

Society

As a responsible energy and environmental services company, EVN has been concerned with social responsibility, sustainable business practices, and the protection of the environment and resources for a long time. In this sense, EVN seeks a balanced appreciation of economic, ecological and social aspects. The business activities of EVN make it co-responsible for the social development of its markets and influences local stakeholders through numerous economic interconnections.

EVN follows a clear management approach for all social aspects of its business pertaining to governance, compliance, corporate ethics, prevention of corruption, public appearance and competition behaviour. This management approach is laid down in the EVN Code of Conduct (www.evn.at/code-of-conduct.aspx).

Aspect: Local communities**SO1 Effects of business activities on society**

EVN safely and reliably supplies 3.7 million customers with energy. Part of EVN's core tasks is to reliably cover the daily needs of its customers and to make a major contribution to their quality of life. The responsibility for future generations is of particular relevance and reflected in a considerate management policy. This

approach applies as much to individuals and social cohesion as to the regional economy, the environment and the use of natural resources.

→ See also EN18 and EU19.

SO9 Business activities with significant 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.

Notwithstanding a high degree of consent to wind and hydropower, it is never possible to completely rule out conflicts of interests with residents and environmentalists on specific projects. Therefore, potential conflicts of interests must be recognised as early as possible and taken into account. Thus, EVN applies project practices based on professional communication with municipalities, residents, citizens' groups and NGOs. A working basis for discussions with all stakeholders is a crucial condition for successful wind and hydropower projects.

ESIA – Environmental and Social Impact Assessment

The assessment of impact on the environment and population presents an integral element of the project development of the hydropower plant Devoll in Albania. It took years for all the studies on possible consequences to be completed and to develop measures to protect the environment and population.

Aside from coordinating the ESIA process for the project Devoll, an Albanian team also addresses project communication and the wishes, concerns and suggestions of residents in the impact area of the plant and how they can be taken into account in the realisation of the project. A special information centre, several public hearings and a mobile information service ensured that the information reached even the last corner of Devoll valley.

SO10 Prevention and mitigation measures for business activities with negative impact on local communities

All infrastructure projects from (small-scale) hydropower plants, pipeline projects, and wind parks to biomass and waste incineration plants are planned and realised by actively and early-on including residents, citizen's groups, NGOs, political representatives, local initiatives and associations. 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. EVN regards authority regulations as mere minimum requirements and prioritise information, protection and prevention measures going beyond that.

Each windpower project is subject to a strict approval procedure. In this context, there are single assessments and consolidated environmental compatibility tests (UVP). The competent authority decides whether a project requires a UVP, based on the size of the planned wind park, existing turbines in the area and relevant conservation areas. Both in the individual and the consolidated procedure, all relevant factors, such as sound, shadow, ornithology, the environment or the landscape appearance, are assessed. The legal provisions in Lower Austria, such as compliance with a mandatory minimum distance of 1.2 km to the next designated residential land, are among the strictest rules in all of Europe.

→ See also SO9 as well as inter alia the measures starting on page 194.

Crucial criteria when planning a windpower project

- Wind conditions
- Will or wishes of the community
- Acceptance by residents
- Ornithological adequacy of the project area
- Interests of landscape and nature protection
- Available grid capacities

Aspect: Corruption

SO2 Examination of corruption risks

In EVN's internal risk management, corruption is seen as a major risk factor. In the context of EVN's Code of Conduct guidelines, a dedicated instruction is complied with. The EVN Code of Conduct is also applied in all subsidiaries active in Russia. All internal revision processes include a check on corruption-related

circumstances. In Albania, an affiliated company was accused of incorrect aspects related to confirmations of services rendered. As a minority shareholder, EVN made sure that a majority shareholder clarified the situation and established adequate consequences including preventive actions.

SO3 Employee anti-corruption training

All new employees are trained in the EVN 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. After additional legal consulting, the whistle-blowing procedure was complemented by a process to anonymously enter hints or indications into the intranet for employees in Austria. This process will be applied in the financial year 2012/13. Furthermore, the evaluation in terms of data protection in the most important foreign markets was addressed, so the whistle-blowing procedure can also be implemented there. In the course of a project to implement a comprehensive compliance management system, a draft compliance manual was inter alia developed. This draft forms the basis for information and training of employees in the entire Group and will need to be adapted to relevant both business and local conditions.

SO4 Measures taken in response to corruption issues

In the financial year 2011/12, no corruption issues were recorded. Transgressions and violations constitute a violation of occupational 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.

→ For details on the implementation of the compliance management system, see page 169 governance, obligations and commitment as well as the indicator SO3.

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 memberships in 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 Contributions to politics

No relevant issues were recorded.

Aspect: Anti-competitive practice**SO7 Lawsuits in consequence of anti-competition practice, cartel or monopoly formation**

The Bulgarian financial market authorities are looking into the structure of the purchasing contracts which EVN AG submitted within the framework of the privatisation process in order to acquire one-third of EVN Electrorazpredelenie AD (now EAD) which the Bulgarian government owned until December 2011. It is also considering launching a lawsuit against EVN on grounds of market manipulation. EVN believes it fully adhered to the stipulations of the privatisation process (published on the website of the Sofia Stock Exchange). Within the course of the privatisation, EVN initially acquired 97.75% of EVN Electrorazpredelenie AD (now EAD), which it later expanded to 100% through trading on the stock exchange.

During the period under review, the Bulgarian Competition Commission initiated administrative proceedings against EVN Electrorazpredelenie AD (now EAD) on grounds of exploiting a dominant market position. The legal proceedings are currently pending.

Aspect: Compliance**SO8 Major fines and number of non-monetary fines resulting from violations of law**

In Macedonia the court Skopje I imposed a conditional fine of EUR 2,931 due to a violation of the Consumer Protection Act.

Sector supplements – Society**EU19 Inclusion of stakeholders in decision-making processes**

EVN is aware of the social effects of its business activities domestically and abroad and factors them in according to international agreements, national legislation and beyond.

EVN supports the early, comprehensive and open inclusion of stakeholders in decision-making processes especially for examinations on the environmental and social compatibility of major new projects. From small-scale hydropower plants, pipeline projects, and wind parks to waste incineration plants – in all these projects, EVN actively includes residents, citizens' 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").

→ See also page 32 stakeholder management.

Clear principles of evn naturkraft in the field of wind energy – fair policy

Fairness for the public: Priority for community plots.

Fair practice: No planning without community consent. Mayors are the first to contact before getting in touch with property owners.

Fair play: No playing off the communities against property owners.

Fair information: evn naturkraft plans and operates wind-power plants with the people and not against them. Therefore, the company informs early, honestly and comprehensively – ranging from information evenings and conversations with local groups and stakeholders to discussion rounds.

Fairness for the residents: Windpower plants with a minimum of disturbances through close cooperation with residents and the best technology.

EU20 Involuntary 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 and 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 has been developed.

Product responsibility

The principles of product responsibility are incorporated into EVN's central mission statement, as the corporate policy statement and the environmental policy statement and thus are of utmost importance. In addition, the EVN key values E(V)Nsure, E(V)Ncourage and E(V)Nable provide 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, will EVN be able to both make and keep its promises to customers.

→ For individual statements, see: www.responsibility.evn.at.

→ For further information on EVN key values, see pages 2 and 40.

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 disadvantaged groups, as well as strict adherence to the privacy of the customers.

EVN sets high goals to meet the demands of customers in the best possible way. In December 2010, the high customer service quality standards were certified in accordance with the European Standard EN 15838 for call centres. First published at the end of 2009, the European Call Centre standard enables the EU-wide comparison of call centres and stipulates requirements for service quality. Here customer satisfaction takes centre stage. 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 also presents a certificate of its electricity and gas grid. This certification guarantees the compliance with safety standards as established in guidelines by the associations "Oesterreichs Energie" and ÖVGW (Austrian Association for Gas and Water). Recurring audits by an external and independent auditing team make sure that the high quality level is maintained; inter alia in the following areas:

- Planning, construction, operation and maintenance of grids and plants
- Organisation structure, procedures and processes
- Responsibilities, expertise and power of decision-making
- Training, personnel and non-personnel costs

Aspect: Customer health and safety

PR1 Effects on health and safety 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, research and development activities, certification, manufacturing, production, distribution, marketing, sales promotion, use, maintenance, disposal and recycling – is considered to be exemplary in many areas, particularly 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 violations of health and safety regulations during the financial year 2011/12.

Aspect: Designation of products and services

PR4 Violation of information obligations

There were no breaches of information obligations during the 2011/12 financial year.

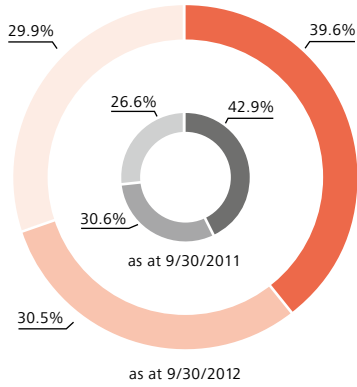
PR5 Customer satisfaction

As part of a continuous assessment, EVN has been monitoring the satisfaction of its private and business customers for several years. In 2011, around 6,500 private customers and 1,200 business customers were surveyed in Lower Austria. The collected data is used to monitor the development of customer satisfaction with EVN in general as well as the relevant business cases, and to reveal potentials for improvement.

The overall satisfaction of EVN private customers remains on a good level with an average of 1.77 (on a five-grade scale with 1 = very satisfied to 5 = not at all satisfied). A major strength of EVN remains security of supply. The customer contact by phone and the EVN Journal are also major factors with high customer satisfaction.

Furthermore, in 2011, a Customer Loyalty Index (CLI) measuring the monthly loyalty was introduced for private customers. The CLI measurement attempts to regularly monitor the loyalty of EVN private customers, recognise changes and their reasons in advance to intervene and steer through adequate measures.

Electricity price structure in Lower Austria¹⁾

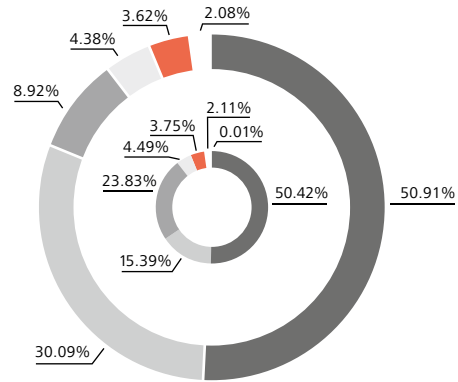


- **39.6%** Energy costs (EUR 270.0)
- **30.5%** Network costs (EUR 208.0)
- **29.9%** Taxes and charges (EUR 204.0)

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.

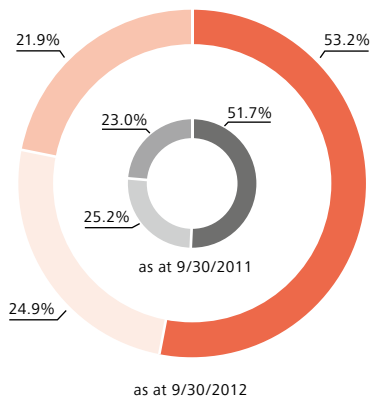
Composition of electricity from EVN KG in terms of primary energy sources

2010/11
2009/10



- **50.91%** Hydropower (50.42%)
- **8.92%** Natural gas (23.83%)
- **30.09%** Coal (15.39%)
- **4.38%** Biomass (4.49%)
- **3.62%** Wind and solar power (3.75%)
- **0.00%** Crude oil (0.01%)
- **0.00%** Nuclear energy (0.00%)
- **2.08%** Rest (electricity generation from waste incineration by EVN Abfallverwertung, crude oil and its by-products, biogas, landfill gas, sewage gas) (2.11%)

Gas price structure in Lower Austria¹⁾

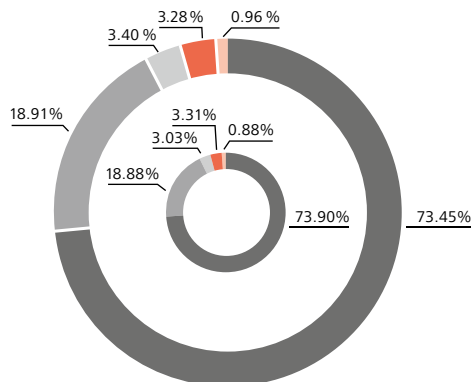


- **53.2%** Energy costs (EUR 754.0)
- **21.9%** Network costs (EUR 310.0)
- **24.9%** Taxes and charges (EUR 354.0)

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.

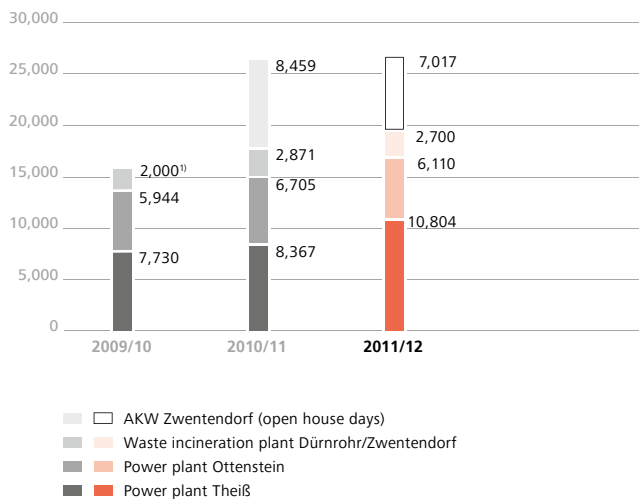
Composition of electricity from the Naturkraft Energievertriebsgesellschaft m.b.H. in terms of primary energy sources

2010/11
2009/10



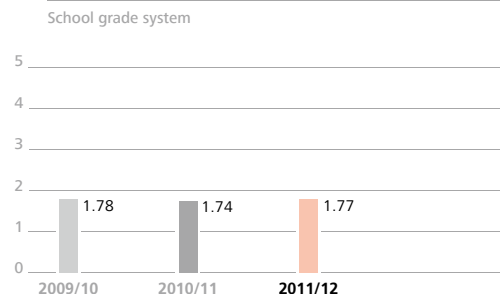
- **73.45%** Hydropower (73.90%)
- **18.91%** Windpower (18.88%)
- **3.40%** Biomass (3.03%)
- **3.28%** Solar power (3.31%)
- **0.96%** Other renewable energy (biogas, landfill and sewage gas) (0.88%)

Visitors to the EVN information centres



1) Due to the ongoing full operation during the expansion of the waste incineration plant and due to the construction site activities, only a limited number of visitors could be granted access.

EVN customer satisfaction in Lower Austria



Similar to the private customers, the business customers also continue to show a high level of customer satisfaction. In comparison to the 2009 image survey, substantial improvements in overall satisfaction could be recognised. This development is most clear for “Small Offices and Home Offices” (SOHOs) (2.01 vs. 2.18), followed by small and medium-sized enterprises (2.06 vs. 2.17) and heating customers (1.86 vs. 1.93). Among the business group, community customers once again reached the high value they have never lost (1.70 vs. 1.69).

Customer satisfaction in Bulgaria and Macedonia

In the financial year 2011/12, Customer Service talked to an average of 520,000 customer enquiries by phone and around 18,900 enquiries by email. As part of the EVN complaints management, 11,329 customer complaints were investigated. About 72% of all customer complaints could be solved within the indicated period. To improve the complaints management it was centralised in April 2012. In addition during the reporting year, customer centres were reorganised and new software implemented which makes it possible to register every single customer contact. Therefore, a monthly survey of customers concerning their satisfaction is possible as well. The “mystery shopping” programme, in which “test customers” assess the quality of the customer contact, was also conducted in the reporting year.

In order to intensify and improve customer communication, a bilingual (Macedonian, Albanian) 24-hours-per-day, 7-days-a-week and 365-days-a-year call centre in Macedonia was opened

in August 2008. In the financial year 2011/12, an average of 271,000 customer enquiries by phone and 28,400 complaints were serviced. A total of 18 campaigns and a satisfaction analysis with about 10,000 customers were conducted. Additionally, large business customers have become their own phone line at the Customer Relations Centre in 2012.

Aspect: Marketing Communication

PR6 Legal conformity in the advertising area

In advertising, EVN focuses its strategy and design on corporate goals as well as goals of sustainability. Commercials adequately communicate energy supply, tips for saving energy, and energy services. 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.

Aspect: Protection of personal data

PR8 Justified data protection complaints

No relevant cases in the reporting year.

Aspect: Compliance

PR9 Fines due to violations against product and services regulations

No relevant cases in the reporting year.

Sector supplements – Product responsibility

EU25 Injuries and fatalities of individuals (customers, neighbours, general public)

During the 2011/12 financial year, EVN reported three cases of death in the group of external persons who are not EVN employees. This applied to three individuals in Bulgaria who, on grounds of personal negligence (unauthorised entry into a transformer station, imitation of an action scene on an overhead power line and trying to fish with electricity) were killed in an accident.

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. In the financial year 2011/12, the collection rate in Bulgaria could be raised to 99% and that in Macedonia to 92%. In the field of heating, 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, the power plant Dürnröhr had to be shut down for one week due to boiler damage in the financial year 2011/12. In addition, a safety shut down lasted for two days because of fire. In Bulgaria, the co-generation plant in Plovdiv had to be temporarily shut down due to turbine damage in late January 2012.

→ For further information on the availability of the Austrian power supply, go to the website of E-Control (www.e-control.at/de/statistik/strom/statistik-fuer-versorgungsqualitaet/stoerungsstatistik).

Additional specific indicators of subsidiaries

WTE

In 2011, WTE achieved an average capacity utilization of 86.4%¹⁾ and treated a total of around 162 million m³ of wastewater, which corresponds to around 2.2 million inhabitant equivalents. Some of the resulting sewage sludge is then used in agriculture or in the production of compost; the biggest part is deposited.

evn wasser


In the financial year 2011/12, a total of 506,100 individuals were supplied with 28.7 million m³ of drinking water through 2,340 km of transport and distribution pipes. In addition, evn wasser treated in its wastewater treatment division around 1.23 million m³ of wastewater at an average capacity utilisation rate of 95.0%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 activity of the EVN materiality matrix. 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 29 of this report.
 → The programme for CSR measures may be accessed under www.responsibility.evn.at.






Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
Area of activity: Climate protection			
Expansion of the use of renewable energy sources	Construction of a 50 MW windpower plant in Kavarna, Bulgaria	Spring 2012	Since July 2012, eight wind turbines with a total capacity of 16 MW have been feeding into the grid; bird protection radar for a selective switch-off of wind turbines to prevent collision with migrating birds in operation
	Construction of the Schaldorf hydropower plant	Spring 2012	Measure completed
Promotion of alternative drives and fuels	Observation and investigation of market developments in the field of electrical mobility; participation in implementation projects	ongoing	Ongoing measure
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
 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	Measure mostly completed

Area of activity: Resource conservation

Improvement in efficiency level	Optimisation of start-up procedure in the Korneuburg power station, as well as emission reductions and natural gas savings in the Dürnröhr power station achieved through optimisation of district heating transmission	ongoing	Ongoing measure
Raising customer awareness on how best to use natural resources	Campaign with the slogan "Are you going to save nature by receiving information regarding your bill through email, e-invoice or SMS?"	ongoing	In the financial year 2011/12, campaigns conducted for district heating customers and information campaigns conducted for electricity customers
Raising customer awareness on how best to use energy in Macedonia	Workshops, cooperations, information via energy-saving campaigns	ongoing	Information to customers in workshops, round-tables; seminars for students; media, small- and medium-sized enterprises; energy-saving campaigns via media, brochures and online energy consulting or through the customer care centre


Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
--------	----------	--------------------	--

Area of activity: Resource conservation

 EMAS target	Energy savings in the maintenance of the Theiß power plant	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 completed
 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, greenhouse gas emissions and waste disposal costs	ongoing	Currently recycling of 57% of the biomass ash by collectors (especially construction industry)
	Enhance efficiency of district heating production and supply in Plovdiv, Bulgaria	Construction of a co-generation plant	Dec. 2011	Measure completed
 EMAS target	Thermal recycling of sewage sludge	Conversion of the pilot plant to a concurrent combustion of sewage sludge plant	2012–2014	Measure in implementation
 EMAS target	Efficiency improvement of EVN steam turbine	Additional evacuation system for leaking steam	2012	In the financial year 2011/12, measurements for optimising fuel input could be implemented. Work for an additional evacuation system for leaking steam is in implementation.
 EMAS target	Energy saving of 50% in the field of REA	Optimising the system for compressed air	2012	Measure in implementation

Area of activity: Security of supply and fair prices

	Increasing Group coverage ratio to 40% to 60% of total electricity sales	Implementation of power plant projects domestically and abroad, with the focus on expanding generation capacities from renewable sources. This includes wind and hydropower plants domestically as well as large-scale hydropower plants abroad.	ongoing	Part of strategy
	Ongoing firm pricing – avoidance of accumulated price rises passed on to customers over a longer period of time	Linking OPTIMA energy delivery prices (electricity/natural gas) for private customers to the Austrian electricity price index (ÖSPI)	ongoing	Ongoing measure

Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
Improvement in satisfaction and corporate identification of employees	Implementation and improvement of the Feedback and Orientation Talks	ongoing	Implementation completed; Talks are held annually
	Project Internal Branding	ongoing	Measure mostly completed; introduction in Macedonia and Bulgaria will be in the business year 2012/13
Promoting women in technical occupations	Teenies' Day: My future at EVN: Apprenticeship at EVN	Spring 2012	Teenies' Day will be held in autumn 2012
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	Measure in implementation; launch planned for business year 2012/13
 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 authorising releases and technical measures	2012	Measure in implementation

Area of activity: Human rights and prevention of corruption

Raising employee awareness and active contribution towards human rights and avoidance of corruption	Concept and implementation of a comprehensive compliance management system for EVN. In the course of the project to implement the compliance management system a draft compliance manual was inter alia developed. This draft forms the basis for information and training of employees.	Sep. 2013	New measure
---	--	-----------	-------------

Area of activity: Stakeholder dialogue

Continuous dialogue with all stakeholders	Firm establishment and implementation of the prepared stakeholder concept	Sep. 2013	Stakeholder survey on EVN's materiality matrix planned for autumn 2013
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	Supporting Trigos 2012 in Lower Austria, Participation in UNGC working groups, respACT network meetings in Zwentendorf, presentation at the University of Applied Sciences in Krems, workshop with EVN's Customers' Board

Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
--------	----------	--------------------	--

Area of activity: Stakeholder dialogue

Raise awareness in the company as well as ongoing optimisation of the CSR organisation and communication	Training, workshops and exchange of experience, internal communication	ongoing	Ongoing measure
Project "renewable energy" together with municipalities	<ul style="list-style-type: none"> > Expansion of windpower 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 windpower 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 discussions, networking meetings, information events and coordination

Area of activity: 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
Education on the theme of energy for kindergartens and schools in Lower Austria in Lower Austria	Presentations, teaching materials, sightseeing on the topics of energy generation and energy saving	ongoing	Ongoing measure
Increasing safety when dealing with electricity in Bulgaria	Project "Energy efficiency in schools" (Year 2)	ongoing	Providing education for 174 school classes, reaching about 6,000 pupils since the beginning of this initiative; Update of teaching materials; inclusion of twelve additional schools in four new regions

Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
--------	----------	--------------------	--

Area of activity: Social commitment

Increasing safety when dealing with electricity in Macedonia	Energy efficiency clubs as well as lessons focusing on the topic	ongoing	Setting up of energy efficiency clubs in 15 schools with lessons on a regular basis
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	Participation of 490 children since beginning of this initiative
Increase interest in technical professions, higher quality of education	Cooperation with schools and universities in Bulgaria	ongoing	In 2011/12, initiatives conducted for 130 students of the University for Food Technology (technical fields) (plant visits, consulting graduates, participation at career days)
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 activity: Sustainable increase in shareholder value

Firm establishment of CSR standards	Restructuring of the CSR organisation based on European best practices	Jun. 2013	Organisational structure established, operational structure in development
	Interviews with specialist departments to define CSR objectives in order to complement CSR management	Dec. 2013	Workshops held with 16 organisational units in financial year 2011/12
Value-oriented engagement in Central and East as well as South Eastern Europe	Integration and further development of business areas, exploiting synergies, value-oriented investment decision processes	ongoing	Ongoing measure
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	Further development
Introduction of sustainability controlling	Integration of sustainability risks into risk management, improved presentation of the cost-benefit relationship and CSR benefits	Sep. 2010	Sustainability controlling under review due to a revised and optimised CSR process
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 activity: Integration SEE

Integration and modernisation	Internal events and know-how transfer across divisions and countries	ongoing	Ongoing measure, e.g. EVN SUN Academy
-------------------------------	--	---------	---------------------------------------

Target	Measures	Milestone Deadline	Status as at September 30 th , 2012
Establishment of CSR standards	Adoption of the new CSR organisation (organisational and operational organisation) analogous to Austria, communication with CSR network officers in Bulgaria, Macedonia and Croatia	Sep. 2013	First workshop with CSR team and management held at EVN Bulgaria

Area of activity: In-house consumption of resources

Efficient handling of CO ₂ emissions	Preparation of a Group-wide mobility concept	2013	Measure in implementation
Optimisation of the use of resources at the workplace	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 2012 held climate-neutral; climate-neutral printing of reports
Awareness raising of employees in Bulgaria regarding sound use of resources	Project "Code green" (mobile phone recycling, toner disposal, recycled paper, etc.)	ongoing	Recycling of more than nine tons of paper, 350 toner cartridges and 45 kg of batteries

Area of activity: 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: <ul style="list-style-type: none"> > catalyser washing to increase the filtration efficiency > purchase of types of coal with lower nitrogen content > primary measures, e.g. optimisation of combustion 	ongoing, started 2010	Ongoing measure; compliance with the provisions of the voluntary agreement in financial year 2011/12
Bird protection in Macedonia	Protecting stork nests and constructing nesting platforms in Macedonia	ongoing	Ongoing measure
Bird protection in Austria	Cabling and labelling of overhead powerlines to protect great bustard in Lower Austria (LIFE+ project)	2015	Ongoing measure
Bird protection in Bulgaria	Insulation 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	Insulation of additional 216 nesting platforms and 202 protection insulations in the financial year 2011/12
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	Basic system under development; Implementation planned in first half-year 2013; district heating plants will be connected to the new system for a period of five years

Advisory Committee

for Environmental 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 Gölßen, 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, viniculturist

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 Energy and Climate Policy, National Economy

Helmut Kroiss, 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

Assurance statement

**related to EVN AG's Full Report 2011/12,
financial year 1st October 2011 to 30th September 2012**

Terms of Engagement

This Assurance Statement has been prepared for EVN AG.

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by EVN AG (EVN) to assure its "Full Report 2011/12", sections Corporate Social Responsibility and the GRI Content Index for the financial year 2011/12, beginning the 1st October 2011 and ending the 30th September 2012 ("the Report").

The Report relates to the corporate responsibility data and information for all activities of EVN 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'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.

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).

The objectives of the assurance engagement were to:

- Confirm that the Report meets the requirements of GRI's application level A and GRI's EUSS
- Validate EVN's self-declaration for GRI G3's application level A+
- Evaluate the reliability of EVN's specified sustainability performance data and information.

To form our conclusions, the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing the stakeholder engagement process and related information
- Reviewing EVN's CSR materiality matrix
- Evaluating EVN's material issues against our own understanding of stakeholder issues that this industry is dealing with
- Understanding how EVN determines, responds to and reports on their material issues
- Interviewing a selection of employees at EVN's headquarters in Austria
- Auditing EVN's data management processes and reviewing supporting evidence made available by EVN.

Note 1: The verification was undertaken at EVN's headquarters in Maria Enzersdorf, Austria in accordance with our contract and therefore did not include verifying data back to its original sources, nor did it assess the accuracy and completeness of the data reported by individual locations.

Note 2: Economic performance data were taken directly from the audited financial accounts.

- Checking the use of performance data within EVN's business decision-making processes
- Confirming that the GRI index allows stakeholders to access sustainability performance indicators.

Level of Assurance and Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

LRQA's Opinion

Based on LRQA's approach, nothing has come to our attention that would cause us to believe that the Report does not meet GRI's application level A+ or GRI's sector supplement requirements as we found nothing that would cause us to contradict this conclusion.

It is also our opinion that EVN has not excluded any material issues and that its processes for reporting provide reliable sustainability performance data and information.

LRQA's Recommendations

EVN AG should consider:

- Improving the monitoring of the implementation of their CSR related activities.
- Review the contents of the Report to ensure that it provides a more balanced and reasonable representation of all activities within the scope of the report, including the areas of power production and distribution, heat production and supply, water purification and supply, and waste incineration. Currently, there is a stronger emphasis on the aspect of power production and distribution as well as heat production and supply.



Harald Ketzer
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance
Lloyd's Register EMEA Vienna, Austria

LRQA Reference: VNA0004673/0029

Dated: 14 November 2012

This document is subject to the provision below:

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

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.

Due to 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 English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

Glossary

American Depository 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/ 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. Their share of the annual earnings 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 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. It is divided into cash flow from operating, investment and financing activities.

Certified Emission Reduction (CER)

The CERs stem from the projects of the Clean Development Mechanism (CDM). Countries or companies can acquire emission credits from emission reduction projects being undertaken in those rapidly and other developing countries that have not entered into any obligations to reduce emissions. These credits can then be used to satisfy the obligation to submit such stipulated in the European Emissions Trading Scheme. 1 CER = 1 ton of CO₂.

CO₂ (carbon dioxide)

Chemical compound consisting of carbon and oxygen, which is largely created by the combustion of fossil fuels.

CO₂ emission certificate

CO₂ 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/co-generation

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/ Scope of consolidation

The Scope of consolidation is considered to be the group of companies included in the Consolidated financial statements. The definition of the scope of consolidation is in accordance with the principles contained in IAS 27.

Corporate Governance Code

A code of behavioural guidelines for companies, which defines 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 relative 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

Claims 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 like hydro, wind, biogas, biomass, photovoltaic systems, geothermal sources, landfill and sewage gas.

Eligible end-customer

End-customers authorised by the Energy Act to freely select the suppliers of energy on Austria's liberalised market.

EMAS

European directive for environmental management systems

Energy units

Energy (Wh): output x time kWh
Kilowatt hour:
1 Watt hour (Wh) x 10³
MWh Megawatt hour: 1 Wh x 10⁶
GWh Gigawatt hour: 1 Wh x 10⁹
Natural gas – energy content: 1 Nm³
1 m³ natural gas = 11.07 kWh

Entry-Exit Model

Transactions-independent settlement system (two-contract model) for the payment of energy transport services. The timings and natures of the feedings-in and withdrawals of energy are not linked to each other. The supplier of energy feeds the energy in at any particular point (= entry) and pays the operator of the grid the locally-applicable feeding-in fee for doing such. Any amount of energy can be withdrawn from a wide variety of places (= exit) in the grid. The path of transport is not taken into account when calculating the costs.

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 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 Community

Energy community of the European Union whose purpose is the development of Europe's energy markets.

European Energy Exchange (EEX)

The largest energy marketplace in Continental Europe, headquartered in Leipzig.

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.

<p>Funds from Operations (FFO) Net cash flow from operating activities adjusted by interest expenses.</p>	<p>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.</p>	<p>International Securities Identification Number (ISIN) Individual securities identification numbers enabling the computerised recording of securities on an international basis.</p>	<p>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.</p>
<p>Gearing Ratio of net debt to equity.</p>	<p>Inhabitant equivalent value (PE) 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.</p>	<p>Intranet Non-public, in house corporate computer network.</p>	<p>Non-governmental organisation (NGO) Not-for-profit companies that come into being through civic and societal initiatives and which are comprised of public-minded persons or organisations.</p>
<p>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.</p>	<p>Interest Cover Ratio of the funds from operations (FFO) to interest expenses.</p>	<p>ISO 14001 International environmental management standard, which determines requirements for related systems.</p>	<p>Operating result (EBIT) See Earnings before Interest, Taxes, Depreciation and Amortisation.</p>
<p>Heating degree total Parameter for the temperature-related energy requirement for heating purposes.</p>	<p>International Financial Reporting Interpretation Committee/Standard Interpretation Committee (IFRIC, formerly SIC) Its responsibility is to interpret and provide detailed explanations of the IFRS developed and by the International Accounting Standards Board (IASB).</p>	<p>Kilowatt Peak (kWp) Parameter designed to measure the power generation of a photovoltaic or solar plant.</p>	<p>Payout ratio Ratio between dividends distributed and earnings per share.</p>
<p>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.</p>	<p>International Financial Reporting Standards/ International Accounting Standards (IFRS, formally 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).</p>	<p>Management Approach Presentation of the management and controlling aspects of a company.</p>	<p>Peak load see Base load/peak load</p>
<p>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.</p>	<p>Net Debt Balance from interest-bearing asset and liability items (issues and liabilities to credit institutes less loans, securities and liquid funds).</p>	<p>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 CO₂ emission certificates that it grants to its companies.</p>	<p>Petajoule (PJ) Parameter designed to measure a large amount of energy. 1 PJ = 1 quadrillion Joule (1,015 Joule)</p>
<p>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.</p>	<p>Net Debt Coverage Ratio of funds from operations (FFO) to interest-bearing debt.</p>	<p>Net Debt Balance from interest-bearing asset and liability items (issues and liabilities to credit institutes less loans, securities and liquid funds).</p>	<p>Polychlorinated biphenyl (PCB) Toxic chlorine compounds.</p>
<p>Net Operating Profit after Tax (NOPAT) Calculated on the basis of taxable earnings less financing costs.</p>	<p>Net Operating Profit after Tax (NOPAT) Calculated on the basis of taxable earnings less financing costs.</p>	<p>Net Operating Profit after Tax (NOPAT) Calculated on the basis of taxable earnings less financing costs.</p>	<p>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.</p>

Promissory note loan

Large-sized, long-term loans that are similar to bonds. The loans are issued to industrial corporations and the public sector upon promissory notes held by banks, insurers and other gatherers of capital. The promissory note contains the obligation to repay the principal and to pay the interest. It serves to provide proof of the granting of the loan. Bonded loans are not traded on exchanges.

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 asset base (RAB)

The interest-bearing capital basis is comprised of the sum of the intangible and tangible fixed assets minus the following liabilities: remuneration for grid access and for operation-readiness (construction subsidies) as well as any goodwill arising from the calculation of balance sheet items. Adjustments are made to account for the standardisation of terms of depreciation and of the dissolution of construction subsidies.

Regulatory authority

Public authority responsible for those fields of the energy market, which have not yet been deregulated but are still monopolised, in order to ensure free competition and fair pricing (also refer to E-Control GmbH (ECG)).

Renewable Energy

Electricity won from regenerative sources (solar energy, wind energy, biomass, biogas, geo-thermal, land-fill and sewage gas).

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 Meter/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, relative to 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 and the rate of return on the capital employed.

Value chain elements

The electricity sector is divided into different phases of value creation: generation, distribution, sale and consumption.

Imprint

Published by

EVN AG, EVN Platz, A-2344 Maria Enzersdorf

Phone +43 2236 200-0

Fax +43 2236 200-2030

Announcement pursuant to Section 25 Austrian Media Act: www.evn.at/offenlegung

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 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 28th, 2012. Disclosure: December 13th, 2012.

Photos: Udo Titz and Klaus Fritsch

Idea and consulting: Mensalia

Consulting Design: Ralf Strobl, Eva Urthaler

The paper used for this publication is made of raw materials derived from sustainable forestry. The production is carried out with electricity from renewable energy sources. The CO₂ emissions arising from the printing production process was compensated in line with the guidelines issued by Print CO₂.

Print CO ₂ tested	Compensation for CO ₂ emissions arising in the printing process. Support and contribution to climate protection, embedding environmental awareness in our activities
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



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.asp?lang=en-us.

	Description	Source	Status
Declaration and profile			
1	Strategy and analysis		
1.1	Status of sustainability within the company	28ff	■
1.2	Description of the most important effects, risks and opportunities	82ff	■
2	Corporate profile		
2.1–2.10	Corporate profile	26ff, 35ff, 39	■
3	Report parameters		
3.1–3.13	Report parameters	25	■
Sector supplements – Corporate profile			
EU1	Installed capacity	27, 39	■
EU2	Energy generation	26, 92f	■
EU3	Customer numbers	26, 39	■
EU4	Total length of long-distance and distribution lines	28, 39	■
EU5	Quota of CO ₂ emission certificates	63, 65	■
4	Governance, commitments and engagement		
4.1	Corporate governance, management structure	51ff, 169f	■
4.2	Explanation of whether the Executive Board chairman holds an operative management post	51ff, 169f	■
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	51ff, 169f	■
4.5	Correlation between management body remuneration and organisational performance	51ff, 169f	■
4.6	Mechanisms for the prevention of conflicts of interest	51ff, 169f	■
4.7	Expertise of the management committee in the sustainability area	169f	■
4.8	Mission statements, codes of conduct, sustainability principles	31, 169	■
4.9	Procedure for controlling sustainability performance	170	■
4.10	Performance rating of the Executive Board regarding sustainability	170	■
4.11	Observance of the precautionary principle	28ff, 169ff	■
4.12	Support of external initiatives	171	■
4.13	Membership in associations and interest groups	171	■
4.14–4.17	Stakeholder management (selection, approaches, core topics)	32f, 187, 189	■
Performance indicators			
Economic performance indicators			
EC1	Directly generated and distributed economic value	28ff, 33ff, 72f, 110	■
EC2	Financial effects of climate change	Inside Cover, 73ff	■
EC3	Company defined benefit plan obligations	172	■
EC4	Government financial assistance	46	■
EC5 ¹⁾	Ratios of standard entry-level remuneration compared to local minimum wages	172	■
EC6	Business policies, practices and share of local suppliers	43	■
EC7	Employment of local personnel	172	■
EC8	Infrastructure investments and services, taking place primarily in the public interest	172f	■
EC9 ¹⁾	Indirect economic effects	174	■
Sector supplements – Economy			
EU6	Short and long-term security of supply	28ff, 33	■
EU7	Programmes for Demand Side Management	174f	■
EU8	Research and development activities	81	■
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	30	■
EU11	Average efficiency in production	27	■
EU12	Efficiency of long-distance lines and distribution networks	28	■
Environmental performance indicators			
EN1	Material usage	176	■
EN2	Use of recycled material	176	■
EN3	Direct primary energy consumption	177	■
EN4	Indirect primary energy consumption	177	■
EN5 ¹⁾	Energy savings as a result of environmentally responsible use and efficiency increase	176f	■
EN6 ¹⁾	Initiatives for higher energy efficiency and renewable energy	177	■
EN7 ¹⁾	Initiatives for the reduction of indirect energy consumption	177	■
EN8	Total water withdrawal	177f	■
EN9 ¹⁾	Water sources affected by withdrawal	178, 179	■
EN10 ¹⁾	Recovered and reused water	178	■
EN11	Land-use in protected areas	178, 179	■
EN12	Effects of business activities on biodiversity	179f	■
EN13 ¹⁾	Protected or rehabilitated natural habitats	179f	■
EN14	Strategies and measures for the protection of biodiversity	179f	■
EN15 ¹⁾	Endangered species in the areas of business activities	180	■
EN16	Direct and indirect greenhouse gas emissions	180f	■
EN17	Other relevant greenhouse gas emissions	181	■
EN18	Initiatives for the reduction of greenhouse gas emissions and results	181f	■
EN19	Emissions of ozone-degrading substances		n. r.
EN20	NO _x , SO _x and other significant atmospheric emissions	182	■
EN21	Total wastewater discharge	182	■
EN22	Waste according to type and disposal method	182f	■
EN23	Major spills of hazardous substances	183	■
EN24 ¹⁾	Weight of waste considered hazardous	183	■
EN25 ¹⁾	Waters affected by wastewater discharges and surface run-off	183	■
EN26	Initiatives for the reduction of environmental impact of products and services	183	■

	Description	Source	Status
EN27	Packaging materials taken back	as a result of the subject of activity	n. r.
EN28	Fines incurred for infringements of environmental regulations	183	■
EN29 ¹⁾	Major impact on the environment through transportation	See EN16 and EN17	■
EN30 ¹⁾	Total expenses and investment for environmental protection	183f	■
	Sector supplements – Ecology		
EU13	Biodiversity of compensation areas	184	■
	Social performance indicators		
	Labour practices and decent employment		
LA1	Employees according to employment status and region	40ff	■
LA2	Employee fluctuation	41, 42f	■
LA3 ¹⁾	Benefits for full-time employees only	41, 42	■
LA15	Return to work after parental leave	45f	■
LA4	Employees under collective agreements	45	■
LA5	Notification deadlines for major changes within the company	43	■
LA6 ¹⁾	Employees in occupational safety committees	41	■
LA7	Injuries, occupational diseases, lost days, absence and fatalities	43	■
LA8	Health prevention, education in serious diseases	49	■
LA9 ¹⁾	Occupational safety agreements with trade unions	48ff	■
LA10	Training and further education per employee	48ff	■
LA11 ¹⁾	Programmes for knowledge management and lifelong learning	46ff	■
LA12 ¹⁾	Performance evaluation and development plans for employees	46f	■
LA13	Diversity of employees and leading bodies	48	■
LA14	Differences in remuneration due to gender	41, 42f	■
	Sector supplements – Labour practices and decent employment		
EU14	Securing the requirement of skilled labour	43	■
EU15	Retirements in the next five and ten years	45, 47	■
EU16	Health care, occupational safety	44	■
EU17	Work days of subcontractors and suppliers for construction, servicing and maintenance	48ff	■
EU18	Subcontractors and suppliers who have participated in health and safety training programmes	49f	■
	Human rights		
HR1	Investment agreements with human rights clauses	185	■
HR2	Supplier controls for compliance with human rights	185	■
HR3	Training programmes on company-relevant human rights aspects	185f	■
HR4	Occurrences of discrimination and countermeasures taken	186	■
HR5	Freedom of assembly and collective negotiations	186	■
HR6	Business activities with the risk of child labour	186	■
HR7	Business activities with the risk of forced labour	186	■
HR8 ¹⁾	Training of security personnel on the topic of human rights	186	■
HR9 ¹⁾	Violation of the rights of indigenous peoples	186	■
HR10	Number of checks concerning the compliance with human rights and/or impact assessment	187	■
HR11	Number of complaints regarding the compliance of human rights	187	■
	Society		
SO1	Effects of business activities on society	187	■
SO9	Business activities with significant potential or actually negative impact on local communities	187	■
SO10	Prevention and mitigation measures for business activities with significant potential or actually negative impact on local communities	188	■
SO2	Examination of corruption risks	188	■
SO3	Employee training for the prevention of corruption	188	■
SO4	Anti-corruption measures	188	■
SO5	Political positions, participation in the political consensus building process, lobbying	188	■
SO6 ¹⁾	Donations to politicians	188	■
SO7 ¹⁾	Lawsuits following anti-competitive behaviour	189	■
SO8	Fines/sanctions as a result of illegal activities	189	■
	Sector supplements – Society		
EU19	Participative decision making processes involving stakeholders	189	■
EU20	Involuntary relocations	189	■
EU21	Crisis, emergency and contingency plans	189	■
EU22	Relocations	189	■
	Product responsibility		
PR1	Health effects along the product life cycle	190	■
PR2 ¹⁾	Violations of health and safety regulations	190	■
PR3	Legally required information on products and services	190	■
PR4 ¹⁾	Violation of information requirements	64, 191	■
PR5 ¹⁾	Customer satisfaction	190	■
PR6	Compliance with the law regarding advertising	190ff	■
PR7 ¹⁾	Violations regarding advertising	192	■
PR8 ¹⁾	Justified data protection complaints	192	■
PR9	Fines incurred in consequence of violations against product and service conditions	192	■
	Sector supplements – Product responsibility		
EU23	Programmes to improve access to electricity and customer services	190	■
EU24	Safe use of energy and customer service accessibility	32f, 174ff, 190ff	■
EU25	Injuries and fatalities in connection with company plants	32f, 190ff	■
EU26	Population in sales area without electricity supply	193	■
EU27	Electricity disconnections due to payment arrears	193	■
EU28	Frequency of power failures	193	■
EU29	Average duration of a power failure	193	■
EU30	Average availability of power stations	193	■

- 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. 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.

Contact

Contact partner for questions regarding Investor Relations

Klára Székffy, phone +43 2236 200-12745

Doris Lohwasser, phone +43 2236 200-12473

Sonja Ponsold, phone +43 2236 200-12695

E-Mail: investor.relations@evn.at

Contact partner for questions regarding Corporate Social Responsibility (CSR)

Members of the CSR advisory team

CSR representative, Gas Network Engineering: Peter Zaruba, phone +43 2236 200-12249, peter.zaruba@evn.at

CSR organisation, Human Resources: Renate Lackner-Gass, phone +43 2236 200-12799, renate.lackner-gass@evn.at

General Secretariat and Corporate Affairs: Ute Teufelberger, phone +43 2236 200-12777, ute.teufelberger@evn.at

Information and Communication: Jochen Kugler, phone +43 2236 200-12139, jochen.kugler@evn.at

Investor Relations: Doris Lohwasser, phone +43 2236 200-12473, doris.lohwasser@evn.at

Human Resources: Elvira Hammer, Telefon +43 2236 200-12727, elvira.hammer@evn.at

Environmental Protection and Controlling: Stefan Vadura, phone +43 2236 200-12217, stefan.vadura@evn.at

Information on the internet

www.evn.at

www.investor.evn.at

www.responsibility.evn.at

Online report

EVN Online Full report 2011/12

www.investor.evn.at/gb/gb2012

Financial calendar 2012/13¹⁾

84 th Annual General Meeting	1/17/2013	Results HY. 1 2012/13	5/28/2013
Ex-dividend day	1/22/2013	Results Q. 1–3 2012/13	8/29/2013
Dividend payment	1/25/2013	Annual results 2012/13	12/12/2013
Results Q. 1 2012/13	2/28/2013		

1) Preliminary

EVN share – basic information¹⁾

Share capital	330,000,000.00 EUR
Denomination	179,878,402 non-par bearer shares
Identification Number (ISIN)	AT0000741053
Tickers	EVN.VI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange listing	Vienna
ADR programme; Depository	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Sustainability index	VÖNIX, FTSE4Good, Ethibel, ECPI
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

1) As of September 30th, 2012

