Annual Report 2008/09

Energie
vernünftig
nutzen

EVN

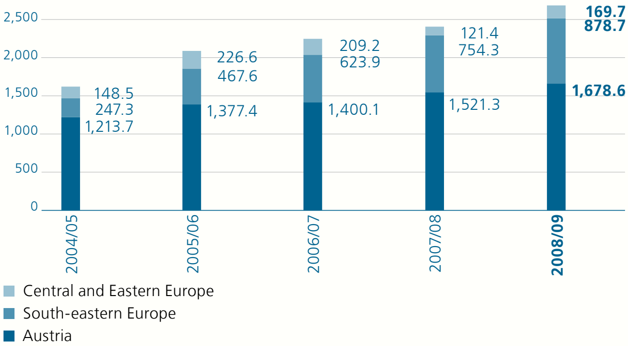

YESTERDAY
PLANNING
TODAY
FORESIGHTEDNESS
TOMORROW
VALUE

Key figures

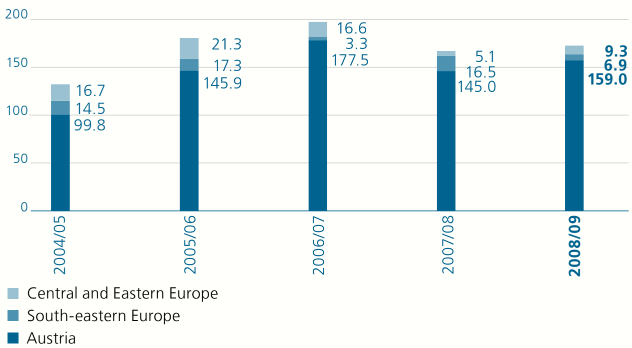
		2008/09	2007/08	Change in %	2006/07	2005/06	2004/05
Sales volumes							
Electricity generation	GWh	3,477	4,022	–13.6	3,451	4,556	4,484
Electricity sales volumes to end customers	GWh	19,541	19,372	0.9	18,043	15,641	11,342
Gas sales volumes to end customers	GWh	6,102	6,759	–9.7	5,603	7,580	7,035
Heating sales volumes to end customers	GWh	1,576	1,362	15.7	911	1,067	1,033
Consolidated Income Statement							
Revenue	EURm	2,727.0	2,397.0	13.8	2.233,1	2,071.6	1,609.5
EBITDA	EURm	373.4	362.3	3.1	350,7	397.4	335.2
EBITDA margin[1)]	%	13.7	15.1	–1.4	15,7	19.2	20.8
Results from operating activities (EBIT)	EURm	175.2	166.6	5.2	197,3	184.4	131.0
EBIT margin[1)]	%	6.4	7.0	–0.5	8,8	8.9	8.1
Profit before income tax	EURm	226.0	235.5	–4.0	287,4	304.9	186.2
Group net profit	EURm	177.9	186.9	–4.8	227,0	221.9	144.4
Consolidated Balance Sheet							
Balance sheet total	EURm	6,695.4	6,636.3	0.9	6,261.9	5,845.8	4,739.6
Equity	EURm	3,127.2	3,208.5	–2.5	3,014.7	2,756.0	2,285.4
Equity ratio[1)]	%	46.7	48.3	–1.6	48.1	47.1	48.2
Net debt	EURm	1,378.2	1,131.3	21.8	825.3	930.0	673.8
Gearing[1)]	%	44.1	35.3	8.8	27.4	33.7	29.5
Return on Equity (ROE)[1)]	%	6.3	7.4	–1.1	9.0	10.6	8.2
Return on Capital Employed (ROCE)[1)]	%	5.4	6.3	–0.9	7.1	7.9	6.2
Consolidated Cash Flow and Investments							
Net cash flow from operating activities	EURm	335.3	382.6	–12.4	342.8	399.7	267.1
Investments[2)]	EURm	415.7	415.6	–	277.7	251.5	192.6
Net Debt Coverage (FFO)[1)]	%	30.6	41.3	–10.8	50.7	49.1	44.5
Interest Cover (FFO)	x	4.9	5.5	–10.9	5.5	8.1	6.1
Employees							
Number of employees	Ø	8,937	9,342	–4.3	9,535	9,973	6,654
thereof Austria	Ø	2,563	2,468	3.8	2,365	2,306	2,362
thereof abroad	Ø	6,374	6,874	–7.3	7,170	7,667	4,292
Value added							
Net operating profit after tax (NOPAT)	EURm	234.9	280.9	–16.4	275.2	298.2	230.5
Capital employed[3)]	EURm	3,493.8	3,219.7	8.5	3,041.2	2,760.4	2,461.0
Operativer ROCE[1)]	%	6.7	8.7	–2.0	9.0	10.8	9.4
Weighted Average Cost of Capital (WACC)[1)]	%	6.5	6.5	–	6.5	6.5	6.0
Economic Value Added (EVA®)[4)]	EURm	7.8	71.7	–89.0	77.5	118.8	82.9
Share							
Earnings[5)]	EUR	1.09	1.14	–4.8	1.39	1.36	0.88
Dividend[5)]	EUR	0.370[6)]	0.370	–	0.375	0.350	0.288
Payout ratio[1)]	%	33.9	32.4	1.5	27.0	25.8	32.6
Dividend yield[1)]	%	2.7	2.5	0.2	1.7	1.7	1.5
Share performance							
Share price at the end of September[5)]	EUR	13.68	14.99	–8.7	22.63	20.90	18.75
Highest price[5)]	EUR	16.00	23.38	–31.6	23.87	24.75	19.63
Lowest price[5)]	EUR	10.11	14.39	–29.7	20.38	16.30	10.23
Market capitalisation at the end of September	EURm	2,237.0	2,451.3	–8.7	3,699.8	3,416.9	3,066.1
Credit Rating							
Moody's		A2, negative	A1, stable	–	A1, stable	A1, stable	Aa3, stable
Standard & Poor's		A–, negative	A, negative	–	A, stable	A, stable	A+, stable

1) Changes reported in percentage points
2) In intangible assets and property, plant and equipment
3) Average adjusted capital employed
4) As defined by Stern Stewart & Co.
5) The figures of the business years 2004/05, 2005/06 and 2006/07 have been adapted in accordance with the stock split in a ratio of 1:4 carried out effective April 17, 2008.
6) Proposal to the Annual General Meeting

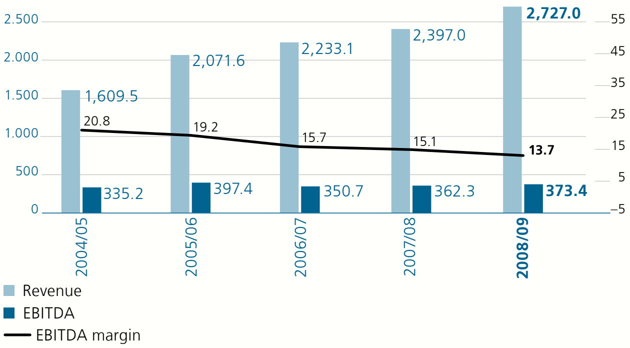
Revenue by region EURm



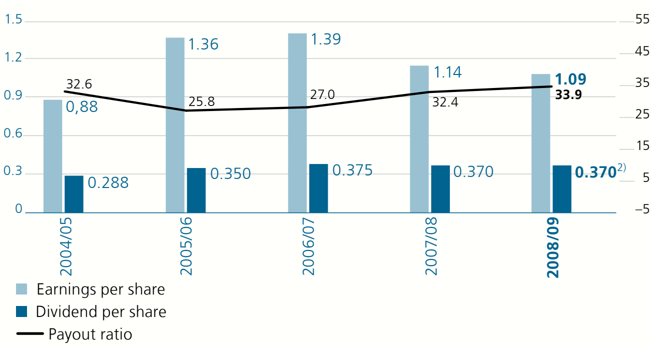
EBIT by region EURm



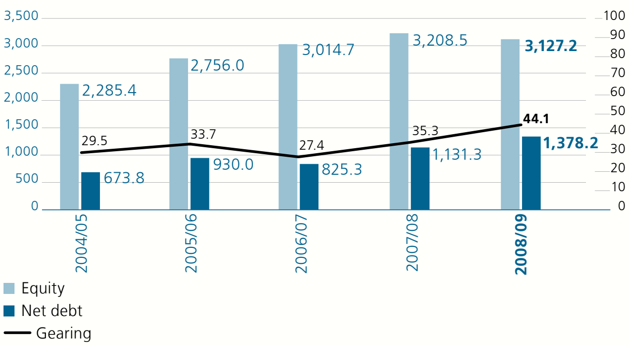
Revenue, EBITDA EURm, EBITDA margin %



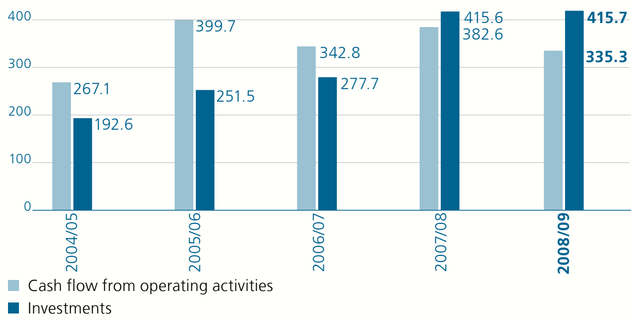
Earnings, Dividend per share[1] EUR, Payout ratio %



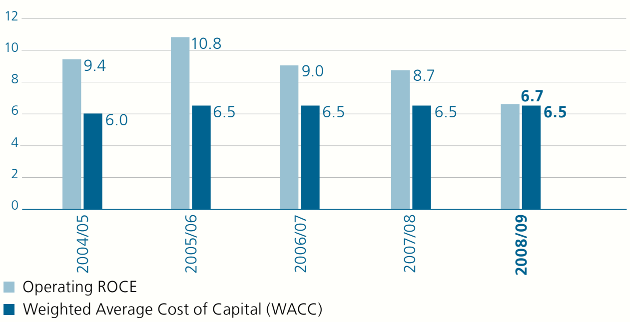
Equity, Net debt[3] EURm, Gearing[4] %



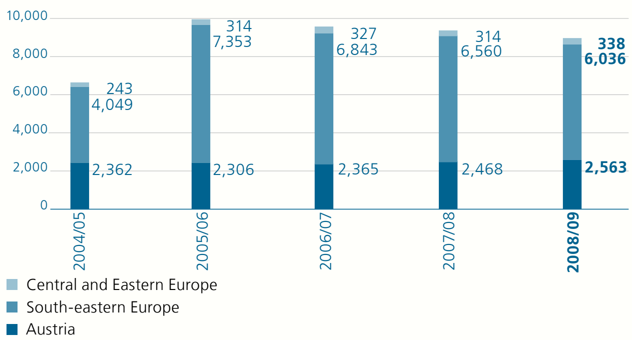
Cash flow and investments EURm



Operating ROCE[5] and WACC[6] %



Employees by region



1) The figures of the business years 2004/05, 2005/06 and 2006/07 have been adapted in accordance with the stock split in a ratio of 1:4 carried out effective April 17, 2008.
2) Proposal to the Annual General Meeting
3) Balance from interest-bearing asset and liability items (issues and liabilities to credit institutes less loans, securities and liquid funds)
4) Ratio of net debt to equity
5) Return on Capital Employed (ROCE) – This ratio shows the return on the capital utilised within the 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 Verbund shareholding.
6) Weighted Average Cost of Capital (WACC) – This parameter 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 debt capital costs, while the return on a risk-free investment plus a risk markup, which is individually calculated for every company.

Long-term thinking and foresightedness is required in the Energy and Environmental Services segments. This foresighted approach involves the way we shape our power generation or our network infrastructure on a day-to-day basis, or in the selection of our strategic partners and investments. What we will use tomorrow was already planned yesterday.

EVN Using energy wisely.
Yesterday – Today – Tomorrow.

More Energy


TOMORROW
INTEGRA
Energy provider with close
to 1 million customers
YESTERDAY
COREMARKET

Exploiting the full potential of the new markets: 40–60% of electricity sales volumes from renewable energy sources.

TION

TODAY GROWTH

Modernisation of the Bulgarian and Macedonian subsidiaries acquired in 2004 and 2006, numerous large international projects.

Projects:

Full-scale implementation of the Energy Concept for the Lower Austrian Central Region

Three peak load storage power plants, Albania (in planning)

Wind parks in Lower Austria and Bulgaria (currently being implemented)

Construction of photovoltaic facilities in south-eastern Europe (ongoing)

Hard coal fired power plant in Duisburg-Walsum, Germany (start-up in 2010)

Hydropower stations on the Gorna Arda River, Bulgaria (project evaluation)

Secure an Reliable Energy Supply

High quality and reliability of supply for all EVN customers based on a perfectly-functioning network in spite of increasing energy demand

TOMORROW SECURITY

Projects:

Investments in Lower Austrian electricity and gas networks, expansion of heating network (ongoing)

Trans-regional gas transport pipeline "Südschiene" (to be completed in 2010)

Pilot project to evaluate different smart metering systems (ongoing)

Investments in network and meter quality by the Bulgarian and Macedonian subsidiaries (ongoing)

Longest Austrian district heating transmission pipeline, Dürnrohr – St. Pölten (start-up autumn 2009)

Construction of a natural gas distribution and supply network in Zadar, Croatia (in planning)

Clean Environment

IZONS

Synergies from the Energy and Environmental Services segments strengthen EVN's positioning in Europe

Projects:

Construction of large wastewater purification plants in Warsaw and Kielce, Poland

Construction of a trans-regional EVN drinking water transport pipeline from the Weinvirtel to Waldviertel region, length of 40 km (to be completed 2011)

Operation of one and construction of another combined cycle heat and power/cogeneration plant in Moscow

Planning of a wastewater disposal system in Budva (operation of the Budva seawater desalination plant), Montenegro

Wastewater purification plant in Vilnius and sludge treatment facility in Siauliai, Lithuania (under construction)

Expansion of waste incineration by adding a third waste incineration line in Zwentendorf/Dürnrohr (about to be put into operation)

Building a large wastewater treatment facility, Istanbul-Ataköy, Turkey (start-up 2010)

Construction of a sodium hypochlorite plant in Moscow (in planning)

Strategic Investments

EVN has an indirect stake of 50.03% in Rohöl-Aufsuchungs AG (RAG):

- Second largest oil and gas producer in Austria (10% and 20% share respectively of total national oil and gas production)
- Puchkirchen natural gas storage facility, capacity of 860 m m^3, expansion to over 1 bn m^3 by 2010
- Haidach natural gas storage facility, capacity of 1.2 bn m^3, expansion to 2.4 bn m^3 by 2011

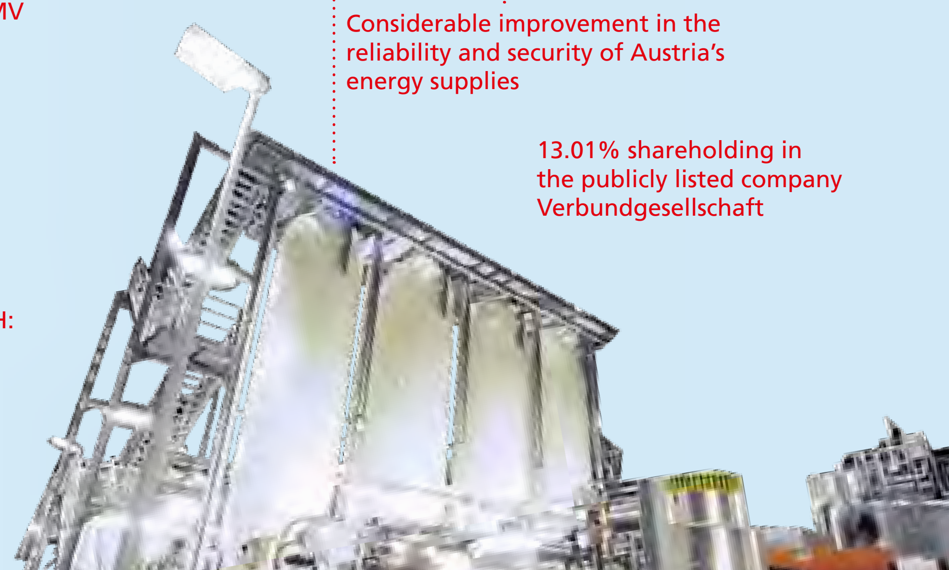
EconGas GmbH: joint trading and large customer subsidiary of EVN, the EnergieAllianz Austria partners, EGBV Beteiligung GmbH and OMV

Considerable improvement in the reliability and security of Austria's energy supplies

72.3% stake in the listed company Burgenland Holding AG (with 49% shareholding in BEWAG and BEGAS)

13.01% shareholding in the publicly listed company Verbundgesellschaft

EnergieAllianz Austria GmbH: joint energy trading and sourcing subsidiary of EVN, Wien Energie, BEWAG and BEGAS



Highlights 2008/09

Revenue +13.8% (EUR 2,727.0m)
EBITDA +3.1% (EUR 373.4m)
EBIT +5.2% (EUR 175.2m)
Group net profit –4.8% (EUR 177.9m)
Earnings per share –4.8% (EUR 1.09)
Dividend per share EUR 0.37[1)]

- **Positive revenue and EBIT development despite difficult economic conditions**
- **Lower income from investments as a result of the price decline for primary energy**
- **District heating transmission pipeline to St. Pölten before start-up**
- **Start of construction of the trans-regional gas transport pipeline "Südschiene" in Lower Austria**
- **Takeover of the cable network operator B.net in Burgenland**
- **Hard coal fired power plant in Duisburg-Walsum before start-up**
- **Ground-breaking ceremony for the construction of three hydropower storage plants in Albania**
- **Concession to distribute and supply natural gas on the Croatian Adriatic coast**
- **Strong business performance in the Environmental Services segment, expansion in the Baltic region, new contract in Montenegro**

1) Proposal to the Annual General Meeting

Contents

Introduction by the Executive Board

Dear shareholders!

Sustainability-oriented thinking and continuation of the long-term investment policy

The current economic and financial crisis which seemingly peaked in the first half of 2009 for the time being dramatically demonstrates the fatal consequences of short-sighted decisions and profit maximisation at any price on the overall economy, but also on the stability of the economic system. Under these conditions, EVN not only reacted to the new circumstances successfully and in a timely manner, but also displayed courage to maintain its long-term strategy and realise selected growth projects. For this reason, these crucial growth projects and the related objectives are introduced at the beginning of this annual report.

Strong development in both segments despite difficult economic environment

Let us now discuss the most important developments in the 2008/09 financial year. Thanks to the positive growth in both segments, we generated a revenue increase of 13.8%, to EUR 2,727.0m. In the Energy segment, this was due to the higher electricity sales volumes in Macedonia and increased heating sales volumes in Austria and Bulgaria as well as upward price adjustments necessitated by higher primary energy prices in previous periods. The Environmental Services segment achieved a significant increase in revenue despite the delay in implementing projects resulting from the changed financing situation. On balance, revenue development in the past financial year can be considered as quite satisfactory.

EBIT and EBITDA above, net profit slightly below the level of the previous year

The high procurement prices for electricity purchases and primary energy which reached record levels in the summer of 2008, first had a considerably negative impact on the development of EVN's operating results in the period under review due to forward contracts. Nevertheless, EBITDA totalled EUR 373.4m and EBIT EUR 175.2m, both slightly above the previous year. In contrast, the financial results could not match the level of the previous year. This was partly due to the decline in the income from EVN investments related primarily to the lower profit contribution from Rohöl-Aufsuchungs AG, in turn caused by price decreases for crude oil and natural gas. Other financial results rose on the basis of the latest developments on global financial markets significantly, but remained slightly negative. On balance, financial results fell 26.2%, to EUR 50.8m. Accordingly, the profit before income tax decreased by 4.0% to EUR 226.0m, and earnings per share totaled EUR 1.09, down 4.8% from the 2007/08 financial year. Despite this slight earnings decline, we will propose an unchanged dividend of EUR 0.37 per share at the upcoming 81st Annual General Meeting on January 21, 2010. In this way, we want to ensure the continuity of our dividend policy and also enable us to finance the further growth of your company.

Milestones in expansion of power-generating capacities

The objectives of our investment strategy are clearly defined: we want to generate 40–60% of total electricity sales volumes from our own power-generating facilities or long-term purchasing rights. At present, the coverage ratio is 17.8%, illustrating the extent to which investments will be required. During the reporting period, important milestones were achieved in this direction. Work on construction of the hard coal fired power plant in Duisburg-Walsum, Germany in cooperation with Evonik Steag GmbH is before start-up. After being put into operation in 2010, the proportional annual power generation of EVN will amount to 1,600 GWh. The Energy Concept for the Lower Austrian Central Region is also being implemented according to plan on the premises of EVN's facility in Dürnrohr/Zwentendorf, where several projects featuring a total investment volume of EUR 200m have almost been entirely completed. In Albania, preparatory work continued on construction of three peak load storage power plants on the Devoll River within the framework of a joint venture. The ground-breaking ceremony took place in June 2009. In addition, EVN is striving for a partnership with Verbundgesellschaft to build a hydroelectric power station on the Drin River in Albania. In Bulgaria, we were given the go-ahead from the policy makers towards the end of the year under review to construct hydropower plants on the Gorna Arda River. The importance of exploiting renewable energy sources in expanding our own power generating capacities is underlined by several wind power projects we want to carry out in Lower Austria and in Eastern and South East Europe.

Expansion in electricity and gas networks in Lower Austria and Croatia

In addition to these projects, we are continually investing in the maintenance and expansion of our network infrastructure in Lower Austria as well as in our Bulgarian and Macedonian markets. The start of construction on the trans-regional gas transport pipeline "Südschiene" to secure the long-term supply of gas to Lower Austria is one of the highlights of the past financial year. EVN's expertise in the gas segment was also internationally recognised during the year under review by the granting of a concession for gas distribution and supply in the administrative region of Zadar on the Adriatic Coast in Croatia. A concession agreement for gas distribution and supply for the region Split was signed in November 2009.

Strong expansion in the Environmental Services segment

EVN also acquired several new projects in the Environmental Services segment during the year under review. For example, we won contracts to construct a sludge treatment plant in Lithuania and a wastewater disposal system in Montenegro. Other reference projects include a completed sludge treatment facility for Lithuania's capital of Vilnius, and the modernisation and expansion of a large wastewater treatment facility in Warsaw and Kielce, Poland. EVN also increased the number of end customers directly supplied with drinking water from 41,500 to 50,000 inhabitants by taking over five more communal drinking water supply networks in Lower Austria. Moreover, the ground-breaking ceremony took place to construct a trans-regional drinking water network in Lower Austria with a length of 40 kilometres, to be completed by 2011.

Long-term liquidity secured

Based on the successful issuing of five corporate bonds with a total volume of EUR 470m and a generally conservative balance sheet and financing policy, we are ensuring that EVN can carry out its investment projects as planned without endangering current liquidity requirements. We are convinced that all the projects and activities being initiated at present will also help us to fulfill the message underlying our slogan, "Use energy wisely" in the future. We would like to thank all of you as EVN shareholders for your confidence in us. We would also like to particularly thank our employees for their hard and dedicated work enabling us to effectively meet the everyday challenges which face us.

Burkhard Hofer
(Spokesman of the Executive Board and CEO)

Peter Layr
(Member of the Executive Board)

Herbert Pöttschacher
(Member of the Executive Board)

Business model and strategy

Corporate profile

We are a leading, international, listed energy and environmental services company, with headquarters in Lower Austria, the country's largest federal province. On the basis of a state-of-the-art infrastructure, we offer our customers electricity, gas, heat, water, waste incineration and related services from a single supplier. With our portfolio of services, we safeguard and improve the quality of life of our more than three million customers in 18 countries.

In addition to our role in Austria, we have succeeded in establishing a positioning in the energy industry in Bulgaria and Macedonia. In the environmental services area we successfully operate in the fields of water supply, wastewater treatment and waste incineration through our shareholdings.

On the basis of exploiting synergies among the different business areas of EVN[1] in Austria and abroad, the focus of all business activities is the sustainable creation and increase of value for the benefit of customers, shareholders and employees. The main principles underlying EVN's business operations are ensuring the security and reliability of energy supplies, responsibly using natural resources, creating a modern and environmentally compatible infrastructure, and the consistent positioning of EVN as a provider of top quality services.

Strategic focus

Energy				Environmental Services	Strategic Investments and Other Business
Generation	Networks	Supply	South East Europe		

The business operations of EVN are divided into three segments: Energy, Environmental Services and Strategic Investments and Other Business.[2] From a regional point of view, the Energy segment encompasses the activities of the EVN in Austria and Germany as well as in south-eastern Europe, i.e. Bulgaria, Macedonia, Albania and Croatia. From a functional point of view, it covers the entire value chain of the energy business in Lower Austria (Generation, Networks and Supply business units). The Environmental Services segment consists of the drinking water, wastewater treatment and waste incineration business areas in 15 countries.

Based on the new standard IFRS 8 "Business Segments", which is applicable to EVN starting in the 2009/10 financial year, the business units of the Energy segment will likely be presented as individual segments.

1) EVN is used to signify the EVN Group and subsidiaries.
2) A list of all of EVN's investments can be found starting on page 123.

EVN at a glance

Energy

Generation

Own power-generating capacity	1,829 MW
Thereof	
thermal[1]	1,466 MW
hydro[2]	233 MW
wind	120 MW
biomass	10 MW

Energy distribution/Networks

Electricity networks	
Power lines	130,358 km
Thereof	
Austria	50,900 km
Bulgaria	55,261 km
Macedonia	24,197 km
Customers	3,128,000
Thereof	
Austria	803,000
Bulgaria	1,605,000
Macedonia	720,000
Sales volumes	20,428 GWh
Thereof	
Austria	7,317 GWh
Bulgaria	7,861 GWh
Macedonia	5,520 GWh
Gas networks[3]	
Gas pipelines	13,350 km
Customers	288,000
Sales volumes	17,159 GWh
Other[3]	
Cable TV customers	107,829
Telecommunications customers	53,342

Energy supply

Electricity[4]	
Sales volumes	19,541 GWh
Gas[4]	
Sales volumes	6,102 GWh
Heating[5]	
Heating lines	573 km
Customers	77,000
Sales volumes	1,576 GWh

Environmental Services

Drinking water/wastewater

Drinking water	
Customers	493,000
Thereof directly supplied	50,000
Water pipes	2,026 km
Sales volumes	25.6m m³
Wastewater in Central, Eastern and south-eastern Europe	
90 drinking water/wastewater projects	
78 completed projects	
Thereof	
Installed drinking water capacity in thousand	1,098 PE[6]
Installed wastewater projects capacity in thousand	9,945 PE[6]

Waste incineration

Austria	
Facility in Zwentendorf/Dürnrohr	
Annual capacity	300,000 tonnes
International	
Facility in Moscow	
Annual capacity	360,000 tonnes

Strategic investments and Other business

Strategic investments

Verbundgesellschaft – power production, trading and transport

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

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

Other investments

Utilitas Group – technical services

1) Incl. cogeneration and combined cycle heat and power plants in Austria and Bulgaria
2) Incl. purchasing rights from hydro power plants along the Danube River in Austria and small hydro power plants in Macedonia
3) In Austria
4) Incl. sales volumes with customers within the framework of EnergieAllianz (pro rata)
5) In Austria and Bulgaria
6) Population equivalents

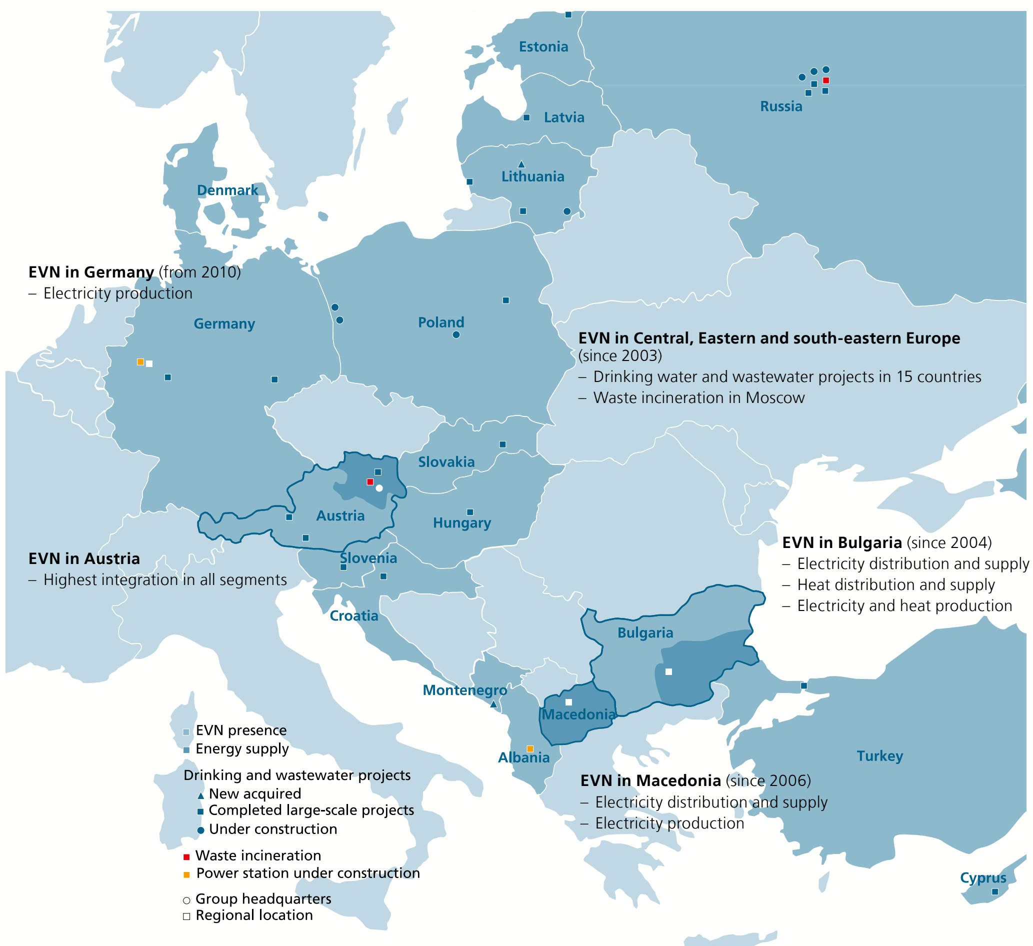
Corporate strategy at a glance

Committed to the principles of profitability and sustainability

As an independent, listed energy and environmental services provider coordinating business operations from its headquarters in Lower Austria, EVN's strategic goal is to achieve a strong market position in selected Central, Eastern and south-eastern European markets, and to maintain this leadership on a long-term basis. EVN defines 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. EVN is committed to the implementation of a sustainability-oriented corporate management on the basis of these values, 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.

EVA® and ROCE as the key performance indicators

The main indicators used to assess the value development of EVN's business operations are the value contribution (economic added value – EVA®) as well as the rate of return on capital employed (ROCE). The weighted cost of capital after tax (WACC), adjusted for specific corporate and country risks, was 6.5% during the period under review, the same as in the previous year. (A detailed analysis of the value contri-



bution and the return on capital in the 2008/09 financial year can be found in the Management Report starting on page 47).

The corporate strategy of the EVN Group, defined in close cooperation with the Supervisory Board, is based on the following cornerstones:

1. Two-pillar strategy: Energy and environmental services

Synergies among operating segments

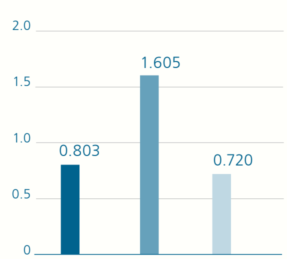
In line with the range of products offered by the company and the horizontal integration of its business operations, EVN strives to achieve the optimal interconnectedness of its different business areas. This approach ensures synergetic advantages in penetrating new markets and implementing projects as well as coordinating procurement processes.

2. Organic and external growth with a focus on Central, Eastern and south-eastern Europe

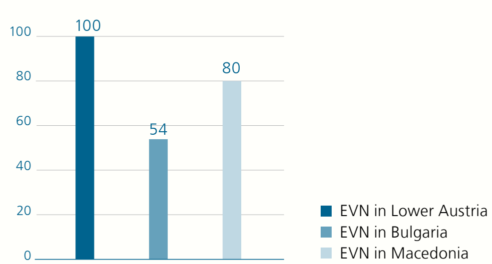
Growth efforts focus on growth markets

A differentiated approach in the individual operating units and regional markets is necessary in order to continue EVN's growth path. The growth potential in Lower Austria is particularly limited in the Energy segment but also in the Environmental Services segment as well. In contrast, the sales markets in Central, Eastern and south-eastern Europe offer considerable growth potential due to the economic catching up process. The following diagrams show electricity developments in EVN's most important energy markets on the basis of selected indicators.

Electricity networks customers
in m



Electricity sales volumes/customer
in %, basis: Lower Austria



3. Strong financials, transparency and a dividend-oriented capital market policy

Growth investments and dividend payout ratio of 33.9%

The focus of EVN's financial strategy is to maintain financial stability while preserving its financial flexibility as the basis for ensuring the optimal financing structure and costs. These goals are achieved by striving for a balanced capital structure, a sufficient matching of maturities in financing with financial assets as well as making use of a diverse range of financial instruments. On balance, EVN aims to maintain its stable creditworthiness on a long-term basis as demonstrated by a credit rating in the "A" range granted by external rating agencies. A comprehensive analysis of the development of EVN's financial and liquidity situation can be found in the Management Report starting on page 49.

Financing through successful capital market positioning and a high cash flow

In addition to its successful positioning on the capital market, the medium- and long-term financing capacity of EVN depends on the development of its cash flow. The effects of project and investment decisions on the cash flow, the investment period and return on investment correspondingly determine their selection and prioritization. The Group-wide financial planning system was adapted to increase the security, profitability and efficiency of EVN's efforts to ensure a sufficient supply of liquidity.

20 years EVN share, strong stock market performance

The EVN AG share has been listed on the Vienna Stock Exchange since November 28, 1989. At the end of the 2008/09 financial year, about 14% of the shares were held in free float, a figure remaining unchanged since the previous year. During the period under review, the EVN share managed to hold its ground in the face of a negative stock market environment, continually performing more favourably than the ATX Index or the ATX Prime Index (see page 36). Taking into account a dividend proposal of EUR 0.37 per share, the total shareholder return has amounted to 9.69% per annum since the Initial Public Offering. As demonstrated by a dividend payout ratio of 25 – 35% in recent years, EVN aims to achieve a balance between growth investments in the sustainable development of the company and continuing dividends for shareholders which can be maintained even in the light of a temporary decline in earnings.

4. Sustainable corporate management

Sustainability permanently integrated in the corporate strategy

Consistently taking account of the sustainability aspects of corporate management is an integral part of EVN's business strategy. In economic terms, the main goal is to operate in the best interests of shareholders and customers. The ecological focus of EVN's business activities is its multifaceted efforts to make an active contribution to environmental and climate protection. The third dimension is taking into consideration the needs of employees and those of society in general. (Detailed information on these issues and sustainable corporate management is contained in the Sustainability Report 2008/09, which is published together with this annual report.)

Energy segment

Lower Austria, Bulgaria, Macedonia, Albania, Croatia

In the Energy segment, EVN actively operates in Lower Austria and south-eastern Europe. EVN's service portfolio in Lower Austria encompasses the supply of electricity, gas and heat and related services. In respect to electricity and heating, EVN's operations in Lower Austria cover all important steps in the value added chain for electricity and heating and the distribution and network stages of the value added chain for the gas segment. The supply of electricity and gas along with gas sourcing and trading are carried out by sales companies in cooperation with joint venture partners. EVN's product portfolio is expanded by subsidiaries to encompass related business areas as well the regional cable TV and telecommunications infrastructure. EVN has built up a strong market position in south-eastern Europe, primarily in the end customer market. In Bulgaria, EVN provides one third of the country's electricity needs. The value added chain was extended with the acquisition of a district heating company in the region supplied by EVN in line with the vertical business model in Lower Austria. In Macedonia, EVN supplies electricity to the entire country. In addition, EVN operates 11 hydroelectric plants which provide power generation capacity on a small scale. In the 2008/09 financial year, EVN set up project companies in Albania and Croatia to construct three hydroelectric power stations on the Devoll River and the gas distribution networks in the Zadar administrative division on the Adriatic Coast, Croatia.

The business environment for the Energy segment in Austria and South East Europe is described in detail in the Management Report starting on page 39.

Market environment and success factors

Generation business unit

To ensure the reliability of supply, EVN pursues a strategy of achieving a multifaceted, balanced and flexible mix in respect to its power generation capabilities. EVN produces electricity from thermal sources and renewable energy, particularly hydropower and wind power. At present, EVN is implementing several power plant projects, and is promoting the expansion of renewable energy sources.

Influencing factors on the Generation business unit

The development of this business unit's operating results depends on the following factors:
- price developments on the European electricity market
- the development of primary energy prices
- expenditures for CO_2 certificates
- the development of energy demand

Safeguarding and diversification of primary energy sources

The response to these influencing factors must be a flexible and variable mix of different primary energy sources. One priority is to ensure a sufficient long-term supply of the fuels used in the thermal power stations. For example, the coal requirements of the Dürnrohr power plant are covered, for the most part, by longstanding, tried and tested contractual partners in Europe. In addition, local stockpiles are established directly on site.

Cost-efficient coordination of own energy production

Price developments on the European electricity market must be continuously analysed in order to coordinate the level of EVN's own power generation in an optimal and cost-efficient manner. EVN aims to increase its own power generating capabilities and exhaust all possibilities to improve the efficiency of existing facilities as a means of fulfilling the expected increase in energy demand.

Networks business unit

High fixed costs, dependency on sales volumes and weather

This business unit encompasses the operation of electricity and gas networks as well as networks for EVN's cable TV and telecommunications businesses in Lower Austria as well as in Burgenland, given that EVN acquired a local telecommunications provider in the course of the 2008/09 financial year. The electricity and gas networks are subject to government regulations under the jurisdiction of the regulatory authority E-Control GmbH. At the beginning of 2006 and 2008, a new multi-year incentive regulatory system was introduced for electricity and gas respectively. The specified tariff model is oriented to a national benchmarking system for Austria's network operators, of which EVN ranks as one of the most efficient. Its validity over a period of several years ensures a state of legal stability and continuity for network operators, even though the current system provides overly weak incentives for ongoing maintenance or expansion investments. Due to its high share of fixed costs, the performance of the Networks business unit is highly dependent on sales volumes and, particularly in the gas segment, on weather conditions.

Supply business unit

Partnerships enable economies of scale

The sourcing of electricity and gas and the trading and the sale of electricity and gas take place within the framework of EnergieAllianz Austria GmbH, a joint sales subsidiary of EVN, the electricity and gas suppliers in Burgenland and Wien Energie. All EVN gas sourcing and trading is carried out via EconGas, the joint natural gas wholesaling company of the EnergieAllianz Austria partners operating in the gas business as well as EGBV Beteiligung GmbH and OMV. The spinning off of these activities along the value chain to joint companies in cooperation with other partners has created competitive entities which make economies of scale possible. The heat generated by EVN and distributed to private and commercial customers is also encompassed in the Supply business unit. The production of this heat is carried out in own district heating, local heating and cogeneration plants, the bleeding of waste heat from thermal power stations, and biomass. EVN is the largest supplier of heat from biomass in Austria, operating 44 biomass facilities.

Long-term sourcing contracts to ensure the reliability of energy supplies

The profitability of the Supply business unit is chiefly related to energy sales volumes and global primary energy prices or procurement prices for electricity and gas. EVN purchases primary energy and electricity on the forward market for the purpose of ensuring the reliability of energy supplies. Gas sourcing is primarily carried out on the basis of long-term contracts. In the past financial year, the contracts of EconGas GmbH with its gas suppliers were completely revised and extended to last beyond the year 2020. Sales prices for natural gas are mainly determined by prevailing international crude oil prices, though with a delay of about six months. Electricity and gas sourcing within EnergieAllianz Austria GmbH is based on an active hedging policy. Moreover, in the electricity segment, the natural form of hedging is EVN's own power generating capacities. In the heating business, sales prices for all products are index-based, with almost all contracts linking heating prices to index values based on publicly collected data.

South East Europe business unit

Growth markets for EVN

This business unit primarily encompasses the electricity network operators, electricity distribution as well as electricity trading and generating companies in Bulgaria and Macedonia as well as the planned activities in the gas segment in Croatia. A significant increase in energy demand is expected due to the economic catching up process in these markets. In the entire south-eastern Europe region, a considerable rise in prices is anticipated on a medium-term basis, due to the growing gap between existing production capabilities and electricity demand.

Weak liberalization in Bulgaria, none in Macedonia

Bulgaria's electricity market was liberalized in July 2007. Nevertheless, a competitive business environment has not yet emerged. The Macedonian electricity sector is largely regulated by the government. Details on the legal environment in these markets are contained in the Management Report from page 40.

Strategic areas of operation of the Energy segment

Business environment requires clearly-defined strategic objectives

EVN's Energy segment will be confronted with numerous developments and challenges which the company will respond to by carrying out the following activities and projects:

Challenge	EVN's positioning	Further information
Growth and integration	Integration and modernisation in Bulgaria and Macedonia completed for the most part; in Macedonia, adjustment of the legal and regulatory environment is required	Page 27f SR[1]
	Concession for natural gas distribution and supply in Zadar and Split-Dalmatia regions in Croatia	
Competitiveness	Sufficient size (critical mass) achieved based on three million electricity customers, thanks to expansion in South East Europe	
	Strengthening of market position in Austria via EnergieAllianz Austria GmbH, a leading energy service provider in Central Europe with about 3.3 million customer installations	
Reliability of supply	Expansion and increasing flexibility of power generating capacity	Page 30f SR
	Ongoing investments in the network infrastructure	Page 26 SR
	Gas storage capacities via investments in Rohöl-Aufsuchungs AG and EconGas GmbH	
	Long-term procurement strategy and hedging	
Climate and energy policy framework	Expansion of EVN's own power generating capabilities in Austria and abroad	Page 12f AN[2], 30f SR
	Modernisation of existing hydroelectric plants, additional wind parks planned for Lower Austria	
	Construction of a wind park and planning of hydropower plants in Bulgaria	Page 12 AN
	Numerous measures to enhance efficiency of power generation facilities and networks	
	Expansion of energy consulting and energy services for end customers	Page 39f SR
	Promotion of alternative fuels	Page 41 SR
	Research projects for power plants with low levels of CO_2 emissions	Page 42 SR

1) Sustainability Report 2008/09
2) Annual Report 2008/09

Medium-term coverage ratio target of 40–60%

A balanced ratio between sales volumes and the company’s own power generating capacities comprises the underlying basis for reducing the dependency on energy procurement price fluctuations and enabling a more predictable and forward-looking price calculation model for end customers. For this reason, EVN has set a medium-term goal of generating 40 – 60% of its electricity sales from its own power generating facilities or procurement rights (2008/09 financial year: 17.8%). The electricity generation mix should comprise a balance between thermal energy and renewable energy sources. Detailed information on the expansion of renewable energy sources is available in the Sustainability Report starting from page 30.

Development of own energy production capabilities in south-eastern Europe

EVN plans to successively build up its own energy production capacities in south-eastern Europe in order to be able to cover on its own the future energy needs of the electricity markets in this region. Initial successful steps were taken in the past financial year based on the acquisition of the second largest Bulgarian district heating company TEZ Plovdiv and the modernisation of its 11 small hydropower plants in Macedonia. In Plovdiv, a cogeneration plant is planned. Vital preliminary work was carried out in the period under review in the fields of hydropower, wind power and photovoltaics.

Projects in Bulgaria

Within the context of a joint venture, EVN is building 25 wind power facilities in Kavarna, Bulgaria with a total power generating capacity of 50 MW and an annual power production of 140 GWh. In Blatec, a photovoltaic plant with a capacity of 1 MW and an annual production of 1.3 GWh is under construction. EVN is also the lead member of a consortium in Bulgaria which is currently evaluating a project to construct hydropower plants and renovate existing dams on the Gorna Arda River.

Investment programme for Lower Austria

Within the framework of its energy concept for the Lower Austrian region, EVN is implementing several projects focusing on the Dürnrohr power plant featuring an investment volume of over EUR 200m. During the 2008/09 financial year, EVN nearly completed construction of the district heating transmission pipeline between Dürnrohr and St. Pölten with a length of 31 kilometres, the longest in Austria. Starting with the 2009/10 heating season, it will provide the Lower Austrian provincial capital with district heat derived from different sources at the Dürnrohr power plant. In addition, construction work on the third waste incineration line at the Dürnrohr/Zwentendorf site also proceeded as planned in the reporting period. Once it is put into operation at the beginning of 2010, total waste incineration capacity will climb from 300,000 t to 500,000 t annually, and thermal output will rise from 120 MW to 210 MW.

Investments in electricity and gas network infrastructure

In addition to the extensive progress made on these projects, construction began on the southern section of the trans-regional gas pipeline “Südschiene” connecting Gänserndorf and Semmering during the year under review. The project involves a total investment volume of about EUR 114m up until the end of 2012. Further investment priorities in the Networks business unit during the 2008/09 financial year included the start-up and operation of the 380-kV-Etzersdorf-Theiß transmission line and completion of the Theiß substation.

Expansion of power generating capacity abroad

At present, EVN is in the process of implementing several power plant projects in Europe which are in different stages of completion. The ground-breaking ceremony to construct a 790 MW hard coal fired power plant in Duisburg-Walsum, Germany already took place in 2006. Electricity generation is expected to commence in 2010, which will further diversify EVN’s production capacity and increase it by about 20%.

Large project in Albania

As a member of a joint venture, EVN was selected in January 2008 as the best bidder within the framework of an international tender to construct three peak load storage power plants on the Devoll River in Albania. The concession agreement to build the power plants with a total capacity of approximately 340 MW and an annual power production of about 1,000 GWh in cooperation with the Norwegian joint venture partner Statkraft was signed in December 2008 and ratified by the Albanian Parliament at the end of February 2009. The ground-breaking ceremony took place at the beginning of June 2009. At the same time, EVN is working on a partnership with Verbundgesellschaft to construct a hydroelectric power plant on the Drin River, also in Albania.

Environmental Services segment

Projects in Central, Eastern and south-eastern Europe

In the Environmental Services segment encompassing the water, wastewater treatment and waste incineration activities of the EVN Group, EVN not only operates in its local market of Lower Austria, but throughout Austria as well and in 14 countries in Central, Eastern and south-eastern Europe.

International drinking water and wastewater purification

EVN plans, builds, finances and operates municipal and industrial water and wastewater installations in many parts of Europe. During the period under review, EVN succeeded in further expanding its strong market position in Central, Eastern and south-eastern Europe (For more details, refer to the chart on page 14).

Waste incineration

Lower Austria and Moscow

Since 2004, EVN has operated a waste incineration facility in Dürnrohr, Lower Austria. As the Dürnrohr plant is being operated at full capacity throughout the entire year, the facility is being expanded by adding a third waste incineration line. Waste incineration is carried out in accordance with the "waste to energy" principle. The steam generated by the waste incineration process is transported to power plants and district heating networks, and thus integrated into the electricity and heat generating processes. The waste incineration facility built in Moscow by EVN serves as an international reference project.

Drinking water supply in Lower Austria

EVN directly or indirectly supplies water to one-third of the population

Based on the takeover of Lower Austria's regional water supply in 2001, EVN now supplies drinking water to approximately one-third of Lower Austria's total population, usually indirectly via deliveries to municipalities and local communities. EVN is pursuing the goal of increasing the number of its end customers directly supplied with water by continually acquiring communal drinking water supply networks.

Market environment and success factors

Increasing demand, tense financing situation

Contract orders in the Environmental Services segment are impacted by the continuous rise in demand in Central and Eastern Europe, but are also dependent on the financing perspectives of public institutions such as municipalities and local communities. Contractors can choose among different project management models, i.e. general contractor, ongoing facility operation and BOOT model (Build, Own, Operate, Transfer). The customer must bear the economic risk in all of these cases, even if EVN arranges the financing.

In the 2008/09 financial year, EVN further expanded its strong market position in the Baltic States in the field of municipal and industrial drinking water and wastewater treatment, and also managed to win new contracts in the rest of Europe.

Stable cash flow and diversification

The Environmental Services segment generates stable cash flows due to the strong demand in Central, Eastern and south-eastern Europe, long-term operating contracts and full waste incineration and drinking supply capacity utilization. In the 2008/09 financial year, the Environmental Services segment accounted for 8.7% of the EVN Group's total revenue (previous year: 7.7%) and 15.7% of its EBIT (previous year: 15.2%).

Strategy and contract volume in Environmental Services segment

Entire value chain through operation by EVN

On balance, the business areas of the Environmental Services segment comprise a second strategic cornerstone of the EVN. The service portfolio offered by EVN ranges from the planning, financing and construction to the management and operation of such facilities. The declared goal is to cover the entire value chain as much as possible on the basis of the operating or BOOT model. This orientation enables the further development of technologies during ongoing operations as well as the incorporation of valuable feedback gained in the field of plant management into future planning processes. At the same time, this approach also ensures a particularly close relationship to customers. In recent years, EVN has successfully and strongly positioned itself as a total solutions provider in many parts of Europe based on the BOOT model. The BOOT model features a clearly-defined separation of duties and responsibilities between EVN as a service provider and the contracting entity or customer. EVN assumes the responsibility for planning, construction, financing and operating the plant, whereas the customer bears the economic risk of the investment after the facility is put into operation. Larger customer projects are handled by separate project companies. EVN assumes no liability or guarantee for the financing of these project companies with external funding, but only contributes a share of the equity capital to the overall financing. Moreover, various instruments are applied to reduce risk within the framework of structured project financing.

EVN succeeded in acquiring several new large projects during the period under review and either continuing or completing existing projects. As of September 30, 2009, the total order book amounted to EUR 542.9m. As a result, drinking water supply and waste incineration capacities are operating at high capacity.

An overview of the large or reference projects and the related activities is provided below:

Project description	Location	Project status
Wastewater purification plant, 220,000 population equivalents	Kohtla-Järve, Estonia	Initial startup May 2009
Sludge treatment facility for a wastewater purification plant, 250,000 population equivalents	Klaipeda, Lithuania	Completed August 2009
Modernisation and expansion of a wastewater purification plant, 2.1 million population equivalents	Warsaw, Poland	Construction begin December 2008, to be completed in 2012
Wastewater treatment plant, 2 million population equivalents	Istanbul, Turkey	Initial start-up in 2010, then operated by EVN for five years
Combined cycle heat and power plants on the premises of the wastewater purification facilities to generate electricity and district heat	Moscow, Russia	To be completed in 2010, then operated by EVN for up to 49 years
Production of sodium hypochlorite as replacement for chlorine gas in drinking water	Moscow, Russia	Initial start-up in 2012, then operated by EVN for ten years
Construction of a sludge treatment plant	Vilnius, Lithuania	To be completed in 2011
Construction and expansion of a sludge treatment plant on the premises of a wastewater purification facility	Siauliai, Lithuania	To be completed in 2012, then one year technical support by EVN
BOOT model, wastewater disposal system, 135,000 population equivalents	Budva, Montenegro	To be completed in 2014, then operated by EVN for 30 years

Continuation of drinking water network expansion in Lower Austria

During the period under review, the takeover of additional communal drinking water supply networks enabled EVN to increase the number of end customers directly supplied with drinking water from 41,500 to 50,000 inhabitants. Moreover, the ground-breaking ceremony for the construction of a drinking water supply pipeline connecting the Lower Austrian Weinviertel region to the Waldviertel region took place in the 2008/09 financial year. Following a two year construction period, the project is scheduled to be completed in the year 2011.

Strategic Investments and Other Business segment

In addition to strategically important investments described below, this segment also encompasses intra-Group services.

Verbundgesellschaft
EVN directly holds a stake of 13.01% in the publicly listed company Verbundgesellschaft, Austria's leading electricity producer and operator of the country's supra-regional, high-voltage network.

116 own power plants, purchasing rights in third party power stations; average output of 24,572 GWh; 88% share of renewable energy sources

The dividends from this investment which are paid to EVN are reported under financial results, whereas changes in value are reported as equity of the EVN Group without recognition to profit or loss. The investment is recognised under the balance sheet item "Other financial assets" and is classified as "held for sale" pursuant to IAS 39.

Rohöl-Aufsuchungs AG (RAG)
RAG is Austria's second largest oil and gas producer, with a share of about 10% and 20% respectively of Austria's total oil and gas production. 60% of the area in which it carries out exploration work is in Austria, the rest in Bavaria. In addition to gas trading, another important business area for RAG is the storage of natural gas. Based on the merger of the previously at equity consolidated company EESU Holding GmbH (EVN shareholding of 49.95%) with the fully consolidated company RAG-Beteiligungs-AG (RBG), which owned a 25.0% and 75.0% stake respectively in RAG, RBG now directly owns a 100.0% shareholding in RAG.

Natural gas storage facility Puchkirchen with a capacity of 860m m³; natural gas storage plant in Haidach being expanded from 1.2bn to 2.4bn m³, the second largest in Europe

Up until now, 87.50% of the proportional earnings of RAG were reported in the results from operating activities of associates included in the consolidated income statement of the EVN Group. Of the 75.00% stake in RBG, 49.95% of the proportional earnings of RAG were assigned to minority interest. As a result of the 100% direct shareholding held by RBG in RAG, 100% of RAG will be recognised in the future as income from companies included at equity in the consolidated financial statements of the EVN Group, of which 49.97% will be assigned to minority interest. This will be done in the spirit of a more transparent, clearer and more understandable presentation of RAG. Accordingly, this will lead to an increase of the income from companies included at equity as well as the profit attributable to minority interest. The changed presentation of RAG will not have an effect on the profit attributable to EVN AG shareholders.

BEWAG and BEGAS
At the balance sheet date, EVN had a 73.63% stake in Burgenland Holding AG, listed on the Vienna Stock Exchange, which in turn owns 49.0% each of the shares in Burgenländische-Elektrizitätswirtschafts-AG (BEWAG) and Burgenländische Erdgasversorgungs AG (BEGAS). BEWAG and BEGAS are consolidated at equity in the consolidated financial statements of the EVN Group, incorporating 49.0% of their proportional earnings. 26.37% of the earnings are assigned to minority interest.

145,000 electricity customers, 138 wind power facilities with a capacity of 241 MW, Austria's largest producer of green electricity

Other Business investments
The consolidation range of companies reported as Other Business investments primarily relates to operations in the fields of internal facility management and consulting & engineering services on behalf of the EVN Group encompassed in the Utilitas Group, which also coordinates intra-Group services.

Utilitas Group and intra-Group services

EVN – A company with foresightedness

The members of the EVN Executive Board, CEO Burkhard Hofer, Peter Layr and Herbert Pöttschacher, talk about the current challenges facing an international energy and environmental services company and how EVN demonstrates strategic foresightedness in exciting times.

“In the current business environment we can rank our performance in 2008/09 among the stable prior years.”

How would you evaluate the 2008/09 financial year for EVN in the light of the current economic and financial crisis? How seriously was EVN affected?
Hofer: The last financial year was full of challenges and events which were not previously foreseeable. In the first quarter, it was already possible to predict that the crisis would at least have a negative effect on the financial results of EVN. At this point of time, it was not possible to forecast the extent to which the operating business would be influenced. In retrospect, we can conclude that we were not as negatively impacted as other sectors or competitors. We only provide energy to a relatively small number of large customers whose energy demand declined due to the economic situation. Accordingly, the overall performance of EVN in the 2008/09 falls within the framework of the stable development achieved in previous years.

Layr: In this case, we must emphasize the fact that the individual segments and business units developed in very divergent ways. The energy production business was very strongly affected by the crisis due to the decline in demand. In contrast, our Networks business unit proved to be relatively crisis-resistant thanks to our customer structure.

Pöttschacher: At this point I would like to add that our power generation activities suffered greatly due to price developments. We had to overcome a very volatile situation, which influenced the operating hours and total operating time of the power plants. This situation will first return to normal once the price level on the international electricity market rises again.

To what extent is the Environmental Services segment at the mercy of cyclical developments?
Hofer: We started the year in the Environmental Services segment very positively. The favourable economic mood deteriorated slightly in the course of the year because individual projects were delayed. In this business it is extremely difficult to predict the precise realisation deadline. Construction permits as well as decision-making processes are often very complex and thus time-consuming. The decisive point is that the projects are ultimately carried out, and this will be reflected in our business results in the next financial year.

“Our power generation business suffered greatly in 2008/09 due to prevailing price levels.”

Layr: The positive contribution of the projects in the Environmental Services segment is important to EVN. The risk potential is manageable due to the customers originating in the public sector, the project life cycle is shorter and individual investment volumes lower, and refinancing takes place more quickly than with large projects in the energy sector. Demand for drinking water supply and wastewater treatment facilities is enormous, also as a consequence of the very successful positioning of our subsidiary WTE.

In the year under review, EVN carried out upward price adjustments for electricity and gas. Isn't this inconsistent with developments in energy procurement and sourcing?
Hofer: One of our most difficult challenges in a period of volatile purchase prices is to ensure a balanced, fair and also transparent pricing policy for our customers. This was particularly the case in the last year. Primary energy prices took a roller coaster ride featuring strong price rises up until the middle of 2008, subsequently followed by a speedy price decline. Such price fluctuations first affect us with a time delay. For this reason, price increases were necessary in late autumn 2008. However, I must point out that we were able to keep prices at a constant level for close to two years. In the winter of 2008/09, we also reduced gas prices twice, virtually corresponding to the development of the energy procurement market in real time. Thus we considerably relieved the burden on our customers, which is also reflected in the earnings development of the Supply business unit.

Layr: We have chosen to take a middle way in our procurement policy, aiming to achieve a balance between the reliability of supply and flexibility in the face of volatile price developments. Our customers also buy security in the form of storage capacities, which not every energy provider can offer in its portfolio. Naturally, such stockpiling also entails disadvantages in the light of declining primary energy prices. Thus a responsible question is where EVN sees the limits to its willingness to take risks.

"Our customers not only buy energy, but security in the form of storage capacities."

EVN has several large projects in the pipeline. What is the situation in respect to financing in the light of the tense situation prevailing on capital markets?
Hofer: In the year under review, we did not have to cut back on implementing any of our growth projects because of financing aspects. EVN was able to very successfully issue five corporate bonds with a total volume of about EUR 470m. Naturally, the financing clout of EVN is limited, the more so as we have to act in an extremely risk-sensitive manner. Accordingly, we are committed to maintaining financial stability and flexibility at the level of an A-rating within the framework of our financing strategy. That is why we have to clearly define our priorities in the light of the abundance of potential projects. This also requires strategic foresightedness. We not only have to think of tomorrow, but far beyond that.

Layr: Investments in our network must be seen in a different light in comparison to large projects designed to increase our power generating capacities. In Austria, we operate within the confines of regulated markets, in which the investment climate is also influenced by the incentive regulatory system and the related tariff rate appraisals. Regulatory authorities have changed their way of thinking, at least in respect to large projects. As a result, the realisation of two large projects in the gas network – construction of the southern and western high pressure gas networks – now makes sense economically.

What is the underlying strategy being pursued by EVN to expand its power generating capacities?
Hofer: As a responsible power supply company, we must have sufficient own power generating capacities at our disposal in order to reduce our dependency on external factors. Our long-term goal is to achieve a coverage ratio of 40–60% of electricity sales volumes. The comparable level for the previous year is 17.8%, clearly demonstrating how far we still have to go.

Layr: Perhaps we still have a long way to go, but we have defined clear-cut objectives. On the one hand, it is essential to ensure a balanced ratio of different forms of power generation, combining hydropower, wind power, biomass and thermal power stations. On the other hand, the value chain should embody a long-term balance in all of EVN's sales markets. This is the reason why several projects have been initiated in the south-eastern Europe region to ensure a sufficient energy supply for our customers in Bulgaria and Macedonia.

Pöttschacher: This means that we have to strike new paths in the field of renewable energy. During the year under review, we realized a pilot project for photovoltaics in Zwentendorf. At the Dürnrohr power plant site, we will conclude our series of tests next year on the gasification of biogenic raw materials at our pyrolysis facility, which has delivered very good results. A geothermal energy project is also being planned, along with the expansion of wind power in Lower Austria as well as in Bulgaria.

"A balanced ratio of different forms of power generation must be ensured."

Are there limits to how much can be generated from renewable energy sources?
Layr: Of course there are. The feasibility of projects not only depends on how meaningful and efficient they are for the energy industry, but is strongly linked to the general regulatory framework prescribed by lawmakers. An amendment to Austria's Green Electricity Act was passed in September 2009. However, the extent to which it is attractive for a company to construct new wind parks in Lower Austria will first be shown by the accompanying regulations determining the relevant feed-in tariffs. And some resistant has arisen to new hydropower projects, a development which EVN naturally takes very seriously.

Hofer: On balance, it is important to note that Austria has defined very ambitious targets in respect to reducing CO_2 emissions and expanding the share of renewable energy. However, the legal and business framework underlying the implementation of such projects is not consistent with these ambitions. We are willing to do our share, inasmuch as the projects ultimately turn out to be feasible and profitable.

Pöttschacher: If we want to ensure the ongoing security and reliability of energy supplies, we should also clearly keep conventional processes in mind when planning our future production capacities. One example here is the hard coal fired power plant in Duisburg-Walsum, Germany, which we will complete together with our partners by 2010. This will raise our production capacity by 360 MW. At the same time, by integrating state-of-the-art technologies, the burden on the environment will be 35% less than the average of comparable facilities

"The business and regulatory framework for renewable energy projects must reflect Austria's high ambitions."

What other projects is EVN pursuing abroad?
Layr: Last year, EVN was selected as the best bidder to construct three peak load storage power plants on the Devoll River in Albania. The related preliminary work was continued within the framework of a joint venture during the year under review. At the same time, EVN is pursuing a hydroelectric power plant project on the Drin River in cooperation with Verbundgesellschaft. In September 2009, political decision makers in Bulgaria gave us the go-ahead to construct three hydroelectric power stations on the Gorna Arda River. Each of these projects involves very ambitious goals, and will take the power generating capacities of EVN to a new dimension on a long-term basis.

Pöttschacher: Our investment strategy does not ignore the needs of our local market in Lower Austria. Several years ago we began implementing our energy concept for the Lower Austrian Central Region. About EUR 200m will be invested for projects at or near the Dürnrohr power plant. The special thing about this concept is the synergies that will be achieved by the various subprojects. This is impressively demonstrated by the construction of the district heating transmission pipeline to St. Pölten. It will cover most of St. Pölten's district heating requirements, the heat being derived from three different sources at Dürnrohr. The other projects, such as the construction of the third waste incineration line, are proceeding on schedule and will be completed in the next year. From my point of view, this represents a major success for all involved.

To what extent has the integration process at EVN's subsidiaries in Bulgaria and Macedonia been completed?

Layr: The restructuring and modernisation efforts have been completed in Bulgaria for all intents and purposes. The operating business is developing very well there. We are also in the midst of expanding the value chain in the fields of energy trading and generation. Developments in Macedonia must be viewed differently. The restructuring programme is proceeding according to the five year plan. In contrast, we are concerned about differences with the government in respect to unpaid electricity bills dating back to the period prior to privatisation. To solve the problem, we have initiated international arbitration proceedings on the basis of the bilateral investment treaty between Austria and Macedonia. These differences have resulted in a pricing policy which has denied our right to carry out price increases over the last three years, which naturally affects our earnings development. I am confident that we will be able to generate a positive earnings contribution in this market in the medium-term.

Where do you think EVN will be ten years from now?

Hofer: From today's perspective, EVN will continue to remain competitive, also on an international level, thanks to its partnerships and cooperation agreements. We will witness a stronger convergence of our geographical markets as a consequence of the European integration process, enabling increasing economies of scale. EVN will continue to take advantage of the consolidation process in our industry to enhance the value of the company, but within the limits of our financing capabilities.

Layr: The development of greenhouse gases will play a more decisive role in energy production than ever before. EVN will exhaust the growth potential of the regions in which it operates on the basis of a value chain which is as complete as possible, offering all services related to the provision of electricity, heat and gas.

"Alternative drive technologies will increasingly gain a foothold."

Pöttschacher: The nature of demand will also change. Alternative drive technologies will increasingly establish a foothold in everyday life, and issues such as e-mobility and natural gas driven vehicles will gain in importance. These aspects may not change our business model during the next ten years, but later on down the road.

Hofer: All these scenarios and future potential will determine the share price development of the EVN share in the future. EVN is a company which must plan its projects far ahead in advance. Nevertheless, we are concerned at the present time to ensure a suitable return on the capital our shareholders have invested, also in difficult times. We want to build a solid bridge to our shareholders on the basis of a sustainable and fundamentally growth-oriented dividend policy.

Sustainable corporate management

EVN's firm commitment to sustainability

As a responsible supplier of energy and environmental services, EVN accepts the challenges of viewing economic, ecological and social issues as a holistic whole, and achieving equilibrium among the interests of all company stakeholders. EVN demonstrated this commitment by joining the UN Global Compact in 2005. A further milestone was the EVN Code of Conduct, developed in a Group-wide process and completed in the 2008/09 financial year. It explains the principles and behavioural guidelines underlying responsible corporate management, and serves as a binding standard applying to all EVN employees. It can be downloaded at www.evn.at/code-of-conduct.aspx.

Years ago, EVN recognised sustainability as a positive opportunity and integrated it as an important cornerstone of the corporate strategy.

Sustainability as part of EVN's core business

Direct cost advantage

Numerous business areas of the EVN Group are sustainable per se. To a large extent, sustainability shapes the company's day-to-day business operations. Moreover, sustainable behaviour has emerged as a decisive driver of growth and innovation, and also encompasses economic value to the company. The attempt to precisely quantify this value involves assessing all potential future liabilities which will be caused by the negative effects on society and the environment. On the basis of the declared nature and purpose of the business, a direct cost advantage can be achieved, for example by efficiently using natural resources to generate energy.

Corporate social responsibility (CSR) organization

Improved and upgraded CSR organisation

The sustainability strategy of EVN is defined by the CSR steering committee, consisting of the Executive Board and heads of the Group functions Information and Communications, Human Resources, Environmental Controlling and Security within the context of general strategy development, and coordinated with the Supervisory Board. The CSR steering committee is supported by the CSR consultative team, which not only provides thought-provoking impulses but is also responsible for the implementation of CSR measures in cooperation with specialised departments. CSR officers from all company areas have been appointed to ensure the involvement of all business units and identify the potential for further developing CSR. Responsibilities and processes were further defined in the course of the financial year.

Sustainability reporting

High level in accordance with the guidelines of the GRI

EVN already published its first environmental report back in 1990. In the meantime, it has evolved into a comprehensive sustainability report. The EVN Sustainability Report is put together in accordance with the guidelines of the Global Reporting Initiative (GRI). For the first time, this year's report incorporates all the additional GRI performance indicators applying to utility companies. If you do not have access to a copy of the EVN Sustainability Report 2008/09, you can order it at any time on the Internet www.investor.evn.at or by using the free service hotline number in Austria at 0800 800 200. EVN also provides comprehensive information online about its initiatives in the interest of a sustainability-oriented corporate management at www.responsibility.evn.at.

Overview of goals

Active contribution to climate protection

EVN's top priority as well as its most important commitment to customers is ensuring the provision of the entire range of energy and environmental services in the areas in which it operates. EVN makes every effort to ensure a smooth, reliable and secure supply of energy and services. The flexible energy generation mix based on thermal power stations and an increasing share of renewable energies increases the flexibility and autonomy of the electricity and heating supply. At the same time, EVN is fully aware of the absolute necessity to make an active contribution to climate protection. Accordingly, EVN focuses on expanding its use of renewable energy sources, boosting the energy efficiency of its facilities and networks and providing comprehensive advisory services to customers as a means of optimizing energy efficiency.

Sustainable increase in shareholder value

From an economic point of view, the primary target is to achieve a sustainable increase in shareholder value by ensuring the profitability of the operational units and implementing a prudent investment strategy. EVN will continue carrying out optimisation and modernisation measures initiated at its subsidiaries in Bulgaria and Macedonia in previous years, with the underlying goal of successively ensuring a quality and profitability level close to EVN's domestic market of Lower Austria. In developing a business strategy determining the allocation of resources at its disposal, EVN strives to strike a balance between attractive shareholder compensation and future-oriented growth investments.

EVN is committed to fulfilling its corporate social responsibility to people and society above and beyond the confines of its operating business. For this reason, it supports numerous initiatives, in particular promoting the welfare of children and young people. During the year under review, many projects were supported by the EVN Social Fund featuring an annual endowment of EUR 100,000.

EVN share listed in sustainability indices

Sustainable corporate strategy, EVN listed in the most important sustainability indices

In addition to traditional financial and economic criteria, sustainable investments, commonly known as "socially responsible investments" (SRI), also take social, ethical and environmental aspects into account. Companies which fulfil these strict standards are recommended by independent rating agencies and listed in sustainability indices. In recent years, EVN AG has been represented in several sustainability indices. For example, it has been listed in the FTSE4GoodIndex since 2002. In 2005, it was accepted by the Ethibel Sustainability Index Group (ESI), consisting of ESI Global and ESI Europe, and also included in the VÖNIX sustainability index.

Research and development

Orientation and objectives

Innovative resource use and further development of the energy sector

EVN is involved in numerous national and international research and development projects which focus on improving the efficiency of production facilities and reducing greenhouse gas emissions based on CCS technologies. In Austria, EVN has taken a leading role for decades in operating highly efficient and environmentally sound power plants. EVN invested a total of EUR 1.2m during the period under review for research and development projects, 7.0% of these investments were funded by government subsidies. Several projects are described below.

Optimal use of renewable energy sources

Cooperation on a national and international level

EVN is carrying out several research projects in the field of renewable energy sources. One example is a project designed to evaluate the optimal utilisation of solar energy on the basis of the newly-constructed photovoltaic facility in Zwentendorf, which is being operated in cooperation with the Province of Lower Austria.

Power plants with low CO_2 emissions

Leading role in "carbon capture and storage" projects

EVN has been closely cooperating with public authorities, other utility companies and prominent national and international universities to carry out research investigating possibilities to capture and store CO_2 (carbon capture and storage, CCS). The initial results of a study aiming to examine the possibility of converting the Dürnrohr power station into an oxyfuel plant or refitting it with a CO_2 scrubbing system concluded that the available technologies would result in a significant decline in overall efficiency. EVN will continue to explore ways to develop economically and ecologically justifiable applications of such technologies.

Recycling secondary raw materials at the Dürnrohr power plant

On the basis of cooperating with other companies, EVN played a leading role in developing a process produce the construction material "realit" from by-products derived from the thermal electricity generation process. Realit has been commercially manufactured at the Dürnrohr power plant since the autumn of 2008.

Pilot project on decentralised power generation

Testing decentralised power generation

Within the framework of a pilot project, EVN is testing innovative technologies focusing on the decentralised generation of electricity from renewable energy sources, such as micro cogeneration (combined cycle heat and power) facilities and absorption heat pumps. The declared goal is to reduce primary energy consumption and increase the total efficiency of power plants.

Alternative mobility concepts

EVN has been involved in research focusing on the issues of electric mobility and electricity filling stations for more than 15 years. A project group set up by EVN monitors the latest developments in this field, evaluates internal resources and processes and maintains contact with various institutions in order to ensure an optimal positioning in the relatively young but expanding business area of electric mobility.

Employees

In the 2008/09 financial year, the average number of employees in the EVN Group declined by 4.3%, to 8,937 people. Whereas employee headcount in Lower Austria climbed by 3.8%, the total staff count in south-eastern Europe was further optimised within the context of the ongoing integration efforts, declining by 8.0%, to 6,036 employees. Personnel expenses rose by 4.9% in 2008/09, to EUR 319.4m. This is chiefly related to contractually stipulated increases mandated by collective agreements and accompanying increase in social expenses.

Company investment in education, training and professional development

EVN's corporate success is based on the dedication and qualifications of its employees, which is why the company invested EUR 2.9m during the period under review in education, training and professional development. In addition to IT courses and specialised seminars, the focus is on strengthening social competence. An initiative was launched in Bulgaria in July 2008 to increase foreign language skills. 284 employees will have completed English and German language courses by the end of 2009. The manager training programmes in Bulgaria and Macedonia were continued in the 2008/09 financial year, targeting department managers and team leaders. Group managers at the customer service centres will take part in this study programme in 2010. EVN also provided training to more than 80 apprentices during the year under review, and is also promoting the creation of additional apprenticeship positions at partner companies in Lower Austria.

More information about EVN's activities on behalf of its employees can be found starting on page 11 of the Sustainability Report 2008/09 which is published together with this annual report.

Number of employees[1]	2008/09	2007/08	Change Number	Change %	2006/07
Energy segment	7,822	8,262	–440	–5.3	8,478
thereof South East Europe	6,036	6,560	–524	–8.0	6,843
Environmental Services segment	496	456	40	8.7	462
Other business areas	619	624	–5	–0.8	595
EVN	8,937	9,342	–405	–4.3	9,535
Thereof trainees	82	78	–4	–5.1	77

1) Annual average, full-time equivalents

Report of the Supervisory Board

Ladies and gentlemen!

Focus on two strategic pillars in EVN's CEE operations

In the 2008/09 financial year, responsibly pursued its business strategy in the face of a difficult business environment which was negatively impacted by the global economic crisis. It determinedly relied on the two cornerstones of its business operations, i.e. energy and environmental services, with a geographical focus on Central and Eastern Europe. Accordingly, EVN rounded off its power generation portfolio with new projects in Albania and Bulgaria and took the initial steps required to penetrate a new regional market. Organic growth was also ensured by the ongoing optimisation of existing business areas. The Supervisory Board dealt with the specific country risks in detail within the context of its meetings and resolutions. In the Environmental Services segment, EVN achieved substantial success in its project business, similar to its achievements in recent years.

95% rate of attendance at four plenary sessions

The Supervisory Board actively monitored and supported EVN's strategic steps as part of its designated duties and responsibilities. It convened four times for plenary meetings during the 2008/09 financial year, at which 95% of the members were present on average. No member missed more than 50% of the meetings. The working committee convened three times during the period under review, whereas the audit committee met twice and the personnel committee a total of five times. The Executive Board reports provided the Supervisory Board with timely and comprehensive information about all relevant business development issues, the risk situation and the development of key Group subsidiaries. Thus the Supervisory Board was able to continually supervise and support the Executive Board's management activities.

Overview of resolutions on key issues

In the 2008/09 financial year, the key decisions of the Supervisory Board focused on the following issues:
- Appointment of two Executive Board members based on extending their employment contracts, and appointing two authorised signatories
- The coming into force of the EVN Code of Conduct, effective July 1, 2009
- The coming into effect of the Austrian Corporate Governance Code 2009, effective October 1, 2009
- The power plant projects in Albania (Ashta, Upper Drin, Devoll) and Bulgaria (Gorna Arda, Kavarna and Mogilishte Zapad wind parks, Plovdiv cogeneration facility)
- Acquisition of Linz AG's shareholding in EconGas
- The Traunreut geothermal energy project (Germany) in cooperation with Rohöl-Aufsuchungs AG
- Submission of an offer to acquire the concession to expand the natural gas distribution system in the Zadar, Split-Dalmatia and Sibenik-Knin administrative divisions in Croatia
- Financing and assumption of liability and granting of guarantees for Group subsidiaries
- Partial compensation for the loss of entitlement on the part of beneficiaries of EVN Pensionskasse AG
- Matters pertaining to the commercial properties owned by EVN

Resolutions of the working committee

The resolutions passed by the working committee in the 2008/09 financial year primarily related to the following issues:
- Cooperation agreement between NÖ Landes-Beteiligungsholding GmbH and EVN AG
- Share purchase of B.net Burgenland (B.net Burgenland Telekom GmbH and Dataservice GmbH)
- Exercising of subscription rights within the context of the capital increase of Wiener Börse AG

Proposals of the personnel committee to the Supervisory Board

The personnel committee dealt with issues pertaining to the relationship of the company to the members of the Executive Board. It made a proposal to the Supervisory Board in respect to the appointment of two Executive Board members on the basis of extending their existing employment contracts, and approved the assumption of an external Supervisory Board mandate by a member of the Executive Board.

Audit committee fulfils legal requirements ahead of schedule

In anticipation of legal regulations which were to take effect at a later date, meetings of the audit committee took place in the 2008/09 financial year. In addition to the session discussed in detail the consolidated financial statements for 2007/08, a further meeting focused on the results for the first half of 2008/09 and the outlook for the rest of the financial year, current developments in Macedonia, medium-term financial planning and the long-term financial outlook for the EVN Group. Preliminary reports were presented on the risk management system of the EVN Group and the project "Risk-oriented internal controlling system" (RIKS). Within the context of preparing the annual financial statements of the company, the audit committee discussed the internal controlling, auditing and risk management systems in detail.

Approval of consolidated financial statements for 2008/09

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna appointed as EVN's certified public accountants for the 2008/09 financial year, starting October 1, 2008 and ending on September 30, 2009, examined the annual accounts of EVN AG as at September 30, 2009, which were prepared in accordance with Austrian accounting regulations, as well as the Management Report submitted by the Executive Board and the Corporate Governance Report. KPMG presented a written audit report, and issued an unqualified opinion. Following detailed scrutiny and discussions in the audit committee and the entire body, the Supervisory Board approved the financial statements and the consolidated financial statements as at September 30, 2009 submitted by the Executive Board, the related Management Report and the proposals for the distribution of profits. The financial statements as at September 30, 2009 are thereby approved, pursuant to § 125 (2) of the Austrian Stock Corporation Act. These statements were prepared pursuant to International Financial Reporting Standards (IFRS) and audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which issued an unqualified opinion. The Supervisory Board approved the consolidated financial statements, the explanatory notes and the Management Report.

Thanks to employees, shareholders, customers and partners of EVN

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 2008/09 financial year. Particular thanks are extended to the shareholders, customers and partners of the EVN for their confidence in the company.

Maria Enzersdorf, December 9, 2009

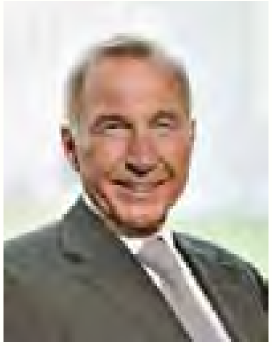
On behalf of the Supervisory Board:

President Rudolf Gruber
Chairman of the Supervisory Board

Corporate governance report

Corporate bodies

Executive Board



Burkhard Hofer
Spokesman of the Executive Board and CEO

Born 1944, Doctor of Law. Joined EVN in 1980. Member and Spokesman of the EVN Executive Board since March 2005. Named Chairman of the Executive Board in May 2008. His term of office expires at the end of the Annual General Meeting resolving upon matters pertaining to the 2011/12 financial year. Burkhard Hofer has executive responsibility for the Supply business unit and the Environmental Services business segment, as well for Group functions as procurement and purchasing, controlling, customer relations, finance, Group accounting (incl. investor relations), general administration and corporate affairs, information and communications and human resources.
Four Supervisory Board mandates in other domestic companies not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.[1)]

Peter Layr
Member of the Executive Board

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

Herbert Pöttschacher
Member of the Executive Board

Born 1949. Degree in Surveying, Regional and Environmental Planning. Member of the EVN Supervisory Board from 1991 to 1995, and of the EVN Executive Board since July 1995. His term of office expires on June 30, 2013. Herbert Pöttschacher has executive responsibility for the Generation business unit, as well as for internal auditing, administration and construction. One Supervisory Board mandate in another domestic company not included in the consolidated financial statements of the EVN Group pursuant to C-rule 16 of the Austrian Corporate Governance Code.[2)]

1) Deputy Chairman of the Supervisory Board, AUSTRIAN FERNGAS Gesellschaft m.b.H. in liqu.; Chairman of the Supervisory Board, EVN-Pensionskasse Aktiengesellschaft; Member of the Supervisory Board, Flughafen Wien Aktiengesellschaft; Member of the Supervisory Board, HYPO Investment Bank AG; Member of the Supervisory Board, Österreichische Elektrizitätswirtschafts-Aktiengesellschaft.
2) Member of the Supervisory Board, SERVICE MENSCH GmbH

Members of the Supervisory Board

Name (Year of birth)	Date of initial appointment	Other functions	Independence Rule 53[1]	Independence Rule 54[2]
Shareholder representatives				
President and Chairman Rudolf Gruber (1933)	January 19, 2005	Member of the Supervisory Board of several non-listed companies	no	yes
Stefan Schenker Vice-Chairman 1 (1946)	December 12, 1996	Forestry engineer	yes	yes
Gerhard Posset Vice-Chairman 2 (1949)	December 12, 1995	Secretary, Lower Austrian Executive Committee of the Austrian Trade Union Federation	yes	yes
Norbert Griesmayr (1957)	January 12, 2001	Chairman of the Executive Board of VAV Versicherungs-Aktiengesellschaft	yes	yes
Gottfried Holzer (1946)	June 22, 1987		yes	yes
Dieter Lutz (1954)	January 12, 2006	Shareholder and CEO of Benda-Lutz-Werke GmbH and Chairman of the branch industry of the Chamber of Commerce in Lower Austria	yes	yes
Reinhard Meißl (1959)	January 12, 2006	Head of the finance department, Provincial Government of Lower Austria, CEO NÖ Landes-Beteiligungsholding GmbH	yes	no
Bernhard Müller (1973)	January 12, 2006	Mayor of Wiener Neustadt	yes	yes
Wolfgang Peterl (1955)	January 12, 2001	Mayor of Korneuburg	yes	yes
Martin Schuster (1967)	January 12, 2006	Member of the Lower Austrian Provincial Parliament, Mayor of Perchtoldsdorf	yes	yes
Michaela Steinacker (1962)	January 12, 2001	Member of the Executive Board of Raiffeisenholding Niederösterreich-Wien reg.Gen.m.H.	yes	yes
Willi Stiowicek (1956)	January 15, 2009	Head of the Presidential Department of the Magistrate of the Provincial Capital St. Pölten	yes	yes
Hans-Peter Villis (1958)	January 17, 2008	CEO, EnBW Energie Baden-Württemberg AG	yes	no
Employee representatives				
Franz Hemm (1955)	May 3, 1994	Chairman of the EVN Central Works Council, Vice-Chairman of the Lower Austrian Chamber of Labour		
Manfred Weinrichter (1961)	January 1, 2001	Vice-Chairman of the EVN Central Works Council of the EVN Netz GmbH		
Rudolf Rauch (1947)	April 2, 1993 – December 31, 2008	Vice-Chairman of the EVN Central Works Council		
Paul Hofer (1960)	April 1, 2007	Chairman of the EVN Central Works Council of the EVN AG		
Leopold Buchner (1953)	January 19, 2009	Vice-Chairman of the EVN Central Works Council of the EVN AG		
Otto Mayer (1959)	May 12, 2005	Member of the Works Council		
Helmut Peter (1957)	January 1, 2009	Member of the Works Council		
Franz Ziegelwagner (1952)	March 22, 2004	Member of the Works Council		

No member of the Supervisory Board has a comparable position in any other domestic or foreign listed company.
The terms of office of all Supervisory Board members expire at the end of the Annual General Meeting resolving upon matters pertaining to the 2009/10 financial year.
1) Rule 53/Austrian Corporate Governance Code: independence from EVN/Executive Board
2) Rule 54/Austrian Corporate Governance Code: no representatives of shareholders with a shareholding exceeding 10%
A list of the Supervisory Board committees can be found on pages 31.

Independence of the Supervisory Board

Avoiding conflicts of interest

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

Guidelines determining independence

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

1. shall not have any business or personal relation with EVN AG or its Executive Board that constitute a material conflict of interests and is therefore suited to influence its behaviour;

2. was not a member of the Executive Board or a top executive of EVN AG or any of the subsidiaries of EVN AG in the previous five year period;

3. shall not maintain or did not maintain in the past year any business relations with EVN AG or a subsidiary of EVN AG to an extent of significance for the member of the Supervisory Board. This also applies to business relationships with companies in which the member of the Supervisory Board has a considerable economic interest;

4. shall not have acted as auditor of EVN AG or have owned a share in the auditing company or have worked there as an employee in the past three years;

5. shall not be a member of the Management Board of another company in which a member of the Executive Board of EVN AG is a Supervisory Board member;

6. shall not be closely related (i.e. direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) to a member of the Executive Board or to persons who hold one of the aforementioned positions.

Comprehensive body of rules for corporate governance

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

Commitment to the Austrian Corporate Governance Code

Commitment of EVN AG

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 1, 2006, EVN decided to fully comply with the Austrian Corporate Governance Code in accordance with the valid and binding version published in January 2006. As of January 1, 2008, EVN agreed to adhere to the updated version of the Austrian Corporate Governance Code dated June 2007, the version of January 2009 is for EVN effective as of October 10, 2009.

Three categories of standards

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

Full commitment to all L- and C-rules

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

Deviations from C-rules

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

Publishing of proposals of the Annual General Meeting

Rules 4 and 5: EVN maintains that the publishing of all resolutions proposed at the Annual General Meeting as well as all materials, including the texts of the proposals and counterproposals made by shareholders as well as Supervisory Board candidates on the Website of the company, is not feasible, due to the fact that this information is not for the public domain, but is only of relevance to shareholders. In EVN's view, only shareholders should be allowed to have access to the material. Furthermore, shareholders who submit proposals also have the right to confidentiality. For this reason, proposals of the previous Annual General Meeting are first published on the company's homepage after approval has been granted by the petitioner, thus fulfilling the spirit of this rule.

Composition of the Executive Board

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).

Remuneration of the Executive Board

Rule 31: The remuneration paid to the entire Executive Board as a whole shall be disclosed. Disclosure of the remuneration paid to individual members is the personal decision of each Executive Board member, and is thus not published within the framework of the remuneration report.

Composition of the Supervisory Board

Rule 52: As at September 30, 2009, EVN has 13 elected Supervisory Board members, due to the company's shareholder structure and in the spirit of ensuring the most diverse representation of interests possible. The composition of the current Supervisory Board was determined before EVN's voluntary commitment to comply with the Austrian Corporate Governance Code. Following the reduction in size of the Supervisory Board in 2006, from 15 to 13 members and the retirement of one member in 2008, EVN intends to implement a step-by-step downward adjustment to streamline the Supervisory Board to the recommended level of ten members.

Filling positions on the Chairman of the Supervisory Board

Rule 55: The selection of the current Vice-Chairman of the Supervisory Board took place before the voluntary commitment on the part of EVN to comply with the Austrian Corporate Governance Code.

Clear-cut separation of corporate management and control responsibilities

Clear-cut division of 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

Responsibilities of the Executive Board

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

Co-decision making rights of the Supervisory Board

Without attempting to place any constraints on 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

Reporting obligation to committees, quarterly reports, key developments

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, in particular the preparation of meetings.

Supervisory Board

Composition of the Supervisory Board of EVN AG

As at September 30, 2009, the Supervisory Board of EVN AG consists of 13 shareholder representatives elected by the annual general meeting. The mandate on the Supervisory Board which became vacant due to the resignation of one of its members effective March 17, 2008 was filled by the 80th ordinary Annual General Meeting on January 15, 2009. As a result, the number of employee representatives on the Supervisory Board sent by the EVN Central Works Council increased to seven. The Supervisory Board is led by a chairman and two vice-chairmen, who are chosen by the Supervisory Board itself. In a meeting convened on May 29, 2006, the Supervisory Board approved a resolution stipulating that the proportion of independent members is to be set at 50%. The independent members of the EVN Supervisory Board, as defined by Rules 53 and 54 of the Austrian Corporate Governance Code, are listed in the chart on page 27. The Supervisory Board exercises its job according to regulations laid down in stock corporation law, as well as in the company's statutes. Additional guidelines regulating the behaviour of the Supervisory Board are stipulated in the internal rules of procedure for the Supervisory Board as well as in the Austrian Corporate Governance Code.

Supervising the work of the Executive Board

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

Supervisory Board committees

Committees, duties and responsibilities 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. At present, the following committees have been established, each of which is required to include at least three members of the Supervisory Board:

– The **audit committee** was responsible for evaluating and preparing the Report of the Supervisory Board approving the financial statements and consolidated financial statements, the proposal of the Executive Board in respect to the distribution of profits, and the Management Report pertaining to the company and the Group in the 2008/09 financial year. As of October 1, 2009, the competencies of the audit committee were formal expanded as stipulated by legal regulations.
– The **personnel committee** deals with all issues pertaining to the relationship of the company to the members of the Executive Board, inasmuch as this is not the responsibility of the entire Supervisory Board. The personnel committee also serves as the nominating and remuneration committee.
– The **working committee** is responsible for carrying out the specified tasks assigned to it by the entire Supervisory Board. In certain urgent cases, the working committee is authorised to give its consent to specified business transactions on behalf of the Supervisory Board, in accordance with the Supervisory Board's internal rules of procedure.

Authorisation to set other committees

The Supervisory Board is authorised to set up other committees composed of its member with responsibility for preparing its consultations and resolutions, monitoring compliance with its resolutions, or deciding upon relevant matters pertaining to business developments at the company, as assigned to it by the Supervisory Board.

Working committee
Rudolf Gruber (Chairman)
Stefan Schenker
Gerhard Posset
Reinhard Meißl
Franz Hemm
Manfred Weinrichter (until May 28, 2009)
Paul Hofer (since May 28, 2009)

Personnel committee
Rudolf Gruber (Chairman)
Stefan Schenker
Gerhard Posset

Audit committee
Stefan Schenker (Chairman)
Rudolf Gruber
Gerhard Posset
Reinhard Meißl
Bernhard Müller
Franz Hemm
Rudolf Rauch (until December 31, 2008)
Manfred Weinrichter
Paul Hofer (since January 1, 2009)

Remuneration report

Performance-based components of the Executive Board's remuneration

Success sharing bonus programme for the Executive Board (Rule 30): Contractually fixed salaries comprise approximately 75% of the annual income paid to the members of the Executive Board, whereas the remaining 25% represents performance-based pay. 35% of the profit sharing scheme, for which a maximum limit has been predetermined, is based on the results from operating activities, 35% on the return on capital employed (ROCE), and 30% on three individual targets which have been set. There are different forms of retirement benefits, ranging from a pre-defined percentage of the remuneration applicable in the final period of the employment contract to a pension fund. Generally speaking, prevailing legal regulations apply in the case of termination of employment. The total remuneration paid to active members of the Executive Board in the 2008/09 financial year amounted to TEUR 1,280.9 (previous year: TEUR 1,235.3). Moreover, pension commitments for these Executive Board members totalled TEUR 8,896.2 (previous year: TEUR 9,391.9). The increase in the salaries and pension commitments for members of the Executive Board in comparison to the previous financial year resulted from the annual salary adjustments as well as the above-mentioned variable profit-sharing scheme. This remuneration includes any specified payments in kind. One member of the Executive Board assumed a management position in another company during the period of review with the formal approval of the Supervisory Board. Disclosure of individual remuneration is considered to represent a personal decision on the part of the Executive Board members. EVN itself will not disclose details pertaining to the individual remuneration packages. As a result, the company does not comply with the recommendations contained in Rule 31 of the Austrian Corporate Governance Code.

No share option programme

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

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.

No directors' dealings reported

Directors' Dealings (Rule 70): There were no directors' dealing reported in the EVN during the 2008/09 financial year.

Clear-cut regulation of the remuneration 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 EUR 108,000. The chairman is granted 12.5% of the amount, whereas 8.5% each is to be paid to the two vice-chairmen, and slightly more than 7% to each of the other members. A lump-sum payment totalling EUR 170.

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

Cooperation with „Related Party“: EVN AG has concluded a cooperation agreement with NÖ Landes-Beteiligungsholding GmbH (NLH) to work together in implementing financial measures. This cooperation is based upon mutual interest and specifically refers to the exchange of information and know-how as well as the provision of liquidity or ways to gain access to liquidity. The agreement is designed to ensure an optimal freedom of action which could be taken advantage of in individual cases by both partners. In any case, prevailing market prices, terms and conditions as well as non-discriminating parameters apply.

Details on auditing fees

Auditing fees: The auditing of the consolidated financial statements of EVN for the 2008/09 financial year is being carried out by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. Total auditing and consulting costs amounted to EUR 1.28m (previous year: EUR 1.14m). 66.7% of the fees paid by EVN to KPMG were for auditing and audit-related services, 20.7% for tax consulting services and 12.6% for other consulting services.

Shareholders and Annual General Meeting

One Share – One Vote

The shareholders of EVN shares make use of their legal rights in the annual general meeting, and exercise their voting rights. Each share of EVN AG is granted one vote. There are no preferential shares of EVN stock, or shares with multiple voting rights. The right to make certain important decisions, primarily in regards to the distribution of profits, the discharging of the members of the Executive Board and the Supervisory Board, the selection of the auditors for the financial and consolidated financial statements, and the election of the members of the Supervisory Board, is reserved to the annual general meeting by Austrian law or by the company's statutes. Moreover, the annual general meeting has the right to make decisions pertaining to changes in the company bylaws, and capital raising measures. The results of the 80th Annual General Meeting of EVN, held on January 15, 2009, are available on the EVN website.

Internal control

No major objectives

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

Risk management of EVN

Multi-stage process and centralised risk controlling

The objective of the risk management system of EVN as an internationally operating company is to safeguard its current and future earnings potential. Centrally managed, two-stage risk controlling is the basis for recording and analysing risks. This provides the responsible employees of the EVN Group with methods and tools to identify and evaluate risks. The respective operative business units, which are also responsible for risk management, communicate their risk positions to the central risk controlling team, which in turn classifies, analyzes and evaluates risks in a cross-functional manner. Moreover, measures to minimize corporate risks are also registered and their implementation is monitored. The multi-stage process of risk controlling is supported by unified, Group-wide guidelines and carried out throughout the Group on an ongoing basis. The resulting risk analyses are conveyed to the Executive Board and the respective managing directors at regular intervals by the Group risk committee. A detailed presentation of EVN's risk situation can be found starting on page 56.

Issuer's compliance

Comprehensive set of rules to prevent the misuse of insider information

In fulfilling the regulations stipulated in the Austrian Stock Corporation Act and the Stock Exchange Act, the Austrian Compliance Code for the issuers of securities and the Directive of the European Parliament on insider dealing and market manipulation, EVN has developed a comprehensive set of rules designed to prevent the misuse of insider information. 18 permanent and one ad-hoc area of EVN's business have been designated as strictly confidential. The affected employees are continually given extensive training. Compliance and confidentiality are monitored and evaluated by a specially-designated compliance officer, reporting directly to the Executive Board. In the 2008/09 financial year, the ongoing monitoring carried out by the compliance officer did not reveal any deficiencies.

EVN Code of Conduct

EVN attaches the greatest importance to the integrity and law-abiding behaviour of all its employees as well as its business partners. As an internationally operating energy and environmental services company, the management and employees of EVN have a far-reaching responsibility and role model function both in Austria and abroad. For this reason, the EVN Code of Conduct was developed to define and summarise the principles and guidelines underlying responsible action for people of integrity.

The EVN Code of Conduct was developed within the context of a Group-wide process which took place in the 2008/09 financial year by integrating EVN's CSR organisation. This process was supported by external experts. Following the approval of the Central Works Council, it was formally passed by the company's corporate bodies in July 2009. It is available on the EVN Intranet at www.evn.at/code-of-conduct.aspx. The structure of this code of conduct is oriented to EVN's different stakeholder groups. It is designed to assist all employees to implement EVN's values in their day-to-day business activities.

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

Visit EVN's website www.investor.evn.at

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

Maria Enzersdorf, December 9, 2009

Burkhard Hofer	Peter Layr	Herbert Pöttschacher
(Spokesman of the Executive Board and CEO)	(Member of the Executive Board)	(Member of the Executive Board)

EVN share and bonds

Capital market and price development of the EVN share

High volatility and signs of a recovery

International capital markets were negatively impacted by the financial and economic crisis during the year under review, and were extremely volatile. Stock markets which usually require a lead time of about six months to react to the expected economic situation already massively collapsed in the course of the second quarter of 2008. Parallel to the unexpectedly strong economic decline, the investment climate hit rock bottom for the time being in the first quarter of 2009. Since the second quarter of 2009, stock markets have rebounded on the basis of initial indications of a stabilisation of the world economy, and in some cases global markets have posted massive gains.

U.S. and European interest rates at historic low

Up until the middle of 2008, the central banks in the USA and Europe pursued divergent monetary and interest rate policies. Following several interest rate reductions by the U.S. Federal Reserve, the prime rate has remained at zero since the end of 2008. Negative developments on financial markets have also led the European Central Bank ECB to reverse its previous policy since the middle of 2008. Whereas it previously focused on combating inflation, the strategy was revised to focus on stimulating the economy in the Eurozone. ECB reduced the prime rate from 4.25% to 1.00% in several steps during the period October 2008 to May 2009, and has held interest rates at an historic low since that time.

Recovery of the stock market indices

Despite the impending recovery, leading share indices posted an overall decline in the period under review, from October 1, 2008 – September 30, 2009. The most important European indices, the Euro Stoxx 50 and the German DAX, registered a 5.45% and 2.67% loss in value respectively. The ATX index fell by 4.71%, and the Dow Jones Stoxx Utilities sector index, which is relevant to EVN, suffered a loss of 14.44%.

Strong performance of EVN share in the second half year of 2008/09

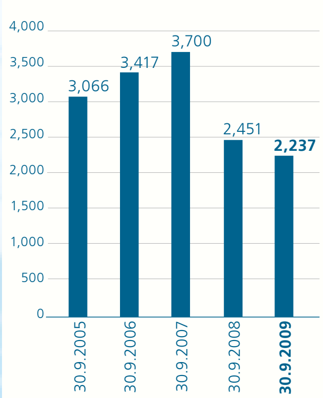
The EVN share was not immune to the negative developments and high level of volatility on international stock markets. It was traded at a share price of EUR 13.68 at the end of the year under review, which represents a decline of 8.74%. However, it performed considerably better than its relevant sector index. In March 2009, the EVN share was once again listed in the Vienna Stock Exchange benchmark index ATX. Together with the general upward trend on global stock exchanges, this resulted in a strong performance of the EVN share in the second half of the 2008/09 financial year.

EVN shareholder structure and capital information

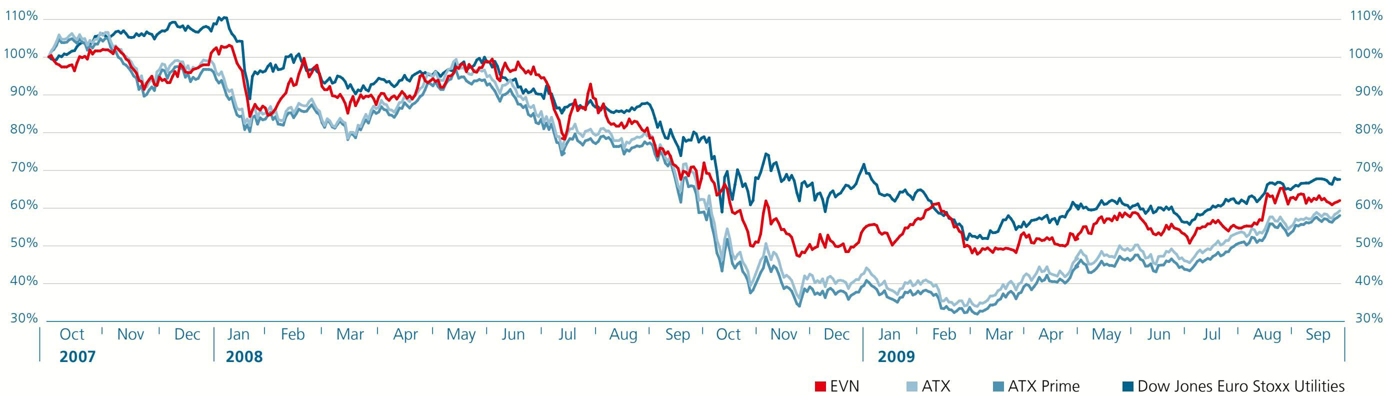
The 80th Annual General Meeting of the EVN Group, held on January 15, 2009, approved the proposal of the Executive Board and Supervisory Board to pay a dividend to the shareholders of EVN AG amounting to TEUR 60,306.6 or EUR 0.37 per share for the 2007/08 financial year. Ex-dividend day was on January 20, 2009, and the dividend payment date for EVN AG shareholders was January 27, 2009.

In addition, the Annual General Meeting passed a resolution authorising the Executive Board to acquire its own non-par value bearer shares in the company for the purpose of issuing them as stock options to employees, top executives, members of the Executive and Supervisory Boards of EVN or an affiliated company, or, a buyback without purpose amounting in total to 10% of the share capital of EVN AG, for a period of 30 months beginning on the day the resolution was approved. This authorisation replaced the authorisation granted to the EVN Executive Board by the Annual General Meeting held on January 17, 2008 to buy back own non-par value bearer shares, which began on July 17, 2008 and was completed ahead of schedule as of January 22, 2009. The Executive Board did not exercise this authorisation as of September 30, 2009. Within the framework of the concluded share buyback programme, a total of 534,864

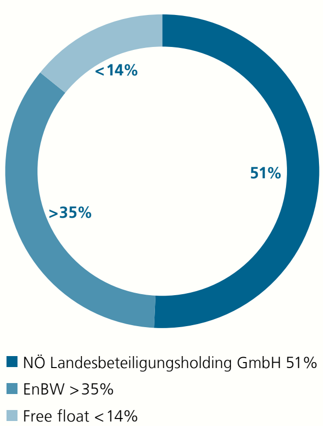
EVN market capitalisation
EURm



EVN share price – relative development

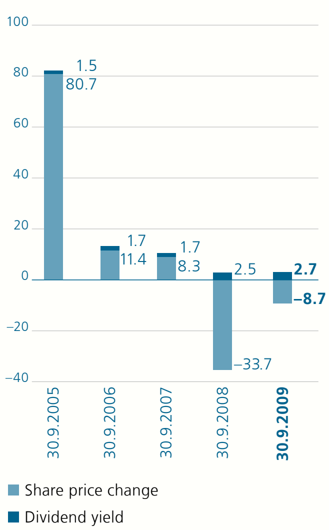


Shareholder structure



Total Shareholder Return

in %



non-par value bearer shares, corresponding to 0.33% of the company's share capital, were repurchased at a total acquisition price of TEUR 8,037.8, and remain in the hands of EVN.

Otherwise, the shareholder structure of EVN AG has remained unchanged in the 2008/09 financial year. 51% of the shares are held by NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The second largest shareholder is EnBW Energie Baden-Württemberg AG, Karlsruhe, with a stake >35%. The remaining <14% of the shares are in free float.

Dividend policy

For several years, the dividend payout ratio of the EVN Group has hovered between 25% and 35% of the Group net profit. On the basis of this dividend policy, EVN aims to achieve a balance between growth investments in the sustainable development of the company and continuing dividends for shareholders on their invested capital which can be maintained even in the light of a temporary decline in earnings.

This capital market oriented approach is reflected in the proposal of the Executive Board to the Annual General Meeting scheduled for January 21, 2010 to pay an unchanged dividend of EUR 0.37 per share for the 2008/09 financial year, despite the lower Group net profit in comparison to the previous year. The resulting dividend yield of 2.70% in conjunction with the above-mentioned decline in value of the EVN share amounts to a total shareholder return of –6.04% for the period under review. Since the IPO of the EVN share in 1989, the long-term average total shareholder return has been 9.69% per annum.

The EVN share		2008/09	2007/08	2006/07
Share price at the end of September[1]	EUR	13.68	14.99	22.63
Highest price[1]	EUR	16.00	23.38	23.87
Lowest price[1]	EUR	10.11	14.39	20.38
Value of shares traded[2]	EURm	209	406	411
Average daily turnover[1] [2]	Shares	69,031	78,054	75,772
Share of total turnover[2]	%	0.49	0.49	0.50
Market capitalisation at the end of September	EURm	2,237	2,451	3,700
Earnings/share[1] [4]	EUR	1.09	1.14	1.39
Dividend/share[1] [4]	EUR	0.370[3]	0.370	0.375
Cash Flow/share[1] [4] [5]	EUR	2.73	2.61	2.52
Book value/share[1] [4]	EUR	19.18	19.62	18.44
Price/earnings	X	12.5	13.1	16.3
Price/cash flow[5]	X	5.0	5.7	9.0
Price/book value	X	0.8	0.8	1.2
Dividend yield	%	2.7	2.5	1.7

1) 2006/07 figures have been adapted in accordance with the stock split in a ratio of 1:4 carried out effective April 17, 2008.
2) Vienna Stock Exchange, counted once
3) Proposal to the Annual General Meeting
4) Shares outstanding
5) Gross Cash Flow

Investor Relations

Timely and regular information, high level of transparency

EVN maintains an active and regular dialogue with existing and potential investors as well as analysts through numerous investor relations activities. The basic principles underlying EVN's investor relations work are simultaneous, open and comprehensive communications with all capital market participants, a high degree of transparency and pro-active reporting. Numerous opportunities were exploited in the 2008/09 financial year to provide information about the business development and strategy of EVN within the context of press conferences, conference calls, roadshows and international conferences focusing on the utility sector.

Shareholder event "20 Years EVN Share"

In June 2009, close to 300 shareholders took part in the special event organised for private investors, more than double the number who attended in the previous year. In addition to information on the business development of the company and new strategic projects, a key focus was the topic "20 years EVN Share."

Award-winning annual report

Austria's third best annual report and the C.I.R.A. Prize for Excellence

In September 2009, the business magazine "trend" honoured the best annual reports in Austria for the 22nd straight year. The evaluation was carried out in two categories, i.e. business reporting and media quality. In the media quality category, EVN improved from 7th place to 4th place among all listed companies in Austria and in the business reporting category, EVN moved up from the 6th place ranking to 4th. As a result, the EVN annual report was rated 3rd overall. Moreover, the company was awarded a "Prize for Excellence" by Circle Investor Relations Austria (C.I.R.A.), the first member of the jury.

	Public bonds		Private placements				
EVN Bonds	EUR	CHF	EUR	JPY	EUR	EUR	JPY
Amount	300.0m	250.0m	30.0m	8.0bn	28.5m	150.0m	12.0bn
Due date	December 14, 2011	February 20, 2014	March 18, 2019	September 1, 2014	March 11, 2016	June 23, 2017	January 9, 2024
Maturity (yrs)	10	5	10	20	7	8	15
Coupon (% p.a.)	5.250	3.625	5.250	5.200	5.000	5.250	3.130
ISIN	XS0140090514	CH0049763102	XF000NS4HD4	XS0052014114	XS0417260329	XS0434384334	XS0406428036

EVN bonds

Long-term liquidity secured

In the 2008/09 financial year, EVN issued five corporate bonds with a total volume of EUR 470m and terms to maturity of 5–15 years as part of its long-term oriented financing structure. In addition to redeeming loans and borrowings which have fallen due, these financial resources will be used to finance planned investment projects and secure EVN's long-term liquidity. The CHF obligation with a nominal value of CHF 200m and a nominal interest rate of 2.430% was redeemed on June 10, 2009 as scheduled. A detailed presentation is Management report on page 49.

Changes in credit ratings

Long-term credit rating in the "A" range

EVN AG is regularly rated by the two leading international credit agencies, Moody's and Standard & Poors. As at March 30, 2009, the rating agency Standard & Poors changed its long-term "A" rating to "A–". The outlook remained "negative". Moody's downgraded its rating of EVN from "A1" (stable outlook) to "A2" (negative outlook).

Adjustments based on planned investment projects

The long-term rating was justified on the grounds of the strong market position and positive financial situation of the EVN Group prevailing in spite of the company's increasing presence in Eastern and South East Europe, which is generally considered to be more fraught with risk. The changed ratings of both agencies can be attributed to the high level of planned investments on the part of EVN in the period 2009–2013, particularly in connection to the hydropower project in Albania. However, EVN continues to have a very good credit rating in comparison to other companies in the European energy sector.

Management report

Legal framework

European energy policy

Climate and energy package of the EU

In December 2008, the European Parliament approved the climate and energy package proposed by the EU Commission at the beginning of 2008. As a consequence, the three targets defined by the EU – reduction of both energy consumption and greenhouse gas emissions (CO_2) by 20% and expansion of energy supplied by renewable energy sources to 20% of total energy consumption – have become legally binding and must be converted into national laws by the Member States. The previous goal of a 20% decline in greenhouse gas emissions was expanded to at least 30% by 2020 and 50% by the year 2050 based on new proposals made by the EU Parliament. Further measures and goals of Europe's climate protection policy are expected to be agreed upon at the Climate Change Conference in Copenhagen in December 2009. A detailed description of the overall regulatory and energy policy framework can be found in the EVN Sustainability Report on page 23.

Contribution of EU member states to climate protection

In order to achieve the goals stipulated by the EU Parliament, the energy-intensive industrial sectors and the energy industry must reduce their CO_2 emissions by 21% by the year 2020. Business sectors which are not required to take part in emissions trading (e.g. transport) are required to cut back their greenhouse gas emissions by at least 16%. One of the main instruments of the package of measures is EU-wide trading with CO_2 emission certificates. The new CO_2 emission guidelines stipulate that the practice of partially allocating emission certificates at no charge will cease. As a result, with the exception of the new Member States of Central and Eastern Europe, European utility companies will have to purchase all their emission rights as of the year 2013.

Contribution of Austria to climate protection

Based on the principle of "burden sharing", which takes account of a nation's potential, Austria is obliged to increase its share of renewable energy sources from 25.8% of total end-use energy consumption in 2005 to 34.0%. Greenhouse gas emissions in Austria will have to be cut back from 93.3m t per annum to 76.7m t in order to be able to fulfil the 20% CO_2 savings target.

Contribution of Bulgaria to climate protection

The target set for Bulgaria, EVN's second largest electricity market and EU member since January 1, 2007, is to generate 16% of its total energy needs from renewable energy sources. The CO_2 reduction goal of 8% compared to the base value of 75m t annually was already achieved in the year 2008.

Regulatory environment in Austria

Eco-electricity law focuses on wind power and hydropower

On September 23, 2009, the Austrian Parliament passed the second Amendment to the Eco-Electricity Act, which made wind power and hydropower the top priorities. Annual funding for new green electricity facilities will amount to EUR 21.0m for the next 13 years, of which EUR 12.5m is designed to optimize and newly construct small hydropower plants. The level of the feed-in tariffs from electricity generated by wind power plants was guaranteed for up to 20 years. These regulations will accelerate the realization of three approved EVN wind park projects in Lower Austria. In addition to the recently-passed amendment on eco-electricity, public subsidies are also available for power generation from photovoltaics as well as the expansion of district heating on the basis of biomass and biogas.

"Austrian Energy Strategy" is being developed

In the middle of 2009, Austria launched efforts to develop an "Austrian Energy Strategy", based on the strategic objectives defined by the EU and the five goals – reliability of supply, environmental compatibility, cost and energy efficiency, social compatibility and competitiveness – all of which are considered to be of equal value. At present, working groups in which EVN is actively participating are evaluating 350 proposed measures. A strategy conference and the resolution for the political coordination of the agreed upon measures are expected in January 2010.

Financial burden based on purchase of additional emission rights

Within the framework of the National Allocation Plan II (2008–2012), Austria's electricity industry was allocated 7.70m t of CO_2 emission certificates annually at no charge on the basis of its historical level of emissions. Of this amount, EVN was granted 1.58m t, which falls short of EVN's long-term average by 0.5m to 0.8m t per year. Within the context of its portfolio and risk management, EVN takes part in trading with emission certificates in order to be able to cover its CO_2 emission requirements. (Detailed information on certificates purchased in the 2008/09 financial year is found in the Note 52, page 110).

Network stability thanks to the incentive regulatory system

A four-year incentive regulatory system was applied to electricity networks at the beginning of 2006 and a five-year model for gas networks at the beginning of 2008. It foresees compensation for inflation, adjusted to deduct a general rise in productivity anticipated for all Austrian network operators, as well as an individual deduction for growth in efficiency. As one of the most efficient providers within the framework of the underlying benchmarking system, EVN can expect a stable development of its electricity and gas network revenues for both regulatory periods. The most important regulations in respect to the second regulatory period for electricity networks (2010–2013) will be adopted at the end of 2009. The main changes are expected to include an updating of the weighted average cost of capital (WACC) and investment incentives.

More favourable regulations to promote new investments

On the basis of the recognised absorbed cost basis, EVN began construction on the southern section of the trans-regional high pressure gas transmission network. This project will serve to increase the reliability of energy supplies in the south of Lower Austria and beyond the borders of the federal province.

Legal framework in South East Europe

Bulgaria

Liberalised electricity market faces obstacles

As prescribed by the new energy law, the Bulgarian electricity market was fully liberalised starting on July 1, 2007. However, a competitive market does not exist. End customers continue to be provided with energy by the central public utility company at regulated prices. These regulated energy prices are significantly below prevailing price levels on European electricity exchanges. As a consequence, customers have not been able to achieve any cost savings based on a changeover to a free market. In addition, utility companies usually do not participate in the liberalised market at all, or only to a limited extent, due to contractual obligations to the public utility company.

Stable regulatory framework for five yeaars

Bulgaria continues to be an exporter of electricity. However, the attainable prices are considerably below those achieved in previous periods. As of July 1, 2009, a new pricing period started within the context of the current, five-year regulatory period which took effect in July 2008. The regulator reduced end customer prices by about 1%, although the prices charged by public upstream suppliers were raised by 3.27%. Price hikes were also carried out for the transmission network and system operation. All three functions are in the hands of the national electricity company NEK. A surcharge was imposed to cover the additional costs arising from the increasing feeding in of electricity generated by renewable energy sources into the power grid at preferential prices, in particular wind power and photovoltaics. Thus the burden is spread equally among all Bulgarian end consumers.

Macedonia

Up until September 2008, the entire electricity requirements in the regulated market were supplied by MEPSO, the operator of the power grid. The amendment to the energy law which took effect on July 5, 2008 fundamentally changed the market organisation and the business relationship of the various market participants. Any losses from the power grid which surpass the officially recognised level are classified as the non-regulated share of electricity and must be sourced on the wholesale market. Prevailing regulations expressly forbid passing on the additional costs to end customers. In this regard, the Energy Community, an organization consisting of EU member states and south-eastern European countries for the purpose of establishing a liberalised electricity market in south-eastern Europe, clearly demands that its member Macedonia reform pricing regulations to ensure total cost coverage, whereas the EU should ensure the independence of the regulatory authorities from political influences.

Unsatisfactory pricing decisions in Macedonia

Effective November 1, 2008, the regulatory authority in Macedonia approved a 13.6% hike in end customer prices, of which only 1.4% was designed as an increase in network access fees for the medium and low voltage networks of EVN in Macedonia. The rest of the price increase results from raising the regulated electricity procurement price of EVN from ELEM by 37.4%, as well as a 110.0% rise in the high voltage and transmission network fees paid to MEPSO. The regulator did not agree to any price increases in 2009. A reduction in losses from the power grid continues to be the focus of EVN's efficiency enhancement efforts. Nevertheless, the currently permitted end customer prices do not cover production costs by any means.

In accordance with reform plans currently being discussed by the government in respect to the further development of the energy market, the Energy Law may be amended once again to ensure a harmonisation of pricing regulations with the prevailing practices in the European Union and initiate the opening of the market for medium-voltage electricity as of 2011, thus taking a further step in the direction of full-scale market liberalization. It is planned for market rules to be introduced in the coming year to precisely define the mutual rights and duties of all market participants, which is designed to remove any legal uncertainties following the amendment to the Energy Law in 2008. The social subsidies approved by the government as a means of combating energy poverty are expected to take effect in June 2010, and represents an important improvement for EVN.

Overall business environment

Collapse of the business climate

A massive downswing in the global economy took place in the fourth quarter of 2008. This deterioration intensified in the first quarter of 2009. The downturn first slowed down in the middle of 2009. In comparison to the same quarterly period of the previous year, GDP in the Eurozone for the fourth quarter of 2008 was down 1.9%, whereas it declined 2.4% in the first quarter of 2009 and 0.2% in the second quarter. In a year-on-year comparison, GDP in the Eurozone fell by 4.9% in the first quarter of 2009 and 4.8% in the second quarter.

Initial indications of a perceptible recovery in the Eurozone

The most important initial indicators point to a perceptible recovery of the economic situation since the middle of 2009. In the second quarter of 2009, consumer expenditures on the part of private households rose by 0.1%, and the ongoing downward trend in investments lost momentum. The contraction of GDP in the Eurozone is only expected to amount to about 3.5% for the year as a whole. Assuming a stabilisation of the economy in the second half of 2009, forecasts predict a slightly negative growth rate in 2010.

Growth markets seriously affected by the economic crisis

Austria's GDP fell by 2.7% in the first quarter of 2009 compared to the same period of 2008, in line with international developments. The situation stabilised somewhat in the second quarter, with GDP down by only 0.5%. According to the latest forecasts, GDP in Austria will contract by 3.4–3.8%. A slightly positive growth rate could even be achieved in 2010. The economic regions of Central and eastern Europe as well as south-eastern Europe were not immune to the effects of the global recession. Accordingly, negative growth rates of –2.5% and –5.0% respectively are predicted for the two regions in 2009. The Bulgarian economy will contract by 5.0–6.5% in 2009, whereas Macedonian GDP is also expected to decrease by about 2.5%.

Energy sector environment

		2008/09	2007/08	Change in %
Temperature-related energy demand[1]	%	94	102	–7.8
Crude oil – Brent	EUR/bbl	42.91	70.41	–39.1
Gas – GIMP[2]	cent/m³	25.21	28.09	–12.1
Coal – API#2[3]	EUR/t	65.23	98.84	–34.0
CO_2 certificates (1st and 2nd periods)	EUR/t	14.50	17.92	–19.1
Electricity – spot market EEX[4]				
Base load	EUR/MWh	46.20	63.20	–26.9
Peak load	EUR/MWh	61.57	86.58	–28.9
Electricity – forward market EEX[4][5]				
Base load	EUR/MWh	66.57	56.01	18.9
Peak load	EUR/MWh	93.33	79.64	17.2

1) Calculated according to the heating degree total in Austria. The basis (100%) corresponds to the long-term average value 1997–2006.
2) Gas Import Price (GIMP)
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) EEX – European Energy Exchange
5) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review.

Energy sector framework

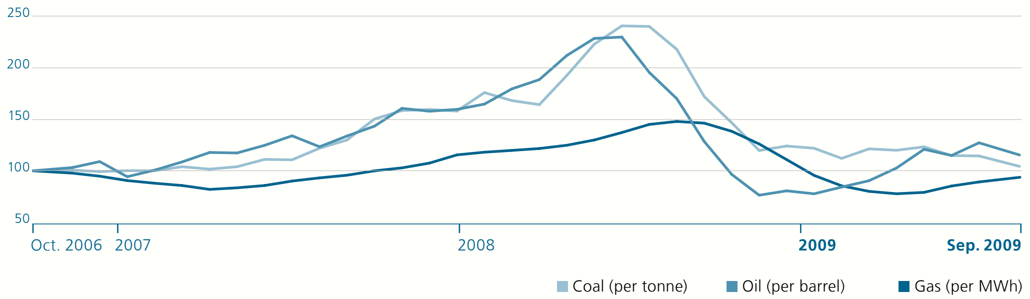
The business environment in the Energy sector has a considerable influence on the business development of the EVN Group. Weather conditions have a particular impact on household energy consumption, in particular on gas and heating demand. The energy demand on the part of industrial companies is mainly dependent on their sales development and thus on the macroeconomic environment.

Mild temperatures in Austria and Macedonia, colder in Bulgaria

In the 2008/09 financial year, the mild temperatures in Austria and Macedonia had a slightly negative effect on overall demand. Temperature-related energy demand was down 6.0% and 13.1% respectively compared to the long-term average. In contrast, the heating degree total in Bulgaria was 2.8% higher than the long-term average.

As a consequence of the economic recession, primary energy and electricity prices as well as the costs of CO_2 emission certificates declined considerably in the course of the 2008/09 financial year. The price of North Sea crude oil (Brent), the variety of the highest relevance to Europe, decreased by 45.3% in US dollars, whereas the euro price was down 39.1%. The coal price, which fell by about 34.0%, also reflected this development. Gas procurement costs, linked to the price of crude oil but with a time delay, only declined by 12.1% on average during the period under review, but posted a massive drop of 30.0% in the second half of the financial year. The prices for CO_2 emission certificates were down 19.1% in the 2008/09 financial year, due to lower electricity demand and production.

Primary energy price trends (indexed)
in %

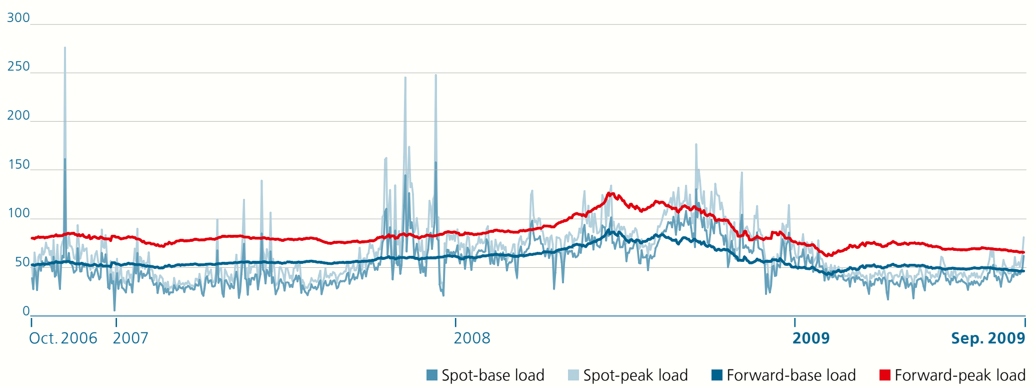


Collapse of electricity prices

During the year under review, European electricity prices fluctuated inconsistently at a low level. As a result of the price decline for primary energy since the middle of 2008 as well as the economic downturn since the fourth quarter of 2008, spot market prices for base load and peak load electricity fell by 26.9% and 28.9% respectively compared to the previous year.

In order to ensure the reliability of its energy supply, EVN purchases primary energy and electricity on the forward market. At the time supply contracts for the first three quarters of 2008/09 were concluded in the summer of 2008, prices were still at a high level, comprising the main reason for the rise in EVN's end customer prices for electricity and gas carried out as of November 1, 2008. However, the gas price was reduced twice during the 2008/09 financial year, reflecting the development of primary energy prices.

Electricity price trends (electricity spot and forward market)
in EUR/MWh



Electricity consumption in Austria declined

Due to the recession, electricity consumption in Austria has declined significantly since the fourth quarter of 2008. According to the regulatory authority E-Control, electricity use decreased by 3.2% in the fourth quarter of 2008, and dropped 2.9% and 7.9% respectively in the first and second quarters of 2009. Industrial electricity demand fell by about 10.0% due to the overall economic situation. On balance, total Austrian energy consumption is expected to decline by about 8.0% in the year 2009.

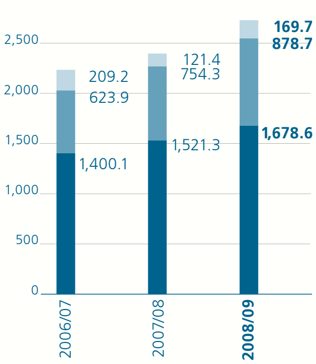
However, sales volumes of the EVN Group declined more moderately due to its stable customer structure in Lower Austria and in the south-eastern Europe region. Electricity sales were only down slightly in Lower Austria. Despite the economic crisis, revenues continued to rise in Bulgaria and Macedonia.

Influencing factor	Effect on the business development compared to 2007/08
Temperature	Slightly negative
Primary energy prices	Positive
Electricity prices – forward market	Negative
Electricity prices – spot market	Positive
Electricity sales	Positive
Gas sales	Negative
Heating sales	Positive

The following conclusion can be drawn when taking the various influencing factors into account. The price decline for primary energy (crude oil, natural gas and hard coal) generally had a positive effect on the business development of the EVN Group. EVN's procurement strategy focuses on ensuring the reliability and security of energy supplies. Therefore, prices on the forward market comprise the decisive factor underlying EVN's earnings development. At the time supply contracts were concluded in the autumn of 2008, electricity prices for delivery in the 2008/09 financial year were still at a high level (see chart page 43). For this reason, the market price effects impact the earnings development of EVN with a corresponding time delay. Due to the limited use of EVN's own thermal power stations, the prices for CO_2 emission certificates were not of major significance during the year under review.

Overall business development

Revenue by region
EURm



These consolidated financial statements were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS, as adopted by the EU). Compared to the previous year, the consolidation range (see notes, note 4. Consolidation range, page 80) was expanded by two fully consolidated subsidiaries as well as one proportionally consolidated joint venture and one associated company included at equity. All in all, the consolidated financial statements now encompass – including EVN AG as the parent company – a total of 53 fully consolidated companies (previous year: 51) as well as five proportionally consolidated companies (previous year: four) and 14 associated companies included at equity (previous year: 13).

Income statement

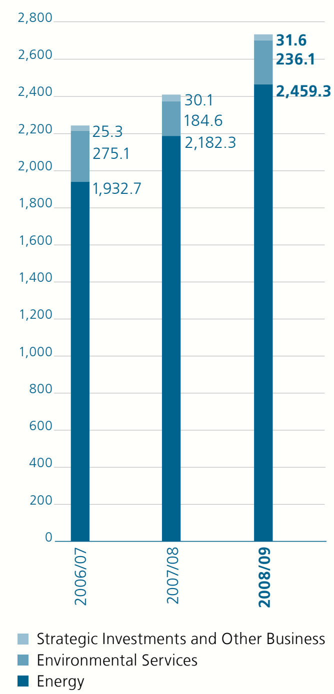
In the 2008/09 financial year, EVN raised its total revenue by 13.8%, or EUR 330.0m, to EUR 2,727.0m. The revenue improvement in the Energy segment, amounting to 12.7%, or EUR 277.0m, to EUR 2,459.3m, was primarily due to higher electricity sales volumes in Macedonia in consequence of a reduction of networks losses and increased heating sales volumes in Austria and Bulgaria, as well as upward price adjustments for electricity, gas and heat in the Austrian and South East European regions supplied, which in turn were made necessary by the strong rise in energy procurement prices in previous periods. Business development in the Environmental Services segment was characterised by a higher volume of orders received, which led to a revenue increase of 27.9%, or EUR 51.5m, to EUR 236.1m. Accordingly, the Energy segment's share of total revenue amounted to 90.2% (previous year: 91.0%), revenue generated by the Environmental Services segment climbed to a share of 8.7% of total revenue (previous year: 7.7%). Revenue generated outside of the Austrian market of EUR 1,048.4m (previous year: EUR 875.7m) corresponds to a 38.4% share of revenue generated abroad (previous year: 36.5%).

Condensed consolidated income statement

	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Energy revenue	2,459.3	2,182.3	277.0	12.7	1,932.7
Environmental Services revenue	236.1	184.6	51.5	27.9	275.1
Strategic Investments and Other Business revenue	31.6	30.1	1.5	5.0	25.3
Total revenue	**2,727.0**	**2,397.0**	**330.0**	**13.8**	**2,233.1**
Other operating income	61.7	50.9	10.8	21.3	45.6
Change in work in progress and own work capitalised	21.6	11.8	9.8	83.4	8.3
Electricity purchases and primary energy expenses	–1,653.2	–1,375.8	–277.3	–20.2	–1,176.1
Other materials and services	–297.5	–281.7	–15.8	–5.6	–335.2
Personnel expenses	–319.4	–304.4	–15.0	–4.9	–288.9
Other operating expenses	–166.8	–135.3	–31.4	–23.2	–136.1
EBITDA	**373.4**	**362.3**	**11.1**	**3.1**	**350.7**
Depreciation and amortisation	–198.2	–195.7	–2.5	–1.3	–153.3
Results from operating activities (EBIT)	**175.2**	**166.6**	**8.6**	**5.2**	**197.3**
Financial results	**50.8**	**68.9**	**–18.0**	**–26.2**	**90.1**
Profit before income tax	**226.0**	**235.5**	**–9.4**	**–4.0**	**287.4**
Income tax	–28.0	–5.6	–22.4	–	–28.5
Net profit for the period	**198.0**	**229.8**	**–31.8**	**–13.9**	**259.0**
Thereof minority interest	20.1	42.9	–22.8	–53.2	31.9
EVN AG shareholders (Group net profit)	177.9	186.9	–9.0	–4.8	227.0
Earnings per share in EUR [1]	**1.09**	**1.14**	**–0.05**	**–4.8**	**1.39**

1) The figures for the 2006/07 financial year were adapted to reflect the stock split in a ratio of 1:4 carried out effective April 17, 2008.

Revenue by segment
EURm



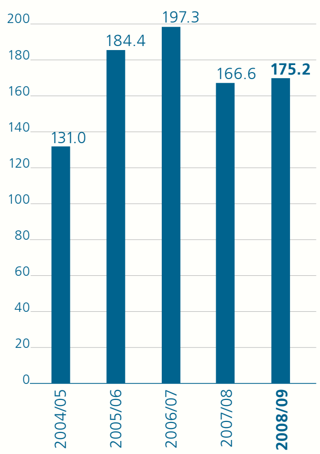
High prices for electricity and primary energy

Due to energy quantities purchased at the higher market prices prevailing in previous periods as a means of ensuring the reliability and security of energy supplies, electricity purchases and primary energy expenses rose by 20.2% compared to the previous year, or EUR 277.3m, to EUR 1,653.2m. As a result of the gratifying order intake in the project business of the Environmental Services segment, the cost of materials and services rose by 5.6%, or EUR 15.8m, to EUR 297.5m, despite the decline in maintenance investments.

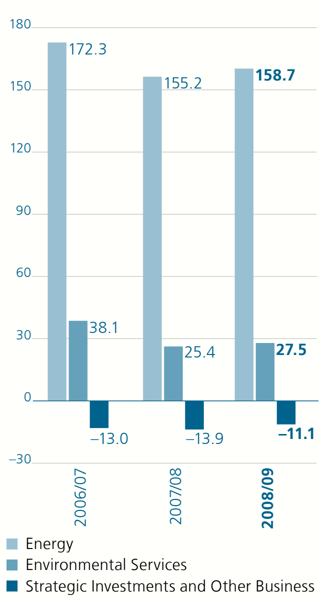
Increasing personnel expenses

The average number of employees in the EVN declined by 4.3%, or 405 people, to 8,937 at the end of the 2008/09 financial year. This development is primarily due to the reduction abroad by 7.3%, or 500 people, related to the successfully implemented restructuring programme in Bulgaria and Macedonia. In contrast, work force in Austria rose by 3.8%, or 95 people, to 2,563 employees, of which 68 employees work for the fully consolidated telecommunications provider B.net in Burgenland, which has been included in the consolidated financial statements of the EVN since the second quarter of 2008/09. Concerning this development and contractually stipulated wage increases mandated by collective agreements, costs for the ongoing restructuring measures in South East Europe, as well as additional pension payments made to EVN-Pensionskasse, total personnel expenses climbed by 4.9%, or EUR 15.0m, to EUR 319.4m.

Results from operating activities (EBIT)
EURm



EBIT by segment
EURm

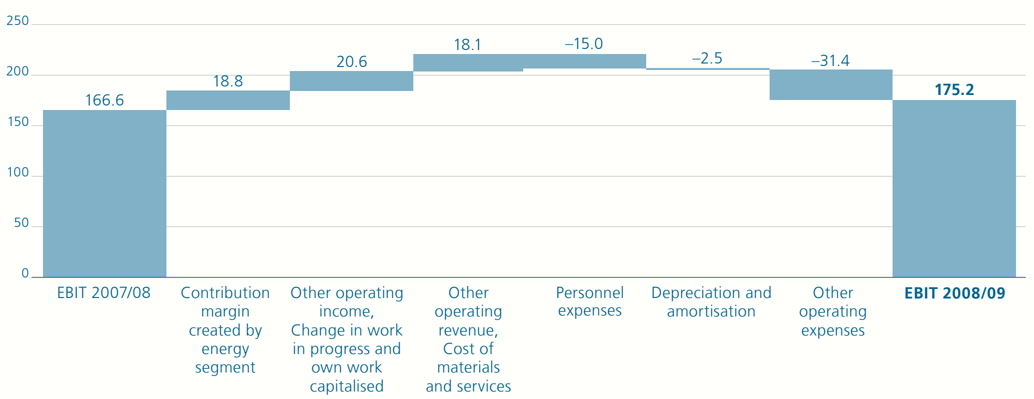


Depreciation and amortisation rose by 1.3%, or EUR 2.5m on the basis of the continuation of investment projects and the initial consolidation of B.net, although the previous year included an unscheduled negative profit contribution of EUR 12.0m. However, no extraordinary depreciation or reversals of impairment losses were necessary in the 2008/09 financial year. Other operating expenses rose by 23.2%, or EUR 31.4m, to EUR 166.8m, particularly being the result of the increased write-offs of receivables in South East Europe as well as higher legal and consulting fees.

Based on the above-mentioned developments in the 2008/09 financial year, EBITDA climbed by 3.1%, or EUR 11.1m, to EUR 373.4m, despite the difficult business environment. However, due to the comparatively stronger revenue increase, the EBITA margin fell from 15.1% to 13.7%.

The result from operating activities (EBIT) amounted to EUR 175.2m, a rise of 5.2%, or EUR 8.6m, from the previous year. The EBIT margin dropped from 7.0% to 6.4%. The Energy segment contributed EUR 158.7m to the total EBIT, the Environmental Services segment EUR 27.5m.

Development of EBIT 2008/09 compared to previous year
in EURm



The financial results in the 2008/09 financial year were significantly below the previous year's figure, decreasing by 26.2%, or EUR 18.0m, to EUR 50.8m. The higher dividend distributed by Verbundgesellschaft could not compensate for the lower profit contribution from Group investments related to the declining earnings contributions of investments in associates included at equity, particularly RAG, for which reason the total profit contribution from Group investments was down 31.4%, or EUR 43.0m, to EUR 94.0m. Despite the lower interest rates prevailing most recently, the higher level of financial liabilities led to an increase in interest expense by EUR 1.0m. Interest income, which is mainly derived from investment funds, loans and borrowings and the interest components of leasing payments from the project business of the Environmental Services segment, declined from EUR 49.9m to EUR 47.4m. On balance, the interest results deteriorated by EUR 3.5m, to EUR –38.5m. Other financial results rose on the basis of the latest developments on global financial markets, but remained slightly negative at EUR –4.7m despite the improvement of EUR 28.4m.

Profit before income tax

Taking the above-mentioned changes in the financial results into account, the profit before income tax was down 4.0%, or EUR 9.4m, to EUR 226.0m. The lower tax-free income from investments in other companies, and a positive one-off effect of EUR 11.0m related to a valuation change pertaining to deferred taxes in the 2008/09 financial year, led to an increase in total income tax expense by EUR 22.4m, to EUR 28.0m, although there was a decline in the profit before income tax.

Group net profit

Taking account of the decline in profit contribution of RAG, which is included at equity, minority interest was down EUR 22.8m compared to the previous year, to EUR 20.1m. The lower profit before income tax and the increased income tax expense resulted in a 4.8% or EUR 9.0m decline in the Group net profit, to EUR 177.9m. This corresponds – taking the buyback of treasury shares into consideration – to earnings per share of EUR 1.09 (previous year: EUR 1.14), a decline by 4.8%.

Consistent with the mainly stable business development, the Executive Committee will propose a dividend of EUR 0.37 per share to the Annual General Meeting (previous year: EUR 0.37), which corresponds to a dividend payout ratio of 33.9% (previous year: 32.4%) and a dividend yield of 2.7% (previous year: 2.5%).

Development of selected indicators

		2008/09	2007/08	2006/07
ROE	%	6.3	7.4	9.0
Average equity	EURm	3,167.8	3,111.6	2,885.3
WACC after income tax[1]	%	6.5	6.5	6.5
OpROCE[2]	%	6.7	8.7	9.0
Average capital employed[2]	EURm	3,493.8	3,219.7	3,041.2
Profit after income tax (NOPAT)[1]	EURm	234.4	280.9	275.2
EVA®	EURm	7.8	71.7	77.5

1) The weighted average cost of capital is calculated on the basis of a cost of equity capital amounting to 9.3% and a cost of interest-bearing debt (after tax) of 3.4%, as well as an equity ratio of 50.0%.
2) Adjusted for impairments and one-off effects. The market value of the shareholding in Verbundgesellschaft is not included in the capital employed in order to consistently convey the development of the value contribution.

Earnings and dividend per share in EUR

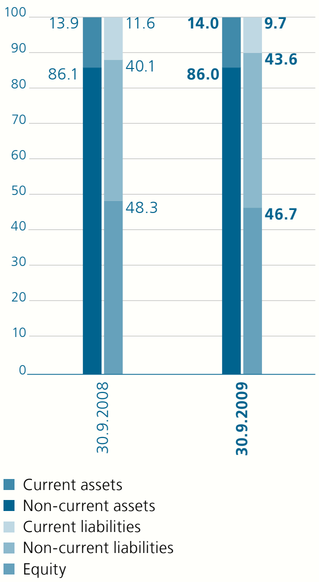
1) The figures for the 2006/07 financial year were adapted to reflect the stock split in a ratio of 1:4 carried out effective April 17, 2008.

On the basis of the decreased profit after income tax and the higher average equity, the return on equity (ROE) fell from 7.4% to 6.3%. The changed market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss as well as the increase of minority interests due to the changed presentation of RAG (see notes, note 6. Changes in accounting and valuation methods, page 82) are taken into consideration in evaluating the development of the capital base. While the first aspect led to a decline in equity, the second led to an increase.

EVA®, operating ROCE, WACC

When neutralising this valuation effects, the performance indicators for the 2008/09 financial year show a lower economic value added (EVA®) of EUR 7.8m, and an operating return on capital employed (OpROCE) down from 8.7% to 6.7% compared to previous year's figures. In addition to the significantly lower income from investments related to the strong decline in primary energy prices and higher income tax expense, the main reason is the increase in interest-bearing total capital, due to the continuation of long-term infrastructure investments in the electricity and gas networks as well as in the generation area. During the period under review, the weighted average cost of capital after tax (WACC) of EVN, adjusted for specific corporate and country risks, was 6.5%, similar to the previous year.

Balance sheet structure
in %



Balance sheet

The balance sheet total of EVN at EUR 6,695.4m was at approximately the same level as in the previous year. Whereas the value of non-current and current assets changed only minimally, there were more pronounced changes in their composition. In respect to non-current assets, intangible assets and property, plant and equipment climbed significantly due to the acquisition of B.net and ongoing investments. Similarly, investments in associates included at equity also increased, primarily as a result of the changed presentation of RAG. At the same time, there was a decline in other financial assets, particularly in other investments, attributable to the change in the market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss. In terms of current assets, a rise in inventories contrasted a decrease in securities.

Condensed consolidated balance sheet	30.9.2009 EURm	30.9.2008 EURm	Change EURm	Change %	30.9.2007 EURm
Assets					
Non-current assets					
Intangible assets and property, plant and equipment	3,018.3	2,749.5	268.7	9.8	2,477.0
Investments in associates included at equity and other financial assets	2,122.2	2,365.0	–242.8	–10.3	2,073.7
Other non-current assets	620.7	597.9	22.8	3.8	615.3
	5,761.2	**5,712.4**	**48.8**	**0.9**	**5,166.0**
Current assets	**934.2**	**923.9**	**10.3**	**1.1**	**1,095.9**
Total assets	**6,695.4**	**6,636.3**	**59.1**	**0.9**	**6,261.9**
Equity and liabilities					
Equity and liabilities					
Equity attributable to EVN AG shareholders	2,783.8	2,975.9	–192.1	–6.5	2,788.0
Minority interest	343.4	232.5	110.9	47.7	226.7
	3,127.2	**3,208.5**	**–81.3**	**–2.5**	**3,014.7**
Non-current liabilities					
Non-current loans and borrowings	1,702.5	1,358.9	343.6	25.3	1,172.6
Deferred tax liabilities and non-current provisions	751.9	850.3	–98.4	–11.6	821.2
Deferred income from network subsidies and other non-current liabilities[1)]	469.3	446.1	23.2	5.2	406.7
	2,923.7	**2,655.3**	**268.4**	**10.1**	**2,400.6**
Current liabilities					
Current loans and borrowings	17.0	153.9	–136.9	–89.0	247.2
Other current liabilities	627.5	618.6	8.9	1.4	599.4
	644.5	**772.5**	**–128.0**	**–16.6**	**846.6**
Total equity and liabilities	**6,695.4**	**6,636.3**	**59.1**	**0.9**	**6,261.9**

1) The previous year's values have been adapted to reflect the new reporting system. See notes, note 6. Change in accounting and valuation methods, page 82

Reduction in equity

The reduction in equity of 2.5%, or EUR 81.3m, to EUR 3,127.2m, was on the one hand related to the reported change in the market valuation of the shareholding in Verbundgesellschaft without recognition to profit or loss and on the other hand to the dividend payment for the 2007/08 financial year amounting to EUR 60.3m for the shareholders of EVN AG and EUR 35.0m to minority interest. In contrast, the net profit for the period in the 2008/09 financial year and the changed presentation of RAG had a positive effect on equity. Related to that, the equity ratio fell from 48.3% to 46.7%.

Increase in non-current liabilities

The development of non-current liabilities was characterised by the increase in non-current loans and borrowings, which rose 25.3%, or EUR 343.6m, to EUR 1,702.5m, which was primarily due to the issuing of five corporate bonds with a total volume of EUR 470.0m. At the same time, the syndicated credit facility was partially redeemed. Deferred tax liabilities declined by 26.9%, or EUR 112.9m, to EUR 307.1m, mainly as a result of the change in the market valuation of the shareholding in Verbundgesellschaft.

Reduction in current liabilities

The redemption of the CHF obligation with a volume of CHF 200.0m at a nominal interest rate of 2.43%, which had still been included under current loans and borrowings in the 2007/08 financial year, was the chief factor impacting the development of current liabilities, which decreased by 16.6% or EUR 128.0m compared to the previous year's level, to EUR 644.5m.

Financial and liquidity situation

Ensuring sufficient liquidity was a top priority for EVN in the 2008/09 financial year, considering the threat of a potentially serious credit crunch as a result of the global financial and economic crisis. Following the bankruptcy of Lehman Brothers in September 2008, it was very difficult for a short time to conclude credit lines and bonds could not be issued at acceptable terms and conditions at that time.

Bond issues and redemption

The CHF obligation and the DEM bond, redeemed in April 2008 and August 2008 respectively, at first were refinanced by partially drawing upon the existing syndicated credit facility. This line of credit, concluded on September 12, 2006, features a volume of up to EUR 600.0m, and is at EVN's disposal until September 2013.

At the end of December 2008, EVN successfully placed a JPY bond to the amount of JPY 12.0 bn and a maturity of 15 years on the capital market, followed by a CHF bond to the amount of CHF 250.0m and a maturity of five years in February 2009. The newly issued five-year CHF corporate bond was already being used to refinance the CHF obligation with a volume of CHF 200.0m, which fell due on June 10, 2009. Both of the newly issued foreign currency bonds are quantoed by swaps.

In order to further strengthen the liquidity situation of EVN, three private placements in EUR were carried out in June 2009, boasting a total volume of close to EUR 210.0m, with a maturity ranging from seven to ten years. The aim of these issues was to further diversify the bond portfolio in respect to the terms to maturity. All in all, the issued bonds totalled about EUR 470.0m in the course of the 2008/09 financial year.

Syndicated credit facility

During the period under review, the syndicated credit facility which EVN had drawn upon was successively paid back. Accordingly, in addition to the cash at its disposal as a liquidity reserve at the balance sheet date, EVN can thus also draw upon the entire EUR 600.0m revolving credit facility (previous year: EUR 400.0m unused and immediately available). Also, EVN continues to have access to the capital market on the basis of its good reputation with investors, its operating in a relatively crisis-resistant sector and its solid ratings. The successful bond issues of the 2008/09 financial year served to safeguard EVN's liquidity on a long-term basis. The stable financial situation will help fulfil the demands arising from everyday business operations.

In respect to external financing of the entire Group (bonds, loans, hedging), the current mix consists of 54.0% fixed interest-bearing debt and 46.0% variable interest-bearing debt. The average interest rate resulting is 3.5%. The duration of this portfolio amounts to 3.17.

The following chart illustrates the development of net debt:

Net debt	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Non-current loans and borrowings	1,702.5	1,358.9	343.6	25.3	1,172.6
Current loans and borrowings[1]	0.1	127.0	–126.9	–99.9	225.4
Cash and cash equivalents	–113.6	–94.1	–19.5	20.7	–54.4
Current securities	–86.7	–136.0	49.2	–36.2	–395.7
Non-current securities	–102.4	–102.9	0.5	–0.5	–101.2
Loans receivable	–21.6	–21.6	–	–	–21.4
Net debt	**1,378.2**	**1,131.3**	**246.9**	**21.8**	**825.3**
Equity	**3,127.2**	**3,208.5**	**–81.3**	**–2.5**	**3,014.7**
Gearing (%)[2]	**44.1**	**35.3**	**–**	**8.7**	**27.4**

1) Excl. bank overdrafts contained in cash and cash equivalents
2) Changes reported in percentage points

Gearing: ratio of equity to debts

The increase in net debt related to the investment activities and the decline in equity led to a deterioration of gearing by 8.8 percentage points, to 44.1%. The increase in net debt also resulted in a decrease in the net debt coverage from 41.3% to 30.6%. The higher interest expense combined with the lower Funds from Operations (FFO) reduced the interest cover from 5.5 to 4.9.

Development of cash flow

Gross cash flow

The decline in the profit before income tax from EUR 235.5m to EUR 226.0m was not reflected in the development of the gross cash flow, which rose 4.3%, or EUR 18.5m, to EUR 445.1m. The increases in the non-cash items of income from investments in associates included at equity and non-current provisions were contrasting a significant reduction in the negative profit contributions in other financial results compared to the previous year. This weakened the overall rise of the gross cash flow.

Condensed consolidated cash flow statement	**2008/09 EURm**	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Profit before income tax	226.0	235.5	–9.4	–4.0	287.4
Non-cash items	219.1	191.2	27.9	14.6	124.7
Gross cash flow	**445.1**	**426.7**	**18.5**	**4.3**	**412.1**
Changes to current and non-current balance sheet items	–74.5	–15.6	–59.0	–	–51.7
Income tax paid	–35.3	–28.5	–6.8	23.9	–17.6
Net cash flow from operating activities	**335.3**	**382.6**	**–47.3**	**–12.4**	**342.8**
Changes in intangible assets and property, plant and equipment	–349.6	–350.4	0.8	–0.2	–206.2
Acquisition of subsidiaries, net of cash acquired	–20.4	–35.0	14.6	-41.6	–
Changes in non-current financial and other assets	–56.4	–186.8	130.4	–69.8	18.8
Changes in current assets	26.1	245.4	–219.4	–89.4	–107.7
Net cash flow from investing activities	**–400.4**	**–326.8**	**–73.6**	**22.5**	**–295.2**
Net cash flow from financing activities	**84.3**	**–16.0**	**100.3**	**–**	**–70.1**
Net change in cash and cash equivalent	**19.2**	**39.8**	**–20.6**	**–51.8**	**–22.4**
Cash and cash equivalents at the beginning of the period	**94.1**	**54.4**	**39.8**	**73.2**	**76.8**
Cash and cash equivalents at the end of the period	**113.6**	**94.1**	**19.5**	**20.7**	**54.4**

Net cash flow from operating activities

The decline in net cash from operating activities by 12.4%, or EUR 47.3m, to EUR 335.3m, can be attributed to the disadvantageous development of current and non-current balance sheet items – in which a slighter increase in trade accounts receivable was offset by a greater decline in liabilities and a higher rise in inventories – as well as a higher income tax expense.

Net cash flow from investing activities

The net cash flow from investing activities included ongoing investments in property, plant and equipment and intangible assets at approximately the same level as the previous year. As the financing of the increased shareholding in RAG in the previous year had been based on the sale of securities, a significantly lower net cash outflow reported under "Changes in non-current financial and other assets" led to a rising net cash outflow by EUR 73.6m in the 2008/09 financial year resulting in a net cash flow from investing activities totalling EUR –400.4m. The item "Changes in non-current financial and other assets" was characterised by the addition of investments in associates included at equity as well as the increase in lease receivables in the Environmental Services segment.

Net cash flow from financing activities

As the dividend distributed was at approximately the same level as in the previous financial year, the net cash inflow was primarily related to the development of current loans and borrowings (see page 50. Net debt).

Net change in cash and cash equivalents

For EVN all the above-mentioned developments led to a positive net change in cash and cash equivalents of EUR 19.2m, whereby cash and cash equivalents rose to EUR 113.6m. At the balance sheet date of September 30, 2009, EUR 86.7m were held in current securities (previous year: EUR 136.0m), which in accordance with IFRS were not allocated to cash and cash equivalents. Moreover, the entire syndicated credit facility of EUR 600.0m was at disposal on the balance sheet date (September 30, 2009: EUR 400.0m unused and immediately available). Therefore, there are sufficient liquidity reserves at disposal to finance the development of the business operations, whereby the liquidity situation of EVN continues to remain stable.

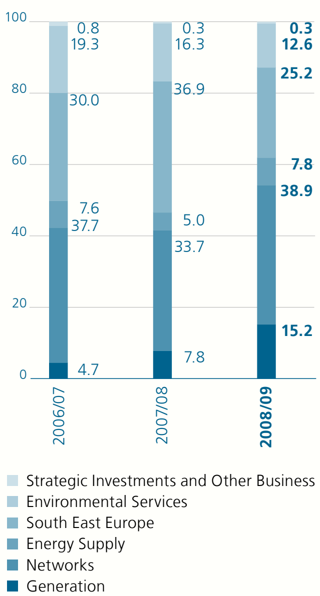
Investment activity

Investments

While the investments of EVN in intangible assets and property, plant and equipment amounted to EUR 415.7m, hovering at the previous year's level, particular importance was attached to investments in the Lower Austrian region supplied which climbed by EUR 21.4m and EUR 11.9m in the Networks and Supply business units respectively. The investment volume in South East Europe settled down at a much lower level in the 2008/09 financial year, following the massive investments made in previous years to improve energy supply reliability and quality as well as to expand and upgrade the network infrastructure and electricity meters in the region.

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

Structure of EVN investments
in %



Investment priorities at EVN EURm	2008/09	2007/08
Generation	**63.4**	**32.3**
Thereof thermal power stations	31.5	26.6
Thereof windpark in Bulgaria	28.3	–
Networks	**161.5**	**140.0**
Thereof electricity networks	74.9	107.2
Thereof gas networks	82.6	27.3
Supply	**32.5**	**20.6**
Thereof district heating plants	29.2	20.5
South East Europe	**104.8**	**153.2**
Environmental Services	**52.4**	**67.9**
Thereof third waste incineration line in Dürnrohr	29.2	39.0
Thereof combined cycle heat and power plant in Moscow	5.1	6.4
Thereof supra-regional power lines, local networks and wastewater	9.1	14.9
Strategic Investments and other Business	**1.1**	**1.6**
Total	**415.7**	**415.6**

Human resources

Employee qualifications as a success factor

The EVN considers the qualifications and dedication of its 8,937 employees to be the stable basis of its corporate success. Accordingly, the company is strongly committed to investing in ongoing professional training and further education courses, safety measures and in the implementation of modern management tools.

Successful integration of employees in South East Europe

In the 2008/09 financial year, expenditures on further education (seminar fees, trainers, e-learning) amounted to about EUR 2.9m (previous year: EUR 2.9m), which corresponds to EUR 324.5 per employee (previous year: EUR 314.9). In addition to IT courses and specialised instruction, a further focal point of the company's efforts is strengthening the social competence of employees. In July 2008, an initiative recognised and supported by the European Social Fund was launched in Bulgaria to improve the foreign language skills of employees. By the end of 2009, a total of 284 employees will have completed English and German language courses. The executive training programme in Bulgaria and Macedonia was continued. Department heads and team leaders were trained during the year under review. In 2010, all senior managers of customer service centres will participate in this programme. Employees spent an average of 23.9 hours on each completed training course.

Development programme for high potentials, trainee programme in Macedonia

EVN prefers to recruit people for top management positions from within its own ranks. The "International Development Programme for High Potentials" was launched to promote qualified employees in Austria, Bulgaria, Germany and Macedonia. At present, a total of 20 employees are taking part in the programme which was initiated at the beginning of 2009. To have employees with the highest qualification in the future, three trainee programmes have been offered in Macedonia since 2007 to help employees get a comprehensive insight into the company and its internal processes. 38 electrical engineers are participating in the twelve month training drive in 2009, rotating among different departments and supported by designated mentors. In addition, practical training is complemented by courses provided at the EVN Macedonia Academy.

Environment and sustainability

Environmental protection and sustainability as permanent features of EVN's corporate strategy

EVN has integrated the responsible use of natural resources as a key aspect of a sustainability-oriented corporate management, and considers this approach to be a decisive success factor. By promoting renewable energy sources such as hydroelectric and wind power, biomass and biogas, EVN not only makes a valuable contribution to reducing CO_2 emissions but also towards reducing the company's dependence on fossil-based primary energy sources. To ensure the highest possible effectiveness of its power generating plants, EVN makes us of state-of-the-art technologies, such as combined cycle heat and power facilities. Almost all of EVN's thermal power stations have been granted an environmental certificate.

Minimisation of risks for the environment

In order to minimise environmental risks, EVN has been implementing an environmental management system in line with EMAS and ISO 14001 standards since 1996. This applies to all facilities which potentially have a major impact on the environment. In recent years, these efforts have been expanded and upgraded into an integrated management system. EVN attaches considerable importance to setting up efficient environmental management systems complying with EU standards in the integration of its Bulgarian and Macedonian subsidiaries. A project to introduce a company-wide waste management system was launched in Bulgaria. A documentation system for environmental controlling was initiated in Macedonia during the year under review, and the first environmental audit was carried out in accordance with ISO 14001.

Risk management

Definition of risk

The EVN defines risk as the danger of failing to achieve business objectives due to negative deviations from planned business targets. Chances and opportunities are also taken into account when evaluating and controlling risks.

Risk management process

The overriding goal of EVN's risk management system is the targeted safeguarding of existing and future earnings potential. A centrally managed, two phased risk controlling system provides the responsible employees in the EVN with the methods and tools required to identify and evaluate risks. The responsible operative business units communicate their risk positions to the central risk controlling unit, which carries out a cross-divisional assessment, in order to ultimately define suitable measures to minimise risk.

The risk controlling process

The risk controlling process consists of the following measures:

- **Identification:** identification of risks arising from the results of the last risk inventory and the EVN's new business activities
- **Evaluation & analysis:** quantification of risk, aggregration of risks according to different assessment approaches, modelling of profit distribution, preparation of a risk report
- **Reporting:** risk reports are sent to risk managers at regular intervals. The risk reporting to the Executive Board encompasses two corporate bodies, the EVN's risk committee and the risk management working committee, both of which are involved in the evaluation and discussion of risk positions.
- **Process review:** serves to determine the organisational units to be monitored, in which case a method has been developed to identify those units which must be regularly subject to an explicit risk assessment. At the same time, the company regularly carries out analyses to determine whether the pre-defined methodology applied to identify and evaluate risks needs to be revised in the light of changed conditions.

Risk management and control committees

The EVN's risk committee, consisting of the Executive Board, heads of the strategic business units and the risk management work committee, presents and discusses the results of the risk reports. It decides on any potential need for action, convenes working groups and authorises them to carry out specified tasks. The risk committee of EVN is the ultimate authority with the right to adapt the risk management system in accordance with changes in risk positions and to influence risk policies and the strategic orientation.

Functions of the risk management work committee

In contrast, the risk management work committee is authorised to monitor the proper implementation of the risk controlling mechanisms. It also defines the evaluation methods, specifications and guidelines in respect to the type and scope of official reporting tools. This committee consists of the heads of the following central departments: finance and accounting, controlling, general secretariat and corporate affairs, and internal auditing. The latter encompasses an examination of risk controlling processes and the implementation of the planned measures.

Risk profile

Risks in the Energy segment

Market risks faced by EVN relate to the commercial realisation of electricity, gas, coal and CO_2. Profit margin risks can arise in the marketing of electricity, gas and heat as well as the disadvantageous procurement prices for primary energy sources. Hedging strategies such as the diversification of customer segments, the longer-term sale of power plant capacities and fixed pricing agreements (e.g. forwards and futures) are designed to minimise risk. Operational risks in the Energy segment relate to potential disruptions in the production and distribution of electricity and district heat, as well as the procurement and sale of gas.

Risks in the Environmental Services segment

In the Environmental Services segment, risks refer to potential breakdowns of waste incineration facilities as well as disruptions in wastewater treatment systems or in supplying drinking water. EVN applies state-of-the-art technologies and continually implements upgrades to incorporate the best available technologies. Experienced employees of EVN, who regularly take part in professional trainings, play an important role in reducing risk.

Financial risks

EVN counteracts interest rate and foreign exchange risks through derivative hedging instruments. Credit risks are managed on the basis of credit limit management systems and a targeted strategy to diversify business partners. Regular liquidity analyses, long-term, centrally managed financial planning and the safeguarding of the required financial resources enable EVN to counteract liquidity risks.

Political and legal risks

Political and legal risks primarily arise as a result of regulatory conditions, the influence exerted by public authorities on large projects and tougher environmental protection laws. Moreover, changing legal conditions in foreign markets also pose a major challenge, which is overcome by cooperating with local, regional, national and international authorities and interest groups. Legal and political influences on large-scale projects are reduced by concluding strategic partnerships for large projects. Liability rights and right of recourse are ensured on the basis of corporate law.

General risk profile

Political and legal risks primarily arise as a result of regulatory conditions, the influence exerted by public authorities on large projects and tougher environmental protection laws. Moreover, changing legal conditions in foreign markets also pose a major challenge, which is overcome by cooperating with local, regional, national and international authorities and interest groups. Legal and political influences on large-scale projects are reduced by concluding strategic partnerships for large projects. Liability rights and right of recourse are ensured on the basis of corporate law.

Risk-oriented internal controlling system

On the basis of changes made to the Company Law Amendment Act 2008, capital market oriented companies are now required to include details in their management reports summarising the most important components of their internal control and risk management systems applied to accounting processes. In accordance with this legal obligation, EVN has established a "Risk-Oriented Internal Control Systems (RIKS) based on the internal controlling system of the company. It ensures the smooth functioning of the operational process as well as clearly-defined duties and responsibilities and eliminates unnecessary process steps. Following the initial implementation of the new system during the year under review, it will actually be applied at EVN AG in 2009/10. This represents a further step towards safeguarding the processes underlying financial reporting.

The most important risks for EVN and measures to minimise them

Market and competitive risks

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

Profit margin risks
Energy sales: non-achievement of profit margins
→ 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 entire costs of operating the network as reflected in network tariffs imposed by the regulator
→ Lobbying with national and international regulatory authorities and interest groups

Counterparty risk
Complete or partial failure on the part of a business partner to provide the agreed service
→ Contractual stipulations, insurance and diversification of business partners

Supplier risk
Increasing project costs in building up new production capacities
→ Partnerships, contractual safeguarding of economic parameters as far as possible, external expert reports

Financial risk

Foreign currency risks
Financing in JPY and CHF
→ Monitoring, limits and hedging instruments

Liquidity risk
Inability to redeem financial liabilities on schedule
→ Long-term, centrally managed financial planning, contractual safeguarding of financing requirements

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

Rating change
Higher refinancing costs as a result of worthening of the rating
→ Ensuring performance to fulfil relevant financial indicators

Interest rate risks
Changes in market interest rates, value changes in variable-interest financial instruments
→ Use of hedging instruments

Operational risks

Technological risk
Late recognition and application of new technologies
→ Active participation in external research projects and ongoing upgrading to ensure use of state-of-the-art technologies

Infrastructure risks
False construction or application of technical facilities
→ Elimination of technical weak spots, regular checks and inspection of infrastructure existing at present or required in the future

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

Legal, political and macroeconomic risks

Regulatory framework
Changes in the legal framework (e.g. environmental laws or varying regulations in South East Europe)
→ Cooperation with interest groups, associations and public authorities on a regional, national and international level

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

Other risks

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

Project risk
Increasing project costs in building up new production capacities as a result of subsequent technical adjustments and changes in the legal framework
→ Contractual safeguarding of economic parameters as far as possible

Employee risk
Loss of highly qualified employees, absence due to occupational accidents
→ Occupational health care and safety measures, flexible working time models

Disclosures in accordance with § 243a, Corporate Code

Share capital

1. The share capital of EVN AG amounts to EUR 300,000,000 and is divided into 163,525,820 zero par value bearer shares. The Executive Board determines the form and contents of the share certificates, profit participation certificates, renewal coupons, interim shares, interim global certificates and interest coupons and warrants. Any claim made by shareholders to individual certificates shall be excluded. All shares have the same rights and obligations.

Voting rights

2. There are no restrictions of voting rights except for the stipulations contained in Austrian stock corporation law.

Shareholder structure

3. On the basis of constitutional law regulations, the Province of Lower Austria is the majority shareholder, with a 51% stake in EVN AG. Its shareholding in EVN is held via NÖ Landes-Beteiligungsholding GmbH. According to the announcement made by the German company EnBW Energie Baden-Württemburg AG in accordance with stock exchange law on October 23, 2008, EnBW owns more than 35% of the shares in EVN. Within the context of the share buyback programme approved by the 79th Annual General Meeting, a total of 534,864 treasury shares had been held at the balance sheet date September 30, 2009 (representing 0.33% of the share capital). The remaining shares are in free float.

Control rights

4. No shares with special control rights have been issued.
5. Employees who own shares may exercise their voting rights at the Annual General Meeting.

Corporate bodies

6. The Executive Board consists of three members who are appointed and can also be dismissed by the Supervisory Board. In addition to prevailing stock corporation laws, EVN must comply with the law governing the filling of positions, which stipulates that job vacancies must be publicly advertising. The Supervisory Board consists of at least ten and a maximum of fifteen members, who are elected by the Annual General Meeting. The election is valid for the longest period permitted by stock corporation laws.

Acquisition of treasury stock and authorised capital

7. On January 15, 2009 the Annual General Meeting authorised the Executive Board to buy back EVN's own shares in accordance with § 65 (1) line 4 of the Austrian Stock Corporation Act to acquire its own non-par value bearer shares in the company for the purpose of issuing them as stock options to employees, top executives, members of the Executive and Supervisory Boards of EVN or an affiliated company, or, a buyback without purpose as stipulated in § 65 (1) line 8 of the Austrian Stock Corporation Act, amounting in total to 10 percent of the share capital of EVN AG, for a period of 30 months beginning on the day the resolution is approved. The number of shares which can be acquired in one day is limited to a maximum of 25 percent of the average daily trading over the previous 20 days of trading on the Vienna Stock Exchange. The lowest nominal value to be paid per share is the share price on the last day of trading before the day on which the share is bought back less a 20 percent deduction, whereas the highest price to be paid is the share price on the last day of trading before the day on which the share is bought back including a 10 percent additional charge. Furthermore, the Executive Board is authorized to withdraw these treasury shares without a further resolution of the Annual General Meeting.

   No resolution was passed in respect to authorised capital.

Change of controlling interest

8. The company is not involved in any agreements in respect to a potential change of controlling interest in the case of takeovers.

Compensation agreements

9. No compensation agreements exist which are to the benefit of any corporate bodies or employees in the case of a public takeover offer.

Outlook for the 2009/10 financial year

Overall business environment and energy segment environment

The business success of the EVN Group in the Energy segment primarily depends on prices for primary energy and CO_2 certificates as well as electricity wholesale prices on the European spot and forward markets. Moreover, the development of outdoor temperatures has an influence on sales volumes of electricity, gas and heat. As of November 1, 2008, EVN had to carry out upward price adjustments in end customer prices for electricity and gas in the Lower Austrian regional market due to extremely high prices on international raw material and energy markets. However, following the initial increase in gas prices, the lower primary energy costs were passed on to end customers in the course of the past financial year. The projected development of revenue and earnings in the 2009/10 financial year is based on the following factors:

– Due to the currently small difference between primary energy costs and electricity market prices, EVN only expects to generate a limited amount of power from its own thermal power stations in the **Generation business unit**. This could lead to a slight decline in revenue and earnings.
– In the **Networks business unit**, EVN anticipates stable sales volumes in its electricity and gas networks in the 2009/10 financial year, based on the assumption of average temperatures. EVN does not expect any major negative effects on revenue to arise in connection with potential tariff rate changes. Accordingly, earnings will likely be at the same level as in the preceding year.
– The **Supply business unit** assumes that there will be a slight decline in electricity sales volumes as a result of improved energy efficiency, primarily in households as well as the slightly negative effect of the economic downswing on industrial customers. Similarly, gas volumes will also decrease somewhat due to the changeover on the part of customers to other fuels and district heat. On balance, revenue will be down slightly. However, the results from operating activities will rise slightly based on lower procurement prices for electricity and gas.
– The integration of the new subsidiaries in the **South East Europe business unit** will proceed as planned, and should lead to a stable development of revenue and earnings. Business in Bulgaria will continue to depend on the success in dealing with upcoming market liberalisation. In Macedonia, an improvement in earnings can only be achieved by increased efficiency and further reducing losses from the power grid due to the problematic regulatory conditions and changes in the energy laws.
– The positive development of the **Environmental Services segment** is expected to continue during the 2009/10 financial year, both in terms of revenue and earnings. A positive development is anticipated in the drinking water and wastewater business on the basis of a good level of orders on hand, whereas the acquisition of new large scale waste incineration projects is planned.
– The **Strategic Investments and Other Business segment** will strive to match the results generated in the 2008/09 financial year, although the overall development of the segment is strongly linked to overall macroeconomic trends.

Outlook 2009/10

If the aforementioned assumptions prove to be accurate, EVN anticipates a slight increase in revenue and stable results from operating activities in the 2009/10 financial year. The financial results are likely to remain at the same level as the current period under review, due to the unchanged lower earnings contribution from investments operating in the field of primary energy. On balance, despite the expected difficult macroeconomic environment, the Group net profit will likely remain stable. EVN is striving to maintain its attractive dividend policy in line with its value-oriented growth strategy.

The company also plans a slight rise in its investments in intangible assets and property, plant and equipment in the 2009/10 financial year. The large projects being implemented at EVN's facilities in Dürnrohr/Zwentendorf within the context of EVN's Energy Concept for the Lower Austrian Central Region are already finished or will soon be put into operation. These projects encompass an expansion of capacity in the waste incineration plant, the expansion of the power station in Dürnrohr to process heat generated by the biomass and waste incineration facilities and construction of the district heating pipeline from Dürnrohr to St. Pölten. Investments in Lower Austria's electricity and gas networks will be kept at a high level in order to ensure reliable and secure energy supplies in the face of growing demand. The investment programme to modernise and expand the network infrastructure in South East Europe will continue.

Outlook in EURm	2008/09	Forecast for 2009/10 vs. 2008/09
Revenue	2,727.0	Slightly above the previous year
Results from operating activities	175.2	At the previous year's level
Financial results	50.8	At the previous year's level
Group net profit	177.9	At the previous year's level
Investments	415.7	Slightly above the previous year

Maria Enzersdorf, November 19, 2009
EVN AG
Executive Board

Burkhard Hofer
Spokesman of the Executive Board and CEO

Peter Layr
Member of the Executive Board

Herbert Pöttschacher
Member of the Executive Board

Segment reporting

An overview of business segments and units	
Energy	Generation business unit
	Networks business unit
	Supply business unit
	South East Europe business unit
Environmental Services	Water, wastewater and waste incineration
Strategic Investments and Other Business	Strategic and other investments and intra-Group services

Three segments along the lines of the corporate structure

Since October 1, 2005, EVN has used a new segment reporting reflecting the changes in the company's organisational structure. The operational and financial development of the segments is described below. Details pertaining to the strategic orientation and responsibilities of each segment can be found on pages 5ff and 12ff.

Based on the new standard IFRS 8 "Business Segments", which is applicable to EVN starting in the 2009/10 financial year, the business units of the Energy segment will likely be presented as individual segments.

Energy segment

The Energy segment consists of the following business units: Generation, Networks, Energy Procurement and Supply (henceforth referred to as "Supply") and South East Europe.

Energy sector indicators

Energy sector indicators developed as follows (explanations on the consequences for EVN are found in the commentaries for the respective business areas):

Key energy business indicators GWh	2008/09	2007/08	Change Nominal	Change %	2006/07
Electricity generation	3,477	4,022	–545	–13.6	3,451
Thereof thermal power	2,211	2,722	–511	–18.8	2,353
Thereof renewable energy	1,267	1,300	–33	–2.5	1,099
Distribution volumes					
Electricity	20,428	20,408	20	0.1	19,119
Thereof Austria	7,317	7,476	–159	–2.1	7,247
Thereof Bulgaria	7,861	7,945	–84	–1.1	7,256
Thereof Macedonia	5,250	4,987	263	5.3	4,616
Gas[1)]	17,159	18,818	–1,659	–8.8	16,252
Supply volumes to end customers					
Electricity[2)]	19,541	19,372	169	0.9	18,043
Gas	6,102	6,759	–657	–9.7	5,603
Heating[3)]	1,576	1,362	214	15.7	911
Thereof Austria	1,316	1,176	140	11.9	911
Thereof Bulgaria	260	186[3)]	74	39.8	–

1) Incl. network sales to EVN power stations.
2) In Bulgaria and Macedonia, energy sales to end customers correspond to distribution volumes at present.
3) The inclusion of TEZ Plovdiv took place as of the second quarter of 2007/08.

Revenue and earnings development

On the one hand, revenue of the Energy segment was shaped by the sales development of electricity, gas and heat on the domestic market of Austria as well as electricity and heat in South East Europe. On the other hand, it was also affected by price adjustments carried out in all three areas. These selling price adjustments combined with higher electricity and heating sales volumes in Austria and South East Europe resulted in a revenue increase in the Energy Segment to EUR 2,459.3m, a rise of 12.7%, or EUR 277.0m, compared to the previous year.

Despite the challenging conditions prevailing in the energy sector and the growing cost burden as reflected in higher operating expenses, the flexible marketing strategies for the electricity generated in own power stations and optimised electricity trading helped push up EBITDA by 1.7%, or EUR 5.8m, to EUR 341.7m.

Naturally, the high level of ongoing investments resulted in an increase in depreciation and amortisation, even though it had already been higher in the previous financial year as the result of extraordinary depreciation. Except for this rise, the higher EBITDA was correspondingly reflected in the EBIT of the Energy segment, which climbed 2.3%, or EUR 3.6m, to EUR 158.7m.

In the individual business areas of the Energy segment, which will subsequently be described individually in greater detail, the Generation and Networks business units posted an increase in earnings, whereas earnings in the Supply and South East business units declined.

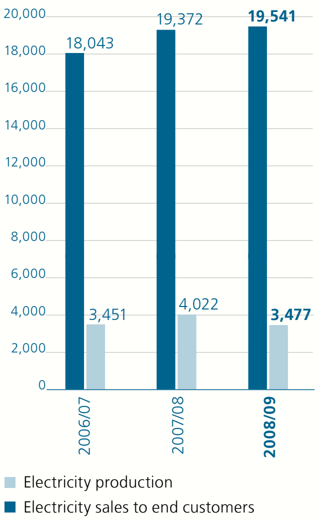
Energy segment	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
External revenue	**2,459.3**	**2,182.3**	**277.0**	**12.7**	**1,932.7**
Intra-Group revenue	23.4	15.2	8.1	53.4	10.7
Operating expenses	–2,141.0	–1,861.6	–279.4	–15.0	–1,634.5
EBITDA	**341.7**	**335.9**	**5.8**	**1.7**	**309.0**
Depreciation and amortisation	–182.9	–180.7	–2.2	–1.2	–136.7
Results from operating activities (EBIT)	**158.7**	**155.2**	**3.6**	**2.3**	**172.3**
EBIT margin (%)[1)]	6.4	7.1	–	–0.7	8.9
Financial results	–35.5	–31.1	–4.4	–14.2	–24.2
Profit before income tax	**123.3**	**124.1**	**–0.8**	**–0.7**	**148.1**
Total assets	3,609.2	3,421.3	187.8	5.5	3,006.0
Total liabilities	2,347.4	2,240.6	106.7	4.8	1,929.8
Investments	362.2	346.1	16.1	4.6	222.0

1) The change is reported in percentage points.

Generation business unit

The Generation business unit encompasses EVN's own electricity production from its thermal power production capacities, hydroelectric power and wind power. In terms of thermal power generation, the option value of the power stations, i.e. the difference between the market prices for electricity and the fuel costs incurred, is included in the Generation business unit. In contrast, the marketing of the electricity generated and the primary energy sourcing are reported in the Supply business unit. In the future, the planned power generation capacities in Albania and Bulgaria will also be encompassed in the Generation business unit. Accordingly, the Generation business unit also encompasses two companies for the first time, namely EVN Kavarna (subsidiary for the purpose of constructing a wind park in Kavarna, Bulgaria) as well as Devoll Hydropower (a joint venture included at equity, whose purpose is to build and operate three hydroelectric power plants on the Devoll River, Albania).

Electricity production and sales development
GWh



The decline in electricity generation can be attributed to decreased electricity production regarding thermic production capacities which is linked to adjustments made in response to the market price situation, as well as the weather-related decrease in output from renewable energy sources. Concerning thermic production capacities, EVN has the means to flexibly and efficiently deploy its own power generating facilities as a reaction to changes in the overall business environment. Accordingly, to the currently prevailing unfavourable market price conditions based on the small difference between selling prices and primary energy prices (i.e. spreads) could be responded by correspondingly reducing power generating volumes at its own thermal power stations by 18.8%, to 2,211 GWh. Electricity generation from renewable energy sources was also down 2.5%, to 1,267 GWh. While electricity generation from wind power indeed increased during the period under review on the basis of favourable wind conditions, the relevant water flow conditions were slightly above normal levels, yet still below the extraordinarily high level which prevailed in the previous year leading to a decline in hydropower generation.

On balance, EVN's total electricity generation in Austria amounted to 3,361 GWh, a decline of 14.8% below the comparable level of the preceding year. 51.4% of total electricity sales volumes to end customers (previous year: 60.9%) was generated by own power stations. Taking into account the energy sales volumes (electricity and heat) in Bulgaria and Macedonia, the total coverage ratio from own electricity production in the Group totalled 17.8% (previous year: 20.8%), which is primarily related to the limited power generating capacities in South East Europe.

Generation business unit	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Revenue	146.1	124.6	21.5	17.3	116.7
Results from operating activities (EBIT)	62.9	47.9	15.1	31.5	67.6
Profit before income tax	56.4	43.6	12.8	29.3	61.9
Investments	63.4	32.3	31.1	96.2	13.1

Revenue and earnings development

The extremely efficient and long term-oriented marketing strategy along with the flexible deployment of EVN's own power stations were the decisive components underlying the revenue development of the Generation business unit in the 2008/09 financial year. Despite the reduction in electricity generation from own power plants, the higher market prices from the previous year led to a revenue increase of 17.3%, or EUR 21.5m, to EUR 146.1m. In respect to operating expenses, higher primary energy and personnel expenses were in contrast to a decline in other operating expenses. However, this rise was less than the one in revenue. For this reason, EBIT improved substantially, climbing by 31.5%, or EUR 15.1m, to EUR 62.9m.

Investments

The investments amounting to EUR 63.4m included EUR 28.3m for the construction of wind parks in Bulgaria by EVN Kavarna, the remaining investments focused on existing capacities.

Outlook

On the basis of current developments in primary energy costs and wholesale electricity prices, EVN anticipates to reduce its own thermic power generating volumes in the Generation business unit in the upcoming 2009/10 financial year. In turn, this could have a declining effect on revenue and earnings. The hard coal fired power plant in Duisburg-Walsum, Germany, which is being constructed in cooperation with Evonik Steag GmbH, Essen, Germany, will first be put into operation in the second half of 2010, and will thus only have a limited effect on earnings in the 2009/10 financial year. EVN has a 49.0% stake in this project and consolidates the project company at equity. EVN will be responsible for marketing the electricity generated from this project as of 2010, and will report earnings in the result from operating activities. Preliminary work has commenced following the ground-breaking ceremony for the construction of three peak load storage hydropower plants on the Devoll River in Albania in June 2009. EVN is closely evaluating the potential expansion of renewable energy projects, i.e. photovoltaics and geothermal energy in addition to hydropower and wind power, primarily in South East Europe but in Lower Austria as well. The investment volume in the 2009/10 financial year will be at approximately the same as in the preceding year.

Networks business unit

The Networks business unit, which primarily encompasses the operation of electricity and gas networks in Austria as well as the cable TV and telecommunications businesses, also includes the acquired cable network operator B.net in Burgenland since the second quarter of 2008/09.

Energy sector development

In the field of electricity networks, a new tariff rate appraisal carried out on January 1, 2008 within the framework of the existing incentive regulatory system did not lead to any lowering of EVN's electricity network tariffs. The incentive regulatory system was extended to gas network tariffs effective February 1, 2008, and led to a reduction of gas network tariffs of about 2.0% for household customers. As of January 1, 2009, average adjustments of 1.0% for electricity network tariffs and 7.0% for gas network tariffs were carried out based on the new incentive regulatory system.

Networks business unit	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Revenue	467.9	474.7	–6.8	–1.4	448.0
Results from operating activities (EBIT)	66.2	58.0	8.1	14.0	37.9
Profit before income tax	52.4	43.1	9.3	21.6	29.6
Investments	161.5	140.0	21.4	15.3	104.7

The electricity distribution volume of EVN declined by 2.1% compared to the previous year, to 7,317 GWh. Total gas distribution volumes were down 8.8%, to 17,159 GWh, which is related to the reduced use of gas power plants.

Revenue and earnings development

Despite the price adjustments carried out as of January 1, 2009, these declines led to a reduction in network revenues by 1.0%, or EUR 3.5m, to EUR 361.0m. In respect to cable TV and telecommunications services, revenue was up 19.6%, or EUR 7.6m, to EUR 46.3m, partly as a consequence of the initial consolidation of B.net. However, revenue of the Networks business unit could not match the previous year's level, as a result of a comparatively strong decline in other revenue, which in turn can be attributed to the lower invoicing of intra-Group services. Total revenue decreased slightly by 1.4%, or EUR 6.8m, to EUR 467.9m.

Lower maintenance investments and repair expenses combined with a positive one-off effect arising from the sale of property, plant and equipment compared to 2007/08 led to a positive development of the business unit's EBIT, in spite of a slight rise in personnel expenses as well as depreciation and amortisation. Accordingly, EBIT rose 14.0%, or EUR 8.1m, to EUR 66.2m.

Investments

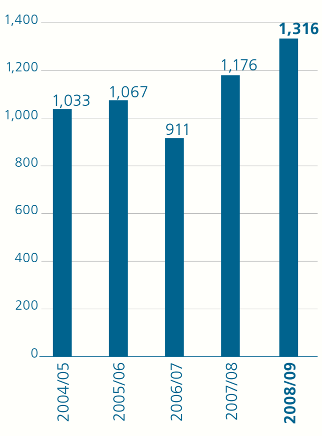
Increased investments are related to improvements in the reliability and security of supply and network expansion, in particular in the gas network. More specifically, EVN began construction on the southern section of the trans-regional gas transmission pipeline.

Outlook

Assuming average temperatures, EVN expects distribution volumes in the electricity and gas networks to remain stable in the 2009/10 financial year. Following the end of the first four-year regulatory period for electricity tariffs, a new regulatory period will commence as of January 1, 2010. It is expected that the fundamental parameters of the first regulatory period will continue to apply. A stable revenue development is anticipated in the networks business, whereas a slight revenue increase will be possible in the 2009/10 financial year the field of cable TV and telecommunications, primarily as a consequence of the acquisition of the telecommunications provider of Burgenland in February 2009. EVN's electricity networks are continually being modernised and expanded as a result of new customer installations. The investment volume in 2009/10 will likely match the previous year's level. In contrast, investments in the gas network will further increase due to project on the southern section of the trans-regional gas transmission pipeline

Supply business unit

Heating sales development
GWh



The Supply business unit encompasses the sourcing, trading and sale of electricity and gas within Energieallianz as well as heat. Per October 1, 2007, the heating operations were spun off from EVN AG and bundled into a newly-established company, EVN Wärme GmbH.

Supply business unit	2008/09 EURm	2007/08 EURm	Change EURm	%	2006/07 EURm
Revenue	1,189.8	999.0	190.8	19.1	925.1
Results from operating activities (EBIT)	22.6	32.8	–10.2	–31.2	63.6
Profit before income tax	32.9	43.7	–10.8	–24.7	69.6
Investments	32.5	20.6	11.9	57.6	21.0

The already in previous periods constantly rising primary energy prices made it necessary to partially pass these rises in procurement costs to end customers in the form of adjustments in selling prices for electricity and gas as of November 1, 2008 and for heating, for the most part, as of May 1, 2009. However, these measures could only partially compensate for the high energy procurement prices.

Whereas gas sales volumes to end customers in the 2008/09 financial year were down 9.7% from the previous year, to 6,102 GWh as a consequence of the cyclical situation and weather conditions, electricity sales volumes at 6,538 GWh and heating sales volumes at 1,316 GWh were up 0.9% and 11.9% respectively compared to the previous financial year. The development in the heating area can be primarily attributed to the process steam supplied by the Dürnrohr power plants since the third quarter of 2007/08, as well as the ongoing expansion of the heating network.

Revenue and earnings development

Revenue of the Supply business unit rose 19.1%, or EUR 190.8m, to EUR 1,189.8m, which is due to these increases in selling prices and sales volumes. In addition to selling price adjustments, the price-related revenue growth is mainly related to higher marketing proceeds derived from own power generation facilities, in particular the hydroelectric power stations. Increased sales volumes were particularly achieved in the heating area. The rise in heating sales volumes had a stronger impact on revenue than the decline in gas sales volumes.

Investments

Investments in the Supply business unit continued at a high level of EUR 29.2m, which can be primarily attributed to the realisation of the district heating transmission pipeline from the Dürnrohr power plant to St. Pölten.

Outlook

Electricity sales volumes are expected to decline slightly in the 2009/10 financial year due to improved energy efficiency, primarily in households, and the slightly negative effects of the cyclical downturn on industrial customers. Gas sales volumes are also likely to decline somewhat, which is primarily related to the substitution effect of changing over to other fuels and district heat. A significant growth in sales volumes of the heating business is expected in the 2009/10 financial year, based on the realisation of numerous district heating projects in recent years. However, heating selling prices are likely to remain below the level of the current financial year, which is a consequence of the fact that heating prices are linked to primary energy prices, but with a time delay. On balance, total revenue of the Supply business unit is expected to decrease slightly, whereas earnings are anticipated to climb somewhat as a consequence of lower procurement costs for electricity and gas.

South East Europe business unit

Since December 2007, the South East Europe business unit has encompassed the business operations of the Bulgarian district heating company TEZ Plovdiv as well as the Bulgarian and Macedonian subsidiaries.

South East Europe business unit	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
Revenue	878.7	754.3	124.4	16.5	623.9
Results from operating activities (EBIT)	7.1	16.5	–9.4	–57.1	3.3
Profit before income tax	–18.4	–6.3	–12.1	–	–13.0
Investments	104.8	153.2	–48.3	–31.6	83.2

A considerable growth could be posted in the heating sales volumes in Bulgaria, rising 39.8% to 260 GWh mainly as a result of the initial full-year consolidation of TEZ Plovdiv and now comprising a 16.5% share of EVN's total heating sales volumes (previous year 13.7%). In contrast, electricity sales and distribution volumes in Bulgaria declined slightly by 1.1%. In Macedonia, the electricity sales volumes could significantly be increased by 5.3%, to 5,250 GWh, despite a slight decline in electricity consumption due to economic weakness. This improvement is primary related to the decrease of networks losses as a result of operative measures.

Revenue and earnings development

In addition to the positive development of electricity sales volumes in Macedonia and heating sales volumes in Bulgaria, the marginal selling price increases carried out in Macedonia and Bulgaria in November 2008 and July 2008 respectively also had a positive effect on revenue. On balance, revenue of the South East Europe business unit was up 16.5%, or EUR 124.4m, to EUR 878.7m.

The positive development in sales volumes and selling prices was partially offset by corresponding increases in electricity purchases and primary energy expenses. Moreover, earnings were burdened by higher personnel expenses – the costs of restructuring measures in Macedonia and salary increases mandated by collective wage agreements in Bulgaria were higher than the positive effect resulting from a reduction in the total number of employees – as well as increased write-offs of receivables and higher legal and consulting fees. As a consequence, the overall positive development in the energy sector was not reflected in the EBIT of the South East Europe business unit, which fell by 57.1%, or EUR 9.4m, to EUR 7.1m.

Investments

A total of EUR 104.8m was invested in the South East Europe business unit, a majority of which was used for expanding and modernising electricity networks and metres, for improving the reliability and quality of energy supplies and for reducing losses from the power grid.

On May 8, 2009, EVN initiated arbitration proceedings against the Republic of Macedonia to protect its investments, in accordance with the "Treaty Between the Republic of Austria and the Republic of Macedonia on the Promotion and Protection of Investments" as well as the "Energy Charter". The underlying reason for this announcement is the continuing discriminatory measures being undertaken by the Republic of Macedonia and various state-owned companies against EVN in the Republic of Macedonia. In particular, this relates to claims for unpaid electricity supplies during the time prior to the privatization (1995–2005) amounting to approximately EUR 93.0m including interest, for which court proceedings have been initiated against EVN Macedonia. The court of first instance ordered EVN Macedonia to pay this amount including interest. Subsequently, EVN Macedonia filed an appeal on May 13, 2009. The appellate court annulled the original verdict on October 1, 2009 due to serious procedural shortcomings. The court case is scheduled to continue in February 2010.

Outlook

The restructuring and integration process for the subsidiaries encompassed in the South East Europe business unit are proceeding quickly, as demonstrated by the considerable reduction in both the work force and losses from the power grid.

On a medium-term basis, electricity demand continues to rise based on an economic growth rate surpassing the European average. However, a slight decline in electricity sales volumes is anticipated throughout the region in the 2009/10 financial year as a result of the economic slowdown.

The market opening process in Bulgaria and the full-scale market liberalisation since the year 2007 pose new challenges to all market participants. The five-year regulatory period which took effect on July 1, 2008 and the valid parameters for the new system applying since July 1, 2009 will partly succeed in creating a more stable and calculable business climate, despite an overall market environment which continues to be unsatisfactory. The restructuring of the district heating company TEZ Plovdiv, which was initially consolidated in the middle of December 2007, is proceeding on schedule. Construction of a cogeneration facility will be commenced in the 2009/10 financial year, and is expected to be put into operation in 2011/2012.

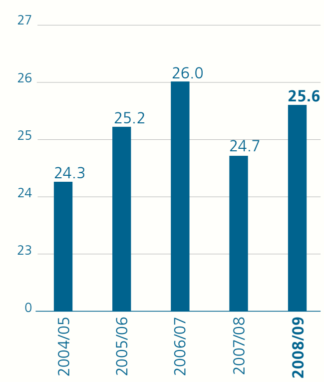
A new Energy Law took effect in Macedonia in September 2008, which led to a strong increase in EVN's energy procurement costs. The regulations did not stipulate the possibility of passing on the higher costs to end customers. Upon the request of the EU and the Energy Community, Macedonia is currently working on harmonising the Energy Law with EU guidelines and changing existing regulations to ensure total cost coverage. Changes in the regulatory framework would eliminate the negative consequences on the financial situation of EVN in Macedonia.

On balance, revenue and earnings of the South East Europe business unit are expected to remain stable in the 2009/10 financial year. Based on a concession agreement, construction will begin on a gas network in Zadar and Split, Croatia in the 2009/10 financial year. Total investments will be slightly higher in 2009/10 compared to the preceding year.

Environmental Services segment

The Environmental Service segment encompasses the water, wastewater and waste incineration activities of the EVN Group in Lower Austria and in Central, Eastern and south-eastern Europe.

Water sales development
m m³



Environmental Services segment	2008/09 EURm	2007/08 EURm	Change EURm	%	2006/07 EURm
External revenue	**236.1**	**184.6**	**51.5**	**27.9**	**275.1**
Intra-Group revenue	11.3	11.2	0.1	0.9	
Operating expenses	–205.3	–156.1	–49.2	–31.5	–230.6
EBITDA	**42.0**	**39.6**	**2.4**	**6.1**	**53.8**
Depreciation and amortisation	–14.5	–14.2	–0.3	–1.9	–15.8
Result from operating activities (EBIT)	**27.5**	**25.4**	**2.2**	**8.5**	**38.1**
EBIT margin (%)[1)]	11.1	13.0	–	–1.9	13.4
Financial results	17.5	17.9	–0.4	–2.4	13.1
Profit before income tax	**45.1**	**43.3**	**1.7**	**4.0**	**51.1**
Total assets	1,135.4	1,083.8	51.6	4.8	1.049.5
Total liabilities	833.9	801.0	32.9	4.1	806.9
Investments	67.4	67.9	–0.4	–0.6	53.6

1) The change is reported in percentage points.

Revenue and earnings development

The Environmental Services segment increased its revenue for the 2008/09 financial year by 27.9%, or EUR 51.5m, to EUR 236.1m despite the time displacement of incoming orders. This development is mainly related to a higher contract volume for wastewater projects, namely construction of a sodium hypochlorite facility in Moscow and a wastewater purification plant in Istanbul-Ataköy, Turkey. Revenue in the fields of waste incineration and water supply also remained stable or rose slightly. The cost of materials and services rose in line with developments in the project business. However, the increase in operating expenses was not as pronounced as revenue growth. Accordingly, EBIT of the Environmental Services segment could be improved by 8.5%, or EUR 2.2m, to EUR 27.5m.

As financial results amounted to EUR 17.5m, similar to the previous year's figures – in the income from investments, lower contributions from ZOV and ZOV UIP were facing higher dividend payments on the part of non-consolidated companies, interest income hovered at approximately the same level as in the previous year – profit after income tax rose by 4.0%, or EUR 1.7m, to EUR 45.1m.

Investments

Investments totalled EUR 67.4, matching the previous year, primarily for the expansion of the third waste incineration line in Dürnrohr and the combined cycle heat and power cogeneration plant in Moscow. EVN is building several combined cycle heat and power plants at the site of the already completed Ljuberzy wastewater treatment installations in Moscow to generate electricity and district heat based on the biogas derived from the sludge of the wastewater purification plants. The facility is expected to be completed and put into operation in 2010.

Completed projects

The combined cycle heat and power cogeneration facility built by EVN in Moscow at the site of the Kurjanovo wastewater treatment plant already commenced operations during the year under review. EVN is responsible for operating the facilities for a period of 15 years. May 2009 marked the initial start-up of a wastewater treatment installation including sludge hygienisation with a capacity of 220,000 population equivalents in Kohtla-Jarva, Estonia. In August 2009, EVN completed the sludge treatment facility located on the grounds of the Klaipeda wastewater treatment plant in Lithuania, featuring a capacity of about 250,000 population equivalents. On this basis, EVN achieved a further milestone in its wastewater treatment and drinking water supply business in the Baltic States and succeeded in further expanding its market leadership position in this region.

Ongoing projects

As part of a consortium with international partners, EVN is modernising and expanding the Czajka wastewater purification plant in Warsaw, Poland, designed for 2.1 million inhabitants. Work was able to commence on schedule after the required building permit was issued in December 2008. The first construction phase is expected to be completed at the end of 2010, and the entire facility will come on stream in 2012. EVN is also serving as the lead manager in a consortium to construct a wastewater installation in Istanbul-Ataköy, Turkey, for 2.0 million inhabitants. Construction is progressing as planned, and the plant will successively be put into operation starting in November 2009.

Large project in Moscow (BOOT model)

Construction is expected to begin in the near future on a further large project implemented on behalf of the City of Moscow, namely a sodium hypochlorite facility in Moscow designed to replace the chlorine gas previously used in drinking water purification. The ground breaking ceremony took place on September 30, 2009. The facility, involving a total investment volume of EUR 175.0m, is expected to come on stream in 2012 and will be operated by EVN for a period of ten years.

New contracts in the Baltics

During the period under review, EVN managed to win three new larger contracts. In November 2008, it was contracted to build a sludge treatment plant for the Lithuanian capital of Vilnius at a cost of EUR 45.0m, which will be put into operation in the year 2011. In June 2009, EVN was awarded a contract for the turn-key construction and expansion of a sludge treatment plant located on the premises of the Siauliai wastewater purification facility northwest of Vilnius. The project features a capacity of 200,000 population equivalents and an investment volume of EUR 20.0m. In addition to planning, delivering and assembling the entire plant, EVN will also be responsible for supporting the technical operation of the new facility for a period of one year after it is put into operation in 2012.

New project in Montenegro (BOOT model)

EVN has also managed to continue on the road to success in Montenegro. In July 2009, EVN won a contract to plan, build, finance and operate a complex sewage disposal system for the Municipality of Budva, with a total capacity of 135,000 population equivalents. The BOOT project involves an investment volume totalling approximately EUR 65.0m, and will be operated by EVN for a period of 30 years, starting in 2014.

Outlook

The Environmental Service segment will likely continue its growth path following the significant growth of revenue in the 2008/09 financial year. A positive development in the water and wastewater businesses is expected based on its good level of orders on hand. In the waste incineration business, the third waste incineration line of the waste incineration plant in Zwentendorf will be fully put into operation in 2010. EVN also expects to acquire new large projects in Central, Eastern and south-eastern Europe.

Strategic Investments and Other Business segment

The strategic investments of this segment mainly encompass the investments in BEGAS, BEWAG, RAG and Verbundgesellschaft. This segment also includes the intra-Group services provided by central departments and by companies in the EVN.

Strategic Investments and Other Business segment	2008/09 EURm	2007/08 EURm	Change EURm	Change %	2006/07 EURm
External revenue	**31.6**	**30.1**	**1.5**	**5.0**	**25.3**
Intra-Group revenue	55.4	56.8	–1.5	–2.6	49.0
Operating expenses	–96.2	–99.1	2.9	2.9	–85.8
EBITDA	**–9.2**	**–12.1**	**2.9**	**23.9**	**–11.5**
Depreciation and amortisation	-1.9	–1.8	–0.1	–2.1	–1.6
Result from operating activities (EBIT)	**–11.1**	**–13.9**	**2.9**	**20.5**	**–13.0**
EBIT margin (%)[1)]	–12.7	–16.0	3.3	–20.5	–17.6
Financial results	73.1	87.3	–14.2	–16.2	110.3
Profit before income tax	**62.0**	**73.4**	**–11.3**	**–15.4**	**97.2**
Total assets	2,943.4	3,136.7	–193.4	–6.2	3.005.9
Total liabilities	1,291.4	1,303.6	–12.2	–0.9	1.221.8
Investments	1.1	1.6	–0.5	–30.8	2.1

1) The change is reported in percentage points.

Revenue and earnings development

In the 2008/09 financial year, stable revenue and above all a decline in personnel expenses and operating expenses in central departments led to an improved EBIT, which rose by EUR 2.9m, to EUR –11.1m.

The financial results continued to be shaped by the lower income from investments, in which case the higher dividend distributed by Verbundgesellschaft could not compensate for the reduced earnings contributions from EVN's investments in companies consolidated at equity, in particular RAG (see notes, note 56. Financial results, page 112). The other financial results improved considerably compared to the preceding year, but still remained negative due to the unfavourable changes in market values of financial assets, despite the recent recovery on financial markets. On balance, the financial results were down by EUR 14.2m, to EUR 73.1m. Correspondingly, the profit before income tax was also down considerably, to EUR 62.0m.

Outlook

EVN is striving to maintain the level in the Strategic Investments and Other Business segment in the 2009/10 financial year, even if its development strongly depends on the overall economic environment.

Consolidated Financial Statements 2008/09

According to International Financial Reporting Standards

Consolidated Balance Sheet

	Note[1]	30.9.2009 TEUR	30.9.2008 TEUR
Assets			
Non-current assets			
Intangible assets	26	365,178.7	357,549.5
Property, plant and equipment	27	2,653,090.4	2,391,972.3
Investments in associates included at equity	28	712,487.8	641,490.1
Other investments	28	1,409,696.6	1,723,504.2
Deferred tax assets	41	1,198.9	912.0
Other non-current assets	29	619,545.5	596,987.2
		5,761,198.0	**5,712,415.3**
Current assets			
Inventories	30	137,292.0	97,551.7
Receivables	31	579,655.9	569,376.3
Securities[2]	32	86,736.1	135,951.6
Cash[2]	59	130,479.8	120,980.9
		934,163.7	**923,860.5**
Total assets		**6,695,361.7**	**6,636,275.7**
Equity and liabilities			
Equity			
Equity attributable to EVN AG shareholders	33–38	2,783,788.6	2,975,927.3
Minority interest	39	343,390.0	232,532.3
		3,127,178.7	**3,208,459.6**
Non-current liabilities			
Non-current loans and borrowings	40	1,702,483.6	1,358,888.1
Deferred tax liabilities	41	307,101.4	420,022.5
Non-current provisions[2]	42	444,787.7	430,243.1
Deferred income from network subsidies	43	379,070.7	354,322.2
Other non-current liabilities[2]	44	90,215.3	91,804.5
		2,923,658.7	**2,655,280.3**
Current liabilities			
Current loans and borrowings	45	16,992.1	153,904.0
Taxes payable	46	58,692.8	60,479.4
Trade payables	47	328,743.9	283,695.6
Current provisions	48	83,623.0	96,410.8
Other current liabilities	49	156,472.5	178,045.9
		644,524.3	**772,535.8**
Total equity and liabilities		**6,695,361.7**	**6,636,275.7**

1) The notes to the consolidated financial statements form an integral part of this consolidated balance sheet.
2) Comparative figures from the previous year were adjusted to reflect the new Group reporting. See note 6. Changes in accounting and valuation methods

Consolidated Income Statement

	Note[1]	2008/09 TEUR	2007/08 TEUR
Revenue	50	2,727,017.9	2,397,001.9
Other operating income	51	61,710.8	50,863.8
Change in work in progress		4,935.7	–1,745.8
Own work capitalised		16,620.4	13,500.9
Cost of materials and services	52	–1,950,692.9	–1,657,571.5
Personnel expenses	53	–319,445.0	–304,436.8
Depreciation and amortisation	54	–198,180.0	–195,681.3
Other operating expenses	55	–166,765.7	–135,326.7
Results from operating activities (EBIT)		**175,201.2**	**166,604.3**
Income from investments in associates included at equity		46,657.6	95,721.2
Income from other investments		47,368.9	41,307.0
Interest income		47,440.6	49,934.1
Interest expense		–85,910.1	–84,921.3
Other financial results		–4,744.8	–33,186.2
Financial results	56	**50,812.2**	**68,854.8**
Profit before income tax		**226,013.4**	**235,459.2**
Income tax expense	57	–28,003.9	–5,616.2
Net profit for the period		**198,009.4**	**229,843.0**
Thereof profit attributable to minority interest		20,065.8	42,906.1
Thereof profit attributable to EVN AG shareholders (Group net profit)		177,943.6	186,936.8
Earnings per share in EUR[2]	58	1.09	1.14
Dividend per share in EUR		0.37[3]	0.37

1) The following notes to the financial statements form an integral part of this consolidated income statement.
2) There is no difference between undiluted and diluted earnings per share.
3) Proposal to the Annual General Meeting

Consolidated Cash Flow Statement

TEUR	2008/09	2007/08
Profit before income tax	**226,013.4**	**235,459.2**
+ Depreciation and amortisation and impairment losses/– write-ups and reversals of impairment losses of intangible assets and property, plant and equipment	198,180.0	195,681.3
– Non-cash share of income from investments in associates included at equity	47,248.3	–1,621.4
– Gains/+ losses from foreign exchange translations	–109.4	–69.3
+/– Other non-cash financial results	–5,037.1	29,671.8
– Release of deferred income from network subsidies	–32,128.6	–29,507.6
– Gains/+ losses on the disposal of investments	–3,103.5	–840.2
+ Increase/– decrease in non-current provisions	14,061.6	–2,115.3
Gross cash flow	**445,124.7**	**426,658.4**
– Increase/+ decrease in inventories and receivables	–48,251.0	–60,927.1
+ Increase/– decrease in current provisions	–13,657.1	3,348.9
+ Increase/– decrease in trade payables and other liabilities	–12,625.7	41,999.6
– Income tax paid	–35,305.5	–28,487.0
Net cash flow from operating activities	**335,285.4**	**382,592.7**
+ Proceeds from the disposal of intangible assets and property, plant and equipment	8,630.2	5,270.2
+ Proceeds from network subsidies	54,065.5	59,191.1
+ Proceeds from the disposal of financial assets and other non-current assets	49,760.7	46,859.0
+ Proceeds from the disposal of current securities	200,604.4	352,423.2
– Acquisition of subsidiaries, net of cash acquired	–20,440.1	–35,021.9
– Acquisition of intangible assets and property, plant and equipment	–412,283.9	–414,816.8
– Acquisition of financial assets and other non-current assets	–106,176.7	–233,723.0
– Acquisition of current securities	–174,542.1	–107,001.5
Net cash flow from investing activities	**–400,382.1**	**–326,819.7**
+ Payments of nominal capital by minority interest	3,834.7	–
– Dividends paid to EVN AG shareholders	–60,306.6	–61,322.2
– Dividends paid to minority interest	–34,992.6	–36,420.7
– Buyback of treasury shares	–3,283.9	–4,753.9
+ Increase in financial liabilities	587,619.8	404,183.4
– Decrease in financial liabilities	–408,611.8	–317,712.7
Net cash flow from financing activities	**84,259.6**	**–16,026.1**
Net change in cash and cash equivalents	**19,163.0**	**39,747.0**
Net change in cash and cash equivalents[1)]		
Cash and cash equivalents at the beginning of the period	94,117.5	54,356.0
Currency translation adjustments	307.8	14.5
Cash and cash equivalents at the end of the period	113,588.3	94,117.5
Net change in cash and cash equivalents	**19,163.0**	**39,747.0**

1) For further information see note 59. Consolidated cash flow statement

Changes in Consolidated Equity Statement

TEUR	Share capital	Share premium	Retained earnings	Revaluation reserve according to IFRS 3	Valuation reserve according to IAS 39	Currency translation reserve	Treasury shares	EVN AG shareholders	Minority interest	Total
Balance on 30.9.2007	**99,069.4**	**309,361.9**	**1,425,465.7**	**7,050.6**	**945,960.7**	**1,104.4**	**–**	**2,788,012.5**	**226,720.8**	**3,014,733.3**
After-tax gains (+) or losses (–) recognised directly in equity from ...										
Currency translation adjustment	–	–	–	–	–	1,032.3	–	1,032.3	–	1,032.3
Market valuation of securities	–	–	–	–	81,097.5	–	–	81,097.5	–	81,097.5
Cash flow hedges	–	–	–	–	–7,502.8	–	–	–7,502.8	–	–7,502.8
Investments in associates included at equity	–	–	–	–	–7,573.2	–	–	–7,573.2	–673.9	–8,247.1
Total after-tax gains (+) or losses (–) recognised directly in equity	**–**	**–**	**–**	**–**	**66,021.4**	**1,032.3**	**–**	**67,053.8**	**–673.9**	**66,379.9**
Net profit for the period 2007/08	–	–	186,936.8	–	–	–	–	186,936.8	42,906.1	229,843.0
Total result for the period	**–**	**–**	**186,936.8**	**–**	**66,021.4**	**1,032.3**	**–**	**253,990.6**	**42,232.3**	**296,222.8**
Capital increase from non-appropriated reserves	200,930.6	–200,930.6	–	–	–	–	–	–	–	–
Buyback of treasury shares	–	–	–	–	–	–	–4,753.9	–4,753.9	–	–4,753.9
Dividends 2006/07	–	–	–61,322.2	–	–	–	–	–61,322.2	–36,420.7	–97,742.9
Balance on 30.9.2008	**300,000.0**	**108,431.3**	**1,551,080.5**	**7,050.6**	**1,011,982.0**	**2,136.7**	**–4,753.9**	**2,975,927.3**	**232,532.3**	**3,208,459.6**
After-tax gains (+) or losses (–) recognised directly in equity from ...										
Currency translation adjustment	–	–	–	–	–	–5,538.9	–	–5,538.9	–	–5,538.9
Market valuation of securities	–	–	–	–	–258,953.8	–	–	–258,953.8	–	–258,953.8
Cash flow hedges	–	–	–	–	–5,544.8	–	–	–5,544.8	–	–5,544.8
Investments in associates included at equity	–	–	–	–	–22,061.7	–	–	–22,061.7	–2,613.2	–24,674.9
After-tax gains (+) or losses (–) recognised directly in equity	**–**	**–**	**–**	**–**	**–286,560.3**	**–5,538.9**	**–**	**–292,099.2**	**–2,613.2**	**–294,712.5**
Net profit for the period 2008/09[1]	–	–	177,943.6	–	–	–	–	177,943.6	20,065.8	198,009.4
Total result for the period	**–**	**–**	**177,943.6**	**–**	**–286,560.3**	**–5,538.9**	**–**	**–114,155.6**	**17,452.6**	**–96,703.0**
Acquisition of shares of fully consolidated companies	–	–	–	–	–	–	–	–	–1,041.4	–1,041.4
Capital increase from minority interest	–	–	–	–	–	–	–	–	3,834.7	3,834.7
Buyback of treasury shares	–	–	–	–	–	–	–3,283.9	–3,283.9	–	–3,283.9
Dividends 2007/08	–	–	–60,306.6	–	–	–	–	–60,306.6	–34,992.6	–95,299.2
First-time adoption of new IFRS[2]	–	–	–14,392.5	–	–	–	–	–14,392.5	–	–14,392.5
Changes in accounting and valuation methods[3]	–	–	–	–	–	–	–	–	125,604.5	125,604.5
Balance on 30.9.2009	**300,000.0**	**108,431.3**	**1,654,325.0**	**7,050.6**	**725,421.7**	**–3,402.2**	**–8,037.8**	**2,783,788.6**	**343,390.0**	**3,127,178.7**

1) A dividend payout of EUR 0.37 per share from the net profit for the period will be proposed to the Annual General Meeting.
2) Effect from the first-time adoption of IFRIC 12 (see note 2. Reporting in accordance with IFRS)
3) For further information see notes 4. Consolidation range and 6. Changes in accounting and valuation methods

Segment Reporting

Segment reporting by areas of business	Energy		Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
EURm	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
External revenue	**2,459.3**	**2,182.3**	**236.1**	**184.6**	**31.6**	**30.1**	**–**	**–**	**2,727.0**	**2,397.0**
Intra-Group revenue	23.4	15.2	11.3	11.2	55.4	56.8	–90.0	–83.2	–	–
Operating expenses	–2,141.0	–1,861.6	–205.3	–156.1	–96.2	–99.1	88.9	82.1	–2,353.6	–2,034.7
EBITDA	**341.7**	**335.9**	**42.0**	**39.6**	**–9.2**	**–12.1**	**–1.1**	**–1.1**	**373.4**	**362.3**
Depreciation and amortisation	–182.9	–180.7	–14.5	–14.2	–1.9	–1.8	1.1	1.1	–198.2	–195.7
Thereof impairment losses	–	–13.4	–	–	–	–	–	–	–	–13.4
Thereof reversal of impairment losses	–	1.4	–	–	–	–	–	–	–	1.4
Results from operating activities (EBIT)	**158.7**	**155.2**	**27.5**	**25.4**	**–11.1**	**–13.9**	**–**	**–**	**175.2**	**166.6**
Income from investments in associates included at equity	9.6	9.7	8.2	9.9	28.9	76.1	–	–	46.7	95.7
Carrying value of investments in associates included at equity	107.9	87.6	51.5	63.2	553.1	490.7	–	–	712.5	641.5
Goodwill	174.7	173.6	41.9	41.9	–	–	–	–	216.6	215.5
Liabilities	**2,347.4**	**2,240.6**	**833.9**	**801.0**	**1,291.4**	**1,303.6**	**–904.4**	**–917.4**	**3,568.2**	**3,427.8**
Total assets	**3,609.2**	**3,421.3**	**1,135.4**	**1,083.8**	**2,943.4**	**3,136.7**	**–992.6**	**–1,005.6**	**6,695.4**	**6,636.3**
Investments in intangible assets and property, plant and equipment	**362.2**	**346.1**	**67.4**	**67.9**	**1.1**	**1.6**	**–15.0**	**–**	**415.7**	**415.6**

Segment reporting by region	Austria		South East Europe		Central and Eastern Europe		Total	
EURm	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
Revenue	1,678.6	1,521.3	878.7	754.3	169.7	121.4	2,727.0	2,397.0
Results from operating activities (EBIT)	159.0	145.0	6.9	16.5	9.3	5.1	175.2	166.6
Investments in intangible assets and property, plant and equipment	269.4	251.3	135.9	153.2	10.4	11.1	415.7	415.6
Total assets	4,866.2	4,927.3	1,105.6	1,003.8	723.6	705.2	6,695.4	6,636.3

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 at EVN Platz, A-2344 Maria Enzersdorf, Austria. The business operations of the company focus on the energy industry and the environmental services area (see note 25. Segment reporting).

In addition to providing services to its domestic market in the province of Lower Austria, EVN has been able to strongly position itself in the energy industry of Bulgaria and Macedonia. EVN successfully provides customers in 14 countries with water supply, wastewater treatment and waste incineration services via its subsidiaries.

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

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

Certain items on the consolidated balance sheet and consolidated income statement are grouped together in order to achieve a more understandable and clearly structured presentation. In the notes, these positions are itemised individually and explained according to the principle of materiality.

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

The income statement is prepared in accordance with the total cost method.

2. Reporting in accordance with IFRS

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

The following standards and interpretations were applied for the first time for the 2008/09 financial year:

2. Standards and interpretations applied for the first time

	Effective[1]
New standards and interpretations	
IFRIC 12 Service Concession Arrangements[2]	March 30, 2009
Revised standards and interpretations	
IAS 39 Financial Instruments: Recognition and Measurement	July 1 – October 10, 2008[3]
IFRS 7 Financial Instruments: Disclosure	July 1 – October 10, 2008[3]

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) Applied on a premature basis
3) When applied before October 30, 2008, the changes took effect retroactively to July 1, 2008.

The initial application of IFRIC 12 ahead of schedule has an effect on the consolidated financial statements of the EVN, as it resulted in a change in the presentation of the projects carried out by ZOV and ZOV UIP, investments in associates included at equity in the Environmental Services segment. The accounting of an unconditional contractual right as the basis to obtain a service in return within the framework of service concession agreements is now reported as a financial asset instead of being included as part of property, plant and equipment. The financial asset is recognised at its fair value. Accordingly, the consequences for the consolidated financial statements of the EVN are evident in the reporting of lower retained earnings and lower carrying amounts for EVN's investments in ZOV and ZOV UIP amounting to TEUR 14,392.5.

Apart from IFRIC 12, new or revised standards and interpretations are not applied by EVN on a premature basis.

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

2. Standards and interpretations which are not yet effective

	Effective
New standards and interpretations	
IFRS 8 Operating Segments	January 1, 2009[1]
IFRIC 13 Customer Loyalty Programmes	January 1, 2009[1]
IFRIC 14 The Limit on Defined Benefit Asset Minimum Funding Requirements and Their Interaction	January 1, 2009[1]
IFRIC 15 Agreements for the Construction of Real Estate	January 1, 2010[1]
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	July 1, 2009[1]
IFRIC 17 Distributions of Non-cash Assets to Owners	July 1, 2009[2]
IFRIC 18 Transfers of Assets from Customers	July 1, 2009[2]
Revised standards and interpretations	
IAS 1 Presentation of Financial Statements	January 1, 2009[1]
IAS 23 Borrowing Costs	January 1, 2009[1]
IAS 24 Related Party Disclosures	January 1, 2011[2]
IAS 27 Consolidated and Separate Financial Statements	January 1[1]/July 1, 2009[1]
IAS 32 Financial Instruments: Presentation	January 1, 2009[1]
IAS 39 Financial Instruments: Recognition and Measurement	November 1, 2008[1]/June 30, 2009[3]/July 1, 2009[1]
IFRS 1 First-Time Adoption of International Financial Reporting Standards	January 1, 2009[4]/January 1, 2010[2]
IFRS 2 Share-based Payments	January 1, 2009[1]/January 1, 2010[2]
IFRS 3 Business Combinations	July 1, 2009[1]
IFRS 4 Insurance Contracts	January 1, 2009[2]
IFRS 7 Financial Instruments: Disclosure	November 1, 2008[1]/ January 1, 2009[2]
IFRIC 9 Reassessment of Embedded Derivatives	June 30[3]/July 1, 2009[2]
"Annual Improvements 2006–2008"	January 1[1]/July 1, 2009[1]
"Annual Improvements 2007–2009"	January 1, 2010[2]

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) In accordance with IASB standards not yet approved by the EU must be applied beginning with the financial year that starts on or after the date on which the standards become binding.
3) In accordance with IASB, the changes apply retroactively and are required to be applied for annual periods beginning on or after the effective date.
4) There were several changes which have only been partially accepted by the EU up until now.

The new standard IFRS 8 "Operating Segments" released in November 2006 replaces IAS 14 "Segment Reporting". This guideline regulates the disclosure of information on business segments, products and services, regions and the customer relationships of EVN. IFRS 8 prescribes the identification of operating segments based on the internal management (management approach). As a result, the business units of the Energy segment will likely be reported as separate segments starting in the 2009/10 financial year.

EVN does not expect the initial application of the remaining new standards and interpretations in the future to have any material effect on the financial position, profit and loss and cash flows.

The application of the changes made to IAS 1 “Presentation of Financial Statements” (revised in 2007) will impact the presentation of the consolidated income statement and the changes in consolidated equity statement of EVN.

EVN is currently evaluating the consequences of the revised standards and interpretations on the preparation and presentation of the consolidated financial statements.

Basis of Consolidation

3. Consolidation methods

The consolidation is carried out by offsetting the acquisition cost against the proportionate, revalued net assets of the subsidiary on the date of acquisition.

All companies of importance in which EVN AG can directly or indirectly exercise a controlling influence (subsidiaries) on the financial and business policies are fully consolidated. This is usually the case when EVN’s voting rights exceed 50.0%, but can also apply in the case when EVN is entitled to be the primary beneficiary of any economic benefit arising from the business operations of these companies or is obliged to bear most of the risks on behalf of these companies as the result of an existing power of disposition. In contrast, companies are not fully consolidated in which EVN AG owns more than 50.0% of the shares, but is not entitled to exert an influence on their financial and business policies due to special contractual arrangements. The initial consolidation of companies takes place as of the acquisition date or at the point in time in which EVN exerts a controlling influence, and ends when this controlling influence no longer exists.

In the course of business combinations in accordance with IFRS 3, the identifiable assets and liabilities (including contingent liabilities) are reported at their full fair value, irrespective of any existing minority interest. Intangible assets must be presented separately from goodwill, if it can be demonstrated that they are separable from the entity or arise from contractual or other legal rights. In applying this method, restructuring provisions may not be recognised separately within the context of the purchase price allocation. Any remaining unallocated acquisition costs, which compensate the divesting company for market opportunities or developmental potential that has not been clearly identified, are recorded as goodwill in the local currency in the relevant segment. If the interest in the fair value of the identifiable assets and liabilities (including contingent liabilities) exceeds the cost of the business combination, the gain is recognised immediately in profit or loss after a reassessment of the measurement. Any undisclosed reserves or obligations are carried forward in proportion to the related assets and liabilities during the subsequent consolidation.

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

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

Subsidiaries, joint ventures and investments in associates are not consolidated if their influence on the assets, liabilities, financial position 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, the balance sheet total, total non-current assets, proportional equity as well as external revenue are considered in relation to Group totals. The companies consolidated on the basis of these criteria account for more than 98.0% of the respective totals

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

Impairment losses and reversals thereon to investments in subsidiaries, which are included in the companies' individual financial statements, are eliminated in preparing the consolidated financial statements.

4. Consolidation range

The consolidation range is established in accordance with the requirements contained in IAS 27. Accordingly, including the parent company EVN AG, a total of 26 domestic and 27 foreign subsidiaries were fully consolidated in the consolidated financial statements as at September 30, 2009 (previous year: 25 domestic and 26 foreign subsidiaries).

A total of 36 affiliated companies (previous year: 28) were not consolidated due to their immaterial influence on the assets, financial position and profitability of the EVN.

EVN KG, which is wholly owned by EVN, is consolidated on a proportionate basis because of a specific contractual agreement.

EconGas, in which EVN AG has a 16.5% interest (previous year: 15.7%), is included at equity due to a special clause in the contractual agreement that allows EVN to exert significant influence on the company.

An overview of the companies included in the consolidated financial statements is provided under EVN Group Investments, starting on page 123. The consolidation range (including EVN AG as parent company) developed as follows during the reporting period:

4. Changes in the consolidation range

	Full consolidation	Proportionate consolidation	Equity method	Total
30.9.2007	**46**	**4**	**12**	**62**
Start-ups and initial consolidations	4	–	1	5
Business Combinations	1	–	–	1
30.9.2008	**51**	**4**	**13**	**68**
Start-ups and initial consolidations	2	1	2	5
Business Combinations	2	–	–	2
Mergers and Deconsolidation	–2	–	–1	–3
30.9.2009	**53**	**5**	**14**	**72**
Thereof foreign companies	27	–	4	31

Start-ups and initial consolidations

EVN Finance B.V., established in June 2006 for the purpose of Group financing, was fully consolidated in the consolidated financial statements of EVN for the first time due to materiality.

EAA-EGM, which was already founded in August 2008 and in which EVN has a 45.0% stake via Energieallianz, was consolidated in the Interim Group report of EVN AG on a proportionate basis for the first time due to its materiality as a part of the Energieallianz subgroup. The activities of EAA-EGM as a 100.0% subsidiary of Energieallianz focus on the construction, delivery and subsequently the expansion of natural gas filling stations, as well as their service and maintenance, particularly in Vienna, Lower Austria and Burgenland.

October 2008 marked the founding of EVN Kavarna, in which evn naturkraft has a 70.0% stake, for the purpose of constructing a wind park with 25 wind power generating facilities, or a total capacity of 50 MW in Kavarna, Bulgaria.

AUL established in December 2008 as a joint venture between EVN Abfall and Entsorgungslogistik Austria GmbH, Vienna, serves the purpose of constructing and operating waste transfer stations and providing services in the fields of waste collection, transport and waste transfer logistics. EVN has a 50.0% shareholding, thus the company is included at equity in the consolidated financial statements.

The joint venture Devoll Hydropower, set up between EVN and Statkraft AS, Oslo, Norway, in December 2008, in which both companies have a 50.0% shareholding, focuses on the joint planning, construction and operation of three hydroelectric power plants on the Devoll River. With a total capacity of 340 MW, an average production of 1,000 GWh and total investments of EUR 950.0m, this project represents the biggest of its kind in Europe. The joint venture is included at equity.

Business Combinations

With the official signing of the contract of sale on February 25, 2009, the Burgenland-based cable network operator B.net as well as Dataservice GmbH, Eisenstadt, were fully taken over by Kabelsignal at purchase price of TEUR 22,014.6. The effect out of it on revenue of EVN amounted to TEUR 9,681.7, the one on the EBIT was TEUR –1,196.9.

The following effects on the consolidated balance sheet were calculated at fair value as a result of business combinations and the accompanying initial consolidations:

4. Impact of business combinations TEUR	2008/09	2007/08
Non-current assets	59,895.2	35,259.5
Current assets	4,598.7	6,258.1
	64,493.9	**41,517.6**
Equity	21,627.6	25,552.8
Non-current liabilities	30,355.7	5,769.2
Current liabilities	12,510.6	10,195.6
	64,493.9	**41,517.6**

The valuation of property, plant and equipment of B.net had not yet been concluded at the balance sheet date September 30, 2009.

Mergers and Deconsolidation

In June 2009, Dataservice GmbH, Eisenstadt, as the transferring company was merged with B.net as the acquiring company.

EESU Holding GmbH, Vienna, which had been previously included at equity in the consolidated financial statements on the basis of EVN's shareholding of 49.95%, was merged with RBG as the acquiring company in August 2009. In turn, the fully-consolidated RBG, in which EVN now owns a 50.03% shareholding, has a 100% stake in RAG. However, RAG will continue to be consolidated at equity, due to a contractual stipulation which does not permit EVN to exert a controlling influence on the company.

WTE Vodice, which had previously been fully consolidated, was deconsolidated due to immateriality.

5. Foreign currency translation

The individual Group subsidiaries report business transactions in foreign currency at the average exchange rate on the date of the relevant transaction. Monetary assets and liabilities denominated in foreign currencies are also reported at the average exchange rate on the balance sheet date, whereas any expenses and income denominated in foreign currencies are reported at the annual average rate. Any resulting foreign currency gains or losses are recognised to profit or loss in the same business year as the transactions.

Similar to this approach, the financial statements of Group subsidiaries that report in foreign currencies for the purpose of preparing the consolidated financial statements of EVN are translated into the euro based on the functional currency method in accordance with IAS 21. Unrealised foreign currency translation gains and losses resulting from long-term intragroup loans are reported as the currency translation adjustment in equity without recognition to profit or loss. Currency translation adjustments directly recognised in equity resulted in a change in equity amounting to TEUR –5,538.9 (previous year: TEUR +1,032.3).

Additions and disposals are reported in the development of all assets at the average exchange rate. Changes in the average exchange rate 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 currency translation adjustment in the development of assets.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the 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	2007/08 Exchange rate on the balance sheet date	Average[1]	2006/07 Exchange rate on the balance sheet date	Average[1]
Albanian lek	132.37000	128.27620	121.70000	122.47923
Bulgarian lev[2]	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.44430	7.44890	7.46110	7.45732
Danish krone	7.25800	7.31130	7.10490	7.25265
Macedonian denar	61.17410	61.31830	61.16420	61.24637
Polish zloty	4.22950	4.19960	3.39670	3.49430
Russian rubel	43.98000	42.24450	36.40950	36.36155

1) Average of the last day of the months
2) The exchange rate was determined by Bulgarian regulations.

Significant Accounting Policies

The consolidated financial statements were prepared in accordance with the existing, changed and newly released standards and interpretations, inasmuch as they had been published in the Official Journal of the EU by September 30, 2009 and had already taken effect. The consolidated financial statements were prepared in accordance with the following accounting principles:

6. Changes in accounting and valuation methods

The changes to IAS 39 and IFRS 7 published in October 2008, entitled "Reclassification of Financial Assets" enabled, under limited circumstances, a reclassification of non-derivative financial assets from the category "Held for trading (HFT)" to the category "Available for sale (AFS)" inasmuch as there is no longer the short-term intention to sell or buyback these assets. In accordance with the ordinance (EG) Nr. 1004/2008 dated October 15, 2008, the current financial crisis was considered as an example of such a limited circumstance.

In line with these changes, EVN reclassified current securities amounting to TEUR 23,367.5, which had previously been recognised as "HFT" to the category "AFS" at their current market value as at November 11, 2008. The effect of this reclassification on the financial results in the financial year 2008/09 amounted to TEUR +4,841.9.

Furthermore, in order to improve transparency, particularly in relation to the disclosure requirements contained in IFRS 7, the following changes have been made in the presentation of the consolidated financial statements:

– Securities serving the purpose of investments of surplus short-term liquidity, but do not fulfil the criteria for being classified as cash equivalents, were reported in the previous year as cash and cash equivalents in the consolidated balance sheet. Now they are reported as a separate item in the consolidated balance sheet.
– The negative market values in connection with hedging transactions for bonds in which these transactions are partly offset by the corresponding development in bonds recognised as non-current loans and borrowings were reported in the previous year under non-current provisions for financial instruments. Pursuant to IFRS 7, these were reclassified as non-current liabilities.

On the basis of the new presentation, the comparable figures for the previous year have been adapted to enable more effective comparability.

Due to the merger of EESU Holding GmbH, Vienna, previously consolidated at equity, with the fully-consolidated RBG, whose shareholdings in RAG amounted to 25.0% and 75.0% respectively in the past, RBG now directly owns a 100.0% stake in RAG (see note 4. Consolidation range). Up until now, 87.5% of the proportional earnings of RAG were reported in the income from investments in associates included at equity in the consolidated income statement of the EVN. In respect to the 75.0% stake in RAG previously owned by RBG, 49.95% of the proportional earnings of RAG were assigned to minority interest.

In the light of the 100.0% direct shareholding of RBG in RAG and in the spirit of ensuring a more transparent, more understandable and clearer presentation of RAG, 100.0% of RAG will be reported as income from investments in associates included at equity in the future, 49.97% oh which will be assigned to minority interest. Accordingly, the consequence is an increase in the income from investments in associates included at equity as well as an increase in the profit attributable to minority interest. However, this changed presentation will not have any effect on the profit attributable to EVN AG shareholders.

6. Effects of the changed presentation of RAG[1)]

		2008/09		2007/08	
Position	TEUR	**New reporting**	**Previous reporting**	New reporting	Previous reporting
Income from investments in associates included at equity		–1,139.0	–568.9	11,479.5	5,734.0
Thereof profit attributable to minority interest		–570.1	–	5,745.5	–
Thereof profit attributable to EVN AG shareholders		–568.9	–568.9	5,734.0	5,734.0

1) The above-mentioned figures refer to the former stake of EESU Holding GmbH, Vienna, in RAG which was affected by the changes.

The resulting increase in minority interest was taken into account in the minority interest (see page 75 under Changes in consolidated equity statement). The previous year's figures were not adapted due to the lack of any consequences on the profit attributable to EVN AG shareholders.

7. Intangible assets

Intangible assets are carried at acquisition or production cost, less ordinary straight-line depreciation and any impairment losses. Internally generated intangible assets are recorded at production cost, when the requirements of IAS 38 for the capitalisation of such assets have been fulfilled. IAS 38 differentiates between research and development expenses. EVN did not capitalise any development expenses during the past financial year, as in the preceding year, as the criteria required by IFRS to capitalise these items were not fulfilled.

The calculation of amortisation for intangible assets with a definable, limited useful life is based on the straight-line method accounting for each asset's individual useful life, which is three to eight years for software and three to 40 years for rights. The expected useful life and amortisation procedure are determined by means of estimates on a pro rata temporis basis in respect to the period of time and cash inflow from the intangible assets.

Capitalised customer relationships arising from an acquisition are amortised according to schedule over a period of five to 15 years if a useful life has be defined due to market liberalisation.

8. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost, less ordinary straight-line depreciation and any impairment losses. If there is an obligation to decommission plant and equipment, or restore property, acquisition or production cost also encompasses the estimated expense for demolition and disposal costs. The present value of the future payments is recognised along with the acquisition or production cost and recognised to the same amount as a liability.

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. A subsequent capitalisation of these expenses as part of the acquisition or production cost takes place if these measures are value-enhancing.

If the construction of fixed assets continues over an extended period of time, the interest expense on debt is capitalised as a part of production cost until construction is completed, in accordance with IAS 23. Assets are depreciated when available for use. Depreciation is calculated on a straight-line basis over the expected useful life of the equipment or its components. The expected economic and technical life of plant or equipment is evaluated on each balance sheet date and adapted if necessary.

Ordinary straight-line depreciation is based on the following calculations for expected useful life:

8. 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 or equipment are sold, the assets are evaluated at the time the transaction is approved to determine whether they meet the criteria of being classified as non-current assets held for sale in accordance with IFRS 5. If required, the asset is written down to equal the selling price less any costs to sell. The resulting carrying value is not depreciated further until the date of disposal. Similar to the previous year, property, plant and equipment did not meet these criteria of IFRS 5.

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

9. Investments in associates included at equity

Companies included at equity are initially recognised at cost (acquisition price), and measured in later periods at the proportional share of depreciated net assets plus any applicable goodwill. In this case, the carrying value is increased or decreased by the proportional share of net profit, distributed dividends, other changes in equity as well as by carried forward fair value adjustments of a preceding business combination. An impairment loss is recognised when the recoverable amount is less than the carrying value.

10. Financial instruments

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

Primary financial instruments
The following valuation 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 at amortised cost ("FLAC")

The classification of primary financial instruments by EVN in classes, which IFRS 7 requires to be disclosed in the notes to the consolidated financial statements, is as follows:

10. Classes of primary financial instruments

	Valuation category
Current assets	
Other investments	
Investments in subsidiaries	AFS
Other investments	AFS
Other non-current assets	
Securities	@FVTPL
Loans receivable	LAR
Receivables and accrued lease transactions	LAR
Receivables arising from derivative transactions	Hedge Accounting
Current assets	
Current receivables and other current assets	
Trade accounts receivable	LAR
Receivables arising from derivative transactions	Hedge Accounting
Securities	HFT
Cash	
Cash on hands 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 financial liabilities	FLAC
Trade accounts payable	FLAC
Other current liabilities	
Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting

Primary financial instruments are recognised in the consolidated balance sheet 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 of the settlement date.

The initial valuation comprises the market value plus transaction costs The subsequent valuation is carried out pursuant to the classification in the above-mentioned valuation categories for which different valuation rules apply in each case. These are described in the notes to the individual balance sheet items.

Derivative financial instruments

At EVN derivative financial instruments include, in the broader meaning of the term, swaps, options, forwards, futures and structured products.

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

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

The market valuation of derivative financial instruments, which are classified as cash flow hedging instruments according to 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 market value of the hedged risk. The results are generally reported on the consolidated income statement, in which the hedged transaction is also reported. The changes in the value of hedges are primarily offset by the changes in the value of the hedged transaction.

Derivative instruments, primarily currency and interest rate swaps, are utilised as a means of hedging and controlling existing economic exchange rate and interest fluctuation risks.

EVN makes use of swaps, futures and forwards as a means of reducing the risks in the energy sector that may arise from changes in energy, commodity and product prices.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity and CO_2 emission. Certificates are concluded to secure purchase prices for expected electricity deliveries or CO_2 emission certificates and the sale prices for planned electricity production. Due to the regular physical deliveries, these contracts are not dedicated to derivative financial instruments pursuant to IAS 39, but represent executory sale and purchase agreements which, in accordance with IAS 37 must be examined to determine the expected losses from executory contracts.

11. Other investments

Investments in affiliated companies and investments in associates, which are not consolidated due to immateriality, and other investments are reported as “AFS“.

Generally, the valuation is carried out at market value in the consolidated balance sheet. If possible, it is determined on basis of share prices. Acquisition costs less impairment comprise the valuation basis in those cases when it is not possible to determine the market value from comparable transactions during the respective periods, and a valuation by means of discounting the expected cash flow is dispensed with due to the inability to reliably determine the cash flow.

Unrealised profits or losses are capitalised under equity without recognition through profit or loss. Impairment losses are recognised in cases of permanent reductions in value. When financial assets are sold, the unrealised profits or losses that were previously recorded under equity without recognition to profit or loss are recognised to profit or loss.

12. Other non-current assets

Securities recorded under non-current assets are initially recognised as "@FVTPL". These assets are recorded at cost (acquisition price) as of the date of acquisition and at market value as of the balance sheet date in later periods. Changes in market value are recognised to the income statement as income or expense.

Loans receivables are classified as "LAR", interest-bearing debt is reported at amortised cost, interest-free and low-interest loans are reported at their present value. All identifiable risks are taken into consideration by means of corresponding provisions.

Receivables and accrued lease transactions are derived from the project business, and are reported as finance leases according to IAS 17 in connection with IFRIC 4 (see note 23. Leasing and rented assets).

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses related to changes in the value of derivative financial instruments are either recognised to profit or loss in the consolidated income statement or recorded under equity without recognition to profit or loss (see note 10. Financial instruments).

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

13. Inventories

The valuation of inventories is based on acquisition or production cost or the lower net realisable value on 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 duration of storage or reduced convertibility are reflected in impairment losses which are based on experience. The applicability of primary energy inventories and raw materials, auxiliary materials or fuels is determined in accordance with the moving average price method.

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

14. Receivables

Current receivables are generally reported at amortised cost. Exceptions to this procedure are derivative financial instruments, which are reported at market values, and assets and liabilities in foreign currencies, which are valued at the exchange rate in effect on the balance sheet date. Amortised cost is considered to represent a fair estimate of the current value because the remaining time to maturity is less than one year in most cases.

Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and the company has a right to offset the items.

15. Securities

The valuation of current securities classified as "HFT" is based on their market value. Changes in the market value are immediately recognised in the consolidated income statement.

16. Cash

Cash includes cash on hands and cash at banks used for the temporary investment of free liquid funds. It is reported at current rates. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

17. Equity

In contrast to borrowed capital, equity is defined in accordance with the IFRS Framework as the "residual interest in the assets of an entity after deducting all of its liabilities". Equity is thus the residual value derived from the entity's assets and liabilities.

The treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are reported at the acquisition cost of the repurchased treasury shares and are visibly offset against the retained earnings. Profit or loss resulting from the resale of the treasury shares in comparison to the acquisition cost increase or decrease 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 market valuation of marketable securities, and the effective part of market value changes from cash flow hedge transactions. This item also encompasses the proportional share of the valuation reserve according to IAS 39 of investments in associated included at equity.

18. Non-current provisions

Provisions for pensions and obligations similar to pensions

Under the terms of a company agreement, EVN is obliged to pay a supplementary pension on retirement to employees who joined the company prior to December 31, 1989. This commitment also applies to those employees of EVN Netz who, within the context of the legal unbundling agreement for the spin-off of the electricity and gas networks, are now working for EVN Netz. In principle, the amount of this supplementary pension is performance-related, and is derived from the length of service and the amount of remuneration at the time of retirement. Contributions to EVN-Pensionskasse are in any case made by EVN and, as a rule, also by the employees, whereby the resulting claims are fully credited to pension payments. The obligations of EVN to retired employees as well as to prospective beneficiaries are covered in part by provisions for pensions and through defined contribution payments made by EVN-Pensionskasse.

For employees who joined the company after January 1, 1990, the supplementary company pension has been replaced by a contribution-based pension scheme, which is financed by EVN-Pensionskasse. This pension fund invests the pension fund assets primarily in different investment funds, in accordance with the provisions of the Austrian Pension Fund Act. EVN has made pension commitments to certain employees, which entitle these persons to receive company pension payments if certain conditions are met.

The provision for obligations similar to pensions were created for liabilities arising from the future claims of current employees and current claims of retired personnel and dependents to receive benefits in kind in the form of electricity and gas.

The provisions for pensions and for obligations similar to pensions is calculated on the basis of an actuarial report using the projected unit credit method. The expected pension payments are distributed according to the number of years of service by employees until retirement incorporating expected increases in wage, salaries and pensions.

The provisions are determined by an actuary on the basis of an actuarial report as of the balance sheet date. The calculation principles are described in note 42. Non-current provisions. Accumulated actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the present value of plan assets are recognised through profit or loss over the average remaining working life of the particular employees.

As in the previous year, for the provision for pensions the biometric principles for calculation were established using the "Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler" Austrian pension tables.

The current service cost and the interest portion of the addition to the provisions are reported as personnel expenses.

Provision for severance payments

Austrian companies are required by Austrian labour legislation to make one-off severance payments when employees whose employment began before January 1, 2003 are dismissed or have reached the legal retirement age. The amount of such payments is based on the number of years of service and the amount of individual remuneration.

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

The provision for severance payments is created according to actuarial principles. Severance payments are calculated using the same parameters as the provision for pensions and for obligations similar to pensions (for the calculation principles see note 42. Non-current provisions).

Accumulated actuarial gains and losses that exceed 10.0% of the higher of the defined benefit obligation (DBO) and the present value of plan assets are recognised through profit or loss over the average remaining working life of the particular employees.

For those employees whose employment commenced after December 31, 2002, the responsibility for fulfilling this obligation of a one-off severance payment will be assumed by a contribution-based severance payment system. The payments to this external employee fund are reported as personnel expenses.

Other non-current provisions

Other non-current provisions reflect all other recognisable legal or factual commitments to 3rd parties as of the balance sheet date, based on events which took place in the past, and where the level of the commitments and the precise starting point are still uncertain. These provisions are recorded at the discounted amount to be paid. Valuation is based on the expected value or the amount which involves the highest probability of a loss.

The obligations for service anniversary bonuses required by collective wage and company agreements are calculated using the same principles as the provisions for pensions and for obligations similar to pensions.

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

19. Liabilities

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

Deferred income from network subsidies do not reduce acquisition or production costs of the corresponding assets and are therefore reported as liabilities in the consolidated balance sheet in analog application of IAS 20.

Deferred income from construction subsidies, which constitutes payments made by customers as part of investments in network construction, represents an offset to the acquisition or production costs of these assets. Deferred income from investment subsidies are as a rule linked to operational management in accordance with legal requirements and the approval of the responsible authorities. Deferred income from construction subsidies as well as investment subsidies are released on a straight-line basis over the average useful life of the assets.

20. Revenue

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 from the billing system, and accrued based on the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN is entitled to payment from the customer for billable services.

Interest income is reported on a proportional basis taking into account the effective interest rate of the asset. Dividends to be received are recognised when a legal entitlement to payment arises.

Contract manufacturing
Receivables from project business (particularly BOOT models – build, own, operate, transfer) and related sales are accounted for in proportion to the level of completed work by using the percentage of completion method. Projects are concluded on the basis of individual contractual agreements that specify fixed prices. The degree of completion is established by using the cost-to-cost method under which sales and profits are recorded after considering the ratio of accumulated costs to the estimated total costs. Reliable estimates of the total costs, of sale prices and of the actual accumulated costs are available. Changes in the total estimated contract costs and occurring losses, if any, are recognised to the consolidated income statement in the period in which they are determined. Any other technological and financial risks that may occur during the remaining project period are reflected in a contingency fee, which is assessed individually for each project and 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.

21. Income taxes and deferred taxes

The corporate income tax rate applicable to EVN AG on the balance sheet date equalled 25.0%.

The 2005 Tax Reform Act passed 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 the corporate tax group created by NÖ Landes-Beteiligungsholding GmbH, St. Pölten.

The taxable profit or loss from the companies belonging to these groups is assigned to the superior unit (Group member) or the respective corporate tax group, following the calculation of losses incurred by each of the companies in the group. In order to offset the transferred taxable results, the group contracts were amended to include a tax charge that is based on the stand-alone method.

Future tax changes have been included, if the relevant law was enacted as of the balance sheet date.

Deferred taxes are calculated using the liability method at the tax rate to be expected on the balance sheet date when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recorded for all temporary differences that will balance in the future (differences between the amounts included in the consolidated financial statements and the financial statements prepared for tax purposes).

Deferred tax assets are only reported to the extent that it is considered probable that sufficient taxable results or taxable temporary differences will arise. Tax loss carryforwards are capitalised as deferred tax assets. Deferred tax assets and deferred tax liabilities are offset, when the company is entitled to offset these amounts and when they relate to the same tax authority.

Deferred taxes are not recorded on the consolidated balance sheet for temporary differences resulting from investments in associates included at equity.

The following corporate tax rates were used to calculate income taxes:

21. Corporate income tax rates

%	2008/09	2007/08
Headquarters		
Austria	25.0	25.0
Albania[1)]	10.0	10.0
Bulgaria	10.0	10.0
Croatia	20.0	20.0
Cyprus	10.0	10.0
Denmark	25.0	25.0
Estonia[2)]	21.0	21.0
Germany	30.0	30.0
Lithuania[3)]	20.0	15.0
Macedonia	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Russia[4)]	20.0	24.0
Slovenia	21.0	22.0
Turkey	20.0	20.0

1) The tax burden on companies was reduced from 20.0% to 10.0% as of January 1, 2008.
2) Taxes on corporate profits are first levied when dividends are paid to shareholders. Retained earnings are not taxed.
3) The tax burden on companies was reduced from 20.0% to 15.0% as of January 1, 2009.
4) The tax burden on companies was reduced from 24.0% to 20.0% as of January 1, 2009.

22. Procedures and effects of impairment tests

All assets fulfilling the criteria of IAS 36 are tested on the balance sheet date to determine if there are sufficient internal or external signs of an impairment loss. Property, plant and equipment and intangible assets with a definite useful life are to be tested for unscheduled impairment if there are sufficient signs of a potential impairment loss, in addition to scheduled depreciation. Goodwill and intangible assets with an indefinite lives must be tested for impairment at least once a year.

The impairment test for goodwill as well as assets for which no expected future cash flows can be identified is based on an assessment of the cash generating units (CGUs). For the assignment of consolidation differences CGUs that produce cash flow and – in cases of goodwill arising from business combinations – derive a benefit from the synergies resulting from the merger have to be identified. Any non-assignable consolidation difference is allocated to the cash-generating units Supply, Bulgaria, Macedonia and Environmental Services.

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

In assessing economic value within the context of impairment tests, the higher of the net selling price and the value in use of the CGU is compared with the previously reported carrying amount. The net selling price corresponds to the fair value less costs to sell.

The value in use is calculated by discounting the future monetary inflows and outflows (cash flows) that result from the use of an asset, whose valuation is carried out on the basis of medium-term internal planning. These cash flows are discounted at the pretax weighted average cost of capital (WACC) of 8.7% (previous year: 8.7%), taking into consideration specific corporate and country risks. This valuation process takes the future expected revenues into consideration as well as maintenance and repair expenses. In cases of property, plant and equipment and intangible assets with definite lives, the condition of the assets must also be taken into account. The quality of the planning data is regularly compared with actual results through a variance analysis. These findings are taken into consideration in developing the next medium-term corporate planning strategies.

If the recoverable amount is below the recognised carrying amount, the carrying amount is to be reduced to equal the recoverable amount and an impairment loss is to 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 reduced through an impairment loss amounting to the difference between the previously reported carrying value and the recoverable amount. Any further impairment is reflected in a proportional reduction of the carrying amount of the remaining fixed assets in the CGU.

If the reasons for impairment cease to exist, a corresponding write-up is recorded, whereby the increased carrying amount may not exceed the depreciated acquisition or production cost. In accordance with IAS 36, goodwill that was written down through an impairment loss may not be revalued, even if the reasons for the impairment have ceased to exist.

23. Leased and rented assets

In accordance with 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.

Long-term lease receivables within the context of the so-called BOOT model (build, own, operate, transfer) – in which a facility is built, financed and then operated on behalf of the customer for a predefined period of time, after which the plant becomes the property of the customer – are classified as finance leases in accordance with IAS 17 together with IFRIC 4, and capitalised 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 amortised on a straight-line basis over their expected useful life or the shorter contract period. The obligations resulting from future lease payments are reported as a liability. Assets obtained through operating leases are considered to be owned by the lessor. The rental charges incurred by the lessee are allocated as equal instalment payments over the duration of the lease and reported as an expense.

24. Forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted accounting policies in accordance with IFRS requires estimates and appraisals that have an influence on the assets and liabilities, income and expenses and amounts listed in the notes to the consolidated financial statements.

The impairment tests concern estimates above all concerning future cash flows. Changes in the overall economic, industry or company situation in the future may reduce cash inflows and lead to an impairment of goodwill.

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

Further applications of economic assumptions and estimates involve determining the useful life of non-current assets, creating provisions for legal proceedings, environmental protection and the assessment of receivables and inventories. All estimates are based on practical experience and other assumptions, which may be accurate under certain circumstances.

However, the actual amounts which result at the end of the financial year may deviate from these estimates. The validity of these estimates and appraisals, and their underlying presumptions, is the subject of continuous evaluation.

25. Segment reporting

IAS 14 stipulates that specific data from the financial statements of a company must be provided separately according to the various areas of business and geographical segments. This classification follows the internal reporting structure, and therefore provides a reliable assessment of the risks and earnings of EVN. Segment reporting allows for greater transparency in evaluating the profitability and prospects of success relating to the business activities of EVN.

The new organisational structure of EVN, which took effect at the beginning of the 2005/06 financial year, has also been reflected in the company's external reporting instruments, in letters to shareholders and annual reports. Accordingly, the structure of this report focuses on the three business segments: Energy, Environmental Services, and Strategic Investments and Other Business.

On the one hand, this new segment reporting provides a compact description of the relevant management components characterising EVN (management approach). On the other hand, it is also designed to convey a sufficient level of information on the development of business in the different business areas, and thus serve as the basis for a logical interpretation of developments in the Group.

The segments encompass the following activities:

25. Segment activities

Segment	Activity
Energy	Generation, networks, energy procurement and supply, and South East Europe
Environmental Services	Water, wastewater and waste incineration
Strategic Investments and Other Business	Strategic and other investments, Group services

The geographical segmentation encompasses the sub-divisions of EVN's business activities in the following regions: Austria, South East Europe as well as Central and Eastern Europe.

Principles of segment allocation
Items that can be assigned directly are allocated to the respective segments. Services provided by one segment for another segment that can be charged directly are allocated by means of intragroup trans-actions. Any items that cannot be assigned or charged directly are assigned using an objective cost allocation process. Any remaining amounts are distributed in proportion to the assigned items.

Revenues are assigned to the country in which the service was provided in accordance with the country of destination. The project location is the main criteria used to determine the assignment of revenues for EVN's project business.

Transfer pricing
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.

Notes to the Consolidated Balance Sheet

Assets

Current assets

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

Currency translation differences are reported as those amounts resulting from different exchange rates of companies abroad to translate assets at the beginning and the end of the financial year 2008/09.

26. Intangible assets

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

Other intangible assets include electricity procurement rights, transportation rights for natural gas pipelines and other rights, in particular software licenses and the customer base of the Bulgarian and Macedonian electricity supply companies and B.net.

As of September 30, 2009 the capitalised customer base in regulated markets were recognised as assets with an indefinite life at a total acquisition cost of TEUR 24,514.9 (previous year: TEUR 24,514.9). In Bulgaria the beginning of the new regulatory period in the 2007/08 financial year was accompanied by the beginning of the scheduled depreciation of the customer base.

In the 2008/09 financial year, a total of TEUR 1,154.4 (previous year: TEUR 934.1) was invested in research and development. The criteria required by IFRS to capitalise these items were not fulfilled.

26. Development of intangible assets

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

2007/08 financial year	TEUR	Goodwill	Other intangible assets	Total
Acquisition or production costs 30.9.2007		**191,623.6**	**341,783.7**	**533,407.3**
Currency translation differences		111.6	4.1	115.7
Addition through business combination		23,753.2	54.1	23,807.3
Additions		–	14,398.7	14,398.7
Disposals		–	–7,416.3	–7,416.3
Transfers		–	1,935.9	1,935.9
Acquisition or production costs 30.9.2008		**215,488.5**	**350,760.2**	**566,248.6**
Accumulated amortisation 30.9.2007		**–**	**–205,550.1**	**–205,550.1**
Currency translation differences		–	–1.9	–1.9
Scheduled amortisation		–	–10,420.3	–10,420.3
Disposals		–	7,353.4	7,353.4
Transfers		–	–80.2	–80.2
Accumulated amortisation 30.9.2008		**–**	**–208,699.2**	**–208,699.2**
Carrying amount on 30.9.2007		**191,623.6**	**136,233.6**	**327,857.2**
Carrying amount on 30.9.2008		**215,488.5**	**142,061.0**	**357,549.5**

27. Property, plant and equipment

Additions to property, plant and equipment include capitalised interest expense of TEUR 3,982.4 (previous year: TEUR 3,541.3). The interest rate used for capitalisation ranges from 1.39%–7.50% (previous year: 5.43%–5.50%). The additions through business combination in the 2008/09 financial year comprised the asset value of B.net.

Land and buildings contain land valued at TEUR 70,452.4 (previous year: TEUR 69,989.4). As of the balance sheet date, EVN held a mortgage with a maximum value of TEUR 1,827.7, as in the previous year. Own work capitalised during the 2008/09 financial year amounted to TEUR 16,620.4 (previous year: TEUR 13,500.9).

The implementation of an impairment test on property, plant and equipment in the previous year resulted in a reversal of impairment losses amounting to TEUR 1,437.9, as well as an impairment loss in networks and other facilities totalling TEUR 13,431.4.

Prepayments and equipment under construction included TEUR 374,739.8 (previous year: TEUR 294,733.4) of acquisition costs relating to equipment under construction on 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 on the consolidated balance sheet. The carrying amount of these assets totalled TEUR 21,120.6 at the balance sheet date (previous year: TEUR 22,170.3). The related leasing and rental liabilities were recorded under other non-current liabilities.

27. Development of property, plant and equipment

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

2007/08 financial year TEUR	Land and buildings	Transmission pipelines	Technical equipment	Meters	Other plant, tools and equipment	Prepayments and equipment under construction	Total
Acquisition or production costs 30.9.2007	**693,537.6**	**2,202,930.1**	**1,649,174.3**	**179,372.5**	**207,335.9**	**196,937.0**	**5,129,287.4**
Currency translation differences	638.5	238.5	659.3	14.4	146.9	–34.6	1,663.0
Addition through business combination	17,242.5	12,453.0	3,648.2	96.4	263.7	319.8	34,023.7
Additions	9,859.4	101,841.6	53,474.4	12,296.9	16,081.1	206,659.9	400,213.3
Disposals	–4,090.8	–6,234.7	–11,159.1	–4,422.4	–12,416.7	–660.0	–38,983.6
Transfers	–117,398.6	215,861.4	–19,520.1	5,014.8	9,967.4	–96,057.1	–2,132.2
Acquisition or production costs 30.9.2008	**599,788.5**	**2,527,090.0**	**1,676,277.1**	**192,372.6**	**221,378.4**	**307,165.0**	**5,524,071.7**
Accumulated depreciation 30.9.2007	**–307,830.0**	**–1,278,423.2**	**–1,140,462.8**	**–95,303.3**	**–156,752.2**	**–1,387.8**	**–2,980,159.3**
Currency translation differences	–295.4	–129.4	–381.4	–1.3	–108.3	–	–915.8
Scheduled depreciation	–16,847.2	–74,614.1	–48,292.4	–13,057.0	–20,456.7	–	–173,267.5
Impairment losses	–397.2	–12,233.3	–800.8	–0.1	–	–	–13,431.4
Additions	–	1,069.8	337.7	–	–	30.4	1,437.9
Disposals	3,058.6	5,940.6	10,343.2	3,393.5	11,267.9	304.5	34,308.2
Transfers	57,071.1	–92,808.8	35,572.3	–0.6	94.4	–	–71.5
Accumulated depreciation 30.9.2008	**–265,240.1**	**–1,451,198.4**	**–1,143,684.2**	**–104,968.8**	**–165,954.9**	**–1,052.9**	**–3,132,099.4**
Carrying amount on 30.9.2007	**385,707.5**	**924,506.9**	**508,711.6**	**84,069.2**	**50,583.7**	**195,549.2**	**2,149,128.1**
Carrying amount on 30.9.2008	**334,548.4**	**1,075,891.6**	**532,593.0**	**87,403.8**	**55,423.5**	**306,112.1**	**2,391,972.3**

28. Investments in associates included at equity and other investments

The investments in associates included in the consolidated financial statements at equity are listed in the annex under the item EVN Group Investments starting on page 122.

All investments in associates included at equity are initially recognised at their proportional share of IFRS income or loss, which is derived from an interim or annual report with a balance sheet date that is not more than three months before the balance sheet date of the parent company.

There are no publicly recognised market prices for the investments in associates included at equity in EVN.

Total other investments include investments in subsidiaries and investments in associates, which are not consolidated due to immateriality as well as investments in which EVN owns a stake of less than 20.0%, if these investments were not included at equity.

Among others, the additions in investments in associates included at equity refer to the effect of the changed presentation of RAG (see note 6. Changes in accounting and valuation methods).

The effect of the first-time adoption of new IFRS include the changed presentation of the projects related to the investments in associates included at equity ZOV and ZOV UIP, within the context of the first-time adoption of IFRIC 12 ahead of schedule (see note 2. Reporting in accordance with IFRS).

The transfers in miscellaneous investments refer to the reclassification of current securities valuated at TEUR 23,367.5 from "HFS" to "AFS", in line with the changes made to IAS 39 and IFRS 7.

Miscellaneous investments include shares in listed companies with a market value of TEUR 1,385,841.9 (previous year: TEUR 1,707,661.3). The miscellaneous investments included in this balance sheet item, amounting to TEUR 23,854.7 (previous year: TEUR 15,842.9), which are reported at amortised cost less impairments losses, involve shares in companies which are not traded on an active market, i.e. which are not freely tradeable.

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

Impairment losses totalling TEUR 345,186.9 (previous year: reversals of impairment losses of TEUR 108,039.8) to miscellaneous investments represent adjustments to reflect increased market value and share prices, which were offset against the valuation reserve according to IAS 39 after the deduction of deferred taxes.

During the period under review, no impairment losses (previous year: TEUR 58.7) were recognised to net profit for the period.

The shares of ZOV (equity attributable to EVN as of September 30, 2009: TEUR 50,021.3; previous year: TEUR 62,018.3) were passed on to the credit financing banks.

28. Development of investments in associates included at equity and other investments

TEUR	Investments in associates included at equity	Investments in subsidiaries	Miscellaneous investments	Total other investments
Acquisition costs 30.9.2008	**513,540.8**	**12,284.6**	**376,446.6**	**388,731.2**
Addition through business combination	–	458.7	–	458.7
Additions	158,210.4	1,851.2	5,697.7	7,548.9
Disposals	–	–41.8	–2,477.9	–2,519.7
Transfers	–	–17.5	23,385.0	23,367.5
Acquisition costs 30.9.2009	**671,751.3**	**14,535.2**	**403,051.4**	**417,586.7**
Accumulated depreciation on 30.9.2008	**127,949.3**	**–5,431.5**	**1,340,204.5**	**1,334,772.9**
Currency translation differences	–898.0	–	–	–
Impairment losses	–	–	–345,186.9	–345,186.9
Proportional share of results	46,657.6	–	–	–
Dividends	–93,905.9	–	–	–
Changes in equity recognised directly in equity	–24,673.8	–	–	–
Disposals	–	49.4	2,474.4	2,523.8
First-time adoption of new IFRS	–14,392.5	–	–	–
Accumulated depreciation on 30.9.2009	**40,736.6**	**–5,382.1**	**997,492.0**	**992,109.9**
Carrying amount on 30.9.2008	**641,490.1**	**6,853.1**	**1,716,651.1**	**1,723,504.2**
Carrying amount on 30.9.2009	**712,487.8**	**9,153.1**	**1,400,543.4**	**1,409,696.6**

29. Other non-current assets

Securities reported under other non-current assets consist of shares in investment funds, and mainly serve to provide coverage for the provisions for pensions and obligations similar to pensions as required by Austrian tax regulations. The amounts shown on the balance sheet date correspond to the fair value of these assets. Additions and disposals resulted from the regrouping of assets during the financial year.

Of the loans receivable amounting to TEUR 21,619.9 (previous year: TEUR 21,648.5), a total of TEUR 3,006.9 (previous year: TEUR 2,228.5) had a remaining time to maturity of less than one year.

Non-current receivables and accrued lease transactions resulted from the project business within the context of BOOT models. Receivables from ongoing contracts amount to TEUR 54,444.5 (previous year: TEUR 25,896.0). Additions to other non-current assets also include capitalised interest expense of TEUR 724.2 (previous year: TEUR 295.0). The interest rate used for capitalisation ranged from 4.6% – 5.9% (previous year: 4.6% – 9.1%).

The receivables arising from derivative transactions include positive market values in connection with interest and currency swaps.

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

29. Development of other non-current assets

TEUR	Other financial assets: Securities	Other financial assets: Loans receivable	Other financial assets: Receivables and accrued lease transactions	Other non-current assets: Receivables from derivative transactions	Other non-current assets: Long-term primary energy reserves	Other non-current assets: Remaining other non-current assets	Total
Acquisition costs 30.9.2008	**109,806.4**	**22,010.2**	**444,432.4**	**2,901.7**	**11,908.9**	**13,750.5**	**604,810.2**
Currency translation differences	–14.1	–	–	–	–	–	–14.1
Addition through business combination	75.8	–	–	–	–	–	75.8
Additions	–	1,361.8	54,554.5	15,672.4	3,562.9	1,926.2	77,077.8
Disposals	–10,030.6	–1,390.4	–48,370.3	–	–1,081.5	–3,210.6	–64,083.3
Acquisition costs 30.9.2008	**99,837.6**	**21,981.6**	**450,616.7**	**18,574.1**	**14,390.3**	**12,466.2**	**617,866.4**
Accumulated depreciation 30.9.2008	**–6,940.2**	**–361.6**	**–**	–	**–521.1**	–	**–7,823.0**
Currency translation differences	13.7	–	–	–	–	–	13.7
Write-up	–114.8	–	–	–	–	–	–114.8
Transfers	4,052.9	–	–	–	–	–	4,052.9
Impairment losses	5,550.3	–	–	–	–	–	5,550.3
Accumulated depreciation 30.9.2009	**2,561.9**	**–361.6**	**–**	**–**	**–521.1**	**–**	**1,679.1**
Carrying value 30.9.2008	**102,866.2**	**21,648.5**	**444,432.4**	**2,901.7**	**11,387.8**	**13,750.5**	**596,987.2**
Carrying value 30.9.2009	**102,399.5**	**21,619.9**	**450,616.7**	**18,574.1**	**13,869.2**	**12,466.2**	**619,545.5**

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

29. Remaining terms of non-current receivables and accrued lease transactions

	Remaining term as of 30.9.2009				Remaining term as of 30.9.2008			
TEUR	**Up to 1 year**	**> 1 year**	**> 5 years**	**Total**	Up to 1 year	> 1 year	> 5 years	Total
Interest components	34,024.0	88,869.9	69,611.0	192,504.8	39,225.6	110,828.2	57,654.1	207,707.9
Principal components	47,214.0	182,126.2	221,276.4	450,616.7	51,047.5	183,127.4	210,257.5	444,432.4
Total	**81,238.0**	**270,996.1**	**290,887.4**	**643,121.5**	**90,273.1**	**293,955.6**	**267,911.6**	**652,140.3**

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

The interest components correspond to the proportionate share of interest components in the total leasing payment, and do not represent a discounted amount. The interest components from leasing payments in the 2008/09 financial year are mainly reported as interest income on non-current financial assets.

Current assets

30. Inventories

Primary energy reserves are mainly comprised of coal supplies.

The emission certificates relate exclusively to certificates that were purchased to fulfil the requirements stipulated in the Emission Certificate Act but which have not yet been used. The corresponding obligation for insufficiency of the certificates is reported under current provisions (see note 48. Current provisions).

30. Inventories TEUR	2008/09	2007/08
Primary energy reserves	61,591.6	44,563.7
Emission certificates	8,590.0	272.2
Raw materials, supplies, consumables and other inventories	32,363.7	37,718.6
Customer orders not yet invoiced	34,746.7	14,997.2
Total	**137,292.0**	**97,551.7**

The risk of inventories resulting from comparatively low turnover or decreased market values was reflected in a valuation adjustment of TEUR 15,344.6 (previous year: TEUR 1,437.6). This write-down was contrasted by reversals of impairment losses amounting to TEUR 151.8 (previous year: TEUR 10.4).

Business combinations led to an increase of TEUR 1,273.2 in inventories (previous year: TEUR 647.9). The inventories are not subject to any limitations on disposal and are not encumbered.

31. Receivables

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

The risk of insolvency by dubious customers is accounted for by a provision amounting to TEUR 92,151.9 (previous year: TEUR 55,917.6). The provision for trade accounts receivable primarily relates to South East Europe. Generally speaking, write-offs of receivables are only possible there once a court order has been issued. The level of provisions successively increases due to the relatively long waiting period caused by the high number of pending court cases.

Receivables from investments in associates included at equity and affiliated companies are derived primarily from intragroup transactions with energy supplies as well as Group financing and services to non-consolidated subsidiaries.

Other receivables and assets consist mainly of receivables from compensation payment for electricity futures, receivables to partners within Energieallianz, as well as receivables from insurance and prepayments made.

Receivables arising from financial instruments mainly comprised positive market values of energy swaps.

31. Receivables TEUR	**2008/09**	2007/08
Financial assets		
Trade accounts receivable	312,594.9	305,085.8
Receivables from employees	10,621.4	9,952.6
Receivables from investments in associates included at equity	157,647.2	131,003.9
Receivables from affiliated companies	4,817.2	4,740.9
Other receivables and assets	82,480.0	67,236.1
Receivables arising from derivative transactions	–	18,814.3
	568,160.7	**536,833.6**
Other receivables		
Tax receivables	11,495.2	32,542.6
	11,495.2	**32,542.6**
Total receivables	**579,655.9**	**569,376.3**

32. Securities

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

32. Composition of securities TEUR	**2008/09**	2007/08
Cash funds	65,071.5	82,905.5
Bond funds	–	2,052.7
Equity funds	–	3,317.5
Other fund products	13,890.2	18,572.3
Total funds	**78,961.7**	**106,848.0**
Fixed income securities	7,763.1	5,954.5
Shares	11.4	23,149.1
Total securities	**86,736.1**	**135,951.6**

In addition to a loss of TEUR 1,922.5 (previous year: TEUR 3,453.1) on the sale of securities, a write-up of TEUR 214.3 (previous year: write-down of TEUR 14,307.2) was recognised in the reporting period to reflect the rise in stock prices.

Liabilities

Equity

The development of equity in the 2007/08 and 2008/09 financial years is presented on page 75.

33. Share capital

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

34. Share premium

This item comprises appropriated reserves of TEUR 50,163.6 from capital increases in accordance with Austrian stock corporation law as well as non-appropriated capital reserves of TEUR 58,267.7 pursuant to Austrian stock corporation law, the same level as in the preceding year.

35. Retained earnings

Retained earnings of TEUR 1,654,325.0 (previous year: TEUR 1,551,080.5) comprise the proportional share of non-distributed profit from EVN AG as well as from companies included in the consolidation as of the date of initial consolidation.

Dividends are based on the reported profit for the period of EVN AG as contained in its financial statements. The development of dividends is presented in the following table:

35. Development of EVN AG's profit for the period

	TEUR
Reported Group net profit for the period 2008/09	**60,059.1**
Retained earnings from the 2007/08 financial year	348.0
Distributable Group net profit for the period	**60,407.1**
Proposed dividend	–60,306.7
Retained earnings for the 2009/10 financial year	100.4

The proposed dividend of EUR 0.37 per share for the 2008/09 financial year, which will be recommended to the Annual General Meeting, is not included under liabilities.

The dividend payment for 2007/08, which totalled TEUR 60,306.6 or EUR 0.37 per share was proposed by EVN's Executive Committee and Supervisory Board and approved at the 80th Annual General Meeting on January 15, 2009. The dividend payment to shareholders took place on January 27, 2009.

36. Revaluation reserve according to IFRS 3

The revaluation reserve in accordance with IFRS 3 is derived from business combinations achieved in stages, and results from the acquisition of a further 10.05% interest in RBG, as well as the remaining 50.0% stake in EVN LV during the 2004/05 financial year.

37. Valuation reserve according to IAS 39

The valuation reserve according to IAS 39 includes non-recognised changes in the market value of "AFS" securities and cash flow hedges as well as the proportional share of changes to investments in associates that were recognised directly in equity.

37. Valuation reserve according to IAS 39 TEUR	2008/09 Before tax	Tax	After tax	2007/08 Before tax	Tax	After tax
Results recognised directly in equity from ...						
Market value of securities	997,294.6	–249,322.9	747,971.8	1,342,552.4	–335,626.8	1,006,925.6
Cash flow hedges	–9,496.3	2,442.3	–7,054.0	–1,988.9	479.7	–1,509.2
Investments in associates included at Equity	–15,496.0	–	–15,496.0	6,565.7	–	6,565.7
Total	**972,302.3**	**–246,880.6**	**725,421.7**	**1,347,129.2**	**–335,147.1**	**1,011,982.0**

38. Treasury shares

Within the context of the share buyback programme approved by the 79th Annual General Meeting, a total of 534,864 treasury shares were held at the balance sheet date September 30, 2009 (representing 0.33% of the share capital; September 30, 2008: 278,035 treasury shares, or 0.17% of the share capital) at an acquisition price of TEUR 8,037.8 and with a market value of TEUR 7,316.9 on the balance sheet date of September 30, 2009 (September 30, 2008: acquisition price of TEUR 4,753.9, market value of TEUR 4,167.7).

This share buyback programme was terminated ahead of schedule on the basis of the resolution passed on January 15, 2008 by the 80th Annual General Meeting of EVN AG authorising a new share buyback programme. Up until now, the Executive Committee has not exercised this option to buy back own shares in the company in accordance with the newly passed resolution.

The number of outstanding shares developed as follows:

38. Development of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
1.10.2007	**40,881,455**	**–**	**40,881,455**
Stock split at a ratio of 4 for 1	122,644,365	–	122,644,365
Buyback of treasury shares	–	–278,035	–278,035
30.9.2008	**163,525,820**	**–278,035**	**163,247,785**
Buyback of treasury shares	–	–256,829	–256,829
30.9.2009	**163,525,820**	**–534,864**	**162,990,956**

The weighted average number of outstanding shares, which is used as the basis for calculating the earnings per share, amounts to 163,010,712 shares (previous year: 163,448,927 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.

39. Minority interest

This item comprises the minority interests in the equity of subsidiaries which are fully consolidated.

Non-current liabilities

40. Non-current loans and borrowings

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

40. Composition of non-current loans and borrowings

	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.9.2009 (TEUR)	Carrying amount 30.9.2008 (TEUR)	Effective interest rate on the carrying amounts[1] (%)	Market value 30.9.2009 (TEUR)
JPY bond	5.200	1994–2014	JPY 8.0bn	61,182.7	50,440.0	8.79	71,198.6
EUR bond	5.250	2001–2011	EUR 262.9m	267,299.8	251,973.8	5.20	276,597.1
CHF bond	3.625	2009–2014	CHF 250.0m	165,575.8	–	5.03	175,752.8
EUR bond	5.000	2009–2016	EUR 28.5m	28,222.6	–	5.12	28,893.3
EUR bond	5.250	2009–2017	EUR 150.0m	148,099.7	–	5.39	152,430.0
EUR bond	5.250	2009–2019	EUR 30.0m	29,292.4	–	5.46	29,682.0
JPY bond	3.130	2009–2024	JPY 12.0 bn	79,983.6	–	5.27	92,314.0
Total bonds	–	–	–	779,656.7	302,413.8	5.50	826,867.7
Bank loans	1.00–8.77	up to 2031	–	922,826.9	1,056,474.3	3.95	922,826.9
Total	**–**	**–**	**–**	**1,702,483.6**	**1,358,888.1**	**4.66**	**1,749,694.6**

1) Interest expense in relation to average carrying amount, allowing for interest and currency hedges

The effective interest rate, which averaged 4.66% (previous year: 5.40%), represents the average interest on the average carrying amount after interest and currency hedging. The interest rate weighted by the carrying amount of the relevant liabilities totalled 3.50% as of the balance sheet date (previous year: 5.27%) and accounts for repayments.

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

40. Maturity of non-current loans and borrowings

	Term to maturity as of 30.9.2009				Term to maturity as of 30.9.2008			
TEUR	up to 1 year	> 1 year	> 5 years	Total	up to 1 year	> 1 year	> 5 years	Total
Bonds	–	494,058.3	285,598.3	779,656.7	–	251,973.8	50,440.0	302,413.8
Thereof fixed interest	–	224,405.1	205,614.7	430,019.9	–	–	–	–
Thereof variable interest	–	269,653.2	79,983.6	349,636.8	–	251,973.8	50,440.0	302,413.8
Bank loans	100,824.2	579,508.4	242,494.3	922,826.9	70,258.9	697,588.6	288,626.8	1,056,474.3
Thereof fixed interest	57,983.8	329,440.4	108,842.9	496,267.1	51,966.9	272,211.7	113,203.4	437,382.0
Thereof variable interest	42,840.4	250,068.0	133,651.4	426,559.8	18,292.0	425,376.9	175,423.4	619,092.3
Total non-current loans and borrowings	**100,824.2**	**1,073,566.7**	**528,092.6**	**1,702,483.6**	**70,258.9**	**949,562.4**	**339,066.8**	**1,358,888.1**

Bonds

All bonds call for payment in arrears. In the past financial year, no bonds were repurchased (previous year: TEUR 0.0). In the current 2008/09 financial year, EVN has successfully issued five corporate bonds with a total volume of EUR 470.0m.

These items are valued 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 value of the hedged risk in cases where hedge accounting was applied. The resulting change in bonds amounting to TEUR –7,080.0 (previous year: TEUR –4,915.3) was largely offset by a corresponding development of the market values of the swaps of TEUR 6,720.0 (previous year: TEUR 7,651.7).

The market value was calculated on the basis of available market information on the respective bond prices and the exchange rate as of 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 amounted to TEUR 283,375.6 as of September 30, 2009 (previous year: TEUR 335,736.5).

Shares in project companies were pledged as collateral for project financing.

EVN concluded a syndicated revolving credit facility of EUR 600.0m through EVN Finance B.V. on September 12, 2006, which has a term to maturity of seven years (2006 – 2013). As of the balance sheet date on September 30, 2009, EVN had not made any use of thus credit line (previous year: EUR 400.0m unused).

Deferred interest expenses are included under other current liabilities.

41. Deferred taxes

41. Deferred taxes TEUR	2008/09	2007/08
Deferred tax assets		
Employee-related provisions	–25,280.0	–25,933.0
Tax loss carryforwards	–7,857.2	–2,465.2
Other deferred tax assets	–5,894.4	–4,579.4
Deferred tax liabilities		
Non-current assets	79,214.7	71,696.5
Financial instruments	256,103.9	361,082.5
Other deferred tax liabilities	9,615.4	19,309.1
Total	**305,902.5**	**419,110.5**
Thereof deferred tax assets	–1,198.9	–912.0
Thereof deferred tax liabilities	307,101.4	420,022.5

Deferred taxes developed as follows:

41. Changes deferred taxes TEUR	2008/09	2007/08
Deferred taxes on October 1, 2008	**419,110.5**	**398,775.4**
Changes through business combination	–1,003.6	914.6
+/– Results recognised through profit and loss	–23,937.9	–5,097.3
+/– Results recognised directly in equity	–88,266.5	24,517.8
Deferred taxes on September 30, 2009	**305,902.5**	**419,110.5**

Deferred tax assets were not recorded on loss carryforwards of TEUR 22,968.9 (previous year: TEUR 24,170.9), that are not expected to be reversed within a foreseeable period. A total of TEUR 12,139.5 of these loss carryforwards (previous year: TEUR 3,740.4) will expire after 2013.

42. Non-current provisions

42. Non-current provisions TEUR	2008/09	2007/08
Provision for pensions	218,444.6	219,517.6
Provisions for obligations similar to pensions	16,657.1	16,670.0
Provision for severance payments	73,975.0	72,323.0
Other non-current provisions[1)]	135,711.0	121,732.4
Total	**444,787.7**	**430,243.1**

1) Comparative figures from the previous year were adjusted to reflect the new Group reporting. See note 6. Changes in accounting and valuation methods

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

– Interest rate of 5.50% p.a. (previous year: 5.75% p.a.)
– Remuneration increases of 2.50% p.a., subsequent years 3.00% p.a. (previous year: Remuneration increases of 3.75% p.a., subsequent years 3.00% p.a.)
– Pension increases of 2.50% p.a. (previous year: 3.75% p.a.)
– Austrian pension tables according to previous year "Rechnungsgrundlagen AVÖ 2008-P – Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler"

42. Development of provisions for pensions and obligations similar to pensions	TEUR	2008/09	2007/08
Present value of pension obligations (DBO) on October 1		**252,450.7**	**240,511.4**
+ Service costs		1,965.9	1,758.4
+ Interest paid		14,527.8	12,037.0
– Pension payments		–17,579.7	–16,949.0
+/– Actuarial loss/gain		–12,378.9	15,093.2
Present value of pension obligations (DBO) on September 30		**238,985.9**	**252,450.8**
Provisions for pensions and obligations similar to pensions on September 30		**235,101.7**	**236,187.6**
– Deficit of provisions compared to the DBO value September 30	%	–1.6	–6.4

42. Development of the provision for severance payments	TEUR	2008/09	2007/08
Present value of severance payment obligations (DBO) on October 1		**76,049.0**	**71,522.1**
+/– Currency translation adjustment		–0.3	5.8
+ Addition through business combination		413.9	245.9
+ Service costs		3,279.5	3,057.6
+ Interest paid		4,452.3	3,655.6
– Severance payments		–5,777.3	–3,979.2
+/– Actuarial loss/gain		–8,742.2	1,503.9
Present value of the severance payments (DBO) on September 30		**69,674.9**	**76,011.7**
Provision for severance payments on September 30		**73,975.0**	**72,323.0**
+/– Deficit/Exceed of provisions compared to the DBO value September 30	%	6.2	–4.9

The provision for cooperation agreements contains obligations to investments in connection with existing contracts. Rents for network access involve provisions for rents to gain access to third party facilities in Bulgaria. Different legal processes and lawsuits which for the most part result from normal business operations and which are currently pending are reported as 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. The provisions for non-current financial instruments were reclassified as other non-current liabilities in accordance with IFRS 7 (see note 6. Changes in accounting and valuation methods).

42. Development of other non-current provisions

TEUR	Service anniversary bonuses	Cooperation agreements	Rents for network access	Legal proceedings	Environmental, waste and other obligatory risks	Other non-current provisions	Total
Carrying amount on 1.10.2008	**17,060.7**	**37,860.0**	**17,089.0**	**7,558.7**	**39,117.7**	**3,046.4**	**121,732.4**
Currency translation differences	–	–	–	–9.8	–	–	–9.8
Addition through business combination	69.2	–	–	–	–	–	69.2
Interest paid	951.8	1,893.0	1,427.1	210.7	1,057.9	–	5.540,5
Use	–1,620.7	–	–	–5,346.2	–	–	–6,966.9
Additions	546.6	327.0	2,828.6	8,106.9	3,128.7	55.0	14,992.8
Transfers	–	–	–	494.7	–141.9	–	352.8
Carrying amount on 30.9.2009	**17,007.5**	**40,080.0**	**21,344.7**	**11,015.1**	**43,162.3**	**3,101.4**	**135,711.0**

43. Deferred income from network subsidies

The item deferred income from network subsidies developed as follows:

43. Deferred income from network subsidies TEUR	Construction subsidies	Investment subsidies	Total
Carrying amount on 1.10.2008	**313,881.3**	**40,440.8**	**354,322.2**
Currency translation differences	4.7	–	4.7
Addition through business combination	–	2,811.6	2,811.6
Additions	51,516.5	2,544.3	54,060.8
Reversal	–28,628.1	–3,500.5	–32,128.6
Carrying amount on 30.9.2009	**336,774.5**	**42,296.2**	**379,070.7**

TEUR 346,942.1 (previous year: TEUR 324,814.5) will not be recognised as income within one year.

44. Other non-current liabilities

Leases chiefly consist of leases relating to the long-term utilisation of heating networks and heating plants.

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

Liabilities from derivative transactions include the negative market values in connection with hedging transactions which are partially offset by the corresponding development in bonds. These were reported in the previous year under non-current provisions for financial instruments and, pursuant to IFRS 7, reclassified in the category other non-current liabilities in the financial year 2008/09.

The other liabilities refer to future leasing payments from finance leases.

44. Other non-current liabilities TEUR	**2008/09**	2007/08
Leases	34,935.0	37,812.7
Accruals of financial instruments	9,752.4	10,723.5
Liabilities from derivative transactions	28,690.0	26,120.2
Other liabilities	16,837.9	17,148.2
Total	**90,215.3**	**91,804.5**

44. Term of maturity of other non-current liabilities

	Term to maturity as of 30.9.2009			Term to maturity as of 30.9.2008		
TEUR	**< 5 years**	**> 5 years**	**Total**	< 5 years	> 5 years	Total
Leases	12,072.9	22,862.1	34,935.0	12,645.5	25,167.2	37,812.7
Accruals of financial instruments	3,637.0	6,115.4	9,752.4	3,840.1	6,883.4	10,723.5
Liabilities arising from derivative transactions	12,389.9	16,300.2	28,690.0	10,946.1	15,174.0	26,120.2
Other liabilities	2,796.8	14,041.1	16,837.9	5,471.9	11,676.3	17,148.2
Total	**30,896.6**	**59,318.7**	**90,215.3**	**32,903.7**	**58,900.8**	**91,804.5**

Current liabilities

45. Current loans and borrowings

Overdrafts are included under cash and cash equivalents on the cash flow statement.

45. Current loans and borrowings TEUR	2008/09	2007/08
2.43% CHF obligation 2004–2009[1]	–	126,719.8
Bank overdrafts and other current loans	16,992.1	27,184.2
Total	**16,992.1**	**153,904.0**

1) The obligation was redeemed as scheduled on June 10, 2009.

46. Current tax liabilities

The item current tax liabilities as of the balance sheet date was comprised of the following:

46. Current tax liabilities TEUR	2008/09	2007/08
Energy tax	23,294.5	28,706.8
Value added tax	23,911.7	22,383.6
Corporate income tax	4,461.3	5,995.9
Other taxes and duties	7,025.3	3,393.1
Total	**58,692.8**	**60,479.4**

47. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to TEUR 136,620.8 (previous year: TEUR 47,284.0).

48. Current provisions

The provision for personnel entitlements comprises special payments not yet due and outstanding leaves as well as liabilities resulting from an early retirement programme in which employees can participate on a voluntary basis. The provision for legally binding agreements on the balance sheet date equals TEUR 1,505.7 (previous year: TEUR 1,993.4).

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

In the 2008/09 financial year, an official notification from the Austrian government confirmed that a total of 1,576,357 emission certificates (previous year: 1,577,956) were granted to EVN free of charge for the calendar year 2009. A provision was created (see note 30. Inventories) for the existing shortfall as of the balance sheet date based on the market value of the emission certificates as of September 30, 2009.

The voluntary social benefits programmes in Bulgaria and Macedonia, for which restructuring provisions had been set aside in the previous year, expired in the financial year 2008/09.

48. Development of current provisions

TEUR	Personnel entitlements	Impending losses	Emission certificates	Restructuring	Other current provisions	Total
Carrying amount on 1.10.2008	**57,143.0**	**22,178.3**	**439.5**	**5,352.2**	**11,297.8**	**96,410.8**
Currency translation differences	–0.3	–	–	–6.6	–0.1	–7.0
Addition through business combination	585.3	–	–	–	283.9	869.3
Use	–49,067.2	–13,303.7	–	–5,345.6	–4,991.0	–72,707.5
Additions	50,147.8	5,355.2	229.2	–	3,742.5	59,474.8
Transfers	1,093.4	–	–	–	–1,510.8	–417.4
Carrying amount on 30.9.2009	**59,902.0**	**14,229.8**	**668.7**	**–**	**8,822.4**	**83,623.0**

49. Other current liabilities

Liabilities to investments in associates included at equity primarily refer to liabilities for the distribution and procurement of electricity to e&t and for the procurement of natural gas to EconGas.

The liabilities to affiliated companies relate to those subsidiaries which are not consolidated as well as balances with joint ventures which are included on a proportionate basis.

Liabilities from derivative transactions mainly include negative market values of energy swaps.

Other financial liabilities consist primarily of liabilities relating to employee social security, deposits received, compensation payments for electricity futures as well as liabilities to partners within Energieallianz.

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

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

49. Other current liabilities TEUR	2008/09	2007/08
Financial liabilities		
Liabilities to investments in associates included at equity	19,239.9	71,061.0
Liabilities to affiliated companies	21,388.1	4,651.6
Deferred interest expenses	8,403.5	9,234.2
Liabilities arising from derivative transactions	14,215.6	12,725.7
Other financial liabilities	68,292.2	38,414.6
	131,539.3	**136,087.2**
Other liabilities		
Prepayments received	11,620.9	27,825.0
Liabilities relating to social security	13,312.3	14,133.8
	24,933.2	**41,958.8**
Total	**156,472.5**	**178,045.9**

Notes to the Consolidated Income Statement

50. Revenue

The revenues of the individual business segments developed as follows:

50. Revenue TEUR	2008/09	2007/08
Energy revenue	2,459,334.3	2,182,302.9
Environmental Services revenue	236,051.5	184,563.4
Strategic Investment and Other Business revenue	31,632.1	30,135.5
Total	**2,727,017.9**	**2,397,001.9**

The segment reporting contains an overview of revenues by areas of business and region (see page 76 Segment reporting).

Revenue also included income of TEUR 54,554.5 (previous year: TEUR 27,932.5) from contractual work on international projects in accordance with BOOT models (see note 29. Other non-current assets).

51. Other operating income

Other operating income consists primarily of payments for interest on late customer payments, subsidies and grants as well as the sale of goods and services which are not related to EVN's business operations.

51. Other operating income TEUR	2008/09	2007/08
Income from the reversal of provisions	803.7	1,809.9
Income from the reversal of deferred income from network subsidies	32,128.6	29,507.6
Income from the disposal of intangible assets and property, plant and equipment	3,103.5	840.2
Rental income	2,315.7	2,289.2
Insurance compensation	7,728.3	3,392.3
Miscellaneous operating income	15,631.1	13,024.5
Total	**61,710.8**	**50,863.8**

52. Cost of materials and services

The cost of electricity purchases and primary energy is comprised mainly of gas and electricity procurement costs as well as expenses for the purchase of additional emission certificates. The insufficient allocation of free emission certificates resulted in corresponding costs of TEUR 5,035.9 (previous year: TEUR 4,468.1) for the purchase of additional certificates during the reporting period.

The cost of other materials and services relates primarily to the project business of the environmental services area as well as services for the operation and maintenance. This item also includes other costs directly related to required services.

52. Cost of materials and services TEUR	2008/09	2007/08
Electricity purchases and primary energy expenses	1,653,163.8	1,375,823.4
Other materials and services	297,529.1	281,748.1
Total	**1,950,692.9**	**1,657,571.5**

53. Personnel expenses

Personnel expenses include payments of TEUR 8,131.0 (previous year: TEUR 4,710.3) to EVN-Pensionskasse as well as contributions of TEUR 275.9 (previous year: TEUR 207.8) to EVN pension funds.

53. Personnel expenses TEUR	2008/09	2007/08
Wages and salaries	224,170.7	218,735.3
Severance payments	12,465.7	11,466.0
Pension costs	23,529.3	18,938.0
Compulsory social security contributions and payroll-related taxes	48,056.2	46,390.9
Other employee-related expenses	11,223.2	8,906.6
Total	**319,445.0**	**304,436.8**

The average number of employees was as follows:

53. Employees by business units	Annual average	2008/09	2007/08
Generation		108	82
Networks		1,435	1,446
Supply		243	174
South East Europe		6,036	6,560
Thereof Bulgaria		3,247	3,520
Thereof Macedonia		2,789	3,041
Environmental Services		496	456
Other		619	624
Total		**8,937**	**9,342**

Employees from proportionately consolidated companies are included in the above statistics in accordance with the stake held by EVN.

54. Depreciation and amortisation

The procedure used for impairment testing is described under the valuation methods in note 22. Procedures and effects of impairment tests.

54. Depreciation and amortisation by balance sheet item	TEUR	2008/09	2007/08
Amortisation of intangible assets		11,705.4	10,420.3
Depreciation of property, plant and equipment		186,474.6	185,261.0
Total		**198,180.0**	**195,681.3**

54. Depreciation and amortisation	TEUR	2008/09	2007/08
Scheduled depreciation and amortisation		198,180.0	183,687.8
Impairment losses[1)]		–	13,431.4
Reversal of impairment losses[1)]		–	–1,437.9
Total		**198,180.0**	**195,681.3**

1) For details see notes 26. Intangible assets and 27. Property, plant and equipment.

55. Other operating expenses

55. Other operating expenses	TEUR	2008/09	2007/08
Write-off of receivables		32,148.1	18,953.2
Legal and consulting fees, expenses related to risks of legal proceedings		29,198.1	19,681.1
Business operation taxes and duties		15,947.6	15,518.3
Advertising expenses		12,232.2	12,124.9
Telecommunications and postage		11,694.5	10,140.7
Insurance		10,155.7	9,535.7
Rents		9,914.9	5,245.8
Transportation and travelling expenses, automobile expenses		7,946.9	11,514.3
Maintenance		4,318.6	5,009.9
Employee training		2,916.2	2,947.4
Miscellaneous operating expenses		30,292.8	24,655.4
Total		**166.765.7**	**135.326.7**

Other 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.

56. Financial results

56. Financial results TEUR	2008/09	2007/08
Income from investments		
RAG[1]	32,177.6	82,959.2
EconGas	9,470.4	9,380.4
ZOV; ZOV UIP	8,135.0	9,928.9
BEWAG; BEGAS[2]	–3,401.6	–2,224.0
Other companies	276.2	–4,323.3
Income from investments in associates included at equity	**46,657.6**	**95,721.2**
Dividend payments	47,335.8	41,331.9
Verbundgesellschaft	42,116.8	35,617.5
Other companies	5,219.1	5,714.4
Other income from investments	33.1	–24.8
Income from other investments	**47,368.9**	**41,307.0**
Total income from investments	**94,026.5**	**137,028.2**
Interest results		
Interest income on non-current financial assets	39,155.4	40,626.0
Other interest income	8,285.2	9,308.1
Total interest income	**47,440.6**	**49,934.1**
Interest expense on non-current financial assets	–77,412.0	–77,031.4
Other interest expense	–8,498.1	–7,889.9
Total interest expense	**–85,910.1**	**–84,921.3**
Total interest results	**–38,469.5**	**–34,987.2**
Other financial results		
Results of valuation gains/losses and disposals of current financial assets („HFT“)	–563.2	–11,697.9
Results of valuation gains/losses and disposals of non-current securities („@FVTPL“)	–1,708.2	–17,760.4
Other financial results	–2,473.4	–3,728.0
Total other financial results	**–4,744.8**	**–33,186.2**
Financial results	**50,812.2**	**68,854.8**

1) Indirectly held by RBG
2) 49.0% of the shares in BEWAG and BEGAS are indirectly held by BUHO.

The income from investments in associates included at equity is comprised chiefly of profit contributions and depreciation and amortisation relating to the acquisition of assets.

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

57. Income tax expense

57. Income tax expense TEUR	2008/09	2007/08
Income tax expense	51,941.8	10,713.6
Thereof Austrian companies	45,676.2	5,160.6
Thereof foreign companies	6,265.6	5,552.9
Deferred tax revenue	–23,937.9	–5,097.3
Thereof Austrian companies	–23,787.2	–3,050.8
Thereof foreign companies	–150.7	–2,046.5
Total	**28,003.9**	**5,616.2**

The main reasons for the difference between the valid Austrian corporate tax rate of 25.0% in 2009 (previous year: 25.0%) and the recorded effective corporate tax rate in accordance with the consolidated income statement of the 2008/09 financial year can be explained as follows:

57. Calculation of the effective tax rate	2008/09 %	2008/09 TEUR	2007/08 %	2007/08 TEUR
Profit before income tax	**–**	**226,013.4**	**–**	**235,459.2**
Income tax rate/income tax expense at nominal tax rate	**25.0**	**56,503.3**	**25.0**	**58,864.8**
– Different corporate tax rates in other countries	–0.2	–468.9	–1.0	–2,331.8
+ Changes in taxation	–	39.2	–	–
– Tax-free income from investments	–13.9	–31,309.1	–18.2	–42,890.9
+/– Revaluation of deferred taxes	0.2	506.9	–4.7	–10,998.7
+ Non-deductible expenses	1.3	2,899.7	0.3	702.5
+/– Tax reductions/increases related to previous periods	–0.6	–1,424.1	0.2	390.7
+ Other items	0.6	1,256.9	0.8	1,879.7
Effective tax rate/effective income tax expense	**12.4**	**28,003.9**	**2.4**	**5,616.2**

The effective tax rate of EVN for the 2008/09 financial year in relation to the profit before income tax amounted to 12.4% (previous year: 2.4%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries.

58. Earnings per share

Earnings per share are calculated by dividing Group net profit (proportional share of Group net profit for the period attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding, i.e. 163,010,712 (previous year: 163,488,927). This figure may generally be diluted by the existence of so-called potential shares arising from share options or convertible bonds. However, EVN has no such potential shares. Subsequently, there is no difference between basic earnings per share and diluted earnings per share.

Group net profit amounted to TEUR 177,943.6 for the 2008/09 financial year (previous year: TEUR 186,936.8). Calculated on this basis, earnings per share for the 2008/09 financial year totalled EUR 1.09 (previous year: EUR 1.14).

Other information

59. Consolidated cash flow statement

The consolidated cash flow statement of EVN shows the changes in cash and cash equivalents during the 2008/09 financial year as a result of monetary inflows and outflows.

The cash flow statement is presented in accordance with the indirect method. Deductible expenses are added and deductible income is subtracted from profit before tax.

Income tax payments of TEUR 35,305.5 (previous year: TEUR 28,487.0) were reported separately under cash flow from operating activities.

Dividends received, interest income and interest expense were allocated to current business activities. Cash flow from dividend payments received for the year totalled TEUR 141,241.7 (previous year: TEUR 135,431.7). Interest income received amounted to TEUR 63,534.1 (previous year: TEUR 47,355.8), whereas interest expense paid totalled TEUR 63,534.6 (previous year: TEUR 82,198.6).

The effects of business combinations were eliminated, and are now reported under "net payments for company acquisitions" as part of net cash flow from investing activities.

Proceeds from the disposal of intangible assets and property, plant and equipment amounted to TEUR 8,630.2 (previous year: TEUR 5,270.2). These proceeds resulted in a profit of TEUR 3,103.5 (previous year: TEUR 840.2).

Dividend payments made of TEUR 60,306.6 (previous year: TEUR 61,322.2) to EVN AG shareholders and TEUR 34,992.6 (previous year: TEUR 36,420.7) to minority shareholders (RBG and BUHO) were reported under cash flow from financing activities.

The cash and cash equivalents received by EVN from business combinations amounted to TEUR 1,187.6 (previous year: TEUR 155.4).

The share of cash and cash equivalents held by joint ventures amounted to TEUR 27,688.3 (previous year: TEUR 14,143.1).

59. Cash and cash equivalents	TEUR	2008/09	2007/08
Cash on hands		380.4	327.8
Cash at banks		130,099.4	120,653.2
Cash		**130,479.8**	**120,980.9**
Bank overdrafts		–16,891.5	–26,863.5
Total cash and cash equivalents		**113,588.3**	**94,117.5**

60. Risk management

Interest rate risk

Interest rate risk relates to the threat posed to EVN by a negative change in prevailing interest rates and the effects this would have on interest income and interest expense as well as the equity of EVN. In order to minimise interest rate risk EVN works to achieve a balanced mix of fixed income and variable rate liabilities. Risk is minimised through monitoring, compliance with limits and hedging. Fixed interest periods are managed over the short-term through derivative financial instruments (see note 10. Financial instruments). The valuation of these financial instruments distinguishes between those with fixed interest rates and those with variable interest rates.

Interest rate risk is determined for EVN within the context of a daily monitoring process using the value at risk (VaR) method, based on the parameters of a one-day holding time and a confidence level of 99.0%. This model is derived from JP Morgan's RiskMetrics industry standard, in which case the variance/covariance matrix of risk is calculated by itself. The selected method involves a delta-gamma approach. The VaR amounted to EUR 3.0m on the balance sheet date (previous year: EUR 2.1m). EVN strives to counteract interest rate fluctuations by means of hedging instruments.

Foreign exchange risk
Exchange rate fluctuations can have an effect on business results, due to the fact that EVN carries out part of its business outside of the Eurozone.

Currency risks related to financial instruments exist for receivables, liabilities, cash and cash equivalents, which do not correspond to the functional currency of the Group. The currency risk for EVN in respect to financial instruments primarily involves bonds issued in Japanese Yen (JPY) and Swiss Francs (CHF). Currency risks are centrally registered, analysed and managed. Foreign currency bonds are hedged by means of cross currency swaps. (see notes 40. Non-current financial liabilities and 10. Financial instruments).

Other market risks
Other market risks primarily are price change risks resulting from market fluctuations. For EVN, the main risks are fluctuations in primary energy prices, in electricity prices on supply and procurement markets, and price risks involving securities. Forward and future contracts (see below), options and swaps (see note 10. Financial instruments) are concluded to hedge price risks for electricity, gas, oil, black coal, CO_2 and biomass.

60. Price hedging in the Energy segment

	2008/09					2007/08				
	Nominal volumes		Market values			Nominal volumes		Market values		
TEUR	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Futures	158,762.6	–90,920.8	12,980.9	–26,454.5	–13,473.6	97,022.5	–40,940.5	13,170.7	–12,725.7	445.0
Forwards	252,560.4	–242,186.9	53,324.8	–54,592.8	–1,268.1	419,939.4	–333,073.2	99,225.5	–81,243.5	17,982.1

Share price changes exist in respect to securities, and are dependent on the development of the capital market. EVN has a significant shareholding in Verbundgesellschaft.

Liquidity risk
Liquidity risk encompasses the risk of the company not being able to raise the financial resources required to redeem liabilities on schedule. EVN minimises the risk on the basis of long-term financial planning, setting limits and Group-wide cash pooling.

In order to fulfil its liquidity requirements, EVN had cash and current securities amounting to EUR 86.7m at its disposal on the balance sheet date (previous year: EUR 136.0m). In addition, a EUR 600m contracted syndicated credit facility which had not yet been drawn upon was also available to EVN at the balance sheet date (previous year: unused line of credit amounting to EUR 400m). For this reason, the liquidity risk can be considered as extremely low. Moreover, the gearing ratio of EVN was 44.1% at the balance sheet date (previous year: 35.3%), which is below the average in the energy sector, demonstrating the sound capital structure of the company.

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

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

Credit risk
Credit risk arises from the potential non-payment of financial obligations by a business partner. To limit credit risk, the company carries out credit assessments of the contracting parties. Sufficient collateral is required before a transaction if the partner's credit standing is classified as inadequate.

The credit risk in the operative business of EVN AG comprises the potential non-payment of financial obligations by customers and contractual partners in respect to derivative financial instruments which are concluded to hedge risks arising from the operative business. Default risk related to customers is separately monitored by EVN, and the evaluation of a customer's creditworthiness is primarily based on ratings and empirical values. Credit risk is taken into consideration by EVN by means of provisions for bad debts and general provisions. In order to reduce credit risk, all hedging transactions are carried out in cooperation exclusively with well-known financial institutions with good credit ratings.

EVN pays attention to ensuring that funds are deposited at banks with the best possible creditworthiness based on international ratings.

60. Impairment losses by class

Write-offs/Value adjustments TEUR	30.9.2009	30.9.2008
Non-current assets		
Other investments	–	52.5
Securities	114.8	12,077.5
Loans and borrowings	–	200.3
	114.8	**12,330.3**
Current assets		
Receivables	32,148.1	18,953.2
Securities	268.9	14,307.2
	32,417.0	**33,260.5**
Total impairment losses	**32,531.8**	**45,590.8**

The maximum default risk arises from the carrying amounts for receivables reported in the consolidated balance sheet. For derivatives, the default risk corresponds to the positive fair value. The credit risk is limited to the amounts reported in the consolidated balance sheet.

61. Reporting on financial instruments

The fair value is based on share price listings at the balance sheet date. If these are not available, the fair values are determined by financial mathematical methods, for example by discounting expected future cash flows based on prevailing market interest rates.

The fair value of shares in non-listed subsidiaries and other investments is based on the discounted expected cash flow or comparable transactions.

The price quoted on the exchange at the balance sheet date constitutes the fair value of financial instruments listed on an active market comprises.

For the most part, receivables, cash and current financial liabilities have short terms to maturity. For this reason, the carrying values at the balance sheet date approximately equal the market values.

The market values of bonds are determined by taking the present value of the discounted future cash flow based on prevailing market interest rates.

61. Information on classes and categories of financial instruments

Classes	TEUR	Valuation category	30.9.2009 Carrying value	30.9.2009 Fair value	30.9.2008 Carrying value	30.9.2008 Fair value
Non-current assets						
Other investments						
Investments in subsidiaries		AFS	9,153.1	9,153.1	6,853.1	6,853.1
Other investments		AFS	1,400,543.4	1,400,543.4	1,716,651.1	1,716,651.1
			1,409,696.6	**1,409,696.6**	**1,723,504.2**	**1,723,504.2**
Other non-current assets						
Securities		@FVTPL	102,399.5	102,399.5	102,866.2	102,866.2
Loans receivable		LAR	21,619.9	21,619.9	21,648.5	21,648.5
Receivables and accrued lease transactions		LAR	450,616.7	450,616.7	444,432.4	444,432.4
Receivables arising from derivative transactions		Hedge Accounting	18,574.1	18,574.1	2,901.7	2,901.7
Non-financial assets		–	26,335.4	–	25,138.3	–
			619,545.5	**593,210.1**	**596,987.2**	**571,848.9**
Current assets						
Current receivables and other current assets						
Trade accounts receivable		LAR	568,160.7	568,160.7	518,019.3	518,019.3
Receivables arising from derivative transactions		Hedge Accounting	–	–	18,814.3	18,814.3
Non-financial assets		–	11,495.2	–	32,542.6	–
			579,655.9	**568,160.7**	**569,376.3**	**536,833.6**
Securities		HFT	**86,736.1**	**86,736.1**	**135,951.6**	**135,951.6**
Cash						
Cash on hands and cash at banks		LAR	130,479.8	130,479.8	120,980.9	120,980.9
			130,479.8	**130,479.8**	**120,980.9**	**120,980.9**
Non-current liabilities						
Non-current loans and borrowings						
Current loans and borrowings		FLAC	779,656.7	826,867.7	302,413.8	324,609.0
Bank loans		FLAC	922,826.9	922,826.9	1,056,474.3	1,056,474.3
			1,702,483.6	**1,749,694.6**	**1,358,888.1**	**1,381,083.3**
Other non-current liabilities						
Leases		FLAC	34,935.0	34,935.0	37,812.7	37,812.7
Accruals of financial transactions		FLAC	9,752.4	9,752.4	10,723.5	10,723.5
Remaining other loans and borrowings		FLAC	16,837.9	16,837.9	17,148.2	17,148.2
Liabilities from derivative transactions		Hedge Accounting	28,690.0	28,690.0	26,120.2	26,120.2
			90,215.3	**90,215.3**	**91,804.5**	**91,804.5**
Current liabilities						
Current financial liabilities		FLAC	**16,992.1**	**16,992.1**	**153,904.0**	**153,904.0**
Trade accounts payable		FLAC	**328,743.9**	**328,743.9**	**283,695.6**	**283,695.6**
Other current liabilities						
Other financial liabilities		FLAC	117,323.7	117,323.7	123,361.5	123,361.5
Liabilities arising from derivative transactions		Hedge Accounting	14,215.6	14,215.6	12,725.7	12,725.7
Non-financial liability		–	24,933.2	–	41,958.8	–
			156,472.5	**131,539.3**	**178,045.9**	**136,087.2**
aggregated to valuation categories						
Available for sale financial assets		AFS	1,409,696.6		1,723,504.2	
Loans and receivables		LAR	1,170,877.0		1,105,081.2	
Financial assets designated at fair value through profit or loss		@FVTPL	102,399.5		102,866.2	
Financial assets held for trading		HFT	86,736.1		135,951.6	
Financial liabilities at amortised cost		FLAC	2,227,068.6		1,985,533.6	

Derivative financial instruments

Derivative financial instruments are used primarily to hedge 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 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 VaR-method.

The nominal values represent the non-offset totals of all the items classified as financial derivatives on the balance sheet date. Although these are equivalent to the amounts agreed between the contractual partners, these figures do not provide a measure of the risk incurred by the company through the use of derivatives. Potential risk factors include fluctuations in the market prices and the credit risk of the contractual parties. The nominal and current fair values of all derivative financial instruments are recognised.

Derivative financial instruments used by EVN are comprised of the following:

61. Derivative financial instruments

	30.9.2009		30.9.2008	
	Nominal Value[1)]	Fair Value[2)]	Nominal Value[1)]	Fair Value[2)]
Currency swaps				
CHFm (under 1 year)[3)]	–	–	200.0	5.6
CHFm (under 5 years)[3)]	250.0	–4.9	–	–
JPYm (under 5 years)[3)]	8,000.0	–4.3	–	–
JPYm (over 5 years)[3)]	12,000.0	–15.4	8,000.0	–15.2
USDm (under 5 years)[3)]	10.0	0.8	15.4	1.9
USDm (over 5 years)[3)]	3.0	0.4	3.0	0.3
Interest rate swaps				
EURm (under 5 years)[3)]	482.1	14.7	482.8	–10.3
EURm (over 5 years)[3)]	34.9	–1.4	–	–
Energy swaps				
Purchases (gas, coal, oil)[3)]	134.2	–14.2	136.1	0.4
Caps				
EURm (under 5 years)	105.0	0.1	105.0	0.8

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 arising from derivative transactions (either recorded under other non-current assets or receivables depending on terms of maturity), negative fair values as liabilities arising from derivative transactions (either recorded under other non-current liabilities or other current liabilities depending on terms of maturity).

62. Significant events after the balance sheet date

On October 20, 2009, WTE Essen was awarded a contract to plan and build two wastewater purification plants for Famagusta and Morphou, Cyprus. The projects are being financed by the European Commission. EVN will transfer possession of the turn-key facilities with a total investment volume of EUR 11.4m and a capacity of 33,500 and 10,750 population equivalents within 24 months. Both installations will help to significantly improve the situation on Cyprus, which is characterised by a permanent water shortage.

Except for this, there were no significant events requiring disclosure between the balance sheet date of September 30, 2009 and the publication of these consolidated financial statements on December 10, 2009.

63. 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:

63. Other obligations and risks TEUR	2008/09	2007/08
Guarantees for subsidiaries in connection with energy purchases and trading transactions	52,448.3	509,152.3
Guarantees related to the operation and construction of power plants	302,120.3	150,131.9
Order obligations for investments in intangible assets and property, plant and equipment	220,905.1	149,131.6
Guarantees for subsidiaries in connection with construction projects in the Environmental Services segment	209,428.0	80,383.6
Further obligations arising from guarantees or other contractual contingent liabilities	8,818.7	27,821.7
Total	**793,720.4**	**916,621.1**

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 being prepared that these claims would actually be filed or risks would actually materialise. The above-mentioned obligations are contrasted by damage claims amounting to TEUR 38,337.2 (previous year: TEUR 421,651.9).

Further obligations from guarantees and other contractual contingent liabilities are comprised chiefly of outstanding capital contributions and loan commitments to Group subsidiaries as well as assumed liabilities for loans to subsidiaries and associates.

The reduction in the guarantees for subsidiaries in connection with energy transactions resulted from a conversion of the calculation system to the benefit of e&t for guarantees. From now on, contingencies will no longer be recognised at their nominal values, but to the amount of the actual risk. This risk is measured by the changes in the agreed-upon price and the actual market price, in which case procurement transactions represent a risk only in the event of declining market prices, and sales transactions only comprise a risk in the event of increased market prices. Accordingly, the risk can change on the basis of the market price changes as the balance sheet date. Out of this risk valuation a contingent liability of TEUR 40,846.6 arose at balance sheet date September 30, 2009. The nominal values of the guarantees underlying the valuation amounted to TEUR 438,500.0 as at September 30, 2009. As at October 31, 2009, the risk relating to market price changes totalled TEUR 33,597.5, based on nominal values of the guarantees underlying the valuation of TEUR 443,500.0.

Various legal proceedings and lawsuits arising from operating activities are pending, or claims may be potentially asserted against EVN in the future. The risks relating to such legal proceedings have been analysed in relation to their probability of occurrence. Although the results of such legal proceedings can not always be predicted in advance with a high degree of certainty, an assessment of risk in this regard indicates that the results of these legal proceedings and lawsuits, individually and as a whole, would not have a material impact on the business, financial position, profit and loss or cash flow of EVN.

64. Information on business transactions with related companies and individuals

All business transactions with related companies and individuals are carried out at prevailing market rates and conditions, and are not fundamentally different from the supply and service relationships with other companies.

Fundamentally speaking, transactions with related companies and individuals arise on the basis of a direct or indirect control, significant influence or joint management. Related individuals include close family members of the respective natural person. Members of the key management personnel and their close family members are also considered to be related individuals.

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

A list of Group companies can be found starting on page 121 under EVN Group Investments. EVN AG is integrated into the consolidated financial statements of EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, as an associated company consolidated at equity.

Transactions with related companies:
Main shareholders
A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, during the inclusion of EVN AG in a company group, in accordance with § 9 of the Austrian Corporate Tax Act. EVN AG has since included further subsidiaries in the company group based on this agreement. This resulted in receivables of TEUR 3,237.5 (previous year: TEUR 15,653.0) to NÖ Landes-Beteiligungsholding GmbH as of the balance sheet date.

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

The value of services provided to investments in associates included at equity is as follows:

64. Transactions with investments in associated included at equity TEUR	2008/09	2007/08
Revenue	284,169.0	233,592.6
Cost of services	705,408.6	609,656.7
Trade accounts receivable	154,822.1	123,402.3
Trade accounts payable	13,393.1	59,686.3
Obligations from cash pooling	5,687.0	11,238.0
Interest balance from cash pooling	–218.3	–880.6

Transactions with related individuals:
Executive Committee and Supervisory Board
The services rendered to members of the Executive Board and the Supervisory Board consist primarily of salaries, post employment benefits, severance payments and remuneration of the Supervisory Board.

The total remuneration paid to active members of the Executive Committee in the 2008/09 financial year amounted to TEUR 1,280.9 (previous year: TEUR 1,235.3), payments to former members of the Executive Committee and their dependents totalled TEUR 984.2 (previous year: TEUR 949.1). In respect to expenses related to severance payments and pension costs, changes in the calculation parameters led to reversals of the provisions both for active members of the Executive Board as well as for active members of the company's senior management. The reversal of provisions led to proceeds of TEUR 430.0 (previous year: expenses of TEUR 1,312.7) for active members of the Executive Board and TEUR 393.0 for active members of senior management (previous year: expenses of TEUR 1,322.0). In addition, pension commitments amounting to TEUR 8,869.2 (previous year: TEUR 9,391.9) apply to active members of the Executive Committee. Remuneration paid to the Supervisory Board amounted to TEUR 137.5 (previous year: TEUR 143.5). The members of the Environmental and Social Responsibility Advisory Committee were paid compensation of TEUR 74.9 in the year under review (previous year: TEUR 82.0).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the Management Report.

Transactions with other related companies:
Information related to internal facts and circumstances (i.e. transactions) within the EVN are eliminated and are not subject to disclosure requirements in the consolidated financial statements. Thus business transactions of EVN with subsidiaries and joint ventures are not reported.

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

65. Information on management and staff

The corporate bodies of EVN AG are:

Executive Committee
Burkhard Hofer – Spokesman of the Executive Committee and CEO
Peter Layr
Herbert Pöttschacher

Supervisory Board
Rudolf Gruber – President and Chairman
Stefan Schenker – Vice-Chairman
Gerhard Posset – Vice-Chairman
Norbert Griesmayr
Gottfried Holzer
Dieter Lutz
Reinhard Meißl
Bernhard Müller
Wolfgang Peterl
Martin Schuster
Michaela Steinacker
Willi Stiowicek (as of 15.1.2009)
Hans-Peter Villis
Franz Hemm – employee representative
Manfred Weinrichter – employee representative
Rudolf Rauch – employee representative (up to 31.12.2008)
Paul Hofer – employee representative
Leopold Buchner – employee representative (as of 19.1.2009)
Otto Mayer – employee representative
Helmut Peter – employee representative (as of 1.1.2009)
Franz Ziegelwagner – employee representative

66. Approval of the consolidated financial statements 2008/09 for publication

The current consolidated financial statements of the EVN Group have been prepared by the Executive Committee as of the date signed below. The statutory financial statements, which will also be included in the consolidated financial statements after being adapted to International Financial Reporting Standards, along with the Group financial statements of EVN AG, will be conveyed to the Supervisory Board on December 9, 2009 for their examination and approval.

Maria Enzersdorf, November 19, 2009
EVN AG
The Executive Committee

Burkhard Hofer
Spokesman of the
Executive Committee and CEO

Peter Layr
Member of the Executive Committee

Herbert Pöttschacher
Member of the Executive Committee

Financial information on joint ventures and investments in associates included at equity

The following overview presents the main items of the balance sheet and the income statement of joint ventures consolidated on a proportionate basis:

Key balance sheet and income statement figures of joint ventures consolidated on a proportionate basis

TEUR	2008/09	2007/08
Balance sheet		
Non–current assets	24,379.5	16,024.7
Current assets	347,150.3	301,634.0
Non-current liabilities	835.4	4,983.7
Current liabilities	305,881.8	246,362.9
Income statement		
Revenue	964,462.9	776,082.7
Operating expenses	–957,348.9	–749,640.6
Depreciation and amortisation	–580.3	–319.0
EBIT	6,533.8	26,123.1
Financial results	1,278.6	3,552.7
Profit before income tax	7,812.4	29,675.8

The following overview presents the main items of the balance sheet and the income statement of investments in associates included at equity:

Key balance sheet and income statement figures of investments in associates included at equity

TEUR	2008/09[1)]	2007/08
Balance sheet		
Equity	791,568.8	1,098,873.7
Assets	3,552,109.2	3,579,825.0
Liabilities	2,760,540.3	2,480,951.3
Income statement		
Revenue	4,890,009.4	4,835,257.4
Net profit for the period	144,713.2	220,715.0

1) As a result of the merger of EESU Holding GmbH, Vienna, the comparison with last year’s figures only has limited significance.

EVN Group Investments

The following is a list of EVN's investments, which is structured according to segments of business. The figures are derived from the last available financial statements of each company, as of the respective balance sheet date. The share capital of companies that report in a foreign currency is converted to Euro using the exchange rate in effect on the balance sheet date, while annual results are converted to Euro using the average exchange rate for the financial year.

1. EVN AG investments in the Energy Segment ≥ 20.0% as of September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shaeholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
AUSTRIA FERNGAS Gesellschaft m.b.H. in Liqu. Vienna	EVN	23.75	EUR	2,342	–180	31.12.2008	NE
B3 Energie GmbH, St. Georgen an der Gusen[1)]	EVN Wärme	50.00	EUR	–	–	–	NE
B.net Burgenland Telekom GmbH, ("B.net"), Eisenstadt[2)]	Kabelsignal	100.00	EUR	10,779	–10,386	30.9.2009	V
B.net Hungária Távközlési Kft., Sopron, Hungary	B.net	100.00	HUF	96	–4	30.9.2008	NV
B.net Hungária Projekt Kft., Sopron, Hungary	B.net	100.00	HUF	9	6	30.9.2008	NV
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	EUR	25	–8	31.12.2008	NE
Devoll Hydropower SHA, ("Devoll Hydropower") Tirana, Albania[1)]	EVN	50.00	ALL	–	–	–	E
EAA Erdgas Mobil GmbH, ("EAA-EGM"), Vienna	Energieallianz	100.00	EUR	14,485	–550	30.9.2009	Q
EconGas GmbH, ("EconGas"), Vienna[3)]	EVN	16.51	EUR	122,447	45,489	31.12.2008	E
Energie Raum Mur Wasserkraftwerk Errichtungs- und Betriebs GmbH, Graz	WTK	50.00	EUR	58	–	31.12.2008	NE
ENERGIEALLIANZ Austria GmbH, ("Energieallianz") Vienna	EVN	45.00	EUR	19,629	–397	30.9.2009	Q
Energy Service DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	MKD	9	–	31.12.2008	NV
Energy Trading EAD, Sofia, Bulgaria	EVN EC	100.00	BGN	102	–13	31.12.2008	V
EVN Albania SHPK, Tirana, Albania	EVN	100.00	ALL	–7	–8	31.12.2008	NV
EVN Bulgaria Electrorazpredelenie AD, ("EVN EP") Plovdiv, Bulgaria	EVN	67.00	BGN	215,269	17,052	31.12.2008	V
EVN Bulgaria Electrosnabdjavane AD, ("EVN EC") Plovdiv, Bulgaria	EVN	67.00	BGN	33,794	37	31.12.2008	V
EVN Bulgaria EAD, ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	BGN	839	–26	31.12.2008	V
EVN Bulgaria Toplofikatsia EAD, ("TEZ Plovdiv") Plovdiv, Bulgaria	EVN	100.00	BGN	14,190	–8,379	31.12.2008	V
EVN Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	BGN	–2	–1	31.12.2008	NV
EVN Energia Naturale S.R.L., Rome, Italy[1)]	evn naturkraft	100.00	EUR	–	–	–	NV
EVN Energievertrieb GmbH & Co KG, ("EVN KG") Maria Enzersdorf	EVN	100.00	EUR	40,649	31,071	30.9.2009	Q
EVN ENERTRAG Kavarna OOD, ("EVN Kavarna") Plovdiv, Bulgaria[1)]	evn naturkraft	70.00	BGN	247	–9	31.12.2008	V
EVN Geoinfo GmbH, ("EVN Geoinfo"), Maria Enzersdorf[4)]	Utilitas	100.00	EUR	1,573	1,330	30.9.2009	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	EUR	66,554	–43	30.9.2009	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Zwentendorf an der Donau	EVN/Utilitas	100.00	EUR	101,104	222	30.9.2009	V

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

Company, registered office	Shareholder	Interest in %	Currency	Shaeholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
EVN Macedonia AD, ("EVN Macedonia"), Skopje, Macedonia	EVN	90.00	MKD	150,584	620	31.12.2008	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	MKD	–353	134	31.12.2008	V
evn naturkraft Erzeugungs- und Verteilungs GmbH ("evn naturkraft"), Maria Enzersdorf	EVN	100.00	EUR	58,629	19,398	30.9.2009	V
EVN Netz GmbH, ("EVN Netz"), Maria Enzersdorf	EVN	100.00	EUR	360,360	24,373	30.9.2009	V
EVN Plin d.o.o, Zagreb, Croatia[1)]	EVN	100.00	HRK	–	–	–	NV
EVN Projektmanagement GmbH, Maria Enzersdorf	EVN LV	100.00	EUR	102,527	1,723	30.9.2009	V
EVN Trading d.o.o. Beograd, Belgrade, Serbia	EVN SEE	100.00	RSD	28	19	31.12.2008	NV
EVN Trading d.o.o. Podgorica, Podgorica, Montenegro[1)]	EVN SEE	100.00	EUR	–	–	–	NV
EVN Trading d.o.o. Sarajevo, Sarajevo, Bosnia-Herzegovina[1)]	EVN SEE	100.00	BGN	–	–	–	NV
EVN Trading DOOEL, Skopje, Mazedonien	EVN SEE	100.00	MKD	97	47	31.12.2008	NV
EVN Trading SHPK, Tirana, Albania[1)]	EVN SEE	100.00	ALL	–	–	–	NV
EVN T2 DOOEL, Plovdiv, Bulgaria[1)]	EVN TP	100.00	BGN	–	–	–	NV
EVN Trading South East Europe EAD, ("EVN SEE") Sofia, Bulgaria	EVN	100.00	BGN	689	–221	31.12.2008	V
EVN Wärme GmbH, ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	EUR	80,017	12,326	30.9.2009	V
EVN Windpower Development & Construction S.R.L. Bucharest, Romania	evn naturkraft	50.00	RON	206	–37	31.12.2008	NE
Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH Essen, Germany	EVN Kraftwerk	49.00	EUR	112,599	–1,469	31.12.2008	E
e&t Energie Handelsgesellschaft mbH, ("e&t"), Vienna	EVN	45.00	EUR	4,629	466	30.9.2009	E
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	EUR	17,652	2,764	31.12.2008	E
IN-ER Erömü Kft., Nagykanizsa, Hungary	EVN	70.00	HUF	1,987	15	31.12.2008	NV
Kabelsignal AG, ("Kabelsignal"), Maria Enzersdorf	Utilitas	100.00	EUR	31,087	6,627	30.9.2009	V
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	evn naturkraft	33.33	EUR	53	4	31.12.2008	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG Vienna	evn naturkraft	33.33	EUR	6,036	271	31.12.2008	NE
MAKGAS DOOEL, Skopje, Macedonia	EVN	100.00	MKD	2	–1	31.12.2008	NV
Naturkraft Energievertriebsgesellschaft m.b.H., Vienna	Energieallianz	100.00	EUR	1,231	325	30.9.2009	Q
Naturkraft EOOD, Plovdiv, Bulgaria	evn naturkraft	100.00	BGN	21	11	31.12.2008	NV
NÖKOM NÖ Telekom Service Gesellschaft m.b.H. ("NÖKOM"), Maria Enzersdorf	EVN	50.00	EUR	6,357	–4.181	31.12.2008	E
Switch Energievertriebsgesellschaft m.b.H., Salzburg-Aigen	Energieallianz	100.00	EUR	224	6	30.9.2009	Q
Wasserkraftwerke Trieb und Krieglach GmbH, ("WTK") Maria Enzersdorf	evn naturkraft	70.00	EUR	354	175	30.9.2009	V

1) The company was newly established during the reporting year.
2) Merging with Dataservice GmbH, Eisenstadt, as of May 19, 2009
3) Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.
4) Formerly grafotech Beratungs- und Planungsgesellschaft m.b.H., Maria Enzersdorf

2. EVN AG investments in the Environmental Services Segment ≥ 20.0% as of September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shaeholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
ABeG Abwasserbetriebsgesellschaft mbH Offenbach am Main, Germany	WTE Essen	49.00	EUR	299	49	30.9.2008	NE
AUL Abfallumladelogistik Austria GmbH, ("AUL") Maria Enzersdorf[1)]	EVN Abfall	50.00	EUR	–	–	–	E
BioBalance Baltic UAB, Kaunas, Lithuania	WTE Essen	100.00	LTL	119	21	30.9.2009	NV
Cista Dolina – SHW Komunalno podjetje d.o.o. Kranjska Gora, Slovenia	WTE Betrieb	100.00	EUR	78	16	30.9.2009	V
DTV Rt., Dunavarsány, Hungary	evn wasser	51.00	HUF	1,453	8	31.12.2008	NV
EVN Abfallverwertung Niederösterreich GmbH ("EVN Abfall") Maria Enzersdorf[2)]	EVN Umwelt	100.00	EUR	7,300	6,385	30.9.2009	V

Company, registered office	Shareholder	Interest in %	Currency	Shaeholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany[1]	WTE Essen	100.00	EUR	24	–1	30.9.2009	NE
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/ Utilitas	100.00	EUR	20,986	–5,882	30.9.2009	V
EVN Umwelt Beteiligungs und Service GmbH, ("EVN UBS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	4,710	322	30.9.2009	V
EVN Umwelt Finanz- und Service-GmbH, ("EVN UFS") Maria Enzersdorf	EVN Umwelt	100.00	EUR	16,643	–4,374	30.9.2009	V
EVN Umweltholding und Betriebs-GmbH, ("EVN Umwelt") Maria Enzersdorf	EVN	100.00	EUR	125,093	6,125	30.9.2009	V
evn wasser Gesellschaft m.b.H., ("evn wasser") Maria Enzersdorf	EVN/Utilitas	100.00	EUR	63,325	4,143	30.9.2009	V
OAO "EVN MSZ 3", ("OAO MVA3"), Moscow, Russia	EVN MVA3	100.00	RUB	165,397	326	31.12.2008	V
OAO "WTE Süd-West", Moscow, Russia	Süd-West	100.00	RUB	133,861	–8,311	31.12.2008	V
OAO "WTE Süd-Ost", Moscow, Russia	WTE Hyp	100.00	RUB	2,049	20	31.12.2008	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	RUB	8,930	–1,189	31.12.2008	V
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	OAO MVA3	70.00	RUB	1,571	1,673	31.12.2008	NV
OOO Süd-West Wasserwerk, Moscow, Russia	Süd-West	70.00	RUB	381	32	31.12.2008	NV
OOO "WTE Wassertechnik West", Moscow, Russia	WTE Essen	100.00	RUB	3	1	31.12.2008	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Essen	100.00	EUR	8,220	432	30.9.2009	V
SHW Hölter Projektgesellschaft Zelenograd mbH, ("Zelenograd") Essen, Germany	WTE Essen	100.00	EUR	20,710	1,691	30.9.2009	V
SHW Hölter Projektgesellschaft Slowenien mbH Essen, Germany	WTE Essen	100.00	EUR	22	–	30.9.2009	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Essen	50.00	HRK	2,884	558	31.12.2008	NE
SHW Projektgesellschaft Pskov mbH, Essen, Germany	WTE Essen	100.00	EUR	21	–	30.9.2009	NV
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbh, Buckow, Germany	WTE Essen	49.00	EUR	536	24	31.12.2008	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	EUR	886	–1	31.12.2008	NE
WTE Denmark A/S, ("WTE Denmark"), Birkerod, Denmark	WTE Essen	100.00	DKK	780	201	30.9.2009	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Essen	100.00	EUR	31	11	31.12.2008	V
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Essen	100.00	EUR	–9	15	30.9.2009	V
WTE Projektna druzba Kranjska Gora d.o.o. Kranjska Gora, Slovenia	WTE Essen	100.00	EUR	20	2	30.9.2009	V
WTE Projektna druzba Lasko d.o.o., Lasko, Slovenia	WTE Essen	100.00	EUR	–50	6	30.9.2009	V
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Essen	100.00	EUR	77,976	–	30.9.2009	V
WTE Projektgesellschaft Süd-West Wasser mbH ("Süd-West"), Essen, Germany	WTE Essen	100.00	EUR	22,201	7,910	30.9.2009	V
WTE Betriebsgesellschaft mbH, ("WTE Betrieb") Hecklingen, Germany	WTE Essen	100.00	EUR	511	–	30.9.2009	V
WTE Vodice d.o.o., Zagreb, Croatia	WTE Essen	100.00	HRK	–6	–2	31.12.2009	NV
WTE Wassertechnik GmbH, ("WTE Essen"), Essen, Germany	EVN Umwelt	100.00	EUR	69,751	6,295	30.9.2009	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Essen	100.00	PLN	799	–300	30.9.2009	V
ZAO "STAER", Moscow, Russia	Süd Butowo	70.00	RUB	159	108	31.12.2008	NV
ZAO "STAER-ZWK", Moscow, Russia	Zelenograd	70.00	RUB	138	84	31.12.2008	NV
Zagrebacke otpadne vode d.o.o., Zagreb, Croatia	WTE Essen	48.50	HRK	116,658	10,876	31.12.2008	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. Zagreb, Croatia	WTE Essen	35.00	HRK	3,786	3,783	31.12.2008	E

1) The company was newly established during the reporting year.
2) Formely AVN Abfallverwertung Niederösterreich Ges.m.b.H., Maria Enzersdorf

3. EVN AG investments in the Strategic Investments and Other Business Segment of ≥ 20.0% as at September 30, 2009

Company, registered office	Shareholder	Interest in %	Currency	Shareholders' equity in TEUR	Last year's profit/loss in TEUR	Balance sheet date	Method of consolidation 2008/09
ALLPLAN Gesellschaft m.b.H., Vienna	Utilitas	50.00	EUR	873	250	31.12.2008	E
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	EUR	84	23	31.12.2008	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf[1)]	EVN Geoinfo	30.00	EUR	–	–	–	NE
BEGAS – Burgenländische Erdgasversorgungs-Aktiengesellschaft, ("BEGAS"), Eisenstadt	BUHO	49.00	EUR	77,816	7,474	30.9.2008	E
Burgenland Holding Aktiengesellschaft, ("BUHO") Eisenstadt	EVN	73.63	EUR	76,559	6,387	30.9.2009	V
Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG), ("BEWAG"), Eisenstadt	BUHO	49.00	EUR	192,888	2,321	30.9.2008	E
Ernst Hora Elektroinstallationen Gesellschaft m.b.H. ("Ernst Hora"), Vienna	first facility	100.00	EUR	61	4	31.12.2008	NV
EVN Business Service GmbH, Maria Enzersdorf	Utilitas	100.00	EUR	524	71	30.9.2009	V
EVN Finance Service B.V., ("EVN Finance B.V.") Amsterdam, Netherlands	EVN FM	100.00	EUR	2,054	45	30.9.2009	V
EVN Finanzmanagement und Vermietungs-GmbH ("EVN FM"), Maria Enzersdorf	EVN	100.00	EUR	20,759	9,858	30.9.2009	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN FM	100.00	EUR	20,880	9,925	30.9.2009	V
EVN-Pensionskasse Aktiengesellschaft ("EVN-Pensionskasse"), Maria Enzersdorf	EVN	100.00	EUR	2,946	–1,796	31.12.2008	NV
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	EUR	198	41	30.9.2009	E
first facility Bulgaria EOOD, Sofia, Bulgaria	first facility	100.00	BGN	61	57	31.12.2008	NV
first facility d.o.o. Beograd, Belgrade, Serbia[1)]	first facility	51.00	RSD	–	–	–	NV
first facility GmbH, ("first facility"), Vienna	Utilitas	100.00	EUR	824	403	30.9.2009	V
first facility Ingatlankezelö Kft., Budapest, Hungary	first facility	100.00	HUF	–149	17	31.12.2008	NV
first facility Imobile SRL, Bucharest, Romania	first facility/Ernst Hora	95.00	RON	–	3	31.12.2008	NV
first facility - Slovakia s.r.o., Bratislava, Slovakia	first facility	92.50	EUR	–	–12	31.12.2008	NV
first facility Makedonia DOOEL, Skopje, Macedonia	first facility	100.00	MKD	16	12	31.12.2008	NV
Niederösterreichische Facility Management GmbH Wiener Neustadt	first facility	40.00	EUR	–23	–66	31.12.2008	NE
NÖTECH NÖ Energieforschungs-, -planungs-, -betriebs- und -servicegesellschaft m.b.H., Maria Enzersdorf[1)]	Utilitas	50.00	EUR	–	–	–	NE
Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbund), ("Verbundgesellschaft"), Vienna[2)]	EVN	13.01	EUR	1,645,891	621,517	31.12.2008	N
R 138-Fonds, ("R 138-Fonds"), Vienna	EVN AG/EVN Netz/ evn wasser	100.00	EUR	88,933	1,238	30.9.2009	V
RAG-Beteiligungs-Aktiengesellschaft, ("RBG") Maria Enzersdorf	EVN/Utilitas	50.03	EUR	117,128	66,497	31.3.2009	V
Rohöl-Aufsuchungs Aktiengesellschaft, ("RAG"), Vienna	RBG	100.00	EUR	143,125	108,657	31.12.2008	E
Spieth Kathodischer Korrosionsschutz GmbH Denkendorf, Germany	V&C	100.00	EUR	–	–43	31.12.2008	NV
Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H, ("Utilitas"), Maria Enzersdorf	EVN	100.00	EUR	185,910	16,955	30.9.2009	V
VCK Betonschutz + Monitoring GmbH, Mainz, Germany	V&C	50.00	EUR	74	13	31.12.2008	NE
V2 FM, Vienna	first facility	100.00	EUR	83	–117	31.12.2008	NV
V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. ("V&C"), Pressbaum	Utilitas	100.00	EUR	637	309	31.3.2009	V
Wiener Stadtwerke Management Beta Beteiligungs GmbH Vienna	Utilitas	47.37	EUR	921	–2	30.11.2008	NE

1) The company was newly established during the reporting year.
2) Despite an interest of ≤ 20.0%, the shareholding is included due to its materiality.

Independent Auditor's Report

Report on the Consolidated Financial Statements

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

EVN AG,
Maria Enzersdorf,

for the **financial year from October 1, 2008 to September 30, 2009.** Those financial statements comprise the consolidated balance sheet as of 30 September 2008, the consolidated income statement, the consolidated cash flow statement and the changes in consolidated equity statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements and Accounting

Management is responsible for the group accounting as well as for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 the Nature and Scope of a Financial Statement 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 in accordance with 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 ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of September 30, 2009, and of its financial performance and its cash flows for the financial year from October 1, 2008 to September 30, 2009 in accordance with International Reporting Standards as adopted by the EU.

Statement on the Management Report

Laws and regulations require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group. Furthermore our opinion needs to include a statement on whether the consolidated management report is in accordance with the consolidated financial statements and whether the disclosures required in accordance with § 243a of the Austrian Commercial Code (UGB) have been made.

In our opinion, the group management report is consistent with the consolidated financial statements. The disclosures stipulated by § 243a of the Austrian Commercial Code (UGB) have been made.

Vienna, November 19, 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Rainer Hassler
Wirtschaftsprüfer

ppa. MMag. Angelika Vogler
Wirtschaftsprüferin

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

Glossary

American Depositary Receipts (ADR) Tradable certificates for non-American shares available in the US; facilitates access for non-American companies to US-investors.

ARA-region The region around Antwerp, Rotterdam and Amsterdam is Europe's most important reloading point for mineral oil. Trading takes place via short-term contracts. Prices are highly volatile, depending on supply and demand (also see Spot market/spot trading). The quotation of prices in Rotterdam is decisive for the oil price level in Europe.

Barrel The recognised global unit of measurement for crude oil and petrochemical products, 1 barrel = 158.987 litres.

Basic load/peak load Basic load is the constant energy consumption throughout the entire day. In contrast, peak load represents a high demand for energy in the electricity distribution network for short periods of time.

Beta factor (ß) Level of risk included in the calculation of equity capital costs. A measurement for the relative risk of a share in comparison to the overall market:
ß > 1 = share fluctuates more strongly measured relative to the total market = higher risk,
ß < 1 = share fluctuates less strongly measured relative to the total market = lower risk.

Book value per share Book value of share capital divided by the number of shares at the balance sheet date.

BOOT model (Build, Own, Operate, Transfer) Within the context of BOOT projects, plants are built and financed on behalf of a customer. After a predefined period of time, the plant becomes the property of the customer.

Brent The most important crude oil for European consumption, derived from the North Sea.

Capital Employed Equity plus loans subject to interest or assets minus liabilities not subject to interest.

Cash flow Balance of the flows (inflows and outflows) of cash and cash equivalents. Serves as an indicator for the assessment of the financial strength of a company, as well as its ability to make dividend payments, debt repayments and investment financing from its own funds. The cash flow is divided into cash flow from operating, investment and financing activities.

Cash generating unit (CGU) The smallest, identifiable group of assets to generate independent cash flows, which are largely autonomous, from the cash flows of other assets, or asset groups. The present value of future cash flows can be employed for the valuation of the respective CGU (also see Impairment test).

CO_2 Chemical designation for carbon dioxide.

CO_2 emission certificate trading Within the EU-wide emission certificate trading system, the member states distribute CO_2 emission rights to companies. Those firms whose actual CO_2 emissions exceed the volume of the allocated certificates must purchase additional emission rights.

Component Approach In accordance with IAS 16, assets are to be divided into their main components, and subsequently individually valuated and depreciated. "Materiality" is not sufficiently defined, rather it is derived from the overall context (relation of the costs of the components to the total costs of the asset).

Combined cycle heat and power/cogeneration Simultaneous generation of electrical energy and heat in an energy generating facility. The combined production enables the plant to achieve a high level of efficiency, and thus to optimally apply the primary energy used.

Consolidation range The range of consolidation encompasses every company included in the consolidated financial statements. The prerequisite is a controlling influence of the parent company. This is given if the parent company is either directly or indirectly in a position to determine the financial and business policy of the subsidiary. The inclusion of a subsidiary commences with the beginning of the controlling influence by the parent company and ends with its termination.

Corporate Governance Code A code of behavioural guidelines for companies, which define the principles for the management and controlling of a company. They do not represent a compilation of legal statutes, but rather a set of guidelines which companies voluntarily adhere to.

Corporate Social Responsibility (CSR) Sustainable corporate management. A company voluntarily agrees to do more in the spirit of ensuring sustainable development than stipulated by legal regulations.

Coverage ratio Ratio of the volume of electricity produced in own power generating facilities and the total electricity sales volumes of EVN.

Degree of efficiency The efficiency of a plant comprised of the ratio of input to output (i.e. the quantity of electrical energy generated in ratio to the primary energy employed).

Derivative financial instruments Financial instruments, which create rights and commitments derived from market developments, e.g. options, swaps and futures. The use of such financial instruments can be used to minimise financial risks.

Dilution Dilution occurs when, in the context of a capital increase, the shareholder value of a company is not adjusted to the same level as the increase in equity. Capital dilution thus takes place when free shares are issued or when new shares are issued below the share price of the old shares. The share price of the old shares declines and the loss of value is designated as dilution.

Dividend yield Ratio of the distributed dividend to the share price.

Earnings before interest and taxes (EBIT) Also known as the results from operating activities. Parameter designed to measure the earnings capacity of a company.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) Earnings before interest, taxes, depreciation and amortisation of non-current assets and property, plant and equipment. Serves as a simple cash flow parameter.

Earnings per share Group net profit divided by the weighted number of shares.

Economic value added (EVA) Difference between the yield spread (ROCE less WACC) multiplied by the average capital employed. Parameter for the shareholder value created in a company.

E-Control GmbH (ECG) The regulatory authority established by lawmakers on the basis of the Energy Liberalisation Act to monitor the implementation of the liberalisation process for the Austrian electricity and gas markets, and to intervene in the marketplace if necessary.

European Energy Exchange (EEX) The largest energy marketplace in Continental Europe, headquartered in Leipzig.

Electricity Industry and Organisation Act (ElWOG) Austrian adaptation of the EU Electricity Directive designed to liberalise the entire EU energy market.

Emission certificates Emission certificates were introduced into the European Union effective January 1, 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.

Energy units
Energy (Wh): output x time
kWh Kilowatt hour:
1 Watt hour (Wh) x 10^3
MWh Megawatt hour: 1 Wh x 10^6
GWh Gigawatt hour: 1 Wh x 10^9
Natural gas – energy content: 1 Nm^3 of natural gas equals 11.07 kWh

Equity consolidation Accounting method integrating the interests held in companies, which are not fully incorporated into the consolidated financial statements with all assets and liabilities. At acquisition, they are reported at the cost of acquisition, and adjusted in accordance with the pro rata equity. The share of the annual earnings of the companies included at equity is incorporated into the consolidated income statement.

Equity ratio Ratio between equity and total capital.

Ex-dividend day The day on which shares are traded without entitlement to dividends. On this day the dividend is deducted from the price of the respective security.

Fair value The fair value in efficient markets is the price determined by considering all relevant price-determining factors, used as the basis for transactions which could be concluded by partners potentially willing to enter into a contractual agreement.

Forward market In contrast to the spot market, the forward or futures market is characterised by a contractually stipulated time lag between the conclusion of the transaction and actual delivery. At the time a contract is concluded, the buyer is not required to have the necessary liquid funds, nor is the seller required to have the purchased goods. The price of the goods is determined at the time the contract is concluded.

Fossil fuels Energy resources derived from biomass over a period of millions of years, such as crude oil, natural gas, brown and black coal.

Free cash flow (FCF) Net cash flow from operating activities minus cash flow from investments. It is available for payments from financing activities (distribution of the dividends, payment of outstanding liabilities).

Fully functional model Within the context of the liberalisation of the European electricity and gas markets, the legally stipulated unbundling of network operations from the rest of the functions carried out by energy supply companies is best implemented not only by spinning off the management of network operations, but by transferring network property to a company subsidiary (also see Unbundling).

Funds from operations (FFO) Net cash flow from operating activities adjusted by interest expenses.

Gearing Ratio of net debt to equity.

Global Reporting Initiative (GRI) Initiative aimed at developing globally applicable guidelines for sustainability reporting and thus ensure the standardised presentation of companies from an economic, ecological and social point of view.

Heating degree total Parameter for the temperature-related energy requirement for heating purposes.

Hedging Hedging is an instrument used for financial risk management purposes, limiting or avoiding negative changes in the market value in interest, currency or stock related transactions. A company aiming to "hedge" a particular transaction concludes another transaction linked to the underlying business.

Horizontal integration In the business world, horizontal integration is understood as meaning the grouping of companies on the same production level under a single management. For example, in the energy industry, a company operates or offers various forms of supply or services (e.g. electricity, gas, heat, water, wastewater and waste incineration, also see Vertical integration and Multi-service utility).

Incentive regulatory model A regulatory model designed as an incentive to improve certain parameters. Applied to network access tariffs, it aims at boosting the productivity of the network operators. The regulator defines a general upper limit for network tariffs for a specified regulatory period. In order to achieve productivity gains, this upper limit is reduced for the individual operators by corresponding deductions.

International Financial Reporting Interpretation Committee/Standard Interpretation Committee (IFRIC, formerly SIC) Its responsibility is to interpret and provide detailed explanations of the IFRS developed and by the International Accounting Standards Board (IASB).

International Financial Reporting Standards/International Accounting Standards (IFRS, formerly IAS) The designation IAS was changed to IFRS in 2001. However, the standards published prior to 2001 are still designated as IAS. They are published by the International Accounting Standards Board (IASB).

Impairment test Recoverability test, comparing the carrying amount of an asset to its fair value. If the fair value of an asset falls below the carrying amount, then an exceptional write-off is to be carried out. This instrument is particularly important for the calculation of goodwill, which may not be reported as scheduled amortisation since the 2004/05 financial year, but must be subject to an annual impairment test. In the course of impairment tests, cash generating units are built (also see Cash generating unit (CGU)).

Inhabitant equivalent value The inhabitant equivalent value determines the expected biological burden of wastewater treatment facilities. It is based on the population equivalent, and is calculated by adding the number of inhabitants and the population equivalent.

Interest Cover Ratio of the funds from operations (FFO) to interest expenses

International Securities Identification Number (ISIN) Individual securities identification numbers enabling the computerised recording of securities on an international basis.

Kyoto Protocol International climate protection agreement concluded by the UN. It defines goals relating to the reduction of greenhouse gas emissions, which are considered the catalyst for global warming. Adopted in 1997, it officially went into effect on February 16, 2005.

Management approach Presentation of the management and controlling aspects of a company.

Mark-to-market Valuation of financial transactions at current market prices.

Market Risk Premium (MRP) Difference between the yield of a risk-free and risky investment. This difference is considered as compensation for investors for additional, non-diversifiable market risks.

Multi-service utility Company that offers various supply and infrastructure services (electricity, gas, heat, water, waste incineration, etc.) on a one-stop shopping basis (also see Horizontal integration).

Net debt Balance from interest-bearing asset and liability items (issues and liabilities to credit institutes less loans, securities and liquid funds).

Net debt coverage Ratio of funds from operations (FFO) to interest-bearing debt.

Net operating profit after tax (NOPAT) Calculated on the basis of taxable earnings less financing costs.

Network loss The difference between the current supplied or fed into an electricity network and the electrical energy, which is actually delivered. Network losses basically arise due to the physical characteristics of the transmission lines.

Over the Counter (OTC) Share trading on the external market.

Payout ratio Ratio between the dividends distributed and the earnings per share.

Peak load see Basic load/peak load

Primary energy Energy available from naturally available energy sources. In addition to fossil fuels such as natural gas, petroleum, black and brown coal, primary energy sources also include nuclear fuels such as uranium and renewable energy sources such as water, sun and wind.

Proportionate consolidation Only includes the assets and liabilities and the income and expenses of the subsidiary in the consolidated financial statements, in accordance with the level of the shareholding of the parent company.

Population equivalent The population equivalent serves as the unit of measure used to describe the extent of waste water discharge. It is considered to be the equivalent of the daily sum of biodegradable load matter in waste water produced by one person, and thus represents a significant component in determining the expected biological burden of wastewater treatment facilities.

Rating Evaluation of issuers and borrowers in relation to their economic strength. Internationally recognised rating agencies include Standard & Poor's and Moody's.

Regulatory authority Public authority responsible for those fields of the energy market, which have not yet been deregulated but are still monopolised, in order to ensure free competition and fair pricing (also refer to E-Control GmbH (ECG)).

Renewable energy Energy won from regenerative sources (solar energy, biomass, hydroelectric and wind generating power)

Return on capital employed (ROCE) This ratio shows the return on the capital utilised within a company. For the calculation of this parameter, net profit for the period and interest expenses less tax effects are 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.

Single buyer model The sole purchaser or single buyer model specifies one particular company as a monopolist responsible for operating the power grid and purchasing or distributing electricity. The single buyer must provide entitled customers with access to the network. The Macedonian electricity market is organised according to the single buyer model.

Spot market/spot trading General designation for markets, in which delivery, acceptance of the goods and payment (clearing) are carried out immediately following conclusion of the business transaction.

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.

Unbundling Within the context of the liberalisation process in Europe's electricity and gas markets, utilities are required to carry out an unbundling (separation, spin-off) of their network operations from the rest of the functions carried out by energy supply companies. Various models are to be considered: the fully-functional model (transfer of network property to a company subsidiary); the leasing model (leasing of the network to a company subsidiary), or operation management model (management of network operations remaining in an integrated company by a company subsidiary; also see Fully functional model).

UN Global Compact An initiative launched by UNO with the aim of supporting ecological and economic interests in the areas of human rights, work, the environment and corruption.

Value-at-Risk (VaR) Process to calculate the potential loss arising from price changes of a specified trading position by assuming a certain level of probability.

Value chain elements The electricity sector is divided into different phases of value creation: generation, distribution, sale and consumption.

Value-oriented management The focus of value-oriented management is less on achieving traditional goals such as revenue or net profit, but on increasing stakeholder value, which not only takes account of the interests of shareholders but other stakeholder groups of the company. In this spirit, all investment decisions are measured according to their impact on achieving a sustainable value contribution. The main indicators used to assess the value development of EVN's business operations are the economic value added (EVA, also see Economic value added (EVA)) and the rate of return on the capital employed (ROCE, also see Return on capital employed (ROCE)).

Vertical integration In the business world, vertical integration is understood as meaning the grouping of companies on different production levels of the value-added chain under a single management. For example, in the energy industry, a single company carries out sourcing/generation, transmission/network operations and sales (also see Horizontal integration).

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.

The EVN Group

Main EVN AG subsidiaries[1]

Energy segment

Generation business unit

- 100% **EVN Kraftwerks- und Beteiligungsgesellschaft mbH**
  - 49% **Evonik-EVN Walsum 10 Kraftwerksgesellschaft mbH** Construction of a coal fired power plant in Duisburg-Walsum
- 100% **evn naturkraft Erzeugungs- und Verteilungs GmbH** Electricity generation from renewable energy sources
  - 70% **Wasserkraftwerke Trieb und Krieglach GmbH** Hydroelectric power generation
  - 70% **EVN Enertrag Kavarna OOE** Electricity generation from wind power in Bulgaria
- 100% **EVN Liegenschaftsverwaltung Gesellschaft m.b.H.** Management of elements of power plant
  - 50% **Devoll Hydropower SHA** Hydroelectric power generation in Albania

Networks business unit

- 100% **EVN Netz GmbH** Operation of electricity and gas networks
- 100% **Utilitas Dienstleistungs- und Beteiligungs GmbH**[2]
  - 100% **Kabelsignal AG** Cable TV- and Internet services
  - 100% **B.net Burgenland Telekom GmbH** Cable TV- and Internet services
  - 100% **grafotech Beratungs- und Planungsgesellschaft mbH** Digital cartography
- 50% **NÖKOM NÖ Telekom Service GmbH** Provincial government telecommunications network

Supply business unit

- 100% **EVN Energievertrieb GmbH & Co KG** Electricity and gas sales to end customers within EnergieAllianz
- 100% **EVN Wärme GmbH** Supply of heat, gas, combined cycle heat and power, biogas heat, solar energy and heat pump facilities
- 49% **Fernwärme St. Pölten GmbH** Joint venture with St. Pöltener Stadtwerken in district heating business
- 45% **EnergieAllianz Austria GmbH** Joint EnergieAllianz partner sales subsidiary
  - 100% **Naturkraft Energievertriebsgesellschaft m.b.H.** Electricity sales from renewable energy sources
  - 100% **Switch Energievertriebsgesellschaft m.b.H.**
  - 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

South East Europe business unit

- 67% **EVN Bulgaria EP AD** Venture of operation of electricity networks in Bulgaria
- 67% **EVN Bulgaria EC AD** Electricity distribution for retail customers in Bulgaria
  - 100% **Energy Trading AD** Electricity distribution for large customers in Bulgaria
- 100% **EVN Trading South East Europe EAD** Electricity trading
- 100% **EVN Bulgaria Toplofikatsia EAD** District heating company in Bulgaria
- 100% **EVN Bulgaria EAD** Management company
- 90% **EVN Macedonia AD** Electricity supply in Macedonia
- 100% **EVN Macedonia Holding DOOEL** Management company

Environmental Services segment

- 100% **EVN Wasser GmbH** Drinking water supply in Lower Austria
- 100% **EVN Umweltholding und Betriebs-GmbH** Holding for drinking water supply, wastewater and waste incineration services
  - 100% **WTE Wassertechnik GmbH, Essen, Germany** Drinking water supply and wastewater services[3]
  - 100% **EVN Abfallverwertung Niederösterreich GmbH** Waste incineration in Lower Austria
  - 100% **EVN Projektgesellschaft MVA3 mbH** Waste incineration in Moscow

Strategic Investments and Other Business

- 13.0% **Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbund)** Power generation, trading and distribution
- 73.6% **Burgenland Holding Aktiengesellschaft** Regional electricity and gas supply
  - 49% **Burgenländische Elektrizitätswirtschafts-Aktiengesellschaft (BEWAG)** Electricity supply
  - 49% **Burgenländische Erdgasversorgungs-Aktiengesellschaft (BEGAS)** Gas supply
- 50.03% **RAG-Beteiligungs-Aktiengesellschaft** Oil and gas exploration and gas storage
  - 75% **Rohöl-Aufsuchungs Aktiengesellschaft**
- 100% **Utilitas Dienstleistungs- und Beteiligungs-Gesellschaft** Technical services
  - 50% **Allplan Gesellschaft m.b.H.** Building utility, energy and environmental engineering
  - 100% **EVN Business Service GmbH** Intra-Group services
  - 100% **first facility GmbH** Facility management
  - 100% **V&C GmbH** Cathodic corrosion protection
- 100% **EVN Finanzmanagement und Vermietungs GmbH** Group financing
  - 100% **EVN Finanzservice GmbH** Group financing
  - 100% **EVN Finance Service B.V.** Group financing

Status: September 30, 2009. The main operative companies and Group holding companies are shown. Interests in %.

1) EVN AG mainly encompasses thermal power stations.

2) Utilitas services are integrated in the Strategic Investments and Other Business segment.

3) The investments of WTE Wassertechnik GmbH are project and operating companies in Central, Eastern and south-eastern Europe.

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www.investor.evn.at/gb/gb2009

Financial calendar 2009/10[1)]

81st Annual General Meeting	January 21, 2010	Results HY. 1 2009/10	May 27, 2010
Ex-dividend day	January 26, 2010	Results Q. 1–3 2009/10	August 26, 2010
Dividend payment	January 29, 2010	Annual results 2009/10	December 16, 2010
Results Q. 1 2009/10	February 25, 2010		

1) preliminary

EVN share – Basic information

Share capital	EUR 300,000,000.00
Denomination	163,525,820 zero par value shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); AT; EVN (Dow Jones); EVNVY (ADR)
Stock exchange listing	Vienna
ADR programme; depositary	Sponsored Level I ADR program (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A2, negative (Moody's); A–, negative (Standard & Poor's)

Our service to investors includes the postage of all written company information. Should you be interested, please return the adjacent reply card. In addition, we cordially invite you to visit our investor homepage at www.investor.evn.at, where you will find a wealth of information.

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