



Letter to Shareholders

HY. 1 2011/12

October 1st, 2011 – March 31st, 2012

Revenue +3.8%
EBIT +2.9%
Group net profit +13.6%

EVN

Key figures

		2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Sales volumes							
Electricity generation volumes	GWh	1,871	2,085	-10.3	961	896	7.3
Electricity sales volumes to end customers	GWh	11,810	11,291	4.6	6,221	5,978	4.1
Natural gas sales volumes to end customers	GWh	5,171	5,552	-6.9	2,875	2,973	-3.3
Heat sales volumes to end customers	GWh	1,426	1,371	4.0	768	739	3.9
Statement of operations							
Revenue	EURm	1,690.9	1,629.7	3.8	861.2	827.5	4.1
EBITDA	EURm	325.9	324.1	0.5	158.2	165.7	-4.5
EBITDA margin	%	19.3	19.9	-0.6	18.4	20.0	-1.6
Results from operating activities (EBIT)	EURm	202.8	197.2	2.9	98.1	93.1	5.4
EBIT margin	%	12.0	12.1	-0.1	11.4	11.3	0.1
Profit before income tax	EURm	276.5	246.7	12.1	154.5	126.5	22.1
Group net profit	EURm	209.1	184.0	13.6	119.5	96.1	24.4
Statement of financial positions							
Total assets	EURm	7,248.8	7,356.7	-1.5	7,248.8	7,356.7	-1.5
Equity	EURm	3,337.3	3,540.2	-5.7	3,337.3	3,540.2	-5.7
Equity ratio	%	46.0	48.1	-2.1	46.0	48.1	-2.1
Net debt	EURm	1,797.2	1,341.7	34.0	1,797.2	1,341.7	34.0
Gearing	%	53.9	37.9	16.0	53.9	37.9	16.0
Return on Equity (ROE)	%	7.2	6.1	1.1	4.0	3.1	0.9
Return on Capital Employed (ROCE)	%	5.0	4.4	0.7	2.6	2.1	0.5
Cash flow and investments							
Gross cash flow	EURm	258.5	294.5	-12.2	109.1	154.6	-29.5
Net cash flow from operating activities	EURm	49.3	221.3	-77.7	23.4	137.3	-82.9
Investments ¹⁾	EURm	119.7	144.7	-17.3	43.7	69.9	-37.5
Employees							
Number of employees	Ø	7,817	8,319	-6.0	7,672	8,242	-6.9
thereof Austria	Ø	2,564	2,547	0.7	2,560	2,541	0.7
thereof abroad	Ø	5,254	5,772	-9.0	5,112	5,701	-10.3
Share							
Earnings	EUR	1.16	1.04	11.5	0.67	0.54	23.3

1) In intangible assets and property, plant and equipment

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Dear shareholders!

In the first half-year of the 2011/12 financial year, EVN managed to achieve stable results in spite of the unfavourable macroeconomic and ongoing difficult energy industry influencing factors. During the reporting period, EVN generated total revenues of EUR 1,690.9m, a rise of 3.8% from the prior-year period. In the energy business, the cold winter and high end customer prices in South Eastern Europe resulted in higher revenue. In the environmental services business, revenue was down slightly from the previous year. Despite the significant increase in the item "Electricity purchases and primary energy expenses", which was mainly related to the higher energy sales volumes in South Eastern Europe and the allocation of a provision for the Duisburg-Walsum power plant, EBITDA rose by 0.5% to EUR 325.9m. Due to a lower level of depreciation and amortisation, EBIT was up 2.9% to EUR 202.8m. In the financial results, which improved by 48.6% to EUR 73.6m, the considerably higher earnings contribution from investments in equity accounted investees, especially the income from RAG, more than compensated for the lower interest results. On balance, the Group net profit amounted to EUR 209.1m, an increase of 13.6% from the prior-year period.



Herbert Pötschacher, Peter Layr and Stefan Szyszkowitz

As at January 1st, 2012, gas network tariffs in Lower Austria were reduced by 1.9% following a decision made by the E-Control Commission. EnergieAllianz Austria GmbH with its regional energy sales companies passed on the reduction of the additional charges levied on green electricity as well as the lower gas procurement prices to end customers in form of a bonus payment starting on January and February 2012 respectively. As a consequence, the end customer prices for electricity in relation to the total price fell by 1.7%. In Macedonia end customer prices for electricity were raised 7.8% (of which 4.8% applied to EVN Macedonia) by the Macedonian regulatory authority effective January 1st, 2012.

In the first half-year 2011/12, EVN determinedly pursued its ambitious goal of achieving a three-fold increase in its wind power capacities. Since November 2011 the wind park located in Tattendorf with a total capacity of 16 MW has been feeding electricity into the power grid. In January 2012, EVN acquired a wind park located in Pöttelsdorf with four wind turbines and a total output of 9.2 MW, which has been generating electricity for about 10,000 households since 2006. Directly after the end of the reporting period, the ground-breaking ceremony for construction of the wind park in Glinzendorf took place in April 2012. The partners EVN and Wien Energie will construct nine wind turbines featuring a total output of about 18 MW. Investments will total about EUR 27m. The new facility is scheduled to come on stream in the summer of 2012.

In April 2012 the 1 MW small-scale hydropower plant in Schaldorf was put into operation. The plant will generate about 5.4 GWh of electricity annually, sufficient for about 1,500 households. The investment costs amounted to EUR 6.0m.

The activities in the heating business in the first half-year of the 2011/12 financial year focused on new biomass projects. EVN is currently the largest producer of natural heat in Austria, operating 57 biomass facilities in Lower Austria. Five additional biomass plants are under construction at present.

On April 18th, 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. The environmental project with a total investment volume of EUR 25.6m will supply drinking water for about 86,000 inhabitants. EVN will be responsible for operating the facility for a period of 15 years following the three-year construction period.

In February 2012, EVN successfully concluded the issuing of two corporate bonds within the framework of private placements, featuring a total volume of EUR 125.0m and a period to maturity of 20 years. The fixed coupon was set at 4.125% and the issue price at 97.035% and 97.684% respectively.

Following the first half-year of 2011/12, we confirm our outlook for the entire 2011/12 financial year. From today's perspective, we expect the results from operating activities for 2011/12 as a whole basically to match the previous year's performance in spite of the continuing economic uncertainty and difficult situation for the energy industry. The financial results will be above the prior-year level due to the unexpected improvement in the income from investments, mainly related to the earnings contribution from RAG. On balance, the Group net profit is thus expected to be at the same level as in the prior year.

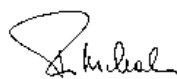
Maria Enzersdorf, May 2012



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pötschacher
Member of the Executive Board

Interim management report

Overall business environment

GDP growth	%	2009	2010	2011e	2012f	2013f
EU-27 ¹⁾²⁾		-4.1	1.7	1.5	0.0	1.5
Austria ³⁾		-3.9	2.1	3.1	0.4–0.8	1.4–1.7
Bulgaria ¹⁾²⁾⁴⁾		-5.5	0.2	1.7	0.7–1.0	1.3–2.5
Albania ¹⁾²⁾		3.3	3.9	1.9–2.0	2.2–2.5	2.6–3.5
Croatia ¹⁾²⁾		-6.0	-1.2	0.2–0.3	-1.2	1.0–1.5
Macedonia ²⁾		-0.9	1.8	3.5	2.3	3.0

1) Source: Raiffeisen Research "Strategie Globale Märkte 2. Quartal 2012" and "Strategie Österreich & CEE 2. Quartal 2012"

2) Source: wiiw Economic Prospects for Central, East and Southeast Europe, March 2012

3) Source: WIFO press release, March 2012; IHS press release, March 2012

4) Bulgarian National Bank, March 2012

Following the weakening of the global economy in 2011, a slight recovery set in during the first quarter of 2012. In addition to the impetus provided by the USA, economic growth is being primarily driven by the emerging markets. All in all, no increase of economic output is expected in the European Union for 2012, and the economies of the member states will develop heterogeneously. The sovereign debt crisis and the resulting austerity programmes will burden the economic climate, especially in Southern and South Eastern Europe. An economic recovery is first anticipated in the European Union in 2013, as reflected by the projected growth of 1.5%.

A slight economic upturn is already expected for Austria in the second half of 2012, with GDP growth forecast to reach a level of up to 0.8% for the entire year 2012. In 2013 the economy is expected to expand by up to 1.7% despite further budgetary consolidation measures.

Economic growth outpacing the comparable outlook for Austria continues to be forecast in 2012 and 2013 for Albania, Bulgaria and Macedonia. Nevertheless, the external conditions prevailing in the European Union will have a dampening effect on the economic development of these countries. The Croatian economy is expected to contract by up to 1.2% in 2012. In 2013 structural reforms and EU accession should stimulate the economy and serve as the basis for a GDP increase of about 1.5%.

Energy sector development

		2011/12 HY. 1	2010/11 HY. 1	Change in %	2011/12 Q. 2	2010/11 Q. 2	Change in %
Temperature-related energy demand¹⁾							
	%						
Austria		99.4	106.1	-6.7	96.6	99.7	-3.1
Bulgaria		111.0	87.6	23.4	105.9	89.5	16.4
Macedonia		120.6	99.4	21.2	116.0	104.9	11.1
Primary energy and CO₂ certificates							
Crude oil – Brent	EUR/bbl	85.5	70.8	20.9	90.3	77.1	17.2
Natural gas – GIMP	EUR/MWh	28.5	23.8	19.7	27.8	26.0	6.9
Coal – API#2 ²⁾	EUR/t	87.1	83.8	3.9	87.4	88.9	-1.6
CO ₂ certificates (2 nd period)	EUR/t	8.8	15.2	-41.9	7.9	15.4	-48.8
Electricity – EPEX spot market³⁾							
Base load	EUR/MWh	47.5	51.7	-8.1	45.1	51.9	-13.0
Peak load	EUR/MWh	59.1	63.0	-6.3	56.5	61.9	-8.8
Electricity – EEX forward market⁴⁾							
Base load	EUR/MWh	59.8	51.7	15.6	60.3	52.3	15.3
Peak load	EUR/MWh	74.5	67.7	9.9	75.2	67.3	11.7

1) Calculated according to the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1997 until 2006; in Bulgaria it corresponds to the long-term average value from 2004 until 2011 and in Macedonia to the long-term average value from 2001 until 2010; changes reported in percentage points.

2) ARA notation (Amsterdam, Rotterdam, Antwerp)

3) EPEX spot – European Power Exchange

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

During the first half-year of 2011/12, European spot market prices for base load and peak load electricity were 8.1% and 6.3% respectively below the prior-year level, in spite of the ongoing high level of primary energy prices. This is mainly attributable to the higher contribution of renewable energy sources in the overall electricity generation mix. The prices for CO₂ certificates fell by 41.9%, considerably below the prior-year period, amounting to EUR 8.8 per ton.

In contrast, the valid forward prices for base load and peak load electricity rose by 15.6% and 9.9% respectively. In the first half-year of the 2011/12 financial year, the average price in euros for crude oil (Brent), which is considered to be the benchmark for Europe, was 20.9% above the prior-year level, at EUR 85.5 per barrel. The natural gas prices, which are largely linked to the crude oil price, were at EUR 28.5 per MWh, or 19.7% higher than in the previous year despite the price revision with Gazprom, and the price for coal increased by 3.9% to EUR 87.1 per ton.

Business development

Highlights

- > Revenue up 3.8% to EUR 1,690.9m
- > Stable EBITDA of EUR 325.9m
- > EBIT improved by 2.9% to EUR 202.8m
- > Financial results up 48.6% to EUR 73.6m
- > Increase of Group net profit by 13.6% to EUR 209.1m

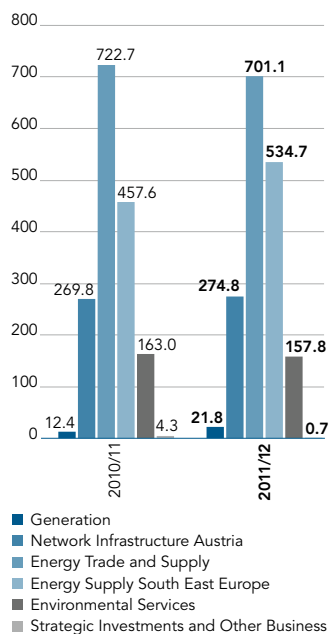
Statements of operations

In the first half-year 2011/12, EVN generated total revenue of EUR 1,690.9m, a rise of 3.8%, or EUR 61.2m, from the prior-year. In the energy business the cold weather and the increase of end customer prices in South Eastern Europe, amongst other factors, positively impacted the development of Group revenue. In the environmental services business there was a revenue decrease due to lower project invoicing volume at the reporting date.

Revenue by segments¹⁾

HY. 1

in EURm



1) External revenue

The revenue generated outside of Austria amounted to EUR 656.4m, a rise of 12.8%, or EUR 74.3m from the prior-year level, corresponding to a 38.8% share of total Group revenue (previous year: 35.7%).

Other operating income was down 7.3%, or EUR 2.6m, to EUR 32.6m, which is related to fewer changes in work in progress and lower default interest in Macedonia.

The costs for "Electricity purchases and primary energy expenses" were up 5.5%, or EUR 51.5m, to EUR 981.7m. This was primarily related to higher sales volumes in South Eastern Europe as well as higher procurement costs on the domestic market and in South Eastern Europe. Furthermore, the allocation for provisions for impending losses relating to the Duisburg-Walsum power plant project, required due to sustainable changes in electricity market conditions, also had a negative effect.

The cost of materials and services decreased by 5.0% compared to the first half-year of 2010/11, or EUR 9.0m, to EUR 171.0m. This development is primarily attributable to the lower implemented project volumes in the environmental services business.

The average number of employees fell by 6.0% from the prior-year period, or 502 people, to 7,817 employees. This development was related to outsourcing activities as well as further efficiency enhancement measures abroad, which in turn led to a decrease of 518 employees. In Austria the total number of staff was up by 17 employees compared to the prior-year period. As a result of contractually stipulated wage and salary increases during the reporting period which were mandated by collective wage agreements, personnel expenses climbed slightly by 1.7%, or EUR 2.7m from the previous year, to EUR 162.9m.

Other operating expenses were up 16.6%, or EUR 11.7m, to EUR 82.1m. In this regard, the lower level of legal and consulting costs as well as reduced miscellaneous other operating expenses could not compensate for the higher write-off of receivables.

On balance, these developments led to an EBITDA increase in the period under review of 0.5%, or EUR 1.7m, to EUR 325.9m. The corresponding EBITDA margin was down by 0.6 percentage points to 19.3% as a result of the stronger increase in revenue.

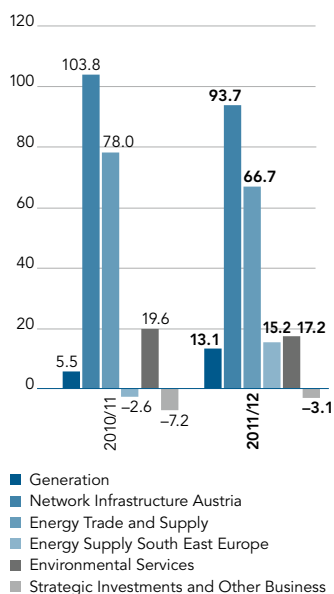
Scheduled depreciation and amortisation climbed by 2.7%, or EUR 3.0m, to EUR 112.3m. As a consequence of the total write-downs in the 2010/11 financial year for the gas-fired power plants in Theiß and Korneuburg and the related discontinuation of scheduled depreciation, the rise in scheduled depreciation was lower than expected due to the coming on stream of several power generation facilities, such as the wind parks in Lower Austria and the cogeneration plant in Bulgaria. The drop in extraordinary depreciation of 39.2%, or EUR 6.9m, to EUR 10.8m, is mainly due to the impairment losses of EUR 17.7m in the Energy Supply South East Europe segment carried out in the prior-year period. This was in contrast to the impairment loss of EUR 8.0m taken on the biomass pilot plant in Dürnrrohr in the first half-year of 2011/12. All in all, total depreciation and amortisation amounted to EUR 123.0m, a decline of 3.1%, or EUR 3.9m from the prior-year level.

On balance, the results from operating activities (EBIT) could be improved by 2.9%, or EUR 5.7m, to EUR 202.8m. The EBIT margin was 12.1%, at the same level as in the previous year.

EBIT by segments

HY. 1

in EURm



The financial results in the first half-year of 2011/12 improved by 48.6%, or EUR 24.1m, to EUR 73.6m. This is mainly due to the higher income from investments in equity accounted investees, especially from RAG, which on balance rose by 63.4% or EUR 29.0m. In contrast, the higher interest expense, which rose by 12.6%, or EUR 4.8m, and lower interest income, which fell by 15.1%, or EUR 2.9m, had a negative impact. The other financial results improved from EUR –1.9m to EUR 0.5m.

These developments led to a profit before income tax of EUR 276.5m, comprising a rise of 12.1%, or EUR 29.7m, from the previous year. Taking account of the slightly lower income tax, the profit for the period after the income tax expense totalled EUR 235.6m, up by 16.9%, or EUR 34.1m from the previous year.

Against the backdrop of the increased share of non-controlling interests, which rose by 51.7%, or EUR 9.0m, to EUR 26.5m, the Group net profit amounted to EUR 209.1m, up 13.6% or EUR 25.1m.

Statements of cash flows

In the first half-year of 2011/12, the gross cash flow amounted to EUR 258.5m, which was down by 12.2%, or EUR 35.9m from the comparable period in the previous year. This development can be attributed to the higher non-cash results of at equity accounted investees, which was primarily responsible for the increased profit before income tax, as well as the release of provisions.

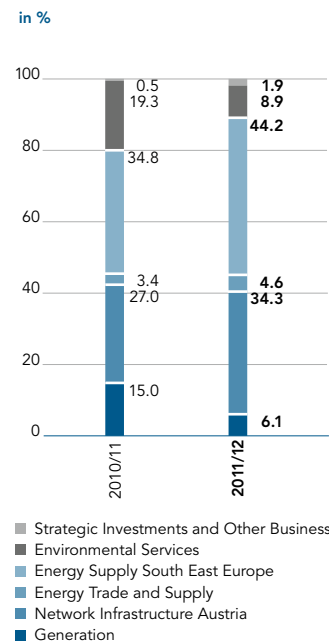
The net cash flow from operating activities was down by 77.7%, or EUR 172.0m, to EUR 49.3m, which can be attributed to the higher rise in working capital compared to the previous year due to a stronger seasonal effect in the first half-year of 2011/12.

The change in the net cash flow from investing activities by 49.3%, or EUR 124.9m, to EUR –128.5m, was mainly impacted by the ongoing investment programme, the capital payments for investments in equity accounted investees related to the Ashta, Devoll and Duisburg-Walsum power plant projects and the acquisition of additional stakes in the Bulgarian subsidiaries. The financing took place partly by disposing of current investments in securities, which is also reported in the net cash flow from investing activities.

The net cash flow from financing activities was down 42.9%, or EUR 31.6m, to EUR 42.2m. In the first half-year of 2011/12, EVN completed the issue of a new Eurobond in October 2011 with a volume of EUR 300.0m and also successfully concluded the issuing of two new corporate bonds within the framework of private placements in February 2012, to the amount of EUR 125.0m. This was in contrast to the redemption of the Eurobond amounting to EUR 257.4m in December 2011. The comparable period in the previous year was impacted by the capital increase of EVN AG and the related cash proceeds of EUR 175.5m. On balance, these changes led to a decline in the net cash flow from financing activities. The increase in the dividends distributed to the shareholders of EVN AG of EUR 73.6m also had a slightly negative effect.

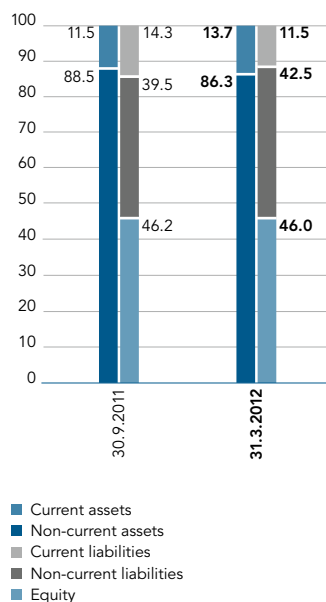
On balance, the above-mentioned developments resulted in a negative cash flow of EUR 37.0m. As a result, the Group cash and cash equivalents declined from EUR 112.6m to EUR 75.6m. Moreover, EVN had lines of credit amounting to EUR 775.0m at its disposal (September 30th, 2011: EUR 765.0m) as well as funds arising from current investments in securities of EUR 4.2m (September 30th, 2011: EUR 57.9m), which are not to be included in the item cash and cash equivalents pursuant to IFRS stipulations. All in all, EVN has sufficient liquidity reserves at its disposal to finance its operating activities. Thus the liquidity situation of EVN can continue to be considered as stable.

Structure of investments HY. 1



Balance sheet structure

in %



Statements of financial positions

At EUR 7,248.8m, EVN's total assets in the first half-year of 2011/12 rose by 5.5%, or EUR 378.4m, compared to the last balance sheet date at September 30th, 2011.

Non-current assets rose by 2.8%, or EUR 170.3m, to EUR 6,253.3m, in which case its share amounted to 86.3% of total assets (previous year: 88.5%). This increase was mainly due to an increase in the valuation of the investments in equity accounted investees by 13.0%, or EUR 128.5m, to EUR 1,120.6m. This development was based on the higher earnings contributions from RAG, the capital contributions on the part of EVN for the Ashta, Devoll and Duisburg-Walsum power plant projects. Moreover, the value of other investments rose by 5.1%, or EUR 45.3m, to EUR 937.7m, primarily as a result of the positive market valuation of EVN's shareholding in VERBUND compared to the prior-year period.

Current assets rose considerably by 26.4%, or EUR 208.1m, to EUR 995.5m, which is primarily the consequence of a higher rise in working capital compared to the previous year due to a stronger seasonal effect. Accordingly, their share of total assets increased from 11.5% to 13.7%.

Equity in the reporting period amounted to EUR 3,337.3m, a rise of 5.1%, or EUR 161.4m. The Group net profit for the period in the first half-year 2011/12 and the positive change in the market valuation of EVN's shareholding in VERBUND more than compensated for the distribution of the dividend to EVN AG shareholders amounting to EUR 73.6m for the business year of 2010/11. As at the balance sheet date of March 31st, 2012, the equity ratio amounted to 46.0% (September 30th, 2011: 46.2%). The net debt of EUR 1,797.2m (September 30th, 2011: EUR 1,579.2m) corresponded to a gearing of 53.9%, an increase of 4.2 percentage points.

Non-current liabilities were up by 13.6%, or EUR 369.9m, to EUR 3,081.9m, which is mainly related to the higher level of non-current loans and borrowings as a result of the issuing of a Eurobond in October 2011 amounting to EUR 300.0m and the conclusion of two private placements totalling EUR 125.0m in February 2012. The increase in deferred tax liabilities, mainly due to the positive change in the market valuation of EVN's shareholding in VERBUND, and the rise in the deferred income from network subsidiaries more than compensated for the decline in non-current provisions and other non-current liabilities.

Current liabilities fell by 15.6%, or EUR 152.8m, to EUR 829.6m. This is primarily the result of the redemption of the Eurobond amounting to EUR 257.4m, which fell due in December 2011. This was in contrast to the increase in current tax liabilities of 58.6% to EUR 131.0m, and the rise in other current liabilities of 20.4% to EUR 167.8m.

Risk management report pursuant to § 87 (4) Austrian Stock Exchange Act

In order to evaluate the risks and uncertainties which could potentially influence EVN's business development over the remaining six months of the current financial year, it is important to note that the risk profile has not fundamentally changed since the end of the previous financial year ending September 30th, 2011.

Risk profile

Risk in the energy business

Market risks faced by EVN in the energy business relate to the commercial realisation of electricity, natural gas, coal and CO₂. Profit margin risks can arise in the marketing of electricity, natural gas and heat as well as disadvantageous procurement prices for primary energy sources. Hedging strategies such as the diversification of customer segments, the longer-term marketing of power plant capacities as well as forward transactions minimise risks.

As a consequence of economic, political and technological developments, a decline in demand for electricity, natural gas and heat could take place. Moreover, there is the risk that weather conditions could have a disadvantageous effect on energy demand and also influence the water flow of rivers on which EVN operates hydropower plants. In addition, operational risks could arise such as disruptions in the production and distribution of electrical energy and district heat as well as the procurement and distribution of natural gas.

As a consequence of the Arab Spring and ongoing political uncertainties in the Middle East, the price of oil climbed considerably. The medium- to long-term development of market risks for EVN in the energy business will be primarily impacted by the energy policy and the resulting long-term development of the energy mix.

Risk in environmental services business

In the environmental services business, the EVN Group considers risks to refer to potential breakdowns as well as declining demand for 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. Moreover, the underlying contractual, counterparty and project risks in this segment related to the underlying business model are minimised by the consistent application of modern risk management methods in all project phases as well as the use of experienced employees and hedging instruments (i.e. guarantees, insurance policies).

Financial risks

EVN counteracts interest rate, exchange rate and market price risks with a comprehensive treasury strategy and related organisational and methodological rules, including the use of daily risk analyses and derivative hedging instruments. Credit risks and potential defaults of receivables are managed on the basis of credit limit management systems as well as a targeted strategy to diversify business partners. Regular liquidity analysis, long-term, centrally managed financial planning and the safeguarding of the required financial resources enable EVN to counteract liquidity risks in spite of a business environment impacted by the continuing financial and sovereign debt crisis.

Political and legal risks

Political and legal risks primarily arise as a result of regulations imposed by regulatory authorities, 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 are reduced by concluding strategic partnerships for large projects, in which case liability rights and rights of recourse are ensured on the basis of corporate law. Legal and litigation risks for the Group mainly exist in connection with pending or potential court and arbitration proceedings in relation to various power plant projects.

Key influencing factors affecting the medium- to long-term development of market risks faced by EVN in the energy business is energy policy (e.g. the phasing out of nuclear energy in Germany) and the resulting long-term development of the energy mix.

Overall risk profile

The risk profile of EVN is constantly changing, which is related to the strategy of the Group which primarily focuses on strengthening the core business and selective growth. Risks can arise as a result of the company's business operations on its domestic market Lower Austria, the existing business areas in South Eastern Europe and selected growth projects. In the light of a volatile business environment, EVN has identified no risks that could jeopardise the EVN Group as a going concern, due to the diversified business portfolio of EVN, amongst other reasons.

Segment development

Overview

EVN's Group structure encompasses the business areas energy business, environmental services business as well as Strategic Investments and Other business. The definition of the operating segments will be exclusively based – pursuant to IFRS 8 “Operating Segments” – on internal organisational and reporting structures. Contents, effects of the key energy business indicators and the operating development of the six segments are described below.

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

Key energy business indicators	GWh	2011/12 HY. 1	2010/11 HY. 1	Change in %	2011/12 Q. 2	2010/11 Q. 2	Change in %
Electricity generation volumes		1,871	2,085	-10.3	961	896	7.3
Thermal energy sources ¹⁾		1,154	1,474	-21.7	542	586	-7.5
Renewable energy sources ²⁾		717	610	17.5	419	309	35.6
Network distribution volumes							
Electricity		12,036	11,629	3.5	6,274	6,181	1.5
Natural gas ³⁾		10,903	11,891	-8.3	5,687	5,644	0.8
Energy sales volumes to end customers							
Electricity		11,810	11,291	4.6	6,221	5,978	4.1
thereof Central and Western Europe ⁴⁾⁵⁾		3,915	3,865	1.3	2,007	1,915	4.8
thereof South Eastern Europe		7,894	7,426	6.3	4,213	4,063	3.7
Natural gas		5,171	5,552	-6.9	2,875	2,973	-3.3
Heat		1,426	1,371	4.0	768	739	3.9
thereof Central and Western Europe ⁴⁾		1,214	1,176	3.2	642	620	3.5
thereof South Eastern Europe		212	195	8.8	126	119	5.9

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

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

3) Incl. network distribution volumes to EVN power stations

4) Central and Western Europe covers Austria and Germany.

5) Incl. energy sales to the Network Infrastructure Austria segment for network losses

Highlights

- > Ongoing negative spreads for gas-fired power plants
- > Power requests by the Federal Network Agency in Germany
- > Increased power generation from renewable energy sources: new wind parks and improved water flows
- > Impairment loss on the biomass pilot plant at the Dürnrohr power plant

Generation

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

Segment revenue basically comprises Intra-Group revenue and a small amount of external revenue arising mainly from the sale of electricity from renewable wind power. With regard to energy procurement rights from the power plants on the Danube and Inn rivers, the corresponding production-related market price is used to determine Intra-Group revenue, whereas the option value is applied for the

thermal power generation of EVN AG and the storage power plants. The option value generally reflects the pre-defined difference between the market prices for electricity and the related fuel costs. In contrast, the marketing of the electricity which was generated and the procurement of primary energy are included in the Energy Trade and Supply segment.

Key indicators		2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Key energy business indicators		GWh					
Electricity generation volumes		1,610	1,875	-14.1	810	783	3.4
thereof thermal energy sources		983	1,361	-27.8	436	523	-16.6
thereof renewable energy sources		627	514	22.0	374	260	43.8
Key financial indicators		EURm					
External revenue		21.8	12.4	75.7	14.1	6.9	-
Internal revenue		45.7	36.4	25.5	18.7	13.3	40.7
Total revenue		67.5	48.8	38.3	32.9	20.2	62.5
Operating expenses		-33.4	-31.3	-6.5	-17.1	-14.7	-16.0
EBITDA		34.1	17.4	95.4	15.8	5.5	-
Depreciation and amortisation		-20.9	-11.9	-75.4	-6.5	-6.0	-9.3
Results from operating activities (EBIT)		13.1	5.5	-	9.3	-0.5	-
Financial results		-7.0	-3.2	-	-2.8	-1.5	-87.2
Profit before income tax		6.1	2.3	-	6.5	-2.0	-
Total assets		790.0	505.5	56.3	790.0	505.5	56.3
Investments¹⁾		7.6	25.5	-70.3	4.2	15.7	-72.9

1) In intangible assets and property, plant and equipment

EVN's total electricity generation amounted to 1,610 GWh in the first half-year of 2011/12, a drop of 14.1%, or 265 GWh from the previous year. This is mainly attributable to lower power generating volumes at EVN's own thermal power stations, which fell by 27.8%, or 378 GWh, to 983 GWh, particularly as a result of the lower electricity generation from gas-fired power plants. Electricity production from renewable energy sources increased by 22.0%, or 113 GWh, to 627 GWh. This development was mainly characterised by the coming on stream of the new wind parks in Markgrafneusiedl and Tattendorf as well as the acquisition of the wind park in Pöttelsdorf. The production coefficient for the hydropower plants was 108.0% during the reporting period (previous year: 105.0%).

In the first half-year of the 2011/12 financial year, the total coverage ratio of electricity from own production amounted to 15.8% (previous year: 18.5%). The coverage ratio of electricity from own production in the EVN Group totalled 47.8% (previous year: 53.9%) excluding the energy sales in the Energy Supply South East Europe segment. The share of renewable energy as a proportion of total electricity production at EVN was about 38% in the first half-year of 2011/12.

Revenue of the Generation segment amounted to EUR 67.5m, a rise of 38.3%, or EUR 18.7m above the prior-year level. The unfavourable market price prevailing in the period used for determining the option value of the power stations led to a reduction in revenue from EVN's thermal power stations. However, this development could be more than compensated by

the power requests on the part of the Federal Network Agency in order to support network reliability in Southern Germany and the revision in natural gas prices between Gazprom and EconGas. The significant increase in electricity production from renewable energy sources also contributed to the revenue growth.

Operating expenses totalled EUR 33.4m in the first half-year of 2011/12, a rise of 6.5%, or EUR 2.0m, due to the electricity purchased from the Inn power plants. On balance, EBITDA was EUR 34.1m, up 95.4%, or EUR 16.6m from the previous year. Despite the impairment loss of EUR 8.0m recognized for the biomass pilot plant at the Dürnrohr power plant site, EBIT more than doubled to EUR 13.1m.

The financial results declined as a result of the higher interest expense related to increased investment activity in the previous year, falling by EUR 3.8m to EUR –7.0m. Accordingly, the profit before income tax was EUR 6.1m, or EUR 3.8m above the comparable prior-year level.

Investment volume of the segment in the first half-year of 2011/12 totalled EUR 7.6m, a drop of 70.3%, or EUR 17.9m. The priority during the period under review were the activities relating to construction of the wind park in Tattendorf.

In the first half-year of 2011/12, EVN started the realisation of the new wind park project in Glinzendorf in cooperation with Wien Energie. This wind park, with a total output of 18 MW, involves nine wind turbines and is scheduled to come on stream in the summer of 2012. Total investments amount to EUR 27.0m.

At the end of January 2012, EVN acquired an existing wind park in Pöttelsdorf. The wind park includes four wind turbines and boasts a total output of 9.2 MW, enabling environmentally-friendly electricity to be supplied to about 10,000 households.

Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and natural gas networks as well as the networks for cable TV and telecommunications. In addition, this segment also provides Intra-Group services – especially in connection with construction activities – that are recognised as Intra-Group revenue.

Highlights

- > Stable electricity distribution volumes
- > Decline in natural gas distribution volumes
 - Reduced use of EVN's thermal power stations
 - Warmer weather compared to the prior-year level
- > Adjustment of network tariffs as of January 1st, 2012
 - Electricity: same as in the prior-year
 - Gas: –1.9%

Key indicators		2011/12 HY. 1	2010/11 HY. 1	Change in %	2011/12 Q. 2	2010/11 Q. 2	Change in %
Key energy business indicators	GWh						
Network distribution volumes							
Electricity		4,139	4,132	0.2	2,088	2,085	0.1
Natural gas		10,903	11,891	–8.3	5,687	5,644	0.8
Key financial indicators	EURm						
External revenue		274.8	269.8	1.9	139.4	141.4	–1.4
Internal revenue		25.5	23.0	10.4	13.4	11.5	17.4
Total revenue		300.3	292.9	2.5	152.8	152.9	0.0
Operating expenses		–157.3	–140.5	–11.9	–78.7	–74.7	–5.4
EBITDA		143.0	152.4	–6.2	74.1	78.2	–5.2
Depreciation and amortisation		–49.3	–48.5	–1.6	–25.2	–24.5	–2.8
Results from operating activities (EBIT)		93.7	103.8	–9.8	48.9	53.7	–8.8
Financial results		–2.3	–5.0	54.8	0.3	–3.2	–
Profit before income tax		91.4	98.9	–7.5	49.2	50.5	–2.5
Total assets		1,695.9	1,649.7	2.8	1,695.9	1,649.7	2.8
Investments¹⁾		41.1	39.1	5.1	21.6	18.9	14.0

1) In intangible assets and property, plant and equipment

Network tariffs for electricity and natural gas are adjusted annually on January 1st pursuant to the incentive regulatory system by means of a resolution of the E-Control Commission. As at January 1st, 2012, the natural gas network tariffs decreased by 1.9% on average (they were increased by 10.6% as at January 1st, 2011). The electricity network tariffs remained stable on the prior-year level (compared to the increase of 1.0% effective January 1st, 2011).

Network distribution volumes in the first half-year of 2011/12 did not develop uniformly. Whereas network distribution volumes for electricity of 4,139 GWh was at the prior-year level, natural gas distribution volumes fell by 8.3%, or 988 GWh, to 10,903 GWh. This can be attributed to the considerably reduced use of EVN's thermal power stations as well as the warmer weather conditions prevailing compared to the previous year.

All in all, these developments led to a decline in total network revenue of 0.5%, or EUR 1.3m, to EUR 242.8m. Total revenue of the Network Infrastructure Austria segment climbed 2.5% from the prior-year figure, or EUR 7.4m, to EUR 300.3m, due to higher Intra-Group revenue and increased revenue in EVN's cable TV and telecommunications business.

Total operating expenses during the period under review rose by 11.9%, or EUR 16.8m, to EUR 157.3m, mainly as a result of increased procurement costs as well as higher maintenance and repair costs. Segment EBITDA was down 6.2% from the previous year, or EUR 9.4m, to EUR 143.0m. Considering the level of depreciation of amortisation, which remained virtually stable, EBIT declined to EUR 93.7m, down 9.8%, or EUR 10.2m.

The financial results were up by 54.8%, or EUR 2.7m, to EUR –2.3m, due to higher income from investments. On balance, these developments led to a profit before income tax of EUR 91.4m, corresponding to a drop of 7.5%, or EUR 7.4m.

Investment activity in the Network Infrastructure Austria segment totalled EUR 41.1m in the first half-year of 2011/12, a rise of 5.1%, or EUR 2.0m. The focal point of the investment activity continued to be the construction of the "Westschiene", the western section of the natural gas transport pipeline with a length of 143 km. At the end of 2011 the first stage of construction from Auersthal to Tulln was completed.

Energy Trade and Supply

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

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

Highlights

- > Higher electricity sales volumes
 - enhanced activities on the part of EnergieAllianz Austria
- > Declining gas sales volumes
 - warmer temperatures
- > Price effects in gas business
 - Increase in end customer prices for gas as of October 1st, 2011
 - Reduced gas procurement prices passed on to end customers in the form of a bonus payment

Key indicators		2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Key energy business indicators							
	GWh						
Energy sales volumes to end customers							
Electricity		3,915	3,864	1.3	2,007	1,914	4.9
Natural gas		5,171	5,552	-6.9	2,875	2,973	-3.3
Heat		1,214	1,176	3.2	642	620	3.5
Key financial indicators							
	EURm						
External revenue		701.1	722.7	-3.0	340.9	366.3	-6.9
Internal revenue		26.2	25.7	1.9	14.5	13.2	10.2
Total revenue		727.3	748.4	-2.8	355.4	379.5	-6.3
Operating expenses		-653.4	-663.6	1.5	-325.5	-339.7	4.2
EBITDA		73.9	84.8	-12.9	29.9	39.8	-24.9
Depreciation and amortisation		-7.2	-6.8	-6.4	-3.8	-3.5	-7.3
Results from operating activities (EBIT)		66.7	78.0	-14.5	26.1	36.3	-28.1
Financial results		12.2	8.7	40.6	4.0	3.6	12.4
Profit before income tax		78.9	86.7	-9.0	30.2	39.9	24.4
Total assets		709.3	729.8	-2.8	709.3	729.8	-2.8
Investments¹⁾		5.4	4.9	10.2	1.7	2.2	-24.1

1) In intangible assets and property, plant and equipment

Energy sales to end customers in the first half-year of 2011/12 developed heterogeneously. Whereas electricity sales volumes increased by 1.3%, or 51 GWh, to 3,915 GWh as a result of higher sales volumes generated by EnergieAllianz Austria outside of the Austrian region supplied by EVN, gas sales volumes fell by 6.9%, or 381 GWh, to 5,171 GWh. This was due to warmer weather compared to the prior-year period. Heating sales volumes could be increased by 3.2%, or 38 GWh, to 1,214 GWh, due to higher steam and heating deliveries to large customers.

In the first half-year of 2011/12, revenue of the Energy Trade and Supply segment amounted to EUR 727.3m, corresponding to a drop of 2.8%, or EUR 21.1m from the previous year. This development can be chiefly attributed to the decline in marketing proceeds of EVN's own thermal power plants due to considerably lower power generation volumes, the passing on of reduced natural gas procurement costs in the form of a bonus payment to end customers and the passing on of the lower additional costs for green electricity in the form of a 1.7% price reduction. This was in contrast to the demand for energy by the German Federal Network Agency and an increase in end customer prices for natural gas as of April 1st, 2011 and October 1st, 2011 by 8.9% and 3.6% respectively.

Operating expenses fell by 1.5%, or EUR 10.2m, to EUR 653.4m. This can be mainly attributed to the considerable decline in natural gas sourcing costs, which in turn were due to reduced use of EVN's own thermal power plants as well as gas price revisions between Gazprom and EconGas. This was in contrast to higher electricity sourcing costs as a result of higher procurement volumes. Furthermore, allocations of provisions for impending losses related to the Duisburg-Walsum power plant project necessitated by sustainably changed conditions on the electricity market also had a negative effect. In turn, the termination of the cooperation agreement with BEGAS had a positive impact on earnings.

After adjusting for slightly higher depreciation and amortisation, EBIT amounted to EUR 66.7m, a decrease of 14.5%, or EUR 11.3m. The financial results increased in the first half-year of 2011/12, which is primarily attributable to the higher earnings contribution of EconGas, which rose by 40.6%, or EUR 3.5m, to EUR 12.2m. All in all, the profit before income tax amounted to EUR 78.9m, a decrease of 9.0%, or EUR 7.8m from the prior-year level.

Total investment volume increased by 10.2%, or EUR 0.5m, to EUR 5.4m, focusing on the further expansion of the district heating networks.

In the first half-year of 2011/12, EVN opened up a biomass heating plant in Hagenbrunn. Investment costs for the project amounted to EUR 3.6m. Furthermore, together with EVN's partner Energie AG Oberösterreich, construction began on a biomass district heating plant in Steyr which will supply heat to about 10,000 households in the future. Total investment costs amount to EUR 36.0m.

Moreover, EVN opened a biomass heating plant for the Municipality of Langenlois with a total output of 4,200 kW and featuring investment costs of EUR 2.3m. Furthermore, the existing biomass heating plant in Hollabrunn was acquired.

The ground-breaking ceremony for construction of a biomass facility in Markt Piesting with an output of about 1,000 kW took place at the end of March, involving investments of about EUR 0.6m. On balance, EVN is currently operating a total of 57 biomass plants in Lower Austria and is thus the largest producer of natural heat in Austria.

Highlights

- > Temperature-related sales volumes increase
- > Tariff change in Macedonia as of March 1st, 2011 and January 1st, 2012
 - End customer prices for electricity: +5.5% (EVN Macedonia: +4.9%)
 - End customer prices for electricity: +7.8% (EVN Macedonia: +4.8%)
- > Tariff change in Bulgaria as of April 1st, 2011 and July 1st, 2011:
 - End customer prices for heat: +6.8%
 - Gas sourcing prices: +4.7%
 - End customer prices for electricity: +1.9%

Energy Supply South East Europe

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

		2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Key indicators							
Key energy business indicators	GWh						
Network distribution volumes ¹⁾		7,896	7,497	5.3	4,185	4,097	2.1
Heat sales volumes to end customers		212	195	8.8	126	119	5.9
Key financial indicators	EURm						
External revenue		534.7	457.6	16.9	288.5	252.4	14.3
Internal revenue		–	–	–	–	–	–
Total revenue		534.7	457.6	16.9	288.5	252.4	14.3
Operating expenses		–487.0	–412.8	–18.0	–263.5	–220.1	–19.7
EBITDA		47.8	44.9	6.5	25.0	32.4	–23.0
Depreciation and amortisation		–32.6	–47.5	31.3	–18.1	–32.4	44.3
Results from operating activities (EBIT)		15.2	–2.6	–	6.9	–0.1	–
Financial results		–12.7	–8.2	–53.7	–6.2	–4.0	–57.2
Profit before income tax		2.5	–10.8	–	0.7	–4.0	–
Total assets		1,221.2	1,130.1	8.1	1,157.4	1,130.1	2.4
Investments²⁾		52.8	50.3	5.0	11.5	20.4	–43.7

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

2) In intangible assets and property, plant and equipment

In Bulgaria, regulatory authorities increased end customer prices for electricity by 1.9% effective July 1st, 2011 (increase by 2.0% as at July 1st, 2010). The prices for procured energy as well as for transmission grid operators and the system operator remained at about the same level as in the previous year (increase of prices for procured energy, transmission grid operators and the system operator were raised by 8.0% as of July 1st, 2010). Similarly, regulatory authorities approved a 6.8% hike in end customer prices for heat. The gas sourcing price climbed by 4.7%.

In Macedonia, the regulatory authority approved a hike in end customer prices by 5.5% effective March 1st, 2011, of which 4.9% could be assigned to EVN Macedonia, it once again raised end customer prices by 7.8% as of January 1st, 2012, of which 4.8% applies to EVN Macedonia.

In the first half-year of 2011/12, the significantly colder weather in Bulgaria (where the heating degree total was 23.4 percentage points higher than in the previous year) and in Macedonia (where the heating degree total was 21.2 percentage points higher than in the previous year) led to a strong increase in electricity and heat sales volumes. Electricity sales volumes climbed by 5.3%, or 399 GWh, to 7,896 GWh, and heat sales volumes in Bulgaria were up 8.8%, or 17 GWh, to 212 GWh.

Total revenue of the segment rose by 16.9%, or EUR 77.1m, to EUR 534.7m. This is mainly due to the weather-related rise in sales volumes, particularly for household customers, and the price increases in Bulgaria and Macedonia.

Higher prices for procured energy as well as increased write-offs of receivables resulted in an increase in operating expenses of 18.0%, or EUR 74.2m, to EUR 487.0m in the first half-year of the 2011/12 financial year. On balance, EBITDA was up 6.5% from the prior-year level, or EUR 2.9m, to EUR 47.8m.

The decline in depreciation and amortisation by 31.3%, or EUR 14.9m, to EUR 32.6m, is mainly due to the impairment losses of EUR 17.7m recognised in the prior-year in connection with the Plovdiv power plant site. EBIT rose by EUR 17.8m to EUR 15.2m.

The financial results decreased by 53.7% in the reporting period, or EUR 4.4m, to EUR -12.7m. This development is related to the higher interest expense, mainly in connection with the increase of the stake held by EVN in its subsidiaries in Bulgaria and higher default interest in Macedonia. The profit after income tax could be improved by EUR 13.3m to EUR 2.5m.

In the first half-year of 2011/12, total investment volume in the segment rose by 5.0% from the previous year, or EUR 2.5m, to EUR 52.8m. This mainly relates to construction of the new cogeneration plant in Plovdiv which was put into operation at the beginning of December 2011 along with the expansion of the network infrastructure and the replacement of electricity metres as well as investments related to the Croatian natural gas supply.

Highlights

- > New contracts
 - Wastewater purification plant in Prague
 - Drinking water treatment plant in Serbia
- > Expansion of business operations to 18 countries

Environmental Services

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

Key indicators	EURm	2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
External revenue		157.8	163.0	-3.2	78.0	67.0	16.4
Internal revenue		9.6	8.8	8.8	5.2	4.0	30.9
Total revenue		167.4	171.8	-2.6	83.3	71.0	17.2
Operating expenses		-137.0	-139.8	2.0	-67.2	-55.6	-20.6
EBITDA		30.4	32.0	-5.0	16.1	15.3	5.0
Depreciation and amortisation		-13.2	-12.4	-5.9	-6.7	-6.3	5.3
Results from operating activities (EBIT)		17.2	19.6	-11.9	9.4	9.0	4.2
Financial results		5.1	5.5	-7.4	4.3	4.3	-0.4
Profit before income tax		22.4	25.1	-10.9	13.7	13.4	2.7
Total assets		1,446.4	1,410.8	2.5	1,446.4	1,410.9	2.5
Investments¹⁾		10.7	27.9	-61.8	4.4	11.8	-63.1

1) In intangible assets and property, plant and equipment

The revenue of the Environmental Services segment amounted to EUR 167.4m, a slight decline of 2.6%, or EUR 4.4m, from the comparable period in the previous year. This decrease is related to project invoicing at the balance sheet date as well as lower income from the waste incineration plant in Dürnröhr. In contrast to this development, the domestic drinking water supply business generated a positive contribution to total segment revenue.

Parallel to the revenue development, operating expenses in the segment were down 2.0%, or EUR 2.8m, to EUR 137.0m. On balance, EBITDA totalled EUR 30.4m, down 5.0%, or EUR 1.6m from the prior-year level.

In the light of a rise in depreciation and amortisation of 5.9%, or EUR 0.7m, to EUR 13.2m, EBIT of the Environmental Services segment was reported to be EUR 17.2m, a decrease of 11.9%, or EUR 2.3m. The financial results of EUR 5.1m (previous year: EUR 5.5m) declined due to the ongoing redemption of leasing receivables of the two large projects in Moscow during the operational phase, and thus the decreasing interest balance, as well as due to the higher interest expense of the projects during the construction phase. The profit before income tax fell by 10.9%, or EUR 2.7m, to EUR 22.4m.

EVN is currently realising a total of 14 large international projects in the drinking water and wastewater business. Several projects will come on stream in the near future, including the combined heat and power plant in Ljubrzy, the sodium hypochlorite plant in Moscow, the sludge treatment plants in Vilnius and Siauliai in Lithuania and the Czajka-Warsaw wastewater purification installation in Poland. On April 18th, 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. The environmental project with a total investment volume of EUR 25.6m will supply drinking water for about 86,000 inhabitants, corresponding to about 17,800 m³ per day. EVN will be responsible for operating the facility for a period of 15 years following the three-year construction period.

Investments amounting to EUR 10.7m comprise a reduction of 61.8%, or EUR 17.3m compared to the high level in the prior-year. In the reporting period investments focused on the construction of a cogeneration plant with a capacity of 13.5 MW on the premises of the large Ljubrzy wastewater purification plant as well as the network expansion of EVN Wasser.

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses EVN's interests in RAG, BEGAS, BEWAG and VERBUND. Moreover, key Intra-Group services as well as companies operating outside EVN's core business that provide mainly Intra-Group services with EVN are also classified in this segment.

Highlights

- > Higher earnings contribution from RAG and BEWAG
- > Higher interest income

Key indicators	EURm	2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
External revenue		0.7	4.3	-83.9	0.3	-6.3	-
Internal revenue		31.4	29.1	8.0	15.6	13.9	11.9
Total revenue		32.1	33.3	-3.7	15.9	7.6	-
Operating expenses		-34.4	-39.8	13.6	-18.0	-12.7	-42.1
EBITDA		-2.3	-6.4	64.7	-2.1	-5.1	58.6
Depreciation and amortisation		-0.8	-0.8	-3.1	-0.4	-0.3	-32.5
Results from operating activities (EBIT)		-3.1	-7.2	57.4	-2.5	-5.4	53.2
Financial results		87.4	54.3	61.0	63.0	34.9	80.5
Profit before income tax		84.3	47.1	79.1	60.5	29.5	-
Total assets		3,011.9	3,295.4	-8.6	3,011.9	3,295.4	-8.6
Investments ¹⁾		2.2	0.7	-	0.4	0.2	99.5

1) In intangible assets and property, plant and equipment

The financial results, which are of primary importance to this segment, totalled EUR 87.4m, a rise of 61.0%, or EUR 33.1m. The main reason for this improvement was the increased income from investments in equity accounted investees, in particular the higher earnings contribution from RAG, which rose by EUR 21.0m.

The higher interest income, up EUR 1.9m, as well as the improved other financial results, which were up by EUR 0.6m, also had a positive effect on segment earnings.

On balance, these developments led to a profit before income tax of EUR 84.3m, a rise of 79.1%, or EUR 37.2m from the comparable prior-year figure.

Consolidated interim report pursuant to IAS 34

Consolidated statements of financial positions

	EURm	3/31/2012	9/30/2011	Changes		9/30/2010
				nominal	in %	
Assets						
Non-current assets						
Intangible assets		406.1	410.5	-4.3	-1.1	361.0
Property, plant and equipment		2,949.2	2,938.9	10.2	0.3	2,818.2
Investments in equity accounted investees		1,120.6	992.1	128.5	13.0	734.0
Other investments		937.7	892.4	45.3	5.1	1,077.8
Deferred tax assets		12.1	9.7	2.3	24.0	6.5
Other non-current assets		827.6	839.3	-11.7	-1.4	744.8
		6,253.3	6,083.0	170.3	2.8	5,742.1
Current assets						
Inventories		95.6	106.3	-10.7	-10.1	135.7
Trade and other receivables		772.3	479.7	292.6	61.0	506.0
Securities		4.2	57.9	-53.7	-92.7	223.8
Cash and cash equivalents		123.4	143.4	-20.0	-14.0	123.5
		995.5	787.4	208.1	26.4	989.1
Total assets		7,248.8	6,870.4	378.4	5.5	6,731.2
Equity and liabilities						
Equity						
Share capital		330.0	330.0	-	-	300.0
Share premium and capital reserves		253.5	253.5	-	-	108.3
Retained earnings		2,128.7	1,925.5	203.2	10.6	1,808.0
Valuation reserve according to IAS 39		357.7	316.7	41.0	13.0	473.8
Currency translation reserve		4.8	-5.5	10.3	-	-3.5
Treasury shares		-6.0	-6.0	-	-	-7.0
Equity attributable to EVN AG shareholders		3,068.7	2,814.3	254.5	9.0	2,679.5
Non-controlling interests		268.6	361.7	-93.1	-25.7	345.7
		3,337.3	3,176.0	161.4	5.1	3,025.3
Non-current liabilities						
Non-current loans and borrowings		1,958.0	1,591.3	366.7	23.0	1,726.4
Deferred tax liabilities		197.0	177.0	20.0	11.3	227.1
Non-current provisions		414.2	436.9	-22.7	-5.2	450.0
Deferred income from network subsidiaries		458.6	437.9	20.6	4.7	397.9
Other non-current liabilities		54.2	68.9	-14.7	-21.4	63.1
		3,081.9	2,712.0	369.9	13.6	2,864.5
Current liabilities						
Current loans and borrowings		70.0	311.6	-241.6	-77.5	205.2
Taxes payable		131.0	82.6	48.4	58.6	63.0
Trade payables		374.3	368.0	6.2	1.7	339.3
Current provisions		86.5	80.8	5.7	7.1	120.6
Other current liabilities		167.8	139.4	28.4	20.4	113.2
		829.6	982.4	-152.8	-15.6	841.5
Total equity and liabilities		7,248.8	6,870.4	378.4	5.5	6,731.2

Consolidated statements of operations

	EURm	2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Revenue		1,690.9	1,629.7	3.8	861.2	827.5	4.1
Other operating income		32.6	35.2	-7.3	15.0	17.2	-12.8
Electricity purchases and primary energy expenses		-981.7	-930.0	-5.5	-509.0	-483.1	-5.4
Costs of materials and services		-171.0	-180.0	5.0	-78.8	-76.7	-2.8
Personnel expenses		-162.9	-160.2	-1.7	-82.4	-81.0	-1.7
Other operating expenses		-82.1	-70.5	-16.6	-47.6	-38.2	-24.7
EBITDA		325.9	324.1	0.5	158.2	165.7	-4.5
Depreciation and amortisation		-123.0	-127.0	3.1	-60.1	-72.6	17.2
Results from operating activities (EBIT)		202.8	197.2	2.9	98.1	93.1	5.4
Share of profit of equity accounted investees		74.7	45.7	63.4	42.3	19.0	-
Gain from other investments		24.8	24.5	1.0	24.8	24.5	1.2
Interest income		16.2	19.1	-15.1	7.1	9.8	-27.3
Interest expense		-42.6	-37.8	-12.6	-20.3	-19.2	-6.2
Other financial results		0.5	-1.9	-	2.5	-0.8	-
Financial results		73.6	49.6	48.6	56.4	33.4	69.0
Profit before income tax		276.5	246.7	12.1	154.5	126.5	22.1
Income tax expense		-40.9	-45.2	9.6	-20.8	-21.0	1.4
Profit for the period		235.6	201.5	16.9	133.7	105.4	26.8
thereof profit attributable to EVN AG shareholders (Group net profit)		209.1	184.0	13.6	119.5	96.1	24.4
thereof profit attributable to non-controlling interests		26.5	17.5	51.7	14.2	9.4	51.4
Earnings per share in EUR ¹⁾		1.16	1.04	11.5	0.67	0.54	23.3

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

Consolidated statements of comprehensive income

	EURm	2011/12 HY.1	2010/11 HY.1	Change in %	2011/12 Q.2	2010/11 Q.2	Change in %
Profit for the period		235.6	201.5	16.9	133.7	105.4	26.8
Pre-tax gains (+) or losses (-) recognised directly in equity from							
Currency translation differences from foreign operations		10.3	5.9	74.0	5.8	2.9	98.8
Net change in fair value of other investments		45.5	202.6	-77.5	83.2	139.2	-40.2
Net change in fair value of cash flow hedges		9.8	30.9	-68.1	2.1	16.4	-86.9
Investments in equity accounted investees		-0.9	31.4	-	2.4	13.9	-82.6
Total pre-tax gains (+) or losses (-) recognised directly in equity		64.8	270.7	-76.1	93.6	172.4	-45.7
Income tax expense		-13.5	-58.4	76.9	-21.4	-38.9	-45.1
Total after tax gains (+) or losses (-) recognised directly in equity		51.3	212.3	-75.8	72.2	133.5	-45.9
Comprehensive income		286.9	413.8	-30.7	205.9	238.9	13.8
thereof attributable to EVN AG shareholders (Group net profit)		260.4	396.4	-34.3	191.7	229.5	-16.5
thereof attributable to non-controlling interests		26.5	17.5	51.6	14.2	9.4	50.7

Consolidated statement of changes in equity

	EURm	EVN AG shareholders	Non-controlling interests	Total
Balance on 9/30/2010		2,679.5	345.7	3,025.2
Comprehensive income for the period		396.4	17.5	413.8
Capital increase		175.5	–	175.5
Dividends 2009/10		–71.8	–1.7	–73.5
Changes in the scope of consolidation/Other items		–0.6	–0.3	–0.9
Balance on 3/31/2011		3,179.0	361.2	3,540.2
Balance 9/30/2011		2,814.3	361.7	3,176.0
Comprehensive income for the period		260.3	26.5	286.9
Acquisition of interests in fully consolidated companies		69.7	–118.7	–49.0
Dividends 2010/11		–73.6	–0.9	–74.5
Changes in the scope of consolidation/Other items		–2.0	–	–2.0
Balance 3/31/2012		3,068.7	268.6	3,337.3

Condensed consolidated statements of cash flows

	EURm	2011/12 HY. 1	2010/11 HY. 1	Changes nominal	Changes in %	2009/10 HY. 1
Profit before income tax		276.5	246.7	29.7	12.1	266.1
+ Depreciation and amortisation of intangible assets and property, plant and equipment		123.0	127.0	–3.9	–3.1	118.5
+/- Non-cash share of income of equity accounted investees		–73.5	–42.0	–31.6	–75.3	–28.7
+/- Other non-cash financial results		–24.7	–23.4	–1.4	–5.8	–55.9
– Release of deferred income from network subsidiaries		–17.3	–16.0	–1.3	–8.3	–16.1
–/+ Decrease/Increase in non-current provisions		–22.7	1.1	–23.8	–	4.9
+/- Other non-cash expenses/gains		–2.7	1.0	–3.6	–	–
Gross cash flow		258.5	294.5	–35.9	–12.2	288.9
– Changes in assets and liabilities arising from operating activities		–203.1	–64.7	–138.3	–	–200.3
– Income tax paid		–6.2	–8.5	2.3	26.8	–11.4
Net cash flow from operating activities		49.3	221.3	–172.0	–77.7	77.2
– Changes in intangible assets and property, plant and equipment as well as in the acquisition of subsidiaries, net of cash acquired		–85.8	–105.9	20.1	19.0	–151.2
–/+ Changes in financial assets and other non-current assets		–96.3	–96.3	–	–	10.5
–/+ Changes in current securities		53.6	–51.1	104.7	–	50.4
Net cash flow from investing activities		–128.5	–253.4	124.9	49.3	–90.4
+ Capital increase/Payments of nominal capital by non-controlling interests		–	175.5	–175.5	–	0.8
– Dividends paid to EVN AG shareholders		–73.6	–71.8	–1.8	–2.5	–60.3
– Dividends paid to non-controlling interests		–0.9	–1.7	0.8	46.5	–1.7
+/- Changes in financial liabilities		116.7	–28.2	144.9	–	172.2
Net cash flow from financing activities		42.2	73.8	–31.6	–42.9	110.9
Net change in cash and cash items		–37.0	41.8	–78.8	–	97.8
Cash and cash items at the beginning of the period		112.6	89.1	23.5	26.4	113.6
Cash and cash items at the end of the period		75.6	130.8	–55.3	–42.2	211.4

Segment reporting

Segment reporting	EURm	Generation		Network Infrastructure Austria		Energy Trade and Supply		Energy Supply South East Europe	
		2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1
External revenue		21.8	12.4	274.8	269.8	701.1	722.7	534.7	457.6
Intra-Group revenue (between segments)		45.7	36.4	25.5	23.0	26.2	25.7	–	–
Total revenue		67.5	48.8	300.3	292.9	727.3	748.4	534.7	457.6
Operating expenses		–33.4	–31.3	–157.3	–140.5	–653.4	–663.6	–487.0	–412.8
EBITDA		34.1	17.4	143.0	152.4	73.9	84.8	47.8	44.9
Depreciation and amortisation		–20.9	–11.9	–49.3	–48.5	–7.2	–6.8	–32.6	–47.5
Results from operating activities (EBIT)		13.1	5.5	93.7	103.8	66.7	78.0	15.2	–2.6
Financial results		–7.0	–3.2	–2.3	–5.0	12.2	8.7	–12.7	–8.2
Profit before income tax		6.1	2.3	91.4	98.9	78.9	86.7	2.5	–10.8
Total assets		790.0	505.5	1,695.9	1,649.7	709.3	729.8	1,221.2	1,130.1
Investments ¹⁾		7.6	25.5	41.1	39.1	5.4	4.9	52.8	50.3

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1	2011/12 HY. 1	2010/11 HY. 1
External revenue	157.8	163.0	0.7	4.3	–	–	1,690.9	1,629.7
Intra-Group revenue (between segments)	9.6	8.8	31.4	29.1	–138.3	–123.1	–	–
Total revenue	167.4	171.8	32.1	33.3	–138.3	–123.1	1,690.9	1,629.7
Operating expenses	–137.0	–139.8	–34.4	–39.8	137.3	122.1	–1,365.0	–1,305.5
EBITDA	30.4	32.0	–2.3	–6.4	–1.0	–0.9	325.9	324.1
Depreciation and amortisation	–13.2	–12.4	–0.8	–0.8	1.0	0.9	–123.0	–127.0
Results from operating activities (EBIT)	17.2	19.6	–3.1	–7.2	–	–	202.8	197.2
Financial results	5.1	5.5	87.4	54.3	–9.1	–2.5	73.6	49.6
Profit before income tax	22.4	25.1	84.3	47.1	–9.1	–2.5	276.5	246.7
Total assets	1,446.4	1,410.9	3,011.9	3,295.4	–1,625.9	–1,364.7	7,248.8	7,356.7
Investments ¹⁾	10.7	27.9	2.2	0.7	–0.2	–3.7	119.7	144.7

1) In intangible assets and property, plant and equipment

Notes to the Consolidated interim report

Accounting and valuation methods

This Consolidated interim report of EVN AG as at March 31st, 2012, taking into consideration § 245a Austrian Commercial Code (UGB), was prepared in accordance with the guidelines set forth in IFRS by the International Financial Reporting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were applicable at the balance sheet date and adopted by the European Union (EU).

EVN has exercised the option stipulated in IAS 34 to present condensed notes. Accordingly, the Consolidated interim report contains merely condensed reporting compared to the Annual report, pursuant to IAS 34, as well as selected information and details pertaining to the period under review. For this reason, it should be read together with the Annual report of the 2010/11 financial year (balance sheet date: September 30th, 2011).

The accounting and valuation methods are essentially the same as those applied as at September 30th, 2011, with the exception of the consequences of the first-time application of standards and interpretations described below. The preparation of a Consolidated interim report according to IFRS requires EVN to make assumptions and estimates which influence the reported figures. Actual results can deviate from these estimates.

In order to improve clarity and comparability, all amounts in the notes and tables are generally shown in millions of euros (EURm) unless indicated otherwise. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates. The financial statements of companies included in this Consolidated interim report are prepared on the basis of unified accounting and valuation methods.

Reporting according to IFRS

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

Standards and interpretations applied for the first time

Effective¹⁾

New interpretations

– –

Revised standards and interpretations

IAS 24	Related Party: Disclosures	1/1/2011
IFRS 8	Operating Segments	1/1/2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1/1/2011
Several	Annual Improvements 2009–2010	1/1/2011

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

The new interpretations as well as the initial obligatory application of revised standards and interpretations did not have any impact on the Consolidated interim report.

Not yet effective new standards and interpretations are not applied.

Seasonally-related effects on business operations

In particular, the energy business is subject to weather-related fluctuations in power generation and sales, thus lower revenue and earnings are generally achieved in the second half of the financial year. The environmental services business is also subject to seasonal effects. The construction of many large projects is usually scheduled to begin in the spring-time due to weather conditions. For this reason, the environmental services business usually generates lower revenues in the first two quarters of the financial year than in the second half. Accordingly, business in the Environmental Services segment serves to principally counteract the seasonable nature of the energy business. However, the volatile nature of large construction projects results in fluctuations in revenue and earnings, which depend on the progress made in the particular projects.

Auditor's review

The Consolidated interim report was neither subject to a comprehensive audit nor subject to an auditor's review by chartered accountants.

Scope of consolidation

The scope of consolidation is established in accordance with the requirements contained in IAS 27. Accordingly, including the parent company EVN AG, a total of 29 domestic and 35 foreign subsidiaries (September 30th, 2011: 28 domestic and 35 foreign subsidiaries) were fully consolidated as of March 31st, 2012. As at the balance sheet date March 31st, 2012, a total of 36 affiliated companies were not consolidated due to their immaterial influence on the assets, liabilities, cash flows and profit and loss, both in detail and altogether (September 30th, 2011: 35).

Scope of consolidation	Full consolidation	Proportionate consolidation	Equity method	Total
9/30/2011	63	5	16	84
Start-ups and first consolidation	2	–	3	5
Business combination	2	–	–	2
Mergers	–1	–	–	–1
Deconsolidation	–2	–	–	–2
3/31/2012	64	5	19	88
Thereof foreign companies	35	–	5	40

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

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

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

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

In January 2012, EVN acquired the company Windstrom Wulkatal West GmbH with an existing wind park in Pöttelsdorf, Lower Austria, from AAG Holding GmbH.

In March 2012, EVN took over an existing biomass heating plant in Hollabrunn, Lower Austria. In this regard FWG-Fernwärmeversorgung Hollabrunn registrierte Genossenschaft mit beschränkter Haftung was included in the scope of consolidation as a fully consolidated company.

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

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

The following preliminary fair value effects on the consolidated statements of financial positions resulted from the business combinations.

Impact of business combinations	EURm	3/31/2012	9/30/2011
Non-current assets		10.1	33.5
Current assets		0.6	5.8
Total assets		10.7	39.2
Equity		3.6	34.6
Non-current liabilities		5.8	4.0
Current liabilities		1.2	0.7
Total equity and liabilities		10.7	39.2

Within the framework of a privatisation process, EVN acquired an additional 30.75% shareholding in EVN Bulgaria Elektrorazpredelenie AD, Plovdiv, as well as 32.73% of the shares in EVN Bulgaria Elektrosnabdiavane AD, Plovdiv, on December 21st, 2011. On the basis of further purchases carried out via the Bulgarian Stock Exchange, EVN held a 99.91% stake in EVN Bulgaria Elektrorazpredelenie AD and 99.92% of EVN Bulgaria Elektrosnabdiavane as of March 31st, 2012. Both companies were previously included as fully consolidated subsidiaries in the consolidated financial statements of EVN.

Selected notes to the Statements of financial positions

In the first half-year of 2011/12, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 119.7m (previous year: EUR 144.7m). Property, plant and equipment with a net carrying amount (book value) of EUR 6.9m were disposed of (previous year: EUR 1.5m), with a capital gain of EUR 2.3m (previous year: capital loss of EUR 1.1m).

The item investments in equity accounted investees increased by EUR 128.5m, or 13.0%, to EUR 1,120.6m. This increase can be attributed to additional investments related to the payment of equity capital for the power plant projects Ashta and Devoll in Albania and Duisburg-Walsum in Germany as well as to new additions that totally accounted for EUR 56.3m, and to ongoing earnings contribution. There were also changes related to valuation changes not recognised in profit and loss and currency translation differences.

Other investments totalling EUR 937.7m, which are assigned to the category of "available-for-sale", include the shares of listed companies with a market value of EUR 914.9m, an increase of EUR 45.5m from the prior balance sheet date. The adjustments made to reflect changed market values were allocated to the valuation reserve in accordance with IAS 39 after taking into account the deduction of deferred taxes.

The number of shares in circulation as at the balance sheet date March 31st, 2012, amounted to 179,878,402. This included the amount of 398,260 treasury shares (or 0.22% of the share capital) with an acquisition value of EUR 6.0m and a market value of EUR 4.0m (September 30th, 2011: EUR 4.3m) which were deducted when calculating the earnings per share. The treasury shares held by EVN AG are not entitled to any rights, and in particular, they are not entitled to dividends.

The Annual General Meeting of EVN AG held on January 19th, 2012, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.41 per share for the 2010/11 financial year, which comprises a total dividend payout of EUR 73.6m. Ex-dividend date was January 24th, 2012, and the dividend payment to shareholders of EVN AG took place on January 27th, 2012.

Non-current loans and borrowings are comprised of the following:

Break-down of non-current loans and borrowings	EURm	3/31/2012	9/30/2011
Bonds		1,005.7	609.7
Bank loans		952.3	981.6
Total non-current loans and borrowings		1,958.0	1,591.3

The non-current loans and borrowings rose by 23.0%, or EUR 366.7m, to EUR 1,958.0m. This was due to the issuing of a Eurobond in October 2011 amounting to EUR 300.0m as well as the two private placements of EUR 125.0m in February 2012. This was in contrast to the valuation-related decrease in the bonds as at the balance sheet date. The bank loans reflect, among other things, the ongoing, scheduled redemption amounting to EUR 55.4m as well as the drawing upon lines of credit to finance the investment programme to the amount of EUR 21.5m.

Current loans and borrowings were down by 77.5%, or EUR 241.6m, to EUR 70.0m. This was mainly due to the scheduled redemption of a Eurobond with an interest rate of 5.25% (term to maturity 2001–2011, nominal value of EUR 257.4m) in December 2011. The book value as of September 30th, 2011, amounted to EUR 257.7m.

Selected notes to the Statements of operations

The composition of depreciation developed as followed:

Content of depreciation	EURm	2011/12 HY. 1	2010/11 HY. 1
Scheduled depreciation		-112.3	-109.3
Impairment		-10.8	-17.7
Total depreciation		-123.0	-127.0

In the first half-year of 2011/12, the biomass pilot plant in Dürnröhr with a residual carrying amount of EUR 8.0m was subject to an impairment loss due to unfavourable market conditions. On balance, depreciation, amortisation and impairment losses amounted to EUR 123.0m, a decrease of 3.1%, or EUR 3.9m, from the prior-year period.

The income from investments developed as followed:

Income from investments	EURm	2011/12 HY. 1	2010/11 HY. 1
RAG		44.8	23.8
EconGas		11.8	9.1
ZOV; ZOV UIP		6.6	5.3
BEWAG; BEGAS		9.7	4.0
Other companies		1.9	3.7
Share of profit of equity accounted investees		74.7	45.7
VERBUND AG		22.1	22.1
Other companies		2.7	2.5
Gain from other investments		24.8	24.5
Total income from investments		99.5	70.2

Earnings per share are calculated by dividing Group net profit (= Net profit for the period attributable to EVN AG shareholders) by the weighted average number of shares outstanding, i.e. 179,480,142 as of March 31st, 2012 (March 31st, 2011: 176,685,644 shares). There is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net profit amounting to EUR 209.1m (March 31st, 2011: EUR 184.0m), earnings per share at the balance sheet date March 31st, 2012, totalled EUR 1.16 (March 31st, 2011: EUR 1.04 per share).

Selected notes to the Statements of cash flows

Dividends received, interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 14.8m (previous year: EUR 14.6m), whereas interest expense was EUR 29.0m (previous year: EUR 24.1m). The cash flows from dividend payments amounted to EUR 1.8m in the first half-year 2011/12 (previous year: EUR 3.8m). The payments for acquisitions amounting to EUR 3.8m (previous year: EUR 7.0m) were encompassed in the net cash flow from investing activities.

Information on transactions with related parties

Beside the changes in consolidation range there were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2010/11.

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

Transactions with investments in equity accounted investees	EURm	2011/12 HY. 1	2010/11 HY. 1
Revenue		91.8	116.5
Cost of materials and services		472.4	480.3
Trade accounts receivable		84.5	89.6 ¹⁾
Trade accounts payable		36.8	7.2 ¹⁾

1) Values at September 30th, 2011

Other obligations and risks

Other obligations and risks increased by EUR 9.4m to EUR 960.2m compared to September 30th, 2011. This change was partly due to the rise in scheduled orders for investments in intangible assets and property, plant and equipment as well as the increased guarantees for subsidiaries in connection with energy transactions as at the reporting date, as well as a decrease in the guarantees for subsidiaries in connection with the construction and operation of power plants.

Contingent liabilities relating to guarantees for subsidiaries in connection for energy transactions relating to those guarantees issued by e&t Energie Handelsgesellschaft mbH and now also for EconGas GmbH are recognised in the amount of the actual risk to EVN AG. This risk is measured by the changes between the stipulated price and the actual market price. Risks relating to procurement transactions exist in the case of declining market prices, whereas risks concerning sales transactions exist on the basis of increased market prices. Accordingly, the risk can correspondingly change after the balance sheet date due to market price changes. The risk valuation as at March 31st, 2012, resulted in contingent liabilities of EUR 46.7m. The nominal volume of the guarantees underlying this valuation amounted to EUR 459.7m.

Significant events after the balance sheet date

The following events of material importance took place between the quarterly balance sheet date of March 31st, 2012 and the publication of the Consolidated interim report on May 31st, 2012:

The 65th Ordinary General Meeting of VERBUND AG held on April 12th, 2012 resolved to distribute a dividend of EUR 0.55 per share (previous year: EUR 0.55 per share) for the 2011 financial year. The dividend was already recognised in the current consolidated interim financial statements of EVN in terms of the valuation of the shareholding and in the financial results.

On April 18th, 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. The environmental project with a total investment volume of EUR 25.6m will supply drinking water for about 86,000 inhabitants. EVN will be responsible for operating the facility for a period of 15 years following the three-year construction period.

On May 7th, 2012, EVN officially put the Weinviertel-Waldviertel connecting pipeline in Schwarzenau Castle. The facility was realised in a three-year construction period from early 2009 to December 2011. The total costs of the project amounted to EUR 6.0m.

In May 2012 the rating agency Moody's confirmed the long-term credit rating of "A3" (stable outlook) for EVN.

Statement by the Executive Board pursuant to § 87 (1) Z 3 Austrian Stock Exchange Act

The Executive Board of EVN AG certifies, to the best of its knowledge, that these unaudited condensed interim financial statements which were prepared in accordance with the decisive reporting standards present a true and fair view of the assets, liabilities, financial position and profit or loss of the EVN Group with regard to important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, with regard to the principal risks and uncertainties for the remaining six months of the financial year and to transactions with related companies and individuals to be disclosed.

Maria Enzersdorf, May 31st, 2012

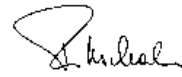
EVN AG
The Executive Board



Peter Layr
Spokesman of the Executive Board



Stefan Szyszkowitz
Member of the Executive Board



Herbert Pötschacher
Member of the Executive Board

The EVN share

Highlights

- > Recession in the eurozone
- > Low prime lending rates and expansive financial policy in the European Union
- > Volatile and rising stock markets
- > Weak performance of the utility sector

The global economy has weakened since the second half of 2011. However, there were signs of an economic recovery in the first quarter of 2012. The eurozone continues to be in a recession. Despite initial indications that the economy is brightening, a fundamental upswing has still not yet taken place.

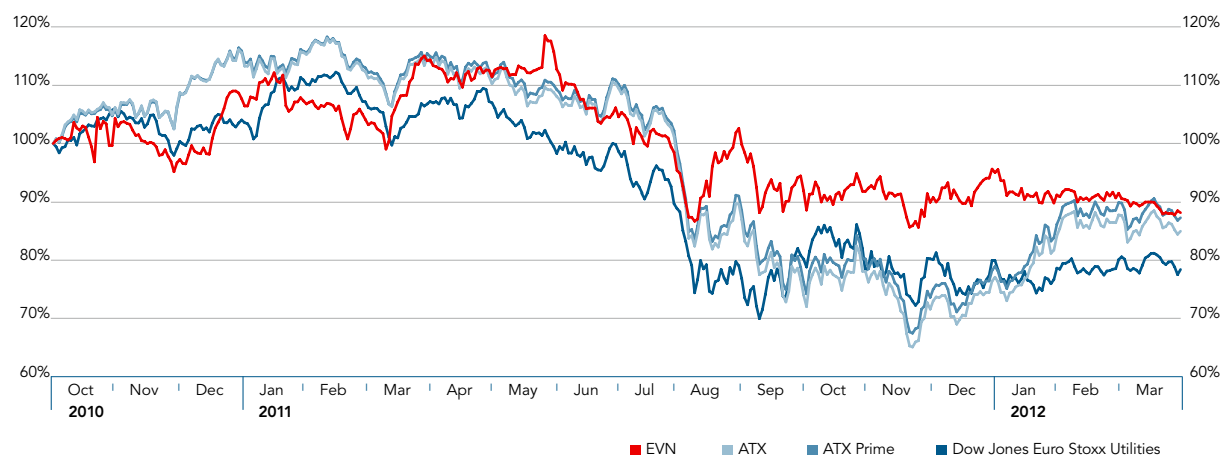
In the second half of 2011 the European Central Bank reacted to the weakened economy as a consequence of the sovereign debt crisis and the related crisis of confidence by reducing the prime lending rate in two steps to 1.0%. In the first quarter of 2012 the European Central Bank maintained the prime lending at its historically lowest level due to the increased downward risks for the economy and the low risk of inflation. As an additional measure in its expansive monetary policy, the bank also granted massive liquidity support to the European financial system in December 2011 and February 2012 in order to prevent a credit crunch from arising.

In the first half-year of the 2011/12 financial year, the financial markets were subject to strong fluctuations as a consequence of the sovereign debt crisis and the related problems. The agreement on the rescue package for Greece and the slightly improved economic outlook lessened volatility and has resulted in a positive trend on international stock markets since February 2012.

In particular, the German benchmark index DAX profited from the renewed confidence in the economy and was able to gain 26.3% in value in the period October 2011 to March 2012. In comparison, the Vienna benchmark index ATX developed more moderately, and registered a 10.8% rise in value. In contrast, the Dow Jones Euro Stoxx Utilities Index, which is relevant to EVN, proved to be weak and had to report a decline of 3.0%. The EVN share fell by 6.7%. At the end of March 2012 the EVN share traded at EUR 10.09, which corresponds to a market capitalization of EUR 1.82bn.

The average daily turnover in EVN shares decreased compared to the prior-year period, which featured the capital increase, and amounted to 50,970 shares (counted once). The total trading volume of EVN shares on the Vienna Stock Exchange was EUR 66.0m (counted once), which corresponds to 0.61% of total Vienna Stock Exchange trading volume. The weighting of the EVN share on the ATX index was 1.10% as of the end of March 2012.

EVN share price – relative development



EVN share – Index weighting 3/31/2012

ATX _____ 1.10%

WBI (Vienna Stock Exchange Index) _____ 2.47%

EVN share – performance

		2011/12 HY. 1	2010/11 HY. 1	2009/10 HY. 1
Share price at the end of March	EUR	10.09	13.18	12.86
Highest price	EUR	10.95	13.18	13.75
Lowest price	EUR	9.80	10.90	12.40
Value of shares traded ¹⁾	EURm	66	263	79
Average daily turnover ¹⁾	Shares	50,970	179,585	49,700
Share of total turnover ¹⁾	%	0.61	1.43	0.39
Market capitalisation at the end of March	EURm	1,815	2,370	2,103

1) Vienna Stock Exchange, counted once

At the 83rd Annual General Meeting held on January 19th, 2012, it was resolved to distribute a dividend of EUR 0.41 per share totalling EUR 73.6m to the shareholders of EVN AG for the 2010/11 financial year. Ex-dividend day was January 24th, 2012, and the dividend payment to shareholders took place on January 27th, 2012. 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 to employees of the company or a related company or to carry out a buyback without purpose amounting in total to 10.0% of the share capital of EVN AG for a period of 30 months beginning on the day the resolution was approved. The number of shares which can be acquired on a particular day of trading is limited to a maximum of 25.0% of the average number of shares traded on the Vienna Stock Exchange over the previous 20 days of trading. The purchase price for the shares to be repurchased may not surpass the closing share price on the Vienna Stock Exchange on the last day of trading before the buyback by more than 10.0% nor may it fall more than 20.0% below the closing share price. Moreover, the Executive Board is authorised to withdraw these own shares without requiring the further approval of the Annual General Meeting. For details on the Annual General Meeting see www.evn.at/AGM.aspx.

In the first half-year of 2011/12, there was no change in the shareholder structure of EVN AG compared to September 30th, 2011. On the basis of federal and provincial constitutional law requirements, the province of Lower Austria continues to be the major shareholder of EVN AG, with a stake of 51.0%. Lower Austria's shareholding is formally held via its investment holding, NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The second biggest shareholder is EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, with a stake of 32.5%. As a result, free float amounts to 16.5%.

In May 2012 the rating agency Moody's confirmed the long-term credit rating of "A3" (stable outlook) for EVN.

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Online Letter to Shareholders

<http://www.financialreport.evn.at/?report=EN2012-Q2>

Information on the internet

www.evn.at
www.investor.evn.at
www.responsibility.evn.at

Financial calendar¹⁾

Results Q. 1–3 2011/12	August 30 th , 2012
Annual results 2011/12	December 13 th , 2012

1) Preliminary

EVN share – Basic information

Share capital	EUR 330,000,000.00
Denomination	179,878,402 non-par value shares
ISIN security code number	AT0000741053
Tickers	EVNV.VI (Reuters); EVN AV (Bloomberg); EVN (Dow Jones); EVNVY (ADR)
Listing	Vienna
ADR programme; depositary	Sponsored Level I ADR programme (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A3, stable (Moody's); A–, negative (Standard & Poor's)

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Print CO₂ tested Compensation for CO₂ emissions arising in the printing process.
Support and contribution to climate protection, embedding environmental awareness in our activities

PEFC certification International forest certification system to safeguard and continually improve sustainable forestry

Austrian Ecolabel Quality, product safety and high environmental standards

Environmental management system ISO 14001:2004

Optimisation of environmental processes, prudent use of natural resources

