EVN

Letter to Shareholders 2012/13

HY. 1 2012/13
October 1st, 2012 – March 31st, 2013

CHALLENGING TIMES

Highlights

- Results from operating activities nearly at prior-year figures
- Drop in Group net profit by 38.2% to EUR 131.5m due to negative financial results
- Higher gross cash flow
- Provision for reserve capacity for Germany over the next three winter half-years
- Outlook 2012/13: Group net profit approximately 40% below prior year

Key figures

		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %	2011/12 9/30/2012
Sales volumes								
Electricity generation volumes	GWh	2,032	1,871	8.6	1,108	961	15.3	3,284
Electricity sales volumes to end customers	GWh	11,176	11,810	–5.4	5,773	6,221	–7.2	21,241
Natural gas sales volumes to end customers	GWh	5,176	5,171	0.1	2,991	2,876	4.0	6,166
Heat sales volumes to end customers[1]	GWh	1,437	1,426	0.7	793	768	3.2	1,951
Statement of operations								
Revenue	EURm	1,652.4	1,690.9	–2.3	858.4	861.2	–0.3	2,846.5
EBITDA[2][3]	EURm	330.2	339.3	–2.7	156.8	164.9	–5.0	474.5
EBITDA margin[2][3]	%	20.0	20.1	–0.1	18.3	19.2	–0.9	16.7
Results from operating activities (EBIT)[2][3]	EURm	212.1	216.2	–1.9	95.8	104.8	–8.5	223.2
EBIT margin[2][3]	%	12.8	12.8	–	11.2	12.2	–1.0	7.8
Profit before income tax[2]	EURm	194.9	281.6	–30.8	90.4	157.0	–42.4	259.7
Group net profit[2]	EURm	131.5	212.9	–38.2	60.0	121.5	–50.6	194.9
Earnings per share[2]	EUR	0.74	1.19	–37.9	0.34	0.68	–50.3	1.09
Statement of financial position								
Balance sheet total	EURm	7,064.7	7,248.8	–2.5	7,064.7	7,248.8	–2.5	6,863.2
Equity[2]	EURm	3,113.5	3,331.7	–6.5	3,113.5	3,331.7	–6.5	3,013.7
Equity ratio	%	44.1	46.0	–1.9	44.1	46.0	–1.9	43.9
Net debt	EURm	1,734.7	1,797.2	–3.5	1,734.7	1,797.2	–3.5	1,703.7
Gearing	%	55.7	53.9	1.8	55.7	53.9	1.8	56.5
Cash flow and investments								
Gross cash flow	EURm	379.1	258.5	46.7	227.5	109.1	–	480.3
Net cash flow from operating activities	EURm	155.9	49.3	–	101.2	23.4	–	461.0
Investments[4]	EURm	124.5	119.7	4.0	50.2	43.7	14.9	308.3
Employees	Ø	7,495	7,817	–4.1	7,487	7,672	–2.4	7,594

1) The 2011/12 financial year figure has been adjusted.
2) The HY. 1 2011/12 figure has been adjusted (EBITDA/EBIT EUR +13.4m; Financial results EUR –8.3m). Details see Reporting according to IFRS, page 23.
3) The 2011/12 financial year figure has been adjusted (EBITDA/EBIT EUR +16.5m; Financial results EUR –16.5m). Details see Reporting according to IFRS, page 23.
4) In intangible assets and property, plant and equipment

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Statement by the Executive Board

Dear shareholders!

Conditions on the European electricity and gas market remained challenging during the first half of the 2012/13 financial year. Growing economic weakness in EVN's core markets and an increase in the feed-in of renewable energy brought a further decline in the market price of electricity. Political uncertainty, above all in East and South Eastern Europe, is complicating the preparation of forecasts for the development of business. In view of these events, EVN was forced to adjust its group net profit expectations for the 2012/13 financial year.

EVN generated revenue of EUR 1,652.4m in the first half of 2012/13, which represents a decline of 2.3% compared to the first half of the previous year. EBITDA and EBIT were 2.7% and 1.9% below the respective prior-year levels. Group net profit fell by 38.2% to EUR 131.5m. This development resulted, above all, from a EUR 82.5m decline in financial results to EUR –17.2m that is attributable to the investments in EconGas GmbH, WEEV Beteiligungs GmbH and Devoll Hydropower ShA.

The negative spread between natural gas procurement and selling prices and EconGas' contractual purchase obligations were responsible for the negative earnings contribution reported for the first quarter. WEEV Beteiligungs GmbH, which holds the Verbund shares purchased in connection with the 2010 capital increase, recognised a EUR 22.5m impairment charge during the reporting period based on the market valuation of these shares. In March EVN and Statkraft A.S. reached an agreement for the sale of the 50% stake owned by EVN in Devoll Hydropower ShA to Statkraft A.S. The one-off negative pre-tax effect on earnings amounted to approximately EUR 27.5m. This sale releases EVN from the obligation to make capital contributions for the financing of this project and will therefore have a positive effect on the Group's future cash flows. The closing took place on May 7th, 2013.

At the Duisburg-Walsum coal-fired power plant, the general contractor Hitachi has started an inspection of the turbines following damages to two similar machines in Japan. Consequently, a delay in the start of operations cannot be excluded.

Changes on the energy market gave EVN an opportunity to offer the Federal Network Agency in Germany reserve capacity for a further three years. A total of 785 MW will be made available during each winter half-year to provide Southern Germany with energy on demand.

The expansion of renewable energy in Lower Austria continued during the reporting period with the realisation of a wind park in the township of Prellenkirchen. Together with a partner, EVN is constructing eight wind turbines with a total capacity of 24 MW. Operations are scheduled to start in winter 2013/14.

In Macedonia, EVN took over the operation of seven small revitalised hydropower plants that were leased up to January 2013. EVN now operates eleven small hydropower plants with a total capacity of 48 MW in this country. The Ashta hydropower plant in Albania, which was built through a joint venture with Verbund, has supplied electricity to the Albanian federal energy company since April 2013 within the framework of a concession agreement. The total capacity equals 53 MW.

EVN AG informed the Republic of Bulgaria in March that it would start international arbitration proceedings to protect its investment in the Bulgarian network and distribution companies. This formal announcement represents the start of a three- to six-month consultation and negotiation period.

A particular highlight for the environmental services business was the start of operations at the wastewater purification plant in Warsaw, which is one of the largest of its kind in Europe. This facility purifies wastewater for 2.1 million residents. The development of the environmental projects in Moscow is proving to be difficult: for example, the construction permit for the waste incineration plant has still not been issued.

Based on the above-mentioned factors, Group net profit for the 2012/13 financial year is expected to fall approximately 40% below the comparable prior-year value.

Maria Enzersdorf, May 2013

Peter Layr
Spokesman of the Executive Board

Stefan Szyszkowitz
Member of the Executive Board

Herbert Pöttschacher
Member of the Executive Board

Interim management report

Overall business and energy sector environment

GDP growth	%	2014f	2013f	2012	2011	2010
EU-27[1]		1.6	0.1	–0.3	1.6	2.1
Austria[2,3]		1.8	0.8–1.0	0.8	2.7	2.3
Bulgaria[1,2,5]		1.8–2.5	0.5–1.4	0.8	1.7	0.4
Macedonia[1,5]		1.7–2.5	1.0	–0.3	3.1	1.8
Croatia[1,2,4,5]		1.0–1.5	–0.4–(–0.5)	–2.0	0.0	–2.3
Albania[4,5]		3.3–4.0	2.8–3.0	1.5–2.0	3.1	3.9

1) Source: "European Economic Forecast, Winter 2013", EU Commission, February 2013
2) Source: "Prognose der Österreichischen Wirtschaft 2013–14", IHS, March 2013
3) Source: "Prognose für 2013 und 2014: Erholung mit anhaltender Unsicherheit", WIFO, March 2013
4) Source: "Strategie Österreich und CEE 2. Quartal 2013", Raiffeisen Research, March 2013
5) Source: "Economic Prospects for Central, East and Southeast Europe", wiiw, March 2013

Business environment

Uncertainty over the further development of the economy in the European Union (EU) grew stronger after the first quarter of 2013. At the beginning of the year the EU Commission anticipated a rapid recovery, but the outlook has since changed to expectations of only a slight increase in 2013. The hoped-for improvement has not yet materialised, above all in domestic demand, and the implementation of structural reforms has still not reached the necessary level. An increase of up to 1.6% in growth is only expected in 2014.

Latest estimates indicate that the Austria economy bottomed out at the beginning of this year. After a plus of 0.8% in 2012, the balanced structure of the country's economy should support a slight improvement to 1.0% in 2013 and up to 1.8% in 2014.

Bulgaria is expected to follow moderate GDP growth of 0.8% in 2012 with a slight increase of up to 1.4% in 2013 and up to 2.5% in 2014. Macedonia recorded a sharp economic downturn and a 0.3% decline in GDP for 2012, in part due to budget consolidation pressure in the neighbouring countries. However, forecasts now point to recovery with an increase to 1.0% in 2013 and up to 2.5% in 2014.

The Croatian economy remained in a recessionary phase during 2012 with a GDP decline of 2.0%. In spite of the country's scheduled accession to the EU on July 1st, 2013 and

Key indicators for the energy sector environment		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Temperature-related energy demand[1]	%						
Austria		104.8	98.4	6.4	109.0	97.7	11.3
Bulgaria		90.4	111.0	–20.6	88.7	105.9	17.2
Macedonia		94.7	120.6	–25.9	95.9	116.0	20.1
Primary energy and CO_2 certificates							
Crude oil – Brent	EUR/bbl	84.9	85.5	–0.7	85.0	90.3	–5.8
Natural gas – GIMP[2]	EUR/MWh	30.2	28.5	6.2	29.9	27.8	7.4
Coal – API#2[3]	EUR/t	67.7	87.1	–22.2	66.9	87.4	–23.5
CO_2 certificates (2nd/3rd period)	EUR/t	7.0	8.8	–21.0	6.3	7.9	–19.8
Electricity – EEX forward market[4]							
Base load	EUR/MWh	53.1	59.8	–11.1	52.5	60.3	–12.9
Peak load	EUR/MWh	66.4	74.5	–10.8	65.5	75.2	–12.9
Electricity – EPEX spot market[5]							
Base load	EUR/MWh	41.6	47.5	–12.3	41.9	45.1	–7.2
Peak load	EUR/MWh	55.0	59.1	–6.9	54.6	56.5	–3.3

1) Calculated according to the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1996 until 2010, in Bulgaria it corresponds to the long-term average value from 2004 until 2011 and in Macedonia it corresponds to the long-term average value beginning from 2001; changes reported in percentage points.
2) Gas Import Price (GIMP)
3) ARA notation (Amsterdam, Rotterdam, Antwerp)
4) Average prices for the respective EEX (European Energy Exchange) quarterly forward market prices, beginning one year before the respective period under review
5) EPEX spot – European Power Exchange

the resulting flow of resources from the EU Structural and Cohesion Funds, forecasts for 2013 call for substantially weaker GDP development with a decline of up to 0.5%. An improvement of 1.0% to 1.5% is expected in 2014.

In Albania, weak domestic demand and the economic crisis in the country's most important trading partners had a negative effect on growth. GDP growth fell from 3.1% in 2011 to between 1.5% and 2.0% in 2012, and the forecasts for 2013 and 2014 range from 2.8% to 4.0%.

Energy sector environment

The first half of the 2012/13 financial year was characterised by contrary temperature fluctuations. In Austria the heating degree total was higher than the previous year (an increase of 6.4 percentage points), while Bulgaria and Macedonia reported a decline of 20.6 and 25.9 percentage points, respectively.

The euro price for crude oil (Brent) nearly matched the prior-year level at an average of EUR 84.9 per barrel during the first half of 2012/13. Natural gas prices in Austria, which are linked to the price of crude oil, traded at EUR 30.2 per MWh, or 6.2% higher than the previous year. In contrast, the price of coal fell by 22.2% year-on-year to EUR 67.7 per tonne for the reporting period. This decline resulted primarily from high stock levels in Europe and the weaker economic growth in China. The downward trend in the price of CO_2 emission certificates continued, with a 21.0% decline below the prior year to EUR 7.0 per tonne for the first half of 2012/13 and prices below EUR 4 per tonne on individual trading days. In April the European Parliament voted against market support measures for CO_2 emission certificates, which triggered a further drop in prices.

The forward market prices for base load and peak load electricity equalled EUR 53.1 and EUR 66.4 per MWh, respectively, or 11.1% and 10.8% below the previous year. Spot market prices for base load and peak load electricity were highly volatile throughout the reporting period due to strong fluctuations in the feed-in from renewable energy carriers. These prices fell by 12.3% and 6.9%, respectively, to EUR 41.6 and EUR 55.0 per MWh during the first half of 2012/13, in particular due to the further expansion of wind and photovoltaic generation capacity in Europe.

Business development

Statement of operations

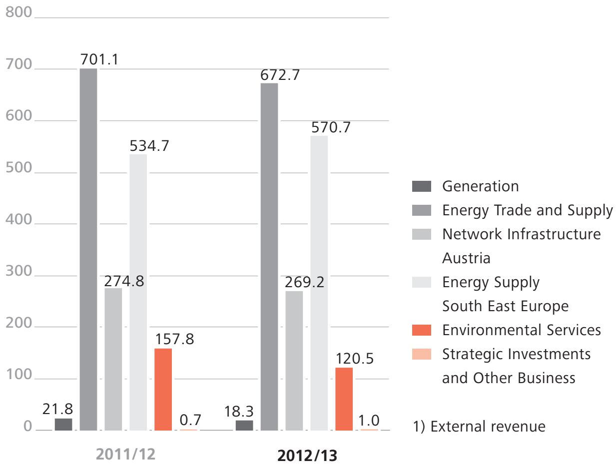
Highlights

- Revenue –2.3% to EUR 1,652.4m
- EBITDA –2.7% to EUR 330.2m
- EBIT –1.9% to EUR 212.1m
- Financial results: EUR –17.2m
- Group net profit: EUR 131.5m

The EVN Group generated revenue of EUR 1,652.4m in the first half of the 2012/13 financial year, which represents a decline of EUR 38.5m, or 2.3%, in comparison with the previous year. Higher revenue in the energy business was unable to fully offset a revenue decline in the environmental services business that resulted from the scheduled completion of projects in the prior year. The energy business was characterised by contrary developments: price increases in South Eastern Europe in 2012 and higher heating revenue in Austria had a positive effect on Group revenue, which was offset in part by lower sales volumes of marketed natural gas, a reduction in electricity prices in Austria during the prior year and a decline in sales to end customers in South Eastern Europe. In addition, revenue for the first half of the previous year included first facility GmbH, a company that was subsequently sold. Revenue generated outside Austria amounted to EUR 660.8m (previous year: EUR 656.4m), or 40.0% (previous year: 38.8%) of total Group revenue.

Revenue by segments[1)]HY. 1

in EURm



1) External revenue

Other operating income rose by EUR 16.0m, or 48.9%, to EUR 48.6m. This increase resulted from a higher level of inventories due to customer projects in the Network Infrastructure Austria segment that had not been invoiced as of the closing date.

Expenditures for electricity purchases and primary energy rose by EUR 10.3m, or 1.0%, to EUR 991.9m in line with revenue development in the energy business.

The cost of materials and services declined EUR 33.5m, or 19.6%, to EUR 137.5m. This decrease reflected a lower volume in the international project business.

The average number of employees fell by 322, or 4.1%, to 7,495 for the reporting period. The 4.9% decrease in Austria is attributable primarily to the sale of the subsidiary first facility GmbH in summer 2012. Further process and organisational optimisation measures led to a 3.7% drop in the number of employees outside Austria. The cost effect of this workforce reduction was offset by wage and salary increases mandated by collective bargaining agreements and, at EUR 148.2m, personnel expenses remained nearly constant at the prior-year level.

Other operating expenses rose by EUR 11.0m, or 13.5%, year-on-year to EUR 93.2m. This increase resulted chiefly from changes of provisions.

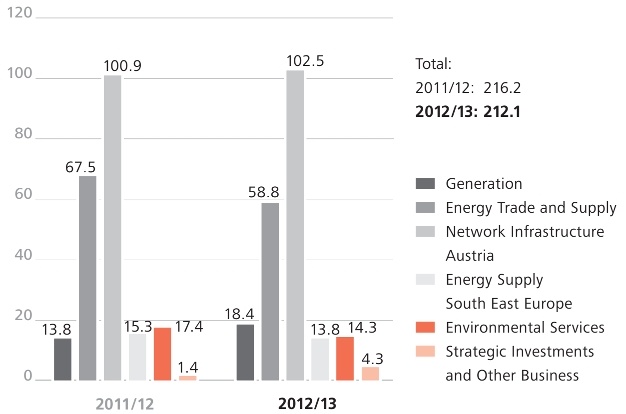
The above factors led to a decline of EUR 9.1m, or 2.7%, in EBITDA to EUR 330.2m. The EBITDA margin nearly matched the prior-year level at 20.0% for the first half of 2012/13.

Depreciation and amortisation fell by EUR 4.9m, or 4.0%, below the previous year to EUR 118.2m. The comparable prior-year figures were negatively influenced by an impairment charge of EUR 8.0m to the biomass pilot plant at the Dürnrohr power station. This was contrasted by an increase of EUR 5.9m, or 5.2%, in scheduled depreciation and amortisation to EUR 118.2m, which resulted chiefly from the start of operations at the co-generation plant in Plovdiv, Bulgaria, and the expansion of the domestic heating business.

Results from operating activities (EBIT) totalled EUR 212.1m, which represents a year-on-year decline of EUR 4.2m, or 1.9%. The EBIT margin remained unchanged in comparison with the previous year at 12.8%.

EBIT by segments
HY. 1

in EURm



Financial results fell from EUR 65.4m to EUR –17.2m owing to several effects. The negative earnings contribution of EUR 20.4m from EconGas that was recognised in the first quarter of 2012/13 led to a year-on-year difference of EUR 32.2m in financial results. In addition, the sale of the investment held by EVN AG in Devoll Hydropower ShA was responsible for a one-time negative effect of EUR 27.5m. The negative earnings contribution of EUR 22.5m from WEEV Beteiligungs GmbH resulted from a valuation-related impairment charge to the Verbund shares held by WEEV, which was recognised to reflect a significant and lasting decline in the price of these shares below their cost.

These developments led to profit before income tax of EUR 194.9m, which is EUR 86.7m, or 30.8%, lower than the first half of the previous year. After the deduction of income tax expense, which was slightly lower during the first half-year, profit for the period fell by EUR 81.5m, or EUR 34.0%, to EUR 158.0m. Group net profit for the first half of 2012/13 totalled EUR 131.5m and was EUR 81.4m, or 38.2%, lower than the comparable prior-year period.

Statement of cash flows

Gross cash flow rose by EUR 120.6m, or 46.7%, to EUR 379.1m for the first half of 2012/13, despite the decline in profit before income tax. This increase was supported, above all, by a dividend payment from RAG and an increase in non-current provisions.

Net cash flow from operating activities rose by EUR 106.5m to EUR 155.9m. However, the increase was lower than the previous year due to a nearly constant level of working capital that resulted chiefly from higher income tax payments.

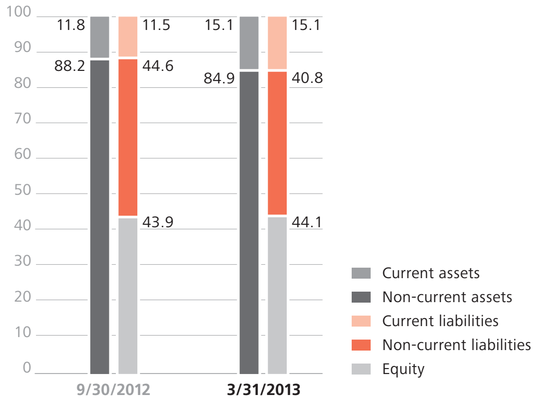
Net cash flow from investing activities changed by EUR 8.3m, or 6.4%, to EUR –136.8m. The development of this position was influenced by investments in property, plant and equipment, capital contributions to investments included at equity and an increase in lease receivables. In the first half of the previous year, this position also included the sale of current securities.

Net cash flow from financing activities fell by EUR 53.3m to EUR –11.1m. The proceeds of EUR 121.5m from the issue of promissory note loans in October 2012 were contrasted by the scheduled repayment of loans and borrowings as well as the EUR 76.7m dividend payment to shareholders of EVN AG and non-controlling interests.

Cash flow for the first half of 2012/13 was positive at EUR 8.0m and supported an increase in cash and cash equivalents to EUR 142.1m. In addition, EVN has undrawn credit lines totalling EUR 675.0m.

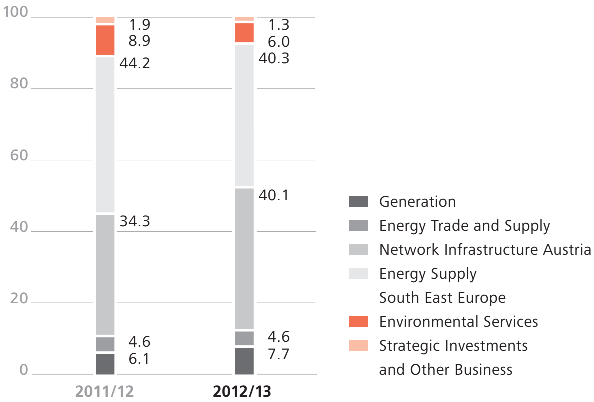
Balance sheet structure as per the balance sheet date

in %



Structure of investments HY. 1

in %



Statement of financial position

EVN's balance sheet total equalled EUR 7,064.7m as of March 31st, 2013, which is EUR 201.4m, or 2.9%, higher than the level on September 30th, 2012.

Non-current assets declined by EUR 53.1m, or 0.9%, to EUR 6,000.8m during the first half of 2012/13 and fell from 88.2% to 84.9% as a share of total assets. The carrying amount of the investments in equity accounted investees was EUR 36.8m, or 3.5%, lower at EUR 1,011.9m. This reduction resulted primarily from the distributions by RAG, ZOV and ZOV UIP, which totalled EUR 72.3m, and from the current earnings contribution of EUR –7.3m. The reduction is contrasted by additions of EUR 32.0m related to the equity contribution for the Duisburg-Walsum power plant project in Germany. Other non-current assets declined by EUR 57.9m, or 65.5%, to EUR 840.4m due to changes in the market value of hedges as of March 31st, 2012, which are also reflected in changes in financial liabilities. The other investments rose by EUR 33.8m, or 5.0%, to EUR 702.4m, above all due to the positive change in the market value of the Verbund investment since September 30th, 2012.

Current assets increased by EUR 254.5m, or 31.5%, to EUR 1,063.9m, above all due to the seasonal rise in receivables from the energy business. In addition, the positive cash flow led to an increase of EUR 10.8m, or 6.6%, in cash and cash equivalents over the level on September 30th, 2012 to EUR 172.9m. Current assets as a share of total Group assets rose from 11.8% to 15.1%.

Equity rose by EUR 99.8m, or 3.3%, to EUR 3,113.5m compared to the balance sheet date as of September 30th, 2012. Profit for the first half of 2012/13 and the change in the value of the Verbund investment, which is recorded under equity without recognition through profit or loss, were contrasted by the EUR 76.7m dividend payment to the shareholders of EVN AG and non-controlling interests for the 2011/12 financial year. The equity ratio equalled 44.1% as of March 31st, 2013 (September 30th, 2012: 43.9%). Based on net debt of EUR 1,734.7m (September 30th, 2012: EUR 1,703.7m), gearing equalled 55.7% (September 30th, 2012: 56.5%).

Non-current liabilities were EUR 182.9m, or 6.0%, lower at EUR 2,879.7m, chiefly due to the net decline in non-current financial liabilities. The contrary effects in this position included the increase resulting from the issue of EUR 121.5m in promissory note loans during October 2012 and the decrease resulting from the reclassification to current financial liabilities of a EUR 91.4m bullet repayment loan and an approximately EUR 205m CHF bond that is due in February 2014. Non-current provisions rose by EUR 39.7m, or 8.1%, to EUR 530.4m.

Current liabilities were EUR 284.5m, or 36.2%, higher at EUR 1,017.5m. The main factor for this increase was the above-mentioned reclassification of loans from non-current liabilities. Tax liabilities rose by EUR 46.1m, or 53.0%, to EUR 133.1m. Trade payables declined by EUR 46.1m, or 12.0%, to EUR 338.3m.

Risk management report

pursuant to § 87 (4) Austrian Stock Exchange Act

In evaluating the risks and uncertainties which could potentially influence the development of business at EVN during the remaining six months of the reporting year, it is important to note that the risk profile has not fundamentally changed since the end of the previous financial year on September 30th, 2012.

Risk profile

Risks in the energy business

Economic, political and technological developments could lead to a decline in the demand for electricity, natural gas and heat. The demand for and production of energy could also be negatively influenced by the weather, wind conditions, water flows and sunshine hours. Rising or more volatile procurement costs for primary energy, a procurement strategy that is suboptimal or inappropriate for the current market environment and competitive pressure on prices could influence coverage margins in the EVN Group and lead to a loss of customers. These risks are minimised through hedging strategies that include the long-term disposition of power plant capacity, the conclusion of futures, the diversification of the customer portfolio and customer offers that are in line with the market. The development of the energy business could also be influenced by operational risks such as disruptions in the production and distribution of electricity and heat as well as the procurement and distribution of natural gas. The energy business involves essential, dangerous activities that expose the EVN Group to a significant liability risk and require strict compliance with safety guidelines. In the energy generation area EVN is exposed, above all, to project risks and the risk of improper performance or non-fulfilment of contractually agreed services by third party suppliers. There is also a risk that necessary approvals and licenses may not be granted or extended.

The profitability and value of power generation equipment are dependent to a significant degree on the development of electricity and primary energy prices. The most important factor for the medium- to long-term development of market risks for EVN in the energy business is formed by energy policies and the resulting long-term changes in the energy mix. As part of the on-going portfolio adjustments that are focused on markets and technology, EVN divested its stake in a major hydropower plant project in Albania.

Risks in the environmental services business

The EVN Group sees the major risks for the environmental services business in possible plant breakdowns, fluctuations in the demand, volume and costs for waste incineration facilities as well as disruptions in drinking water and wastewater treatment systems or waste incineration facilities. The risks in this business, above all with respect to technological, political, contract, counterparty and project factors, are countered with continuous and efficient project and risk management, the use of experienced employees, regular training programmes and hedging instruments (e.g. guarantees, insurance).

Financial risks

EVN manages interest rate, exchange rate and market price risks based on a comprehensive treasury strategy that also incorporates organisational and procedural rules, including the use of daily risk analyses and derivative hedging instruments. Credit risk and the risk of receivables default are countered by monitoring the credit standing of customers and the use of credit limit systems as well as a targeted strategy for the diversification of business partners. Regular liquidity analyses, long-term, centrally managed financial planning, the diversification of credit instruments and the hedging of required cash flows makes it possible to preclude liquidity risk, despite the difficult climate created by the on-going bank and sovereign debt crisis. The EVN Group is also exposed to financial risks from possible changes in its rating. In addition, the growing importance of investments and the development of these companies' earnings and equity could have an effect on the financial results of the EVN Group.

Political and legal risks

Political and legal risks can arise, above all, from regulatory requirements, the influence exerted by public authorities on large projects and tougher environmental protection laws. The current political and economic instability on a number of markets in Southern and South Eastern Europe as well as the resulting changes in the legal environment continue to represent a major challenge that is met in cooperation with local, regional, national and international authorities and interest groups.

Legal and political influence is reduced through the use and regular evaluation of strategic partnerships, whereby liability and recourse rights are ensured by corporate law. The EVN Group is exposed to legal and litigation risks, above all, in connection with pending or potential court and arbitration proceedings (in particular, for various power plant projects and foreign investments).

Overall risk profile

EVN's risk profile is constantly changing, in part due to the volatile operating environment. Another factor influencing this risk profile is the Group's strategy, which calls for an increased focus on consolidation and the core business over the coming years. In addition to the company's business operations on its domestic market of Lower Austria, risks can arise from the environmental services business, the existing areas of business in South Eastern Europe and selected growth projects. The EVN Group carries out an annual risk analysis and presents the results in the form of ad-hoc announcements as required. The latest analysis did not identify any risks that could endanger the continued existence of the EVN Group, among others due to the diversified business portfolio.

Segment development

Overview

EVN's Group structure encompasses the Energy business, the Environmental Services business as well as Strategic Investments and Other Business. In functional terms, the electricity and heating activities of the Energy business covers the entire value chain from generation and transmission all the way to networks and supply whilst the gas business encompasses the value added stages transmission and networks. The portfolio is supplemented by the activities of its subsidiaries in related areas as well as in regional cable TV and telecom services. The Environmental Services business encompasses activities in the areas of drinking water supply, wastewater disposal and thermal waste incineration.

According to IFRS 8 "Business Segments" the operating segments are identified solely on the basis of internal organisational

Business areas	Segments	Activities
Energy business	Generation	Electricity generation from thermal sources and renewable energies at Austrian and international locations
	Energy Trade and Supply	Sourcing of electricity and primary energy sources, trading and selling of electricity and natural gas to end customers and on wholesale markets as well as heat generation and sales
	Network Infrastructure Austria	Operation of regional electricity and natural gas networks as well as cable TV and telecommunications networks
	Energy Supply South East Europe	Operation of electricity networks and electricity sales in Bulgaria and Macedonia, heat generation and heat sales in Bulgaria, electricity production in Macedonia, construction and operation of natural gas networks in Croatia, energy trading within the whole region
Environmental services business	Environmental Services	Drinking water supply, wastewater disposal, thermal waste incineration in Austria, combined cycle heat and power co-generation plants in Moscow 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	2012/13 HY. 1	2011/12 HY. 1	+/– nominal	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Electricity generation volumes		2,032	1,871	161	8.6	1,108	961	147
Thermal energy sources[1)]		905	717	188	26.2	530	419	112
Renewable energy sources[2)]		1,127	1,154	–27	–2.3	578	542	36
Network distribution volumes								
Electricity		11,407	12,036	–629	–5.2	5,942	6,274	–332
Natural gas[3)]		10,559	10,903	–344	–3.2	5,623	5,687	–64
Energy sales volumes to end customers								
Electricity		11,176	11,810	–634	–5.4	5,773	6,221	–447
Central and Western Europe[4)]		3,934	3,915	19	0.5	1,927	2,007	–80
South Eastern Europe		7,242	7,895	–653	–8.3	3,846	4,213	–367
Natural gas		5,176	5,171	5	0.1	2,991	2,876	116
Heat		1,437	1,426	10	0.7	793	768	24
Central and Western Europe[4)]		1,262	1,214	48	3.9	689	642	47
South Eastern Europe		175	212	–37	–17.6	104	126	–22

1) Incl. bio-co-generation in Austria in the Energy Trade and Supply segment, small hydropower plants in Macedonia in the Energy Supply South East Europe segment and combined cycle heat and power co-generation plants in Moscow in the Environmental Services segment. Revenues from such energy production are included in such respective segments.
2) Incl. co-generation in Bulgaria in the Energy Supply South East Europe segment and in Austria in the Energy Trade and Supply segment, respectively. Revenues from such energy production are included in such respective segments.
3) Incl. network distribution volumes to EVN power stations.
4) Central and Western Europe covers Austria and Germany.

and reporting structure. Below both the operating performance of the six segments and the effects of energy sector indicators on their development are described.

Generation

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

External revenue of this segment comprises mainly the sale of electricity from renewable windpower. With regard to Intra-Group revenue the market price for electricity is reflected for generation (mainly related to hydropower plants as well as windpower plants not included in the support scheme any longer). The option value is applied for the thermal power generation of EVN AG and the storage power plants. The option value mainly reflects the pre-defined difference between the forward prices for electricity and the related fuel costs. Besides provision for reserve capacity the power request to support network reliability in Southern Germany is reflected in the option value. In contrast, the marketing of the electricity which was generated and the procurement of primary energy are included in the Energy Trade and Supply segment.

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

Highlights

- Rise in production from renewable energy sources
  - Good water flows
  - Higher volumes from the Inn River power plants
  - Start of operations at the Ashta hydropower plant
- Revenue decrease by 1.8%
  - Continuing decline in the market prices for electricity
  - Unfavourable wind conditions
- Extension of the contract for the provision of reserve capacity for Southern Germany over the next three years
- Financial results at EUR –33.5m below prior year
  - Negative earnings effect from the sale of the Devoll hydropower plant project

EVN generated 1,661 GWh of electricity during the first half of 2012/13, which represents an increase of 51 GWh, or 3.2%, over the comparable prior-year period. Production from renewable energy sources could be raised by 143 GWh, or 22.8%, to 770 GWh. This development was supported by better water flows in comparison with the previous year as well as higher volumes from the Inn River power plants and the start of operations at the Ashta hydropower plant in Albania. The production coefficient for the hydropower plants equalled 117.0% for the reporting period (previous year: 108.0%). In contrast, production from the EVN thermal power plants fell by 92 GWh,

Key indicators – Generation		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Key energy business indicators	GWh						
Electricity generation volumes		1,661	1,610	3.2	865	810	6.8
Renewable energy sources		770	627	22.8	444	374	18.7
Thermal energy sources		891	983	–9.3	449	436	3.0
Key financial indicators	EURm						
External revenue		18.3	21.8	–16.3	9.2	14.1	–35.0
Internal revenue		48.0	45.7	5.1	23.6	18.7	25.6
Total revenue		66.2	67.5	–1.8	32.7	32.9	–0.4
Operating expenses[1]		–34.1	–32.7	–4.2	–17.5	–16.8	–4.7
EBITDA[1]		32.1	34.7	–7.5	15.2	16.1	–5.8
Depreciation and amortisation		–13.8	–20.9	34.3	–6.8	–6.5	–4.9
Results from operating activities (EBIT)[1]		18.4	13.8	33.2	8.3	9.6	–13.1
Financial results[1]		–33.5	–7.7	–	–30.1	–3.1	–
Profit before income tax		–15.1	6.1	–	–21.8	6.5	–
Total assets		829.3	790.0	5.0	829.3	790.0	5.0
Investments[2]		9.9	7.6	31.0	4.1	4.2	–2.4

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) In intangible assets and property, plant and equipment

or 9.3%, to 891 GWh, above all due to reduced operations at the gas-fired power plants following a decline in power requests from the Federal Network Agency in Germany. An agreement signed by EVN and the Federal Network Agency in Germany guarantees the provision of 785 MW in reserve capacity per winter half-year over the next three years to provide energy supplies to Southern Germany on demand.

At the Group level, EVN covered 18.2% of electricity sales (previous year: 15.8%) through its own production. The coverage ratio of electricity from the Group's production equalled 51.6% (previous year: 47.8%), excluding energy sales by the Energy Supply South East Europe segment. Renewable energy as a share of total electricity generation at the Group level equalled 44.5% for the first half of 2012/13 (previous year: 38.3%).

Revenue recorded by the Generation segment declined by EUR 1.2m, or 1.8%, year-on-year to EUR 66.2m, despite the good level of water flows. This development resulted mainly from the continuing decline in the market prices for electricity and less favourable wind conditions. Another negative effect was the decrease in the option value of the thermal power plants due to the absence of free CO_2 emission certificates as of January 1st, 2013. Up to this date, CO_2 emission certificates were also settled as part of the option value by the Energy Trade and Supply segment. As in the previous year, this was contrasted by revenue from the provision and use of reserve capacity to support network reliability in Southern Germany.

Operating expenses increased by EUR 1.4m, or 4.2%, to EUR 34.1m, above all due to higher electricity purchases from the Danube and Inn River power plants. EBITDA declined EUR 2.6m, or 7.5%, year-on-year to EUR 32.1m. Depreciation and amortisation were EUR 7.2m, or 34.3%, lower at EUR 13.8m, whereby the comparable prior-year period was influenced by an impairment charge of EUR 8.0m to the biomass pilot plant in Dürnrohr. These developments led to an improvement of EUR 4.6m, or 33.2%, in EBIT to EUR 18.4m.

Financial results fell by EUR 25.8m to EUR –33.5m in the first half of 2012/13. This decline was caused primarily by a negative earnings effect of EUR 27.5m that resulted from the sale of EVN's 50% stake in the Albanian hydropower plant project Devoll Hydropower to Statkraft A.S. Profit before tax amounted to EUR –15.1m, which is EUR 21.2m lower than the previous year.

The volume of investments rose by EUR 2.3m, or 31.0%, to EUR 9.9m during the reporting period, above all due to project design costs for the continued strong expansion of windpower capacity. Work started on the realisation of a wind park in Prellenkirchen, Lower Austria, during the first half of 2012/13. Together with a partner, EVN is constructing eight wind turbines with a total capacity of 24 MW. Operations are scheduled to start in winter 2013/14. In the future, this wind park will supply some 16,000 households with environmentally friendly electricity.

Energy Trade and Supply

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

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

The income from investments primarily consists of the earnings contribution of EconGas as well as of e&t and the district heating plant operators in St. Pölten and in Steyr.

Highlights

- Energy sales to end customers nearly at prior-year levels
  - Electricity sales volumes slightly above last year
  - Natural gas volumes stable
  - Heat sales volumes above prior year
- Decline in electricity sourcing costs due to lower transfer prices for renewable electricity
- Lower sales volumes of marketed natural gas
- Negative earnings contribution from EconGas

Energy sales to end customers in the individual markets remained nearly constant in year-on-year comparison during the first half of 2012/13. Electricity sales rose by 19 GWh, or 0.5%, to 3,934 GWh, while sales volumes of natural gas totalled 5,176 GWh and reflected the prior-year level. Heat sales to end customers rose by 48 GWh, or 3.9%, to 1,262 GWh due to the steady expansion and colder weather.

Revenue declined EUR 31.1m, or 4.3%, to EUR 696.2m, despite a slight rise in sales volumes. This development is attributable primarily to the transfer of lower additional costs for renewable electricity through price reductions as of January 1st, 2012 and July 1st, 2012 as well as lower sales volumes of marketed natural gas. Moreover, the comparable prior year period also included revenue from the divested subsidiary first facility GmbH.

Operating expenses were EUR 22.7m, or 3.5%, lower at EUR 629.9m. This reduction is related, above all, to a decrease in

Key indicators – Energy Trade and Supply		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Key energy business indicators	GWh						
Energy sales volumes to end customer							
Electricity		3,934	3,915	0.5	1,927	2,007	–4.0
Natural gas		5,176	5,171	0.1	2,991	2,876	4.0
Heat		1,262	1,214	3.9	689	642	7.3
Key financial indicators	EURm						
External revenue		672.7	701.1	–4.1	359.0	340.9	5.3
Internal revenue		23.5	26.2	–10.2	12.1	14.5	–17.0
Total revenue		**696.2**	**727.3**	**–4.3**	**371.0**	**355.4**	**4.4**
Operating expenses[1]		–629.9	–652.6	3.5	–344.0	–325.1	–5.8
EBITDA[1]		**66.3**	**74.7**	**–11.2**	**27.1**	**30.3**	**–10.6**
Depreciation and amortisation		–7.5	–7.2	–4.3	–3.8	–3.8	–2.0
Results from operating activities (EBIT)[1]		**58.8**	**67.5**	**–12.8**	**23.3**	**26.5**	**–12.3**
Financial results[1]		**–24.1**	**11.4**	**–**	**–3.1**	**3.6**	**–**
Profit before income tax		**34.7**	**78.9**	**–56.0**	**20.2**	**30.2**	**–33.2**
Total assets		639.3	709.3	–9.9	639.3	709.3	–9.9
Investments[2]		5.7	5.4	5.2	3.3	1.7	96.7

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) In intangible assets and property, plant and equipment

electricity sourcing costs due to lower transfer prices for renewable electricity as well as a decline in natural gas procurement volumes following the partial cancellation of the procurement contracts with EconGas. Operating costs were increased by higher prices for the primary energy required for power plants and district heating plants. In addition, both the reporting period and comparable prior-year period were negatively influenced by the creation of a provision for impending losses on the sale of EVN's own production. An additional positive factor in the prior year was related to an aperiodic effect from the revision of natural gas prices. EBITDA fell by EUR 8.4m, or 11.2%, to EUR 66.3m.

Depreciation and amortisation remained nearly constant for the reporting period. EBIT amounted to EUR 58.8m, which is EUR 8.7m, or 12.8%, below the previous year.

Financial results declined from EUR 11.4m to EUR –24.1m as the result of lower income from investments. This decrease was caused, above all, by a negative earnings contribution of EUR 20.4m from EconGas that resulted from a significantly negative spread between long-term, oil-based natural gas purchases and hub price-linked sales as well as the recognition of a provision for impending losses on contractually agreed, long-term transport and LNG capacity bookings.

Investments in this segment totalled EUR 5.7m for the first half of 2012/13, which roughly reflects the prior-year level. The expansion of the district heating networks remained the focal point of these expenditures. Since the first quarter of 2012/13, EVN has supplied 12,000 households with electricity and heat, respectively, from the biomass district heating plant in Steyr, which was built together with Energie AG Oberösterreich.

Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and natural gas networks as well as the networks for cable TV and telecommunications in Lower Austria and Burgenland.

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

Income from investments mainly consists of the dividend payment of the R138 Fund to EVN Netz GmbH. Furthermore, on October 29th, 2012, Gas Connect Austria disposed 45.0% of its shares in its subsidiary AGGM Austrian Gas Grid Management AG, equally to the provincial distribution companies EVN Netz GmbH, OÖ. Ferngas Netz GmbH and Gasnetz Steiermark GmbH. Closing happened on February 11th, 2013.

Highlights

- Electricity network distribution volumes: slightly above prior-year levels
- Natural gas network distribution volumes: declining
  - Weaker demand from industrial customers
  - Further decrease in the use of EVN's gas-fired power plants
- Adjustment of network tariffs as of January 1st, 2013
  - Electricity: –0.4%
  - Natural gas: –2.5%

The network tariffs for electricity and natural gas are adjusted each year as of January 1st in accordance with the incentive regulatory system through a resolution of the E-Control Commission: as of January 1st, 2013, the natural gas network tariffs were reduced by an average of 2.5% (January 1st, 2012: reduction of 1.9%) and the electricity network tariffs were reduced by an average of 0.4% (January 1st, 2012: stable).

The development of network volumes differed during the first half of 2012/13. The network distribution volumes for electricity were 56 GWh, or 1.3%, higher than the previous year at 4,195 GWh. Natural gas distribution volumes fell by 348 GWh, or 3.2%, to 10,556 GWh, despite an increase in the household customer segment, in particular due to weaker demand from industrial customers and a further decrease in the use of EVN's gas-fired power plants.

Revenue fell by EUR 6.0m, or 2.0%, to EUR 294.3m for the reporting period. This decline resulted chiefly from a decrease in other revenue, which reflected the lower number of invoiced customer projects as of March 31st, 2013. Electricity and natural gas grid revenue was slightly higher than the previous year at EUR 243.0m. Revenue from cable TV and telecommunications business increased slightly.

Operating expenses declined EUR 7.8m, or 5.2%, to EUR 142.3m, mainly due to customer projects that had not been invoiced as of March 31st, 2013. The reduction in operating expenses was contrasted by the recognition of a EUR 3.7m liability in the form of a regulatory account for electricity and natural gas in accordance with § 71 of the Austrian Gas Management Act (GWG). This development was contrasted by an adjustment in the first half of 2011/12 that involved results from earlier accounting periods. EBITDA rose by EUR 1.8m, or 1.2%, year-on-year to EUR 152.0m. Depreciation and amortisation remained nearly constant for the reporting period. EBIT could improve by EUR 1.6m, or 1.6%, to EUR 102.5m.

Financial results amounted to EUR –8.6m, which is EUR 0.7m, or 8.4%, lower than in the comparable period. Profit before income tax was slightly higher than the prior year at EUR 93.9m.

The volume of investments increased by EUR 8.9m, or 21.6%, to EUR 49.9m during the first half year 2012/13. Investments continue to focus on the construction of the natural gas transport pipeline Westschiene and network expansion to ensure supply security against the backdrop of the steady rise in renewable

Key indicators – Network Infrastructure Austria		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Key energy business indicators	GWh						
Network distribution volumes							
Electricity		4,195	4,139	1.3	2,116	2,089	1.3
Natural gas		10,556	10,903	–3.2	5,623	5,687	–1.1
Key financial indicators	EURm						
External revenue		269.2	274.8	–2.0	141.9	139.4	1.8
Internal revenue		25.1	25.5	–1.5	11.2	13.4	–16.6
Total revenue		294.3	300.3	–2.0	153.1	152.8	0.2
Operating expenses[1]		–142.3	–150.1	5.2	–79.3	–75.1	–5.6
EBITDA[1]		152.0	150.2	1.2	73.8	77.7	–5.1
Depreciation and amortisation		–49.5	–49.3	–0.5	–25.1	–25.2	0.4
Results from operating activities (EBIT)[1]		102.5	100.9	1.6	48.7	52.5	–7.3
Financial results[1]		–8.6	–8.0	–8.4	–3.5	–2.5	–36.5
Profit before income tax[1]		93.9	92.9	1.0	45.2	50.0	–9.5
Total assets		1,765.5	1,695.9	4.1	1,765.5	1,695.9	4.1
Investments[2]		49.9	41.1	21.6	24.7	21.6	14.5

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) In intangible assets and property, plant and equipment

energy. Operations in the first 59 km section of the Westschiene started during the reporting period. Plans call for the completion of this 143 km pipeline during the 2013/14 financial year.

Energy Supply South East Europe

The Energy Supply South East Europe segment encompasses the operation of electricity networks and the sale of electricity to end customers in Bulgaria and Macedonia, the generation and sale of heat in Bulgaria, the sale of natural gas to end customers in Croatia as well as energy trading throughout the region.

Highlights

- Increase in electricity generation
  - Full-year operation of the new co-generation plant in Plovdiv
  - Take over of the operation of further small hydropower plants in Macedonia
- Temperature-affected lower sales volumes
- Increase in end customer tariffs for electricity in Macedonia
- Electricity and heat tariff changes for end customers in Bulgaria
- Interim financing of additional costs associated with green electricity in Bulgaria

The regulatory authorities in Bulgaria raised the end customer prices for electricity by 13.6% as of July 1st, 2012. In turn, as a reaction to demonstrations throughout the country in February 2013, the regulatory authorities cut the price of electricity for end customers by 7.3% as of March 5th, 2013 based on a reduction in the allowable network losses of the distribution network operators. The July 2012 increase in electricity prices for end customers was justified, above all, by the higher share of renewable energies and costs for the initial purchase of CO_2 emission certificates. The Bulgarian regulatory authorities also approved a change in the method used to calculate compensation for the additional costs of renewable electricity and for electricity from highly efficient co-generation plants as of July 1st, 2012. The large number of new supply contracts with renewable electricity producers and the related rise in sales volumes led to a substantial increase in electricity procurement costs for the sales company. Bulgarian legal regulations governing renewable energy require the reimbursement of these additional costs. The resulting expected claims were recognised as receivables.

A 20.6% reduction in the end customer prices for heat in Bulgaria as of July 1st, 2012 was followed by a further 5.9% price cut as of January 1st, 2013. This latter decrease was based on a reduction in the price of natural gas (–9.8%).

In Macedonia, the regulatory authorities followed the 7.8% price increase as of January 1st, 2012 (EVN Macedonia: 4.8%) with

Key indicators – Energy Supply South East Europe		2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
Key energy business indicators	GWh						
Electricity generation volumes		232	138	68.5	142	87	61.9
Renewable energy sources		36	5	–	33	2	–
Thermal energy sources		196	132	48.3	108	85	26.7
Network distribution volumes[1]		7,212	7,896	–8.7	3,826	4,185	–8.6
Heat sales volumes to end customers		175	212	–17.6	104	126	–17.8
Key financial indicators	EURm						
External revenue		570.7	534.7	6.7	304.0	288.5	5.4
Internal revenue		0.2	0.0[*]	–	0.2	0.0[*]	–
Total revenue		570.9	534.7	6.8	304.2	288.5	5.4
Operating expenses		–523.4	–486.9	–7.5	–281.1	–263.5	–6.7
EBITDA		47.5	47.9	–0.8	22.9	25.0	–8.4
Depreciation and amortisation		–33.7	–32.6	–3.3	–18.0	–18.1	0.5
Results from operating activities (EBIT)		13.8	15.3	–9.4	4.9	6.9	–29.1
Financial results		–14.8	–12.8	–15.8	–6.5	–6.3	–4.5
Profit before income tax		–1.0	2.5	–	–1.6	0.7	–
Total assets		1,273.2	1,221.2	4.3	1,191.6	1,157.4	3.0
Investments[2]		50.2	52.8	–5.0	13.1	11.5	13.7

*) Small amount
1) In Bulgaria and Macedonia energy sales volumes fairly equal present network distribution volumes.
2) In intangible assets and property, plant and equipment

a 9.8% increase in end customer prices as of August 1st, 2012 (EVN Macedonia: 6.1%). The main objective of this price adjustment is to cover the additional costs for the procurement of energy on the wholesale market by EVN Macedonia starting on October 1st, 2012. These purchases are required to meet surplus demand that is not covered by Macedonian power generating capacity, which was previously the responsibility of the state-owned company ELEM. Network losses must also be purchased in full on the wholesale market starting on January 1st, 2012, in contrast to the former method that allowed for part of the purchases at regulated prices.

The volumes of electricity generated by EVN in South Eastern Europe during the first half of 2012/13 rose by 94 GWh, or 68.5%, to 232 GWh, in particular due to the start of operations at the co-generation plant in Plovdiv, Bulgaria, during January 2012. The volume of electricity generated was also increased by the operation of the seven small revitalised hydropower plants in Macedonia that were leased up to January 2013 and taken over in February.

The milder weather (heating degree total: Bulgaria –20.6 and Macedonia –25.9 percentage points) led to a decline of 684 GWh, or 8.7%, in electricity sales volumes to 7,212 GWh as well as a decline of 37 GWh, or 17.6%, to 175 GWh in heat sales to end customers in Bulgaria.

Revenue in this segment rose by EUR 36.1m, or 6.8%, to EUR 570.9m. The decline in sales volumes was more than offset by price increases in Macedonia and Bulgaria and the start-up of the co-generation plant.

Operating expenses increased by EUR 36.5m, or 7.5%, to EUR 523.4m, primarily due to higher procurement costs that were caused by the above-mentioned effects in Bulgaria and Macedonia. These developments led to a decline of EUR 0.4m, or 0.8%, in EBITDA to EUR 47.5m.

Depreciation and amortisation rose by EUR 1.1m, or 3.3%, to EUR 33.7m, in particular due to the start-up of the co-generation plant in Plovdiv. EBIT amounted to EUR 13.8m, which represents a decrease of EUR 1.4m, or 9.4%.

Interest expense in this segment was higher, in particular due to the capital increase for the Bulgarian subsidiaries that was financed by EVN in 2011/12. The increase in interest expense was responsible for a EUR 2.0m, or 15.8%, decline in financial results to EUR –14.8m. Profit before income tax fell by EUR 3.5m to EUR –1.0m.

The volume of investments was reduced by EUR 2.6m, or 5.0%, to EUR 50.2m. This decline is attributable to the high level of investment in the previous year for the construction of the co-generation plant in Plovdiv, which was completed in December 2011. Investments in the reporting period again focused on the modernisation and expansion of network infrastructure.

Environmental Services

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

The income from investments mainly relates to the earnings contributions of the Croatian ZOV (planning, financing and construction of the central wastewater treatment plants in Zagreb) and ZOV UIP (operational management of the central wastewater treatment plants in Zagreb).

Key indicators – Environmental Services	EURm	2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
External revenue		120.5	157.8	–23.7	43.9	78.0	–43.8
Internal revenue		9.4	9.6	–1.8	5.0	5.2	–4.9
Total revenue		**129.9**	**167.4**	**–22.4**	**48.9**	**83.3**	**–41.3**
Operating expenses[1]		–101.7	–136.8	25.7	–33.3	–67.1	50.3
EBITDA[1]		**28.2**	**30.6**	**–7.9**	**15.5**	**16.2**	**–3.9**
Depreciation and amortisation		–13.9	–13.2	–5.2	–7.2	–6.7	–8.3
Results from operating activities (EBIT)[1]		**14.3**	**17.4**	**–17.8**	**8.3**	**9.5**	**–12.4**
Financial results[1]		**5.5**	**4.9**	**10.4**	**2.6**	**4.2**	**–37.8**
Profit before income tax		**19.8**	**22.4**	**–11.6**	**10.9**	**13.7**	**–20.2**
Total assets		1,471.0	1,446.4	1.7	1,471.0	1,446.4	1.7
Investments[2]		7.5	10.7	–29.7	4.5	4.4	2.5

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) In intangible assets and property, plant and equipment

Highlights

- Further contract awarded in Romania in December 2012
- EVN started operations at Europe's largest wastewater purification plant in Warsaw in March 2013
- Further activities to ensure water supply in Lower Austria
- Difficult project progress in Moscow

The Environmental Services segment generated revenue of EUR 129.9m in the first half of 2012/13, which represents a decline of EUR 37.5m, or 22.4%, below the comparable prior-year period. Higher revenue recorded by evn wasser was contrasted by a lower volume in the international project business, which resulted from the completion and invoicing of projects in the previous year as well as a slight decline in revenue from waste incineration in Lower Austria.

Operating expenses declined in proportion to revenue, falling by EUR 35.1m, or 25.7%, to EUR 101.7m. EBITDA was EUR 2.4m, or 7.9%, lower than the previous year at EUR 28.2m for the reporting period.

Depreciation and amortisation rose by EUR 0.7m, or 5.2%, to EUR 13.9m. Results from operating activities (EBIT), which were also influenced by a positive one-off effect from EVN Abfallverwertung Niederösterreich in the previous year, totalled EUR 14.3m for the reporting period. This represents a decline of EUR 3.1m, or 17.8%. Financial results rose by EUR 0.5m, or 10.4%, to EUR 5.5m, above all due to higher net interest result, but were unable to offset the decline in results from operating activities. Profit before income tax equalled EUR 19.8m, which represents a year-on-year decline of EUR 2.6m or 11.6%.

Investments were EUR 3.2m, or 29.7%, lower than the previous year at EUR 7.5m. This decline reflected the completion of the co-generation plant on the premises of Lyuberzy wastewater purification plant near Moscow during the first quarter of 2012/13.

EVN is currently implementing 16 international projects in the environmental services business with a total order volume of EUR 561.4m. Work continued during the reporting period on the Lyuberzy co-generation plant and the wastewater purification plants in Gherla and Huedin, Romania. In Romania, EVN received a contract in December 2012 for the planning and construction of three wastewater purification plants in and around Silvaniei in the administrative district of Salaj. In Cyprus, commissioning began in mid-October 2012 at a wastewater purification plant in the capital city of Nicosia and construction started on a wastewater purification plant in Larnaca. One-year test operations also started at the sludge treatment plant in Vilnius, Lithuania, during the first quarter of 2012/13. The wastewater purification plant projects in Budva, Montenegro, and Šentjernej, Slovenia, are also proceeding on schedule. Operations started at Europe's largest wastewater purification plant in Warsaw, Poland, during the reporting period. Due to the plant capacity it is possible for the first time to purify all municipal wastewater in the Polish capital. In contrast, progress on the environmental projects in Moscow has been difficult. The municipal government has delayed the commercial start-up of the sodium hypochlorite production plant that is completed according to arrangements and will purify the city's surface water, and the construction permit for the waste incineration plant is still outstanding.

In the area of the Austrian water supply, EVN took over the management and operation of the drinking water supply network for the township of Angern in January 2013. EVN has supplied this community with drinking water in part since 1987 and in full since 2008. The local network taken over by EVN covers 1,623 households and 33.8 km. In addition, the pumping plant in Oberzögersdorf, Lower Austria, started operations during March 2013 after a four-month construction period. This new facility will also safeguard drinking water supplies for 50,000 residents in Russbachtal, Lower Austria, during the peak summer months.

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses the interests in RAG, Burgenland Holding AG and Verbund AG. In addition, this segment includes central Group functions as well as companies outside of EVN's core business, especially those that provide Intra-Group services.

Highlights

- Lower profit from equity accounted investees
  – Investment in WEEV EUR –22.5m
- Higher other financial results

EBITDA in this segment rose by EUR 2.9m to EUR 5.1m. Results from operating activities (EBIT) totalled EUR 4.3m and were EUR 2.8m higher than the previous year due to an increase in Intra-Group revenue and a reduction in operating expenses.

Financial results, which are of primary importance for this segment, fell by EUR 19.9m, or 23.0%, to EUR 66.6m, chiefly due to a lower share of profit from equity accounted investees. This decline resulted mainly from a negative earnings contribution of EUR 22.5m from WEEV Beteiligungs GmbH,

Key indicators – Strategic Investments and Other Business	EURm	2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %
External revenue		1.0	0.7	49.4	0.5	0.3	45.7
Internal revenue		32.9	31.4	4.7	16.5	15.6	6.2
Total revenue		**33.9**	**32.1**	**5.6**	**17.0**	**15.9**	**7.1**
Operating expenses[1]		–28.8	–29.9	3.5	–14.3	–15.8	9.5
EBITDA[1]		**5.1**	**2.2**	–	**2.8**	**0.1**	–
Depreciation and amortisation		–0.8	–0.8	–3.5	–0.4	–0.4	–4.0
Results from operating activities (EBIT)[1]		**4.3**	**1.4**	–	**2.3**	**–0.3**	–
Financial results[1][2]		**66.6**	**86.5**	**–23.0**	**41.2**	**62.6**	**–34.1**
Profit before income tax[1]		**70.9**	**88.0**	**–19.4**	**43.5**	**62.3**	**–30.7**
Total assets		2,777.4	3,011.9	–7.8	2,777.4	3,011.9	–7.8
Investments[3]		1.6	2.2	–30.3	0.9	0.4	–

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) Details on gain from other investments see Notes to the consolidated interim report, page 24.
3) In intangible assets and property, plant and equipment

which resulted from a market valuation driven impairment loss recognised to the Verbund shares held by WEEV to account for a significant and continuing decline in the share price below cost.

Profit before tax in this segment amounted to EUR 70.9m (previous year: EUR 88.0m).

Consolidated interim report

according to IAS 34

Consolidated statement of operations

EURm	2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %	2011/12 9/30/2012
Revenue	1,652.4	1,690.9	–2.3	858.4	861.2	–0.3	2,846.5
Other operating income	48.6	32.6	48.9	17.4	15.0	16.5	81.3
Electricity purchases and primary energy expenses	–991.9	–981.7	–1.0	–548.2	–509.0	–7.7	–1,630.6
Costs of materials and services	–137.5	–171.0	19.6	–47.1	–78.8	40.3	–350.0
Personnel expenses[1)2)]	–148.2	–149.5	0.9	–74.3	–75.7	1.9	–312.6
Other operating expenses	–93.2	–82.1	–13.5	–49.5	–47.6	–4.0	–160.1
EBITDA[1)2)]	**330.2**	**339.3**	**–2.7**	**156.8**	**164.9**	**–5.0**	**474.5**
Depreciation and amortisation	–118.2	–123.0	4.0	–60.9	–60.1	–1.3	–251.3
Results from operating activities (EBIT)[1)2)]	**212.1**	**216.2**	**–1.9**	**95.8**	**104.8**	**–8.5**	**223.2**
Share of profit of equity accounted investees	–7.3	74.7	–	–12.9	42.3	–	87.0
Gain from other investments	26.5	24.8	6.7	26.5	24.8	6.8	24.3
Interest income	16.0	16.2	–1.3	7.7	7.1	7.8	30.9
Interest expense[1)2)]	–51.3	–50.9	–0.9	–26.6	–24.5	–8.5	–104.4
Other financial results	–1.0	0.5	–	–0.1	2.5	–	–1.3
Financial results[1)2)]	**–17.2**	**65.4**	**–**	**–5.5**	**52.2**	**–**	**36.5**
Profit before income tax[1)]	**194.9**	**281.6**	**–30.8**	**90.4**	**157.0**	**–42.4**	**259.7**
Income tax expense[1)]	–36.9	–42.2	12.5	–14.5	–21.4	32.1	–25.9
Profit for the period[1)]	**158.0**	**239.4**	**–34.0**	**75.8**	**135.6**	**–44.1**	**233.8**
Profit attributable to EVN AG shareholders (Group net profit)[1)]	131.5	212.9	–38.2	60.0	121.5	–50.6	194.9
Profit attributable to non-controlling interests	26.5	26.5	–0.2	15.8	14.2	11.8	38.9
Earnings per share in EUR[1)3)]	0.74	1.19	–37.9	0.34	0.68	–50.3	1.09

1) The HY. 1 2011/12 figure has been adjusted (EBITDA/EBIT EUR +13.4m; Financial results EUR –8.3m). Details see Reporting according to IFRS, page 23.
2) The 2011/12 financial year figure has been adjusted (EBITDA/EBIT EUR +16.5m; Financial results EUR –16.5m). Details see Reporting according to IFRS, page 23.
3) There is no difference between basic and diluted earnings per share.

Consolidated statement of comprehensive income

EURm	2012/13 HY. 1	2011/12 HY. 1	+/– in %	2012/13 Q. 2	2011/12 Q. 2	+/– in %	2011/12 9/30/2012
Profit for the period[1)2)]	**158.0**	**239.4**	**–34.0**	**75.8**	**135.6**	**–44.1**	**233.8**
Other comprehensive income from							
Items that will not be reclassified to profit or loss	**–3.9**	**8.0**	**–**	**–1.9**	**–**	**–**	**–30.0**
Remeasurements IAS 19[1)]	–5.2	10.7	–	–2.6	–	–	–40.2
Investments in equity accounted investees	–	–	–	–	–	–	–
Thereon apportionable income tax expense[1)]	1.3	–2.7	–	0.7	–	–	10.2
Items that may be reclassified to profit or loss	**28.9**	**51.3**	**–43.7**	**–52.0**	**72.1**	**–**	**–188.9**
Currency translation differences from operations	–0.4	10.3	–	–0.1	5.8	–	8.9
Net change in fair value of other investments	32.6	45.5	–28.4	–74.1	83.2	–	–223.5
Net change in fair value of cash flow hedges	–4.3	9.8	–	1.8	2.1	–13.3	–5.3
Investments in equity accounted investees	8.1	–0.9	–	2.3	2.5	–5.3	–26.1
Thereon apportionable income tax expense	–7.1	–13.5	47.5	18.1	–21.4	–	57.1
Total other comprehensive income after tax[1)]	**25.0**	**59.3**	**–57.8**	**–53.9**	**72.1**	**–**	**–218.9**
Comprehensive income for the period[1)]	**183.0**	**298.7**	**–38.8**	**21.9**	**207.8**	**–89.4**	**14.9**
Income attributable to EVN AG shareholders[1)]	156.5	272.2	–42.5	6.1	193.6	–96.9	–24.0
Income attributable to non-controlling interests	26.5	26.5	–0.2	15.8	14.2	11.8	38.9

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).
2) There is no difference between basic and diluted earnings per share.

Consolidated statement of financial position

EURm	3/31/2013	9/30/2012	+/– nominal	+/– in %
Assets				
Non-current assets				
Intangible assets	401.0	403.1	–2.1	–0.5
Property, plant and equipment	3,016.9	3,009.2	7.7	0.3
Investments in equity accounted investees	1,011.9	1,048.7	–36.8	–3.5
Other investments	702.4	668.7	33.8	5.0
Deferred tax assets	28.2	25.9	2.2	8.7
Other non-current assets	840.4	898.3	–57.9	–6.5
	6,000.8	6,053.9	–53.1	–0.9
Current assets				
Inventories	95.3	106.1	–10.8	–10.2
Trade and other receivables	791.9	537.6	254.3	47.3
Securities	3.7	3.4	0.3	8.9
Cash and cash equivalents	172.9	162.1	10.8	6.6
	1,063.9	809.3	254.5	31.5
Total assets	7,064.7	6,863.2	201.4	2.9
Equity and liabilities				
Equity				
Share capital	330.0	330.0	–	–
Share premium and capital reserves	253.3	253.3	–	–
Retained earnings	2,172.7	2,116.2	56.5	2.7
Valuation reserve	101.6	76.2	25.5	33.4
Currency translation reserve	3.0	3.4	–0.4	–12.8
Treasury shares	–17.2	–10.7	–6.5	–60.5
Issued capital and reserves attributable to shareholders of EVN AG	2,843.4	2,768.3	75.0	2.7
Non-controlling interests	270.1	245.4	24.8	10.1
	3,113.5	3,013.7	99.8	3.3
Non-current liabilities				
Non-current loans and borrowings	1,690.8	1,933.3	–242.4	–12.5
Deferred tax liabilities	120.4	119.2	1.2	1.0
Non-current provisions	530.4	490.7	39.7	8.1
Deferred income from network subsidies	488.6	469.5	19.0	4.0
Other non-current liabilities	49.5	49.9	–0.4	–0.8
	2,879.7	3,062.6	–182.9	–6.0
Current liabilities				
Current loans and borrowings	327.6	49.4	278.2	–
Taxes payable	133.1	87.0	46.1	53.0
Trade payables	338.3	384.4	–46.1	–12.0
Current provisions	92.5	84.9	7.7	9.1
Other current liabilities	179.9	181.3	–1.4	–0.8
	1,071.5	786.9	284.5	36.2
Total equity and liabilities	7,064.7	6,863.2	201.4	2.9

Consolidated statement of changes in equity

EURm	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 9/30/2011	2,804.1	361.7	3,165.8
Comprehensive income for the period[1]	272.2	26.5	298.7
Acquisition of interest 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 on 3/31/2012	3,070.5	268.6	3,339.0
Balance on 9/30/2012	2,768.3	245.4	3,013.7
Comprehensive income for the period	156.5	26.5	183.0
Acquisition of own shares	–6.5	–	–6.5
Dividends 2011/12	–75.0	–1.7	–76.7
Balance on 3/31/2013	2,843.4	270.1	3,113.5

1) The figures for the prior year have been adjusted (see Reporting according to IFRS, page 23).

Condensed consolidated statement of cash flows

EURm	2012/13 HY. 1	2011/12 HY. 1	+/– nominal	+/– in %	2011/12
Profit before income tax[1]	194.9	281.6	–86.7	–30.8	259.7
+ Depreciation and amortisation of intangible assets and property, plant and equipment	118.2	123.0	–4.9	–4.0	251.3
+ Non-cash share of income of equity accounted investees	79.6	–73.5	153.1	–	7.1
+/– Other non-cash financial results	–27.5	–24.7	–2.8	–11.2	0.1
– Release of deferred income from network subsidiaries	–19.8	–17.3	–2.5	–14.2	–35.9
–/+ Decrease/increase in non-current provisions[1]	34.5	–27.8	62.3	–	0.4
+/– Other non-cash expenses/gains	–0.7	–2.7	1.9	72.6	–2.3
Gross cash flow	379.1	258.5	120.6	46.7	480.3
– Changes in assets and liabilities arising from operating activities	–202.9	–203.1	0.2	0.1	9.7
– Income tax paid	–20.4	–6.2	–14.2	–	–28.9
Net cash flow from operating activities	155.9	49.3	106.5	–	461.0
– Changes in intangible assets and property, plant and equipment as well as in the acquisition of subsidiaries, net of cash acquired	–84.0	–85.8	1.8	2.1	–232.0
–/+ Changes in financial assets and other non-current assets	–52.9	–96.3	43.3	45.0	–155.6
–/+ Changes in current securities	0.1	53.6	–53.5	–99.8	53.8
Net cash flow from investing activities	–136.8	–128.5	–8.3	–6.4	–333.9
+/– Payments of nominal capital by non-controlling interests/ acquisition of shares	–	–	–	–	–46.3
– Dividends paid to EVN AG shareholders	–75.0	–73.6	–1.4	–1.9	–73.6
– Dividends paid to non-controlling interests	–1.7	–0.9	–0.8	–87.0	–38.4
–/+ Acquisition/disposal of own shares	–6.5	–	–6.5	–	–4.2
+/– Changes in financial liabilities	72.1	116.7	–44.6	–38.2	56.8
Net cash flow from financing activities	–11.1	42.2	–53.3	–	–105.6
Net change in cash and cash items	8.0	–37.0	45.0	–	21.5
Cash and cash items at the beginning of the period	134.1	112.6	21.5	19.1	112.6
Cash and cash items at the end of the period	142.1	75.6	66.5	88.0	134.1

1) The figure for the prior year has been adjusted (see Reporting according to IFRS, page 23).

Segment reporting

EURm	Generation		Energy Trade and Supply		Network Infrastructure Austria		Energy Supply South East Europe	
	2012/13 HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1
External revenue	18.3	21.8	672.7	701.1	269.2	274.8	570.7	534.7
Intra-Group revenue (between segments)	48.0	45.7	23.5	26.2	25.1	25.5	0.2	0.0*)
Total revenue	**66.2**	**67.5**	**696.2**	**727.3**	**294.3**	**300.3**	**570.9**	**534.7**
Operating expenses[1]	–34.1	–32.7	–629.9	–652.6	–142.3	–150.1	–523.4	–486.9
EBITDA[1]	**32.1**	**34.7**	**66.3**	**74.7**	**152.0**	**150.2**	**47.5**	**47.9**
Depreciation and amortisation	–13.8	–20.9	–7.5	–7.2	–49.5	–49.3	–33.7	–32.6
Results from operating activities (EBIT)[1]	**18.4**	**13.8**	**58.8**	**67.5**	**102.5**	**100.9**	**13.8**	**15.3**
Financial results[1]	–33.5	–7.7	–24.1	11.4	–8.6	–8.0	–14.8	–12.8
Profit before income tax[1]	**–15.1**	**6.1**	**34.7**	**78.9**	**93.9**	**92.9**	**–1.0**	**2.5**
Total assets	829.3	790.0	639.3	709.3	1,765.5	1,695.9	1,273.2	1,221.2
Investments[2]	9.9	7.6	5.7	5.4	49.9	41.1	50.2	52.8

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2012/13 HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1	**2012/13** HY. 1	2011/12 HY. 1
External revenue	120.5	157.8	1.0	0.7	–	–	1,652.4	1,690.9
Intra-Group revenue (between segments)	9.4	9.6	32.9	31.4	–139.0	–138.3	–	–
Total revenue	**129.9**	**167.4**	**33.9**	**32.1**	**–139.0**	**–138.3**	**1,652.4**	**1,690.9**
Operating expenses[1]	–101.7	–136.8	–28.8	–29.9	138.0	137.3	–1,322.2	–1,351.6
EBITDA[1]	**28.2**	**30.6**	**5.1**	**2.2**	**–1.0**	**–1.0**	**330.2**	**339.3**
Depreciation and amortisation	–13.9	–13.2	–0.8	–0.8	1.0	1.0	–118.2	–123.0
Results from operating activities (EBIT)[1]	**14.3**	**17.4**	**4.3**	**1.4**	**–**	**–**	**212.1**	**216.2**
Financial results[1]	5.5	4.9	66.6	86.5	–8.3	–9.1	–17.2	65.4
Profit before income tax[1]	**19.8**	**22.4**	**70.9**	**88.0**	**–8.3**	**–9.1**	**194.9**	**281.6**
Total assets	1,471.0	1,446.4	2,777.4	3,011.9	–1,690.9	–1,625.9	7,064.7	7,248.8
Investments[2]	7.5	10.7	1.6	2.2	–0.3	–0.2	124.5	119.7

*) Small amount
1) The figures for the prior year have been adjusted (see Reporting according to IFRS, page 23).
2) In intangible assets and property, plant and equipment

Notes to the consolidated interim report

Accounting and valuation methods

This consolidated interim report as at March 31st, 2013, of EVN AG, 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 2011/12 financial year (balance sheet date: September 30th, 2012).

The accounting and valuation methods are essentially the same as those applied as at September 30th, 2012, with the exception of those described under the section "Reporting according to IFRS" 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 2012/13 financial year:

Standards and interpretations applied for the first time		Effective[1]
New interpretations		
–	–	–
Revised standards and interpretations		
IAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	7/1/2012
IAS 12	Income Taxes: Deferred Tax – Recovery of Underlying Assets	1/1/2012
IFRS 1	First-time Adoption of IFRS – Severe Hyperinflation	7/1/2011

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 revisions made to IAS 1 serve the purpose of more clearly presenting the increasing number of items contained under other comprehensive income. A differentiation is made between items in other comprehensive income which will subsequently be able to be reclassified in profit or loss (so-called "recycling") and items in which such a reclassification will never take place. From the first quarter 2012/13 the revisions led to a corresponding adaption of the consolidated statement of comprehensive income in the consolidated financial statements of EVN.

The initial obligatory application of the other revised standards did not have any impact on the consolidated interim report.

The following accounting policy was changed in the 2012/13 financial year:

Starting with the first quarter of 2012/13, the interest component of the provisions for pensions and obligations similar to pensions, for severance payments and for service anniversary bonuses, has been reported under financial results. In the past, interest cost was included under personnel expenses. The change in this accounting policy complies with IAS 1 and the framework of IFRS, improves the presentation of financial performance and allows for a better comparison with important benchmark companies. The new accounting policy was applied retrospectively in accordance with IAS 8, effective from October 1st, 2011.

This change in accounting policy increased interest expense by EUR 7.7m in the first half-year of 2012/13, and reduced personnel expenses by the same amount (first half-year of 2011/12: increase of EUR 8.3m in interest expense, personnel expenses correspondingly lower; 2011/12 financial year: increase of EUR 16.5m in interest expense, personnel expenses correspondingly lower). The change in accounting policy has no impact on earnings per share.

The footnotes concerning the retrospective adjustment of prior-year figures are related in part to the above-mentioned change in accounting policy and to the application of IAS 19 (2011) in the third quarter 2011/12. The effects of the application of IAS 19 (2011) were explained in detail in the 2011/12 financial statements.

Seasonally-related effect 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 springtime due to weather conditions. For this reason, the environmental services business usually generates lower revenues in the first half 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 26 domestic and 38 foreign subsidiaries (September 30th, 2012: 26 domestic and 36 foreign subsidiaries) were fully consolidated as of March 31st, 2013. As at March 31st, 2013, a total of 29 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, 2012: 33).

Scope of consolidation	Fully	Proportionate	Equity	Total
9/30/2012	62	5	18	85
First consolidation/ start-ups	2	–	–	2
3/31/2013	64	5	18	87
thereof foreign companies	38	–	5	43

In April 2012, EVN was awarded a contract for the planning, construction, financing and operation of a drinking water treatment plant for the Municipality of Zrenjanin, Serbia. On this occasion, WTE Projektgesellschaft Trinkwasseranlage d.o.o., was established in July 2012, and was fully consolidated for the first time as of the first quarter of 2012/13.

During the period under review, OOO EVN Umwelt joined the group of fully consolidated companies. The purpose of the new company is the handling of management services in environmental services business in Russia.

During the reporting period there was no new acquisition of companies according to IFRS 3.

Selected notes to the consolidated statement of operations

No impairment losses were recognised in the first half of 2012/13. In the prior-year period an impairment loss was recognised to the biomass pilot plant at the Dürnrohr power plant site due to unfavourable market conditions. The composition of depreciation developed as followed:

Content of depreciation EURm	2012/13 HY. 1	2011/12 HY. 1
Scheduled depreciation	–118.2	–112.3
Impairment	–	–10.8
Total depreciation	–118.2	–123.0

The income from investments developed as followed:

Income from investments EURm	2012/13 HY. 1	2011/12 HY. 1
RAG	48.9	44.8
EconGas	–20.4	11.8
ZOV; ZOV UIP	5.5	6.6
Energie Burgenland AG	6.7	9.7
Devoll Hydropower ShA	–27.5	–0.7
WEEV Beteiligungs GmbH	–22.5	1.2
Other companies	2.0	1.4
Share of profit of equity accounted investees	–7.3	74.7
Verbund AG	24.1	22.1
Other companies	2.4	2.7
Gain from other investments	26.5	24.8
Total income from investments	19.2	99.5

One reason for the sharp decline in investment income was the negative contribution of EconGas resulting from the significantly negative spread between long-term, oil-based natural gas supply and hub-priced sales and the allocation of a provision for impending losses on contractually agreed, long-term transportation and LNG capacity bookings that was recognised in the first quarter of 2012/13. In addition, the sale of the stake held by EVN AG in Devoll Hydropower ShA led to a one-time negative pre-tax effect of EUR 27.5m. The negative earnings contribution by WEEV Beteiligungs GmbH resulted from a market valuation driven impairment loss recognised to the shares held by WEEV in Verbund, which reflected the significant and continuing decline in the share price below initial cost. WEEV Beteiligungs GmbH was founded together with Wiener Stadtwerke Holding AG as the syndicate partner to participate in the capital increase by Verbund and was initially consolidated at equity by EVN in the first quarter of 2010/11. In accordance with IAS 39, the adjustments made to reflect changes in the market value of these shares were previously allocated to the valuation reserve after the deduction of deferred taxes. However, IFRS require the recognition of an impairment charge through profit or loss when there is a significant and continuous decline in the share price; this impairment charge was responsible for the reported negative contribution to earnings.

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. 178,595,778 as of March 31st, 2013 (March 31st, 2012: 179,480,142 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 131.5m (March 31st, 2012: EUR 212.9m), earnings per share at the balance sheet date March 31st, 2013, totalled EUR 0.74 (March 31st, 2012: EUR 1.19 per share).

Selected notes to the consolidated statement of financial position

In the first half of 2012/13, EVN acquired intangible assets and property, plant and equipment to the sum of EUR 124.5m (previous year: EUR 119.7m). Property, plant and equipment with a net carrying amount (book value) of EUR 1.1m were disposed of (previous year: EUR 6.9m), with a capital gain of EUR 1.0m (previous year: EUR 2.3m).

The item investments in equity accounted investees fell by EUR 36.8m, or 3.5%, to EUR 1,011.9m. This decline resulted primarily from the distributions by RAG, ZOV and ZOV UIP, which totalled EUR 72.3m, and from the current earnings contribution of EUR –7.3m. The reduction is contrasted by additions of EUR 32.0m related to the equity contribution for the Duisburg-Walsum power plant project in Germany. There were also changes related to valuation changes not recognised in profit and loss and currency translation differences.

Other investments totalling EUR 702.4m, which are assigned to the category of “available-for-sale”, include the shares of listed companies with a market value of EUR 678.3m, an increase of EUR 32.5m from the prior balance sheet date. The adjustments made to reflect changed market values were, in accordance with IAS 39, allocated to the valuation reserve after taking into account the deduction of deferred taxes.

The number of EVN shares in circulation developed as followed:

Development of the number of shares in circulation Number	2012/13 HY. 1
Balance 9/30/2012[1]	179,000,770
Acquisition of own shares	–600,500
Total 3/31/2013	178,400,270

1) Figure slightly adjusted

On December 28th, 2012, the Executive Board of EVN AG resolved, in connection with the existing share buyback programme, to acquire an additional number of up to 1,000,000 of its own shares, representing up to 0.556% of the current share capital of EVN AG. Furthermore, the Executive Board resolved to extend the share buyback programme, that commenced on June 6th, 2012, until August 31st, 2013.

As of March 31st, 2013, the number of own shares amounted to 1,478,132 (or 0.82% of the share capital) with an acquisition value of EUR 17.2m and a market value of EUR 16.1m (September 30th, 2012: EUR 10.7m). 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 17th, 2013, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.42 per share for the 2011/12 financial year, which comprises a total dividend payout of EUR 75.0m. Ex-dividend date was January 22nd, 2013, and the dividend payment to shareholders of EVN AG took place on January 25th, 2013.

The non-current loans and borrowings are composed as follows:

Break-down of non-current loans and borrowings EURm	3/31/2013	9/30/2012
Bonds	783.8	1,028.6
Bank loans	907.0	904.7
Total non-current loans and borrowings	1,690.8	1,933.3

The EUR 244.8m decline in bonds resulted primarily from the reclassification of the CHF bond in current loans and borrowings and the decline from revaluation of the hedged foreign currency exposure. This was offset by a corresponding increase of EUR 39.3m in the fair values of the hedging instruments. The issue of the EUR 121.5m promissory note loans in October 2012 is reflected in the bank loans. EUR 91.4m were reclassified to current financial liabilities, as these are now due within one year. Furthermore, the bank loans reflect the ongoing, scheduled redemption amounting to EUR 21.4m.

Selected notes to the consolidated statement of cash flows

Interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 9.4m (previous year: EUR 14.8m), whereas interest expense was EUR 27.8m (previous year: EUR 29.0m). Furthermore, cash inflows from dividends of EUR 72.3m (previous year: EUR 1.8m) are included in operating cash flow.

Information on transactions with related parties

There were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report of 2011/12.

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

Transactions with investments in equity accounted investees EURm	2012/13 HY. 1	2011/12 HY. 1
Revenue	95.9	91.8
Cost of materials and services	431.7	472.4
Trade accounts receivable	115.5	74.8[1]
Trade accounts payable	32.7	21.3[1]

1) Values at September 30th, 2012

Other obligations and risks

Other obligations and risks increased by EUR 92.7m to EUR 1,060.1m compared to September 30th, 2012. This change was mainly due to the increased guarantees for subsidiaries in connection with energy transactions as at the reporting date as well as the rise in scheduled orders for investments in intangible assets and property, plant and equipment as well as the increase in the guarantees for subsidiaries in connection with the construction and operation of power plants.

Contingent liabilities relating to guarantees for subsidiaries in connection with energy transactions arising from guarantees issued by e&t Energie Handelsgesellschaft mbH as well as by EconGas GmbH are only recognised to 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 only exist in the case of declining market prices, whereas risks concerning sales transactions exist on the basis of increased market prices. Accordingly, the risk can correspondingly change after the balance sheet date due to market price changes. The risk valuation as at March 31st, 2013, resulted in contingent liabilities of EUR 96.3m. The nominal volume of the guarantees underlying this valuation amounted to EUR 458.5m.

Significant events after the balance sheet date

The following events of material importance took place between the quarterly balance sheet date of March 31st, 2013, and the publication of the consolidated interim report on May 28th, 2013:

In Bulgaria, regulatory authorities cut prices for heat by 4.9% effective April 1st, 2013. The natural gas price was reduced by 3.9%.

The 66th Ordinary General Meeting of Verbund held on April 17th, 2013 resolved to distribute a dividend of EUR 0.60 per share (previous year: EUR 0.55 per share) for the 2012 financial year. The dividend was already recognised in the current reporting period in terms of the valuation of the shareholding and in the financial results.

In April 2013 Standard & Poor's rating agency confirmed EVN's BBB+ (stable outlook) long-term, investment grade rating. The A3 (stable outlook) rating by Moody´s was also left unchanged in an April credit opinion.

On April 30th, 2013, EVN specified the expected consolidated Group net profit for 2012/13 and announced that for the current financial year, the consolidated Group net profit for 2012/13 was expected to be below the comparable figure for the previous financial year by approximately 40%.

Changes on the energy market gave EVN an opportunity to offer the Federal Network Agency in Germany reserve capacity for a further three years. A total of 785 MW will be made available during each winter half-year to provide Southern Germany with energy on demand.

In March 2013, EVN and Statkraft A.S. reached an agreement for the sale of the 50 % stake owned by EVN in Devoll Hydropower ShA to Statkraft A.S. The closing took place on May 7th, 2013.

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 28th, 2013

EVN AG
The Executive Board

Peter Layr	**Stefan Szyszkowitz**	**Herbert Pöttschacher**
Spokesman of the Executive Board	Member of the Executive Board	Member of the Executive Board

EVN share

Highlights

- Stagnation of GDP in the euro zone expected in 2013
- Key interest rate of ECB cut to 0.5% in May
- Positive development on stock markets
- EVN share again outperforms the Dow Jones Euro Stoxx Utilities Index

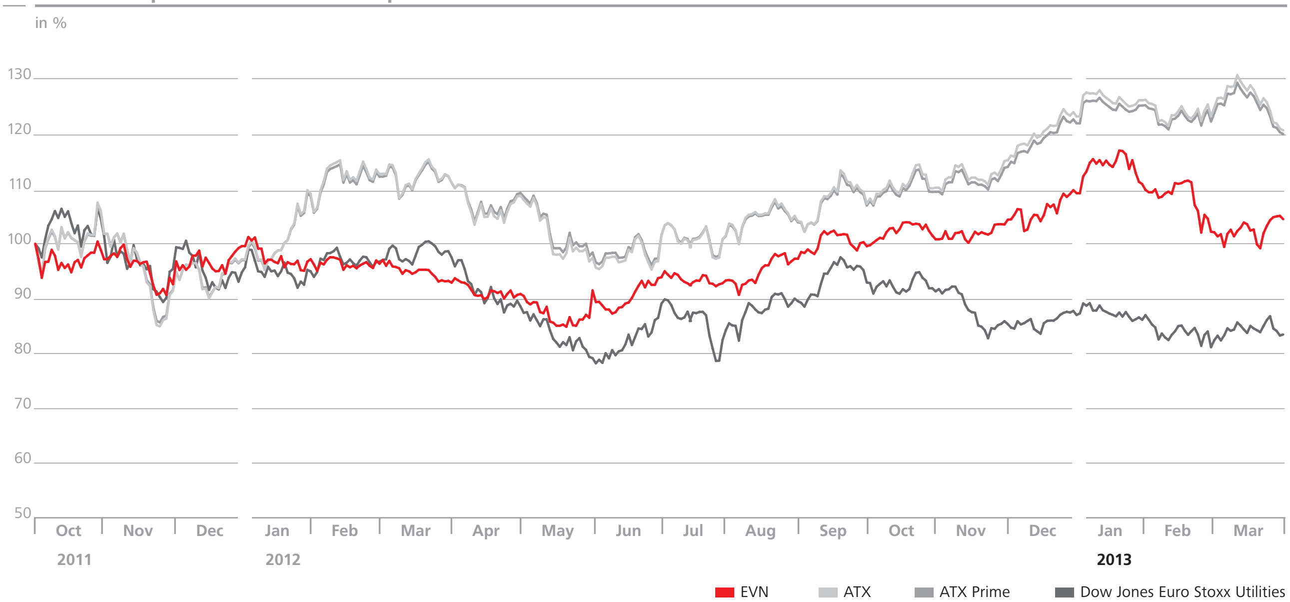
After weak growth in 2012, a stagnation of GDP is expected for the euro zone in 2013, but with significant regional differences. The euro crisis has returned after a hesitant recovery phase, and Cyprus has since found protection under the euro rescue mechanism. In Italy the formation of a government after the February elections proved difficult, and Spain failed to meet its deficit targets for 2012. The unemployment rate in the euro zone has also risen to a record high. However, Ireland's return to the capital market represents a ray of hope. These developments recently led to increased discussions by the European Central Bank (ECB) over future monetary policies and, at the beginning of May, the key interest rate was cut by 25 basis points to 0.5%.

The stock markets continue to produce sound performance in spite of the crisis and in part substantial fluctuations. This positive development was supported by an increase above the previous all-time Wall Street high that was recorded in 2007. From October 2012 to March 2013, the German DAX index gained 8.0%. Vienna's leading ATX increased 12.6% during this same period. In contrast, the Dow Jones Euro Stoxx Utilities, the relevant industry index for EVN AG, fell by 8.3% due to the continuing economic uncertainty and still low electricity prices.

The EVN share closed the first half of 2012/13 at EUR 11.30, which represents a market capitalisation of EUR 2.03bn and an increase of 4.3% in the share price. With this development, the EVN share again outperformed the branch index. The average daily turnover of the EVN share also increased in year-on-year comparison and equalled 54,811 shares (single counting). The trading volume of the EVN share on the Vienna Stock Exchange totalled EUR 77.0m for the reporting period (single counting), which corresponds to 0.87% of the total trading volume in Vienna.

On December 28th, 2012, the Executive Board of EVN AG elected to make use of an authorisation granted by the 83rd Annual General Meeting (AGM) on January 19th, 2012 and repurchase up to an additional 1,000,000 of the company's shares within the framework of the current share buyback programme. This would represent up to 0.556% of the current share capital of EVN AG. The share buyback programme, which started on June 6th, 2012, was also extended and is now expected to end on August 31st, 2013. A total of 931,530 shares were repurchased from the start of the share buyback programme on June 6th, 2012 to the end of December 2012. A further 223,500 shares were repurchased from January to March 2013 during the extension period, which raised the total number of shares repurchased under the current share buyback programme to 1,155,030.

EVN share price – relative development



EVN share – performance		2012/13 HY. 1	2011/12 HY. 1
Share price at the end of March	EUR	11.30	10.09
Highest price	EUR	12.66	10.95
Lowest price	EUR	10.73	9.80
Value of shares traded[1]	EURm	77	66
Average daily turnover[1]	Shares	54,811	50,970
Share of total turnover[1]	%	0.87	0.61
Market capitalisation at the end of March	EURm	2,033	1,815
ATX weighting at the end of March	%	1.09	1.10
WBI (Vienna Stock Exchange weighting) at the end of March	%	2.60	2.47

1) Vienna Stock Exchange, single counting

The 84th AGM on January 17th, 2013 approved the distribution of a dividend of EUR 75.0m or EUR 0.42 per share to the shareholders of EVN AG for the 2011/12 financial year. The ex-dividend day was January 22nd, 2013 and the payment date January 25th, 2013.

A new member was also elected to the Supervisory Board by the 84th AGM on January 17th, 2013, following the decision by Hans-Peter Villis (CEO of Energie Baden-Württemberg AG (EnBW) up to September 30th, 2012) to resign from the Supervisory Board at the end of this AGM. In accordance with the articles of incorporation, Thomas Kusterer (CFO, member of the Executive Board of EnBW) was elected by the 84th AGM to serve out Mr. Vilis' remaining term of office on the Supervisory Board, i.e. up to the AGM that will vote on the release of liability for the 2014/15 financial year.

Furthermore, § 5 (2) of the articles of incorporation of EVN AG were amended to implement recent changes to the Austrian Company Law Amendment Act ("Gesellschaftsrechts-Änderungsgesetz 2011 BGBl I 53/2011") and the claim to the issue of individually securitised shares was eliminated. This legal amendment requires the withdrawal of all individually securitised shares and their replacement by a collective certificate. Details on the exchange of shares and the cancellation of individual share certificates can be found under www.evn.at.

In April 2013 Standard & Poor's rating agency confirmed EVN's BBB+ (stable outlook) long-term, investment grade rating. The A3 (stable outlook) rating by Moody´s was also left unchanged in an April credit opinion.

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 largest shareholder is EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, with a stake of 32.5%. Free float is 16.5%. The treasury shares held by EVN AG represent 0.8% of the total number of shares issued. Free float amounts to 15.7%.

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Online Letter to Shareholders
www.financialreport.evn.at/?report=EN2013-Q2

Information on the internet
www.evn.at
www.investor.evn.at
www.responsibility.evn.at

Financial calendar[1]	
Results Q. 1–3 2012/13	8/29/2013
Annual results 2012/13	12/12/2013

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
Sustainability index	VÖNIX, FTSE4Good, Ethibel, ECPI
Ratings	A3, stable (Moody's); BBB+, stable (Standard & Poor's)

Imprint
Published by:
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Announcement pursuant to Section 25 Austrian Media Act: www.evn.at/offenlegung

Editorial deadline: May 21st, 2013