Letter to Shareholders

Q. 1 2010/11
October 1, 2010 – December 31, 2010

Revenue +4.3% (802.2 EURm)
EBITDA +0.8% (158.4 EURm)
EBIT +9.4% (104.1 EURm)
Group net profit +18.6% (87.9 EURm)
Gross cash flow –4.4% (139.9 EURm)

- Successful conclusion of capital increase;
  Net proceeds of 175.5 EURm
- Burkhard Hofer elected as Chairman of the Supervisory Board;
  Peter Layr named Spokesman of the Executive Board;
  Stefan Szyszkowitz appointed as Member of the Executive Board
- EVN subscribed to new shares in VERBUND AG capital increase together with its syndicate partner Wiener Stadtwerke Holding AG
- Increase of payout ratio to about 35%
- Group net profit for 2010/11 expected slightly below the prior-year level

Key figures

		2010/11 Q. 1	2009/10 Q. 1	Change in %	2009/10	2008/09
Sales volumes						
Electricity generation volumes	GWh	1,189	1,206	–1.4	3,653	3,477
Electricity sales volumes to end customers	GWh	5,313	5,223	1.7	20,101	19,541
Natural gas sales volumes to end customers	GWh	2,579	2,254	14.4	6,738	6,102
Heat sales volumes to end customers	GWh	632	560	12.8	1,821	1,576
Statement of operations						
Revenue	EURm	802.2	769.2	4.3	2,752.1	2,727
EBITDA	EURm	158.4	157.2	0.8	416.6	373.4
EBITDA margin	%	19.8	20.4	–0.6	15.1	13.7
Results from operating activities (EBIT)	EURm	104.1	95.1	9.4	187.3	175.2
EBIT margin	%	13.0	12.4	0.6	6.8	6.4
Profit before income tax	EURm	120.3	98.7	21.8	270.9	226.0
Group net profit	EURm	87.9	74.2	18.6	207.0	177.9
Statement of financial position						
Total assets	EURm	7,149.3	6,625.5	7.9	6,731.2	6,695.4
Equity	EURm	3,375.4	3,070.3	9.9	3,025.3	3,127.2
Equity ratio	%	47.2	46.3	0.9	44.9	46.7
Net debt	EURm	1,367.0	1,468.2	–6.9	1,458.2	1,378.2
Gearing	%	40.5	47.8	–7.3	48.2	44.1
Return on Equity (ROE)	%	3.0	2.3	0.7	7.4	6.3
Return on Capital Employed (ROCE)	%	2.3	1.9	0.4	5.6	5.4
Cash flow and investments						
Gross cash flow	EURm	139.9	146.4	–4.4	499.3	445.1
Investments[1]	EURm	74.7	99.8	–25.1	394.0	415.7
Employees						
Number of employees	Ø	8,396	8,685	–3.3	8,536	8,937
thereof Austria	Ø	2,550	2,554	–0.1	2,546	2,563
thereof abroad	Ø	5,846	6,131	–4.7	5,990	6,374
Share						
Earnings	EUR	0.51	0.45	11.5	1.27	1.09

1) In intangible assets and property, plant and equipment.

Contents

Dear shareholders!


Stefan Szyszkowitz, Peter Layr and Herbert Pöttschacher

We are happy to report to you about the business development of EVN as the new Executive Board of EVN AG. The Supervisory Board made personnel changes in the Executive Board during its meeting on January 20, 2011. It named Peter Layr to serve as the new Spokesman of the Executive Board with responsibility for the entire energy technology agenda, the Network Infrastructure Austria segment and EVN's power generation facilities. As new member, Stefan Szyszkowitz will oversee the energy economic agenda, the Energy Trade and Supply and Energy Supply South East Europe segments, and the business and financial agendas. Herbert Pöttschacher will be responsible for the entire Environmental Services segment in the future.

In the first quarter of the 2010/11 financial year, EVN achieved good results due to the slightly positive economic environment but despite the ongoing unfavourable influencing factors in the energy sector. In the period under review (October 1, 2010 to December 31, 2010), EVN's revenue rose by EUR 33.0m, or 4.3%, to EUR 802.2m. The colder winter temperatures compared to the previous year resulted in an increase in energy-related sales volumes, particularly for gas and heat. Revenue of the Environmental Services segment was significantly above the prior-year level, mainly as a consequence of the new large projects in Moscow. Despite the marked rise in the item costs of materials and services as a result of new projects in Environmental Services segment, the results from operating activities climbed by EUR 8.9m, or 9.4%, to EUR 104.1m, which is primarily related to the decline in other operating expenses as well as depreciation and amortisation. The financial results improved by EUR 12.6m, rising from EUR 3.6m to EUR 16.2m. This can be attributed to an increase in the share of profit of equity accounted investees. The Group net profit for the period could be raised by EUR 13.8m, or 18.6%, to EUR 87.9m.

On October 27, 2010, the Executive Board of EVN AG resolved, with the approval of the Supervisory Board, to carry out a capital increase from authorized capital. The implementation of the capital increase raised EVN's share capital by 10.0% to EUR 330.0m. The subscription price was set at EUR 11.00 per share. Net proceeds from the capital increase amounted to EUR 175.5m, which is designed to strengthen the balance sheet and support the credit ratings of EVN, as well as to finance investments in renewable energy projects in Lower Austria and the expansion of hydropower energy capacities in other regions of Austria and in neighbouring countries. The shareholder structure of EVN changed slightly as a result of the capital increase. The majority shareholder NÖ Landes-Beteiligungsholding GmbH continues to hold a 51.0% stake in EVN AG. The stake owned by the second largest shareholder, EnBW Energie Baden-Württemberg AG, was diluted from 35.7% to 32.5%. The remaining 16.5% of the shares are in free float.

EVN participated in the capital increase of VERBUND AG in November/December 2010 together with the syndicate partner Wiener Stadtwerke Holding AG. Together EVN and Wiener Stadtwerke still jointly control slightly more than 25.0% of VERBUND AG.

In the 82nd Annual General Meeting held on January 20, 2011, it was resolved to distribute a dividend of EUR 71.8m or EUR 0.40 per share to the shareholders of EVN AG for the 2009/10 financial year. Ex-dividend day was January 25, 2011, and the dividend payment to shareholders took place on January 28, 2011. Moreover, it was resolved to reduce the number of capital representatives on the Supervisory Board of EVN AG from 13 to 10 members.

From today's perspective and considering EVN's performance in the first quarter of 2010/11, we expect EVN's results from operating activities for 2010/11 should be comparable to the prior-year performance, despite the ongoing uncertain overall business and energy sector environment, rising primary energy prices and continuing lower wholesale prices on forward markets in the electricity segment. Group net profit, however, may remain slightly under the prior-year level.

Maria Enzersdorf, in February 2011

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 environment

GDP growth	%	2008	2009	2010e	2011f	2012f
EU-27[1]		0.8	–4.0	1.7	1.6	2.1
Austria[1]		2.1	–3.9	1.9	2.0	2.5
Bulgaria[1]		6.0	–4.9	–0.2	2.7	4.5
Albania[1]		6.0	3.3	2.6	3.3	5.0
Croatia[1]		2.4	–5.8	–1.5	1.5	2.0
Macedonia[2]		5.0	–0.8	0.5	2.0	3.0

1) Source: Raiffeisen Research „Strategie Globale Märkte 1. Quartal 2011" and „Strategie Österreich & CEE 1. Quartal 2011".
2) Source: wiiw „Country Report Macedonia", July 2010.

The European economy improved in the third quarter of 2010, posting GDP growth of 0.5% from the prior-year quarter. The EU-27 showed a 1.7% GDP rise in 2010, whereas growth of 1.6% and 2.1% is expected for the years 2011 and 2012 respectively. Austria was able to surpass this performance, with its economy anticipated to expand by 1.9% in 2010. The forecasts for 2011 and 2012 are also above the EU average.

In contrast, the South East Europe economic region is recovering at a somewhat slower pace from the global recession in past quarters. Bulgaria's GDP development is predicted to be –0.2% and 2.7% for 2010 and 2011 respectively. The Macedonian economy is expected to grow by 0.5% and 2.0% in the same period. Croatia's economy contracted by 1.5% in 2010, following a 5.8% growth rate in 2009, but experts foresee GDP growth of 1.5% in 2011. Albania's GDP is anticipated to rise by 2.6% and 3.3% in the years 2010 and 2011.

Energy sector environment

		2010/11 Q. 1	2009/10 Q. 1	Veränderung in %	2008/09 Q. 1
Temperature-related energy demand[1]	%				
Austria		114.1	101.4	12.6	92.3
Bulgaria		70.4	68.6	2.7	95.2
Macedonia		102.6	94.9	8.2	74.0
Primary energy and CO_2 certificates					
Crude oil – Brent	EUR/bbl	64.47	51.15	26.0	44.25
Natural gas – GIMP	EUR/MWh	22.82	19.60	16.5	29.08
Coal – API#2[2]	EUR/t	78.80	56.89	38.5	76.26
CO_2 certificates (2^{nd} period)	EUR/t	15.05	13.89	8.3	18.47
Electricity – spot market					
EEX[3] base load	EUR/MWh	51.49	38.76	32.8	68.02
EEX peak load	EUR/MWh	64.09	53.14	20.6	94.20
Electricity – forward market[4]					
EEX base load	EUR/MWh	51.09	57.85	–11.7	73.71
EEX peak load	EUR/MWh	68.16	82.88	–17.8	101.88

1) Calculated according to the heating degree total; in Austria and Bulgaria the basis (100.0%) corresponds to the long-term average value from 1997 until 2006; in Macedonia it corresponds to the long-term average value from 2003 until 2009; changes reported in percentage points.
2) ARA notation (Amsterdam, Rotterdam, Antwerp).
3) EEX – European Energy Exchange.
4) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review.

During the reporting period October 2010 to December 2010, European wholesale prices for electricity as well as for CO_2 certificates were above the previous year's levels due to the slightly positive economic recovery. Accordingly, spot market prices for base load and peak load electricity were up 32.8% and 20.6% respectively on average from the prior-year level. However, forward prices for electricity were significantly below the prevailing prices in the preceding year due to the continuing uncertain economic outlook.

Crude oil prices in euros increased by 26.0% year-on-year, primarily as a result of the economic recovery and strong demand in Asia. Gas prices rose 16.5% from the previous year, whereas coal prices climbed by 38.5% even more.

Business development

Statement of operations

In the first quarter of 2010/11, EVN achieved an increase in revenue of EUR 33.0m, or 4.3%, to EUR 802.2m. The main reason for this upward trend was the positive development in the Environmental Services segment, mainly based on higher volumes in the international project business and the coming on stream of the Line 3 of the waste incineration plant in Dürnrohr, as well as higher revenue in the Network Infrastructure Austria and Energy Trade and Supply segments. This was in contrast to a decline in the Generation and Energy Supply South East Europe segments, which can be primarily attributed to the changed presentation of revenue in Bulgaria.

The revenue generated outside of Austria amounting to EUR 281.5m (previous year: EUR 258.8m) corresponds to a 35.1% share of total Group revenue (previous year: 33.6%).

Due to lower income from the disposal of intangible assets and property, plant and equipment and insurance compensation, other operating income fell to EUR 18.0m, a decrease of EUR 1.2m, or 6.2%, from the prior-year level, in spite of higher interest on late payments and an increase in the change in work in progress during the period under review.

A reduction in the item "Electricity purchases and primary energy expenses" of EUR 1.6m, or 0.4%, to EUR 446.9m could be achieved as a result of slightly lower electricity procurement prices in Austria and the changed presentation in Bulgaria. This was in contrast to higher sales volumes for electricity, gas and heating, as well as increased procurement costs in the gas business and in South East Europe.

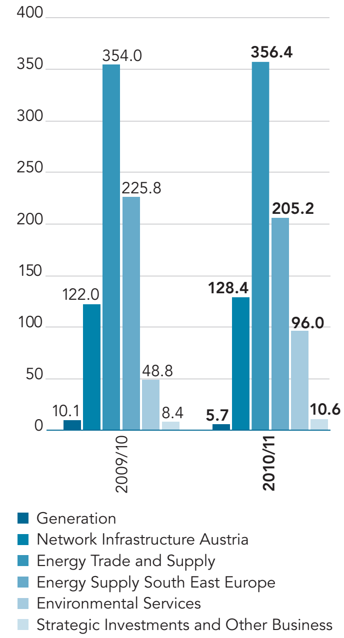
The higher volume in the international project business led to a considerable rise in the costs of materials and services by EUR 39.4m, or 61.6%, to EUR 103.3m.

The average number of employees fell by 289 people, or 3.3%, to 8,396 employees. Whereas employee headcount in Austria was down slightly by 4 people, or 0.1%, to 2,550 employees, the number of employees abroad was cut by 285 people, or 4.7%, to a total of 5,846 employees due to further efficiency improvements. The contractually stipulated wage and salary increases mandated by collective wage agreements could be more than offset by the reduction of the average number of employees. This was reflected in decreased personnel expenses, which fell by EUR 1.8m, or 2.3%, to EUR 79.2m.

The decline in other operating expenses by EUR 5.4m, or 14.4%, to EUR 32.3m, was shaped by the lower level of write-offs on receivables in South East Europe, which more than compensated for the increased legal and consulting fees related to the implemented capital increase.

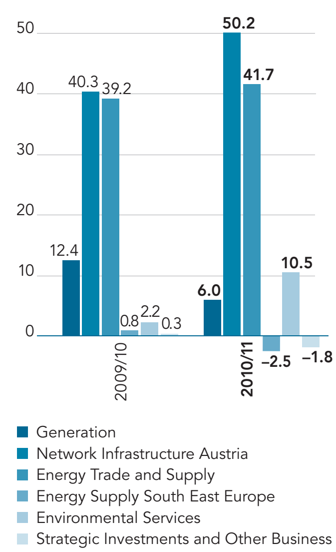
On balance, these developments led to an EBITDA increase in the period under review of EUR 1.3m, or 0.8%, to EUR 158.4m. Due to the stronger growth in revenue, the EBITDA margin declined from 20.4% in the previous year to 19.8% in the reporting period.

Revenue by segments[1)] Q. 1
in EURm



1) External revenue

EBIT by segments Q. 1
in EURm



The completion of several construction projects in the 2009/10 financial year, including the expansion of the Line 3 of the waste incineration plant in Dürnrohr, the coming on stream of the cogeneration plant in Kurjanovo, and the partial start-up of the southern section of the "Südschiene" trans-regional gas pipeline, resulted in an increase in scheduled depreciation and amortisation. However, the prior-year period was burdened by an impairment loss of EUR 10.7m due to the time delay related to the construction of the Kavarna wind park project in Bulgaria. Accordingly, depreciation and amortisation fell by EUR 7.6m, or 12.3%, to EUR 54.4m.

As a consequence of the lower depreciation and amortisation, EBIT could be improved by EUR 8.9m, or 9.4%, to EUR 104.1m. The EBIT margin rose from 12.4% in the previous year to 13.0% in the reporting period. Detailed information on the development of EBIT in the individual segments can be found in the segment reporting section on page 20.

The development of financial results in the first quarter of 2010/11 was extremely positive, climbing by EUR 12.6m to EUR 16.2m. This is mainly due to the growth in income from investments in equity accounted investees, especially those of RAG, EconGas and NÖKOM, which rose by EUR 19.1m to EUR 26.7m and thus more than compensated for the lower contribution of ZOV. In contrast, interest result and other financial results decreased. The decline in interest results is related to the reduced interest income caused by lower lease payments in the project business, as well as a higher interest expense and the lower capitalisation of construction period interest. The other financial result, which primarily encompasses the valuation result, fell by EUR 2.9m to EUR –1.2m, primarily as a result of a positive one-off effect in the previous year.

These developments led to a profit before income tax of EUR 120.3m, comprising a rise of EUR 21.6m, or 21.8%, compared to the prior-year quarter. Due to the fact that this increase mainly consisted of income from investments, the income tax was lower. As a result, the profit for the period could be improved even more, rising by EUR 24.2m, or 33.8%, to EUR 96.1m.

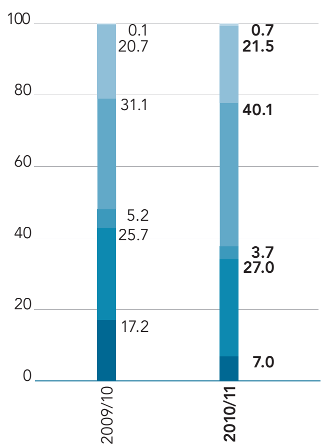
However, this modification could not be transferred to the Group net profit for the period, due to the fact that the profit attributable to non-controlling interests also increased by EUR 10.5m as a result of the higher profit contribution of RAG and the impairment loss in the prior-year period related to the wind park in Kavarna. Accordingly, the Group net profit for the period amounted to EUR 87.9m, a rise of EUR 13.8m, or 18.6%.

Statement of cash flows

In the first quarter of 2010/11, the gross cash flow amounted to EUR 139.9m, down EUR 6.5m, or 4.4%, from the prior-year level despite a higher profit before income tax. This development was primarily due to lower depreciation and amortisation, and higher non-cash items of income from investments in equity accounted investees.

Structure of investments Q. 1

in %



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

In contrast, the net cash flow from operating activities could be clearly increased, by EUR 90.8m to EUR 83.9m. This rise was based on an improvement in working capital related to a lower increase in current receivables at the balance sheet date compared to the previous year, as well as a rise in current liabilities.

The net cash flow from investing activities totalled EUR –191.3m, a much more negative figure from the comparable level of EUR –38.1m in the previous year. The main reasons were capital payments for investments in equity accounted investees, the growth of lease receivables in the project business of the Environmental Services segment and in the increased investments in cash funds. The decline in net investments by EUR 31.4m, or 35.8%, to EUR –56.2m less than the comparable amount of EUR –87.6m in prior-year period, had the opposite effect.

The net cash flow from financing activities of EUR 168.2m was primarily affected by the capital increase of EVN AG in the first quarter of 2010/11.

On balance, the above-mentioned developments resulted in a positive cash flow of EUR 60.8m in the first three months of the 2010/11 financial year. As a result, the Group's cash and cash equivalents increased to EUR 149.9m. In addition, EVN as at the reporting date of December 31, 2010, funds arising from current investments in securities, primarily cash funds, totalled EUR 272.6m (September 30, 2010: EUR 223.8m), which is not to be included in the item cash and cash equivalents pursuant to IFRS stipulations.

Statement of financial position

At EUR 7,149.3m, EVN's total assets in the first quarter of 2010/11 rose by EUR 418.1m, or 6.2%, compared to the last balance sheet date at September 30, 2010. Thus for the first time since the 2007/08 financial year, total Group assets exceeded the threshold of EUR 7.0bn.

Non-current assets rose by EUR 239.4m, or 4.2%, to EUR 5,981.5m, but its share of total assets fell from 85.3% to 83.7% due to the even higher rise in current assets. This development is primarily related to the increased investments in equity accounted investees, which climbed significantly by EUR 102.2m, or 13.9%, to EUR 836.1m. In turn, this was based on higher earnings contributions, in particular from RAG and EconGas, but also due to capital inflows. Furthermore, the value of other investments rose by EUR 63.9m, or 5.9%, to EUR 1,141.7m, which can be mainly attributed to the positive market valuation of EVN's shareholding in VERBUND AG. Other assets rose by EUR 44.0m, or 5.9%, to EUR 788.8m, which is primarily the result of increased lease receivables in the project business of the Environmental Services segment as well as the rise in the market values of hedging transactions for bond issues (in contrast to the corresponding increase in the level of loans and borrowings).

Current assets rose by EUR 178.7m, or 18.1%, to EUR 1,167.7m. As a result, its share of total assets climbed from 14.7% to 16.3%. This development was due to the seasonally-related increase in receivables, which were up EUR 83.0m in the period under review, or 16.4%, to EUR 589.0m.

Financial assets arising as a consequence of the capital increase led to an increase of current securities by EUR 48.8m to EUR 272.6m and cash and cash equivalents by EUR 51.7m to EUR 175.2m.

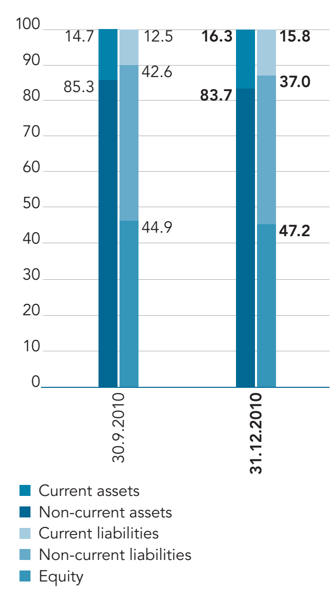
Equity rose by EUR 350.1m, or 11.6%, to EUR 3,375.4m. Besides the additional equity of EUR 175.5m arising as a consequence of the capital increase, the profit for the period as well as the positive market valuation of EVN's shareholding in VERBUND AG without recognition to profit or loss were the main factors accounting for the equity rise. As at the quarterly balance sheet date of December 31, 2010, the equity ratio was 47.2% (previous year: 44.9%). Net debt of EUR 1,367.0m led to a gearing of 40.5%.

Non-current liabilities were reduced by EUR 222.6m, or 7.8%, to EUR 2,641.8m. This development is primarily related to the decline in non-current loans and borrowings, which were down by EUR 248.3m, or 14.4%, to EUR 1,478.1m, as a consequence of regular redemption payments and the restructuring of a EUR bond reaching maturity in December 2011, which has been reclassified to current loans and borrowings. This was in contrast to the higher deferred tax liabilities, which rose by EUR 24.1m, or 10.6%, to EUR 251.2m due to the change in the market valuation of EVN's shareholding in VERBUND AG, as well as the rise in deferred income from network subsidiaries and other non-current liabilities, which was EUR 10.2m, or 2.6%, to EUR 408.1m.

The above-mentioned reclassification of the EUR bond to current loans and borrowings resulted in a corresponding increase in this item from EUR 256.5m to EUR 461.8m. Current taxes payable rose by EUR 45.9m, or 72.8%, to EUR 109.0m. This was in contrast to the decrease in current provisions by EUR 15.1m, or 12.5%, to EUR 105.6m. On balance, the total sum of current liabilities was up considerably by EUR 290.6m, or 34.5%, to EUR 1,132.1m.

Balance sheet structure

in %



Segment development

Overview

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

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

Key energy business indicators GWh	2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Electricity generation volumes	**1,189**	**1,206**	**–16**	**–1.3**	**1,256**
Thermal energy sources[1]	**888**	**915**	**–27**	**–3.0**	**959**
thereof Generation segment	838	861	–23	–2.7	898
thereof Energy Trade and Supply segment	19	18	1	4.4	30
thereof Energy Supply South East Europe segment	30	35	–5	–14.0	31
Renewable energy sources[2]	**301**	**291**	**11**	**3.7**	**297**
thereof Generation segment	254	262	–8	–3.2	271
thereof Energy Trade and Supply segment	22	22	–	–	21
thereof Energy Supply South East Europe segment	7	6	1	5.7	5
thereof Environmental Services segment	19	–	19	–	–
Network distribution volumes					
Electricity	**5,448**	**5,393**	**55**	**1.0**	**5,342**
thereof Austria	2,047	1,957	90	4.6	1,953
thereof Bulgaria	1,983	1,971	12	0.6	1,957
thereof Macedonia	1,417	1,465	–48	–3.2	1,432
Natural gas	**6,247**	**6,331**	**–83**	**–1.3**	**6,093**
thereof network distribution volumes to EVN power stations	831	1,349	–517	–38.3	1,144
Energy sales volumes to end customers					
Electricity	**5,313**	**5,223**	**91**	**1.7**	**5,049**
thereof Austria[3]	1,772	1,722	50	2.9	1,692
thereof Germany	178	85	93	–	–
thereof Bulgaria	1,946	1,951	–5	–0.2	1,924
thereof Macedonia	1,417	1,465	–48	–3.2	1,432
Natural gas	**2,579**	**2,254**	**325**	**14.4**	**2,184**
Heat	**632**	**560**	**72**	**12.8**	**519**
thereof Austria	556	474	81	17.1	439
thereof Bulgaria	76	86	–10	–11.2	80

1) Incl. cogeneration in Bulgaria in the Energy Supply South East Europe segment and in Austria in the Energy Trade and Supply segment, respectively. Revenues from such energy production are included in such respective segments.
2) Incl. bio-cogeneration in Austria in the Energy Trade and Supply segment, small hydropower plants in Macedonia in the Energy Supply South East Europe segment and a combined cycle heat and power cogeneration plant in Kurjanovo, Moscow, in the Environmental Services segment. Revenues from such energy production are included in such respective segments.
3) Incl. energy sales volumes to the Network Infrastructure Austria segment for losses from the power network.

Generation

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

Segment revenue basically comprises Intra-Group revenue and a small amount of external revenue arising mainly from the sale of electricity from renewable wind power. The option value is recognised as Intra-Group revenue in connection with EVN AG's activities regarding the production of electricity by means of thermal power and the electricity procurement rights from Danube power plants. Basically, the option value is the price that the Generation segment receives for the utilisation of its power generation capacities by the Energy Trade and Supply segment in return for the marketing of the power generated. The calculations are performed in advance based on the targeted generation volume using forward prices and planned costs. Hence, the current generation volume of EVN's own power generating capacities permits only limited conclusions as to the development of earnings. In contrast, the marketing of the power generated and the sourcing of primary energy are shown in the Energy Trade and Supply segment.

Key indicators		2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Key energy business indicators	GWh					
Electricity generation volumes[1)]		**1,092**	**1,124**	**–31**	**–2.8**	**1,168**
thereof thermal energy sources		838	861	–23	–2.7	898
thereof renewable energy sources		254	262	–8	–3.2	271
Key financial indicators	EURm					
External revenue		5.7	10.1	–4.4	–43.4	10.9
Internal revenue		22.9	32.6	–9.8	–29.9	25.5
Total revenue		**28.6**	**42.7**	**–14.1**	**–33.1**	**36.5**
Operating expenses		–16.6	–14.2	–2.5	–17.3	–14.2
EBITDA		**11.9**	**28.5**	**–16.6**	**–58.1**	**22.3**
Depreciation and amortisation		–6.0	–16.1	10.1	62.9	–5.1
Results from operating activities (EBIT)		**6.0**	**12.4**	**–6.4**	**–51.9**	**17.2**
Financial results		–1.7	0.7	–2.5	–	–1.8
Profit before income tax		**4.2**	**13.1**	**–8.9**	**–67.9**	**15.4**
Total assets		518.1	459.7	58.4	12.7	387.9
Investments[2)]		9.8	17.2	–7.4	–43.1	8.2

1) The previous financial year's figures were adjusted due to a changed presentation.
2) In intangible assets and property, plant and equipment.

EVN's total electricity generation amounted to 1,092 GWh in the first quarter of 2010/11, a drop of 31 GWh, or 2.8%, which is mainly attributable to the lower power generating volumes at EVN's own thermal power stations, which fell by 23 GWh, or 2.7%, to 838 GWh. The reduction of electricity generation from renewable energy sources, which was down 8 GWh, or 3.2%, to 254 GWh, was due to lower water flow conditions and the related decline in electricity production from hydropower plants.

In the first quarter of the 2010/11 financial year, the Group coverage ratio of electricity from own production amounted to 22.4% (previous year: 23.1%). This also contains the power generation capacities of the segments Energy Trade and Supply, Energy Supply South East Europe and Environmental Services. The coverage ratio of electricity from own production totalled 61.0% (previous year: 66.7%) excluding the energy sales in the Energy Supply South East Europe segment.

The revenue of the thermal power stations and those on the Danube clearly fell because the period used for determining the option value of the power stations was characterised by declining electricity prices. The less favourable water flow conditions, the lower sales prices for electricity generated by hydropower as well as the lower level of internal revenue further decreased revenue. On balance, revenue of the Generation segment was EUR 28.6m, a drop of EUR 14.1m, or 33.1%.

Higher operating costs and personnel expenses led to an increase of operating expenses, and correspondingly to a significant decline in EBITDA, which fell by EUR 16.6m, or 58.1%, to EUR 11.9m.

Taking account of depreciation and amortisation, which had been burdened in the prior-year quarter by the one-off effect relating to the impairment loss of EUR 10.7m for the wind park in Kavarna, the decline in EBIT of EUR 6.4m, or 51.9%, to EUR 6.0m was more moderate. The declining financial results further aggravated this negative development, leading to a perceptibly lower profit before income tax of EUR 4.2m, a drop of EUR 8.9m, or 67.9%.

On October 26, 2010, EVN completed work on the reconstructed power plant in Zwettl. This small-scale hydropower station will generate about 750,000 kWh of electricity annually, providing about 330 households with green electricity. This represents a capacity increase of 150% compared to the former facility. Investment costs amounted to approximately EUR 1.0m.

The feasibility study of the Devoll project in Albania was completed in the first quarter of 2010/11. EVN and Statkraft will build three hydropower plants featuring a total capacity of 275 MW, and an annual electricity output of 800 GWh. Total investments in the project will amount to EUR 800.0m. The first power plant with a capacity of 63 MW is expected to come on stream in the middle of 2015.

Investments were down by EUR 7.4m, from EUR 17.2m to EUR 9.8m. Whereas the primary focus in the previous year was on constructing the wind park in Kavarna, the activities of the Generation segment in the first quarter 2010/11 mainly involved revitalization work at the Schütt hydropower plant and the network expansion of wind power projects in Lower Austria.

Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and natural gas networks as well as the networks for cable TV and telecommunications in Lower Austria and Burgenland. The previously at equity included NÖKOM will be fully consolidated as of the acquisition of the remaining 50.0% interest in NÖKOM in December 2010. In addition, this segment also provides Intra-Group services – especially in connection with construction activities – that are recognised as Intra-Group revenue.

Key indicators		2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Key energy business indicators	GWh					
Network distribution volumes						
Electricity		2,047	1,957	90	4.6	1,953
Natural gas		6,247	6,331	–83	–1.3	6,093
Key financial indicators	EURm					
External revenue		128.4	122.0	6.4	5.2	113.1
Internal revenue		11.6	13.5	–1.9	–14.3	12.4
Total revenue		**140.0**	**135.6**	**4.4**	**3.3**	**125.5**
Operating expenses		–65.8	–71.9	6.1	8.4	–68.3
EBITDA		**74.2**	**63.7**	**10.5**	**16.5**	**57.2**
Depreciation and amortisation		–24.0	–23.4	–0.6	–2.5	–22.0
Results from operating activities (EBIT)		**50.2**	**40.3**	**9.9**	**24.6**	**35.2**
Financial results		–1.8	–3.3	1.4	43.6	–3.7
Profit before income tax		**48.4**	**37.0**	**11.3**	**30.6**	**31.4**
Total assets		1,666.5	1,565.5	101.0	6.4	1,432.9
Investments[1)]		20.2	25.6	–5.5	–21.3	19.4

1) In intangible assets and property, plant and equipment.

Network tariffs for electricity and natural gas are adjusted annually on January 1st pursuant to the incentive regulatory system by means of a resolution of the E-Control Commission. As at January 1, 2010, the electricity network tariffs were reduced by 2.0% on average (they had risen by 1.0% as at January 1, 2009), and the natural gas network tariffs were raised by an average of 8.2% (compared to the increase of 7.3% on average effective January 1, 2009).

Network distribution volumes in the first quarter of 2010/11 did not develop uniformly. Due to the cold weather conditions, featuring a 12.6% higher heating degree total from the previous year, as well as the positive cyclical development, network distribution volume for electricity rose by 90 GWh, or 4.6% from the prior-year level, to 2,047 GWh. The temperature-related rise in energy consumption had a positive effect on natural gas distribution volumes in the private and industrial customer business. However, the reduced sales to the thermal power stations led to an overall drop in the natural gas distribution volume of 83 GWh, or 1.3%, to 6,247 GWh.

Given these developments in the energy sector, total network revenue was up EUR 5.2m, or 4.7%, to EUR 115.5m. The increase in the electricity business was particularly due to the volume effect, in the gas business because of price effects, whereas network tariff adjustments in the electricity network as well as the decline in natural gas distribution volumes negatively influenced results. Despite a slight revenue drop in the cable TV and telecommunications business, the Network Infrastructure Austria segment posted an EUR 4.4m revenue increase, or 3.3%, to EUR 140.0m. Lower costs for network losses and imbalance energy related to declining market prices for electricity and the decrease in several operating expense items, total operating expenses fell by EUR 6.1m, or 8.4%, to EUR 65.8m. The improvement of EBITDA by EUR 10.5m, or 16.5%, to EUR 74.2m, surpassed the revenue gains. Taking slightly higher depreciation and amortisation into account, EBIT rose by EUR 9.9m, or 24.6%, to EUR 50.2m.

The effect of this development could be carried over to the profit before income tax, which was at EUR 48.4m by EUR 11.3m, or 30.6%, higher than in the previous year, due to a higher income from investments and lower financing costs.

Investment activity was dominated by the segment's currently most significant projects, the construction of the southern and western sections ("Südschiene"/"Westschiene") of the trans-regional natural gas transport pipeline. The first part of the southern section with a length of 90 km was made operational at the end of September 2010, and an additional 26 km were constructed in the first quarter of 2010/11. The remaining three km will be finished after the winter months, and construction of the western section with a length of 143 km is also slated to begin after the winter. Costs for preparation work amounted to EUR 1.7m in the first three months of 2010/11. A total of EUR 3.7m was invested in network modernisation of expansion for the cable TV and telecommunications business.

On balance, investments in the Network Infrastructure Austria segment amounted to EUR 20.2m in the first quarter of 2010/11, a decline of EUR 5.5m, or 21.3% from the comparable period of the previous financial year.

In order to ensure a sufficient supply of electricity to the eastern Weinviertel region of Austria, a joint project was also started in cooperation with VERBUND AG during the period under review. The existing 110 kV single wire distribution line between the Bisamberg and Königsbrunn transformer stations will be rebuilt and replaced by a new 110 kV double wire distribution line expected to come on stream by the end of 2012. Total investment costs will amount to EUR 6.0m.

Energy Trade and Supply

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

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

Key indicators		2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Key energy business indicators	GWh					
Energy sales volumes to end customers						
Electricity		1,950	1,807	143	7.9	1,692
Natural gas		2,579	2,254	325	14.4	2,184
Heat		556	474	81	17.1	439
Key financial indicators	EURm					
External revenue		356.4	354.0	2.4	0.7	341.5
Internal revenue		12.5	16.3	–3.8	–23.2	7.5
Total revenue		**368.9**	**370.3**	**–1.4**	**–0.4**	**349.0**
Operating expenses		–323.9	–328.0	4.1	1.3	–312.6
EBITDA		**45.0**	**42.3**	**2.7**	**6.4**	**36.4**
Depreciation and amortisation		–3.3	–3.0	–0.2	–7.5	–2.7
Results from operating activities (EBIT)		**41.7**	**39.2**	**2.5**	**6.3**	**33.7**
Financial results		5.1	4.0	1.1	28.0	5.7
Profit before income tax		**46.8**	**43.2**	**3.6**	**8.3**	**39.5**
Total assets		656.6	668.3	–11.8	–1.8	631.9
Investments[1)]		2.7	5.2	–2.4	–46.9	6.2

1) In intangible assets and property, plant and equipment.

EVN succeeded in boosting sales to end customers all across the energy business during the first quarter of 2010/11. In particular the enhanced activities of EnergieAllianz outside of the region supplied by EVN along with the cooler temperatures and the favourable cyclical development had a positive effect on electricity sales, which increased by 143 GWh, or 7.9%, to 1,950 GWh. The sales of natural gas and heating also benefitted from the colder temperatures, with natural gas sales to end customers rising 325 GWh, or 14.4%, to 2,579 GWh, and heating sales volumes climbing by 81 GWh, or 17.1%, to 556 GWh. In addition, the rise in heating sales was also driven by increased deliveries of steam to AGRANA AG's bioethanol plant.

The primarily weather-driven sales increases came close to compensating for negative price effects, especially in the gas business, in which the prices for end customers decreased by 7.0% on December 1, 2009, as well as the decrease in revenue from marketing the generation from power plants based on lower production volumes and a negative development in electricity prices. On balance, revenue of the Energy Trade and Supply segment was down slightly by EUR 1.4m, or 0.4%, to EUR 368.9m.

Taking account of operating expenses could be reduced by EUR 4.1m, or 1.3%, to EUR 323.9m, in which case the volume-related cost increases in the entire energy business and the price-related rise in gas sourcing costs were more than offset by lower electricity procurement prices and the reduced use of EVN's own thermal power stations. Accordingly, EBITDA was up EUR 2.7m, or 6.4%, to EUR 45.0m. After adjusting for slightly higher depreciation and amortisation compared to the prior-year quarter, EBIT rose by EUR 2.5m, or 6.3%, to EUR 41.7m.

The financial results were up EUR 1.1m from the previous year, or 28.0%, to EUR 5.1m due to the higher earnings contribution of EconGas. The profit before income tax was EUR 46.8m, EUR 3.6m, or 8.3% higher than in the prior year.

On December 9, 2010, the first district heating pipeline from Neudörfl to Wiener Neustadt was put into operation. In the future, the five km pipeline will feed industrial waste heat from a manufactory located in Neudörfl into EVN's 30 km long district heating network in Wiener Neustadt, thus supplying 1,500 customers with climate-friendly district heat. Investments made during the construction period amounted to EUR 3.0m.

Following completion of the district heating transmission pipeline to Sankt Pölten in the previous year, investments in the first quarter of 2010/11 fell by EUR 2.4m, or 46.9%, to EUR 2.7m. Investment activity focused on further expanding the heating networks.

Energy Supply South East Europe

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

Key indicators		2010/11 Q. 1	2009/10 Q. 1	Changes nominal	Changes in %	2008/09 Q. 1
Key energy business indicators	GWh					
Network distribution volumes[1]		**3,400**	**3,436**	**–36**	**–1.0**	**3,389**
thereof Bulgaria		1,983	1,971	12	0.6	1,957
thereof Macedonia		1,417	1,465	–48	–3.2	1,432
Heat sales volumes to end customers		**76**	**86**	**–10**	**–11.2**	**80**
Key financial indicators	EURm					
External revenue		205.2	225.8	–20.6	–9.1	219.0
Internal revenue		–	–	–	–	–
Total revenue		**205.2**	**225.8**	**–20.6**	**–9.1**	**219.0**
Operating expenses		–192.7	–209.6	16.9	8.1	–206.9
EBITDA		**12.5**	**16.2**	**–3.7**	**–23.1**	**12.1**
Depreciation and amortisation		–15.0	–15.5	0.4	2.8	–12.1
Results from operating activities (EBIT)		**–2.5**	**0.8**	**–3.3**	**–**	**0.0**
Financial results		–4.3	–5.3	1.0	19.3	–9.3
Profit before income tax		**–6.8**	**–4.5**	**–2.3**	**–50.4**	**–9.3**
Total assets		1,124.8	1,096.7	28.1	2.6	1,018.7
Investments[2]		30.0	31.0	–1.1	–3.4	33.1

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

In Bulgaria, regulatory authorities increased end customer prices by about 2.0% effective July 1, 2010, whereas the prices for procured energy as well as for transmission grid operators and the system operator by approximately 8.0%. A change in the tariff structure resulted in a corresponding change in the presentation of the price components related to the high-voltage network, such that they are no longer included in EVN. This decreased both revenue and procurement costs. The resulting effect in the first quarter of 2010/11 was about EUR 23.6m, but it did not affect earnings.

In Macedonia, the regulatory authority significantly approved a hike in end customer prices by about 10.0%, of which about 51.0% can be assigned to EVN Macedonia based on the increase in network fees for medium and high-voltage networks.

The sales development of the Energy Supply South East Europe segment was driven by the contradictory energy sector developments in the South East Europe supply region of EVN. In Bulgaria, the lower temperatures which declined by 1.8 percentage points and the economic recovery resulted in a small rise in network distribution volumes for electricity, which were up by 12 GWh, or 0.6%, to 1,983 GWh. In contrast, despite the colder weather in Macedonia, as demonstrated by the 8.2% higher heating degree total compared to the previous year, electricity sales volumes declined by 48 GWh, or 3.2%, to 1,417 GWh. Heat sales volumes in Bulgaria fell by 10 GWh, or 11.2%, to 76 GWh, in spite of the lower temperatures.

Revenue of the segment dropped considerably, falling by EUR 20.6m, or 9.1%, to EUR 205.2m. In Macedonia, the volume decline could be compensated by the price increase on January 1, 2010, with revenue at about the prior-year level, which is why Bulgaria accounted for the entire revenue decrease, which is related to the above-mentioned changed presentation of specified tariff components. This decline was in contrast to higher electricity revenue in electricity and heating business, in which the drop in sales volumes to end customers could be compensated by higher prices.

The decrease in operating expenses of 16.9m, or 8.1%, to EUR 192.7m was primarily the consequence of the changed presentation of procurement costs in Bulgaria, as well as lower personnel expenses and write-offs of receivables. Compared with this, energy procurement costs increased, which is mainly related to higher network losses in Macedonia. As a result, the negative revenue development could only be partially offset, so that the segment's EBITDA fell by EUR 3.7m, or 23.1%, to EUR 12.5m. EBIT totalled EUR –2.5m in the light of a slightly lower level of depreciation and amortisation (previous year: EUR 0.8m).

Due to lower interest rates, the financial results improved by EUR 1.0m, or 19.3%, to EUR –4.3m. On balance, the profit before income tax was EUR –6.8m (previous year: EUR –4.5m).

At EUR 30.0m, the investment volume was EUR 1.1m lower than in the prior-year quarter, again serving primarily both the expansion of the network infrastructure and replace meters while improving energy supply reliability and quality and reduce network losses in the long term as well as the construction of the new cogeneration plant at Plovdiv.

Construction work on the new cogeneration plant at the TEZ Plovdiv district heating site with an electricity capacity of 50 MW and a heat capacity of 54 MW is proceeding on schedule. Two phases of the three-part approval and licensing process have been completed, so that construction on the building was initiated during the period under review. It is scheduled to come on stream at the end of 2011. Total investments will amount to about EUR 50.0m.

Environmental Services

The Environmental Services segment encompasses drinking water, wastewater disposal and waste incineration activities in EVN's domestic market as well as the international project business in 15 countries of Central, Eastern and South Eastern Europe.

Key indicators EURm	2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
External revenue	96.0	48.8	47.2	96.8	45.5
Internal revenue	4.8	3.2	1.6	49.0	2.6
Total revenue	**100.8**	**52.1**	**48.7**	**93.5**	**48.1**
Operating expenses	–84.1	–46.1	–38.1	–82.7	–41.6
EBITDA	**16.7**	**6.0**	**10.6**	**–**	**6.5**
Depreciation and amortisation	–6.1	–3.8	–2.3	–59.5	–3.6
Results from operating activities (EBIT)	**10.5**	**2.2**	**8.3**	**–**	**2.9**
Financial results	1.2	4.2	–2.9	–70.6	–2.9
Profit before income tax	**11.8**	**6.3**	**5.4**	**85.2**	**0.0**
Total assets	1,395.3	1,161.7	233.7	20.1	1,065.3
Investments[1)]	16.1	20.6	–4.6	–22.1	11.4

1) In intangible assets and property, plant and equipment.

The segment's revenue developed extremely positively, rising from EUR 52.1m by EUR 48.7m, or 93.5%, to EUR 100.8m. The ongoing operations of the Dürnrohr waste incineration plant and the completion of its expansion by Line 3 of the waste incineration plant in December 2009 primarily accounted for the improvement in revenue along with the higher or initial revenue contribution of projects in the project business, especially from the sodium hypochlorite and waste incineration plant MSZ1 in Moscow. Revenue in the domestic drinking water supply business also rose slightly.

Operating expenses in the segment rose considerably by EUR 38.1m, or 82.7%, to EUR 84.1m, which is mainly related to higher material, operating and personnel costs triggered by the expanded project activity. The increased revenue was higher than the corresponding rise in operating expenses, so that EBITDA amounted to EUR 16.7m (previous year: EUR 6.0m). The expansion of the Dürnrohr plant by Line 3 and the start-up of the cogeneration plant in Kurjanovo, Moscow, were reflected in the increased depreciation and amortisation. Nevertheless, EBIT at EUR 10.5m surpassed the previous year's level of EUR 2.2m.

In spite of the declining financial results related to lower earnings contribution by the wastewater treatment plant in Zagreb as well as declining interest income as a consequence of lower lease payments in the project business, the profit before income tax could be improved by EUR 5.4m, or 85.2%, to EUR 11.8m.

Investments during the period under review totalled EUR 16.1m, corresponding to a reduction of EUR 4.6m, or 22.1%. In Moscow EVN is constructing a cogeneration plant with a capacity of 13.5 MW on the premises of the large-scale Ljuberzy wastewater purification facility. The new plant will come on stream in the course of the 2010/11 financial year.

EVN is currently realising a total of 11 large international projects in the water and wastewater business. Three wastewater treatment plants are being built on Cyprus at present. Two facilities featuring a capacity of 10,750 and 33,500 population equivalents (PE) are being constructed in Famagusta and Morphou respectively. The projects are being financed by the European Commission. Possession of the turn-key facilities with a project volume of EUR 4.0m and EUR 7.4m respectively will be transferred to the owners following a construction period of 24 months. The new facilities are expected to come on stream at the end of 2011.

In the northern part of the capital of Cyprus, Nicosia, a wastewater treatment plant with a capacity of about 270,000 PE and a subsequent ten-year operation by EVN is being built together with a local construction company. At a project volume of EUR 45.0m, the facility will be completed within 27 months, and also include a sludge treatment plant serving to produce biomass.

Two large contracts are being pursued in Poland. The second phase of the turn-key wastewater purification plant in Warsaw with a capacity of 2,100,000 PE was recently started. The project volume is EUR 76.0m. The wastewater treatment plant in Kielce with a capacity of 290,000 PE and a project volume of EUR 23.0m is about to be completed in April 2011.

In Budva, Montenegro, EVN is building a wastewater disposal plant for about 130,000 PE. The project with a total volume of EUR 65.0m is based on the BOOT model, with completion planned for December 2012.

Two waste sludge treatment facilities are being built in Siauliai and Vilnius, Lithuania, including biogas extraction and sludge drying and boasting a capacity of 200,000 PE and 225,000 m^3 respectively. The biogas derived from the plants will be cleaned, temporarily stored and converted in cogeneration plants to electrical and thermal energy. The investment volume of the two projects amounts to EUR 20.0m and EUR 45.0m.

In Moscow, EVN is building a sodium hypochlorite plant at the Kurjanovo site featuring a capacity of 65,000 t. The second large project for the city of Moscow is the construction of another thermal waste incineration plant boasting a capacity of 700,000 t and a total volume of EUR 707.7m. EVN is responsible for the financing, construction and operation of the facility for a period of 12 years after completion.

As of November 1, 2010, EVN assumed responsibility for the drinking water network in the municipality of Hadres with a length of 26 km, which provides water to more than 1,400 households. EVN plans to invest in the renovation and further expansion of the local network.

On December 4, 2010, the Sallapulka-Geras-Langau drinking water transport pipeline with a length of 11.9 km and the elevated tank in Trautmannsdorf in the Waldviertel region were put into operation. Total investments amounted to EUR 1.8m.

Strategic Investments and Other Business

The Strategic Investments and Other Business segment basically encompasses EVN's interests in RAG, BEGAS, BEWAG and VERBUND AG. Moreover, key Intra-Group services as well as companies operating outside EVN's core business that provide mainly Intra-Group services within EVN are also classified in this segment. Together with its syndicate partner Wiener Stadtwerke Holding AG, EVN participated in the capital increase of VERBUND AG in November/December 2010. For this purpose, EVN WEEV Beteiligungs GmbH was fully consolidated as a 100.0% subsidiary of EVN starting in the first quarter of 2010/11, and WEEV Beteiligungs GmbH, in which EVN holds a 50.0% stake, was consolidated at equity. The two companies will now be included in this segment.

Key indicators EURm	**2010/11 Q. 1**	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
External revenue	10.6	8.4	2.1	25.2	6.0
Internal revenue	15.2	15.0	0.2	1.0	16.2
Total revenue	25.7	23.5	2.3	9.7	22.2
Operating expenses	–27.1	–22.7	–4.3	–19.0	–22.9
EBITDA	–1.3	0.7	–2.1	–	–0.7
Depreciation and amortisation	–0.5	–0.4	–0.1	–10.8	–0.4
Results from operating activities (EBIT)	–1.8	0.3	–2.1	–	–1.1
Financial results	**19.4**	**4.6**	**14.8**	**–**	**–0.1**
Profit before income tax	17.6	4.9	12.7	–	–1.2
Total assets	3,162.1	2,832.0	330.1	11.7	2,767.4
Investments[1)]	0.5	0.1	0.4	–	0.2

1) In intangible assets and property, plant and equipment.

The financial results, which are of primary importance to this segment, posted a clearly positive development in the first quarter of 2010/11 compared to the prior-year period, which is solely related to the increased earnings contributions of investments in equity accounted investees. The decisive factor was the higher earnings contribution of RAG, which rose by EUR 16.5m to EUR 18.3m.

In contrast to this, the segment faced lower interest and other financial results. The interest result declined as a result of lower interest income as well as a higher interest expense by EUR 0.6m, whereas the other financial results mainly encompassing valuation results, were down by EUR 0.8m to EUR –0.6m.

On balance, the financial results showed a considerable increase of EUR 14.8m to EUR 19.4m. In turn, this sparked a rise in the profit before income tax of EUR 12.7m from the comparable prior-year level to EUR 17.6m.

Consolidated interim report pursuant to IAS 34

Statement of financial position

EURm	31.12.2010	30.9.2010	Changes nominal	Changes in %	30.9.2009
Assets					
Non-current assets					
Intangible assets	367.2	361.0	6.2	1.7	365.2
Property, plant and equipment	2,837.8	2,818.2	19.6	0.7	2,653.1
Investments in equity accounted investees	836.1	734.0	102.2	13.9	712.5
Other investments	1,141.7	1,077.8	63.9	5.9	1,409.7
Deferred tax assets	10.0	6.5	3.5	53.7	1.2
Other non-current assets	788.8	744.8	44.0	5.9	619.5
	5,981.5	**5,742.1**	**239.4**	**4.2**	**5,761.2**
Current assets					
Inventories	130.9	135.7	–4.8	–3.5	137.3
Trade and other receivables	589.0	506.0	83.0	16.4	579.7
Securities	272.6	223.8	48.8	21.8	86.7
Cash and cash equivalents	175.2	123.5	51.7	41.8	130.5
	1,167.7	**989.1**	**178.7**	**18.1**	**934.2**
Total assets	**7,149.3**	**6,731.2**	**418.1**	**6.2**	**6,695.4**
Equity and liabilities					
Equity					
Share capital	330.0	300.0	30.0	10.0	300.0
Share premium and capital reserves	253.7	108.3	145.5	–	108.4
Retained earnings	1,895.9	1,808.0	87.9	4.9	1,661.4
Valuation reserve according to IAS 39	549.7	473.8	75.9	16.0	725.4
Currency translation reserve	–0.5	–3.5	3.0	85.6	–3.4
Treasury shares	–7.0	–7.0	–	–	–8.0
Equity attributable to EVN AG shareholders	3,021.8	2,679.5	342.3	12.8	2,783.8
Non-controlling interests	353.5	345.7	7.8	2.3	343.4
	3,375.4	**3,025.3**	**350.1**	**11.6**	**3,127.2**
Non-current liabilities					
Non-current loans and borrowings	1,478.1	1,726.4	–248.3	–14.4	1,702.5
Deferred tax liabilities	251.2	227.1	24.1	10.6	307.1
Non-current provisions	449.1	450.0	–0.9	–0.2	444.8
Deferred income from network subsidies	408.1	397.9	10.2	2.6	379.1
Other non-current liabilities	55.3	63.1	–7.8	–12.3	90.2
	2,641.8	**2,864.5**	**–222.6**	**–7.8**	**2,923.7**
Current liabilities					
Current loans and borrowings	461.8	205.2	256.5	–	17.0
Taxes payable	109.0	63.0	45.9	72.8	58.7
Trade payables	338.8	339.3	–0.5	–0.1	328.7
Current provisions	105.6	120.6	–15.1	–12.5	83.6
Other current liabilities	116.9	113.2	3.7	3.3	156.5
	1,132.1	**841.5**	**290.6**	**34.5**	**644.5**
Total equity and liabilities	**7,149.3**	**6,731.2**	**418.1**	**6.2**	**6,695.4**

Statement of operations

EURm	2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Revenue	802.2	769.2	33.0	4.3	736.0
Other operating income[1]	18.0	19.2	–1.2	–6.2	23.3
Electricity purchases and primary energy expenses	–446.9	–448.5	1.6	0.4	–448.1
Costs of materials and services	–103.3	–64.0	–39.4	–61.6	–64.1
Personnel expenses	–79.2	–81.0	1.8	2.3	–81.6
Other operating expenses	–32.3	–37.8	5.4	14.4	–32.1
EBITDA	**158.4**	**157.2**	**1.3**	**0.8**	**133.5**
Depreciation and amortisation	–54.4	–62.0	7.6	12.3	–45.6
Results from operating activities (EBIT)	**104.1**	**95.1**	**8.9**	**9.4**	**87.9**
Share of profit of equity accounted investees	26.7	7.6	19.1	–	7.7
Gain from other investments	–	–	–	–	–
Interest income	9.3	10.1	–0.9	–8.6	13.9
Interest expense	–18.7	–17.1	–1.6	–9.4	–26.0
Other financial results	–1.2	2.9	–4.0	–	–9.6
Financial results	**16.2**	**3.6**	**12.6**	**–**	**–13.9**
Profit before income tax	**120.3**	**98.7**	**21.6**	**21.8**	**73.9**
Income tax expense	–24.2	–26.9	2.7	10.0	–16.2
Profit for the period	**96.1**	**71.8**	**24.2**	**33.8**	**57.7**
thereof profit attributable to non-controlling interests	8.1	–2.3	10.5	–	2.9
thereof profit attributable to EVN AG shareholders (Group net profit)	87.9	74.2	13.8	18.6	54.8
Earnings per share in EUR[2]	0.51	0.45	0.06	11.5	0.34

1) Change in work in progress and own work capitalized are shown under the operating income as of the fourth quarter of the financial year 2009/10 on; the previous financial year's figures were adjusted accordingly.
2) There is no difference between undiluted and diluted earnings per share.

Statement of comprehensive income

EURm	2010/11 Q. 1	2009/10 Q. 1	Changes nominal	in %	2008/09 Q. 1
Profit for the period	**96.1**	**71.8**	**24.2**	**33.8**	**57.7**
Pre-tax gains (+) or losses (–) recognised directly in equity from					
Currency translation differences from foreign operations	3.0	0.9	2.1	–	–4.1
Net change in fair value of other investments	63.4	–194.1	257.5	–	–424.9
Net change in fair value of cash flow hedges	14.5	17.2	–2.7	–15.9	–44.1
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees	17.5	2.2	15.2	–	–22.9
Total pre-tax gains (+) or losses (–) recognised directly in equity	**98.3**	**–173.8**	**272.1**	**–**	**–496.0**
Income tax expense	–19.5	44.3	–63.7	–	117.3
Total after tax gains (+) or losses (–) recognised directly in equity	**78.9**	**–129.5**	**208.4**	**–**	**–378.7**
Comprehensive income	**174.9**	**–57.6**	**232.5**	**–**	**–321.0**
thereof attributable to non-controlling interests	8.1	–2.3	10.5	–	2.9
thereof attributable to EVN AG shareholders (Group net profit)	166.8	–55.3	222.1	–	–323.9

Statement of changes in equity

EURm	EVN AG shareholders	Non-controlling interests	Total
Balance on 30.9.2009	**2,783.8**	**343.4**	**3,127.2**
Comprehensive income	–55.3	–2.3	–57.6
Payments of nominal capital by non-controlling interests	–	0.8	0.8
Balance on 31.12.2009	**2,728.5**	**341.8**	**3,070.3**
Balance on 30.9.2010	**2,679.5**	**345.7**	**3,025.3**
Capital increase	175.5	–	175.5
Compehensive income	166.8	8.1	174.9
Changes in the scope of consolidation/Other items	–	–0.3	–0.3
Balance on 31.12.2010	**3,021.8**	**353.5**	**3,375.4**

Condensed statement of cash flows

EURm	2010/11 Q. 1	2009/10 Q. 1	Changes nominal	Changes in %	2008/09 Q. 1
Profit before income tax	**120.3**	**98.7**	**21.6**	**21.8**	**73.9**
+ Depreciation and amortisation of intangible assets and property, plant and equipment	54.4	62.0	–7.6	–12.3	45.6
– Non-cash share of income of equity accounted investees	–26.7	–7.6	–19.1	–	–7.4
+/– Other non-cash financial results	0.6	–3.2	3.8	–	5.8
– Release of deferred income from network subsidies	–7.9	–8.0	0.1	1.7	–7.5
–/+ Decrease/Increase in non-current provisions	–0.9	4.8	–5.7	–	–3.9
+/– Other non-cash expenses/gains	0.2	–0.3	0.5	–	1.4
Gross cash flow	**139.9**	**146.4**	**–6.5**	**–4.4**	**107.9**
– Changes in assets and liabilities arising from operating activities	–52.6	–150.1	97.6	65.0	–166.0
– Income tax paid	–3.4	–3.1	–0.3	–9.9	–0.8
Net cash flow from operating activities	**83.9**	**–6.9**	**90.8**	**–**	**–58.9**
– Changes in intangible assets and property, plant and equipment as well as in the acquisition of subsidiaries, net of cash acquired	–63.7	–87.6	24.0	27.4	–61.2
–/+ Changes in financial assets and other non-current assets	–78.5	2.6	–81.1	–	–30.8
–/+ Changes in current securities	–49.2	46.9	–96.1	–	3.4
Net cash flow from investing activities	**–191.3**	**–38.1**	**–153.2**	**–**	**–88.6**
+ Capital increase/Payments of nominal capital by non-conrolling interests	175.5	0.8	174.7	–	–
–/+ Changes in financial liabilities	–7.3	–11.7	4.4	37.8	150.6
Net cash flow from financing activities	**168.2**	**–10.9**	**179.1**	**–**	**147.3**
Net change in cash and cash items	**60.8**	**–55.9**	**116.7**	**–**	**–0.2**
Cash and cash items at the beginning of the period	**89.1**	**113.6**	**–24.5**	**–21.6**	**94.1**
Cash and cash items at the end of the period	**149.9**	**57.7**	**92.2**	**–**	**93.9**

Segment reporting

Segment reporting EURm	Generation 2010/11 Q. 1	Generation 2009/10 Q. 1	Network Infrastructure Austria 2010/11 Q. 1	Network Infrastructure Austria 2009/10 Q. 1	Energy Trade and Supply 2010/11 Q. 1	Energy Trade and Supply 2009/10 Q. 1	Energy Supply South East Europe 2010/11 Q. 1	Energy Supply South East Europe 2009/10 Q. 1
External revenue	5.7	10.1	128.4	122.0	356.4	354.0	205.2	225.8
Intra-Group revenue (between segments)	22.9	32.6	11.6	13.5	12.5	16.3	–	–
Total revenue	**28.6**	**42.7**	**140.0**	**135.6**	**368.9**	**370.3**	**205.2**	**225.8**
Operating expenses	–16.6	–14.2	–65.8	–71.9	–323.9	–328.0	–192.7	–209.6
EBITDA	**11.9**	**28.5**	**74.2**	**63.7**	**45.0**	**42.3**	**12.5**	**16.2**
Depreciation and amortisation	–6.0	–16.1	–24.0	–23.4	–3.3	–3.0	–15.0	–15.5
Results from operating activities (EBIT)	**6.0**	**12.4**	**50.2**	**40.3**	**41.7**	**39.2**	**–2.5**	**0.8**
Financial results	–1.7	0.7	–1.8	–3.3	5.1	4.0	–4.3	–5.3
Profit before income tax	**4.2**	**13.1**	**48.4**	**37.0**	**46.8**	**43.2**	**–6.8**	**–4.5**
Total assets	518.1	459.7	1,666.5	1,565.5	656.6	668.3	1,124.8	1,096.7
Investments[1]	9.8	17.2	20.2	25.6	2.7	5.2	30.0	31.0

	Environmental Services 2010/11 Q. 1	Environmental Services 2009/10 Q. 1	Strategic Investments and Other Business 2010/11 Q. 1	Strategic Investments and Other Business 2009/10 Q. 1	Consolidation 2010/11 Q. 1	Consolidation 2009/10 Q. 1	Total 2010/11 Q. 1	Total 2009/10 Q. 1
External revenue	96.0	48.8	10.6	8.4	–	–	802.2	769.2
Intra-Group revenue (between segments)	4.8	3.2	15.2	15.0	67.0	80.7	–	–
Total revenue	**100.8**	**52.1**	**25.7**	**23.5**	**67.0**	**80.7**	**802.2**	**769.2**
Operating expenses	–84.1	–46.1	–27.1	–22.7	–66.5	–80.4	–643.8	–612.0
EBITDA	**16.7**	**6.0**	**–1.3**	**0.7**	**0.5**	**0.3**	**158.4**	**157.2**
Depreciation and amortisation	–6.1	–3.8	–0.5	–0.4	–0.5	–0.3	–54.4	–62.0
Results from operating activities (EBIT)	**10.5**	**2.2**	**–1.8**	**0.3**	**–**	**–**	**104.1**	**95.1**
Financial results	1.2	4.2	19.4	4.6	1.6	1.3	16.2	3.6
Profit before income tax	**11.8**	**6.3**	**17.6**	**4.9**	**1.6**	**1.3**	**120.3**	**98.7**
Total assets	1,395.3	1,161.7	3,162.1	2,832.0	1,374.2	1,158.4	7,149.3	6,625.5
Investments[1]	16.1	20.6	0.5	0.1	4.5	–	74.7	99.8

1) In intangible assets and property, plant and equipment.

Notes to the Consolidated interim report

Accounting and valuation methods

This Consolidated interim report of EVN AG as at December 31, 2010, taking into consideration § 245a Austrian Commercial Code, was prepared in accordance with the guidelines set forth in the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) 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 2009/10 financial year (balance sheet date September 30, 2010).

The accounting and valuation methods are essentially the same as those applied as at September 30, 2010, with the exception of the consequences of the first-time application of standards and interpretations described below. The preparation of an 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 2010/11 financial year:

Standards and interpretations applied for the first time		Effective[1]
New interpretations		
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2010
IFRIC 17	Distribution of Non-cash Assets to Owners	November 1, 2009
IFRIC 18	Transfers of Assets from Customers	November 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
Revised standards and interpretations		
IAS 10	Events after the Balance Sheet Date	November 1, 2009
IAS 32	Financial Instruments: Presentation	February 1, 2010
IFRS 1	First-time Adoption of International Financial Reporting Standards	November 1, 2009/January 1/July 1, 2010
IFRS 2	Share-based Payments	January 1, 2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	November 1, 2009
IFRS 7	Financial Instruments: Disclosures	July 1, 2010
IFRIC 4	Determining Whether an Agreement Contains a Lease	January 1, 2010
Several	Annual Improvements 2007–2009	January 1, 2010

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

IFRIC 18 deals with the accounting treatment for business transactions in which a company from its customers receives an asset or cash which is then used to acquire or construct such an asset in order to provide the customer with access to a network or with an ongoing supply with goods or services. Construction subsidies received by EVN partly fall under the scope of IFRIC 18. The accounting and valuation methods of EVN are in accordance with IFRIC 18. However, the reversals of deferred income from construction subsidies are currently recognized in other operating income. In the light of the prospective applicability of IFRIC 18 and as a result of the immateriality of the resulting reversals from the new construction subsidies, these reversals of deferred income are not being reclassified as revenue for the time being.

The new interpretations IFRIC 15, 17 and 19 as well as the initial obligatory application of revised standards and interpretations did not have any impact on the Consolidated interim report.

Seasonally-related effects on business operations

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

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 28 domestic and 34 foreign subsidiaries (September 30, 2010: 26 domestic and 34 foreign subsidiaries) were fully consolidated as of December 31, 2010. As at the balance sheet date September 30, 2010, a total of 35 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.

Scope of consolidation	Full consolidation	Proportionate consolidation	Equity method	Total
30.9.2010	**60**	**5**	**15**	**80**
Start-ups	1	–	1	2
Business combination	1	–	–1	–
31.12.2010	**62**	**5**	**15**	**82**
Thereof foreign companies	34	–	5	39

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

With the signing of a share purchase agreement dated December 23, 2010, EVN acquired the remaining 50.0% of the shares in NÖKOM NÖ Telekom Service Gesellschaft m.b.H., Maria Enzersorf, (NÖKOM), which had been previously consolidated at equity. NÖKOM provides telecommunication services to the public sector in Lower Austria.

The following preliminary effects at fair value arise due to the acquisition of NÖKOM and the related initial consolidation in the consolidated statements of financial position:

Impacts of the business combination[1)] EURm	31.12.2010
Non-current assets	5.6
Current assets	5.8
Total assets	**11.4**
Equity	9.5
Non-current liabilities	1.2
Current liabilities	0.6
Total equity and liabilities	**11.4**

1) There were no business combinations in the 2009/10 financial year.

Due to the fact that the acquisition of NÖKOM took place on December 23, 2010, the company does not have a material effect on the revenues and the profit after income tax presented in the Consolidated Interim report. The valuation of the previously held shares at fair value resulted in an earnings effect of EUR +1.3m, which is contained in the share of profit of investments in equity accounted investees.

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

Selected notes to the statements of financial positions

In the first quarter of 2010/11, EVN acquired intangible assets and property, plant and equipment to the amount of EUR 74.7m (previous year: EUR 99.8m). This was in contrast to the disposal of property, plant and equipment at a carrying value of EUR 0.4m (previous year: EUR 0.5m). In this connection, EVN achieved a loss on the disposal of EUR 0.2m (previous year: gain of EUR 0.5m).

The item investments in equity accounted investees increased by EUR 102.2m, or 13.9%, to EUR 836.1m. A total of EUR 59.8m of this increase can be attributed to additional investments related to the payment of equity capital for the power plant projects Ashta in Albania and Walsum in Germany, and for the participation in the capital increase of VERBUND AG together with the syndicate partner Wiener Stadtwerke Holding AG, Vienna, along with the current earnings contribution amounting to EUR 26.7m. In addition, there were changes related to valuation changes not recognised in profit and loss and currency translation differences as well as disposals due to the present full consolidation of NÖKOM.

Other investments totalling EUR 1,141.7m, which are assigned to the category of "available-for-sale", include the shares of listed companies with a market value of EUR 1,118.3m, a rise of EUR 63.4m from the preceding year. The adjustments made to reflect changed market values were allocated to the valuation reserve in accordance with IAS 39 after taking into account the deduction of deferred taxes.

On October 27, 2010, the Executive Board of EVN AG resolved, with the approval of the Supervisory Board, to carry out a capital increase from authorized capital through the issuance of 16,352,582 new ordinary no-par value bearer shares at a subscription ratio of 10:1. The subscription price was set at EUR 11.00 per share, thus leading to total net proceeds from the capital increase of EUR 175.5m after deducting auxiliary costs. The first day of trading the new shares on the Vienna Stock Exchange was November 2, 2010.

The implementation of the capital increase, which was entered into the commercial register on October 30, 2010, raised EVN's share capital from EUR 300.0m, by 10.0%, to EUR 330.0m. Similarly, it also led to an increase in the share premium and capital reserves by EUR 145.5m, to EUR 253.7m.

Following the implemented capital increase, the number of shares in circulation as at the balance sheet date December 31, 2010 amounted to 179,878,402. This included the unchanged amount of 467,328 treasury shares (or 0.26% of the share capital; September 30, 2010: 0.29% of the share capital) with an acquisition value of EUR 7.0m and a market value of EUR 5.8m (September 30, 2010: EUR 5.3m) which were deducted when calculating the earnings per share. This resulted in a weighted average number of shares in circulation of 173,960,213 shares, which are the basis for calculating the earnings per share for the first quarter of 2010/11 (first quarter 2009/10: 162,990,956). 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 20, 2011, approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.40 per share for the 2009/10 financial year, which comprises a total dividend payout of EUR 71.8m, including the shares in the capital increase which are also entitled to dividends.

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

Break-down of non-current loans and borrowings EURm	31.12.2010	30.9.2010
Bonds	591.6	835.3
Bank loans	886.5	891.1
Total	**1,478.1**	**1,726.4**

The EUR bond (term to maturity 2001–2011, nominal value of EUR 262.9m) at an interest rate of 5.25% and a carrying amount of EUR 265.5m as at December 31, 2010 was reclassified as current loans and borrowings due to its upcoming redemption date on December 14, 2011. This was contrasted by the valuation-related increase of the bonds as at the balance sheet date. In the case of hedging transactions, the value of the liabilities is adjusted by the corresponding valuation change of the hedged risk to the extent to which hedge accounting applies, as stipulated in IAS 39. For the most part, this change in the bond liability was offset by the contrary change in the market values of the swaps.

With respect to bank loans, the ongoing, scheduled redemptions amounting to EUR 24.5m were offset by the use of credit lines for the construction of the sodium hypochlorite plant in Moscow and the investment programme in Macedonia.

Selected notes to the statements of operations

The income from investments developed as followed:

Income from investments EURm	2010/11 Q. 1	2009/10 Q. 1
RAG[1]	17.7	1.1
EconGas	5.4	3.5
ZOV; ZOV UIP	1.5	2.1
BEWAG; BEGAS[2]	0.7	0.7
NÖKOM	1.1	–
Other companies	0.3	0.3
Share of profit of equity accounted investees	**26.7**	**7.6**
Gain from other investments	**–**	**–**
Income from investments	**26.7**	**7.6**

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

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. 173,960,213 (December 31, 2009: 162,990,956 shares). This figure may generally be diluted by the existence of so-called potential shares arising from share options or convertible bonds. However, EVN has no such potential shares. Subsequently, there is no difference between basic earnings per share and diluted earnings per share. Calculated on the basis of a Group net profit amounting to EUR 87.9m (December 31, 2009: EUR 74.2m), earnings per share at the balance sheet date December 31, 2010, totalled EUR 0.51 (December 31, 2009: EUR 0.45).

Selected notes to the statements of cash flows

Interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 7.0m (previous year: EUR 8.1m), whereas interest expense was EUR 14.4m (previous year: EUR 15.0m).

Informations on transactions with related parties

In the first quarter of 2010/11, there was a change in the group of related parties compared to the last Annual report due to the acquisition of the remaining 50.0% of the shares in NÖKOM which had previously been consolidated at equity, and its inclusion in the scope of consolidation as a fully consolidated company. Otherwise there were no major changes in the group of individuals and companies who are considered as related parties compared to the Annual report.

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

Transactions with investments in equity accounted investees EURm	2010/11 Q. 1	2009/10 Q. 1
Revenue	70.0	97.3
Cost of materials and services	241.2	210.3
Trade accounts receivable	56.4	85.3[1]
Trade accounts payable	19.1	11.5[1]

1) Value at September 30, 2010.

Other obligations and risks
Other obligations and risks increased by EUR 26.2m compared to September 30, 2010, to EUR 986.7m, primarily as a result of the increase in both the order obligations for investments in intangible assets and property, plant and equipment and the guarantees for subsidiaries in connection with energy business transactions. The increase in guarantees for subsidiaries in connection with energy transactions are the result of an expansion in energy trading at the reporting date.

Contingent liabilities relating to guarantees for subsidiaries in connection with energy transactions, particularly guarantees issued by e&t Handelsgesellschaft mbH, are recognised in the amount of the actual risk to EVN AG. This risk is measured by the changes between the stipulated price and the actual market price. Risks relating to procurement transactions exist in the case of declining market prices, whereas risks concerning sales transactions exist on the basis of increased market prices. Accordingly, the risk can correspondingly change after the balance sheet date due to market price changes. The risk valuation at December 31, 2010 resulted in contingent liabilities of EUR 11.4m (September 30, 2010: EUR 15.9m). The nominal volume of the guarantees underlying this valuation amounted to EUR 391.5m (September 30, 2010: EUR 379.5m).

Significant events after the balance sheet date
The following events of material importance took place between the quarterly balance sheet date of December 31, 2010 and the publication of the Consolidated interim report on February 24, 2010:

Network tariffs for electricity and natural gas are adjusted annually on January 1 by means of a resolution of the E-Control Commission. As at January 1, 2011, the electricity network tariffs were raised by about 1.0% and the natural gas network tariffs for the network level 3 (households and businesses) and for network level 2 (industry and SMEs) were increased by about 10.5% and 11.0% respectively. However, the effects on each customer depend on the particular customer behaviour and technical conditions.

In Macedonia, the adjustment to end customer prices for electricity expected on January 1, 2011, was delayed by the ERC (Energy Regulatory Commission), as it wanted to base this decision on tariffs on the new energy regulations which had not yet been approved by the Macedonian Parliament. On February 3, 2011, the Macedonian Parliament adopted the new Energy Law which fulfils the demands of the Energy Community to establish a liberalised electricity market. From today's perspective, the new tariffs are expected to take effect on March 1, 2011.

The distribution of a dividend of EUR 71.8m or EUR 0.40 per share to the shareholders of EVN AG for the 2009/10 financial year was proposed by both the Executive and the Supervisory Board and approved by the 82nd Annual General Meeting held on January 20, 2011. Ex-dividend day was January 25, 2011, and the dividend payment to shareholders took place on January 28, 2011.

Moreover, in addition to the election of the Supervisory Board, the 82nd Annual General Meeting resolved to reduce the number of capital representatives on the Supervisory Board of EVN AG from 13 to 10 members. Including the reduction of employee representatives the total number of Supervisory Board members was reduced to 15 from the previous level of 20 members.

During its meeting held on January 20, 2011, the Supervisory Board named Peter Layr to serve as the new Spokesman of the Executive Board. It also appointed Stefan Szyszkowitz to the Executive Board of EVN AG for a period of five years, and named Burkhard Hofer as the new Chairman of the Supervisory Board. In order to optimally respond to upcoming challenges, the Supervisory Board also made adjustments to the internal rules of procedure, taking into account the principles of continuity and stability. Therefore the entire energy technology agenda was put in the hands of the Spokesman of the Executive Board. Peter Layr will in the future be responsible for the Network Infrastructure Austria segment and EVN's power generation facilities. Stefan Szyszkowitz will oversee besides the energy economic agenda and the Energy Trade and Supply and Energy Supply South East Europe segments, the business and financial agendas and corporate communications. Herbert Pöttschacher will be responsible for the entire Environmental Services segment in the future.

The EVN share

During the period under review, the global economy further recovered from the international financial and economic crisis. Nevertheless, there will also be considerable differences in growth in the future as well. Whereas the economies in Germany and Austria are expanding, the cyclical development in South East Europe is restrained. Economic forecasts assume that this discrepancy in the business cycle will also continue in the next quarterly periods.

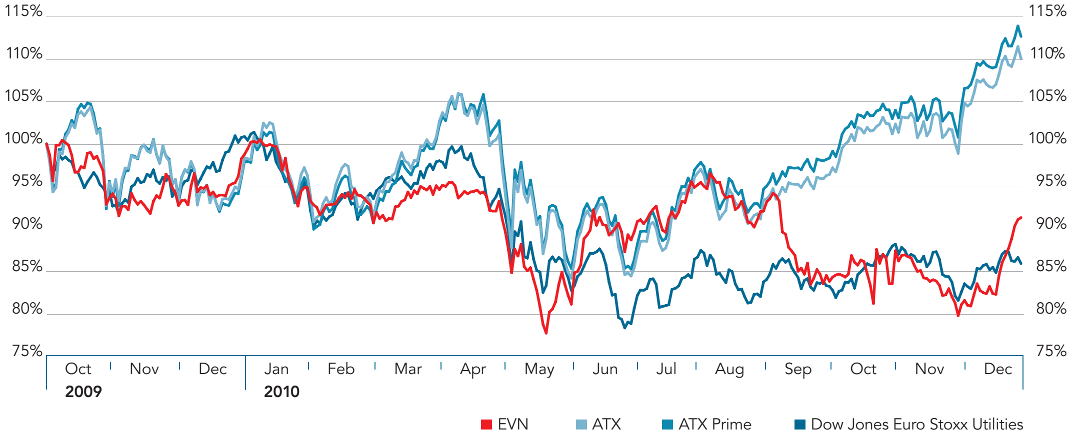
The ongoing challenging situation led national banks to keep their prime interest rates at a low level. A rise in the interest rate level in the Eurozone is first expected at the turn of the year 2011/12.

International stock markets featured a clearly upward trend subject to volatility in the period October to December 2010.

From October 1, 2010 to December 31, 2010, the German share index DAX registered an 11.0% rise in value, whereas the American benchmark index Dow Jones gained 7.3%. The Vienna benchmark index ATX also posted a perceptible recovery of 14.3%. The Dow Jones Euro Stoxx Utilities Index, which is relevant to EVN, only improved by 3.3%. The EVN share also profited from this positive trading environment, and gained 9.1%. As at December 31, 2010, the EVN share traded at EUR 12.49, which corresponds to a market capitalisation of about EUR 2.2bn.

The average daily turnover in EVN shares increased considerably compared to previous comparable periods due to the first-quarter capital increase, and amounted to 258,894 shares (counted once). The total trading volume of EVN shares on the Vienna Stock Exchange was EUR 184m (counted once), which corresponds to 2.01% of total Vienna Stock Exchange trading volume. The weighting of the EVN share on the ATX index was 1.15% as of the end of December 2010.

EVN share price – relative development



EVN share – Index weighting	31.12.2010
ATX	1.15%
WBI (Vienna Stock Exchange Index)	2.43%

EVN share – performance		2010/11 Q. 1	2009/10 Q. 1	2008/09 Q. 1
Share price at the end of December	EUR	12.49	13.15	11.00
Highest price	EUR	12.49	13.74	16.00
Lowest price	EUR	10.90	12.51	10.11
Value of shares traded[1)]	EURm	184	43	46
Average daily turnover[1)]	Shares	258,894	54,971	61,373
Share of total turnover[1)]	%	2.01	0.41	0.45
Market capitalisation at the end of December	EURm	2,246	2,150	1,799

1) Vienna Stock Exchange, counted once.

At the 82nd Annual General Meeting held on January 20, 2011, it was resolved to distribute a dividend of EUR 71.8m or EUR 0.40 per share to the shareholders of EVN AG for the 2009/10 financial year. Ex-dividend day was January 25, 2011, and the dividend payment to shareholders took place on January 28, 2011. Moreover, it was resolved to reduce the number of capital representatives on the Supervisory Board of EVN AG from 13 to 10 members. The total number of Supervisory Board members including employee representatives declined from 20 to 15. Details on the newly elected Supervisory Board can be found at www.evn.at.

On October 27, 2010, the Executive Board of EVN AG resolved, with the approval of the Supervisory Board, to carry out a capital increase from authorized capital through the issuance of 16,352,582 new ordinary no-par value bearer shares at a subscription ratio of 10:1. The implementation of the capital increase raised EVN's share capital from EUR 300.0m by 10.0% to EUR 330.0m. The subscription price was set at EUR 11.00 per share, and the subscription period for shareholders lasted between October 29, 2010 and November 12, 2010. Net proceeds from the capital increase amounted to EUR 175.5m, which is designed to strengthen the balance sheet and support the credit ratings of EVN, as well as to finance investments in renewable energy projects in Lower Austria and the expansion of hydropower energy capacities in other regions of Austria and in neighbouring countries.

In the first quarter of 2010/11, there was a change in the shareholder structure of EVN AG. The majority shareholder NÖ Landes-Beteiligungsholding GmbH continues to hold a 51.0% stake in EVN AG. The stake owned by the second largest shareholder, EnBW Energie Baden-Württemberg AG, was diluted from 35.7% to 32.5%. The remaining 16.5% is in free float.

Financial calendar[1)]

Results HY. 1 2010/11	May 26, 2011
Results Q. 1–3 2010/11	August 25, 2011
Annual results 2010/11	December 15, 2011

1) Preliminary.

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

EVN AG

EVN Platz
2344 Maria Enzersdorf
Phone +43 2236 200-0
Fax +43 2236 200-2030

Investor Relations
Klára Székffy
Phone +43 2236 200-12745
Fax +43 2236 200-82745
investor.relations@evn.at

Online letter to shareholders
http://www.financialreport.evn.at/?report=EN2011-Q1

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