Letter to Shareholders

HY. 1 2010/11
October 1, 2010 – March 31, 2011

Revenue +0.3% (1,629.7 EURm)
EBITDA +3.6% (324.1 EURm)
EBIT +1.4% (197.2 EURm)
Group net profit –11.7% (184.0 EURm)
Gross cash flow +1.9% (294.5 EURm)

– Cold winter in Austria once again
– Successful end to court proceedings with the state-owned company ELEM in Macedonia
– Construction of the last part of the southern section of the 120 km trans-regional natural gas pipeline "Südschiene"
– Construction commences on two additional wind farms in Lower Austria
– First projects for the Environmental Services segment in Romania
– Outlook for 2010/11: Operating result at the prior-year level, Group net profit below the previous year

EVN

Key figures

		2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Sales volumes							
Electricity generation volumes	GWh	2,085	2,541	–18.0	896	1,336	–33.0
Electricity sales volumes to end customers	GWh	11,291	11,075	1.9	5,978	5,853	2.1
Natural gas sales volumes to end customers	GWh	5,552	5,396	2.9	2,973	3,141	–5.4
Heat sales volumes to end customers	GWh	1,371	1,280	7.1	739	720	2.7
Statement of operations							
Revenue	EURm	1,629.7	1,625.1	0.3	827.5	855.9	–3.3
EBITDA	EURm	324.1	312.9	3.6	165.7	155.8	6.4
EBITDA margin	%	19.9	19.3	0.6	20.0	18.2	1.8
Results from operating activities (EBIT)	EURm	197.2	194.4	1.4	93.1	99.3	–6.2
EBIT margin	%	12.1	12.0	0.1	11.3	11.6	–0.3
Profit before income tax	EURm	246.7	266.1	–7.3	126.5	167.4	–24.4
Group net profit	EURm	184.0	208.5	–11.7	96.1	134.3	–28.5
Statement of financial position							
Total assets	EURm	7,356.7	6,836.1	7.6	7,356.7	6,836.1	7.6
Equity	EURm	3,540.2	3,109.7	13.8	3,540.2	3,109.7	13.8
Equity ratio	%	48.1	45.5	2.6	48.1	45.5	2.6
Net debt	EURm	1,341.7	1,514.2	–11.4	1,341.7	1,514.2	–11.4
Gearing	%	37.9	48.7	–10.8	37.9	48.7	–10.8
Return on Equity (ROE)	%	6.1	6.9	–0.8	3.1	4.6	–1.5
Return on Capital Employed (ROCE)	%	4.4	4.8	–0.5	2.1	2.9	–0.8
Cash flow and investments							
Gross cash flow	EURm	294.5	288.9	1.9	154.6	142.5	16.1
Investments[1]	EURm	144.7	171.6	–15.7	69.9	71.8	–2.5
Employees							
Number of employees	Ø	8,319	8,619	–3.5	8,242	8,546	–3.6
thereof Austria	Ø	2,547	2,552	–0.2	2,541	2,543	–0.1
thereof abroad	Ø	5,772	6,067	–4.9	5,701	6,002	–5.0
Share							
Earnings	EUR	1.04	1.27	–18.3	0.54	0.82	–33.8

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

Content

Dear shareholders!


Stefan Szyszkowitz, Peter Layr and Herbert Pöttschacher

In the first half of the 2010/11 financial year, EVN achieved good business results due to the positive economic environment but despite the ongoing unfavourable influencing factors in the energy sector. During the period under review (October 1, 2010 to March 31, 2011), we were able to slightly increase revenue by 0.3% to EUR 1,629.7m, in which case the decline in the energy business was compensated by revenue growth in the Environmental Services segment. The results from operating activities improved by 1.4%, to EUR 197.2m. The financial results amounted to EUR 49.6m, or EUR 22.1m below the prior-year level. This is due to the fact that the ongoing very positive development of equity accounted investees could not offset the significant drop in the gain from other investments. Compared to the extremely successful first half-year 2009/10, these developments combined with a higher profit attributable to non-controlling interests led to a decrease in the Group net profit by 11.7%, to EUR 184.0m.

Significant progress was made within the framework of the "roadmap" settled between the Macedonian government and EVN in 2010. The Macedonian Parliament approved a new energy law on February 3, 2011, which fulfilled the demands of the Energy Community to establish a liberalised electricity market. On March 1, 2011, the end customer prices for electricity in Macedonia were raised by about 5.5%, of which 89.6% is attributable to EVN Macedonia. On March 30, 2011, court proceedings pending since 2008 between the state-owned company ELEM and EVN Macedonia were ended by a settlement. Based on an advisory opinion, the two parties will equally share future proceeds from collecting customer receivables resulting from the period before the takeover by EVN. Furthermore, EVN Macedonia will pay EUR 3.0m to ELEM from customer receivables which have already been collected, and also transfer EUR 19.5m of customer debt to ELEM which has been irrecoverable up until now. In addition, the unresolved issues with respect to the investment obligations agreed upon in 2006 have been clarified. In Bulgaria, an impairment loss of EUR 11.1m was reported for TEZ Plovdiv, which is related to the continuing disadvantageous regulations in the heating sector imposed by the regulatory authority.

Following the required repair of damage to the boiler at the coal-fired power plant in Duisburg-Walsum, the technical commissioning began. However, due to a recurrence of damage, a further delay in the launch of operations of the power station is expected.

In the second quarter of 2010/11, work began on two wind parks in Markgrafneusiedl and Tattendorf, with a total investment of EUR 57.0m. With a total output of its nine wind farms of 260 MW, EVN will supply electricity to about 166,000 households. Therewith EVN is added to the largest windpower producer in Austria. During the period under review, construction work commenced on the last part of the southern section of the 120 km "Südschiene" trans-regional high-pressure natural gas transport pipeline in Lower Austria, featuring investments of EUR 114.0m, as well as on the 150 km western section "Westschiene" involving total investments of EUR 150m.

EVN now operates in 20 countries thanks to its being awarding a contract to expand and modernise two wastewater purification plants in Romania. In a consortium with a domestic partner, EVN has been commissioned to construct the turn-key facilities for 29,400 population equivalents in a period of 21 months.

From today's perspective and considering EVN's performance in the first half of 2010/11, we expect the results from operating activities for the entire 2010/11 financial year to match the previous year's performance, despite the ongoing difficult and uncertain overall business and energy sector environment, rising primary energy prices and continuing lower wholesale prices on forward markets in the electricity segment. The Group net profit for 2010/11 as a whole will likely be below the comparable prior-year figure.

Maria Enzersdorf, May 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	1.6	1.9	2.1
Austria[1)]	2.1	–3.9	2.0	2.5	2.0
Bulgaria[1)]	6.0	–4.9	0.2	2.5	4.5
Albania[1)]	6.0	3.3	4.0	5.0	5.0
Croatia[1)]	2.4	–5.8	–1.4	1.0	2.0
Macedonia[2)]	5.0	–0.8	0.5	2.0	3.0

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

Compared to the beginning of the year, the expectations for GDP growth in the EU in 2011 were revised upwards by 0.3 percentage points to 1.9%. The 2012 forecast of 2.1% growth remains unchanged. The Austrian economy is now expected to expand by 2.5% in 2011, up 0.5 percentage points from the original predictions, and grow by 2.0% in 2012.

In contrast, the expectations for GDP growth in Central and South East Europe are much more optimistic than at the beginning of the year. Bulgaria's GDP development is predicted to be 2.5% and 4.5% for the years 2011 and 2012 respectively. Forecasts for the Macedonian economy remain unchanged, at 2.0% and 3.0% respectively for 2011 and 2012. The performance of the Croatian economy will be weaker, expanding by only 1.0% and 2.0% in the same period. Economic growth is expected to be particularly high in Albania, with experts foreseeing GDP growth of 5.0% over each of the next two years.

Energy sector environment

		2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Temperature-related energy demand[1)]	%						
Austria		106.1	104.2	1.9	99.7	106.5	–6.8
Bulgaria		81.4	82.5	–1.1	89.5	92.6	–3.1
Macedonia		99.6	94.0	5.6	104.9	93.4	11.5
Primary energy and CO_2 certificates							
Crude oil – Brent	EUR/bbl	70.76	53.59	32.0	77.05	56.02	37.5
Natural gas – GIMP	EUR/MWh	23.77	20.34	16.9	26.01	21.61	20.4
Coal – API#2[2)]	EUR/t	83.84	62.38	34.4	88.87	67.87	30.9
CO_2 certificates (2nd period)	EUR/t	15.21	13.49	12.8	15.38	13.09	17.5
Electricity – spot market							
EEX[3)] base load	EUR/MWh	51.67	39.91	29.5	51.85	41.06	26.3
EEX peak load	EUR/MWh	63.00	51.96	21.2	61.91	50.78	21.9
Electricity – forward market[4)]							
EEX base load	EUR/MWh	51.71	54.65	–5.4	52.33	51.44	1.7
EEX peak load	EUR/MWh	67.73	77.51	–12.6	67.29	72.14	–6.7

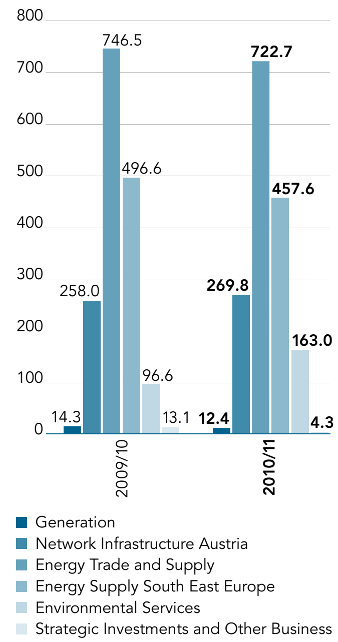
1) Calculated according to the heating degree total; in Austria the basis (100%) corresponds to the long-term average value from 1997 until 2006; in Bulgaria it corresponds to the long-term average value from 2004 until 2007 and in Macedonia to the long-term average value from 2001 until 2009; changes 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 March 2011, European wholesale prices for electricity as well as for CO_2 certificates were above the previous year's levels due to the positive economic development. Accordingly, spot market prices for base load and peak load electricity were up 29.5% and 21.2% on average from the low prior-year level. The valid forward prices for electricity increased in the second quarter of 2010/11, but were still below the prices prevailing in the preceding year.

Oil prices in euros increased by 32.0% year-on-year as a result of rising demand in the emerging markets, particularly China and India, as well as the limited supply. Gas prices rose 16.9% from the previous year, whereas coal prices climbed 34.4%.

Revenue by segments[1)] HY. 1

in EURm



1) External revenue

Business development

Statement of operations

In the first half-year 2010/11, EVN generated a slight increase in total revenue of 0.3%, or EUR 4.6m, to EUR 1,629.7m despite the ongoing difficult business environment. The revenue decline in the Generation segment and Energy Trade and Supply segment as well as in the Energy Supply South East Europe segment – the latter relating to the changed reporting of revenue in Bulgaria – was compensated by significant revenue growth in the Environmental Services segment as well as by network tariff increases for gas and higher electricity distribution volumes in the Network Infrastructure Austria segment.

The revenue generated outside of Austria rose by 4.3%, or EUR 24.1m, to EUR 582.1m, and thus corresponded to a 35.7% share of total Group revenue (previous year: 34.3%).

The costs for "Electricity purchases and primary energy expenses" fell by 4.7%, or EUR 46.1m, to EUR 930.0m in the first half of 2010/11. This development is due to the slightly lower electricity procurement prices in Austria and the changed reporting of this item 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 significantly higher volume in the international project business led to a rise in the cost of materials and services by 50.4%, or 60.3m, to EUR 180.0m during the period under review.

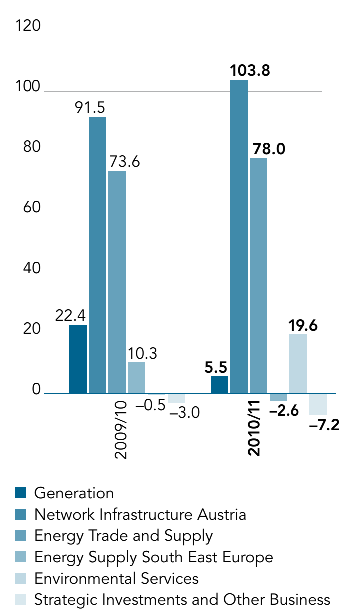
In the first half of 2010/11, the average number of employees fell by 3.5% compared to the prior-year period, or 300 people, to 8,319 employees. This development was related to efficiency enhancement measures in the Energy Supply South East Europe segment, which led to a reduction in the workforce of 295 employees. The decline in the average number of staff was reflected in the lower personnel expenses, which fell by 1.0%, or EUR 1.7m, to EUR 160.2m, and could offset the contractually stipulated wage and salary increases mandated by collective wage agreements.

Other operating expenses fell by 18.9%, or EUR 16.5m, to EUR 70.5m. This was mainly attributable to the lower level of write-offs on receivables in South East Europe. Furthermore, the Environmental Services segment was negatively influenced in the previous year by having to write off a total of EUR 3.3m in receivables.

On balance, these developments led to an EBITDA increase in the period under review of 3.6%, or EUR 11.2m, to EUR 324.1m. The EBITDA margin improved from the prior-year level of 19.3% to 19.9% in the first half-year 2010/11.

EBIT by segments HY. 1

in EURm



The completion of several construction projects in the 2009/10 financial year, including the expansion 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 natural gas transport pipeline resulted in an increase in scheduled depreciation and amortisation of 1.3%, or EUR 1.5m, to EUR 109.3m. However, due to the ongoing disadvantageous regulations in the heating sector imposed by the regulatory authority in Bulgaria, an impairment loss amounting to EUR 9.2m was reported for goodwill at TEZ Plovdiv and EUR 1.9m for property, plant and equipment. Moreover, an impairment loss of EUR 6.6m was carried out for the Plovdiv power plant site, due to the fact that construction on a planned gas-fired power plant was not begun due to the delay in the electricity market liberalisation. In contrast, 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. All in all, depreciation and amortisation rose by 7.1%, or EUR 8.4m, to EUR 127.0m.

EBIT could be improved by 1.4%, or EUR 2.8m, to EUR 197.2m. Accordingly, the EBIT margin rose from 12.0% in the previous year to 12.1% in the reporting period. Detailed information on the development of EBIT in the individual segments can be found in the section starting on page 9.

The financial results in the first half of 2010/11 fell by 30.9%, or EUR 22.1m, to EUR 49.6m. In this case, the higher income from investments in equity accounted investees, which rose by EUR 16.0m to EUR 45.7m, especially from RAG, could not compensate for the declining gain from other investments of EUR 24.5m, in particular the lower dividend paid by VERBUND AG. Moreover, the increase in the interest expense by 12.5%, or EUR 4.2m, due to the lower capitalisation of construction period interest related to the completion of investment projects along with the higher interest rates, had a negative effect on the financial results. The other financial result was down from EUR 2.8m in the prior-year period to EUR –1.9m in the first half of 2010/11.

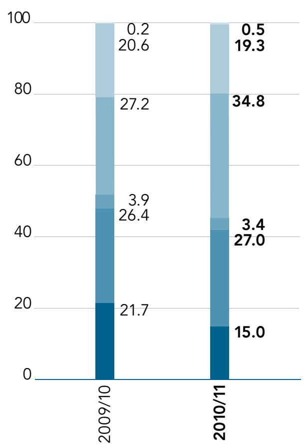
These developments led to a profit before income tax of EUR 246.7m, comprising a decrease of 7.3%, or EUR 19.4m compared to the prior-year period. Taking account of the lower income tax, which fell by 10.0%, the profit for the period after the income tax expense was down 6.6%, or EUR 14.3m, to EUR 201.5m. In addition to the higher share of the profit attributable to non-controlling interests, this development resulted in a Group net profit for the period of EUR 184.0m, a decline of 11.7% or EUR 24.5m from the comparable figure in the first half of 2009/10.

Statement of cash flows

In the first half of 2010/11, the gross cash flow amounted to EUR 294.5m, up 1.9% or EUR 5.6m from the prior-year level despite a lower profit before income tax. This development was primarily due to higher depreciation and amortisation, and the lower non-cash items in the financial results.

Structure of investments HY. 1

in %



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

The net cash flow from operating activities could be significantly increased, by EUR 144.1m to EUR 221.3m. This improvement was based on the lower increase of working capital compared to the previous year, the lower increase in current receivables at the balance sheet date compared to the previous year, as well as a rise in current liabilities.

Due to higher overall investments, the net cash flow from investing activities totalled EUR –253.3m, a much more negative figure from the comparable level of EUR –90.4m 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 to EUR 105.9m, a drop of 29.9% or EUR 45.3m from the comparable amount of EUR 151.2m in the prior-year period, had the opposite effect.

The net cash flow from financing activities of EUR 73.8m was primarily affected by the capital increase of EVN AG in the first quarter of 2010/11, as well as the dividend distributed to shareholders of EVN AG totalling EUR 71.8m.

On balance, the above-mentioned developments resulted in a positive cash flow of EUR 41.8m in the first six months of the 2010/11 financial year, compared to EUR 97.8m in the previous year. As a result, the Group's cash and cash equivalents increased to EUR 130.8m (previous year: EUR 211.4m). In addition, as at the reporting date of March 31, 2010, funds arising from current investments in securities, primarily cash funds, totalled EUR 275.0m (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

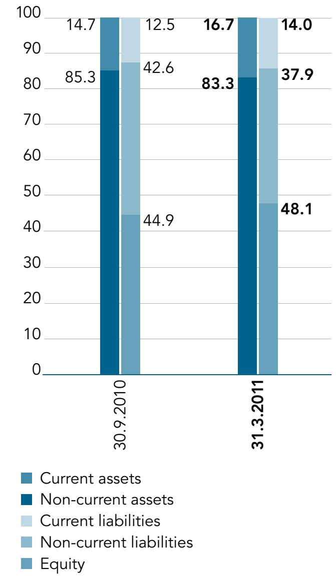
At EUR 7,356.7m, EVN's total assets in the first half of 2010/11 rose by 9.3%, or EUR 625.5m compared to the last balance sheet date at September 30, 2010.

Non-current assets rose by 6.8%, or EUR 388.1m, to EUR 6,130.2m, but its share of total assets fell from 85.3% to 83.3% due to the even higher rise in current assets. This development is primarily related to the increase in the valuation of the investments in equity accounted investees due to their ongoing earnings contributions, in particular from RAG, as well as the capital contributions within the framework of the Walsum, Devoll and Ashta power plant projects and EVN's participation in the capital increase of VERBUND AG to the amount of EUR 30.2m. Accordingly, this balance sheet item increased by 18.5%, or EUR 135.7m, to EUR 869.7m. Furthermore, the value of other investments rose by 18.9%, or EUR 203.2m, to EUR 1,281.0m, which can be mainly attributed to the positive market valuation change of EVN's shareholding in VERBUND AG. Other assets rose by 4.9%, or 36.4m, to EUR 781.2m, which is primarily the result of increased lease receivables in connection with BOOT projects in the Environmental Services segment.

The considerable increase in current assets by 24.0%, or EUR 237.5m, to EUR 1,226.5m, is due to the seasonally-related increase in receivables from the energy business as well as the higher level of cash and cash equivalents, which in turn is due to the fixed-term deposits at banks. As a result, the share of current assets as a percentage of total assets climbed from 14.7% to 16.7%.

Balance sheet structure

in %



Equity in the first half-year 2011/11 rose by 17.0% compared to the balance sheet date of September 30, 2010, or EUR 514.9m, to EUR 3,540.2m. The increase in equity can be attributed to the additional equity capital of EUR 175.5m arising as a consequence of the capital increase, the profit for the period after the income tax expense in the first two quarters of the 2010/11 financial year as well as the positive valuation of EVN's shareholding in VERBUND AG. As at the balance sheet date of March 31, 2011, the equity ratio was 48.1% (September 30, 2010: 44.9%). Net debt of EUR 1,341.7m corresponded to a gearing of 37.9%.

Non-current liabilities were reduced by 2.6%, or EUR 74.5m, to EUR 2,789.9m. This development is primarily related to the reclassification of a EUR bond of EUR 258.9m scheduled for redemption in December 2011 to current loans and borrowings, in contrast to the extension of a loan amounting to EUR 170.8m which would have been due on February 28, 2011, which was thus reclassified as non-current loans and borrowings. This item also includes deferred tax liabilities, which rose by 24.8%, or EUR 56.3m, to EUR 283.4m due to the change in the market valuation of EVN's shareholding in VERBUND AG. However, the reduction in non-current loans and borrowings was more moderate, as a consequence of the higher deferred income from network subsidies, which rose by 4.2%, or EUR 16.6m, to EUR 414.5m.

On balance, current loans and borrowings climbed by 22.0%, or EUR 185.1m, to EUR 1,026.6m. The above-mentioned reclassification of the EUR bond to current loans and borrowings, which resulted in a corresponding increase in this item of EUR 258.9m, was in contrast to the extension of a loan totalling EUR 170.8m due on February 28, 2011. In addition, the change in current taxes payable by EUR 58.6m and that of other current liabilities by EUR 55.9m were responsible for the increase in the total sum of current loans and borrowings.

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

In order to evaluate the risks and uncertainties which could potentially influence EVN's business development over the remaining six months of the current financial year, it is important to note that the risk profile has not fundamentally changed since the end of the previous financial year ending September 30, 2010.

Risk profile

Risk in the energy business

Market risks faced by EVN in the energy business relate to the commercial realisation of electricity, gas, coal and CO_2. Profit margin risks can arise in the marketing of electricity, gas and heat as well as disadvantageous procurement prices for primary energy sources. Hedging strategies such as the diversification of customer segments, the longer-term marketing of power plant capacities as well as fixed pricing agreements minimise risks.

As a consequence of uncertainties in North Africa as well as the events which took place in Japan, overall uncertainty on the energy markets has increased. For example, this was demonstrated by significant price hikes on electricity markets in March 2011, as well as oil price rises. However, the medium- to long-term development of market risks for EVN will primarily depend on the energy policy and the resulting long-term development of the energy mix, for example the pending decision in Germany on extending the life span of nuclear power plants.

Risk in the Environmental Services segment

In the Environmental Services segment, the EVN Group considers risks to refer to potential breakdowns of waste incineration facilities as well as disruptions in wastewater treatment systems or in supplying drinking water. EVN applies state-of-the-art technologies and continually implements upgrades to incorporate the best available technologies. Moreover, project risks in this segment related to the underlying business model are minimised by the consistent application of modern risk management methods.

Financial risks

EVN counteracts interest rate, exchange rate and market price risks with a comprehensive treasury strategy and related organisational and methodological rules, including the use of derivative hedging instruments. Credit risks are managed on the basis of credit limit management systems as well as a targeted strategy to diversify business partners. Regular liquidity analysis, long-term, centrally managed financial planning and the safeguarding of the required financial resources enable EVN to counteract liquidity risks.

Political and legal risks

Political and legal risks primarily arise as a result of regulations imposed by regulatory authorities, the influence exerted by public authorities on large projects and tougher environmental protection laws. Moreover, changing legal conditions in foreign markets also pose a major challenge, which is overcome by cooperating with local, regional, national and international authorities and interest groups. Legal and political influences are reduced by concluding strategic partnerships for large projects, in which case liability rights and rights of recourse are ensured on the basis of corporate law. Legal and litigation risks for the Group could be minimised in March 2011 as a result of the settlement reached in connection with court proceedings pending since 2008 between the state-owned ELEM in Macedonia and EVN Macedonia. This settlement can be seen as a further positive step to resolve the open issues between the Macedonian government and EVN within the context of the "roadmap".

Overall risk profil

EVN will optimise its risk profile based on the Group strategy to primarily focus on strengthening its core business in the home market in the years to come. In this regard, risks can arise as a result of the company's business operations on its domestic market, the existing business areas in South East European and selected growth projects. In the light of a volatile business environment, EVN has identified no risks that could jeopardise the EVN Group as a going concern.

Segment development

Overview

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

Due to a re-assignment the subsidiaries first facility GmbH, V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. as well as Allplan Gesellschaft m.b.H. previously included in the Strategic Investments and Other Business segment relate to different segments from now onwards. The results of first facility GmbH and Allplan Gesellschaft m.b.H. are now shown in the segment Energy Trade and Supply and the result of V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. is assigned to the segment Network Infrastructure Austria. The previous year figures are not adopted due to IFRS-inessentiality.

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 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Electricity generation volumes	**2,085**	**2,541**	**–18.0**	**896**	**1,336**	**–32.9**
Thermal energy sources[1]	1,474	1,957	–24.6	586	1,042	–43.8
Renewable energy sources[2]	610	585	4.3	309	294	5.1
Network distribution volumes						
Electricity	11,629	11,411	1.9	6,181	6,018	2.7
Natural gas	11,891	13,440	–11.5	5,644	7,109	–20.6
Energy sales volumes to end customers						
Electricity	**11,291**	**11,075**	**1.9**	**5,978**	**5,853**	**2.1**
thereof Central and Western Europe[3][4]	3,865	3,702	4.4	1,915	1,895	1.1
thereof South East Europe	7.426	7.374	0.7	4.063	3.958	2.7
Natural gas	**5,552**	**5,396**	**2.9**	**2,973**	**3,141**	**–5.3**
Heat	**1,371**	**1,280**	**7.1**	**739**	**720**	**2.6**
thereof Central and Western Europe[3]	1,176	1,067	10.2	620	593	4.6
thereof South East Europe	195	212	–8.2	119	126	–5.6

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) Central- and Western Europe includes Austria and Germany.
4) Incl. energy sales to the Network Infrastructure Austria segment for network losses.

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 from the utilisation of its power generation capacities by the Energy Trade and Supply segment in return for the marketing of the power generation. 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 conclusion 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 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Key energy business indicators	GWh						
Electricity generation volumes[1]		**1,875**	**2,360**	**–20.6**	**783**	**1,336**	**–41.4**
thereof thermal energy sources		1,361	1,832	–25.7	523	971	–46.1
thereof renewable energy sources		514	527	–2.6	260	265	–1.9
Key financial indicators	EURm						
External revenue		12.4	14.3	–13.0	6.9	4.2	65.0
Internal revenue		36.4	55.2	–34.1	13.3	22.6	–41.1
Total revenue		**48.8**	**69.5**	**–29.8**	**20.2**	**26.8**	**–24.6**
Operating expenses		–31.3	–24.8	–26.5	–14.7	–10.6	–38.9
EBITDA		**17.4**	**44.7**	**–61.0**	**5.5**	**16.2**	**–66.1**
Depreciation and amortisation		–11.9	–22.3	46.5	–6.0	–6.2	3.4
Results from operating activities (EBIT)		**5.5**	**22.4**	**–75.5**	**–0.5**	**10.0**	**–**
Financial results		–3.2	–1.4	–	–1.5	–2.1	28.7
Profit before income tax		**2.3**	**21.1**	**–89.3**	**–2.0**	**7.9**	**–**
Total assets		505.5	448.9	12.6	505.5	448.9	12.6
Investments[2]		25.5	38.2	–33.4	15.7	21.0	–25.5

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 1,875 GWh in the first half-year 2010/11, a drop of 20.6% or 485 GWh, which is mainly attributable to the lower power generating volumes at EVN's own thermal power stations, which fell by 25.7%, or 472 GWh, to 1,361 GWh. Electricity generation from renewable energy sources fell slightly by 2.6%, or 13 GWh, to 514 GWh.

In the first half of the 2010/11 financial year, the total coverage ratio of electricity from own production amounted to 18.5% (previous year: 22.9%). 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 in the EVN Group totalled 53.9% (previous year: 68.7%) excluding the energy sales in the Energy Supply South East Europe segment.

The revenue of the thermal power stations clearly fell because the period used for determining the option value of the power stations was characterised by unfavourable market prices. The lower sales prices for electricity generated by hydropower as well as the lower level of internal revenue also contributed to the revenue decline. On balance, revenue of the Generation segment was EUR 48.8m, a drop of 29.8% or EUR 20.7m.

Operating expenses increased, which is mainly related to the higher personnel expenses and higher other operating costs. In turn, this led to a correspondingly significant decline in EBITDA, which fell 61.0%, or EUR 27.3m, to EUR 17.4m. EBIT amounted to EUR 5.5m in the first half of 2010/11, down 75.5% or EUR 16.9m from the prior-year level, which has been burdened by the one-off effect of an impairment loss of EUR 10.7m for the wind park in Kavarna. The declining financial results further aggravated this negative development of the segment, leading to a profit before income tax of EUR 2.3m, a drop of 89.3%, or EUR 18.8m.

In February 2011, the first turbine of the Schütt small-scale hydropower station began trial operations. Following completion, the facility will boast an output of 1,980 kW and will provide environmentally-friendly energy to about 2,700 households. The investment costs amounted to approximately EUR 9.5m. Furthermore, work commenced to reconstruct the small hydropower plant in Schaldorf. The facility will generate about 5.4 GWh of electricity, thus supplying the needs of some 1,500 households. The plant is expected to come on stream in the spring of 2012.

The second quarter also marked the commencement of work on the new wind park projects in Markgrafneusiedl and Tattendorf. The Markgrafneusiedl wind park with a total output of 18 MW contains nine wind turbines and will feed electricity for about 12,000 households into the power grid. Completion of the wind park is scheduled for the summer of 2011. Total investment volume amounts to about EUR 30.0m. Eight wind turbines with a total output of 16 MW are planned in Tattendorf, enabling about 10,000 households to be supplied with electricity. It is expected to come on stream in the late fall of 2011. The project involves investments amounting to about EUR 27.0m.

Investments during the reporting period were down by 33.4% to EUR 25.5m (previous year: EUR 38.2m). In the first half of 2010/11, the primary focus was on revitalisation work at the Schütt hydropower plant, construction of the small-scale hydropower station in Schaldorf, and 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 accounted investees included NÖKOM will be fully consolidated as of the acquisition of the remaining 50.0% interest in NÖKOM in December 2010. From now onwards the subsidiary V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. previously included in the Strategic Investment and Other Business segment is assigned to this segment. The previous year figures are not adopted due to IFRS-inessentiality. 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 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Key energy business indicators	GWh						
Network distribution volumes							
Electricity		4,132	3,985	3.7	2,085	2,029	2.8
Natural gas		11,891	13,440	–11.5	5,644	7,109	–20.6
Key financial indicators	EURm						
External revenue		269.8	258.0	4.6	141.4	136.0	4.0
Internal revenue		23.0	29.7	–22.3	11.5	16.1	–29.0
Total revenue		**292.9**	**287.7**	**1.8**	**152.9**	**152.1**	**0.5**
Operating expenses		–140.5	–149.0	5.7	–74.7	–77.1	3.1
EBITDA		**152.4**	**138.7**	**9.8**	**78.2**	**75.0**	**4.2**
Depreciation and amortisation		–48.5	–47.2	–2.8	–24.5	–26.9	8.7
Results from operating activities (EBIT)		**103.8**	**91.5**	**13.5**	**53.7**	**51.2**	**4.7**
Financial results		–5.0	–6.3	21.2	–3.2	–3.1	–2.5
Profit before income tax		**98.9**	**85.2**	**16.1**	**50.5**	**48.2**	**4.9**
Total assets		1,649.7	1,624.0	1.6	1,649.7	1,624.0	1.6
Investments[1]		39.1	45.3	–13.7	18.9	19.6	–3.7

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, 2011, the electricity network tariffs were increased by 1.0% on average (they were reduced by 2.0% as at January 1, 2010), and the natural gas network tariffs were raised by an average of 10.6% (compared to the increase of 8.2% effective January 1, 2010). Network distribution volumes in the first half of 2010/11 did not develop uniformly. Due to the economic upswing, network distribution volume for electricity rose by 3.7%, or 147 GWh, to 4,132 GWh. In contrast, despite the temperature-related increase in energy consumption, the reduced use of EVN's own thermal power stations led to an overall drop in the natural gas distribution volume of 11.5%, or 1,549 GWh, to 11,891 GWh.

The increase in the network distribution volume for electricity and the upward tariff adjustment for the gas network more than compensated for the decline in the natural gas distribution volume. Accordingly, total network revenue was up 3.6%, or EUR 8.4m, to EUR 244.1m. In spite of the revenue drop in the cable TV and telecommunications business, the Network Infrastructure Austria segment posted an overall 1.8% rise in revenue, or EUR 5.2m, to EUR 292.9m.

Total operating expenses could be reduced by 5.7% from the previous period, or EUR 8.5m. This development is primarily due to lower costs for network losses and balance energy related to declining market prices for electricity as well as lower personnel expenses. EBITDA improved by 9.8% from the previous year's level, or EUR 13.6m, to EUR 152.4m. Taking slightly higher depreciation and amortisation into account, EBIT rose by 13.5%, or EUR 12.3m, to EUR 103.8m.

The decrease in the financial results based on a higher income from investments and lower financing costs for the network infrastructure led to a profit before income tax of EUR 98.9m, up 16.1% or EUR 13.7m from the prior-year level.

Investment activity was dominated by 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 (total length: 120 km) was put into operation at the end of September 2010. During the period under review, construction work was done on the last two sections with a length of 26 km and 3 km respectively, entailing investments of EUR 6.6m in the first half-year 2010/11. In the second quarter of the 2010/11 financial year, preparatory work was commenced for construction of the western section of the trans-regional natural gas transport pipeline with a length of 143 km. Pre-construction costs totalled EUR 2.6m in the first half of 2010/11. A total of EUR 5.6m was invested in network modernisation and expansion for the cable TV and telecommunications business. On balance, investments in the Network Infrastructure Austria segment amounted to EUR 39.1m in the first half of 2010/11, a decline of 13.7% from the comparable period of the previous financial year.

Energy Trade and Supply

The Energy Trade and Supply segment encompasses mainly in the Austrian domestic market 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 production and sale of heating. In addition, the international facility management of the 100%-subsidiary first facility GmbH as well as the results of Allplan Gesellschaft m.b.H., which were previously included in the Strategic Investments and Other Business segment are now assigned to this segment from now onwards. The previous year figures are not adapted due to IFRS-inessentiality.

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

Key indicators		2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Key energy business indicators	GWh						
Energy sales volumes to end customers							
Electricity		3,864	3,701	4.4	1,914	1,894	1.1
Natural gas		5,552	5,396	2.9	2,973	3,141	–5.3
Heat		1,176	1,067	10.2	620	593	4.6
Key financial indicators	EURm						
External revenue		722.7	746.5	–3.2	366.3	392.6	–6.7
Internal revenue		25.7	25.4	1.2	13.2	9.1	44.8
Total revenue		**748.4**	**772.0**	**–3.1**	**379.5**	**401.7**	**–5.5**
Operating expenses		–663.6	–692.2	4.1	–339.7	–364.2	6.7
EBITDA		**84.8**	**79.7**	**6.4**	**39.8**	**37.5**	**6.3**
Depreciation and amortisation		–6.8	–6.1	–10.5	–3.5	–33.5	89.5
Results from operating activities (EBIT)		**78.0**	**73.6**	**6.0**	**36.3**	**34.4**	**5.7**
Financial results		8.7	8.0	8.9	3.6	4.0	–10.1
Profit before income tax		**86.7**	**81.6**	**6.3**	**39.9**	**38.4**	**4.0**
Total assets		729.8	711.7	2.5	729.8	711.7	2.5
Investments[1)]		4.9	6.6	–25.2	2.2	1.5	51.6

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 half of 2010/11. Electricity sales to end customers rose by 4.4%, or 163 GWh, to 3,864 GWh. This can be mainly attributed to the favourable development of the economy as well as the enhanced activities of EnergieAllianz outside of the Austrian region supplied by EVN. Due to the slightly lower temperatures in the domestic region supplied by EVN (the heating degree total was 1.9 percentage points above the prior-year level), natural gas sales to end customers rose 2.9%, or 156 GWh, to 5,552 GWh. Heating sales volumes climbed by 10.2%, or 109 GWh, to 1,176 GWh, which was driven by the colder temperatures as well as increased deliveries of steam to AGRANA AG's bioethanol plant.

In spite of the higher sales volumes in the first half of 2010/11 and the first-time inclusion of first facility GmbH in the Energy Trade and Supply segment (revenue contribution: EUR 10.8m), total revenue was down by 3.1%, or EUR 23.6m, to EUR 748.4m. The reduction of end customer prices in the gas business by about 7.0% as of December 1, 2009, and the decrease in marketing proceeds from power plants based on lower production volumes and a negative development in electricity prices had the opposite effect from the increased sales volumes.

Operating expenses could be reduced by 4.1%, or EUR 28.7m, to EUR 663.6m, in which case the volume-related cost increases in the entire energy business, the price-related rise in gas sourcing costs and the initial inclusion of first facility GmbH were more than compensated by lower electricity procurement prices and lower primary energy costs based on the reduced use of EVN's own thermal power stations. After adjusting for slightly higher depreciation and amortisation, EBIT rose by 6.0%, or EUR 4.4m, to EUR 78.0m.

The financial results were up 8.9% from the previous year, or EUR 0.7m, to EUR 8.7m due to the higher earnings contribution of EconGas. Accordingly, the profit before income tax was EUR 86.7m, a rise of 6.3% or EUR 5.2m from the prior-year level.

Following completion of the district heating transmission pipeline to Sankt Pölten in the previous year, investments in the first half of 2010/11 fell by 25.2%, or EUR 1.7m, to EUR 4.9m. 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 HY. 1**	2009/10 HY. 1	Change in %	**2010/11 Q. 2**	2009/10 Q. 2	Change in %
Key energy business indicators	GWh						
Network distribution volumes[1]		7,497	7,425	1.0	4,097	3,990	2.7
Heat sales volumes to end customers		195	212	–8.2	119	126	–5.6
Key financial indicators	EURm						
External revenue		457.6	496.6	–7.9	252.4	270.8	–6.8
Internal revenue		–	–	–	–	–	–
Total revenue		**457.6**	**496.6**	**–7.9**	**252.4**	**270.8**	**–6.8**
Operating expenses		–412.8	–454.8	9.2	–220.1	–245.2	10.3
EBITDA		**44.9**	**41.8**	**7.3**	**32.4**	**25.6**	**26.5**
Depreciation and amortisation		–47.5	–31.5	–50.5	–32.4	–16.1	–
Results from operating activities (EBIT)		**–2.6**	**10.3**	**–**	**–0.1**	**9.5**	**–**
Financial results		–8.2	–11.3	27.0	–4.0	–6.0	33.9
Profit before income tax		**–10.8**	**–1.0**	**–**	**–4.0**	**3.5**	**–**
Total assets		1,130.1	1,107.0	2.1	1,130.1	1,107.0	2.1
Investments[2]		50.3	46.8	7.5	20.4	15.8	28.8

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 half of 2010/11 was about EUR 53.7m, but this did not have an impact on earnings.

In Macedonia, after the regulatory authority approved a hike in end customer prices by about 10.0% effective January 1, 2010, of which about 51.0% can be assigned to EVN Macedonia, it once again raised end customer prices by about 5.5% as of March 1, 2011, of which approximately 89.6% applies to the increase in network fees for medium and high-voltage networks of EVN Macedonia.

In Bulgaria, a rise in network distribution volumes for electricity could be achieved despite the slightly higher temperatures (the heating degree total was 1.1 percentage points above the prior-year level). In contrast, in spite of the colder weather in Macedonia, as demonstrated by the 5.6 percentage points higher heating degree total compared to the previous year, electricity sales declined. Heating sales volumes in Bulgaria also fell by 8.2%, or 17 GWh, to 195 GWh.

Total revenue of the segment fell by 7.9%, or EUR 39.0m, to EUR 457.6m. In Macedonia, the volume decline could be more than compensated by the price increase on March 1, 2011, the overall drop in segment revenue can be attributed to the above-mentioned change in the presentation of tariff components in Bulgaria's high voltage network.

The decrease in operating expenses of 9.2%, or EUR 42.1m, to EUR 412.8m, was primarily the consequence of the changed presentation of procurement costs in Bulgaria, as well as lower personnel expenses and write-offs of receivables. This was in contrast to higher energy procurement costs in Macedonia, which is mainly related to higher network losses. On balance, EBITDA improved by 7.3%, or EUR 3.0m, to EUR 44.9m. Due to the ongoing unfavourable regulations in the heating sector imposed by the regulatory authority in Bulgaria, an impairment loss amounting to EUR 9.2m was reported for goodwill at TEZ Plovdiv and EUR 1.9m for property, plant and equipment. Moreover, an impairment loss of EUR 6.6m was carried out for the Plovdiv power plant site, due to the fact that construction on a planned gas-fired power plant was not begun due to the delay in the electricity market liberalisation. All in all, EBIT totalled EUR –2.6m (previous year: EUR 10.3m).

Due to the lower interest expense, the financial results improved by 27.0%, or EUR 3.1m, to EUR –8.2m, the profit before income tax was EUR –10.8m (previous year: EUR –1.0m).

The investments carried out during the period under review increased by 7.5%, or EUR 3.5m, to EUR 50.3m. The focus continued to be on expanding the network infrastructure and replacing electricity metres, improving energy supply reliability and quality, sustainability reducing network losses from the power grid and constructing a cogeneration plant. Work on the new cogeneration facility at the district heating plant TEZ Plovdiv featuring an electricity capacity of 54 MW and a heating capacity of 50 MW is proceeding on schedule. Two phases of the three-part licensing process have already been concluded. Construction approval for the third and last expansion stage was granted in the second quarter of 2010/11, with start-up planned for 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 16 countries of Central, Eastern and South Eastern Europe.

Key indicators EURm	2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
External revenue	163.0	96.6	68.8	67.0	47.7	40.4
Internal revenue	8.8	7.3	20.1	4.0	4.1	–2.5
Total revenue	**171.8**	**103.9**	**65.3**	**71.0**	**51.8**	**37.0**
Operating expenses	–139.8	–92.9	–50.4	–55.6	–46.9	–18.7
EBITDA	**32.0**	**11.0**	**–**	**15.3**	**4.9**	**–**
Depreciation and amortisation	–12.4	–11.4	–8.8	–6.3	–7.6	16.9
Results from operating activities (EBIT)	**19.6**	**–0.5**	**–**	**9.0**	**–2.7**	**–**
Financial results	5.5	10.9	–49.3	4.3	6.8	–36.3
Profit before income tax	**25.1**	**10.5**	**–**	**13.4**	**4.1**	**–**
Total assets	1,410.9	1,179.7	19.6	1,410.9	1,179.7	19.6
Investments[1)]	27.9	35.4	–21.2	11.8	14.7	–20.0

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

The segment's revenue amounted to EUR 171.8m in the first half of 2010/11, a rise of 65.3%, or EUR 67.9m, above the prior-year period. This development was largely impacted by the first-time earnings contribution of projects, in particular the sodium hypochlorite and waste incineration plant MSZ1 in Moscow and the Line 3 of the expanded Dürnrohr waste incineration plant. The activities of the domestic drinking water supply business also made a positive contribution to the total revenue of this segment.

Operating expenses in the segment rose by 50.4%, or EUR 46.8m, to EUR 139.8m, which is mainly related to higher material, operating and personnel costs triggered by the expanded project activity. Furthermore, the operating results in the previous period were burdened by a write-off of receivables amounting to EUR 3.3m. The increased revenue was higher than the corresponding rise in operating expenses, so that EBITDA amounted to EUR 32.0m, up from EUR 21.1m. The completion of several projects in the 2009/10 financial year, in particular the expansion of the Dürnrohr plant by Line 3 and the start-up of the cogeneration plant in Kurjanovo, Moscow, were reflected in the slightly higher depreciation and amortisation of EUR 12.4m in the reporting period. EBIT also developed very positively, and rose from EUR –0.5m in the prior-year to EUR 19.6m in the first half of 2010/11.

The financial results were down by 49.3% from the previous year, or EUR 5.4m, to EUR 5.5m. This can be attributed to the lower earnings contribution of the wastewater treatment plant in Zagreb as well as declining interest income related to lower lease payments in the project business. Nevertheless, the positive operating results were also reflected in the profit before income tax, which improved by EUR 14.7m, from EUR 10.5m in the previous year to EUR 25.1m in the first half of 2010/11.

Investments during the period under review totalled EUR 27.9m, corresponding to a reduction of 21.2% or EUR 7.5m. The high level in investments in the previous year related to the expansion of the waste incineration facility in Dürnrohr. During the reporting period, investments focused on construction of a cogeneration plant in Moscow with a capacity of 13.5 MW on the premises of the large Ljuberzy wastewater purification facility. The new plant is expected to come on stream in April 2012. Moreover, as reported in the previous quarter, a total of ten other large projects are being realised by EVN at present in Russia, Poland, Lithuania, Cyprus and Montenegro.

In February 2011, EVN in a consortium with local partners was awarded a contract to expand and modernise the wastewater treatment plants in Gherla and Huedin, Romania. The consortium is required to construct the facilities in 21 months on a turn-key basis and manage trial operations of the two plants for a period of one year. The project featuring an investment volume of about EUR 8.6m is being financed by the European Cohesion Fund. The Gherla wastewater purification plant is designed to treat the wastewater for 20,000 population equivalents (PE), the Huedin facility for 9,400 PE. On the basis of this contract, the international business operations of the EVN Group have now expanded to cover 20 countries.

In January 2011, EVN was given responsibility for the management and operation of the drinking water network of the market town of Judenau-Baumgarten in the Lower Austrian district of Tulln. EVN has already been supplying drinking water to the community since 1992. The local network consists of about 769 house connections and 21 km of pipelines.

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 with EVN are also classified in this segment. The subsidiaries first facility GmbH, V&C Kathodischer Korrosionsschutz Gesellschaft m.b.H. and Allplan Gesellschaft m.b.H. were included in this segment till the 1st quarter 2010/11 and as already mentioned are now assigned to other segments. The previous year figures are not adapted due to IFRS-inessentiality.

Key indicators EURm	2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
External revenue	4.3	13.1	–67.4	–6.3	4.6	–
Internal revenue	29.1	31.4	–7.4	13.9	16.4	–15.2
Total revenue	33.3	44.5	–25.1	7.6	21.0	–63.9
Operating expenses	–39.8	–46.6	14.7	–12.7	–23.8	46.8
EBITDA	–6.4	–2.1	–	–5.1	–2.8	–81.0
Depreciation and amortisation	–0.8	–0.9	–10.1	–0.3	–0.5	0.1
Results from operating activities (EBIT)	–7.2	–3.0	–	–5.4	–3.3	–65.7
Financial results	**54.3**	**73.1**	**–25.8**	**34.9**	**68.5**	**–49.1**
Profit before income tax	47.1	70.1	–32.9	29.5	65.3	–54.8
Total assets	3,295.4	2,832.0	16.4	3,295.4	2,832.0	16.4
Investments[1]	0.7	0.3	–	0.2	0.2	6.8

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

The revenue decline of 25.1%, or EUR 11.2m, to EUR 33.3m, is primarily the result of the new classification of the two subsidiaries first facility GmbH and V&C Kathodischer Korrosionsschutz, which are now encompassed in other segments. This change is also reflected in the reduction of operating expenses. Nevertheless, the decrease in operating expenses was not as extensive as the revenue drop, falling by only 14.7%, or EUR 6.8m, to EUR 39.8m. This development is primarily the result of an increase in other operating expenses for legal and consulting fees, particularly in connection with the capital increase, as well as higher advertising expenditures. As a result, EBITDA was down by EUR 4.3m to EUR –6.4m, and EBIT fell by EUR 4.2m to EUR –7.2m.

The financial results, which are of primary importance to this segment, also declined in the first half of 2010/11. The gain from other investments, which included a dividend payment of EUR 1.25 per share from VERBUND AG in the previous financial year, amounted to EUR 0.55 per share in the period under review and thus fell by EUR 28.1m to EUR 22.1m. The positive increase in the share of profit of equity accounted investees, in particular RAG, by 83.1%, or EUR 13.3m, to EUR 29.3m, could not fully compensate for the decline in the total income from investments, which were down 20.0%, or EUR 14.0m, to EUR 56.1m.

The first half of 2010/11 was also characterised by 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 2.1m to EUR –0.7m, whereas the other financial results mainly encompassing lower valuation results was down by EUR 2.8m to EUR –1.1m.

On balance, the financial results showed a decrease of 25.8%, or EUR 18.8m, to EUR 54.3m. In turn, this led to a profit before income tax of EUR 47.1m, a drop of 32.9% or EUR 23.1m, from the comparable figure for the first half-year 2009/10.

Consolidated interim report pursuant to IAS 34

Statement of financial position

EURm	31.3.2011	30.9.2010	Changes nominal	Changes in %	30.9.2009
Assets					
Non-current assets					
Intangible assets	354.1	361.0	–6.9	–1.9	365.2
Property, plant and equipment	2,834.1	2,818.2	15.9	0.6	2,653.1
Investments in equity accounted investees	869.7	734.0	135.7	18.5	712.5
Other investments	1,281.0	1,077.8	203.2	18.9	1,409.7
Deferred tax assets	10.2	6.5	3.7	57.6	1.2
Other non-current assets	781.2	744.8	36.4	4.9	619.5
	6,130.2	**5,742.1**	**388.1**	**6.8**	**5,761.2**
Current assets					
Inventories	103.8	135.7	–32.0	–23.6	137.3
Trade and other receivables	689.6	506.0	183.5	36.3	579.7
Securities	275.0	223.8	51.2	22.9	86.7
Cash and cash equivalents	158.2	123.5	34.7	28.1	130.5
	1,226.5	**989.1**	**237.5**	**24.0**	**934.2**
Total assets	**7,356.7**	**6,731.2**	**625.5**	**9.3**	**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	1,919.6	1,808.0	111.7	6.2	1,661.4
Valuation reserve according to IAS 39	680.3	473.8	206.5	43.6	725.4
Currency translation reserve	2.4	–3.5	5.9	–	–3.4
Treasury shares	–7.0	–7.0	–	–	–8.0
Equity attributable to EVN AG shareholders	3,179.0	2,679.5	499.5	18.6	2,783.8
Non-controlling interests	361.2	345.7	15.5	4.5	343.4
	3,540.2	**3,025.3**	**514.9**	**17.0**	**3,127.2**
Non-current liabilities					
Non-current loans and borrowings	1,588.7	1,726.4	–137.7	–8.0	1,702.5
Deferred tax liabilities	283.4	227.1	56.3	24.8	307.1
Non-current provisions	451.1	450.0	1.1	0.2	444.8
Deferred income from network subsidies	414.5	397.9	16.6	4.2	379.1
Other non-current liabilities	52.2	63.1	–10.8	–17.2	90.2
	2,789.9	**2,864.5**	**–74.5**	**–2.6**	**2,923.7**
Current liabilities					
Current loans and borrowings	307.6	205.2	102.3	49.9	17.0
Taxes payable	121.7	63.0	58.6	93.0	58.7
Trade payables	326.4	339.3	–12.9	–3.8	328.7
Current provisions	101.8	120.6	–18.9	–15.6	83.6
Other current liabilities	169.1	113.2	55.9	49.4	156.5
	1,026.6	**841.5**	**185.1**	**22.0**	**644.5**
Total equity and liabilities	**7,356.7**	**6,731.2**	**625.5**	**9.3**	**6,695.4**

Statement of operations

EURm	2010/11 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Revenue	1,629.7	1,625.1	0.3	827.5	855.9	–3.3
Other operating income[1)]	35.2	32.5	8.3	17.2	13.3	29.2
Electricity purchases and primary energy expenses	–930.0	–976.1	4.7	–483.1	–527.6	8.4
Costs of materials and services	–180.0	–119.7	–50.4	–76.7	–55.7	–37.6
Personnel expenses	–160.2	–161.9	1.0	–81.0	–80.9	–0.2
Other operating expenses	–70.5	–87.0	18.9	–38.2	–49.2	22.4
EBITDA	**324.1**	**312.9**	**3.6**	**165.7**	**155.8**	**6.4**
Depreciation and amortisation	–127.0	–118.5	–7.1	–72.6	–56.5	–28.5
Results from operating activities (EBIT)	**197.2**	**194.4**	**1.4**	**93.1**	**99.3**	**–6.2**
Share of profit of equity accounted investees	45.7	29.8	53.7	19.0	22.1	–14.1
Gain from other investments	24.5	53.0	–53.7	24.5	53.0	–53.8
Interest income	19.1	19.7	–3.5	9.8	9.6	1.9
Interest expense	–37.8	–33.6	–12.5	–19.2	–16.6	–15.7
Other financial results	–1.9	2.8	–	–0.8	–0.1	–
Financial results	**49.6**	**71.7**	**–30.9**	**33.4**	**68.1**	**–51.0**
Profit before income tax	**246.7**	**266.1**	**–7.3**	**126.5**	**167.4**	**–24.4**
Income tax expense	–45.2	–50.3	10.0	–21.0	–23.4	10.0
Profit for the period	**201.5**	**215.8**	**–6.6**	**105.4**	**144.0**	**–26.8**
thereof profit attributable to non-controlling interests	17.5	7.3	–	9.4	9.7	–3.3
thereof profit attributable to EVN AG shareholders (Group net profit)	184.0	208.5	–11.7	96.1	134.3	–28.5
Earnings per share in EUR[2)]	1.04	1.27	–18.3	0.54	0.82	–33.8

1) Change in work in progress and own work capitalized are shown under the operating income as of the 4th 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 HY. 1	2009/10 HY. 1	Change in %	2010/11 Q. 2	2009/10 Q. 2	Change in %
Profit for the period	**201.5**	**215.8**	**–6.6**	**105.4**	**144.0**	**–26.8**
Pre-tax gains (+) or losses (–) recognised directly in equity from						
Currency translation differences from foreign operations	5.9	3.1	88.4	2.9	2.2	30.0
Net change in fair value of other investments	202.6	–257.1	–	139.2	–63.0	–
Net change in fair value of cash flow hedges	30.9	18.1	70.8	16.4	0.9	–
Share of changes in gains and losses recognised directly in equity of investments in equity accounted investees	31.4	3.8	–	13.9	1.6	–
Total pre-tax gains (+) or losses (–) recognised directly in equity	**270.7**	**–232.1**	**–**	**172.4**	**–58.4**	**–**
Income tax expense	–58.4	60.0	–	–38.9	15.7	–
Total after tax gains (+) or losses (–) recognised directly in equity	**212.3**	**–172.1**	**–**	**133.5**	**–42.6**	**–**
Comprehensive income	**413.8**	**43.7**	**–**	**238.9**	**101.4**	**–**
thereof attributable to non-controlling interests	17.5	9.2	90.0	9.4	9.7	–3.3
thereof attributable to EVN AG shareholders (Group net profit)	396.4	34.6	–	229.5	91.7	–

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	34.6	9.2	43.7
Dividends 2008/09	–60.3	–1.7	–62.0
Payments of nominal capital by non-controlling interests	–	0.8	0.8
Balance on 31.3.2010	**2,758.0**	**351.6**	**3,109.7**
Balance on 30.9.2010	**2,679.5**	**345.7**	**3,025.3**
Capital increase	175.5	–	175.5
Comprehensive income	396.4	17.5	413.8
Dividends 2009/10	–71.8	–1.7	–73.5
Changes in the scope of consolidation/Other items	–0.6	–0.3	–0.9
Balance on 31.3.2011	**3,179.0**	**361.2**	**3,540.2**

Condensed statement of cash flows

EURm	2010/11 HY. 1	2009/10 HY. 1	Change nominal	Change in %	2008/09 HY. 1
Profit before income tax	**246.7**	**266.1**	**–19.4**	**–7.3**	**215.2**
+ Depreciation and amortisation of intangible assets and property, plant and equipment	127.0	118.5	8.4	7.1	93.4
– Non-cash share of income of equity accounted investees	–42.0	–28.7	–13.3	–46.4	–22.6
+/– Other non-cash financial results	–23.4	–55.9	32.5	58.2	–31.7
– Release of deferred income from network subsidies	–16.0	–16.1	0.1	0.7	–15.2
–/+ Decrease/Increase in non-current provisions	1.1	4.9	–3.8	–77.3	0.9
+/– Other non-cash expenses/gains	1.0	–	1.0	–	1.0
Gross cash flow	**294.5**	**288.9**	**5.6**	**1.9**	**241.0**
– Changes in assets and liabilities arising from operating activities	–64.7	–200.3	135.6	67.7	–317.7
– Income tax paid	–8.5	–11.4	2.9	25.7	–5.5
Net cash flow from operating activities	**221.3**	**77.2**	**144.1**	**–**	**–82.2**
– Changes in intangible assets and property, plant and equipment as well as in the acquisition of subsidiaries, net of cash acquired	–105.9	–151.2	45.3	29.9	–141.0
–/+ Changes in financial assets and other non-current assets	–96.3	10.5	–106.8	–	–42.2
–/+ Changes in current securities	–51.1	50.4	–101.5	–	37.7
Net cash flow from investing activities	**–253.4**	**–90.4**	**–163.0**	**–**	**–145.5**
+ Capital increase/Payments of nominal capital by non-controlling interests	175.5	0.8	174.7	–	1.5
– Dividends paid to EVN AG shareholders	–71.8	–60.3	–11.5	–19.0	–60.3
– Dividends paid to non-controlling interests	–1.7	–1.7	–	–	–1.7
+ Sale/–Repurchase of own shares	–	–	–	–	–3.3
+/– Changes in financial liabilities	–28.2	172.2	–200.4	–	278.6
Net cash flow from financing activities	**73.8**	**110.9**	**–37.1**	**–33.5**	**214.8**
Net change in cash and cash items	**41.8**	**97.8**	**–56.1**	**–57.3**	**–12.9**
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	**130.8**	**211.4**	**–80.6**	**–38.1**	**81.3**

Segment reporting

Segment reporting EURm	Generation		Network Infrastructure Austria		Energy Trade and Supply		Energy Supply South East Europe	
	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1
External revenue	12.4	14.3	269.8	258.0	722.7	746.5	457.6	496.6
Intra-Group revenue (between segments)	36.4	55.2	23.0	29.7	25.7	25.4	–	–
Total revenue	**48.8**	**69.5**	**292.9**	**287.7**	**748.4**	**772.0**	**457.6**	**496.6**
Operating expenses	–31.3	–24.8	–140.5	–149.0	–663.6	–692.2	–412.8	–454.8
EBITDA	**17.4**	**44.7**	**152.4**	**138.7**	**84.8**	**79.7**	**44.9**	**41.8**
Depreciation and amortisation	–11.9	–22.3	–48.5	–47.2	–6.8	–6.1	–47.5	–31.5
Results from operating activities (EBIT)	**5.5**	**22.4**	**103.8**	**91.5**	**78.0**	**73.6**	**–2.6**	**10.3**
Financial results	–3.2	–1.4	–5.0	–6.3	8.7	8.0	–8.2	–11.3
Profit before income tax	**2.3**	**21.1**	**98.9**	**85.2**	**86.7**	**81.6**	**–10.8**	**–1.0**
Total assets	505.5	448.9	1,649.7	1,624.0	729.8	711.7	1,130.1	1,107.0
Investments[1]	25.5	38.2	39.1	45.3	4.9	6.6	50.3	46.8

	Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1	2010/11 HY. 1	2009/10 HY. 1
External revenue	163.0	96.6	4.3	13.1	–	–	1,629.7	1,625.1
Intra-Group revenue (between segments)	8.8	7.3	29.1	31.4	–123.1	–149.1	–	–
Total revenue	**171.8**	**103.9**	**33.3**	**44.5**	**–123.1**	**–149.1**	**1,629.7**	**1,625.1**
Operating expenses	–139.8	–92.9	–39.8	–46.6	122.1	148.2	–1,305.5	–1,312.2
EBITDA	**32.0**	**11.0**	**–6.4**	**–2.1**	**–0.9**	**–0.9**	**324.1**	**312.9**
Depreciation and amortisation	–12.4	–11.4	–0.8	–0.9	0.9	0.9	–127.0	–118.5
Results from operating activities (EBIT)	**19.6**	**–0.5**	**–7.2**	**–3.0**	**–**	**–**	**197.2**	**194.4**
Financial results	5.5	10.9	54.3	73.1	–2.5	–1.3	49.6	71.7
Profit before income tax	**25.1**	**10.5**	**47.1**	**70.1**	**–2.5**	**–1.3**	**246.7**	**266.1**
Total assets	1,410.9	1,179.7	3,295.4	2,832.0	–1,364.7	–1,067.1	7,356.7	6,836.1
Investments[1]	27.9	35.4	0.7	0.3	–3.7	–1.1	144.7	171.6

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

Notes to the Consolidated interim report

Accounting and valuation methods

This Consolidated interim report of EVN AG as at March 31, 2011, 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 2007–2010	January 1, 2010/July 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 March 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	–
31.3.2011	**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 accounted investees. 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	31.3.2011
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 half of 2010/11, EVN acquired intangible assets and property, plant and equipment to the amount of EUR 144.7m (previous year: EUR 171.6m). This was in contrast to the disposal of property, plant and equipment at a carrying value of EUR 1.5m (previous year: EUR 0.7m). In this connection, EVN achieved a loss on the disposal of EUR –1.1m (previous year: gain of EUR 0.2m).

The item investments in equity accounted investees increased by EUR 135.7m, or 18.5%, to EUR 869.7m. A total of EUR 64.2m 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 45.7m. 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 1,281.0m, which are assigned to the category of "available-for-sale", include the shares of listed companies with a market value of EUR 1,257.5m, a rise of EUR 202.6m 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 March 31, 2011 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 6.2m (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 176,685,644 shares, which are the basis for calculating the earnings per share for the first half year 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. Ex-dividend day was January 25, 2011, and the dividend payment to shareholders took place on January 28, 2011.

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

Break-down of non-current loans and borrowings EURm	31.3.2011	30.9.2010
Bonds	566.1	835.3
Bank loans	1,022.5	891.1
Total	**1,588.7**	**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 258.9m as at March 31, 2011, 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.

Bank loans reflect the ongoing, scheduled redemption amounting to EUR 42.2m, as well as the drawing upon lines of credit to finance a sodium hypochlorite plant in Moscow and the investment program in Macedonia, and the extension of the loan amounting to EUR 170.8 which was originally scheduled for repayment on February 28, 2011, for another eight years.

Selected notes to the statements of operations

Due to the ongoing disadvantageous regulations in the heating sector imposed by the regulatory authority in Bulgaria, an impairment loss amounting to EUR 9.2m was reported for goodwill at TEZ Plovdiv and EUR 1.9m for property, plant and equipment. Moreover, an impairment loss of EUR 6.6m was carried out for the Plovdiv power plant site. In the previous year the value reflects the impairment of the property, plant and equipment of the wind farm in Kavarna amounting to EUR 10.7m.

Content of depreciation EURm	2010/11 HY. 1	2009/10 HY. 1
Scheduled depreciation	109.3	107.8
Impairment	17.7	10.7
Total	**127.0**	**118.5**

The income from investments developed as followed:

Income from investments EURm	2010/11 HY. 1	2009/10 HY. 1
RAG[1]	23.8	12.2
EconGas	9.1	7.2
ZOV; ZOV UIP	5.3	6.1
BEWAG; BEGAS[2]	4.0	3.7
WEEV Beteiligungs GmbH	1.5	–
Other companies	2.1	0.6
Share of profit of equity accounted investees	**45.7**	**29.8**
VERBUND AG	22.1	50.1
Andere Gesellschaften	2.5	2.9
Gain from other investments	**24.5**	**53.0**
Income from investments	**70.2**	**82.8**

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. 176,685,644 (March 31, 2010: 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 184.0m (March 31, 2010: EUR 208.5m), earnings per share at the balance sheet date March 31, 2011, totalled EUR 1.04 (March 31, 2010: EUR 1.27).

Selected notes to the statements of cash flows

Dividends received, interest income and interest expense are allocated to current business activities. Interest income amounted to EUR 14.6m (previous year: EUR 17.5m), whereas interest expense was EUR 24.1m (previous year: EUR 23.8m). The cash flows from dividend payments amounted to EUR 3.8m in the first half-year 2010/11 (previous year: EUR 1.1m). The payments for acquisitions amounting to EUR 7.0m in the first half of 2010/11 were encompassed in the net cash flow from investing activities.

Informations on transactions with related parties

In the first half 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 HY. 1	2009/10 HY. 1
Revenue	116.5	180.9
Cost of materials and services	480.3	477.1
Trade accounts receivable	43.9	85.3[1]
Trade accounts payable	65.1	11.5[1]

1) Value at September 30, 2010.

Other obligations and risks

Other obligations and risks increased by EUR 77.7m compared to September 30, 2010, to EUR 882.9m, 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 March 31, 2011 resulted in contingent liabilities of EUR 5.3m. The nominal volume of the guarantees underlying this valuation amounted to EUR 400.7m.

Significant events after the balance sheet date
The following events of material importance took place between the quarterly balance sheet date of March 31, 2011 and the publication of the Consolidated interim report on May 26, 2011:

Effective April 1, 2011, the gas prices for end customers on the domestic market were raised by 8.9% as a consequence of the strong increase in the Brent crude oil price.

On April 12, 2011, the ground-breaking ceremony commemorating the beginning of work to lay the gas network pipeline took place in Babin Dub, Croatia. In the initial phase EVN Croatia Plin will install 25 km of high and medium-pressure pipelines, which are expected to be put into operation in the fall of 2011.

At the 64th Annual General Meeting of VERBUND AG held on April 13, 2011, it was resolved to distribute a dividend of EUR 0.55 per share for the 2010 financial year. The dividends were already encompassed in these interim consolidated financial statements in the valuation of the shareholding in VERBUND and in the financial results.

Within the framework of the "roadmap" settled upon between the Macedonian government and EVN in 2010, the unresolved issues with respect to the investment obligation agreed upon in 2006 have been clarified.

Statement by the Executive Board pursuant to § 87 Sect 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 26, 2011

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

The EVN share

The recovery of the global economy from the international financial and economic crisis continued during the period under review. The original growth forecasts for Austria, the Eurozone as well as in the South East European countries such as Bulgaria, Croatia, Macedonia and Albania were revised upwards since the previous quarter. The predictions range from 1.0% growth in Croatia to 5.5% in Albania for the years 2011 and 2012. For more details refer to page 4 of this interim report.

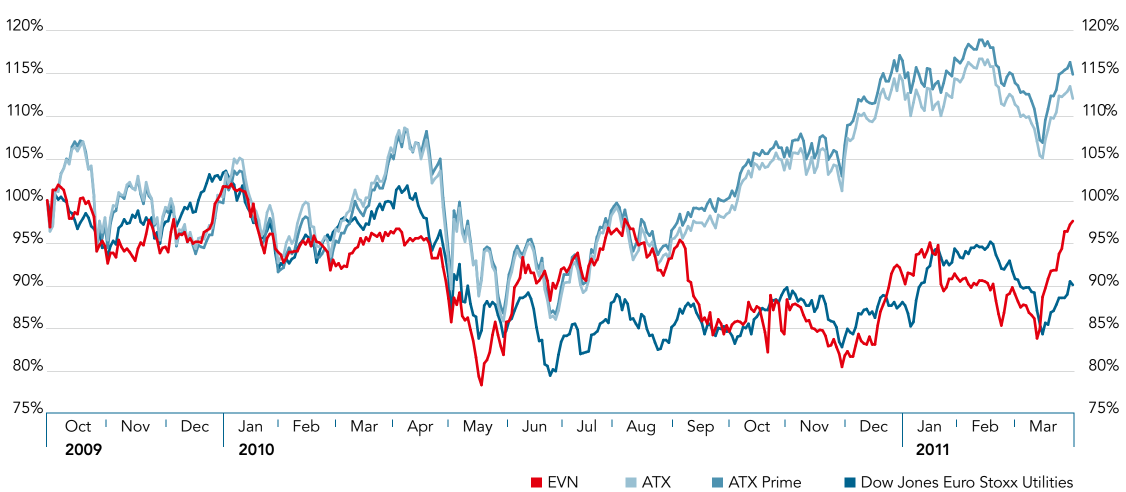
The ongoing challenging situation led national banks to keep their prime interest rates at a low level. A rise in the interest rate level in the Eurozone is first expected at the turn of the year 2011/12.

Similar to the situation in the first quarter, international stock markets featured a clearly upward trend subject to volatility in the reporting period.

From October 1, 2010 to March 31, 2011, the German share index DAX registered an 13.0% rise in value, whereas the American benchmark index Dow Jones gained 7.3%. The Vienna benchmark index ATX also posted a perceptible recovery of 13.4%. The Dow Jones Euro Stoxx Utilities Index, which is relevant to EVN, only improved by 6.5%. The EVN share profited from this positive trading environment, and gained considerably, rising by 15.1% in value. As at March 31, 2011, the EVN share traded at EUR 13.18, which corresponds to a market capitalisation of about EUR 2.2 bn.

The average daily turnover in EVN shares increased considerably compared to the first half of 2009/10 due to the capital increase carried out in October/November 2010, and amounted to 179,585 shares (counted once). The total trading volume of EVN shares on the Vienna Stock Exchange was EUR 263m (counted once), which corresponds to 1.43% of total Vienna Stock Exchange trading volume. The weighting of the EVN share on the ATX index was 1.13% as of the end of March 2011.

EVN share price – relative development



EVN share – Index weighting	31.3.2011
ATX	1.13%
WBI (Vienna Stock Exchange Index)	2.56%

EVN share – performance		2010/11 HY. 1	2009/10 HY. 1	2008/09 HY. 1
Share price at the end of March	EUR	13.18	12.86	10.85
Highest price	EUR	13.19	13.75	16.00
Lowest price	EUR	10.90	12.40	10.11
Value of shares traded[1)]	EURm	263	79	90
Average daily turnover[1)]	Shares	179,585	49,700	61,552
Share of total turnover[1)]	%	1.43	0.39	0.52
Market capitalisation at the end of March	EURm	2,370	2,103	1,774

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. Thus 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.

There was a change in the shareholder structure of EVN AG as a result of the capital increase carried out in October/November 2010. 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 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)

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