

# Letter to Shareholders

1<sup>st</sup> Quarter 2009/10  
October 1, 2009 – December 31, 2009

Revenue +4.5% (EUR 769.2m)  
EBITDA +17.7% (EUR 157.2m)  
EBIT +8.3% (EUR 95.1m)  
Group net profit +35.3% (EUR 74.2m)  
Gross cash value +35.7% (EUR 146.4m)

- Sales development in the energy business shaped by cold weather
- Start-up of the district heating transmission pipeline to Sankt Pölten
- Higher reliability of supply in the Lower Austrian electricity network
- Concession agreement for natural gas distribution and natural gas supply in Split
- EVN wins tender to construct two wastewater treatment plants on Cyprus
- Positive outlook for the 2009/10 financial year

# Key figures

		2009/10 Q. 1	2008/09 Q. 1	Change in %	2008/09	2007/08
<b>Sales volumes</b>						
Electricity generation	GWh	1,206	1,256	-4.0	3,477	4,022
Electricity sales volumes to end customers	GWh	5,223	5,049	3.4	19,541	19,372
Gas sales volumes to end customers	GWh	2,254	2,184	3.2	6,102	6,759
Heating sales volumes to end customers	GWh	560	519	7.9	1,576	1,362
<b>Consolidated income statement</b>						
Total revenue	EURm	769.2	736.0	4.5	2,727.0	2,397.0
EBITDA	EURm	157.2	133.5	17.7	373.4	362.3
EBITDA margin <sup>1)</sup>	%	20.4	18.1	2.3	13.7	15.1
Results from operating activities (EBIT)	EURm	95.1	87.9	8.3	175.2	166.6
EBIT margin <sup>1)</sup>	%	12.4	11.9	0.4	6.4	7.0
Profit before income tax	EURm	98.7	73.9	33.5	226.0	235.5
Group net profit	EURm	74.2	54.8	35.3	177.9	186.9
<b>Consolidated balance sheet</b>						
Balance sheet total	EURm	6,625.5	6,368.4	4.0	6,695.4	6,636.3
Equity	EURm	3,070.3	2,883.3	6.5	3,127.2	3,208.5
Equity ratio <sup>1)</sup>	%	46.3	45.3	1.1	46.7	48.3
Net debt	EURm	1,468.2	1,315.7	11.6	1,378.2	1,131.3
Gearing <sup>1)</sup>	%	47.8	45.6	2.2	44.1	35.3
Return on equity (ROE) <sup>1)</sup>	%	2.3	1.9	0.4	6.3	7.4
Return on capital employed (ROCE) <sup>1)</sup>	%	1.9	1.8	0.1	5.4	6.3
<b>Consolidated cash flow and investments</b>						
Gross cash value	EURm	146.4	107.9	35.7	445.1	426.7
Investments <sup>2)</sup>	EURm	99.8	78.4	27.2	415.7	415.6
<b>Employees</b>						
Total	ø	8,685	9,167	-5.3	8,937	9,342
Thereof Austria	ø	2,554	2,511	1.7	2,563	2,468
Thereof abroad	ø	6,131	6,656	-7.9	6,374	6,874
<b>Share</b>						
Earnings	EUR	0.45	0.34	35.3	1.09	1.14

1) Changes reported in percentage points

2) In intangible assets and property, plant and equipment

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## Dear shareholders!

Despite the ongoing unfavourable influencing factors negatively impacting the economy and the energy industry, the 2009/10 financial year began well. During the period under review (October 1, 2009 – December 31, 2009), EVN's total revenue rose 4.5%, to EUR 769.2m. The comparatively cold winter led to greater energy demand for electricity, gas and heat. The International Environmental Services segment also generated higher revenue. In spite of higher depreciation and amortisation and other operating expenses, the largely constant level of expenditure on electricity purchases and primary energy as well as personnel expenses pushed up the results from operating activities (EBIT) to EUR 95.1m, an increase of 8.3% from the previous year. Based on the significant rise in the interest and other financial results, there was a turnaround in the financial results, which improved from –EUR 13.9m to EUR 3.6m in the first quarter of 2009/10. On balance, Group net profit was up 35.3%, to EUR 74.2m.

Several large projects in the Lower Austrian region supplied by EVN were concluded in the first quarter of 2009/10. In October 2009, the district heating transmission pipeline from Dürnrrohr to Sankt Pölten with a length of 31 kilometres was put into operation, entailing total investments of EUR 35.0m. Accordingly, starting in the 2009/10 heating season, EVN supplies 200 GWh of district heat, and covers two-thirds of the entire district heating requirements of the Lower Austrian provincial capital. In order to further improve the reliability and security of the energy supply in Lower Austria and to more effectively connect the Theiß power plant to the high voltage network, a 380 kV transmission line between Etzersdorf and Theiß also came on stream in October 2009. The transfer of wind energy was also made possible during the reporting period by the completion of the new 18 km long 110 kV transmission line from Eibesbrunn to Gänserndorf.

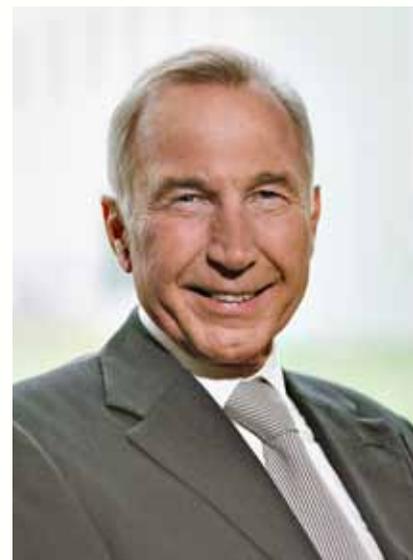
Projects were concluded in EVN's target markets in South East Europe and new contracts were awarded. In Blatec, Bulgaria, EVN is building a photovoltaic facility with a capacity of close to 1 MW and annual output of 1.3 GWh. Trial operations began in December 2009. In November 2009, EVN was awarded a concession for the distribution and supply of natural gas in the County of Split, Croatia. The concession was granted for a period of 30 years. EVN will be responsible for the planning, construction, operation and maintenance of the gas distribution network. In June 2009, EVN already won a concession to supply gas to the Zadar region.

In Kavarna, Bulgaria, EVN is constructing 25 wind turbines with a total output of 50 MW within the framework of a joint venture. Due to the delayed project completion caused by a temporary construction stop mandated by public authorities, EVN reported an impairment loss for the wind park in Kavarna.

In the International Environmental Services segment, EVN was awarded a contract in October 2009 to plan and build two wastewater treatment plants in Famagusta and Morphou, Cyprus. The handover of the turn-key facilities with a project volume of EUR 11.4m and a capacity of 33,500 and 10,750 popular equivalents respectively will take place within a period of 24 months.

After the first quarter of the new financial year, we anticipate increased revenue and results from operating activities for 2009/10 as a whole, despite difficult economic conditions. The financial results will likely be above the previous year's level, despite the continuing low earnings contributions from our investments operating in the field of primary energy. From today's perspective, thus Group net profit can also surpass the prior-year level.

Burkhard Hofer  
Spokesman of the Executive Board and Chief Executive Officer  
February 2010



**Milestones in the reliability and security of the energy supply in Lower Austria**

**Photovoltaic facility in Bulgaria put into operation**

**New gas network concession in Croatia**

**Delayed project completion at windpark in Bulgaria**

**New environmental services projects on Cyprus**

**Outlook**

# Interim management report

## Overall business and energy sector environment

### Partial economic recovery based on cautious optimism

The European economy managed to overcome the recession in the third and fourth quarters of 2009 with slight GDP growth rates of 0.3% and 0.4% respectively. Austria's year-on-year economic growth of 0.5% and 0.4% in the two quarters catapulted it to the top ranks of the Euro-zone. In 2009, the Austrian economy as a whole contracted by 3.6%, also a better performance than the average for the rest of the Euro-zone (-4.1%).

The South-eastern Europe economic region did not remain untouched by the global recession. The Bulgarian economy was also subject to a recession, with GDP down more than 5.0% in 2009. Consumption declined by 11.0% and investments fell by 23.0% in the second half of the year. The Macedonian economy is expected to decline slightly in 2009.

### Energy sector environment

		2009/10 Q. 1	2008/09 Q. 1	Change in %	2007/08 Q. 1
Temperature-related energy demand <sup>1)</sup>	%	101	92	9.0	113
Crude oil – Brent	EUR/bbl	51.15	44.25	15.6	61.00
Gas – GIMP <sup>2)</sup>	EUR/MWh	21.31	29.08	-26.7	21.77
Coal – API#2 <sup>3)</sup>	EUR/t	56.89	76.26	-25.4	81.71
CO <sub>2</sub> certificates (1 <sup>st</sup> and 2 <sup>nd</sup> periods)	EUR/t	13.89	18.47	-24.8	0.08
<b>Electricity – spot market EEX<sup>4)</sup></b>					
Base load	EUR/MWh	38.76	68.02	-43.0	57.75
Peak load	EUR/MWh	53.14	94.20	-43.6	90.88
<b>Electricity – forward market EEX<sup>5)</sup></b>					
Base load	EUR/MWh	57.85	73.71	-21.5	49.66
Peak load	EUR/MWh	82.88	101.88	-18.6	75.42

1) Calculated according to the heating degree total in Austria; the basis (100%) corresponds to the long-term average value 1997–2006; Changes reported in percentage points

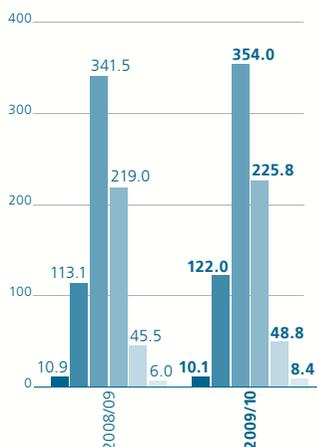
2) Gas Import Price (GIMP); starting in this financial year, reporting will be based on EUR/MWh, the previous year's figures have been adjusted accordingly.

3) ARA notation (Amsterdam, Rotterdam, Antwerp)

4) EEX – European Energy Exchange

5) Average prices for the respective EEX quarterly forward market prices, beginning one year before the respective period under review

### Revenue by segment<sup>1)</sup> Q. 1 EURm



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

1) External revenue

## Business development

### Consolidated income statement

In the first quarter of 2009/10, EVN raised its total revenue by 4.5%, or EUR 33.2m, to EUR 769.2m. This gratifying development can be attributed to the growth in nearly all segments, as described in detail in the segment reporting.

The item "Change in work in progress and own work capitalized" decreased by EUR 3.9m, to EUR 1.4m, due to the invoicing of customer projects.

Despite increases in electricity, gas and heating sales volumes in Austria and South-eastern Europe, the item "Electricity purchases and primary energy expenses" only rose slightly by 0.1%, or EUR 0.5m, to

EUR 448.5m, which is related to the declining wholesale prices for electricity and primary energy. A higher project volume in the International Environmental Services segment was in contrast to lower maintenance expenses. For this reason, the item "Cost of materials and services" remained virtually unchanged from the preceding year, at EUR 64.0m.

In the first quarter of 2009/10, the average employee headcount was reduced by 5.3%, or 482 employees, to 8,685 employees compared to the prior-year quarter. The average number of employees abroad declined by 7.9%, or 525 employees, which is related to the continuation of the restructuring efforts in South East Europe. In contrast, workforce numbers in Austria climbed by 1.7%, or 43 employees, than in the comparable period of the preceding year. As the first quarter of 2008/09 still included restructuring costs for South East Europe, personnel expenses could be reduced slightly, falling by 0.7%, or EUR 0.6m, to EUR 81.0m, despite contractually stipulated wage increases mandated by collective wage agreements.

Depreciation and amortisation increased by 35.9%, or EUR 16.4m, to EUR 62.0m, primarily as a consequence of an impairment loss for the wind park in Kavarna due to the delayed project completion. In addition, this item was also affected by the high level of investments in past years as well as the initial consolidation of the cable network operator B.net in Burgenland. Other operating expenses climbed by 17.6%, or EUR 5.7m compared to the first quarter of the preceding year, to EUR 37.8m, mainly due to higher write-offs of receivables in South East Europe as well as a general rise in all other positions comprising this item.

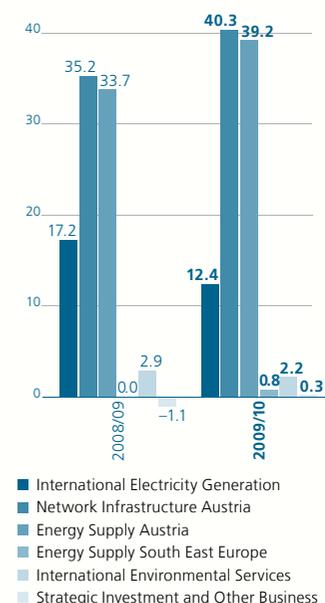
As a result of this business development, EBITDA rose by 17.7%, or EUR 23.7m, to EUR 157.2m. EBIT also improved but could not keep pace with the EBITDA increase as a result of the higher level of depreciation and amortisation. Accordingly, EBIT climbed by 8.3%, or EUR 7.3m, to EUR 95.1m. Nevertheless, the EBIT rise outpaced the revenue increase, leading to an improved EBIT margin, up from 11.9% to 12.4%.

The financial results were up by EUR 17.5m, to EUR 3.6m. Income from investments in associates included at equity, remained almost constant, at EUR 7.6m, as the earnings contribution of RAG, resulting from lower crude oil prices, was offset by higher earnings contributions on the part of ZOV and BEWAG. Interest income significantly improved by EUR 5.1m, from –EUR 12.0m to –EUR 6.9m. This item was positively impacted by lower interest rates for financial liabilities and higher capitalised construction period interest, which compensated for lower interest income arising from the lower volume of securities. The other financial results, which was negatively affected in the previous year by the crisis on global financial markets, also improved considerably, rising by EUR 12.5m, to EUR 2.9m.

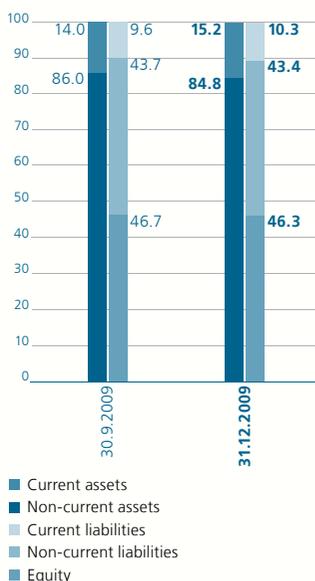
Accordingly, the profit before income tax totalled EUR 98.7m, a rise of 33.5%, or EUR 24.8m from the previous year's level. After deduction of income tax, which correspondingly increased, the net profit for the period increased from EUR 57.7m to EUR 71.8m, a rise of 24.4%.

As a result of the impairment loss in Kavarna and the lower earnings contribution of RAG assigned to minority interest on a pro-rata basis, the profit attributable to minority interest decreased considerably. Hence, Group net profit notably amounted to EUR 74.2m, an increase of 35.3%, or EUR 19.3m, above the previous year's level.

**EBIT by segment**  
Q. 1  
EURm



## Balance sheet structure in %



## Consolidated cash flow statement

The gross cash value in the first quarter 2009/10 climbed 35.7% above the comparable period of the previous year, to EUR 146.4m. This development can be attributed to the higher profit before income tax, which climbed 33.5% to EUR 98.7m, as well as an increase in the non-cash share of income, primarily as the result of higher depreciation and amortisation and non-current provisions.

The net cash flow from operating activities, at –EUR 6.9m, could be significantly increased by EUR 52.0m, due to the higher earnings and a lower increase in working capital at the balance sheet date. A higher level of investments in property, plant and equipment was partially compensated by the disposal of current securities. On balance, the net cash flow from investing activities totalled –EUR 38.1m, a net cash outflow which was EUR 50.5m lower than in the previous year. The net cash flow from financing activities, positively influenced in the first quarter 2008/09 due to the drawing upon the syndicated revolving credit facility, showed a cash outflow of –EUR 10.9m in the first quarter of 2009/10, compared to a cash inflow of EUR 147.3m in the prior-year quarter. This can be attributed to the scheduled redemption of loans and borrowings.

All in all, these developments resulted in a negative net change in cash and cash equivalents of –EUR 55.9m in the first quarter of 2009/10, whereby cash and cash equivalents declined from EUR 113.6m to EUR 57.7m. Moreover, investments in current securities totalling EUR 40.0m (September 30, 2009: EUR 86.7m) were available, along with a syndicated revolving credit facility amounting to EUR 600.0m. For this reason, the liquidity situation of EVN continues to remain stable.

## Consolidated balance sheet

Since the last balance sheet date on September 30, 2009, the balance sheet total of EVN has fallen slightly by 1.0%, or EUR 69.8m, to EUR 6,625.5m.

In respect to non-current assets, a decline in other investments due to the negative market valuation of EVN's shareholding in Verbundgesellschaft was in contrast to a rise in property, plant and equipment based on ongoing investments. As a result, non-current assets were down 2.5%, or EUR 142.0m, to EUR 5,619.2m, now comprising 84.8% of total assets, compared to 86.0% as at September 30, 2009. Current assets rose by 7.7%, or EUR 72.2m, to EUR 1,006.3m, whereby the generally seasonally-related increase in receivables was in contrast to a reduction in investments in current securities as well as cash and cash equivalents.

Equity, which was mainly impacted by the net profit for the period as well as the negative market valuation of EVN's shareholding in Verbundgesellschaft without recognition to profit or loss, decreased by 1.8%, or EUR 56.9m, to EUR 3,070.3m. Accordingly, the equity ratio amounted to 46.3% at the quarterly balance sheet date of December 31, 2009. Taking account of the net debt of EUR 1,468.2m, the gearing was 47.8%.

The decrease in non-current liabilities by 1.8%, or EUR 52.9m, was primarily the result of the scheduled redemption of loans and borrowings as well as the change in deferred tax liabilities relating to changes in the market valuation of EVN's shareholding in Verbundgesellschaft. In terms of current liabilities, a reduction of trade payables and other current liabilities was in contrast to an increase in current loans and borrowings and taxes payable. Accordingly, current liabilities totalled EUR 684.5m, a rise of 6.2%, or EUR 40.0m, from the level on the balance sheet date at September 30, 2009.

## Segment reporting

### Overview

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

Taking account of the obligatory stipulations contained in IFRS 8 “Operating Segments” starting in the 2009/10 financial year, the identification of the operating segments will from now on be exclusively based on internal organisational and reporting structures. The result is a slightly changed segment reporting. The previous business units of the Energy Segment are now reported as separate business segments. Within the context of these changes, the segment names have also been adapted to the new reporting structure to more clearly differentiate the individual segments.

### New segmentation

Key energy business indicators	GWh	2009/10	2008/09	Change		2007/08
		Q. 1	Q. 1	Nominal	in %	Q. 1
<b>Electricity generation</b>		<b>1,206</b>	<b>1,256</b>	<b>-50</b>	<b>-4.0</b>	<b>1,486</b>
<b>Distribution volumes</b>						
Electricity		5,393	5,342	51	1.0	5,279
Gas <sup>1)</sup>		6,331	6,093	238	3.9	7,117
<b>Supply volumes to end customers</b>						
Electricity		5,223	5,049	174	3.4	4,987
Gas		2,254	2,184	70	3.2	2,710
Heat		560	519	41	7.9	406

1) Incl. network sales to EVN power stations

The operating development of the six segments is described below. Explanations of the effects of these key energy business indicators on EVN are specified there as well.

### Electricity Generation

The Electricity Generation segment encompasses electricity production from thermal production capacities and renewable energy sources in Austria as well as projects for future generation facilities in Germany, Bulgaria and Albania. In terms of EVN AG’s thermal power generation, the option value of the power stations, i.e. the difference between the market prices for electricity and the fuel costs incurred, is included. The marketing of the electricity generated and the primary energy sourcing are reported in the Energy Trade and Supply segment.

Key figures		2009/10 Q. 1	2008/09 Q. 1	Nominal	Change in %	2007/08 Q. 1
<b>Key energy business indicators</b>	GWh					
<b>Electricity generation</b>		<b>1,206</b>	<b>1,256</b>	<b>-50</b>	<b>-4.0</b>	<b>1,486</b>
Thereof thermal power		915	959	-44	-4.6	1,152
Thereof renewable energy		291	297	-6	-2.0	334
<b>Financial indicators</b>	EURm					
External revenue		10.1	10.9	-0.8	-7.7	9.0
Intra-Group revenue		32.6	25.5	7.1	27.6	22.6
<b>Total revenue<sup>1)</sup></b>		<b>42.7</b>	<b>36.5</b>	<b>6.2</b>	<b>17.0</b>	<b>31.6</b>
Operating expenses		-30.3	-19.3	-11.0	-57.0	-15.9
<b>Results from operating activities (EBIT)</b>		<b>12.4</b>	<b>17.2</b>	<b>-4.8</b>	<b>-27.9</b>	<b>15.7</b>
EBIT margin (%) <sup>2)</sup>		29.0	47.1	-	-18.1	49.7
Financial results		0.7	-1.8	2.5	-	-1.9
<b>Profit before income tax</b>		<b>13.1</b>	<b>15.4</b>	<b>-2.3</b>	<b>-14.9</b>	<b>13.7</b>
Investments		17.2	8.2	9.0	-	7.0

1) Total revenue comprises the option value of the power stations.

2) Changes reported in percentage points

## Energy business development

EVN's total electricity generation amounted to 1,206 GWh in the first quarter of 2009/10, or 4.0% below the prior-year quarter. In respect to its own thermal power stations, EVN optimally made use of its flexible power plant facilities by efficiently regulating its power plants to the market price situation. As a consequence of the ongoing unfavourable market price conditions based on the small difference between selling prices and primary energy prices (spreads), power generating volumes at own thermal power stations were correspondingly reduced by 4.6%, to 915 GWh. Electricity generation from renewable energy sources was primarily impacted by higher electricity generation by hydropower plants due to better water flows and a decline in electricity generation from wind power facilities due to the disadvantageous wind conditions. On balance, total electricity generation from renewable sources decreased slightly by 2.0%, to 291 GWh.

Accordingly, 23.1% (previous year: 24.9%) of total electricity sales volumes to end customers was generated by own power stations in the first quarter 2009/10. Without taking energy sales volumes in South East Europe into account, where the level of power generating capacities is still quite low, the total coverage ratio from own electricity production in the Group totalled 66.7% (previous year: 72.1%).

## Revenue and earnings

Due to the higher prevailing market prices in the period used for calculating the option value, total revenue of the period under review increased by 17.0%, or EUR 6.2m, to EUR 42.7m. Operating expenses rose EUR 11.0m, to EUR 30.3m, which can be attributed to the impairment loss for the Kavarna wind park of EUR 10.7m due to the delayed project completion. This resulted in an EBIT decline of 27.9%, or EUR 4.8m, to EUR 12.4m. The profit before income tax decreased by EUR 2.3m, to EUR 13.1m, due to a positive development in the financial results.

## Investments

The prime focus of investments was the construction of the wind park in Kavarna, Bulgaria, for which EUR 15.5m were invested during the reporting period.

## Network Infrastructure Austria

The Network Infrastructure Austria segment encompasses the operation of the regional electricity and gas networks and cable TV and telecommunications networks in Lower Austria and since the second quarter of 2008/09 in Burgenland as well.

<b>Key figures</b>	2009/10 Q. 1	2008/09 Q. 1	Nominal	Change in %	2007/08 Q. 1
<b>Key energy business indicators</b> GWh					
<b>Network distribution volumes</b>					
Electricity	1,957	1,953	4	0.2	1,988
Gas <sup>1)</sup>	6,331	6,093	238	3.9	7,117
<b>Financial indicators</b> EURm					
External revenue	122.0	113.1	9.0	7.9	123.0
Intra-Group revenue	13.5	12.4	1.1	8.8	12.4
<b>Total revenue</b>	<b>135.6</b>	<b>125.5</b>	<b>10.1</b>	<b>8.0</b>	<b>135.4</b>
Operating expenses	-95.3	-90.3	-4.9	-5.5	-95.1
<b>Results from operating activities (EBIT)</b>	<b>40.3</b>	<b>35.2</b>	<b>5.1</b>	<b>14.5</b>	<b>40.3</b>
EBIT margin (%) <sup>2)</sup>	29.7	28.0	-	1.7	29.8
Financial results	-3.3	-3.7	0.5	13.0	-3.6
<b>Profit before income tax</b>	<b>37.0</b>	<b>31.4</b>	<b>5.6</b>	<b>17.8</b>	<b>36.7</b>
Investments	25.6	19.4	6.3	32.4	23.2

1) Incl. network sales to EVN's own power stations

2) Changes reported in percentage points

In the electricity and gas business, network tariffs are generally adjusted by an appraisal carried out by the E-Control Commission on January 1<sup>st</sup> of each calendar year within the framework of the incentive regulatory system. As a result, electricity network tariffs were reduced by an average of 1.0% effective January 1, 2009, whereas gas network tariffs for network level 3 (households and commercial businesses) and level 2 (industrial companies and SMEs) were increased by 8.0% and 3.2% respectively. The consequences for the individual customer will depend on the amount of energy used and technical conditions.

Network distribution volumes were positively impacted by prevailing weather conditions. The heating degree total in the first quarter 2009/10 was 10.2% above the previous year's level. This increase was in contrast to a slight decline in distribution volumes attributable to the economic crisis. Therefore electricity distribution volumes remained virtually constant at 1,957 GWh. Gas distribution volumes, which are generally more strongly affected by weather conditions, rose 3.9%, or 238 GWh, to 6,331 GWh.

Based on these developments, network revenues climbed considerably, improving by 6.0%, or EUR 6.2m, to EUR 110.3m. B.net, which had not yet been included in the consolidated financial statements in the prior-year quarter, contributed revenues of EUR 4.2m, leading to a revenue increase in the cable TV and telecommunications networks. On balance, total revenue of the Network Infrastructure Austria segment climbed by 8.0%, or EUR 10.1m, to EUR 135.6m. Although operating expenses correspondingly increased, EBIT improved significantly, rising by 14.5%, or EUR 5.1m, to EUR 40.3m. Taking account of the financing costs for the network infrastructure, the profit before income tax amounted to EUR 37.0m, up from EUR 31.4m in the previous year.

In October 2009, the 380 kV transmission line from Etzersdorf to the Dürnröhr power plant was put into operation. The most important construction project of the Network Infrastructure Austria segment, which invested a total of EUR 12.0m in the first quarter 2009/10, was the southern section of the trans-regional gas transport pipeline "Südschiene".

## Energy business development

## Revenue and earnings

## Investments

## Energy Trade and Supply

The Energy Trade and Supply segment encompasses the sourcing of electricity, gas and other primary energy sources, the marketing of electricity on wholesale markets and the selling of electricity and gas to end customers as well as the heat generation and heat selling mainly on the Austrian home market.

Key figures	2009/10 Q. 1	2008/09 Q. 1	Nominal	Change in %	2007/08 Q. 1
<b>Key energy business indicators</b> GWh					
<b>Energy sales volumes to end customers</b>					
Electricity	1,807	1,692	115	6.8	1,696
Gas	2,254	2,184	70	3.2	2,710
Heat	474	439	35	8.0	406
<b>Financial indicators</b> EURm					
External revenue	354.0	341.5	12.5	3.7	311.4
Intra-Group revenue	16.3	7.5	8.8	–	22.8
<b>Total revenue</b>	<b>370.3</b>	<b>349.0</b>	<b>21.3</b>	<b>6.1</b>	<b>334.1</b>
Operating expenses	–331.1	–315.2	–15.8	–5.0	–287.7
<b>Results from operating activities (EBIT)</b>	<b>39.2</b>	<b>33.7</b>	<b>5.5</b>	<b>16.2</b>	<b>46.4</b>
EBIT margin (%) <sup>1)</sup>	10.6	9.7	–	0.9	13.9
Financial results	4.0	5.7	–1.7	–30.3	3.0
<b>Profit before income tax</b>	<b>43.2</b>	<b>39.5</b>	<b>3.7</b>	<b>9.5</b>	<b>49.4</b>
Investments	5.2	6.2	–1.0	–16.7	–

1) Changes reported in percentage points

### Energy business development

Electricity sales to end customers rose by 6.8%, or 115 GWh, to 1,807 GWh. In addition to stable sales volumes in Lower Austria, this increase was due to the activities of EnergieAllianz outside of the supply region covered by EVN. In the gas business, cold weather conditions more than compensated for the effects of the difficult economic environment. As a result, gas sales volumes climbed by 3.2%, or 70 GWh, to 2,254 GWh. Heating sales volumes in Austria rose considerably by 8.0%, or 35 GWh, to 474 GWh, as a consequence of the cold weather as well as the start-up of the district heating transmission pipeline Sankt Pölten.

Declining primary energy prices once again enabled carrying out downward adjustments in sales prices for gas to the benefit of end customers. Following previous selling price decreases in January and March 2009, gas prices could be reduced by about 7.0% on December 1, 2009.

### Revenue and earnings

Taking account of higher sales volumes as well as of the fact that the selling price increases for electricity and gas effective November 1, 2008 had an greater impact than the downward adjustments in sales prices for gas carried out in the year 2009, total revenue rose by 6.1% in the first quarter 2009/10, or EUR 21.3m, to EUR 370.3m. After deducting the higher operating expenses attributable to increased costs for primary energy and electricity purchases due to higher sales volumes, EBIT improved by 16.2%, or EUR 5.5m, to EUR 39.2m. The financial results, which encompass the earnings contribution of EconGas as well as the financing costs for constructing heat generation facilities, were down EUR 1.7m, to EUR 4.0m. On balance, the profit before income tax improved to EUR 43.2m, up from the comparable figure of EUR 39.5m in the preceding year.

An important project was successfully concluded in the first quarter 2009/10. Since October 1, 2009, EVN has been supplying the city of Sankt Pölten with district heat from the Dürnröhr power station via Austria's longest district heating transmission pipeline. The full capacity of 40 MW was supplied to Sankt Pölten for the first time on December 15, 2009.

## Investments

### Energy Supply South East Europe

The Energy Supply South East Europe segment encompasses the operation of the electricity networks and the selling of electricity to end customers in Bulgaria and Macedonia, the heat generation and heat selling in Bulgaria as well as energy distribution within the whole region. Moreover, the project company for constructing the gas networks in Split and Zadar in Croatia is included.

Key figures	2009/10	2008/09	Nominal	Change in %	2007/08
	Q. 1	Q. 1			Q. 1
<b>Key energy business indicators</b>	GWh				
<b>Electricity distribution volumes<sup>1)</sup></b>	<b>3,436</b>	<b>3,389</b>	<b>47</b>	<b>1.4</b>	<b>3,291</b>
Thereof Bulgaria	1,971	1,957	14	0.7	1,915
Thereof Macedonia	1,465	1,432	33	2.3	1,376
<b>Heat sales volumes to end customers</b>	<b>86</b>	<b>80</b>	<b>6</b>	<b>7.5</b>	<b>–</b>
<b>Financial indicators</b>	EURm				
External revenue	225.8	219.0	6.8	3.1	183.6
Intra-Group revenue	–	–	–	–	–
<b>Total revenue</b>	<b>225.8</b>	<b>219.0</b>	<b>6.8</b>	<b>3.1</b>	<b>183.6</b>
Operating expenses	–225.0	–219.1	–6.0	–2.7	–195.5
<b>Results from operating activities (EBIT)</b>	<b>0.8</b>	<b>0.0</b>	<b>0.8</b>	<b>–</b>	<b>–11.9</b>
EBIT margin (%) <sup>2)</sup>	0.3	–	–	0.4	–6.5
Financial results	–5.3	–9.3	4.0	42.6	–7.0
<b>Profit before income tax</b>	<b>–4.5</b>	<b>–9.3</b>	<b>4.8</b>	<b>51.3</b>	<b>–19.0</b>
Investments	31.0	33.1	–2.1	–6.3	74.5

1) In Bulgaria and Macedonia, energy sales to end customers nearly correspond to distribution volumes at present.

2) Changes reported in percentage points

In Bulgaria, electricity network sales volumes rose 0.7% despite the mild weather. In contrast, sales volumes climbed 2.3% in Macedonia, where it was considerably colder than in the previous year. Heating sales volumes in Bulgaria were up by an impressive 7.5%, to 86 GWh.

## Energy business development

Total revenue of the Energy Supply South East Europe segment climbed 3.1%, or EUR 6.8m, to EUR 225.8m. Revenue in Bulgaria only rose slightly, which is due to the reduction of end customer prices in Bulgaria by about 1.0% as of July 1, 2009. Accordingly, most of the revenue increase can be attributed to the Macedonian market. In respect to operating expenses, a decline in personnel expenses compared to the preceding year, which had included the costs of restructuring measures, was in contrast to higher scheduled depreciation of property, plant and equipment as well as increased write-offs of receivables. All in all, EBIT amounted to EUR 0.8m. The financial results improved by EUR 4.0m to –EUR 5.3m due to a negative one-off effect in the prior-year quarter. The profit before income tax of the Energy Supply South East Europe segment amounted to –EUR 4.5m, compared to –EUR 9.3m in the first quarter of the previous year.

## Revenue and earnings

## Investments

Investments totalling EUR 31.0m, slightly lower than in the preceding year, mainly focused on expanding and upgrading the network infrastructure and electricity metres in order to improve the reliability and quality of energy supplies and reduce losses from the power grid.

## Environmental Services

The Environmental Services segment encompasses the drinking water supply, wastewater disposal and thermal waste incineration on the domestic market as well as the international project business in 14 countries in Central, Eastern and South-eastern Europe.

Financial indicators	EURm	2009/10	2008/09	Nominal	Change		2007/08
		Q. 1	Q. 1		in %	Q. 1	
External revenue		48.8	45.5	3.3	7.3		35.3
Intra-Group revenue		3.2	2.6	0.6	23.8		2.2
<b>Total revenue</b>		<b>52.1</b>	<b>48.1</b>	<b>4.0</b>	<b>8.2</b>		<b>37.5</b>
Operating expenses		-49.9	-45.2	-4.7	-10.4		-34.5
<b>Results from operating activities (EBIT)</b>		<b>2.2</b>	<b>2.9</b>	<b>-0.7</b>	<b>-25.4</b>		<b>3.1</b>
EBIT margin (%) <sup>1)</sup>		4.2	6.1	-	-1.9		8.2
Financial results		4.2	-2.9	7.1	-		2.9
<b>Profit before income tax</b>		<b>6.3</b>	<b>0.0</b>	<b>6.3</b>	<b>-</b>		<b>5.9</b>
Investments		20.6	11.4	9.2	81.0		6.0

1) Changes reported in percentage points

## Revenue and earnings

The International Environmental Services segment increased its total revenue for the first quarter of 2009/10 by 8.2%, or EUR 4.0m, to EUR 52.1m. EUR 2.3m of this increase can be attributed to the ongoing operation of the waste incineration facility and water supply in Lower Austria, whereas EUR 1.7m is from the project business, which is usually weaker in the first half of the financial year due to the cold weather. Operating expenses, particularly the cost of materials and services and personnel expenses, rose at a faster pace than revenue and totalled EUR 4.7m. Accordingly, EBIT was down by EUR 0.7m, to EUR 2.2m. The financial results, which had been negatively affected in the previous year due to a lower earnings contribution by ZOV and valuation-related negative currency effects, improved considerably by EUR 7.1m, to EUR 4.2m. As a consequence, the profit before income tax correspondingly rose to EUR 6.3m.

## Investments

Investments focused on expanding the third waste incineration line in Dürnröhr, which was put into operation in December 2009. About 10,000 tonnes of waste had already been thermally treated by the end of December 2009. The total capacity of the third waste incineration line is 225,000 tonnes.

## Ongoing projects in Istanbul, Turkey and Stettin, Poland

EVN is serving as the lead manager in a consortium to construct a wastewater installation in Istanbul/Ataköy, Turkey, for 2.0 million inhabitants. The plant has been successively put into operation since November 2009. With total investments of EUR 108.5m, the project will come fully on stream in 2011 and will be operated by EVN for a period of five years.

Extensive progress has been made on two wastewater purification plants in Stettin, Poland. The waterline in Zdroje has been in operation since April 2008; the facility was handed over to the customer during the period under review. In Pomorzany, the waterline has been operating under full load since the beginning of October 2009.

In October 2009, EVN was awarded a contract to plan and build two wastewater treatment plants in Famagusta and Morphou, Cyprus. The project, financed by the European Commission and scheduled for completion within a period of 24 months, involves a turn-key facility entailing total investments of EUR 11.4m and a capacity of 33,500 and 10,750 population equivalents respectively.

#### New wastewater treatment plant projects, Cyprus

Another environmental services project on Cyprus is close to completion. As part of a consortium with a local construction company, EVN was contracted to build and then operate a wastewater purification plant in North Nicosia for a period of ten years, with a daily capacity of about 30,000 m<sup>3</sup>.

In December 2009, EVN was awarded a contract to construct a waste treatment plant in Moscow. The final capacity of the new facility will depend on the environmental permit, which is still outstanding but is expected to be granted in the near future.

#### New waste treatment plant in Moscow, Russia

### Strategic Investments and Other Business

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

Financial indicators	EURm	2009/10	2008/09	Nominal	Change		2007/08
		Q. 1	Q. 1		in %	Q. 1	
External revenue		8.4	6.0	2.4	40.9		5.5
Intra-Group revenue		15.0	16.2	-1.2	-7.4		16.0
<b>Total revenue</b>		<b>23.5</b>	<b>22.2</b>	<b>1.2</b>	<b>5.6</b>		<b>21.4</b>
Operating expenses		-23.2	-23.3	0.2	0.8		-22.9
<b>Results from operating activities (EBIT)</b>		<b>0.3</b>	<b>-1.1</b>	<b>1.4</b>	-		<b>-1.5</b>
EBIT margin (%) <sup>1)</sup>		1.2	-5.1	-	6.3		-7.0
Financial results		4.6	-0.1	4.7	-		19.5
<b>Profit before income tax</b>		<b>4.9</b>	<b>-1.2</b>	<b>6.1</b>	-		<b>18.0</b>
Investments		0.1	0.2	-0.1	-3.5		0.3

1) Changes reported in percentage points

The financial results, which are the most important indicator of this segment, were shaped by the varied development of the different investments. The income from investments, which declined by EUR 4.9m to EUR 3.2m, featured a decrease in the earnings contribution from RAG but a rise in the income from BEWAG and BEGAS. The other financial results, which had been negatively impacted in the first quarter of the previous year by unfavourable market value related adjustments to securities and current financial assets as a result of the crisis on financial markets, increased significantly, rising by EUR 10.6m to EUR 0.8m. On balance, the financial results improved by EUR 4.7m, to EUR 4.6m.

#### Revenue and earnings

## Interim report pursuant to IAS 34

<b>Consolidated balance sheet</b>	EURm	31.12.2009	30.9.2009	Nominal	Change in %	30.9.2008
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets		364.7	365.2	-0.5	-0.1	357.5
Property, plant and equipment		2,692.9	2,653.1	39.8	1.5	2,392.0
Companies included at equity		726.6	712.5	14.1	2.0	641.5
Other investments		1,216.2	1,409.7	-193.5	-13.7	1,723.5
Deferred tax assets		2.8	1.2	1.6	-	0.9
Other non-current assets		616.0	619.5	-3.5	-0.6	597.0
		<b>5,619.2</b>	<b>5,761.2</b>	<b>-142.0</b>	<b>-2.5</b>	<b>5,712.4</b>
<b>Current assets</b>						
Inventories		136.3	137.3	-1.0	-0.7	97.6
Receivables		715.1	579.7	135.5	23.4	569.4
Securities		40.0	86.7	-46.7	-53.8	136.0
Cash		114.9	130.5	-15.6	-11.9	121.0
		<b>1,006.3</b>	<b>934.2</b>	<b>72.2</b>	<b>7.7</b>	<b>923.9</b>
<b>Total assets</b>		<b>6,625.5</b>	<b>6,695.4</b>	<b>-69.8</b>	<b>-1.0</b>	<b>6,636.3</b>
<b>Equity and liabilities</b>						
<b>Equity</b>						
Share capital		300.0	300.0	-	-	300.0
Share premium		108.4	108.4	-	-	108.4
Retained earnings <sup>1)</sup>		1,735.5	1,661.4	74.2	4.5	1,558.1
Valuation reserve according to IAS 39		595.0	725.4	-130.4	-18.0	1,012.0
Currency translation reserve		-2.5	-3.4	0.9	27.3	2.1
Treasury shares		-8.0	-8.0	-	-	-4.8
Equity attributable to EVN AG shareholders		2,728.5	2,783.8	-55.3	-2.0	2,975.9
Minority interest		341.8	343.4	-1.6	-0.5	232.5
		<b>3,070.3</b>	<b>3,127.2</b>	<b>-56.9</b>	<b>-1.8</b>	<b>3,208.5</b>
<b>Non-current liabilities</b>						
Non-current loans and borrowings		1,691.1	1,702.5	-11.4	-0.7	1,358.9
Deferred tax liabilities		264.5	307.1	-42.6	-13.9	420.0
Non-current provisions <sup>2)</sup>		449.6	444.8	4.8	1.1	430.2
Deferred income from network subsidies		384.2	379.1	5.2	1.4	354.3
Other non-current liabilities <sup>2)</sup>		81.2	90.2	-9.0	-9.9	91.8
		<b>2,870.7</b>	<b>2,923.7</b>	<b>-52.9</b>	<b>-1.8</b>	<b>2,655.3</b>
<b>Current liabilities</b>						
Current loans and borrowings		57.2	17.0	40.2	-	153.9
Taxes payable		116.2	58.7	57.5	97.9	60.5
Trade payables		306.6	328.7	-22.2	-6.7	283.7
Current provisions		86.8	83.6	3.2	3.9	96.4
Other current liabilities		117.7	156.5	-38.8	-24.8	178.0
		<b>684.5</b>	<b>644.5</b>	<b>40.0</b>	<b>6.2</b>	<b>772.5</b>
<b>Total equity and liabilities</b>		<b>6,625.5</b>	<b>6,695.4</b>	<b>-69.8</b>	<b>-1.0</b>	<b>6,636.3</b>

1) Including the valuation reserve according to IFRS 3 amounting to EUR 7.1m, which was still reported as a separate item on the consolidated balance sheet in the previous financial year

2) Comparative figures as at September 30, 2008 were adjusted to reflect a new reporting.

Consolidated income statement	EURm	2009/10	2008/09	Nominal	Change	2007/08
		Q. 1	Q. 1		in %	Q. 1
<b>Total revenue</b>		<b>769.2</b>	<b>736.0</b>	<b>33.2</b>	<b>4.5</b>	<b>667.7</b>
Other operating income		17.8	17.9	-0.1	-0.5	16.3
Change in work in progress and own work capitalised		1.4	5.3	-3.9	-73.9	6.5
Electricity purchases and primary energy expenses		-448.5	-448.1	-0.5	-0.1	-393.4
Costs of materials and services		-64.0	-64.1	0.1	0.1	-51.7
Personnel expenses		-81.0	-81.6	0.6	0.7	-71.0
Depreciation and amortisation		-62.0	-45.6	-16.4	-35.9	-44.8
Other operating expenses		-37.8	-32.1	-5.7	-17.6	-37.7
<b>Results from operating activities (EBIT)</b>		<b>95.1</b>	<b>87.9</b>	<b>7.3</b>	<b>8.3</b>	<b>92.0</b>
Income from investments in associates included at equity		7.6	7.7	-0.1	-1.1	23.4
Income from other investments		-	-	-	-	-
Interest income		10.1	13.9	-3.8	-27.3	12.5
Interest expense		-17.1	-26.0	8.9	34.3	-23.2
Other financial results		2.9	-9.6	12.5	-	-1.7
<b>Financial results</b>		<b>3.6</b>	<b>-13.9</b>	<b>17.5</b>	<b>-</b>	<b>11.0</b>
<b>Profit before income tax</b>		<b>98.7</b>	<b>73.9</b>	<b>24.8</b>	<b>33.5</b>	<b>102.9</b>
Income tax expense		-26.9	-16.2	-10.7	-65.9	-19.2
<b>Net profit for the period</b>		<b>71.8</b>	<b>57.7</b>	<b>14.1</b>	<b>24.4</b>	<b>83.8</b>
Thereof profit attributable to minority interest		-2.3	2.9	-5.2	-	6.2
Thereof profit attributable to EVN AG shareholders (Group net profit)		74.2	54.8	19.3	35.3	77.6
<b>Earnings per share<sup>1)</sup></b>	EUR	<b>0.45</b>	<b>0.34</b>	<b>0.12</b>	<b>35.3</b>	<b>0.47</b>

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

Segment reporting by area of business <sup>1)</sup>	EURm	International Power Generation		Network Infrastructure Austria		Energy Supply Austria		Energy Supply South East Europe	
		2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1
External revenue		10.1	10.9	122.0	113.1	354.0	341.5	225.8	219.0
Intra-Group revenue		32.6	25.5	13.5	12.4	16.3	7.5	-	-
<b>Total revenue</b>		<b>42.7</b>	<b>36.5</b>	<b>135.6</b>	<b>125.5</b>	<b>370.3</b>	<b>349.0</b>	<b>225.8</b>	<b>219.0</b>
Operating expenses		-30.3	-19.3	-95.3	-90.3	-331.1	-315.2	-225.0	-219.1
<b>Results from operating activities (EBIT)</b>		<b>12.4</b>	<b>17.2</b>	<b>40.3</b>	<b>35.2</b>	<b>39.2</b>	<b>33.7</b>	<b>0.8</b>	<b>0.0</b>
EBIT margin (%)		29.0	47.1	29.7	28.0	10.6	9.7	0.3	-
Financial results		0.7	1.8	-3.3	-3.7	4.0	5.7	-5.3	-9.3
<b>Profit before income tax</b>		<b>13.1</b>	<b>15.4</b>	<b>37.0</b>	<b>31.4</b>	<b>43.2</b>	<b>39.5</b>	<b>-4.5</b>	<b>-9.3</b>
<b>Investments<sup>2)</sup></b>		<b>17.2</b>	<b>8.2</b>	<b>25.6</b>	<b>19.4</b>	<b>5.2</b>	<b>6.2</b>	<b>31.0</b>	<b>33.1</b>

	EURm	International Environmental Services		Strategic Investments and Other Business		Consolidation		Total	
		2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1	2009/10 Q. 1	2008/09 Q. 1
External revenue		48.8	45.5	8.4	6.0	-	-	769.2	736.0
Intra-Group revenue		3.2	2.6	15.0	16.2	-80.7	-64.3	-	-
<b>Total revenue</b>		<b>52.1</b>	<b>48.1</b>	<b>23.5</b>	<b>22.2</b>	<b>-80.7</b>	<b>-64.3</b>	<b>769.2</b>	<b>736.0</b>
Operating expenses		-49.9	-45.2	-23.2	-23.3	80.7	64.3	-674.1	-648.2
<b>Results from operating activities (EBIT)</b>		<b>2.2</b>	<b>2.9</b>	<b>0.3</b>	<b>-1.1</b>	<b>-</b>	<b>-</b>	<b>95.1</b>	<b>87.9</b>
EBIT margin (%)		4.2	6.1	1.2	-5.1	-	-	12.4	11.9
Financial results		4.2	-2.9	4.6	-0.1	-1.3	-1.9	3.6	-13.9
<b>Profit before income tax</b>		<b>6.3</b>	<b>0.0</b>	<b>4.9</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-1.9</b>	<b>98.7</b>	<b>73.9</b>
<b>Investments<sup>2)</sup></b>		<b>20.6</b>	<b>11.4</b>	<b>0.1</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>99.8</b>	<b>78.4</b>

1) According to the new segmentation as of the first quarter 2009/10

2) In intangible assets and property, plant and equipment

### Consolidated statement of comprehensive income

EURm	2009/10 Q. 1	2008/09 Q. 1	Nominal	Change in %	2007/08 Q. 1
<b>Net profit for the period</b>	<b>71.8</b>	<b>57.7</b>	<b>14.1</b>	<b>24.4</b>	<b>83.8</b>
<b>Pre-tax gains (+) or losses (-) recognised directly in equity</b>					
Currency translation adjustments	0.9	-4.1	5.0	-	0.2
Market valuation of securities	-194.1	-424.9	230.8	54.3	295.3
Cash flow hedges	17.2	-44.1	61.3	-	3.0
Investments in associates included at equity	2.2	-22.9	25.1	-	3.0
<b>Total pre-tax gains (+) or losses (-) recognised directly in equity</b>	<b>-173.8</b>	<b>-496.0</b>	<b>322.2</b>	<b>65.0</b>	<b>301.6</b>
Income tax expenses	44.3	117.3	-73.0	-62.3	-74.4
<b>After tax gains (+) or losses (-) recognised directly in equity</b>	<b>-129.5</b>	<b>-378.7</b>	<b>249.2</b>	<b>65.8</b>	<b>227.2</b>
<b>Comprehensive income</b>	<b>-57.6</b>	<b>-321.0</b>	<b>263.3</b>	<b>82.0</b>	<b>311.0</b>
Thereof attributable to minority interest	-2.3	2.9	-5.2	-	6.2
Thereof attributable to EVN AG shareholders	-55.3	-323.9	268.5	82.9	304.8

### Changes in consolidated equity statement

EURm	EVN AG shareholders	Minority interest	Total
<b>Balance on 30.9.2008</b>	<b>2,975.9</b>	<b>232.5</b>	<b>3,208.5</b>
Comprehensive income	-323.9	2.9	-321.0
Buyback of treasury shares	-3.3	-	-3.3
Acquisition of shares of fully-consolidated companies	-	-1.0	-1.0
<b>Balance on 31.12.2008</b>	<b>2,648.8</b>	<b>234.5</b>	<b>2,833.3</b>
<b>Balance on 30.9.2009</b>	<b>2,783.8</b>	<b>343.4</b>	<b>3,127.2</b>
Total result for the period	-55.3	-2.3	-57.6
Capital increase from minority interest	-	0.8	0.8
<b>Balance on 31.12.2009</b>	<b>2,728.5</b>	<b>341.8</b>	<b>3,070.3</b>

### Condensed consolidated cash flow statement

EURm	2009/10 Q. 1	2008/09 Q. 1	Nominal	Change in %	2007/08 Q. 1
Profit before income tax	98.7	73.9	24.8	33.5	102.9
Non-cash items	47.7	34.0	13.7	40.3	15.1
<b>Gross cash value</b>	<b>146.4</b>	<b>107.9</b>	<b>38.5</b>	<b>35.7</b>	<b>118.1</b>
<b>Net cash flow from operating activities</b>	<b>-6.9</b>	<b>-58.9</b>	<b>52.0</b>	<b>88.3</b>	<b>137.8</b>
<b>Net cash flow from investing activities</b>	<b>-38.1</b>	<b>-88.6</b>	<b>50.5</b>	<b>57.0</b>	<b>-138.7</b>
<b>Net cash flow from financing activities</b>	<b>-10.9</b>	<b>147.3</b>	<b>-158.2</b>	<b>-</b>	<b>47.7</b>
<b>Net change in cash and cash equivalents</b>	<b>-55.9</b>	<b>-0.2</b>	<b>-55.7</b>	<b>-</b>	<b>46.8</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>113.6</b>	<b>94.1</b>	<b>19.5</b>	<b>20.7</b>	<b>54.4</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>57.7</b>	<b>93.9</b>	<b>-36.2</b>	<b>-38.6</b>	<b>101.2</b>

## Notes to the Interim report

### Accounting and valuation methods

This Interim report of EVN AG as at December 31, 2009, taking into consideration § 245a Austrian Commercial Code, were 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, this 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 as at the last balance sheet date of September 30, 2009.

The accounting and valuation methods are essentially the same as those applied as at September 30, 2009, with the exception of the consequences of the first-time application of standards and interpretations described below. The preparation of an Interim report according to IFRS requires 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 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 2009/10 financial year:

#### Standards and interpretations applied for the first time

Effective<sup>1)</sup>

##### New standards and interpretations

IFRS 8 Operating Segments	January 1, 2009
IFRIC 13 Customer Loyalty Programmes	January 1, 2009
IFRIC 14 The Limit on Defined Benefit Asset Minimum Funding Requirements and Their Interaction	January 1, 2009
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	July 1, 2009

##### Revised standards and interpretations

IAS 1 Presentation of Financial Statements	January 1, 2009
IAS 23 Borrowing Costs	January 1, 2009
IAS 27 Consolidated and Separate Financial Statements	January 1/July 1, 2009
IAS 32 Financial Instruments: Presentation	January 1, 2009
IAS 39 Financial Instruments: Recognition and Measurement	Nov. 11, 2008/June 30, 2009 <sup>2)</sup> /July 1, 2009
IFRS 3 Business Combinations	July 1, 2009
"Annual Improvements 2006–2008"	January 1/July 1, 2009

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

2) Pursuant to IASB, these standards are to be applied retroactively to financial years which end on or after the date on which the standards become binding.

### Basis of preparation

The new IFRS 8 regulates the disclosure of information on business segments, products and services, regions and the customer relationships of EVN. The identification of operating segments is based on the internal management (management approach). As a result, the former business units of the Energy segment were reported as separate segments.

The application of the new interpretations IFRIC 13, IFRIC 14 and IFRIC 16 did not lead to any changes in the Interim report of EVN.

Due to revisions made to IAS 1, a "Statement of Comprehensive Income" has been added to the Interim report, which presents all income and expense items in the consolidated income statement as well as all earnings components included in equity without recognition to profit and loss. Thus, the changes in consolidated equity statement only contains details on owner-related business transactions, whereas all other changes in equity are presented in a single line.

The main changes to IAS 27 and IFRS 3 relate to regulations on the reporting of acquisitions of shareholdings. Particular importance is attached to revisions in the successive acquisition of shares and the valuation of minority interest in the case of acquisitions. Moreover, ancillary acquisition costs are to be reported as expenses from now on.

The main change in IAS 23 relates to the deletion of the option to recognise borrowing costs as an expense if they are directly attributable to the acquisition, construction or production of an qualifying asset. Due to the fact that EVN did not exercise this option in the past, this change will not have any effects on the consolidated financial statements.

The Interim report of EVN is not affected by revisions to IAS 32, IAS 39 and "Annual Improvements 2006–2008".

New standards and interpretations which are not yet legally effective have not been applied.

#### **Seasonally-related effects on business operations**

In particular, the Energy business is subject to weather-related fluctuations in power generation and sales. Due to this dependence of the energy business on prevailing weather conditions, lower revenue and earnings are generally achieved in the second half of the financial year. The Environmental Services segment 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 segment 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**

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

#### **Consolidation range**

The consolidation range is established in accordance with the requirements contained in IAS 27. Accord-

ingly, including the parent company EVN AG, a total of 26 domestic and 30 foreign subsidiaries (September 30, 2009: 26 domestic and 27 foreign subsidiaries) were fully consolidated as of December 31, 2009. A total of 36 affiliated companies (September 30, 2009: 36) were not consolidated due to their immaterial influence on financial and assets position and profitability.

<b>Changes in the consolidation range</b>	Full consolidation	Proportionate consolidation	Equity method	Total
<b>30.9.2009</b>	<b>53</b>	<b>5</b>	<b>14</b>	<b>72</b>
Start-ups and initial consolidation	3	–	–	3
<b>31.12.2009</b>	<b>56</b>	<b>5</b>	<b>14</b>	<b>75</b>
Thereof foreign companies	30	–	4	34

No acquisitions were made in the first quarter of 2009/10, as was the case in the comparable period of the financial year 2008/09.

In July 2009, WTE Wassertechnik GmbH, Essen, was awarded a contract to construct a wastewater disposal plant in Budva, Montenegro, and operate it over a period of 30 years. On this occasion, WTE odpadne vode Budva DOO, Podgorica, Montenegro, was established in September 2009, and was fully consolidated for the first time as of the first quarter of 2009/10.

EVN Trading d.o.o. Beograd, Belgrade, Serbia, and EVN Trading DOOEL, Skopje, Macedonia, in which EVN Trading SEE EAD, Sofia, Bulgaria, owns a 100.0% stake, are responsible for implementing energy trading projects in their respective countries, and will now be consolidated for the first time in the Interim report of EVN on the basis of their materiality.

### Selected notes

In the first quarter of 2009/10, EVN acquired intangible assets and property, plant and equipment to the amount of EUR 99.8m (previous year: EUR 78.4m). This was in contrast to the disposal of property, plant and equipment at a carrying value of EUR 0.5m (previous year: EUR 0.1m). In this connection, a capital gain of EUR 0.5m (previous year: EUR 1.4m) was achieved.

Other investments totalling EUR 1,216.2m, which are assigned to the category of “available-for-sale” securities, include the shares of listed companies with a market value of EUR 1,191.7m, a decline of EUR 194.1m 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 account of the deduction of deferred taxes.

At the balance sheet date of December 31, 2009, the number of treasury shares remained unchanged at 534,864 shares (representing 0.33% of the share capital) having an acquisition price of EUR 8.0m and a market value of EUR 7.0m on the balance sheet date (September 30, 2009: EUR 7.3m). EVN AG is not entitled to any rights arising from the ownership of treasury shares. In particular, these shares are not entitled to dividends.

The Annual General Meeting of EVN AG held on January 21, 2010 approved the proposal of the Executive Board and Supervisory Board to distribute a dividend of EUR 0.37 per share for the 2008/09 financial year (total dividend payout: EUR 60.3m).

### Notes to the consolidated balance sheet

In respect to non-current bank loans, the ongoing, scheduled redemption of loans and borrowings amounting to EUR 20.7m was offset by drawing upon a line of credit as a means of financing the capacity expansion at the waste incineration plant in Dürnröhr totalling EUR 9.3m. Accordingly, non-current loans and borrowings declined to EUR 1,691.1m.

#### Notes to the consolidated income statement

An impairment test on assets in accordance with IAS 36 carried out in the first quarter of 2009/10 resulted in an impairment loss on property, plant and equipment at the wind park in Kavarna of EUR 10.7m. In addition, the high level of investments and the initial consolidation of B.net led to a rise in depreciation and amortisation of EUR 16.4m, to EUR 62.0m.

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. 162,990,956 (December 31, 2008: 163,055,163 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 74.2m (December 31, 2008: EUR 54.8m), earnings per share at the balance sheet date of the first quarter of 2009/10 totalled EUR 0.45 (December 31, 2008: EUR 0.34).

#### Notes to the consolidated cash flow statement

Dividends received as well as interest income and interest expense are allocated to current business activities. The cash flow from dividend payments totalled EUR 0.0m in the first quarter of 2009/10 (previous year: EUR 0.3). Interest income amounted to EUR 8.1m (previous year: EUR 12.9m), whereas interest expense was EUR 15.0m (previous year: EUR 30.3m).

#### Other information

##### Transactions with related companies and individuals

There were no changes in the range of related companies and individuals since the previous consolidated financial statements. The transactions concluded with investments in associates included at equity are as follows:

<b>Transactions with investments in associates included at equity</b>	EURm	<b>2009/10 Q. 1</b>	2008/09 Q. 1
Revenue		97.3	91.7
Cost of services		210.3	229.5
Trade accounts receivable		94.3	154.8 <sup>1)</sup>
Trade accounts payable		9.7	13.4 <sup>1)</sup>

1) Value at September 30, 2009

##### Other obligations and risks

Other obligations and risks increased by EUR 36.5m compared to September 30, 2009, to EUR 830.3m, primarily as a result of the increase in the guarantees for the construction of the power plant in Walsum-Duisburg. This rise involves an expansion of external financing corresponding to construction progress, for which guarantees were issued. The other obligations and risks have remained unchanged for the most part.

### **Significant events after the balance sheet date**

The following significant events requiring disclosure took place between the quarterly balance sheet date on December 31, 2009 and the publication of the Interim report.

In the electricity and gas business, network tariffs are generally adjusted by an appraisal carried out by the E-Control Commission on January 1<sup>st</sup> of each calendar year within the framework of the incentive regulatory system. As a result, electricity network tariffs were reduced by an average of 2.0% effective January 1, 2010, whereas gas network tariffs for network level 3 (households and commercial businesses) and level 2 (industrial companies and SMEs) were increased by 7.7% and 11.7% respectively. The consequences for the individual customer will depend on the amount of energy used and technical conditions.

Effective January 1, 2010, electricity prices for end costumers in Macedonia were increased by 10.0%. 51.0% of the total increase are to be allotted to EVN Macedonia.

The dividend payment to shareholders of EVN AG for the 2008/09 financial year amounting to EUR 60.3m or EUR 0.37 per share was proposed by the Executive Board and Supervisory Board of EVN and approved by the 81<sup>st</sup> Annual General Meeting of EVN AG held on January 21, 2010. Ex-dividend day was January 26, 2010, and the distribution of the dividend to EVN AG shareholders took place on January 29, 2010.

The 81<sup>st</sup> Annual General Meeting also granted authorisation to the Executive Board, within five years after the registration of the relevant amendment to the Articles of Incorporation in the company register, to increase the authorised capital of the company by up to EUR 30.0m in one or more tranches, by issuing up to 16,352,582 non-par value bearer shares against a contribution in cash and/or in kind, as and to fix the volume of the capital increase, the offering price and the terms of the issue, with the approval of the Supervisory Board, inasmuch as the Executive Board ensures that the shareholding in EVN AG held by NÖ Landes-Beteiligungsholding GmbH does not fall below the level of 51.0%, even after the capital increase.

At the beginning of February 2010, WTE signed a contract for another environmental project on Cyprus, that is the new construction and subsequent ten-year operation of the waste water treatment plant in Mia Milia/Haspolat, Nicosia. With a project volume of approximately EUR 45.0m a capacity of 30,000 m<sup>3</sup>, enough to cater for 270,000 residents, will be reached.

## The EVN share

### Slight economic recovery

The recovery on international stock markets, which set in at the end of March 2009, continued in the period October to December 2009. All important share indices posted double-digit growth rates based on initial indications of a stabilization of the global economy in 2009. As a result, capital markets succeeded in making up for most of the losses from 2008. Fundamental data and economic indicators for 2010 also further improved.

International share indices gained in value during the period under review. The German share index DAX rose by 5.0%, the Euro Stoxx 50 by 3.3%. However, the Dow Jones Euro Stoxx Utilities index, which is relevant to EVN, only registered a 0.2% rise in value.

As a consequence of the disproportionately severe economic downturn in Eastern Europe, trading on the Vienna Stock Exchange did not reflect the more positive mood elsewhere. The Vienna benchmark index ATX concluded the period October 1, 2009 – December 31, 2009 by registering a 5.4% decrease in value. The EVN share also lost 3.9%, and was traded at EUR 13.15 as at December 30, 2009. Its share price development outperformed the ATX index but was worse than the relevant sector index.

As at the end of December 2009, the market capitalisation of EVN AG was EUR 2.15bn. Total trading in EVN shares at last stabilised at an average daily turnover of 54,971 shares (counted once), a lower level compared to the first quarter of the previous financial year.

### EVN share – Index weighting Dec. 30, 2009

ATX	1.49%
WBI (Vienna Stock Exchange Index)	2.76%

The total trading volume of EVN shares on the Vienna Stock Exchange was EUR 43m (counted once), which corresponds to 0.41% of total Vienna Stock Exchange trading volume. The weighting of the EVN share on the ATX index remained unchanged 1.49% as of the end of December 2009.

### EVN share price – relative development



<b>EVN share – performance</b>		<b>2009/10 Q. 1</b>	<b>2008/09 Q. 1</b>	<b>2007/08 Q. 1</b>
Share price at the end of December	EUR	13.15	11.00	22.14
Highest price	EUR	13.74	16.00	23.25
Lowest price	EUR	12.51	10.11	20.56
Value of shares traded <sup>1)</sup>	EURm	43	46	100
Average daily turnover <sup>1)</sup>	Shares	54,971	61,373	75,832
Share of total turnover <sup>1)</sup>	%	0.41	0.45	0.45
Market capitalisation at the end of December	EURm	2,150	1,799	3,620

1) Vienna Stock Exchange, counted once

The 81<sup>st</sup> Annual General Meeting of EVN AG held on January 21, 2010 authorised the Executive Board to increase the authorised capital of the company by up to EUR 30,000,00 Euro (Details in the Notes to the Interim report, page 21).

**Authorisation for capital increase granted by 81<sup>st</sup> Annual General Meeting**

In the first quarter of 2009/10, there was no change in the shareholder structure of EVN AG: 51% of the shares continue to be owned by NÖ Landes-Beteiligungsholding GmbH, St. Pölten. The second largest shareholder is EnBW Energie Baden-Württemberg with a stake of > 35%. The remaining < 14% are in free float.

**Unchanged shareholder structure**

#### EVN share – Basic information

Share capital	300,000,000.00 EUR
Denomination	163,525,820 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 program (5 ADR = 1 share); The Bank of New York Mellon
Ratings	A2, negative (Moody's); A-, negative (Standard & Poor's)

## Financial calendar 2009/10<sup>1)</sup>

Results HY. 1 2009/10	May 27, 2010
Results Q. 1–3 2009/10	August 26, 2010
Annual results 2009/10	December 16, 2010

1) Preliminary

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<http://www.financialreport.evn.at/?report=EN2010-Q1>

### Information on the Internet

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