

EVN Finance Service B.V.
Amsterdam

Semi-annual report and accounts
as at and for the period ended 31 March 2010

0974652



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Report of the management

The management herewith presents to the shareholder the interim accounts of EVN Finance Service B.V. (hereinafter: "the Company") for the period ended 31 March 2010.

General

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a finance company for the Austrian EVN Group. The sole shareholder of the Company is EVN Finanzmanagement und Vermietungs-GMBH who has its statutory seat in Austria.

Declaration by Management

Management declares that, to the best of their knowledge and belief, the financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss account of the Company as well as that the Management Report includes a fair position review of the development and performance of the business and financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Overview of activities

During the period the Company did not start up new activities.

Financial instruments and risk

Interest rate risk

The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, because both assets and liabilities are held under identical conditions.

Currency rate risk

The Company is not materially liable to currency rate risk since the notes and the loan are in the same currency. The Company did not make use of any derivatives during the period ending 31 March 2010.

Liquidity risk

The Company is not exposed to liquidity risk since the timing of proceeds on the assets matches the timing of proceeds on the liabilities.

Credit risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The long term and short term loans payables have limited recourse to the assets of the Company.

Results

The net asset value of the Company as at 31 March 2010 amounts to EUR 2,171,305 (30 September 2009: EUR 2,053,713). The result for the period ended 31 March 2010 amounts to a profit of EUR 117,592 (year ended 30 September 2009: EUR 45,170 profit).

Future outlook

On 1 April 2010 the Company repaid the EUR 100,000,000 drawn on the Multicurrency Revolving Facility Agreement to BNP Paribas. The Company intends to enter into a EUR 125,000,000 loan agreement with EIB to finance a group project in Austria.

Amsterdam, 16 April 2010

C. Macha

P. Oosthoek

Balance sheet as at 31 March 2010

(Before the proposed appropriation of the result and expressed in Euro)

	Notes	31 Mar 2010	30 Sep 2009
Fixed Assets			
Loan to group entities	1	301,900,000	301,900,000
<i>Total fixed assets</i>		301,900,000	301,900,000
Current assets			
Cash and cash equivalents	2	100,191,091	124,047
Other receivables from group entity	3	4,745,637	12,578,157
<i>Total current assets</i>		104,936,727	12,702,204
Current liabilities (due within one year)			
Accruals and deferred income	4	4,665,422	12,548,491
Taxation	5	183	-
Short term loans	6	100,000,000	-
<i>Total current liabilities</i>		104,665,605	12,548,491
Current assets less current liabilities		271,122	153,713
Total assets less current liabilities		302,171,122	302,053,713
Long term liabilities (due after more than one year)			
Notes	7	300,000,000	300,000,000
Net asset value		2,171,122	2,053,713
Capital and reserves	8		
Paid up and called up share capital		18,000	18,000
Share premium account		2,100,000	2,100,000
Accumulated deficit		(64,287)	(109,457)
Result for the period/year		117,409	45,170
<i>Total capital and reserves</i>		2,171,122	2,053,713

The accompanying notes form an integral part of these financial statements.

Profit and loss account for the period ended 31 March 2010

		Period 1 Oct 2009 to 31 March 2010	Year ended 30 Sept 2009
	Notes		
(Expressed in Euro)			
Finance activities			
Service fees	9	(93)	(5,000)
Interest income on loans to group entities	10	8,088,753	17,111,012
Interest income on deposits	11	7	13,635
Interest expenses on short term loans	12	(44,800)	(4,474,841)
Interest expense on notes	13	(7,900,758)	(12,513,699)
<i>Result finance activities</i>		143,109	131,107
Other income and expenses			
Other interest expense	14	-	(52)
General and administrative expenses	15	(25,245)	(84,067)
<i>Total other income and expenses</i>		(25,245)	(84,119)
Result before taxation		117,864	46,988
Taxation	16	(455)	(1,818)
Result for the period/year		117,409	45,170

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the period ended 31 March 2010

		Period 1 Oct 2009 to 31 March 2010	Year ended 30 Sept 2009
	Notes		
(Expressed in Euros)			
Cash flow from operating activities			
Result for the period/year		117,409	45,170
Changes in working capital			
Increase/less current receivables	3	7,832,520	(12,365,979)
Increase/add current liabilities	4 - 5	(7,882,886)	12,307,007
		67,043	(13,802)
Cash flow from investing activities			
Funds received / (repayment) of loan to group company	1 - 7	-	198,100,000
		-	198,100,000
Cash flow from financing activities			
Funds received from share premium contribution	8	-	100,000
Repayment of (funds lent from) payable	6	100,000,000	(200,000,000)
		100,000,000	(199,900,000)
Net change in cash during the period/year		100,067,043	(1,813,802)
Bank balance at 1 October	2	124,047	1,937,849
Bank balance at the end of the period/year		100,191,091	124,047

Notes to the annual accounts

General

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a finance company for the Austrian EVN Group. The sole shareholder of the Company is EVN Finanzmanagement und Vermietungs-GMBH who has its statutory seat in Austria.

Basis of preparation

The accompanying accounts have been prepared under the historic cost convention in accordance with accounting principles generally accepted in The Netherlands (Dutch GAAP) and in conformity with provisions governing financial statements as contained in Part 9, Book 2 of The Netherlands Civil Code.

a. Foreign currencies

Amounts receivable and payable in foreign currencies are translated at the exchange rate of the forward transaction. Transactions in foreign currencies are translated into EUR at the exchange rate of the transactions. Other assets and liabilities in foreign currencies are translated into EUR at their exchange rates prevailing on the balance sheet date. The resulting currency exchange rate differences are taken to the profit and loss account.

b. Financial instruments and change in accounting policies

Financial instruments include loans payable, loans receivable and amounts owed to and from group companies. As of 1 January 2008 financial instruments are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortized cost using the effective interest method, less impairment losses. Changes in the fair value are recognized in the profit and loss account.

Until 1 January 2008 financial instruments were carried at nominal value. Accordingly receivables are valued at nominal value less a bad debt provision if necessary. Due to the fact that there are no impairment losses or transaction costs recorded in the financial instruments of the Company the amortized cost equals the nominal value. Therefore the change in the accounting principles has no impact on the stated equity or result of the Company.

The reason for the change accounting principles is the legal obligation to apply the revised Dutch guideline for annual reporting 290 'financial instruments', as of 1 January 2008.

c. Assets and liabilities

All other assets and liabilities are stated at historic cost, unless stated otherwise in the notes.

d. Recognition of income

Income and expenses, including taxation, are recognised and reported on accrual basis.

e. Financial instruments and risk

Interest rate risk

The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, because both assets and liabilities are held under identical conditions.

Currency rate risk

The Company is not materially liable to currency rate risk since the notes and the loan are in the same currency. The Company did not make use of any derivatives during the period ending 31 March 2010.

Liquidity risk

The Company is not exposed to liquidity risk since the timing of proceeds on the assets matches the timing of proceeds on the liabilities.

Credit risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The long term and short term loans payables have limited recourse to the assets of the Company.

f. Cash flow statement

The cash flow statement has been prepared using the indirect method.

	Period 1 Oct 2009 to 31 March 2010	Year ended 30 Sept 2009
	EUR	EUR
Balance sheet		
1 Loan to group entities		
Loan to EVN AG	301,900,000	301,900,000
	<u>301,900,000</u>	<u>301,900,000</u>
Beginning balance	301,900,000	200,000,000
Increase	-	101,900,000
Ending balance	<u>301,900,000</u>	<u>301,900,000</u>
Amounts of loans falling due within 1 year:		1,900,000
Amounts of loans falling due between 1 and 5 years:	301,900,000	300,000,000
Amounts of loans falling due after 5 years:	-	-
	<u>301,900,000</u>	<u>301,900,000</u>
<p>The Company granted several loans to EVN AG. The loan granted to EVN AG for an amount of EUR 1.9 million bears a variable interest of 3M EURIBOR + 19.1bp. The fair value of this loan portion approximates the nominal value.</p> <p>The loan granted to EVN AG for an amount of EUR 300 million bears a fixed interest rate of 5.33% with the interest payable annually on 14 December. The loan redeems 14 December 2011. The fair value of this loan portion is estimated at EUR 320,400,000 as at 30 September 2009. The fair value is calculated based on the fair value of issued notes + 8 bp. The fair value as at 31 March 2010 is not calculated.</p>		
2 Cash and cash equivalents		
Current account	81,091	124,047
Fixed term deposit	120,000	-
Fixed term deposit 2	99,990,000	-
	<u>100,191,091</u>	<u>124,047</u>
<p>The deposit will mature on 19 April 2010 and bears a variable interest of 0.17075% for the period from 18 March 2010 to 19 April 2010.</p> <p>The second deposit will mature on 1 April 2010 and bears a variable interest of 0.098% for the period from 31 March 2010 to 1 April 2010.</p> <p>The current accounts and fixed term deposit are freely available to the Company. The balance on the current account is freely available to the Company.</p>		
3 Other receivables from group entity		
Interest receivable on loan to EVN AG	4,745,637	12,578,157
	<u>4,745,637</u>	<u>12,578,157</u>
4 Accruals and deferred income		
Tax advisor fee payable	966	7,574
Management & administration fee payable	-	12,218
Audit fee payable	-	15,000
Interest payable on notes	4,617,123	12,513,699
Interest payable short term loan	47,333	-
	<u>4,665,422</u>	<u>12,548,491</u>

	Period 1 Oct 2009 to 31 March 2010	Year ended 30 Sept 2009
	EUR	EUR

5 Taxation

Corporate income tax

(183)	-
(183)	-

Final corporate income tax assessments have been received for the financial years up to and including 2007/2008.

Corporate income tax summary	01.10.2009	Paid/(Received)	P/L account	31.12.2009
2010	-	272	(455)	(183)
Total	-	272	(455)	(183)

6 Short term loans

MRFA

100,000,000	-
100,000,000	-

Beginning balance
Increase/(decrease)
Ending balance

-	200,000,000
100,000,000	(200,000,000)
100,000,000	-

In 2006, the Company entered into a Multicurrency Revolving Facility Agreement (hereinafter "MRFA"). During the period there was a draw down under the MRFA. The loan bears a variable interest of 1M EURIBOR + 15bp.

The fair value of the loan approximates the nominal value.

7 Notes

Series I, tranche I, EUR 300,000,000. 5.25% Notes due 2011.

300,000,000	300,000,000
300,000,000	300,000,000

Beginning balance
Increase/(decrease)
Ending balance

300,000,000	-
-	300,000,000
300,000,000	300,000,000

Amounts of loans falling due within 1 year:
Amounts of loans falling due between 1 and 5 years:
Amounts of loans falling due after 5 years:

-	-
300,000,000	300,000,000
-	-
300,000,000	300,000,000

EVN AG issued Series I, Tranche I, EUR 300,000,000 5.25% Notes ("the Notes") due 2011 of the 1,000,000,000 Debt Issuance Programme in 2001. In a Transfer Agreement dated 14 August 2009 EVN AG and the Company agreed that the Company shall act as a substitution debtor as of the date of this agreement. In return of the transfer, EVN AG will pay to the Company an amount of 5.33% per annum of the nominal value of the Notes amounting to EUR 300,000,000 payable on 14 December of each year. The notes will mature on 14 December 2011.

On 11 August 2009 EVN AG and the Company entered into a guarantee ("the Guarantee") in which EVN AG has irrevocably and unconditionally guaranteed in favour of each holder of the Notes the payment of all sums payable by the Company in respect to the Notes.

The fair value as at 30 September 2009 amounts to EUR 317,100,000. The fair value is calculated based on the market price which has been gathered from the Luxembourg Stock Exchange. The fair value as at 31 March 2010 is not determined.

The issued notes are listed on the Luxembourg Stock Exchange and have a denomination of EUR 1,000 per unit.

8 Capital and reserves

The authorised share capital of the Company amounts to EUR 90,000 divided into 90,000 shares of EUR 1 each. Issued and paid up are 18,000 shares.

In the annual meeting of shareholders held on 18 March 2010 it was decided to add the balance of the unappropriated result 2008/2009 to the other reserves.

	<u>Share capital</u>	<u>Share premium</u>	<u>Accumulated deficit</u>	<u>Result for the year</u>
Balance as per 01.10.2008	18,000	2,000,000	(65,066)	(44,391)
Paid-in	-	100,000	-	-
Appropriation prior year result	-	-	(44,391)	44,391
Result for the year	-	-	-	45,170
Balance as per 01.10.2009	<u>18,000</u>	<u>2,100,000</u>	<u>(109,457)</u>	<u>45,170</u>
Paid-in / (repaid)	-	-	-	-
Appropriation prior year result	-	-	45,170	(45,170)
Result for the period	-	-	-	117,864
Balance as per 31.03.2010	<u>18,000</u>	<u>2,100,000</u>	<u>(64,287)</u>	<u>117,864</u>

	Period 1 Oct 2009 to 31 March 2010	Year ended 30 Sept 2009
	EUR	EUR
Profit and loss account		
9 Service fees		
Fee income: Group Credit Agreement	129,375	218,875
Fee expenses: MRFA	(129,468)	(223,875)
	<u>(93)</u>	<u>(5,000)</u>
<p>The Company has entered into a MRFA on 12 September 2006 for an amount of EUR 600,000,000. The Company is charged a commitment fee based upon the available credit facility. These commitment fee expenses are recharged to EVN AG.</p>		
10 Interest income on loans to group entities		
Interest income on loans to EVN AG	<u>8,088,753</u>	<u>17,111,012</u>
	<u>8,088,753</u>	<u>17,111,012</u>
11 Interest income on deposits		
Interest received on deposits	<u>7</u>	<u>13,635</u>
	<u>7</u>	<u>13,635</u>
12 Interest expenses on short term loans		
Interest expenses on short term loans	<u>(44,800)</u>	<u>(4,474,841)</u>
	<u>(44,800)</u>	<u>(4,474,841)</u>
13 Interest expense on notes		
Interest in issued notes	<u>(7,900,758)</u>	<u>(12,513,699)</u>
	<u>(7,900,758)</u>	<u>(12,513,699)</u>
14 Other interest expenses		
Interest on Corporate Income Tax assessments	<u>-</u>	<u>(52)</u>
	<u>-</u>	<u>(52)</u>
15 General and administrative expenses		
Management & Administration fees	(16,896)	(51,340)
Legal advice fees	-	-
Tax advice fees	-	(14,219)
Audit fee expenses	(7,426)	(16,785)
Bank charges	(784)	(1,594)
General expenses	<u>(139)</u>	<u>(129)</u>
	<u>(25,245)</u>	<u>(84,067)</u>
16 Taxation		
Provision for C.I.T. 2008	-	(909)
Provision for C.I.T. 2009	-	(909)
Provision for C.I.T. 2010	<u>(455)</u>	<u>-</u>
	<u>(455)</u>	<u>(1,818)</u>

Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the current or previous year.

Directors

The Company has two (previous year: two) managing directors, one of whom receives a remuneration.
The Company has no (previous year: none) supervisory directors.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Loans to group entities

The Company lent the proceeds from the MRFA and the issued notes to EVN AG, a related party which is also part of the EVN group. As at 31 March 2010 the total outstanding loan amount is EUR 301,900,000.

Amsterdam, 16 April 2010

C. Macha

P. Oosthoek

Other information

Appropriation of results

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholder in accordance with the Company's articles of association. Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal or statutory reserves.

The management proposes to the shareholder to add the result for the year to the other reserves.

The management proposes to the shareholder not to declare any dividend and to add the result for the year to the other reserves.

Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

Auditor's report

The auditor's report is not applicable for this interim report.