

**EVN Finance Service B.V.**  
**Amsterdam**

Interim report for the period  
1 October 2010 until 31 March 2011

0863806



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### **Report of the management**

The management herewith presents to the shareholder the interim report of EVN Finance Service B.V. (hereinafter: "the Company") for the period 1 October 2010 until 31 March 2011.

### **General**

The Company, incorporated on 4 July 2006, 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 which 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 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 similar conditions.

#### Currency rate risk

The Company is not materially liable to currency rate risk as the Notes and the loan payable are in the same currency as the Company's receivables. The Company did not make use of any derivatives during the year.

#### 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. In addition, should the Company's receivable not be able to pay the Company, EVN AG has guaranteed that it will repay the Company's 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. In addition, should the Company's receivable not be able to pay the Company, EVN AG has guaranteed that it will repay the Company's liabilities.

### **Results**

The net asset value of the Company as at 31 March 2011 amounts to EUR 2,322,976 (30 September 2010: EUR 2,210,709).

The result for the period 1 October 2010 until 31 March 2011 amounts to a profit of EUR 112,268 (the year ending 30 September 2010: EUR 156,996 profit).

### **Future outlook**

Management is of the opinion that the present level of activities will be maintained during the next financial year.

Amsterdam, 15 April 2011

G. Reidinger

P. Oosthoek

**Balance sheet as at 31 March 2011**

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

	Notes	31 Mar 2011	30 Sep 2010
<b>Fixed Assets</b>			
Loans to group entities	1	426,900,000	426,900,000
<i>Total fixed assets</i>		426,900,000	426,900,000
<b>Current assets</b>			
Cash and cash equivalents	2	296,543	100,711
Other receivables	3	4,972,950	13,034,156
<i>Total current assets</i>		5,269,493	13,134,867
<b>Current liabilities (due within one year)</b>			
Accounts payable	4	4,885,140	12,787,116
Taxation	5	(38,623)	37,042
Short term loan	6	-	-
<i>Total current liabilities</i>		4,846,517	12,824,158
<b>Current assets less current liabilities</b>		422,976	310,709
<b>Total assets less current liabilities</b>		427,322,976	427,210,709
<b>Long term liabilities (due after more than one year)</b>			
Loan from third party	7	125,000,000	125,000,000
Notes	8	300,000,000	300,000,000
<i>Total long term liabilities</i>		425,000,000	425,000,000
<b>Net asset value</b>		2,322,976	2,210,709
<b>Capital and reserves</b>	9		
Paid up and called up share capital		18,000	18,000
Share premium account		2,100,000	2,100,000
Accumulated deficit		92,708	(64,287)
Result for the period		112,268	156,996
<i>Total capital and reserves</i>		2,322,976	2,210,709

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



**Profit and loss account for the period 1 October 2010 until 31 March 2011**

	<b>Notes</b>	<b>Period 1 Oct 2010 until 31 Mar 2011</b>	<b>Year ending 30 Sep 2010</b>
(Expressed in Euro)			
<b>Finance activities</b>			
Commitment fees	10	-	-
Interest income on loans to group entities	11	10,037,283	16,256,953
Interest income on deposits	12	305	402
Interest income on short term loans to group entities	13	-	106,822
Interest expenses on short term loans from third party	14	-	(93,711)
Interest expense on notes	15	(7,853,425)	(15,750,000)
Interest expense on loan from third party	16	(2,002,941)	(243,451)
Other interest expense	17	(627)	(239)
<i>Result finance activities</i>		<u>180,595</u>	<u>276,776</u>
<b>Other income and expenses</b>			
General and administrative income and expenses	18	<u>(41,685)</u>	<u>(75,621)</u>
<i>Total other income and expenses</i>		<u>(41,685)</u>	<u>(75,621)</u>
<b>Result before taxation</b>		<u>138,910</u>	<u>201,155</u>
Taxation	19	(26,642)	(44,159)
<b>Result for the period</b>		<u><u>112,268</u></u>	<u><u>156,996</u></u>

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



**Cash flow statement for the period 1 October 2010 until 31 March 2011**

	Notes	Period 1 Oct 2010 until 31 Mar 2011	Year ending 30 Sep 2010
(Expressed in Euros)			
<b>Cash flow from operating activities</b>			
Result before taxation		138,910	201,155
<b>Changes in operating assets and liabilities</b>			
Less increase in current receivables	3	8,061,206	(455,999)
Add increase in current liabilities	4	(7,901,976)	238,625
Funds borrowed from third parties	1	-	125,000,000
Funds lent to group entities	7 - 8	-	(125,000,000)
		298,140	(16,219)
<b>Cash flow from investing activities</b>		-	-
<b>Cash flow from financing activities</b>			
Funds received from share premium contribution	9	-	-
Tax paid	5	(102,307)	(7,116)
<b>Net change in cash during the period</b>		195,833	(23,335)
Bank balance at the beginning of the year rounding difference	2	100,711 (1)	124,046
<b>Bank balance at the end of the period</b>		<u>296,543</u>	<u>100,711</u>



## Notes to the interim report

### **General**

The Company, incorporated on 4 July 2006, 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 which has its statutory seat in Austria.

### **Basis of preparation**

The accompanying accounts have been prepared 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. Certain comparative figures of the prior year have been reclassified to conform to the classification for the current year.

#### **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. 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.

#### **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 similar conditions.

##### Currency rate risk

The Company is not materially liable to currency rate risk as the Notes and the loan payable are in the same currency as the Company's receivables. The Company did not make use of any derivatives during the year.

##### 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. In addition, should the Company's receivable not be able to pay the Company, EVN AG has guaranteed that it will repay the Company's 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. In addition, should the Company's receivable not be able to pay the Company, EVN AG has guaranteed that it will repay the Company's liabilities.

#### **f. Cash flow statement**

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

	31 Mar 2011	30 Sep 2010
	EUR	EUR
<b>Balance sheet</b>		
<b>1 Loans to group entities</b>		
Loan to EVN AG	301,900,000	301,900,000
Loan to EVN Finanzservice GmbH	125,000,000	125,000,000
	<u>426,900,000</u>	<u>426,900,000</u>
Beginning balance	426,900,000	301,900,000
Increase	-	125,000,000
Ending balance	<u>426,900,000</u>	<u>426,900,000</u>
Amounts of loans falling due within 1 year:	300,000,000	-
Amounts of loans falling due between 1 and 5 years:	1,900,000	301,900,000
Amounts of loans falling due after 5 years:	125,000,000	125,000,000
	<u>426,900,000</u>	<u>426,900,000</u>
<p>The Company granted several loans to EVN AG. The loan granted to EVN AG for an amount of EUR 1,900,000 bears a variable interest of 3M EURIBOR + 19.1bp.</p> <p>The loan granted to EVN AG for an amount of EUR 300,000,000 bears a fixed interest rate of 5.33% with the interest payable annually on 14 December. The loan redeems in full on 14 December 2011.</p> <p>The loan granted to EVN Finanzservice GmbH for an amount of EUR 125,000,000 bears an interest rate of 3.187 per cent per annum plus a mark-up of 0.08 per cent per annum. Interest is payable semi-annually starting 8 March 2011. Repayment will commence half yearly in equal parts starting 8 March 2016 and will continue until the loan has been fully repaid on 8 September 2035.</p> <p>The fair value of the loans to group entities as at 31 March 2011 has not been calculated. (30 September 2010: EUR 460,484,631). The fair value of the EUR 1,900,000 loan approximates the nominal value.</p> <p>The fair value of the EUR 300,000,000 loan as at 31 March 2011 has not been calculated (30 September 2010: EUR 326,948,496).</p> <p>The fair value of the EUR 125,000,000 loan as at 31 March 2011 has not been calculated (30 September 2010: EUR 131,636,135).</p> <p>Should any of the Company's receivables not be able to pay the Company, EVN AG has guaranteed that it will repay the Company's liabilities.</p>		
<b>2 Cash and cash equivalents</b>		
Current account	11,543	10,711
Fixed term deposit	285,000	90,000
	<u>296,543</u>	<u>100,711</u>
<p>Currently there are 2 active deposits. The first deposit of EUR 235,000 bears a variable interest of 0.5752% for the period from 9 March 2011 to 11 April 2011. The second deposit of EUR 50,000 bears a variable interest of 0.5317% for the period from 11 March 2011 to 11 April 2011.</p> <p>The current accounts and fixed term deposit are freely available to the Company.</p>		
<b>3 Other receivables</b>		
Interest receivable on loans to EVN AG	4,698,447	12,771,090
Interest receivable on loans to EVN Finanzservice GmbH	260,906	249,563
Interest receivable on short term deposit	97	3
Commitment fee receivable	13,500	13,500
	<u>4,972,950</u>	<u>13,034,156</u>
<b>4 Accounts payable</b>		
Tax advisor fee payable	-	966
Audit fee payable	-	15,500
Interest payable on notes	4,617,123	12,513,699
Interest payable long term loan	254,517	243,451
Commitment fee payable	13,500	13,500
	<u>4,885,140</u>	<u>12,787,116</u>



	31 Mar 2011	30 Sep 2010
	EUR	EUR
<b>5 Taxation</b>		
Corporate income tax payable	(38,623)	37,042
	<u>(38,623)</u>	<u>37,042</u>

Final corporate income tax assessments have been received for the financial years up to and including 2008/2009.

<u>Corporate income tax summary</u>	<u>1 Oct 2010</u>	<u>Paid</u>	<u>P/L account</u>	<u>31 Mar 2010</u>
2009-2010	37,042	(37,042)	-	-
2010-2011	-	(65,265)	26,642	(38,623)
Total	<u>37,042</u>	<u>(102,307)</u>	<u>26,642</u>	<u>(38,623)</u>

**6 Short term loan**

MRFA	-	-
	<u>-</u>	<u>-</u>
Beginning balance	-	-
Funds borrowed during the period/year	-	100,000,000
Funds repaid during the period/year	-	(100,000,000)
Ending balance	<u>-</u>	<u>-</u>

In 2006, the Company entered into a Multicurrency Revolving Facility Agreement (hereinafter "MRFA"). During the previous book year there was a draw down under the MRFA of EUR 100,000,000 which was also repaid prior to year-end. The loan bore a variable interest rate of 3m EURIBOR + 15bp.

**7 Loan from third party**

Loan payable to EIB	125,000,000	125,000,000
	<u>125,000,000</u>	<u>125,000,000</u>

On 8 September 2010 the Company borrowed an amount of EUR 125,000,000 from EIB. This loan bears a fixed interest rate of 3.187 per cent per annum. Repayment will commence half yearly in equal parts starting 8 March 2016 and will continue

until the loan has been fully repaid on 8 September 2035. Interest is payable semi-annually starting 8 March 2011.

On 21 June 2010 EVN AG and the Company entered into a guarantee ("Garantievertrag") in which EVN AG has irrevocably and unconditionally guaranteed in favour of EIB, in the situation where the Company does not pay its due liabilities in part or in whole in connection to the 125,000,000 loan from EIB, payment of all sums payable by the Company in respect to the 125,000,000 loan.

The fair value of the loan from third party at 31 March 2011 has not been calculated (30 September 2010: EUR 130,414,754).

	31 Mar 2011	30 Sep 2010
	EUR	EUR
<b>8 Notes</b>		
Series I, tranche I, EUR 300,000,000, 5.25% Notes due 2011.	300,000,000	300,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Beginning balance	300,000,000	300,000,000
Drawdown	-	-
Ending balance	<u>300,000,000</u>	<u>300,000,000</u>
Amounts of loans falling due within 1 year:	300,000,000	-
Amounts of loans falling due between 1 and 5 years:	-	300,000,000
Amounts of loans falling due after 5 years:	-	-
	<u>300,000,000</u>	<u>300,000,000</u>

EVN AG issued Series I, Tranche I, EUR 300,000,000 5.25% Notes ("the Notes") due 2011 of the EUR 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 of the Notes.

The fair value of the Notes at 31 March 2011 has not been calculated (30 September 2010: EUR 326,472,680).

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

## 9 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 30 December 2010 it was decided to add the balance of the unappropriated result 2009-2010 to the other reserves and declare an amount of EUR 90,000 available for dividend distribution.

	Share capital	Share premium	Other Reserves	Result for the year
Balance as per 01 Oct 2009	18,000	2,100,000	(109,458)	45,170
Appropriation prior year result	-	-	45,170	(45,170)
Result for the year	-	-	-	156,996
Balance as per 01 Oct 2010	<u>18,000</u>	<u>2,100,000</u>	<u>(64,288)</u>	<u>156,996</u>
Appropriation prior year result	-	-	156,996	(156,996)
Result for the period	-	-	-	112,268
Balance as per 31 Mar 2011	<u>18,000</u>	<u>2,100,000</u>	<u>92,708</u>	<u>112,268</u>

	<b>Period 1 Oct 2010 until 31 Mar 2011</b>	<b>Year ending 30 Sep 2010</b>
	<b>EUR</b>	<b>EUR</b>
<b>Profit and loss account</b>		
<b>10 Commitment fees</b>		
Fee income: Group Credit Agreement	136,500	290,125
Fee expenses: MRFA	<u>(136,500)</u>	<u>(290,125)</u>
	<u>-</u>	<u>-</u>
The Company 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.		
<b>11 Interest income on loans to group entities</b>		
Interest income on loans to EVN AG	7,984,064	16,007,390
Interest income on loan to EVN Finanzservice GmbH	<u>2,053,219</u>	<u>249,563</u>
	<u>10,037,283</u>	<u>16,256,953</u>
<b>12 Interest income on deposits</b>		
Interest received on deposits	<u>305</u>	<u>402</u>
	<u>305</u>	<u>402</u>
<b>13 Interest income on short term loans to group entities</b>		
Interest income on short term loan	<u>-</u>	<u>106,822</u>
	<u>-</u>	<u>106,822</u>
<b>14 Interest expenses on short term loans from third party</b>		
Interest expenses on short term loan	<u>-</u>	<u>(93,711)</u>
	<u>-</u>	<u>(93,711)</u>
<b>15 Interest expense on notes</b>		
Interest on issued notes	<u>(7,853,425)</u>	<u>(15,750,000)</u>
	<u>(7,853,425)</u>	<u>(15,750,000)</u>
<b>16 Interest expense loan from third party</b>		
Interest expense on loan from EIB	<u>(2,002,941)</u>	<u>(243,451)</u>
	<u>(2,002,941)</u>	<u>(243,451)</u>
<b>17 Other interest expenses</b>		
Interest on Corporate Income Tax assessments	<u>(627)</u>	<u>(239)</u>
	<u>(627)</u>	<u>(239)</u>
<b>18 General and administrative income and expenses</b>		
Discount preliminary tax	432	-
Management & administration fees	(35,970)	(50,934)
Legal advice fees	-	-
Tax advice fees	(1,875)	-
Audit fee expenses	(3,481)	(22,926)
Bank charges	(648)	(1,600)
General expenses	<u>(143)</u>	<u>(161)</u>
	<u>(41,685)</u>	<u>(75,621)</u>

	<b>Period 1 Oct 2010 until 31 Mar 2011</b>	<b>Year ending 30 Sep 2010</b>
	<b>EUR</b>	<b>EUR</b>
<b>19 Taxation</b>		
Result before taxation	138,910	201,155
Expected tax expense at 20%	(27,782)	(40,231)
Differences:		
Adjustment to be made due to write off	1,140	2,280
Adjustments to prior periods tax charges	-	(6,208)
Corporate tax expense per 31 March 2011	<u>(26,642)</u>	<u>(44,159)</u>

	<b>Period 1 Oct 2010 until 31 Mar 2011</b>	<b>Year ending 30 Sep 2010</b>
	<b>EUR</b>	<b>EUR</b>

**Auditor's fee**

According to article 382a of Book 2 of the Dutch Civil Code, the following fees of KPMG Accountants N.V. were charged to the Company:

Audit of financial statements	-	(22,926)
Other audit engagements	-	-
Tax services	-	-
Other non-audit services	-	-
	<u>-</u>	<u>(22,926)</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 on-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 2011 the total outstanding loan amount to EVN AG is EUR 301,900,000. Also, a loan of EUR 125,000,000 has been on-lent to EVN Finanzservice GmbH.

Amsterdam, 15 April 2011

G. Reidinger

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 not to declare any dividend and to add the result for the year to the accumulated deficit.

### **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**

There is no auditor's report for this interim report.