

EVN Finance Service B.V.
Amsterdam

Annual report and accounts
as at and for the year ended 30 September 2009

0995697



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Report of the management

The management herewith presents to the shareholder the annual accounts of EVN Finance Service B.V. (hereinafter: "the Company") for the year ended 30 September 2009.

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 standard 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 the description of the principal risks and uncertainties it faces.

Overview of activities

The Company received a share premium contribution of EUR 100,000 on 30 December 2008.

On 27 October 2008 the Company drew down an additional amount of EUR 100,000,000 under the EUR 600,000,000 Multicurrency Revolving Facility Agreement (hereinafter "MRFA"). On 30 October 2008, the Company lent an amount of EUR 101,900,000 to EVN AG.

During 2009, the Company repaid a total amount of EUR 400,000,000 under the MRFA.

EVN AG issued EUR 300,000,000 5.25 % Notes ("the Notes") due 2011 as series 1, tranche 1 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 a loan (amounting to EUR 300,000,000 at year-end) and this interest is payable on 14 December of each year.

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.

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 and as per 30 September 2009.

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.

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Results

The net asset value of the Company as at 30 September 2009 amounts to EUR 2,053,713 (30 September 2008: EUR EUR 1,908,543).

The result for the year ended 30 September 2009 amounts to a profit of EUR 45,170 (year ended 30 September 2008: EUR 44,391 loss).

Future outlook

The management is of the opinion that the present level of activities will be maintained during the next period.

Amsterdam, 12 November 2009

C. Macha

P. Oosthoek

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Balance sheet as at 30 September 2009

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

	Notes	30 September 2009	30 September 2008
Fixed Assets			
Loan to group entities	1	300.000.000	-
<i>Total fixed assets</i>		<u>300.000.000</u>	<u>-</u>
Current assets			
Loans to group entities	1	1.900.000	200.000.000
Cash and cash equivalents	2	124.047	1.937.849
Other receivables from group entity	3	12.578.157	212.178
<i>Total current assets</i>		<u>14.602.204</u>	<u>202.150.027</u>
Current liabilities (due within one year)			
Accruals and deferred income	4	12.548.491	241.484
Taxation	5	-	-
Short term loans	6	-	200.000.000
<i>Total current liabilities</i>		<u>12.548.491</u>	<u>200.241.484</u>
Current assets less current liabilities		<u>2.053.713</u>	<u>1.908.543</u>
Total assets less current liabilities		<u>302.053.713</u>	<u>1.908.543</u>
Long term liabilities (due after more than one year)			
Notes	7	300.000.000	-
Net asset value		<u>2.053.713</u>	<u>1.908.543</u>
Capital and reserves			
Paid up and called-up share capital	8	18.000	18.000
Share premium account		2.100.000	2.000.000
Accumulated deficit		109.457-	65.066-
Result for the year		45.170	44.391-
<i>Total capital and reserves</i>		<u>2.053.713</u>	<u>1.908.543</u>

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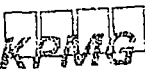
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The accompanying notes form an integral part of these financial statements.

Profit and loss account for the year ended 30 September 2009

	Notes	Year ended 30 September 2009	Year ended 30 September 2008
(Expressed in Euro)			
Finance activities			
Service fees	9	5.000-	-
Interest income on loans to group entities	10	17.111.012	1.017.489
Interest income on deposits	11	13.635	6.587
Interest expenses on short term loans	12	4.474.841-	1.008.606-
Interest expense on notes	13	12.513.699-	-
Result finance activities		131.107	8.883
Other income and expenses			
Other interest expense	14	52-	0
General and administrative expenses	15	84.067-	59.861-
Total other income and expenses		84.119-	53.274-
Result before taxation		46.988	44.391-
Taxation	16	1.818-	-
Result for the year		45.170	44.391-



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

Cash flow statement for the year ended 30 September 2009

	Notes	Year ended 30 September 2009	Year ended 30 September 2008
(Expressed in Euros)			
Cash flow from operating activities			
Result for the year		45.170	(44.391)
Changes in working capital			
Increase/less current receivables	3	(12.365.979)	(212.178)
Increase/add current liabilities	4	12.307.007	230.709
		(13.802)	18.531
Cash flow from investing activities			
Funds received / (repayment) of loan to group company	1	198.100.000	(200.000.000)
		198.100.000	(200.000.000)
Cash flow from financing activities			
Funds received from share premium contribution	8	100.000	1.950.000
Repayment of (funds lent from) payable	6	(200.000.000)	200.000.000
		(199.900.000)	201.950.000
Net change in cash during the year		(1.813.802)	1.924.140
Bank balance at 1 October		1.937.849	13.709
Bank balance at 30 September		124.047	1.937.849

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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 and as per 30 September 2009.

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.

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	30 September 2009	30 September 2008
	EUR	EUR
Balance sheet		
1 Loans to group entities		
Loan to EVN AG	301.900.000	200.000.000
	<u>301.900.000</u>	<u>200.000.000</u>
Balance as per 01 October	200.000.000	-
Increase	101.900.000	200.000.000
Balance as per 30 September	<u>301.900.000</u>	<u>200.000.000</u>
Amounts of loans falling due within 1 year:	1.900.000	200.000.000
Amounts of loans falling due between 1 and 5 years:	300.000.000	-
Amounts of loans falling due after 5 years:	-	-
	<u>301.900.000</u>	<u>200.000.000</u>
During the period, the Company granted several loans to EVN AG. The short term loan bears a variable interest of 1M EURIBOR + 19.1bp. The long term loan bears a fixed interest rate of 5.33% with the interest payable annually on 14 December. The loan is to be redeemed on 14 December 2011. The fair value of the long-term portion of the loan is estimated at EUR 320,400,000. The fair value is calculated based on the fair value of the issued notes + 8bp. The fair value of the short-term portion of the loan approximates the nominal value.		
2 Cash and cash equivalents		
Current account	124.047	37.849
Fixed term deposit	-	1.900.000
	<u>124.047</u>	<u>1.937.849</u>
The balance on the current account is freely available to the Company.		
3 Other receivables from group entity		
Interest receivable on loan to EVN AG	12.578.157	212.178
	<u>12.578.157</u>	<u>212.178</u>
4 Accruals and deferred income		
Interest payable on MRFA	-	210.356
Tax advisor fee payable	7.574	22.850
Management & administration fee payable	12.218	1.946
Audit fee payable	15.000	4.760
Interest refund, payable to EVN AG	-	1.550
Bank costs payable	-	23
Interest payable on notes	12.513.699	-
	<u>12.548.491</u>	<u>241.484</u>
5 Taxation		
Corporate income tax	-	-
	<u>-</u>	<u>-</u>

Final corporate income tax assessments have been received for the financial years up to and including 2006.

Corporate income tax summary	01.10.2008	Paid/(Received)	P/L account	30.09.2009
pre 2007	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	1.818	1.818
Total	-	-	<u>1.818</u>	<u>1.818</u>

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	30 September 2009	30 September 2008
	EUR	EUR
6 Short term loans		
MRFA	-	200.000.000
	-	200.000.000
Balance as per 1 October 2008	200.000.000	-
Increase/(decrease)	200.000.000-	200.000.000
Balance as per 30 September 2009	-	200.000.000

In 2006, the Company entered into a Multicurrency Revolving Facility Agreement (hereinafter "MRFA").

During the period several loans were drawn down under the MRFA. The loan bears a variable interest of 1M EURIBOR + 15bp.

On 27 October 2008 the Company drew down an additional amount of EUR 200,000,000 under the MRFA. During 2009, the Company repaid a total amount of EUR 400,000,000.

The fair value of the loan approximates the nominal value.

7 Notes

Notes 5.25% due 2011, series 1, tranche 1

	300.000.000	-
	300.000.000	-
Balance as per 1 October	-	-
Increase/(decrease)	300.000.000	-
Balance as per 30 September	300.000.000	-
Amounts of loans falling due within 1 year:	-	-
Amounts of loans falling due between 1 and 5 years:	300.000.000	-
Amounts of loans falling due after 5 years:	-	-
	300.000.000	-

EVN AG issued EUR 300,000,000 5.25% Notes ("the Notes") due 2011 as series 1, tranche 1 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 the Notes amounting to EUR 300,000,000 payable on 14 December of each year. The notes will be repaid on 14 December 2011.

On 11 August 2009 EVN AG and the Company entered into a guarantee ("the Guarantee") in which EVN AG has irrevocable and unconditional 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 obtained from the Luxembourg Stock Exchange.

The issued notes are listed at 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.

	Share capital	Share premium	Accumulated deficit	Result for the year
Balance as per 01.10.2007	18.000	50.000	33.024-	32.042-
Paid-in	-	1.950.000	-	-
Appropriation prior year result	-	-	32.042-	32.042
Result for the year	-	-	-	44.391-
Balance as per 01.10.2008	18.000	2.000.000	65.066-	44.391-
Paid-In / (repaid)	-	100.000	-	-
Appropriation prior year result	-	-	44.391-	44.391
Result for the year	-	-	-	45.170
Balance as per 30.09.2009	18.000	2.100.000	109.457-	45.170

* The Company received a share premium contribution on 30 December 2008.

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	Year ended 30 September 2009	Year ended 30 September 2008
	EUR	EUR
Profit and loss account		
9 Service fees		
Fee income: Group Credit Agreement	218.875	280.250
Fee expenses: MRFA	223.875-	280.250-
	5.000-	-
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 the parent company.		
10 Interest income on loans to group entities		
Interest income on loans to EVN AG	17.111.012	1.017.489
	17.111.012	1.017.489
11 Interest income on deposits		
Interest received on deposits	13.635	6.587
	13.635	6.587
12 Interest expenses on short term loans		
Interest expenses on long term loans	4.474.841-	1.008.606-
	4.474.841-	1.008.606-
13 Interest expense on notes		
Interest in issued notes	12.513.699-	0
	12.513.699-	0
14 Other interest expenses		
Interest on assessments CIT	52-	-
	52-	-
15 General and administrative expenses		
Management & Administration fees	51.340-	31.731-
Tax advice fees	14.219-	22.015-
Audit fee expenses	16.785-	4.760-
Bank charges	1.594-	816-
General expenses	129-	540-
	84.067-	59.861-
16 Taxation		
Provision for C.I.T. 2008	909-	-
Provision for C.I.T. 2009	909-	-
	1.818-	-

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.

Auditor's fee

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

Audit of financial statements	KPMG Audit		
Other audit engagements	Document to which our report dated	15.000-	4.760-
Tax services		-	-
Other non-audit services		-	-
		15.000-	4.760-

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Directors

The Company has two (previous year: two) managing directors, one of whom receives a remuneration. In accordance with section 383.1, the Company has chosen not to disclose the amount paid to the director. 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 Multicurrency Revolving Facility Agreement and the associated facilities to EVN AG, a related party which is also part of the EVN group. At year-end the total outstanding loan amount is EUR 301,900,000.

There are no other related party transactions.

Amsterdam, 12 November 2009
C. Macha

P. Oosthoek



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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 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.



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Auditor's report

The auditor's report is included on the next page.

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A handwritten signature, likely of a KPMG representative, written in dark ink.

To: the Board of Management of EVN Finance Service B.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of EVN Finance Service B.V., Amsterdam, which comprise the balance sheet as at 30 September 2009, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EVN Finance Service B.V. as at 30 September 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 11 November 2009

KPMG ACCOUNTANTS N.V.

E. Michels RA