

**Annual accounts of VERBUND-
International Finance B.V.
for the year 2010**

0873173



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VERBUND-International Finance B.V., Amsterdam

Report of the Supervisory Board

We take pleasure in presenting to the Shareholders the annual accounts of VERBUND-International Finance B.V. (the "Company") for the year 2010 as prepared by Management.

In conformity with article 26.7 of the Articles of Association of the Company the annual accounts have been audited. The Auditor's Report has been included in the section 'Other information'.

We propose:

- In conformity with article 27.1 of the Articles of Association to adopt the annual accounts for the year 2010;
- In conformity with article 28.3 of the Articles of Association to add the result for the year 2010 to the other reserves;

Amsterdam, 25 February 2011

Mr. W. Anzengruber

Mr. J. Sereinig

Report of the management

Management herewith presents to the shareholder the annual accounts of VERBUND-International Finance B.V. for the year 2010.

General

The Company is a private company with limited liability incorporated under the laws of The Netherlands and acts as a finance company for VERBUND.

Its objective is to arrange medium and long term financing for VERBUND and, by grouping these activities together, reduce costs. The immediate and ultimate holding company is VERBUND AG (the "Shareholder") and has its registered office at Am Hof 6a, A-1010 Vienna.

Verbund AG has its statutory seat in Vienna, Austria.

Overview of activities

In line with its objective, the Company has taken up loans from its Shareholder and from third parties, the proceeds of which have been on-lent within VERBUND.

During the year the Company distributed a dividend of EUR 3,391,736 to its Shareholder.

On 20 May 2010 the Company took up a EUR 150,000,000 loan from European Investment Bank, matures on 20 May 2025 and attracts a variable interest rate of 6 months EURIBOR + 0.393%.

On 10 June 2010 the Company took up a EUR 50,000,000 loan from European Investment bank, matures on 10 June 2030 and attracts a variable interest rate of 6 months EURIBOR + 0.468%.

The above mentioned attracted funds were used to provide loans to various group entities for a total amount of EUR 200,000,000.

Results

The net asset value of the Company as at 31 December 2010 amounts to EUR 3,776,613 (31 December 2009: EUR 5,391,736).

The result for the year 2010 amounts to a profit of EUR 1,776,613 (2009: EUR 3,391,736 profit).

Audit committee

The Company is a so-called Public Interest Entity ("Organisatie van Openbaar Belang") which requires the establishment of an Audit committee. The Company however makes use of an exemption regulation whereby the Parent Company's audit committee fulfills the required tasks.

Future outlook

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

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.

Report of the management - continued

Management representation statement

Management declares that, to the best of their knowledge, 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 of the Company and that the Management Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Amsterdam, 25 February 2011

Mr. A. Wollein

Mr. P. Oosthoek

Balance sheet as at December 31, 2010

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

	Notes	2010	2009
Fixed assets			
Financial fixed assets	1	3,461,145,411	3,328,588,950
<i>Total fixed assets</i>		<u>3,461,145,411</u>	<u>3,328,588,950</u>
Current assets			
Receivables			
Loans to group entities	2	172,778,172	128,385,474
Prepayment of guarantee fee	3	7,396,544	7,269,641
Capitalized loan fees Facility Agreement	4	156,155	302,550
Cash and cash equivalents	5	24,939	60,401
<i>Total current assets</i>		<u>180,355,810</u>	<u>136,018,066</u>
Total assets		3,641,501,221	3,464,607,016
Current liabilities (due within one year)			
Taxation	6	111,984	1,041,107
Amounts due to group entities and credit institutions	7	175,240,390	101,857,902
Accruals and deferred income	8	18,086	18,200
<i>Total current liabilities</i>		<u>175,370,460</u>	<u>102,917,209</u>
Current assets less current liabilities		4,985,350	33,100,857
Total assets less current liabilities		3,466,130,761	3,361,689,807
Long term liabilities (due after one year)			
Loans from group entities	9	518,750,000	578,250,000
Loans from third parties and bonds	10	2,943,604,148	2,778,048,071
<i>Total long term liabilities</i>		<u>3,462,354,148</u>	<u>3,356,298,071</u>
Capital and reserves	11		
Paid up and called up share capital		1,000,000	1,000,000
Share premium account		1,000,000	1,000,000
Unappropriated results		1,776,613	3,391,736
<i>Total Shareholder's equity</i>		<u>3,776,613</u>	<u>5,391,736</u>
Total long term liabilities plus equity		3,466,130,760	3,361,689,807

Profit and Loss account for the year 2010

	Notes	2010	2009
(Expressed in Euros)			
Finance activities			
Interest on provided loans	12	153,010,387	115,331,718
Interest on received loans	13	(145,109,833)	(106,795,162)
<i>Result finance activities</i>		<u>7,900,554</u>	<u>8,536,556</u>
Other financial income and expenses			
Other interest income	14	185,000	434,387
Other interest charges	15	(14,712,483)	(10,944,633)
Other financial expenses	16	(755,880)	(1,321,280)
Other operating income		350	0
<i>Total other financial income and expenses</i>		<u>(15,283,013)</u>	<u>(11,831,526)</u>
Other income and expenses			
Capital management fee and advices		10,139,000	8,290,646
General and administrative expenses	17	(386,527)	(458,112)
Currency exchange results		(66)	1
<i>Total other income and expenses</i>		<u>9,752,407</u>	<u>7,832,535</u>
Result before taxation		<u>2,369,948</u>	<u>4,537,565</u>
Corporate income tax	18	(593,335)	(1,145,829)
Result after taxation		<u><u>1,776,613</u></u>	<u><u>3,391,736</u></u>

Cash flow statement for the year 2010

	2010	2009
(Expressed in Euros)		
Cash flow from operating activities		
Result after taxation	1,776,613	3,391,736
Add back amortisation	<u>146,395</u>	<u>146,395</u>
	1,923,008	3,538,131
Less: increase/(decrease) in taxation, prepayments and accrued income	(1,056,027)	(3,608,220)
Add/(less):increase/(decrease) in accruals and deferred income	<u>(114)</u>	<u>3,349</u>
	866,866	(66,740)
Increase of loans provided to group entities	(221,280,213)	(1,987,525,000)
Repayment of loans provided to group entities	88,723,751	24,761,251
Increase of s/t loan and rec interest on loans provided to group entities	(56,003,680)	(90,289,992)
Repayment of s/t loan and rec interest on loans provided to group entities	11,610,980	6,897,515
Increase of loans received and payable interest from third parties	201,885,883	1,768,088,982
Repayment of loans received and payable interest from third parties	(17,648,246)	(19,894,192)
Increase of loans received and payable interest from group entities	27,700,932	328,912,532
Repayment of loans received and payable interest from group entities	<u>(32,500,000)</u>	<u>(30,483,662)</u>
Net cash flow from operating activities	3,356,274	400,694
Cash flow from investing activities	0	0
Dividends distributed	<u>(3,391,736)</u>	<u>(411,762)</u>
Net cash flow from financing activities	(3,391,736)	(411,762)
Net cash flow	(35,462)	(11,068)
Cash and cash equivalents as at 1 January 2010	<u>60,401</u>	<u>71,469</u>
Cash and cash equivalents as at 31 December 2010	24,939	60,401

Notes to the annual accounts

General

The Company was incorporated as a private company with limited liability under the laws of the Netherlands on 11 January 2005 and has its statutory seat in Amsterdam and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands. The immediate and ultimate holding company is VERBUND AG (the "Shareholder"). Verbund AG has its statutory seat in Vienna, Austria.

The principal activity of the Company is to act as a finance company.

Basis of presentation

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. The annual accounts for 2010 are presented in Euros ("EUR").

a. Foreign currencies

Assets and liabilities in foreign currencies are converted into Euros at their currency exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are converted into Euros at the currency exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

b. Long-term liabilities

Recorded interest-bearing loans and liabilities as well as bonds are valued at amortised cost. The discount/premium on the issued bonds is amortised over the lifetime of the bonds in accordance with the effective interest method.

c. Assets and liabilities

Assets and liabilities are shown at face value, unless stated otherwise in the notes. Premiums and discounts on purchase are capitalised and amortised on a linear basis over the remaining life of the instrument.

Investments with a long-term nature are presented at acquisition cost or at lower market value and, if applicable, net of impairments.

The receivables on and loans to participations and other receivables are valued at face value after deduction of any provisions.

d. Recognition of income

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

Notes to the annual accounts (continued)

e. Financial risk management

Interest rate risk

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. These risks are addressed and mitigated by interest rate swap agreements with various parties.

f. Accounting principle for hedge transactions

Hedge accounting

The Company applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the interest rate contracts and the hedged receivable or payable in the profit and loss account. The interest receivable from the five credit institutions and the interest payable on the incoming loans are perfectly hedged through several swap agreements.

The financial instruments are valued at cost.

g. Corporate income tax

Provisions for taxation have been made in accordance with Dutch corporate income tax law.

h. Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments. Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Balance sheet

	2010 EUR	2009 EUR
1 Financial fixed assets		
a. Loan to VERBUND Hydro Power AG ("VHP"), Vienna, Austria	200,000,000	200,000,000
b. Loan to VHP, Vienna, Austria	51,733,333	58,200,000
c. Loan to VHP, Vienna, Austria	8,521,531	10,225,838
d. Loan to VHP, Vienna, Austria	72,672,834	72,672,834
e. Loan to VHP, Vienna, Austria	40,000,000	40,000,000
f. Loan to VHP, Vienna, Austria	9,000,000	9,000,000
g. Loan to VHP, Vienna, Austria	14,000,000	14,000,000
h. Loan to VHP, Vienna, Austria	27,000,000	27,000,000
i. Loan to Austrian Power Grid AG ("APG"), Vienna, Austria	250,000,000	250,000,000
j. Loan to APG, Vienna, Austria	34,000,000	37,777,778
k. Loan to APG, Vienna, Austria	81,562,500	87,187,500
l. Loan to Ennskraftwerke AG ("EKW"), Steyr, Austria	0	35,000,000
m. Loan to the Shareholder VERBUND AG, Vienna, Austria	500,000,000	500,000,000
n. Loan to VERBUND Telekom Service GmbH ("VTS"), Vienna, Austria	12,700,000	0
o. Loan to VHP, Vienna, Austria	89,000,000	89,000,000
p. Loan to VHP, Vienna, Austria	27,000,000	27,000,000
q. Loan to VHP, Vienna, Austria	34,000,000	34,000,000
r. Loan to VERBUND Photovoltaics Ibérica S.L. ("VRP-ES"), Madrid, Spain	13,125,000	14,275,000
s. Loan to VERBUND International GmbH ("VIN"), Vienna, Austria	50,000,000	50,000,000
t. Loan to VERBUND Wind Power Austria GmbH ("VRP-AT"), Bruck, Austria	19,500,000	22,000,000
u. Loan to VIN, Vienna, Austria	178,750,000	211,250,000
v. Loan to VHP, Vienna, Austria	400,000,000	400,000,000
w. Loan to VERBUND Renewable Power GmbH ("VRP"), Vienna, Austria	50,000,000	50,000,000
x. Loan to shareholder VERBUND AG, Vienna, Austria	50,000,000	50,000,000
y. Loan to shareholder VERBUND AG, Vienna, Austria	840,000,000	840,000,000
z. Loan to VIN, Vienna, Austria	200,000,000	200,000,000
aa. Loan to APG, Vienna, Austria	121,500,000	0
bb. Loan to APG, Vienna, Austria	46,250,000	0
cc. Loan to HAOS INVEST EAD ("VRP-BG"), Sofia, Bulgaria	16,810,000	0
dd. Loan to Energij Ashta Shpk ("VHP-AL"), Tirana, Albania	24,020,213	0
	3,461,145,411	3,328,588,950

The movements in financial fixed assets are as follows:

Balance as per 1 January	3,328,588,950	1,365,825,200
Loans granted	230,720,213	2,023,675,000
Reclassification to short term	(98,163,752)	(60,911,250)
Balance as per 31 December	3,461,145,411	3,328,588,950

- a. The loan to VHP (formerly known as AHP) in the original amount of EUR 200,000,000 has not been secured, matures on 27 March 2017 and attracts a fixed interest rate of 3.50525%.
- b. The loan to VHP (formerly known as AHP) in the original amount of EUR 90,533,333 has not been secured, matures on 13 September 2019 and attracts a variable interest rate of 3 month EIB-pool rate + 0.10%
- c. The loan to VHP (formerly known as AHP) in the original amount of EUR 18,747,369 has not been secured, matures on 25 June 2016 and attracts a fixed interest rate of 3.3%.
- d. The loan to VHP (formerly known as AHP) in the original amount of EUR 72,672,834 has not been secured, matures on 20 November 2017 and attracts a fixed interest rate of 5.09%.

Balance sheet (continued)

- e. The loan to VHP (formerly known as AHP) in the original amount of EUR 40,000,000 has not been secured, matures on 27 March 2017 and attracts a fixed interest rate of 3.47725%.
- f. The loan to VHP (formerly known as AHP) in the original amount of EUR 9,000,000 has not been secured, matures on 28 December 2013 and attracts a fixed interest rate of 5.178%.
- g. The loan to VHP (formerly known as AHP) in the original amount of EUR 14,000,000 has not been secured, matures on 28 December 2013 and attracts a fixed interest rate of 4.6715%.
- h. The loan to VHP (formerly known as AHP) in the original amount of EUR 27,000,000 has not been secured, matures on 29 December 2015 and attracts a fixed interest rate of 5.742%.
- i. The loan to APG in the amount of EUR 250,000,000 has not been secured, matures on 1 March 2015 and attracts an interest rate of 12 months EURIBOR + 1.15%.
- j. The loan to APG in the original amount of EUR 52,888,889 has not been secured, matures on 15 March 2020 and attracts an interest rate of 3 months EURIBOR + 0.10%.
- k. The loan to APG in the original amount of EUR 90,000,000 has not been secured, matures on 25 June 2026 and attracts an fixed interest rate 3.887%
- m. The loan to shareholder VERBUND AG (formerly known as VG) in the amount of EUR 500,000,000 has not been secured, matures on 25 June 2014 and attracts a fixed interest rate of 5.15%.
- n. The loan to VTS in the amount of EUR 12,700,000 has not been secured, matures on 13 September 2013 and attracts a variable interest rate of 6 months EURIBOR + 0.40%.
- o. The loan to VHP (formerly known as AHP) in the original amount of EUR 89,000,000 has not been secured, matures on 29 December 2015 and attracts a fixed interest rate of 5.734%.
- p. The loan to VHP (formerly known as AHP) in the original amount of EUR 27,000,000 has not been secured, matures on 28 June 2013 and attracts a fixed interest rate of 5.164%.
- q. The loan to VHP (formerly known as AHP) in the original amount of EUR 34,000,000 has not been secured, matures on 29 December 2015 and attracts a fixed interest rate of 5.353%.
- r. The loan to VRP-ES (formerly known as Photovoltaics) in the original amount of EUR 16,000,000 has not been secured, matures on 14 July 2022 and attracts a variable interest rate of 6 months EURIBOR + 0.70%.
- s. The loan to VIN (formerly known as VI) in the original amount of EUR 50,000,000 has not been secured, matures on 28 June 2013 and attracts a fixed interest rate of 4.6715%.
- t. The loan to VRP-AT (formerly known as ADW) in the original amount of EUR 27,000,000 has not been secured, matures on 30 September 2019 and attracts a variable interest rate of 6 months EURIBOR + 0.70%.

Balance sheet (continued)

- u. The loan to VIN (formerly known as VI) in the original amount of EUR 260,000,000 has not been secured, matures on 31 March 2017 and attracts a variable interest rate published at the OeKB-Website + 2.21%.
- v. Loan to VHP (formerly known as AHP) in the amount of EUR 400,000,000 has not been secured, matures on 17 April 2015 and attracts a fixed interest rate of 5.06825%.
- w. Loan to VRP (formerly known as ARP) in the amount of EUR 50,000,000 has not been secured, matures on 17 April 2015 and attracts a fixed interest rate of 5.36825%.
- x. Loan to shareholder VERBUND AG (formerly known as VG) in the amount of EUR 50,000,000 has not been secured, matures on 17 April 2015 and attracts a fixed interest rate of 4.86825%.
- y. Loan to shareholder VERBUND AG (formerly known as VG) in the amount of EUR 840,000,000 has not been secured, matures on 16 July 2019 and attracts a fixed interest rate of 4.90578%.
- z. Loan to (VIN) (formerly known as VI) in the amount of EUR 200,000,000 has not been secured, matures on 22 June 2020 and attracts a fixed interest rate of 5.1850%.
- aa. Loan to (APG) in the amount of EUR 135,000,000 has not been secured, matures on 20 May 2025 and attracts a variable interest rate of 6 months EURIBOR + 0.493%.
- bb. Loan to (APG) in the amount of EUR 50,000,000 has not been secured, matures on 9 June 2030 and attracts a variable interest rate of 6 months EURIBOR + 0.568%.
- cc. Loan to (VRP-BG) in the amount of EUR 19,000,000 has not been secured, matures on 20 May 2023 and attracts a variable interest rate of 6 months EURIBOR + 1.725%.
- dd.. Loan to VHP-AL in the amount of EUR 24,020,212.50 has not been secured, matures on 15 July 2020 and attracts a variable interest rate of 3 months EURIBOR + 1.35%.

Balance sheet (continued)

	2010 EUR	2009 EUR
2 Loans to group entities		
a. Loan to APG, Vienna, Austria	3,777,778	3,777,778
b. Loan to VHP, Vienna, Austria	6,466,667	6,466,667
c. Loan to VHP, Vienna, Austria	1,704,306	1,704,306
d. Loan to VRP-ES, Madrid, Spain	1,150,000	1,150,000
e. Loan to VRP-AT, Vienna, Austria	2,500,000	2,500,000
f. Loan to VIN, Vienna, Austria	32,500,000	32,500,000
g. Loan to Alpha Wind SRL ("VRP-RO"), Bucharest, Romania	4,600,000	300,000
h. Loan to VTS Vienna, Austria	0	10,000,000
i. VERBUND Finanzierungsservice GmbH ("VFS"), Vienna, Austria	0	2,848,484
j. Loan to APG, Vienna, Austria	5,625,000	2,812,500
k. Loan to APG, Vienna, Austria	9,000,000	0
l. Loan to APG, Vienna, Austria	2,500,000	0
m. Loan to VRP-BG, Sofia, Bulgaria	1,460,000	0
n. Loan to EKW, Steyr, Austria	35,000,000	0
Loan interest receivable APG, Vienna, Austria	5,694,610	7,255,936
Loan interest receivable VHP, Vienna, Austria	18,410,489	18,436,821
Loan interest receivable Shareholder (VH)	15,131,338	15,131,338
Loan interest receivable VTS, Vienna, Austria	49,727	42,800
Loan interest receivable EKW, Steyr, Austria	165,300	155,001
Loan interest receivable VRP-ES, Madrid, Spain	121,000	140,218
Loan interest receivable VRP-AT, Vienna, Austria	104,630	108,735
Loan interest receivable VIN, Vienna, Austria	5,578,937	2,064,659
Loan interest receivable VRP, Vienna, Austria	1,904,626	1,904,626
Loan interest receivable VRP-RO, Bucharest, Romania	24,164	5,480
Loan interest receivable VRP-BG	60,778	0
Loan interest receivable Verbund AG	19,080,124	19,080,124
Loan interest receivable VHP-AL	121,626	0
Commitment fee receivable VHP-AL, Tirana, Albania	47,072	0
	<u>172,778,172</u>	<u>128,385,474</u>

- a. The loan to APG in the amount of EUR 3,777,778 has not been secured and attracts a variable interest rate of 3 months EURIBOR + 0.10%.
- b. The loan to VHP in the amount of EUR 6,466,667 has not been secured and attracts a variable interest rate of 3 months EIB-pool rate + 0.10%.
- c. The loan to VHP in the amount of EUR 1,704,306 has not been secured and attracts a fixed interest rate of 3.30%.
- d. The loan to VRP-ES in the amount of EUR 1,150,000 has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.70%.
- e. The loan to VRP-AT in the amount of EUR 2,500,000 has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.70%.

Balance sheet (continued)

- f. The loan to VIN in the amount of EUR 32,500,000 has not been secured and attracts a variable interest rate of that published at the OeKB-Website + 2.21%.
- g. The loan to VRP-RO (formerly known as ALPHA) in the amount of EUR 4,600,000 has not been secured and attracts a variable interest rate of 3 months EURIBOR + 2.50%.
- h. The maturity date of the loan to VTS has been extended to 2013 and is therefore re-classified as long-term loan.
- i. The Company has funds held in a clearing account with VERBUND Finanzierungsservice GmbH ("VFS") (formerly known as VFG), Vienna, Austria. Compared to 2009 this position has changed from a receivable into a payable position.
- j. The current part of the loan to APG in the amount of EUR 5,625,000 has not been secured and attracts an fixed interest rate 3.887%
- k. The current part Loan to (APG) in the amount of EUR 9,000,000 has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.493%.
- l. The current part Loan to (APG) in the amount of EUR 2,500,000 has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.568%.
- m. The current part Loan to (VRP-BG) in the amount of EUR 1,460,000 has not been secured and attracts a variable interest rate of 6 months EURIBOR + 1.725%.
- n. Loan to EKW in the amount of EUR 35,000,000 has not been secured, matures on 11 March 2011 and attracts a variable interest rate of 6 months EURIBOR + 0.45%.

Balance sheet (continued)

			2010 EUR	2009 EUR
3	Prepayment of guarantee fee			
	Prepayment of guarantee fee		<u>7,396,544</u>	<u>7,269,641</u>
			<u>7,396,544</u>	<u>7,269,641</u>
4	Capitalized loan fees Facility Agreement			
	Accumulated amortization		1,135,450	1,135,450
			<u>(979,295)</u>	<u>(832,900)</u>
			<u>156,155</u>	<u>302,550</u>
	Balance as at 1 January		302,550	448,945
	Amortization		<u>(146,395)</u>	<u>(146,395)</u>
	Balance as at 31 December		<u>156,155</u>	<u>302,550</u>
5	Cash and cash equivalents			
	Current account		<u>24,939</u>	<u>60,401</u>
			<u>24,939</u>	<u>60,401</u>
6	Taxation			
	Corporate income tax		107,827	1,038,910
	VAT payable		<u>4,157</u>	<u>2,197</u>
			<u>111,984</u>	<u>1,041,107</u>
Corporate income tax summary	01.01.10	Paid	P/L account	31.12.10
2010	0	(485,508)	593,335	107,827
2009	1,038,910	(1,038,910)	0	0
Total	<u>1,038,910</u>	<u>(1,524,418)</u>	<u>593,335</u>	<u>107,827</u>

Balance sheet (continued)

	2010 EUR	2009 EUR
7 Amounts due to group entities and credit institutions		
Loan from EIB, Luxembourg	1,704,306	1,704,306
Loan from EIB, Luxembourg	6,466,667	6,466,667
Loan from EIB, Luxembourg	3,777,778	3,777,778
Loan from EIB, Luxembourg	10,000,000	0
Loan from EIB, Luxembourg	5,625,000	2,812,500
Loan from EIB, Luxembourg	2,500,000	0
Loan from shareholder VERBUND AG, Vienna, Austria	32,500,000	32,500,000
Loan from Grenzkraftwerke Gesellschaft GmbH (GKW), Simbach, Germany	39,000,000	0
VERBUND Finanzierungsservice GmbH ("VFS"), Vienna, Austria	14,933,698	0
Interest payable to VFS	248,127	207,737
Interest Loan VMS, Vienna, Austria	55,847	22,439
Interest Loan from EIB, Luxembourg	1,799,503	1,595,713
Interest Loan Facility Agreement	96,250	94,792
Interest Landesbank Baden-Württemberg ("LBBW"), Stuttgart, Germany	983,126	980,607
Postsparkasse Aktiengesellschaft ("BAWAG"), Vienna, Austria	402,930	402,930
Interest payable EUR 500m 5.00% Bonds of 2007/2014	12,861,444	12,861,444
Interest payable Series 1, Tranche 1, EUR 500m Notes	16,738,814	16,738,814
Interest payable Series 2, Tranche 1, EUR 840m Notes	18,244,203	18,244,203
Interest payable Series 3, Tranche 1, EUR 200m Notes	5,097,637	1,860,395
Interest payable Grenzkraftwerke GmbH ("GKW"), Simbach, Germany	773,500	81,521
Interest payable Energie Klagenfurt GmbH ("EKG"), Klagenfurt, Austria	81,011	81,011
Interest rate swaps	1,350,549	1,425,045
	<u>175,240,390</u>	<u>101,857,902</u>

In order to hedge the interest rate risk on the floating interest which the Company faces on incoming loans totalling to EUR 428,000,000, it has entered into the following swap agreements in the year 2008 for a similar amount, paying a fixed rate of interest and receiving a floating interest amount.

-EUR 120,000,000 interest rate swap with Erste Bank der Oesterreichischen Sparkasse AG, due 27 March 2017. The Company is obliged to pay a fixed interest rate of 3.2050% and receives a variable interest rate of 6 months EURIBOR.

-EUR 120,000,000 interest rate swap with Raiffeisenzentralbank-Österreich AG, due 27 March 2017. The Company is obliged to pay a fixed interest rate of 3.2075% and receives a variable interest rate of 6 months EURIBOR.

-EUR 64,000,000 interest rate swap with Barclays Bank PLC, due 28 June 2013. The Company is obliged to pay a fixed interest rate of 2.6875% and receives a variable interest rate of 6 months EURIBOR.

-EUR 34,000,000 interest rate swap with UniCredit Bank Austria AG, due 29 December 2015. The Company is obliged to pay a fixed interest rate of 3.1000% and receives a variable interest rate of 6 months EURIBOR.

-EUR 90,000,000 interest rate swap with Société Générale, due 25 June 2026. The Company is obliged to pay a fixed interest rate of 3.5950% and receives a variable interest rate of 6 months EURIBOR.

Balance sheet (continued)

	2010 EUR	2009 EUR
8 Accruals and deferred income		
Accruals	18,086	18,200
	<u>18,086</u>	<u>18,200</u>
9 Loans from group entities		
a. Loan from VMS	20,000,000	8,000,000
b. Loan from VFS	280,000,000	280,000,000
c. Loan from VERBUND AG	178,750,000	211,250,000
d. Loan from Grenzkraftwerke Gesellschaft mbh ("GKW"), Simbach, Germany	0	39,000,000
e. Loan from Energie Klagenfurt GmbH ("EKG"), Klagenfurt, Austria	40,000,000	40,000,000
	<u>518,750,000</u>	<u>578,250,000</u>
Balance as per 1 January	578,250,000	302,000,000
Increase/(Decrease)	12,000,000	308,750,000
Reclass from short term loans	(71,500,000)	(32,500,000)
Balance as per 31 December	<u>518,750,000</u>	<u>578,250,000</u>

- a. The loan from VMS (formerly known as VMSG) of EUR 20,000,000 has not been secured, matures in 2012 and 2013 and attracts an interest rate of 6 months EURIBOR + 0.3%.
- b. The loan from VFS (formerly known as VFG), currently EUR 280,000,000 has not been secured, matures in March 2012 and attracts an interest rate of 3 months EURIBOR + 0.2%.
- c. The loan from shareholder VERBUND AG in the original amount of EUR 260,000,000 has not been secured, matures in March 2017 and attracts a variable interest rate published at the OeKB-Website + 2.01%.
- d. The loan from GKW of EUR 39,000,000 has not been secured, matures on 21 February 2011 and attracts a fixed interest rate of 1.75%.
- e. The loan from EKG of EUR 40,000,000 has not been secured, matures 9 December 2014 and attracts a fixed interest rate of 3.17%.

Balance sheet (continued)

	2010 EUR	2009 EUR
10 Loans from third parties and bonds		
a. Loan from EIB, Luxembourg	34,000,000	37,777,778
b. Loan from EIB, Luxembourg	8,521,531	10,225,838
c. Loan from EIB, Luxembourg	51,733,333	58,200,000
d. Loan from EIB, Luxembourg	200,000,000	200,000,000
e. Loan from EIB, Luxembourg	40,000,000	40,000,000
f. Loan from EIB, Luxembourg	81,562,500	87,187,500
g. Loan from EIB, Luxembourg	135,000,000	0
h. Loan from EIB, Luxembourg	46,250,000	0
i. Schuldschein from LBBW, Stuttgart, Germany	9,000,000	9,000,000
j. Schuldschein from LBBW, Stuttgart, Germany	14,000,000	14,000,000
k. Schuldschein from LBBW, Stuttgart, Germany	27,000,000	27,000,000
l. Schuldschein from LBBW, Stuttgart, Germany	27,000,000	27,000,000
m. Schuldschein from LBBW, Stuttgart, Germany	50,000,000	50,000,000
n. Schuldschein from LBBW, Stuttgart, Germany	89,000,000	89,000,000
o. Schuldschein from LBBW, Stuttgart, Germany	34,000,000	34,000,000
p. Bonds from BAWAG, Vienna, Austria	72,672,834	72,672,834
q. EUR 500m 5.00% Bonds of 2007/2014	497,337,758	496,696,875
r. Series 1, Tranche 1 EUR 500m Notes	497,679,514	497,228,417
s. Series 2, Tranche 1 EUR 840m Notes	830,617,704	829,790,426
t. Series 3, Tranche 1 EUR 200m Notes	198,228,974	198,268,404
	<u>2,943,604,148</u>	<u>2,778,048,071</u>
Loans maturing within one year:	0	0
Loans maturing between one and five years:	1,365,600,160	666,839,623
Loans maturing after five year:	<u>1,578,003,988</u>	<u>2,111,208,448</u>
	<u>2,943,604,148</u>	<u>2,778,048,071</u>

All loans, bonds and notes from third parties are guaranteed by the Shareholder.

- The loan from EIB in the original amount of EUR 52,888,889 matures on 15 March 2020 and attracts a variable interest rate of EIB-pool rate + 0.12%.
- The loan from EIB in the original amount of EUR 18,747,369 matures on 27 June 2016 and attracts a fixed interest rate of 3.20%.
- The loan from EIB in the original amount of EUR 90,533,333 matures on 13 September 2019 and attracts a variable interest rate of EIB-pool rate + 0.12%.
- The loan from EIB in the original amount of EUR 200,000,000, matures on 27 March 2017, has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.099%.
- The loan from EIB in the original amount of EUR 40,000,000, matures on 27 March 2017, has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.071%.

Balance sheet (continued)

- f. The loan from EIB in the original amount of EUR 90,000,000, matures on 25 June 2026, has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.092%.
- g. The loan from EIB in the original amount of EUR 150,000,000, matures on 20 May 2025, has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.393%.
- h. The loan from EIB in the original amount of EUR 50,000,000, matures on 10 June 2030, has not been secured and attracts a variable interest rate of 6 months EURIBOR + 0.468%.
- i. The Schuldschein loan from LBBW in the original amount of EUR 9,000,000, matures on 28 June 2013 and attracts a fixed interest rate of 4.894%.
- j. The Schuldschein loan from LBBW in the original amount of EUR 14,000,000, matures on 28 June 2013 and attracts a variable interest rate of 6 months EURIBOR + 1.70%.
- k. The Schuldschein loan from LBBW in the original amount of EUR 27,000,000, matures on 29 December 2015 and attracts a fixed interest rate of 5.489%.
- l. The Schuldschein loan from LBBW in the original amount of EUR 27,000,000, matures on 28 June 2013 and attracts a fixed interest rate of 4.88%.
- m. The Schuldschein loan from LBBW in the original amount of EUR 50,000,000, matures on 28 June 2013 and attracts a variable interest rate of 6 months EURIBOR + 1.70%.
- n. The Schuldschein loan from LBBW in the original amount of EUR 89,000,000, matures on 29 December 2015 and attracts a fixed interest rate of 5.481%.
- o. The Schuldschein loan from LBBW in the original amount of EUR 34,000,000, matures on 29 December 2015, and attracts a variable interest rate of 6 months EURIBOR + 2.00%.
- p. The bonds from BAWAG in the amount of EUR 72,672,834 mature on 20 November 2017 and attract a fixed interest rate of 4.99%.
- q. The EUR 500,000,000 bonds mature on 25 June 2014, attract a fixed interest rate of 5% and were issued at 99.487%. Due to the discount on the bonds the effective annual interest rate is 5.13229%.
- r. The Series 1, Tranche 1 EUR 500,000,000 Notes due on 17 April 2015, attract a fixed interest rate of 4.75% and were issued at 99.699%. Due to the discount on the notes the effective annual interest rate is 4.86825%.
- s. The Series 2, Tranche 1 EUR 840,000,000 Notes due 16 July 2019, attract a fixed interest rate of 4.75% and were issued at 99.145%. Due to the discount on the notes the effective annual interest rate is 4.90%.
- t. The Series 3, Tranche 1 EUR 200,000,000 due 22 June 2020, attract a fixed interest rate of 4.875% and were issued at 99.136%. Due to the discount on the notes the effective annual interest rate is 4.98425%.

Balance sheet (continued)

	2010 EUR	2009 EUR
The amortisations related to the bonds are as follows:	500,000,000	500,000,000
Premium/discount:		
On Bonds issued at 99.487% on 25 June 2007	(2,565,000)	(2,565,000)
Capitalised costs	(738,125)	(1,499,806)
Amortisation premium	640,882	761,681
	(2,662,243)	(3,303,125)
	0	0
Balance as at 31 December	497,337,757	496,696,875
The amortisations related to the Notes are as follows:	500,000,000	500,000,000
Premium/discount:		
On Series 1, Tranche 1 Notes issued at 99.699% on 17 April 2009	(1,505,000)	(1,505,000)
Capitalised costs	(1,266,583)	(1,500,000)
Amortisation premium	451,097	233,417
	(2,320,486)	(2,771,583)
Balance as at 31 December	497,679,514	497,228,417
The amortisations related to the Notes are as follows:	840,000,000	840,000,000
Premium/discount:		
On Series 2, Tranche 1 Notes issued at 98.795% on 16 July 2009	(7,182,000)	(7,182,000)
Capitalised costs	(3,027,574)	(3,270,800)
Amortisation premium	827,278	243,226
	(9,382,296)	(10,209,574)
	0	0
Balance as at 31 December	830,617,704	829,790,426
The amortisations related to the Notes are as follows:	200,000,000	200,000,000
Premium/discount:		
On Series 3, Tranche 1 Notes issued at 99.136% on 22 October 2009	(1,728,000)	(1,728,000)
Capitalised costs	(115,430)	0
Amortisation premium	72,404	(3,596)
	(1,771,026)	(1,731,596)
Balance as at 31 December	198,228,974	198,268,404

In 2005, the Company entered into a EUR 750,000,000 Facility Agreement guaranteed by the shareholder VERBUND AG, on which it can draw when necessary.

Balance sheet (continued)

The authorised share capital of the Company amounts to EUR 2,000,000 divided into 2,000 shares of EUR 1,000 each, of which 1,000 shares are issued and paid up.

11 Capital and reserves

	Share capital	Share premium	Other reserves	Unappr.results
Balance as per 31.12.2008	1,000,000	1,000,000	0	411,762
Transfer	0	0	411,762	(411,762)
Dividend	0	0	(411,762)	0
Result for the period	0	0	0	3,391,736
Balance as per 31.12.2009	1,000,000	1,000,000	0	3,391,736
Transfer	0	0	3,391,736	(3,391,736)
Dividend	0	0	(3,391,736)	0
Result for the period	0	0	0	1,776,613
Balance as per 31.12.2010	1,000,000	1,000,000	0	1,776,613

The Company distributed a dividend of EUR 3,391,736 on 19 April 2010.

Profit and loss account

	2010 EUR	2009 EUR
12 Interest on provided loans		
Interest on loans to group entities	152,227,461	114,372,388
Interest on loans to other entities	<u>782,926</u>	<u>959,331</u>
	<u>153,010,387</u>	<u>115,331,718</u>
13 Interest on received loans		
Interest on long term loans	(13,840,154)	(13,527,154)
Interest on short term loans	(23,299)	(291,142)
Interest on bonds	(103,999,963)	(66,555,259)
Interest on loans from third parties	<u>(27,246,417)</u>	<u>(26,421,607)</u>
	<u>(145,109,833)</u>	<u>(106,795,162)</u>
14 Other interest income		
Other interest income	<u>185,000</u>	<u>434,387</u>
	<u>185,000</u>	<u>434,387</u>
15 Other interest charges		
Guarantee fee	(14,566,087)	(10,393,648)
Amortization of capitalised fees on loans	(146,396)	(146,396)
Fees on loans from group entities	<u>0</u>	<u>(404,589)</u>
	<u>(14,712,483)</u>	<u>(10,944,633)</u>
16 Other financial expenses		
Other interest expenses	(47)	(163,860)
Commitment fees	<u>(755,833)</u>	<u>(1,157,420)</u>
	<u>(755,880)</u>	<u>(1,321,280)</u>
17 General and administrative expenses		
Administration fees	(155,528)	(171,316)
Notary fees	(40,554)	(13,271)
Audit fee	(18,088)	(21,605)
Legal advice	(49,271)	(48,090)
Consultancy and advisory fees	(51,939)	(155,134)
IT support costs	(2,570)	(2,385)
Bank charges and other fees	(18,015)	(43,105)
Services	(4,130)	(2,600)
Travel expenses	0	(126)
Sundry expenses	<u>(46,432)</u>	<u>(481)</u>
	<u>(386,527)</u>	<u>(458,112)</u>
18 Corporate income tax		
Corporate income tax 2010	(593,335)	0
Corporate income tax 2009	<u>0</u>	<u>(1,145,829)</u>
	<u>(593,335)</u>	<u>(1,145,829)</u>

The effective tax rate for 2010 is 25.50% (2009: 25.00%).
There are no differences between stated and effective tax rate.

Profit and loss account - Continued

Audit fees

With reference to Section 2:382A of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the Company:

(in EUR)	2010	2009
Statutory audit of annual accounts	15,000	15,000
Other assurance services	17,877	24,876
Other non-audit services	0	1,500
Total	<u>32,877</u>	<u>41,376</u>

Directors

The Company has two managing directors (2009: two) none of whom received a remuneration in that capacity (2009: nil).

The Company has two supervisory directors (2009: two), none of whom received a remuneration in that capacity (2009: nil).

Amsterdam, 25 February 2011

The Managing Directors

Mr. A. Wollein

Mr. P. Oosthoek

The Supervisory Directors

Mr. W. Anzengruber

Mr. J. Sereinig

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 reserves.

Management proposes to the Shareholder to add the result for the year to the other reserves. This proposal has not been reflected yet in the annual accounts.

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 opinion

The auditor's opinion is set out on the next page

VERBUND-International Finance B.V.

Auditor's report