
Consolidated financial statements for 2017/18

According to International Financial Reporting Standards

Consolidated statement of operations	122	
Consolidated statement of comprehensive income	123	
Consolidated statement of financial position	124	
Consolidated statement of changes in equity	125	
Consolidated statement of cash flows	126	
Consolidated notes	127	Basis of preparation
	131	Basis of consolidation
	134	Accounting policies
	147	Notes to the consolidated statement of operations
	154	Notes to the consolidated statement of financial position
	175	Segment reporting
	180	Other information
EVN's investments	194	
Auditors' report	199	

Consolidated statement of operations

EURm	Note	2017/18	2016/17
Revenue	24	2,072.6	2,215.6
Other operating income	25	105.0	101.9
Cost of materials and services	26	-1,236.4	-1,302.6
Personnel expenses	27	-321.7	-316.8
Other operating expenses	28	-135.7	-139.0
Share of results from equity accounted investees with operational nature	29	188.0	162.6
EBITDA		671.8	721.6
Depreciation and amortisation	30	-258.3	-262.3
Effects from impairment tests	30	-20.6	-112.5
Results from operating activities (EBIT)		392.9	346.9
Share of results from equity accounted investees with financial nature		0.1	12.2
Results from other investments		20.1	18.8
Interest income		10.7	19.5
Interest expense		-54.0	-65.4
Other financial results		-14.0	-6.5
Financial results	31	-37.2	-21.4
Result before income tax		355.7	325.5
Income tax	32	-76.1	-53.9
Result for the period		279.6	271.5
thereof result attributable to EVN AG shareholders (Group net result)		254.6	251.0
thereof result attributable to non-controlling interests		25.0	20.5
Earnings per share in EUR ¹⁾	33	1.43	1.41
Dividend per share in EUR		0.47 ²⁾	0.47

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

2) Proposal to the Annual General Meeting: dividend of EUR 0.44 per share + one-time bonus dividend of EUR 0.03 per share

Consolidated statement of comprehensive income

EURm	Note	2017/18	2016/17
Result for the period		279.6	271.5
Other comprehensive income from			
Items that will not be reclassified to profit or loss		-8.5	12.3
Remeasurements IAS 19	45	-14.3	26.6
Investments in equity accounted investees	45	2.3	-7.6
Thereon apportionable income tax expense	45	3.5	-6.6
Items that may be reclassified to profit or loss		777.9	190.6
Currency translation differences	5	2.1	0.9
Available for sale financial instruments	45	1,025.4	245.3
Cash flow hedges	45	7.4	13.8
Investments in equity accounted investees	45	0.8	-3.7
Thereon apportionable income tax expense	45	-257.8	-65.7
Total other comprehensive income after tax		769.4	203.0
Comprehensive income for the period		1,049.0	474.5
thereof income attributable to EVN AG shareholders		1,023.4	454.9
thereof income attributable to non-controlling interests		25.6	19.6

Consolidated statement of financial position

EURm	Note	30.09.2018	30.09.2017
Assets			
Non-current assets			
Intangible assets	34	182.1	177.1
Property, plant and equipment	35	3,438.7	3,383.6
Investments in equity accounted investees	36	995.7	954.8
Other investments	37	1,944.2	919.0
Deferred tax assets	49	68.8	79.6
Other non-current assets	38	252.4	209.9
		6,881.9	5,723.8
Current assets			
Inventories	39	94.6	98.4
Trade and other receivables	40	500.3	409.0
Securities	41	139.8	0.5
Cash and cash equivalents	59	214.5	223.1
		949.1	731.0
Total assets		7,831.1	6,454.9
Equity and liabilities			
Equity			
Issued capital and reserves attributable to shareholders of EVN AG	42–46	3,832.8	2,892.1
Non-controlling interests	47	259.9	258.0
		4,092.6	3,150.1
Non-current liabilities			
Non-current loans and borrowings	48	1,040.5	1,125.4
Deferred tax liabilities	49	471.0	171.8
Non-current provisions	50	480.8	452.6
Deferred income from network subsidies	51	602.6	584.1
Other non-current liabilities	52	75.4	58.3
		2,670.3	2,392.2
Current liabilities			
Current loans and borrowings	53	89.1	50.5
Taxes payable and levies	54	85.6	67.6
Trade payables	55	337.1	314.0
Current provisions	56	91.4	91.6
Other current liabilities	57	464.9	388.9
		1,068.1	912.6
Total equity and liabilities		7,831.1	6,454.9

Consolidated statement of changes in equity

EURm	Share capital	Share premium and capital reserves	Retained earnings	Valuation reserve	Currency translation reserve	Treasury shares	Issued capital and reserves of EVN AG shareholders	Non-controlling interests	Total
Balance on 01.10.2016	330.0	252.9	1,949.9	23.2	-23.0	-22.2	2,510.8	259.8	2,770.7
Comprehensive income	–	–	251.0	203.0	0.9	–	454.9	19.6	474.5
Dividends 2015/16	–	–	-74.7	–	–	–	-74.7	-21.5	-96.2
Change in treasury shares	–	0.1	–	–	–	1.0	1.1	–	1.1
Other changes	–	–	0.0 ^{*)}	–	–	–	0.0 ^{*)}	–	0.0 ^{*)}
Balance on 30.09.2017	330.0	253.0	2,126.2	226.2	-22.1	-21.2	2,892.1	258.0	3,150.1
Comprehensive income	–	–	254.6	766.7	2.1	–	1,023.3	25.6	1,048.9
Dividends 2016/17	–	–	-83.6	–	–	–	-83.6	-23.7	-107.3
Change in treasury shares	–	0.4	–	–	–	0.7	1.1	–	1.1
Other changes	–	–	-0.0 ^{*)}	0.0 ^{*)}	0.0 ^{*)}	–	0.0 ^{*)}	-0.1	-0.0 ^{*)}
Change in the scope of consolidation	–	–	-0.2	–	0.0 ^{*)}	–	-0.2	0.1	-0.1
Balance on 30.09.2018	330.0	253.4	2,297.0	992.9	-20.0	-20.5	3,832.8	259.9	4,092.6
Note	42	43	44	45	5	46		47	

*) Small amount

Consolidated statement of cash flows

EURm	Note	2017/18	2016/17
Result before income tax		355.7	325.5
+ Depreciation, amortisation/– revaluation of intangible assets and property, plant and equipment	30	278.9	374.8
– Non-cash share of results of equity accounted investees and other investments	36, 37	–208.2	–193.6
+ Dividends from equity accounted investees and other investments		163.3	129.2
+ Interest expense		54.0	65.4
– Interest paid		–42.9	–55.6
– Interest income		–10.7	–19.5
+ Interest received		8.4	17.3
+ Losses/– gains from foreign exchange translations		10.5	–0.0 ¹⁾
+/- Other non-cash financial results		3.4	2.3
– Release of deferred income from network subsidies	25	–47.9	–45.4
– Gains/+ losses on the disposal of intangible assets and property, plant and equipment		–0.7	1.6
– Decrease/+ increase in non-current provisions	50	–3.6	–29.6
Gross cash flow		560.3	572.3
+ Decrease/– increase in inventories and receivables		–69.8	107.8
+ Increase/– decrease in current provisions		–0.1	–6.3
+ Increase/– decrease in trade payables and other liabilities		115.2	–154.3
– Income tax paid		–2.0	–10.5
Net cash flow from operating activities		603.5	508.9
+ Proceeds from the disposal of intangible assets and property, plant and equipment		20.9	98.2
+ Proceeds from network subsidies		68.2	63.7
+ Proceeds from the disposal of financial assets and other non-current assets		25.1	90.7
+ Proceeds from the disposal of current securities		–	135.7
– Acquisition of intangible assets and property, plant and equipment		–351.3	–306.4
– Acquisition of financial assets and other non-current assets		–79.3	–91.6
– Acquisition of current securities		–140.6	–60.9
Net cash flow from investing activities		–457.1	–70.6
– Dividends paid to EVN AG shareholders	44	–83.6	–74.7
– Dividends paid to non-controlling interests		–23.7	–21.5
– Increase/+ decrease in nominal capital		–	0.1
– Increase in interest in fully consolidated companies		–0.1	–
+ Sales/– repurchase of treasury shares		1.1	1.0
+ Increase in financial liabilities		2.0	–
– Decrease in financial liabilities	59	–49.2	–344.8
Net cash flow from financing activities		–153.5	–439.9
Net change in cash and cash equivalents¹⁾		–7.1	–1.6
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period ¹⁾	59	221.8	223.5
Currency translation differences on cash and cash equivalents		–0.1	–0.1
Cash and cash equivalents at the end of the period ¹⁾		214.5	221.8
Net change in cash and cash equivalents²⁾		–7.1	–1.6

1) The addition of bank overdrafts results in cash and cash equivalents as reported on the consolidated statement of financial position.

2) Additional information on the consolidated statement of cash flows can be found in note 59. Consolidated statement of cash flows.

* Small amount

Consolidated notes

Basis of preparation

1. General

EVN AG, as the parent company of the EVN Group (EVN), is a leading listed Austrian energy and environmental services provider. Its headquarters are located in A-2344 Maria Enzersdorf, Austria. In addition to serving its domestic market in the province of Lower Austria, EVN operates in the Bulgarian, Macedonian, Croatian, German and Albanian energy industry. EVN is also active in the area of environmental services through subsidiaries that provide customers in eleven countries with water supply, wastewater treatment and thermal waste utilisation services.

The consolidated financial statements are prepared as of the balance sheet date of EVN AG. The financial year of EVN AG covers the period from 1 October to 30 September.

The consolidated financial statements are prepared on the basis of uniform accounting policies. In cases where the balance sheet date of a consolidated company differs from the balance sheet date of EVN AG, interim financial statements are prepared as of 30 September.

The consolidated financial statements are prepared on the basis of historical acquisition and production costs, unless indicated otherwise.

Certain items on the consolidated statement of financial position and the consolidated statement of operations are summarised to achieve a more understandable and clearly structured presentation. These positions are presented individually in the consolidated notes and explained according to the principle of materiality. In order to improve clarity and comparability, the amounts in the consolidated financial statements are generally shown in millions of euros (EURm), unless otherwise noted. Immaterial mathematical differences may arise from the rounding of individual items or percentage rates.

The consolidated statement of operations is prepared in accordance with the nature of expense method.

2. Reporting in accordance with IFRS

Pursuant to § 245a of the Austrian Commercial Code, the consolidated financial statements were prepared in accordance with the current guidelines set forth in the IFRSs issued by the International Accounting Standards Board (IASB) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that were applicable as of the balance sheet date and had been adopted by the European Union (EU).

Standards and interpretations applied for the first time and changes in accounting policies

The following standards and interpretations were applied for the first time in the 2017/18 financial year:

Standards and interpretations applied for the first time		Effective ¹⁾	Expected material effects on EVN's consolidated financial statements
New standards and interpretations			
–		–	
Revised standards and interpretations			
IAS 7	Disclosure Initiative – Statement of Cash Flows	01.01.2017	See below
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	01.01.2017	None
Diverse	Annual Improvements 2014–2016	01.01.2017/ 01.01.2018 ²⁾	None

1) In accordance with the Official Journal of the EU, these standards are applicable to financial years beginning on or after the effective date.

2) The adoption took effect with the announcement in the Official Journal of the EU on 8 February 2018. The changes to IFRS 12 are applicable to reporting periods beginning on or after 1 January 2017.

The disclosure initiative to IAS 7 “Statement of Cash Flows” requires the provision of additional information on the changes in financial liabilities. The required disclosures cover both cash and non-cash changes. EVN is presenting the required information in the form of a reconciliation between the amounts reported for financial liabilities in the opening and closing balance sheets (see note **59. Consolidated statement of cash flows**).

Standards and interpretations already adopted by the EU, but not yet compulsory		Effective ¹⁾	Expected material effects on EVN's consolidated financial statements
New standards and interpretations			
IFRS 9	Financial Instruments	01.01.2018	See below
IFRS 15	Revenue from Contracts with Customers	01.01.2018	See below
IFRS 16	Leases	01.01.2019	See below
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01.01.2018	None
IFRIC 23	Uncertainty over Income Tax Treatments	01.01.2019	Still under analysis ²⁾
Revised standards and interpretations			
IAS 40	Transfers of Investment Property	01.01.2018	None
IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018	None
IFRS 4	Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts	01.01.2018	None
IFRS 9	Prepayment Features with Negative Compensation	01.01.2019	None
IFRS 15	Revenue from Contracts with Customers – Clarifications	01.01.2018	See below

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

2) The adoption took effect with the announcement in the Official Journal of the EU on 24 October 2018.

IFRS 9: Financial Instruments

IFRS 9 replaces the existing rules for the recognition and measurement of financial instruments under IAS 39. In comparison with IAS 39, IFRS 9 includes new rules for the classification and measurement of financial assets and expanded rules for the recognition of impairment losses to financial assets. It also defines new rules for hedge accounting.

Classification and measurement

IFRS 9 provides for a new classification of financial assets which, in contrast to IAS 39, is based on the respective business model and the characteristics of the contractual payment flows for the individual financial instruments. In the future, financial assets must be allocated to one of the following three categories: "at amortised cost (AC)", "at fair value through profit or loss (FVTPL)" or "at fair value through other comprehensive income (FVOCI)".

An evaluation by the EVN Group showed that most of the financial assets – in particular loans receivable, other non-current assets and receivables as well as cash on hand and at banks – will continue to meet the criteria for classification at amortised cost. Investments in equity instruments which were previously classified as available for sale (AFS) and are held over the long term will be assigned to the category FVOCI under the planned application of IFRS 9.5.7.5. Related valuation adjustments to these instruments will no longer be reclassified to the consolidated statement of operations in the future. The investments in equity instruments which were previously measured at amortised cost based on the exemption provided by IAS 39.46(c) do not lead to a material increase in the carrying amount.

Impairment

With regard to the recognition of impairment losses on financial assets, IFRS 9 replaces the "incurred loss model" with the "expected loss model". Financial assets carried at amortised cost, contractual assets as defined in IFRS 15 and debt instruments measured at FVOCI are now subject to the provisions of the "expected loss model" on initial recognition and are tested for impairment. Impairment losses must be recognised in one of two forms: on the basis of a twelve-month model at the amount of the credit losses expected within the next twelve months or at the amount of the credit losses expected over the lifetime of the asset. The latter alternative must be applied to trade receivables without material financing components and to assets whose credit risk has increased significantly since initial recognition.

In the EVN Group, the twelve-month model will be applied, in particular, to loans receivable, lease receivables and bank deposits, when the requirements of IFRS 9.7.2.19a are met. The data as of 30 September 2018 would point to the need for an immaterial impairment loss of EUR 0.1m.

The application of the lifetime loss model is mandatory for trade receivables without material financing components. EVN has elected to use the approach provided by IFRS 9B5.5.35, which allows for the use of an impairment matrix as a practical expedient for determining the impairment loss. The default incidents in recent years were analysed by region and core market, and an impairment matrix was then

developed for the EVN Group based on time intervals. The results of these analyses do not differ materially from the amounts for which impairment losses were previously recorded.

Hedge accounting

The new model for hedge accounting is intended to create a better connection between the company's risk management strategy, the reasons for the conclusion of hedges and the recognition and measurement of these hedges. In addition to convergence with the goals and strategies of corporate risk management, IFRS 9 expands the range of acceptable underlying transactions and requires a rather qualitative and future-oriented approach for evaluating the effectiveness of the hedge relationship.

The hedges held by the EVN Group on the transition date for the hedging of foreign exchange and interest rate risks meet the requirements of IFRS 9. They are in agreement with the strategies and goals of risk management in the EVN Group and can therefore also be recorded under the provisions of IFRS 9.

Transition

EVN will initially apply IFRS 9 "Financial Instruments" in the 2018/19 financial year. Changes in accounting methods due to the application of IFRS 9 will generally be made retrospectively. EVN has decided to utilise the exception rule and will not adjust the comparative information for classification and measurement (including impairment) in previous accounting periods as of the initial application date. Differences between the carrying amounts which result from the application of IFRS 9 will generally be recorded under retained earnings without recognition through profit or loss as of 1 October 2018. In contrast, the new rules for hedge accounting will principally be applied prospectively.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 defines a five-step model for the recognition of revenue from contracts with customers and replaces all previously applicable standards and related interpretations. Under this model, a company recognises revenue at an amount equal to the consideration expected in exchange for the accepted performance obligations, i. e. the transfer of goods or the provision of services. A determination must therefore be made when a contract is concluded as to whether the resulting revenue should be recognised at a point in time or over time. Revenue is recognised when the customer obtains control over the goods or services. This standard also includes extensive requirements for qualitative and quantitative disclosures on the assets resulting from the capitalised costs for the acquisition and fulfilment of contracts with customers.

EVN's customer contracts were analysed as part of a Group-wide project to identify the contracts that could lead to a potential change in the previous method used to realise revenue. The analysed contracts involve revenue from the electricity, natural gas, heat, water, waste utilisation and telecommunications business areas. The application of IFRS 15 is not expected to result in any material effects on the scope or timing of revenue recognition, especially in EVN's core energy supply business. The EVN Group will, as soon as the corresponding prerequisites are met, utilise the practical expedient provided by IFRS 15.B16, which permits the recognition of revenue at the amount the company is entitled to invoice.

The contract analyses also identified the following immaterial issues for the EVN Group:

The costs to acquire a contract with a customer represent additional costs. When the company assumes it will be able to reclaim these costs, the related amounts must generally be capitalised and amortised over the period in which the goods or services are transferred to the customer. If the expected amortisation period does not exceed one year, the practical expedient permits the expensing of these costs. In 2017/18, this would have led to the capitalisation of EUR 0.4m for contract acquisition costs.

Payments to customers for sales purposes, e. g. free months, are generally recognised as revenue deductions. A payment made when the contract is concluded leads to the recognition of an asset which must be released over the minimum contract term. In 2017/18, this would have led to the capitalisation of an asset amounting to EUR 0.2m.

The initial application of IFRS 15 will be made retrospectively, whereby the cumulative adjustment amounts from the initial application will be recorded under retained earnings as of 1 October 2018.

IFRS 16: Leases

IFRS 16 was published by the IASB in January 2016 and will replace IAS 17, the previous standard on leasing arrangements as well as the previous interpretations. IFRS 16 contains both a changed definition of the term "lease" as well as substantial changes in the rules on accounting by the lessee. Under the new rules, the previous distinction between finance leases and operating leases no longer applies and operating leases will be recognised in the same manner as finance leases in the future. Exceptions are leases with a term of twelve months or less and leases involving low-value assets. The simplifications are optional and will be actively applied by EVN.

EVN currently acts as the lessee in operating leases and, consequently, effects are expected from the application of IFRS 16. A project was started during the 2016/17 financial year to survey and identify contracts that fall under the new definition of leasing. In 2017/18 the content of the relevant contracts in most of the involved companies was analysed on the basis of the IFRS 16 criteria. The current status of this analysis indicates that the application of IFRS 16 is not expected to have any material effect on the asset, financial or earnings position of the EVN Group. EVN will apply IFRS 16 retrospectively, whereby the cumulative adjustments will be recognised on the initial application date.

Standards and interpretations not yet effective

The following standards and interpretations had been issued by the IASB as of 30 September 2017, but have not yet been adopted by the EU.

Standards and interpretations not yet applicable and not yet adopted by the EU		Effective ¹⁾	Expected material effects on EVN's consolidated financial statements
New standards and interpretations			
IFRS 17	Insurance Contracts	01.01.2021	None
Revised standards and interpretations			
IAS 1 & IAS 8	Definition of Material	01.01.2020	Still under analysis
IAS 19	Plan Amendment, Curtailment or Settlement	01.01.2019	Still under analysis
IAS 28	Long-term Interests in Associates and Joint Ventures	01.01.2019	Still under analysis
IFRS 3	Business Combinations – Definition of a Business	01.01.2020	None
Several	Annual Improvements 2015–2017	01.01.2019	Still under analysis
Several	Amendments to References to the Conceptual Framework in IFRS Standards	01.01.2020	Still under analysis

1) In accordance with IASB, these standards are applicable to financial years beginning on or after the effective date.

EVN regularly monitors and analyses the effects of the application of revised standards and interpretations on the future presentation of the consolidated financial statements and the future disclosures in the consolidated notes.

Basis of consolidation

3. Consolidation methods

Consolidation is carried out by offsetting the consideration transferred against the fair value of the acquired assets and assumed liabilities.

All significant companies whose financial and operating activities are directly or indirectly controlled by EVN AG (i. e. subsidiaries) are fully consolidated. EVN is considered to have a controlling interest over a company in which it holds an investment when it has a right to variable returns from the investee and can influence the amount of these returns through its control.

This is usually the case when EVN's voting rights exceed 50.0%, but may also apply if EVN has the power of disposition over and is the primary beneficiary of any economic benefits arising from the business operations of these companies or if EVN is required to carry most of the risks. Companies are initially consolidated on the acquisition date or at the time EVN gains control and are deconsolidated when control ends.

In accordance with IFRS 3, assets and liabilities (including contingent liabilities) obtained through business combinations are recognised at their full fair value, irrespective of any existing non-controlling interests. Non-controlling interests in subsidiaries are carried at the proportional share of net assets (excluding the proportional share of goodwill). Intangible assets are recognised separately from goodwill if they can be separated from the acquired company or arise from statutory, contractual or other legal rights. Any remaining positive differences which represent compensation to the seller for market opportunities or developmental potential that cannot be individually identified are recognised in local currency as goodwill and allocated to cash-generating units (CGUs) in the relevant segment (for information on the treatment and recoverability of goodwill, see notes **34. Intangible assets** and **21. Procedures and effects of impairment tests**). Negative differences are recognised in profit or loss after a repeated measurement of the acquired company's identifiable assets and liabilities (including contingent liabilities) and measurement of the acquisition cost. The differences between fair value and the carrying amount are carried forward in accordance with the related assets and liabilities during the subsequent consolidation. A change in the investment in a fully consolidated company is accounted for directly in equity without recognition through profit or loss. As in the previous financial year, there were no acquisitions of companies as defined in IFRS 3 during the reporting period.

Joint arrangements are included in the consolidated financial statements of EVN depending on the rights and obligations attributed to the controlling parties by the respective agreement. If only rights to the net assets are involved, the joint arrangement is classified as a joint venture according to IFRS 11 and included at equity. If rights to the assets and obligations for the liabilities are involved, the joint arrangement is classified as a joint operation according to IFRS 11 and included in the consolidated financial statements through line-by-line consolidation.

Associates – i. e. companies in which EVN AG can directly or indirectly exercise significant influence – are included at equity.

Subsidiaries, joint ventures and associates are not consolidated if their influence on EVN's asset, financial and earnings position is considered to be immaterial, either individually or in total. These companies are reported at cost less any necessary impairment losses. The materiality of an investment is assessed on the basis of the balance sheet total, the proportional share of equity, external revenue and annual profit or loss as reported in the last available financial statements in relation to the respective Group totals.

Intragroup receivables, liabilities, income and expenses as well as interim profits and losses are eliminated unless they are immaterial. The consolidation procedure for profit or loss includes the effects of income taxes as well as the recognition of deferred taxes.

4. Scope of consolidation

The scope of consolidation is determined in accordance with the requirements of IFRS 10. Accordingly, 31 domestic and 32 foreign subsidiaries (including the parent company EVN AG) were fully consolidated in the consolidated financial statements as of 30 September 2018 (previous year: 27 domestic and 36 foreign subsidiaries). A total of 21 subsidiaries (previous year: 19) were not consolidated due to their immaterial influence on EVN's asset, financial and earnings position, either individually or in total.

EVN AG is the sole limited partner of EVN KG and, as such, participates to 100.0% in the profit or loss of EVN KG. EnergieAllianz serves as the general partner of EVN KG, but does not hold an investment in this company. The agreements concluded between the EnergieAllianz shareholders for the management of EVN KG result in joint control. EVN KG is therefore classified as a joint venture in the sense of IFRS 11 and consolidated at equity. Contractual agreements also lead to the classification of the EnergieAllianz Group (EnergieAllianz and its subsidiaries) as a joint venture in the sense of IFRS 11; the group is therefore included in the consolidated financial statements at equity.

RBG, a fully consolidated company in which EVN AG has an unchanged interest of 50.03%, holds a 100.0% stake in RAG. RAG is consolidated at equity because contractual agreements prevent EVN from exercising control.

Bioenergie Steyr, in which EVN Wärme holds a stake of 51.0%, is included in EVN's consolidated financial statements at equity because contractual agreements exclude any possibility of control.

Verbund Innkraftwerke, Germany, in which EVN AG has an unchanged interest of 13.0%, is included at equity due to special contractual arrangements that allow for the exercise of significant influence.

The criteria for control defined by IFRS 10 are not considered to be met in companies with an investment of 50.00%. These companies are classified as joint ventures in the sense of IFRS 11 based on the respective contractual agreements and are therefore included in the consolidated financial statements at equity.

An overview of the companies included in the consolidated financial statements is provided under **EVN's investments**, starting on page 194. Notes **47. Non-controlling interests** and **63. Disclosures of interests in other entities** provide detailed information on the subsidiaries with major non-controlling interests as well as joint ventures and associates that are included in the consolidated financial statements.

The scope of consolidation (including EVN AG as the parent company) developed as follows during the reporting year:

Changes in the scope of consolidation	Full consolidation	Line-by-line (joint operation)	Equity	Total
30.09.2016	67	1	17	85
Initial consolidation	1	–	–	1
Deconsolidation	–2	–	–	–2
Reorganisation ¹⁾	–3	–	–	–3
30.09.2017	63	1	17	81
Initial consolidation	–	–	1	1
Deconsolidation	–	–	–2	–2
30.09.2018	63	1	16	80
thereof foreign companies	32	1	5	38

1) Internal reorganisation

WEEV Beteiligungs GmbH was restructured in 2016/17, whereby the Verbund shares held by WEEV were transferred to the parent companies, EVN and Wiener Stadtwerke, in June 2017. In October 2017, the WEEV stake held by Wiener Stadtwerke was transferred to EVN. WEEV is currently in liquidation and was deconsolidated during the first quarter of 2017/18 due to immateriality.

AUL Abfallumladelogistik Austria GmbH, Maria Enzersdorf, which was previously included in the consolidated financial statements at equity, was sold to ABW Abbruch-, Boden- und Wasserreinigungs- Gesellschaft mbH through a contract dated 20 February 2018 and subsequently deconsolidated.

Biowärme Amstetten-West GmbH, Amstetten, was previously not included in EVN's consolidated financial statements due to immateriality. In the fourth quarter of 2017/18, this company was initially included in the consolidated financial statements at equity.

5. Foreign currency translation

All Group companies record their foreign currency business transactions at the average exchange rate in effect on the date of the relevant transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the average exchange rate on the balance sheet date. Any resulting foreign currency gains or losses are recognised in profit or loss.

In accordance with IAS 21, the annual financial statements of Group companies that are prepared in a foreign currency are translated into euros for inclusion in the consolidated financial statements. This translation is based on the functional currency method, under which the assets and liabilities of companies not reporting in euros are converted at the average exchange rate on the balance sheet date and any income and expenses are converted at the average annual rate. Unrealised currency translation differences from long-term Group loans are recorded under the currency translation reserve in equity without recognition in profit or loss. Currency translation differences directly recognised in equity resulted in an increase of EUR 2.1m in 2017/18 (previous year: EUR 0.9m) and include EUR –10.5m which were reclassified from other comprehensive income to the consolidated statement of operations.

Additions and disposals are reported at the applicable average exchange rates in all tables. Changes in the average exchange rates between the balance sheet date for the reporting year and the previous year as well as differences arising from the use of average exchange rates to translate changes during the financial year are reported separately under currency translation differences in all tables.

Goodwill resulting from the acquisition of foreign subsidiaries is recorded at the exchange rate in effect on the acquisition date. This goodwill is subsequently allocated to the acquired company and translated at the exchange rate in effect on the balance sheet date. When a foreign company is deconsolidated, any related currency differences are recognised in profit or loss.

The following key exchange rates were used for foreign currency translation:

Foreign currency translation	2017/18		2016/17	
	Exchange rate on the balance sheet date	Average ¹⁾	Exchange rate on the balance sheet date	Average ¹⁾
Albanian lek	126.29000	129.88692	133.50000	134.95000
Bulgarian lev ²⁾	1.95583	1.95583	1.95583	1.95583
Croatian kuna	7.43460	7.44503	7.49500	7.46918
Hungarian forint	324.37000	316.56769	310.67000	308.96538
Macedonian denar	61.49380	61.51948	61.46800	61.59076
Polish zloty	4.27740	4.24698	4.30420	4.29246
Russian rouble	76.14220	71.88993	68.25190	66.16763
Serbian denar	118.41790	118.53138	119.36590	122.35314
Czech koruna	25.73100	25.63185	25.98100	26.68462

1) Average on the last day of each month

2) The exchange rate was determined by Bulgarian law.

Accounting policies

6. Intangible assets

Acquired intangible assets are recognised at acquisition cost less straight-line amortisation and any impairment losses, unless their useful life is classified as indefinite. Assets with a determinable limited useful life are amortised on the basis of that expected useful life, which equals three to eight years for software and three to 40 years for rights. Customer relationships capitalised in connection with a business acquisition, which have a determinable useful life because of potential market liberalisation, are amortised on a straight-line basis over five to 15 years. The expected useful lives and amortisation curves are determined by estimating the timing and distribution of cash inflows from the corresponding intangible assets over time. Intangible assets with an indefinite useful life are measured at cost and tested annually for impairment (see note **21. Procedures and effects of impairment tests**).

Internally generated intangible assets must meet the requirements of IAS 38 in order to be capitalised. This standard distinguishes between research and development expenses.

Service concessions that meet the requirements of IFRIC 12 are classified as intangible assets. Expenses and income are recognised according to the percentage-of-completion-method at the fair value of the compensation received. The percentage of completion is assessed according to the cost-to-cost method. The requirements defined in IFRIC 12 are in particular currently met by the Ashta hydropower plant as well as the sewage treatment plant project in Zagreb, both of which are included at equity.

7. Property, plant and equipment

Property, plant and equipment are carried at acquisition or production cost less scheduled straight-line depreciation and any necessary impairment losses. The acquisition or production cost also includes the estimated expenses for demolition and disposal if there is an obligation to decommission or demolish the plant and equipment or to restore property at the end of the asset's useful life. The present value of the estimated demolition and/or disposal costs is capitalised along with the acquisition or production cost and also recognised as a liability (provision). Production costs for internally generated fixed assets include appropriate material and manufacturing overheads in addition to direct material and labour costs.

Ongoing maintenance and repairs to property, plant and equipment are recognised in profit or loss, provided this work does not change the nature of the asset or lead to additional future benefits. If these measures enhance the value of the respective asset, the related expenses must be capitalised retroactively as part of the acquisition or production cost.

If the construction of property, plant and equipment continues over an extended period of time, these items are classified as "qualifying assets". The borrowing costs incurred during the construction period are then capitalised as a part of the production cost in accordance with IAS 23. In keeping with EVN's accounting policies, a project gives rise to a qualifying asset only if construction takes at least twelve months.

Property, plant and equipment are depreciated from the time they are available for use. Depreciation for property, plant and equipment subject to wear and tear is calculated on a straight-line basis over the expected useful life of the relevant asset or its components. The expected economic and technical life is evaluated at each balance sheet date and adjusted if necessary.

Straight-line depreciation is based on the following useful lives, which are uniform throughout the Group:

Expected useful life of property, plant and equipment	Years
Buildings	10–50
Transmission lines and pipelines	15–50
Machinery	10–50
Meters	5–40
Tools and equipment	3–25

When property, plant and equipment are retired, the acquisition or production cost and accumulated depreciation are reported as a disposal. The difference between the net proceeds from the sale and the carrying amount are recognised in other operating income or expenses.

8. Investments in equity accounted investees

Investments in equity accounted investees are initially recognised at cost. In subsequent periods, the carrying amounts of these investments are adjusted by the share of profit or loss attributable to EVN, less any dividends received, and by EVN's share of other comprehensive income and any other changes in equity. Investments accounted for according to the equity method are tested for impairment in accordance with IAS 36 if there are any indications of a loss in value (see note **21. Procedures and effects of impairment tests**).

The share of results from equity accounted investees with operational nature is reported as part of results from operating activities (EBIT). The share of results from equity accounted investees with financial nature is reported as part of financial results (see notes **29. Share of results from equity accounted investees with operational nature**, **31. Financial results** and **63. Disclosures of interests in other entities**).

9. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or an equity instrument in another company.

Primary financial instruments

The following measurement categories are used by EVN:

- Available for sale financial assets ("AFS")
- Loans and receivables ("LAR")
- Financial assets designated at fair value through profit or loss and derivative financial instruments with a positive or negative fair value ("@FVTPL")
- Financial liabilities measured at amortised cost ("FLAC")

In accordance with the requirements of IFRS 7 for disclosures in the notes, the following table presents EVN's primary financial instruments by class together with the corresponding measurement categories:

Classes and measurement categories of primary financial instruments	Measurement category
Non-current assets	
Other investments	
Miscellaneous investments	AFS
Other non-current assets	
Securities	@FVTPL
Loans receivable	LAR
Lease receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Current assets	
Current receivables and other current assets	
Trade and other receivables	LAR
Receivables arising from derivative transactions	Hedge Accounting, @FVTPL
Securities	AFS
Cash and cash equivalents	
Cash on hand and cash at banks	LAR
Non-current liabilities	
Non-current loans and borrowings	
Bonds	FLAC
Bank loans	FLAC
Other non-current liabilities	
Lease liabilities	FLAC
Accruals of financial transactions	FLAC
Other liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL
Current liabilities	
Current loans and borrowings	
Trade payables	FLAC
Other current liabilities	
Other financial liabilities	FLAC
Liabilities arising from derivative transactions	Hedge Accounting, @FVTPL

Primary financial instruments are recognised in the consolidated statement of financial position when EVN is contractually entitled to receive payment or other financial assets from another party. Purchases and sales at prevailing market conditions are reported as of the settlement date.

Primary financial instruments (with the exception of the financial assets designated @FVTPL) are initially recognised at fair value plus transaction costs. Subsequent measurement is based on the classification to the measurement categories listed above and the rules applicable to the individual categories. These rules are described in the notes to the individual items on the consolidated statement of financial position.

The securities reported under other non-current assets are measured @FVTPL because they are managed based on fair value. The net results of financial instruments recognised as @FVTPL include interest. Nonderivative financial assets that are not classified under loans and receivables or @FVTPL are assigned to the measurement category AFS.

All financial assets that fall under the scope of application of IAS 39, with the exception of financial assets designated at fair value in profit or loss, are tested for objective signs of impairment as of each balance sheet date. For financial assets, impairment is determined in accordance with the respective measurement category based on IAS 39 and recognised accordingly. For equity instruments assigned to the valuation category AFS, impairment losses are recognised when there is a significant or longer decline in fair value below the acquisition cost. EVN defines a significant or longer decline in fair value as a decline of more than 20% as of the valuation date or a permanent decline over a period of nine months.

Derivative financial instruments

The main instruments used by EVN to manage and limit existing exchange rate and interest rate risks in the financial sector are foreign currency and interest rate swaps. EVN uses swaps, futures and forwards to limit energy sector risks arising from changes in commodity and product prices as well as changes related to electricity transactions.

The forward and futures contracts concluded by EVN for the purchase or sale of electricity, natural gas and CO₂ emission certificates serve to hedge the purchase prices for expected electricity and natural gas deliveries or CO₂ emission certificates as well as the selling prices for planned electricity production. If physical delivery is based on the expected procurement, sale or usage requirements, the criteria for the so-called “own use exemption” under IAS 39 are met. The contracts are then not considered derivative financial instruments in terms of IAS 39, but represent pending purchase and sale transactions, which must be assessed for possible impending losses from pending transactions in accordance with IAS 37. If the requirements for the own use exemption are not met – for example, by transactions for short-term optimisation – the contracts are recorded as derivatives in accordance with IAS 39.

Derivative financial instruments are recognised at fair value, which generally reflects the acquisition cost, when the respective contract is concluded and measured at fair value in subsequent periods. The fair value of derivative financial instruments is determined on the basis of quoted market prices, information provided by banks or discounting-based valuation methods whereby the counterparty risk is also included. Derivative financial instruments are reported as other (current or non-current) assets or other (current or non-current) liabilities.

The accounting treatment of the changes in the fair value of derivatives used for hedging purposes depends on the type of the hedging transaction.

Cash flow hedges are used to hedge interest rate risks arising from financial liabilities.

The effective portions of the gains and losses arising from the fair value measurement of derivative financial instruments classified as cash flow hedges according to IAS 39 are recorded as part of the valuation reserve under other comprehensive income without recognition in profit or loss, taking into account deferred tax liabilities/assets in accordance with IAS 39. The ineffective portion is immediately recognised in profit or loss. The cumulative amount recognised in equity remains in other comprehensive income and is transferred as a reclassification adjustment from equity to profit or loss in the same period or periods in which the hedged transaction actually affects profit or loss, or is no longer expected to occur. The maturity of the hedging instrument is coordinated with the occurrence of the future transaction.

Fair value hedges are used to hedge currency risks.

Derivative financial instruments classified as fair value hedges under IAS 39 serve to hedge recognised assets or liabilities against the risk of a change in fair value. For fair value hedges, the recognition in profit or loss includes the change in the fair value of the derivative as well as the contrasting change in the fair value of the underlying transaction, as far as it reflects the hedged risk. The related earnings are generally reported under the same position in the consolidated statement of operations as the underlying transaction. Changes in the value of the hedges are essentially offset by the changes in the value of the hedged transactions.

The derivatives used by EVN for hedging purposes constitute effective protection. The changes in the fair value of these derivatives are generally offset by compensating changes in the underlying transactions. The hedging relationship between underlying transaction and the hedging instrument as well as their effectiveness are analysed and documented when the relationship is established and subsequently at regular intervals.

10. Other investments

Other investments include shares in associated companies which are not included in the consolidated financial statements due to immateriality. These shares are recorded at cost less any necessary impairment losses. The remaining other investments are assigned to the valuation category AFS and are recognised at fair value in the consolidated statement of financial position. If fair value cannot be reliably determined, these investments are included at cost less any necessary impairment losses. Fair value is determined on the basis of share prices wherever possible. Unrealised profits or losses are recognised in other comprehensive income. An impairment loss (see note **9. Financial instruments**) is recognised in profit or loss. When financial assets are sold, the unrealised profits or losses previously recognised in other comprehensive income are transferred to profit or loss.

11. Other non-current assets

Securities recorded under other non-current assets are initially recognised as @FVTPL. These assets are recorded at fair value as of the acquisition date and subsequently measured at fair value as of the balance sheet date. Changes in fair value are recognised in the consolidated statement of operations.

Loans receivable are classified as LAR, whereby the carrying amount on the acquisition date corresponds to the fair value. These loans are subsequently measured at amortised cost in keeping with the effective interest rate method and also reflect any necessary impairment losses.

Lease receivables arise from the international project business in the Environment Segment. They are classified as finance leases according to IAS 17 in conjunction with IFRIC 4.

Receivables arising from derivative transactions are recognised at their fair values. Gains and losses arising from changes in the fair value of derivative financial instruments are either recognised in profit or loss in the consolidated statement of operations or in other comprehensive income (see note **9. Financial instruments**).

The measurement of non-current primary energy reserves and miscellaneous other non-current assets is based on acquisition or production cost or the lower net realisable value on the balance sheet date.

12. Inventories

The measurement of inventories is based on acquisition or production cost or the lower net realisable value as of the balance sheet date. For marketable inventories, these values are derived from the current market price. For other inventories, these figures are based on the expected proceeds less future production costs. Risks arising from the length of storage or reduced marketability are reflected in experience-based reductions. The moving average price method is used to determine the consumption of primary energy inventories as well as raw materials, auxiliary materials and fuels.

13. Trade and other receivables

Current receivables are generally reported at amortised cost, which equals the acquisition cost less impairment losses for the components of the receivables that are expected to be uncollectible. Potentially impaired receivables are grouped together on the basis of comparable default risk (especially the time outstanding) and tested together for impairment; any necessary impairment losses are then recognised. The impairment losses, which are recognised in the form of individual bad debt allowances by way of adjustment accounts, are sufficient to reflect the expected default risks. Specific default incidents result in derecognition of the related receivable.

Amortised costs, less any applicable impairment losses, can be considered appropriate estimates of the current value because the remaining term to maturity is generally less than one year.

Exceptions to the above procedure are receivables arising from derivative transactions which are recognised at fair value, and foreign currency items, which are measured at the exchange rates in effect on the balance sheet date.

14. Securities

Current securities are classified as AFS and measured at their fair value. Changes in fair value are recorded under other comprehensive income. When the securities are sold, these gains or losses are transferred to profit or loss.

15. Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Cash balances in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

16. Equity

In contrast to borrowings, equity is defined by the IFRS framework as the “residual interest in the assets of an entity after deducting all of its liabilities”. Equity is thus the residual value of a company’s assets and liabilities.

Treasury shares held by EVN are not recognised as securities pursuant to IAS 32, but are instead reported at their (repurchase) acquisition cost and offset against equity. Any profit or loss resulting from the resale of treasury shares relative to the acquisition cost increases or decreases capital reserves.

The items recorded under other comprehensive income include certain changes in equity that are not recognised through profit or loss as well as the related deferred taxes. For example, this position contains the currency translation reserve, unrealised gains or losses from the fair value measurement of other investments (available for sale financial instruments), the effective portion of changes in the fair value of cash flow hedges as well as all remeasurements according to IAS 19. This item also includes the proportional share of gains and losses recognised directly in equity accounted investees.

17. Provisions

Personnel provision

The projected unit credit method is used to determine the provisions for pensions and similar obligations as well as severance payments. The expected pension payments are distributed according to the number of years of service by employees until retirement, taking expected future increases in salaries and pensions into account.

The amounts of the provisions are determined by an actuary as of each balance sheet date based on an expert opinion. The measurement principles are described in note **50. Non-current provisions**. All remeasurements – at EVN, only gains and losses from changes in actuarial assumptions – are recognised under other comprehensive income in accordance with IAS 19.

The calculation of the provisions for pensions in 2017/18 was based on the Austrian mortality tables “AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung”, which were issued by the Actuarial Association Austria (AVÖ) on 15 August 2018. In addition to revised indicators for expected mortality, these tables also include new parameters for the probability of invalidity and marriage. The resulting changes were recorded under other comprehensive income.

The applied interest rate is based on the market yields for first-class, fixed-interest industrial bonds as of the balance sheet date, whereby the timing of the benefits was taken into account.

The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Provisions for pensions and similar obligations

Under the terms of a company agreement, EVN AG is required to pay a supplementary pension on retirement to employees who joined the company prior to 31 December 1989. This commitment also applies to employees who, within the context of the legal unbundling agreement for the spin-off of the electricity and natural gas networks, are now employed by Netz NÖ. The amount of this supplementary

pension is based on performance as well as on the length of service and the amount of remuneration at retirement. EVN, in any case, and the employees, as a rule, also make contributions to the umbrella pension fund VBV Pensionskasse AG (VBV) and the resulting claims are fully credited toward pension payments. Therefore, EVN's obligations toward both retired employees and prospective beneficiaries are covered in part by provisions for pensions as well as by defined contribution payments on the part of VBV.

For employees who joined the company after 1 January 1990, the supplementary company pension has been replaced by a defined contribution plan that is financed through VBV. VBV is responsible for the investment of the pension plan assets. Pension commitments were also made to certain employees, which require EVN to pay retirement benefits under certain conditions.

Provisions for obligations similar to pensions were recognised for liabilities arising from the vested claims of current employees and the current claims of retired personnel and their dependents to receive benefits in kind in the form of electricity and natural gas.

Provision for severance payments

Austrian corporations are required by law to make one-off severance payments to employees whose employment began before 1 January 2003 if they are dismissed, in case of dissolution of the employment relationship by mutual consent or when they reach the legal retirement age. The amount of such payments is based on the number of years of service and the amount of the respective employee's remuneration at the time the severance payment is made.

Employees in Bulgaria and Macedonia are entitled to severance payments on retirement, which are based on the number of years of service. With regard to severance compensation entitlements, the other EVN employees are covered by similar social protection measures contingent on the legal, economic and tax framework of the country in which they work.

The obligation to make one-off severance payments to employees of Austrian companies whose employment commenced after 31 December 2002 has been transferred to a defined contribution plan. The payments to this external employee fund are reported under personnel expenses.

Other provisions

The other provisions reflect all recognisable legal or factual commitments to third parties based on past events, where the amount of the commitments and/or the precise starting point was still uncertain. In these cases, a reliable estimate of the amount of the obligation is required. If a reliable estimate is not possible, a provision is not recognised. These provisions are recognised at the discounted settlement amount. They are measured based on the expected value or the amount most likely to be incurred.

Risk-free, pre-tax interest rates are used for the discount rates. The risks and uncertainties related to the expected expenditures are included in the estimates for the future cash flows.

The provisions for service anniversary bonuses required by collective wage and company agreements are measured using the same parameters as the provisions for pensions and similar obligations. A new regulation in the collective agreement for salaried employees of utility companies entitles salaried employees whose employment relationship began after 31 December 2009 to a service anniversary bonus equalling one month's salary after 15, 20, 25, 30 and 35 years and to one-half month's salary after 40 years. All remeasurements – at EVN, only gains and losses from changes in actuarial assumptions – involving service anniversary bonuses are recognised through profit or loss in accordance with IAS 19. The service cost added to the provision is reported under personnel expenses, while the interest component of the addition is included under financial results.

Waste disposal and land restoration requirements resulting from legal and perceived commitments are recorded at the present value of the expected future costs. Changes in the estimated costs or the interest rate are offset against the carrying amount of the underlying asset. If the decrease in a provision exceeds the carrying amount of the asset, the difference is recognised through profit or loss. The related depreciation is corrected in accordance with the residual carrying amount and depreciated over the remaining useful life. If the asset has reached the end of its useful life, all subsequent changes to the provisions are recognised in profit or loss.

Provisions for onerous contracts are recognised at the amount of the unavoidable outflow of resources. This represents the lower of the amount that would result from performance of the contract and any compensatory payments to be made in the event of non-performance.

18. Liabilities

Liabilities are reported at amortised cost, with the exception of liabilities arising from derivative financial instruments or liabilities arising from hedge accounting (see note **9. Financial instruments**). Costs for the procurement of funds are considered part of amortised cost. Non-current liabilities are discounted by applying the effective interest method.

With respect to financial liabilities, bullet loans and borrowings with a remaining term to maturity of over one year are classified as non-current and items with a remaining term to maturity of less than one year are reported under current loans and borrowings (for information on maturities see note **48. Non-current loans and borrowings**).

If the fulfilment of a liability is expected within twelve months after balance sheet date, the liability is classified as current.

Deferred income from network subsidies does not reduce the acquisition or production cost of the corresponding assets. They are therefore reported as liabilities in the consolidated statement of financial position in analogous application of IAS 20.

Network subsidies – which constitute payments made by customers to cover previous investments by EVN in the upstream network – represent an offset to the acquisition cost of these assets. In the electricity and natural gas network business, they are related to supply obligations by EVN. The granting of investment subsidies generally requires an operational management structure that complies with legal requirements and has been approved by the authorities. Network and investment subsidies are released on a straight-line basis over the average useful life of the respective assets.

19. Revenue recognition

Realisation of revenue (in general)

Revenues from the end customer business are determined as of the balance sheet date in part based on statistical procedures used in the billing systems and accrued in line with the quantities of energy and water supplied during the reporting period. Revenues are recognised when EVN has provided a billable service to the customer.

Interest income is reported pro rata temporis using the effective interest rate applicable to the particular asset. Dividends are recognised when a legal entitlement to payment arises.

IFRIC 18 regulates the accounting treatment for business transactions in which a company receives an asset or cash from its customers, which is then used to acquire or construct an asset to provide the customer with access to a network or with an ongoing supply of goods or services. The network subsidies received by EVN fall in part under the scope of application of IFRIC 18. Network subsidies in the electricity and natural gas network business are related to EVN's supply obligations. They are accrued as liabilities and released on a straight-line basis over the useful life of the related property, plant and equipment. The reversals of deferred income from the received network subsidies are reported under other operating income.

Contract manufacturing

Receivables from the project business (in particular, PPP projects – Public Private Partnership) and the related revenue are accounted for by applying the percentage of completion (PoC) method. Projects are subject to individual contract terms that specify fixed prices. The percentage of completion is determined using the cost-to-cost method. This entails recognising revenue and profits at the ratio of the costs actually incurred to the estimated total costs for the project. Reliable estimates of the total costs, selling prices and actual costs incurred are available. Changes in the estimated contract costs and any related losses are recognised in profit or loss as incurred. The technological and financial risks that might occur during the remaining project period are estimated for each project, and a corresponding contingency fee is included in the estimated contract costs. Impending losses on the valuation of projects not yet invoiced are expensed as incurred. Impending losses are recognised when it is probable that the total contract costs will exceed the contract revenues.

20. Income taxes and deferred taxes

The income tax expense reported in the consolidated statement of operations comprises the current income tax expense for fully consolidated companies, which is based on their taxable income and the applicable income tax rate, as well as the change in deferred tax assets and deferred tax liabilities.

The following income tax rates were applied in calculating current income taxes:

Corporate income tax rates	2017/18	2016/17
%		
Country of residence		
Austria	25.0	25.0
Albania	15.0	15.0
Bulgaria	10.0	10.0
Germany – Environment	30.3	30.3
Germany – Generation	34.0	32.4
Estonia ¹⁾	20.0	20.0
Croatia	18.0	18.0
Lithuania	20.0	15.0
Macedonia	10.0	10.0
Montenegro	9.0	9.0
Poland	19.0	19.0
Romania	16.0	16.0
Russia	20.0	20.0
Serbia	15.0	15.0
Slovenia	19.0	19.0
Czech Republic	19.0	19.0
Cyprus	12.5	12.5

1) Taxes on corporate profits are levied when dividends are paid to the shareholders. Retained earnings are not taxed.

EVN utilised the corporate tax group option through the formation of one such tax group as of 30 September 2018 (previous year: one). NÖ Landes-Beteiligungsholding GmbH, St. Pölten, serves as the head of this group, which includes EVN AG as a member. A group and tax settlement contract was concluded for this purpose. EVN also has the right to designate other corporate entities as members of this tax group.

The taxable profit of the companies belonging to this group is attributable to EVN AG, which calculates combined results based on the attributed taxable profit. The contract calls for the payment of a positive tax charge, which is based on the stand-alone method, when the aggregated results are positive. If the aggregated results are negative, the tax losses are kept on record and offset against future positive results. The related disclosures are reported under income taxes. The transfer of losses from foreign subsidiaries within group taxation leads to the recognition of a liability equal to the nominal amount of the future corporate income tax obligation.

As an offset for the transferred taxable results, the tax group contracts include a tax charge that is based on the stand-alone method. Transferred tax losses are kept on record as internal loss carryforwards for the respective tax group members and offset against future positive earnings. Exceptions to this procedure are the contracts concluded with the group members WEEV Beteiligungs GmbH in liquidation and Burgenland Holding, which call for a negative tax charge for these two companies if their taxable results are negative and the group's total results are positive. In other cases, the loss is recorded as an internal loss carryforward and refunded in later years in the form of a negative tax charge as soon as it is covered by positive earnings.

Future changes in the tax rate are taken into account if the relevant law has been enacted by the time the consolidated financial statements are prepared.

Deferred taxes are calculated according to the liability method at the tax rate expected when short-term differences are reversed. Deferred tax assets and deferred tax liabilities are calculated and recognised for all temporary differences (i. e. the differences between the carrying amounts in the consolidated financial statements and the annual financial statements prepared for tax purposes that will balance out in the future).

Deferred tax assets are recognised only if it is probable that there will be sufficient taxable income or taxable temporary differences to utilise these items. Tax loss carryforwards are recognised as deferred tax assets. Deferred tax assets and deferred tax liabilities are presented as a net amount in the consolidated financial statements if there is a legal right and intention to offset these items.

21. Procedures and effects of impairment tests

EVN carries out its impairment tests in accordance with the rules defined by IAS 36. Property, plant and equipment and intangible assets, including goodwill, are tested for impairment when there are internal or external indications of a loss in value. Intangible assets with an indefinite useful life and goodwill are tested at least once each year for signs of impairment.

The impairment testing of goodwill and assets for which no expected future cash flows can be identified is based on an assessment of the respective cash-generating unit (CGU). The decisive criterion used by EVN to classify a generation unit as a CGU is the technical and commercial ability to generate independent revenue. In the EVN Group, this definition applies to the electricity and heat generation plants, electricity, natural gas and water distribution systems, wind parks, electricity procurement rights, telecommunications networks and facilities in the environmental services business.

The value in use is calculated in accordance with the rules defined by IAS 36. Due to the long-term nature of investments in generation equipment, EVN uses cash flow forecasts that reflect the economic useful life of the equipment. The impairment testing of hydropower plants generally assumes the renewal of the concession and, consequently, perpetual operation at the respective location. For generation equipment, the detailed planning period of four years is followed by a general planning period up to the end of the asset's economic useful life. However, this general planning period is limited to the availability of external forecasts for electricity prices (currently 2040).

The fair value less costs of disposal is basically calculated in accordance with the fair value measurement hierarchy defined in IFRS 13. Since it is generally not possible to derive market values for the CGUs and assets of EVN under evaluation, the fair value is estimated in accordance with level 3 in the fair value hierarchy. The fair value less costs of disposal for a CGU is calculated with a WACC-based discounted cash flow method, which is conceptually similar to the value in use procedure, but includes adjustments to the parameters in the DCF model to reflect the market participant's viewpoint.

The calculation of the fair value less disposal costs and the value in use is based on the future cash inflows and outflows which are basically derived from internal medium-term forecasts. The cash flow forecasts are based on the latest financial plans approved by management. The assumptions for the future development of electricity prices are derived from the quotations on the futures market of the European Energy Exchange AG, Leipzig. For the period extending beyond this time, an average is developed (50:50) from the forecasts issued by two well-known information service providers in the energy sector. This average is intended to present a balanced picture of the future development of electricity prices. Valuation is based on the low case price forecasts by the two information service providers, and therefore fully reflects the risks that could influence electricity prices in the future.

A weighted average cost of capital which includes the deduction of income tax (WACC) is used as the discount rate. The equity component of the WACC reflects the risk-free interest rate, a country-specific premium plus a risk premium that incorporates the market risk and an appropriate beta coefficient based on peer group capital market indicators. The debt component of the WACC equals the basis

interest rate plus a country-specific premium and a risk premium that reflects EVN's rating. The equity and debt components are weighted according to a capital structure that is appropriate for the CGU based on peer group data at market values. The resulting WACC is used to discount the cash flows in the respective CGU.

For the purpose of estimating the recoverable amount, EVN initially assesses the value in use. In cases where this amount is lower than the carrying amount of the asset, or the CGU, the fair value less costs of disposal is calculated if necessary.

22. Accounting estimates and forward-looking statements

The preparation of the consolidated financial statements in accordance with generally accepted IFRS accounting methods requires estimates and assumptions that have an effect on the assets, liabilities, income and expenses reported in the consolidated financial statements and on the amounts shown in the notes. The actual values may differ from these estimates. The assumptions and estimates are reviewed on a regular basis.

In particular, the following assumptions and estimates can lead to significant adjustments in the carrying amounts of individual assets and liabilities in future reporting periods.

Impairment tests require estimates, especially for future cash surpluses. A change in the general economic, industry or company environment may reduce cash surpluses and therefore lead to signs of impairment. The weighted average cost of capital (WACC) is used to determine the recoverable amounts based on capital market methods. The WACC represents the weighted average interest paid by a company for equity and debt. The weighting applied to the interest on the equity and debt components – which reflects a capital structure at market values – was derived from an appropriate peer group. Given the current volatility on the financial markets, the development of the cost of capital (and above all the country risk premiums) is monitored on a regular basis (see note **21. Procedures and effects of impairment tests**).

For the valuation of the generation portfolio, the price structure beginning with the fifth year (when predictable market prices are no longer available on the electricity exchanges) was based on average forecasts from two well-known market research institutes and information service providers in the energy sector. The most recent studies, which are updated annually due to the current volatility on the electricity markets, were used in each case. The following notes show the sensitivity of these assumptions for the largest CGU's, based on the carrying amount, where a triggering event was identified and for which an impairment loss or reversal was recognised in the financial statements: **34. Intangible assets**, **7. Property, plant and equipment** and **36. Investments in equity accounted investees**.

The most important premises and judgmental decisions used to determine the scope of consolidation are described under note **4. Scope of consolidation**.

The legal dispute between EVN Bulgaria and the state-owned Bulgarian electricity company NEK over disputed offsets was concluded through an out-of-court settlement on 13 February 2017. This settlement covers, in particular, payment for the outstanding portion of expenses incurred from 1 July 2012 to 31 July 2013 and financed in advance by EVN Bulgaria for the additional costs of renewable electricity and default interest, which will now be reimbursed by NEK to EVN Bulgaria. The settlement was carried out through the mutually agreed offset of the designated receivables held by EVN Bulgaria with receivables held by NEK from energy deliveries. Furthermore, the administrative proceedings initiated by the Bulgarian State Energy and Water Regulatory Commission in March 2014 to revoke EVN Bulgaria's license due to the above-mentioned offset of receivables were formally terminated by a decision on 4 August 2017. The arbitration proceedings initiated by EVN in July 2013 against the Republic of Bulgaria are still pending at the World Bank's International Centre for the Settlement of Investment Disputes (ICSID). The outcome of these proceedings could lead to valuation adjustments in future reporting periods.

In Moscow, the anti-monopoly commission (FAS) issued a legally binding directive that declared a 1 June 2010 decision by the Moscow city government to be in violation of competitive law. The original decision by the city government transferred the thermal waste utilisation plant project no. 1 (MPZ1) to the investor EVN and also required and authorised an increase in the capacity to 700,000 tonnes per year. The proceedings initiated by EVN against the government measures were unsuccessful. On the grounds of the government measures to annul the investment agreement, the project corporation for the implementation of the project of MPZ1 filed a request for arbitration as of 27 April 2016 with the London Court of International Arbitration against the corporation Tabrin OÜ (now Veealliance) with corporate seat in Tallinn, Estonia, and as of 11 October 2016 filed an action for repayment of payments made for obtaining rights from the investment agreement with the city of Moscow. In a judgment issued on 26 January 2018, the Court of Arbitration rejected the action in principal claim. The parties did not agree on a second instance to review the arbitration decision. This decision had no further effects on the financial statements because the leasing receivable had been adjusted by an impairment loss in 2013/14.

The project company Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH (SEK), in which EVN holds an investment of 49.0%, filed an arbitration claim against the general contractor consortium, Hitachi Ltd and Hitachi Power Europe GmbH, on 17 December 2013 and a lawsuit against an insurance company on 10 December 2013. The claims are based on damages incurred by the project company due to the delayed completion of the Walsum 10 power plant. They cover lump-sum compensation for the delay, delay-related added costs, prefinanced repair costs and damages arising from the inability to receive allocations of CO₂ emission certificates as well as claims against an insurance company. The Hitachi consortium filed claims against the project company in a countersuit. An arbitration decision announced by the ICC on 23 November 2016 awarded SEK compensation of approximately EUR 200m for claims. The counterclaims filed by Hitachi were rejected. In a now related lawsuit the insurer demanded repayment of already made advance payments. In the legal proceedings against the insurance company, a partial judgment on the underlying basis for the claim and a partial final judgment were issued in favour of the project company on 1 July 2015, which state that the facts of the case indicate the insurance company is required to pay compensation for the damage to the power plant in April 2011. Both the insurance company and the project company (here with regard to the acceptance of attorneys' costs) have filed appeals against these decisions. A commercial agreement has since been reached between SEK and the insurer, which requires the insurer to pay SEK compensation of EUR 60m for the two boiler damage incidents. Moreover, SEK and the insurer will withdraw their reciprocal lawsuits. Statistics from the power plant's first operating period pointed to higher specific heat consumption, and therefore lower effectiveness, than promised by the general contractor. A control measurement confirmed this conclusion. On 16 September 2015 another arbitration claim was filed against the general contractor consortium comprising Hitachi Ltd and Hitachi Power Europe GmbH. On 4 July 2018, SEK and the Hitachi consortium reached a settlement which finally terminated these second arbitration proceedings and one remaining open point from the first arbitration proceedings (see note **35. Property, plant and equipment**).

EVN holds rights for Wien Energie to purchase electricity from SEK through a contract concluded in 2007 and charges fees for the delivery of this electricity. The end price includes a so-called "performance price 1", which is based primarily on the (not yet finally determined) investment costs for the Walsum 10 power plant. Wien Energie filed an arbitration action suit against EVN on 24 May 2017 with the permanent arbitration court of the Vienna Chamber of Commerce to obtain a detailed breakdown of this "performance price 1". Wien Energie has also issued numerous instructions to EVN concerning the procedures related to SEK, in particular with regard to the enforcement of a financial clause. On 25 September 2017 EVN filed a counterclaim with the permanent arbitration court of the Vienna Chamber of Commerce, requesting a decision that Wien Energie is not entitled to issue these types of instructions. The proceedings are pending. The outcome of these proceedings could lead to valuation adjustments in future reporting periods.

EVN and Verbund Thermal Power operated the Dürnrrohr power plant based on a contract dated 28 April 1980 and 16 April 1980, whereby one of the two blocks was assigned to each of the contract partners for management and operation. In December 2014 Verbund Thermal Power terminated the existing management contract as of 30 June 2015 and, in April 2015, stated its intention to permanently shut down its block at the joint Dürnrrohr power plant. This decision subsequently led to an increase in maintenance and operating costs

for EVN. EVN takes the view that this cancellation is legally invalid because the existing contract was concluded for the technical service life of the equipment in the Dürnröhr power plant and therefore remains unchanged and in force. The company filed an action for a declaratory judgment with the Commercial Court in Vienna which was subsequently terminated by an out-of-court settlement on 29 June 2018.

The valuation of the provisions for pensions, similar obligations and severance payments are based on assumptions for the discount rate, retirement age and life expectancy as well as pension and salary increases. The adjustment of these parameters in future periods can lead to valuation adjustments. Moreover, future changes in electricity and natural gas tariffs can lead to valuation adjustments in the pension-related obligations (see note **50. Non-current provisions**).

Assumptions and estimates are also required to determine the useful life of non-current assets (see notes **6. Intangible assets** and **7. Property, plant and equipment**) and the provisions for legal proceedings and environmental protection (see note **17. Provisions**) as well as estimates for other obligations and risks (see note **64. Other obligations and risks**). In addition, it is necessary to make assumptions and estimates for the valuation of receivables and inventories (see notes **12. Inventories** and **13. Trade and other receivables**) and for the recognition of revenue (see note **19. Revenue recognition**). These estimates are based on historical data and other assumptions considered appropriate under the given circumstances.

23. Principles of segment reporting

The identification of operating segments is based on the internal organisational and reporting structure and information prepared for internal management decisions (the “management approach”). The Executive Board of the EVN Group (the chief operating decision-maker as defined in IFRS 8) reviews internal management reports on each operating segment at least once each quarter. EVN has defined the following operating segments: Generation, Energy, Networks, South East Europe, Environment and All Other Segments. This conforms in full to the internal reporting structure. The assessment of all segment information is consistent with IFRS. EBITDA is used as an indicator to measure the earning power of the individual segments. For each segment, EBITDA represents the total net operating profit or loss before interest, taxes, amortisation of intangible assets and depreciation of property, plant and equipment for the companies included in the segment, taking intragroup income and expenses into account (see note **58. Notes to segment reporting**).

Notes to the consolidated statement of operations

24. Revenue

External revenue recorded by the individual business segments developed as follows:

Revenue	2017/18	2016/17
EURm		
Generation	69.8	53.7
Energy	459.3	512.0
Networks	489.6	497.9
South East Europe	902.0	957.5
Environment	136.9	181.0
All Other Segments	15.0	13.4
Total	2,072.6	2,215.6

25. Other operating income

Other operating income	2017/18	2016/17
EURm		
Income from the reversal of deferred income from network subsidies	47.9	45.4
Own work capitalised	20.8	20.7
Change in work in progress	8.5	-3.3
Interest on late payments	7.5	17.6
Rental income	3.4	2.2
Insurance compensation	3.2	5.8
Income from the disposal of intangible assets and property, plant and equipment	0.7	-1.6
Miscellaneous other operating income	13.1	15.2
Total	105.0	101.9

The decrease in the interest on late payments is attributable to the agreement reached in February 2017 between the supply company EVN Bulgaria EC and the state-owned Bulgarian electricity company NEK over the pre-financed, additional costs of renewable electricity and the related award of default interest.

Miscellaneous other operating income consists, above all, of bonuses, subsidies and services that are not related to business activities.

26. Cost of materials and services

Cost of materials and services	2017/18	2016/17
EURm		
Electricity purchases from third parties and primary energy expenses	961.3	989.0
Third-party services and other materials and services	275.1	313.7
Total	1,236.4	1,302.6

The expenses for electricity purchase from third parties and primary energy carriers consist primarily of the costs for electricity, natural gas, hard coal and biomass. Also included here are costs of EUR 20.5m (previous year: EUR 15.3m) for the purchase of additional CO₂ emission certificates during the reporting period due to the insufficient allocation of free certificates.

Third-party services and other materials and services were related primarily to the project business in the Environment Segment as well as services for the operation and maintenance of plants. This position also includes costs directly attributable to the required services.

27. Personnel expenses

Personnel expenses	2017/18	2016/17
EURm		
Salaries and wages	250.0	241.5
Severance payments	4.5	6.3
Pension costs	6.7	10.1
Compulsory social security contributions and payroll-related taxes	53.3	52.1
Other employee-related expenses	7.2	6.8
Total	321.7	316.8

Personnel expenses included contributions of EUR 6.6m (previous year: EUR 9.9m) to VBV Pensionskasse as well as contributions of EUR 1.1m (previous year: EUR 1.0m) to employee pension funds. The decline in the contributions to VBV Pensionskasse resulted from a non-recurring payment of EUR 3.8m in 2016/17, which was related to the sale of EVN Pensionskasse. The Austrian Pension Adjustment Act of 2018, Federal Gazette no. 2017/151, and the related provisions of § 711 of the Austrian Act on General Social Security resulted in lower pension adjustments compared with previous years. This, in turn, reduced pension costs by EUR 2.8m.

The average number of employees was as follows:

Employees by segment¹⁾	2017/18	2016/17
Generation	250	135
Networks	1,232	1,218
Energy	307	305
South East Europe	4,121	4,161
Environment	384	501
All Other Segments	536	521
Total	6,831	6,840

1) Average for the year

The average number of employees comprised 97.3% salaried and 2.7% wage employees (previous year: 97.3% salaried and 2.7% wage employees), whereby no distinction is made between salaried and wage employees in Bulgaria and Macedonia. Wage employees are therefore counted together with salaried employees in these countries.

28. Other operating expenses

Other operating expenses	2017/18	2016/17
EURm		
Business operation taxes and duties	18.1	18.0
Write-off of receivables	17.6	23.1
Legal and consulting fees, expenses related to process risks	13.3	18.3
Advertising expenses	13.0	11.8
Transportation and travelling expenses, automobile expenses	12.2	11.2
Insurance	9.9	9.4
Maintenance	9.2	7.0
Telecommunications and postage	9.0	9.6
Rents	7.3	6.7
Employee training	2.3	2.0
Miscellaneous other operating expenses	23.8	22.1
Total	135.7	139.0

The position legal and consulting fees, expenses related to process risks also contains changes in the provision for process costs and risks. Rents also include the changes in the provisions for network access fees in Bulgaria.

Miscellaneous other operating expenses include environmental protection expenses, fees for monetary transactions, licenses, membership fees and administrative and office expenses.

29. Share of results from equity accounted investees with operational nature

Share of results from equity accounted investees with operational nature	2017/18	2016/17
EURm		
EVN KG	114.3	96.1
RAG	39.8	43.4
Energie Burgenland	11.6	17.0
ZOV; ZOV UIP	10.1	12.5
Verbund Innkraftwerke	6.3	-11.4
Other companies	5.8	5.0
Total	188.0	162.6

The share of results from equity accounted investees with operational nature (see note **63. Disclosures of interests in other entities**) is reported as part of the results from operating activities (EBIT).

The share of results from equity accounted investees with operational nature consists primarily of earnings contributions, impairment losses recognised to assets capitalised in connection with acquisitions and other necessary impairment losses and write-ups (see note **36. Investments in equity accounted investees**).

The increase in the share of results from equity accounted investees with operational nature is attributable primarily to EVN KG and Verbund Innkraftwerke.

The year-on-year increase in the earnings contribution from EVN KG is based on positive earnings effects in connection with hedges concluded for risk management.

The positive earnings contribution from Verbund Innkraftwerke resulted, among others, from an improvement in the forward quotations for electricity which led to a write-up of EUR 2.5m. In the previous year, a decline in the estimates for the long-term development of electricity prices led to the recognition of an impairment loss totalling EUR 13.1m (see note **36. Investments in equity accounted investees**).

The unrecognised cumulative losses for Ashta totalled EUR 5.6m (previous year: losses of EUR 5.4m).

30. Depreciation and amortisation and effects from impairment tests

The procedure used for impairment testing is described as part of the disclosures on accounting policies under **21. Procedures and effects of impairment tests**.

Depreciation and amortisation and effects from impairment tests by items of the consolidated statement of financial position		
EURm	2017/18	2016/17
Intangible assets	13.3	59.5
Property, plant and equipment	291.8	316.7
Write-up of intangible assets	-10.3	-
Write-up of property, plant and equipment	-16.0	-1.4
Total	278.9	374.8

Depreciation and amortisation and effects from impairment tests		
EURm	2017/18	2016/17
Scheduled depreciation and amortisation	258.3	262.3
Effects from impairment tests (impairment) ¹⁾	46.9	113.9
Effects from impairment tests (reversal of impairment) ¹⁾	-26.3	-1.4
Total	278.9	374.8

1) For details, see notes 34. Intangible assets and 35. Property, plant and equipment

31. Financial results

Financial results	2017/18	2016/17
EURm		
Income from investments		
WEEV Beteiligungs GmbH	–	12,1
Other companies	0.1	0.0 ^{*)}
Share of results from equity accounted investees with financial nature	0.1	12.2
Dividend payments	21.1	19.0
thereof Verbund AG	18.4	11.6
thereof other companies	2.7	7.3
Write-down/Disposals	–1.0	–0.1
Results from other investments	20.1	18.8
Total income from investments	20.2	31.0
Interest results		
Interest income on financial assets	6.5	8.8
Other interest income	4.2	10.7
Total interest income	10.7	19.5
Interest expense on financial liabilities	–43.8	–54.6
Interest expense personnel provisions	–7.2	–5.9
Other interest expense	–3.0	–4.9
Total interest expense	–54.0	–65.4
Total interest results	–43.3	–45.9
Other financial results		
Results from changes in exchange rates and the disposal of non-current financial assets	–1.8	–1.5
Results from changes in exchange rates and the disposal of current financial assets	–0.0 ^{*)}	–0.0 ^{*)}
Currency gains/losses	–10.5	0.0 ^{*)}
Other financial results	–1.8	–5.0
Total other financial results	–14.0	–6.5
Financial results	–37.2	–21.4

*) Small amount

The share of results from equity accounted investees with financial nature (see note **63. Disclosures of interests in other entities**) is reported as part of financial results.

WEEV Beteiligungs GmbH was founded together with the syndicate partner Wiener Stadtwerke Holding AG to participate in the capital increase by Verbund AG and was initially included in EVN's consolidated financial statements at equity during the 2010/11 financial year. WEEV was restructured in 2016/17, and its investment in Verbund was transferred to the parent companies EVN and Wiener Stadtwerke in June 2017. In October 2017, the WEEV stake held by Wiener Stadtwerke was transferred to EVN. WEEV is currently in liquidation and was deconsolidated during the first quarter of 2017/18 due to immateriality (see note **4. Scope of consolidation**). The unrecognised losses for WEEV total EUR 4.5m (previous year: loss of EUR 4.5m).

Interest income on financial assets includes interest from investment funds that focus chiefly on fixed-interest securities as well as the interest component from the lease business. Other interest income generally relates to income from cash and cash equivalents and from securities recorded under current financial assets. The interest income from financial assets that are not designated at fair value through profit or loss totalled EUR 9.4m (previous year: EUR 18.3m).

Interest expense on financial liabilities represents regular interest payments on issued bonds and bank loans. Other interest expense includes the accrued interest expense on non-current provisions, expenses for current loans as well as lease costs for biomass equipment, distribution and heating networks. The interest expense on liabilities not designated at fair value through profit or loss totalled EUR 46.8m (previous year: EUR 59.5m).

32. Income tax expense

Income tax expense	2017/18	2016/17
EURm		
Current income tax income and expense	20.7	26.9
thereof Austrian companies	4.8	10.5
thereof foreign companies	15.9	16.4
Deferred tax income and expense	55.4	27.0
thereof Austrian companies	55.3	34.5
thereof foreign companies	0.1	-7.5
Total	76.1	53.9

The following table explains the reasons for the difference between the Austrian corporate income tax rate of 25.0% that applied in 2018 (previous year: 25.0%) and the tax expense based on the Group net result reported on the consolidated statement of operations for the 2017/18 financial year:

Calculation of the effective tax rate	2017/18		2016/17	
	%	EURm	%	EURm
Result before income tax		355.7		325.5
Income tax rate/income tax expense at nominal tax rate	25.0	88.9	25.0	81.4
- Different corporate income tax rates in other countries	-0.1	-0.2	-3.0	-9.6
- Effect of tax rate change	-0.2	-0.7	-	-
- Tax-free income from investments	-6.3	-22.6	-8.8	-28.6
+ Revaluation of deferred taxes	1.1	3.8	2.9	9.3
+/- Tax share valuations and impairment on Group receivables	0.8	2.8	-0.7	-2.3
+ Non-deductible expenses	0.7	2.6	0.9	3.0
- Other tax free income	-0.1	-0.4	-0.1	-0.3
+ Aperiodic tax increases	0.7	2.5	0.1	0.2
-/+ Other items	-0.2	-0.7	0.3	0.9
Effective tax rate/effective income tax expense	21.4	76.1	16.6	53.9

The tax share valuations are related primarily to the investment revaluation on the investments in EVN Nk BuB and OOO EVN Umwelt Service (previous year: impairment losses recognised on the investments in Hydro Power Company Gorna Arda, TEZ Plovdiv, EVN Nk BuB, EVN Bulgaria EAD, OOO EVN Umwelt Service and the investment revaluation in EVN Macedonia and Energie Allianz).

EVN's effective tax rate for the reporting year equalled 21.4% of the result before income tax (previous year: 16.6%). The effective tax rate represents the weighted average of the effective local corporate tax rates of all consolidated subsidiaries (see note **49. Deferred taxes**).

33. Earnings per share

Earnings per share were calculated by dividing Group net result (= proportional share of result attributable to EVN AG shareholders) by the weighted average number of ordinary shares outstanding in 2017/18, i. e. 177,938,720 (previous year: 177,856,536). This amount may be diluted by so-called potential shares arising from stock options or convertible bonds. Since EVN does not have any such shares, there is no difference between basic and diluted earnings per share. Based on the Group net result of EUR 254.6m for the 2017 /18 financial year (previous year: EUR 251.0m), earnings per share equalled EUR 1.43 (previous year: EUR 1.41).

Notes to the consolidated statement of financial position

Assets

34. Intangible assets

Goodwill is allocated to the CGUs “international project business” and “other CGUs”. Rights include electricity procurement rights, transportation rights for natural gas pipelines and other rights (primarily software licenses). In the past other intangible assets primarily included the customer bases of the Bulgarian and Macedonian electricity supply companies.

Reconciliation of intangible assets

2017/18 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2017	216.7	381.2	102.4	700.3
Additions	–	11.9	0.3	12.2
Disposals	–	–2.0	–	–2.0
Transfers	–	22.0	–26.7	–4.7
Gross value 30.09.2018	216.7	413.1	76.0	705.8
Accumulated amortisation 30.09.2017	–160.9	–272.6	–89.8	–523.3
Scheduled amortisation	–	–12.7	–0.6	–13.3
Impairment losses	–	–0.0 ^{*)}	–	–0.0 ^{*)}
Additions	–	10.3	–	10.3
Disposals	–	2.1	–	2.1
Transfers	–	–15.4	16.0	0.5
Accumulated amortisation 30.09.2018	–160.9	–288.4	–74.4	–523.7
Net value 30.09.2017	55.8	108.6	12.6	177.1
Net value 30.09.2018	55.8	124.7	1.5	182.1

2016/17 financial year

EURm	Goodwill	Rights	Other intangible assets	Total
Gross value 30.09.2016	216.7	372.8	99.6	689.1
Additions	–	10.5	3.0	13.5
Disposals	–	–2.2	–0.0 ^{*)}	–2.2
Gross value 30.09.2017	216.7	381.2	102.4	700.3
Accumulated amortisation 30.09.2016	–160.9	–220.1	–86.9	–467.9
Scheduled amortisation	–	–12.0	–2.6	–14.5
Impairment losses	–	–44.8	–0.2	–45.0
Disposals	–	1.5	–0.0 ^{*)}	1.6
Transfers	–	2.8	–0.2	2.5
Accumulated amortisation 30.09.2017	–160.9	–272.6	–89.8	–523.3
Net value 30.09.2016	55.8	152.7	12.7	221.2
Net value 30.09.2017	55.8	108.6	12.6	177.1

^{*)} Small amount

The carrying amount of goodwill is allocated as follows: EUR 52.9m to the CGU “international project business” and EUR 2.9m to the CGU “other CGUs”.

The carrying amount of the net assets in the CGU “international project business” totalled EUR 227.6m. The recoverable amount was determined on the basis of the value in use and equalled EUR 340.2m. A WACC after tax of 5.80% (previous year: 5.92%) was used as the discount rate, which corresponds to an iteratively derived pre-tax WACC of 6.33% (previous year: 6.41%). The recoverable amount of the CGU was 49.5% higher than the carrying amount. An increase (decrease) of 0.5% in the WACC in 2017/18, ceteris paribus, would have led to a surplus cover of EUR 90.4m in the net assets of the CGU (surplus cover of EUR 138.6m). The recoverable amount would equal the carrying amount based on a WACC after tax of 9.47%.

In the Generation Segment, the increase in forward electricity prices led to a write-up of EUR 9.8m to electricity purchasing rights from the Freudenuh hydropower plant. EVN holds procurement rights of 12.5% to the electricity generated by the Donaukraftwerk Freudenuh during its operating life. The recoverable amount was determined on the basis of the value in use and equalled EUR 31.1m. A WACC after tax of 5.72% (previous year: 5.84%) was used as the discount rate, which corresponds to an iteratively derived pre-tax WACC of 7.17% (previous year: 6.40%). An increase (decrease) of 0.5% in the WACC in 2017/18, ceteris paribus, would have resulted in a write-up of EUR 7.4m (write-up of EUR 12.7m). An increase (decrease) of 5% in the underlying assumptions for the electricity price in 2017/18, ceteris paribus, would have resulted in a write-up of EUR 14.0m (write-up of EUR 5.7m).

In 2017/18, a total of EUR 3.4m (previous year: EUR 2.6m) was invested in research and development; EUR 2.0m thereof were capitalised (previous year: EUR 1.1m).

35. Property, plant and equipment

Reconciliation of property, plant and equipment

2017/18 financial year							
EURm	Land and buildings	Lines	Technical equipment	Meters	Other plants, tools and equipment	Equipment under construction	Total
Gross value 30.09.2017	818.4	4,111.6	2,966.1	255.3	184.7	168.8	8,504.9
Currency translation differences	-0.0 ^{*)}	-0.0 ^{*)}	-7.5	-0.0 ^{*)}	-0.0 ^{*)}	0.0 ^{*)}	-7.5
Additions	20.5	110.5	66.8	24.1	22.8	109.0	353.7
Disposals	-2.2	-10.0	-33.0	-15.5	-13.4	-0.8	-74.9
Transfers	13.1	47.5	21.1	0.8	1.2	-80.9	2.8
Gross value 30.09.2018	849.6	4,259.7	3,013.6	264.7	195.1	196.2	8,778.9
Accumulated amortisation 30.09.2017	-479.1	-2,247.0	-2,091.5	-155.8	-139.5	-8.3	-5,121.3
Currency translation differences	0.0 ^{*)}	0.0 ^{*)}	5.9	0.0 ^{*)}	0.0 ^{*)}	-	6.0
Changes in the scope of consolidation	-	-	0.0 ^{*)}	-	0.0 ^{*)}	-	0.0 ^{*)}
Scheduled depreciation	-20.4	-107.7	-84.0	-16.4	-16.5	-	-245.0
Impairment losses	-10.1	-4.0	-32.0	-0.1	-0.0 ^{*)}	-0.6	-46.9
Revaluation	2.4	6.3	7.0	-	0.3	-	16.0
Disposals	2.0	9.8	15.6	14.4	13.0	-	54.9
Transfers	-4.1	0.0 ^{*)}	0.1	0.0 ^{*)}	0.0 ^{*)}	-	-3.9
Accumulated amortisation 30.09.2018	-509.3	-2,342.5	-2,178.9	-157.8	-142.7	-9.0	-5,340.2
Net value 30.09.2017	339.3	1,864.6	874.6	99.5	45.2	160.4	3,383.6
Net value 30.09.2018	340.3	1,917.2	834.7	106.9	52.4	187.2	3,438.7
2016/17 financial year							
EURm	Land and buildings	Lines	Technical equipment	Meters	Other plants, tools and equipment	Equipment under construction	Total
Gross value 30.09.2016	809.8	3,959.5	3,014.7	238.5	174.4	170.7	8,367.6
Currency translation differences	0.0 ^{*)}	0.2	2.3	0.0 ^{*)}	0.0 ^{*)}	0.0 ^{*)}	2.6
Additions	7.0	110.9	43.6	27.3	19.7	81.8	290.3
Disposals	-5.6	-13.4	-113.9	-10.6	-10.2	-1.7	-155.4
Transfers	7.2	54.5	19.4	0.1	0.8	-82.0	-0.2
Gross value 30.09.2017	818.4	4,111.6	2,966.1	255.3	184.7	168.8	8,504.9
Accumulated amortisation 30.09.2016	-447.7	-2,144.8	-1,973.4	-148.7	-133.1	-7.4	-4,855.0
Currency translation differences	-0.0 ^{*)}	-0.1	-1.6	-0.0 ^{*)}	-0.0 ^{*)}	-	-1.7
Scheduled depreciation	-20.2	-105.9	-90.4	-15.8	-15.4	-	-247.7
Impairment losses	-7.9	-13.3	-45.9	-0.1	-0.7	-1.0	-68.9
Revaluation	0.6	0.3	0.5	-	-	-	1.4
Disposals	2.3	13.3	16.1	9.0	9.9	-	50.5
Transfers	-6.1	3.5	3.2	-0.1	-0.2	0.0 ^{*)}	0.2
Accumulated amortisation 30.09.2017	-479.1	-2,247.0	-2,091.5	-155.8	-139.5	-8.3	-5,121.3
Net value 30.09.2016	362.1	1,814.8	1,041.3	89.8	41.3	163.3	3,512.5
Net value 30.09.2017	339.3	1,864.6	874.6	99.5	45.2	160.4	3,383.6

^{*)} Small amount

Land and buildings included land with a value of EUR 58.9m (previous year: EUR 56.1m). EVN held a mortgage with a maximum value of EUR 1.8m as of 30 September 2018, unchanged from the previous year.

Additions to property, plant and equipment included capitalised borrowing costs of EUR 1.4m (previous year: EUR 1.4m). The interest rate used for capitalisation ranged from 2.0% to 3.8% (previous year: 1.7% –3.8%).

For leased and rented equipment, the present value of payment obligations for the use of heating networks and heat generation plants is reported on the consolidated statement of financial position. The net value of these assets totalled EUR 3.0m as of the balance sheet date (previous year: EUR 10.4m). The year-on-year decline resulted from the termination of five lease agreements. The related lease and rental liabilities were recognised under other non-current liabilities (see note **52. Other non-current liabilities**).

As in the previous year, no property, plant and equipment or intangible assets were pledged as collateral as of 30 September 2018.

The impairment testing of assets in accordance with IAS 36 led to the recognition of the following impairment losses and write-ups in 2017/18:

Current market analyses and the related less favourable estimates for the development, in combination, of long-term electricity prices, primary energy prices and the prices for emission certificates (clean dark spread) led to the recognition of an impairment loss of EUR 25.4m to EVN's proportional interest in the jointly operated Walsum 10 power plant.¹⁾ The recoverable amount was determined on the basis of the value in use and amounted to EUR 109.3m. The applied discount rate equalled an after-tax WACC of 4.94% (previous year: 5.25%) and represents an iteratively derived pre-tax WACC of 6.63% (previous year: 6.79%). An increase (decrease) of 0.5% in the WACC in 2017/18, ceteris paribus, would have resulted in an impairment loss of EUR 28.9m (impairment loss of EUR 21.7m) to the Walsum 10 power plant, which is accounted for as a joint operation based on the proportional share owned. An increase (decrease) of 5% in the underlying assumptions for the electricity price in 2017/18, ceteris paribus, would have resulted in a recovery in value of EUR 2.6m (impairment loss of EUR 53.9m).

1) The impairment testing of the power plant component took place solely at the Group level. At the segment level, a provision was recognised for the marketing of EVN's own electricity production. The impairment loss is therefore reported in the transition column "consolidation".

In 2017/18 the district heating networks and the previously separate CGUs "Baden" and "Mödling" were connected by a pipeline and combined into the CGU "Baden-Mödling". The Guntramsdorf district heating network was also integrated in this new CGU. The new definition of the CGU and the assumption that the subsidised tariff will end as of May 2019 provided grounds for impairment testing. The impairment test of the CGU "Baden-Mödling" led to the recognition of an impairment loss of EUR 0.3m in the Energy Segment. The recoverable amount was determined on the basis of the value in use and amounted to EUR 47.2m. The applied discount rate equalled an after-tax WACC of 5.24%, and represents an iteratively derived pre-tax WACC of 6.96%.

Other impairment tests by EVN Wärme resulted in the recognition of impairment losses totalling EUR 3.7m in the Energy Segment due to a deterioration in the economic framework conditions for eleven heating plants. The recoverable amount was determined on the basis of the value in use and amounted to EUR 13.8m. The applied discount rate equalled an after-tax WACC of 5.70%, and represents an iteratively derived pre-tax WACC of 5.70% to 7.03%.

An impairment loss of EUR 2.1m, was recognised in the South East Europe Segment to reflect an increase in the WACC applied to the CGU "natural gas supplies Croatia". The recoverable amount was determined on the basis of the value in use and amounted to EUR 30.4m. The applied discount rate equalled an after-tax WACC of 7.14%, and represents an iteratively derived pre-tax WACC of 8.45%.

A relatively high carrying amount in relation to the shortage performance provided grounds for the recognition of an impairment loss to six small hydropower plants owned by EVN Naturkraft. The resulting impairment loss of EUR 0.9m was recorded in the Generation Segment. The recoverable amount was determined on the basis of the value in use and amounted to EUR 3.3m. The applied discount rate equalled an after-tax WACC of 5.72%, and represents an iteratively derived pre-tax WACC of 5.48% to 8.46%.

The new regulatory period which begins on 1 January 2019 provided grounds for an adjustment to the value of the CGU “electricity power line network Lower Austria”. A write-up of EUR 7.3m was recognised in the Networks Segment to reflect the maximum possible increase in the carrying amount to amortised cost. The recoverable amount was determined on the basis of the value in use and amounted to EUR 677.4m. The applied discount rate equalled an after-tax WACC of 4.47%, and represents an iteratively derived pre-tax WACC of 5.96%. A reduction of 0.5% in the WACC would have had no effect because amortised cost has been reached. An increase of 0.5% in the WACC, ceteris paribus, would have led to a shortfall of EUR 7.8m in the net assets of the CGU in 2017/18.

An improvement in the forward quotations for electricity and an increase in fixed steam delivery volumes provided substantial evidence for an adjustment to the carrying amount of the energy supply centre at the Dürnröhr power plant. This led to a write-up of EUR 4.6m in the Generation Segment. The recoverable amount was determined on the basis of the value in use and amounted to EUR 15.8m. The applied discount rate equalled an after-tax WACC of 5.77% (previous year: 5.92%), and represents an iteratively derived pre-tax WACC of 6.96% (previous year: 4.65%).

EVN Naturkraft carried out numerous impairment tests as a result of the improvement in the forward quotations for electricity and the end of the subsidised tariff at various wind parks. These tests resulted in a write-up of EUR 3.7m in the Generation Segment for five wind parks and four small hydropower plants. The recoverable amount was determined on the basis of the value in use and amounted to EUR 29.3m. The applied discount rate equalled an after-tax WACC of 5.43% to 5.72%, and represents an iteratively derived pre-tax WACC of 0% to 30.83%.

36. Investments in equity accounted investees

The companies included in the consolidated financial statements at equity are listed in the notes under **EVN's investments** starting on page 194. Note **63. Disclosures of interests in other entities** contains financial information on joint ventures and associates that are included at equity in EVN's consolidated financial statements.

All investments in equity accounted investees were recognised at their proportional share of IFRS income or loss based on an interim or annual report with a balance sheet date that does not precede the balance sheet date of EVN by more than three months. There were no listed market prices for the investments in equity accounted investees.

Reconciliation of investments in equity accounted investees**2017/18 financial year**

EURm

Gross value 30.09.2017	911.0
Additions	0.4
Disposals	-0.2
Gross value 30.09.2018	911.2
Accumulated amortisation 30.09.2017	43.8
Currency translation differences	-6.0
Disposals	-0.0 ^{*)}
Revaluation	2.5
Proportional share of results	185.7
Dividends	-144.4
Changes recognised in other comprehensive income	3.0
Accumulated amortisation 30.09.2018	84.4
Net value 30.09.2017	954.8
Net value 30.09.2018	995.7

2016/17 financial year

EURm

Gross value 30.09.2016	934.7
Additions	2.7
Disposals	-26.4
Gross value 30.09.2017	911.0
Accumulated amortisation 30.09.2016	-8.9
Currency translation differences	-0.1
Impairment losses	-13.1
Proportional share of results	187.8
Dividends	-110.3
Changes recognised in other comprehensive income	-11.7
Accumulated amortisation 30.09.2017	43.8
Net value 30.09.2016	925.8
Net value 30.09.2017	954.8

*) Small amount

A write-up of EUR 2.5m was recorded to Verbund Innkraftwerke in 2017/18 to reflect the improvement in the forward quotations for electricity. The recoverable amount of EVN's participation interest in Verbund Innkraftwerke was determined on the basis of the value in use and amounted to EUR 68.7m. The applied discount rate equalled an after-tax WACC of 5.20% (previous year: 5.32%) and represents an iteratively derived pre-tax WACC of 6.52% (previous year: 6.37%) (also see note **29. Share of results from equity accounted investees with operational nature**). An increase (decrease) of 0.5% in the WACC in 2017/18, ceteris paribus, would have resulted in an impairment loss of EUR 6.3m (write-up of EUR 13.1m) to the equity accounted Verbund Innkraftwerke. An increase (decrease) of 5% in the underlying assumptions for the electricity price in 2017/18, ceteris paribus, would have resulted in a write-up of EUR 11.2m (impairment loss of EUR 6.3m).

The shares in ZOV were assigned to the financing banks as collateral for loans. EVN's proportional share of equity in this company totalled EUR 112.0m as of 30 September 2018 (previous year: EUR 103.1m).

37. Other investments

The other investments include holdings in affiliates and associates, which are not consolidated due to immateriality, as well as miscellaneous stakes of less than 20.0% that were not included at equity.

The other investments, which are carried at cost less any necessary impairment losses, totalled EUR 5.9m in 2017/18 (previous year: EUR 7.0m). The other investments classified as AFS consist primarily of shares in Verbund AG with a value of EUR 1,861.5m (previous year: EUR 875.2m) and miscellaneous other investments of EUR 76.8m (previous year: EUR 36.7m). The valuation adjustment which resulted from the increase in the price of the Verbund share was recorded under other comprehensive income

EVN AG and Wiener Stadtwerke Holding AG (WSTW) entered into an agreement on 22 September 2010 for the syndication of their directly and indirectly held shareholdings in Verbund AG. This agreement gives the two companies joint control over approximately 26% of the voting shares in Verbund AG. In spite of the syndicate agreement, the scope of possible influence over the financial and business policies of Verbund AG is very limited. The requirements for classification as a controlling influence (IAS 28) are therefore not met and the shares in Verbund AG were therefore accounted for by applying IAS 39.

In 2017/18, the valuation of the investment in CEESEG AG based on the discounted cash flow method resulted in an impairment loss of EUR 0.4m. The recoverable amount was determined on the basis of fair value less costs to sell (level 3 according to IFRS 13) and amounted to EUR 16.9m. An after-tax WACC of 8.84% was used as the discount rate. The present value model underlying the valuation includes forecasted distributions for the coming year as well as a perpetual yield without a growth rate.

The valuation of the investment in Verbund Hydro Power AG in 2017/18 based on the discounted cash flow method resulted in a write-up of EUR 40.4m. The recoverable amount was determined on the basis of fair value less costs to sell (level 3 according to IFRS 13) and amounted to EUR 59.7m. An after-tax WACC of 5.72% was used as the discount rate. The present value model underlying the valuation assumes publicly available information on the annual financial statements and forecasts the next four years as well as a perpetual yield (without a growth rate), based on available data for electricity prices.

The valuation of the investment in AGGM Austrian Gas Grid Management AG in 2017/18 based on the discounted cash flow method resulted in a write-up of EUR 0.6m. The recoverable amount was determined on the basis of fair value less costs to sell (level 3 according to IFRS 13) and amounted to EUR 1.4m. An after-tax WACC of 4.47% was used as the discount rate. The present value model underlying the valuation was based on a perpetual yield without a growth rate which, in turn, was developed from the average trend of data from publicly available financial statements for 2014–2017 and a forecast for the 2018 financial year.

38. Other non-current assets

Other non-current assets	30.09.2018	30.09.2017
EURm		
Securities	135.1	58.4
Loans receivable	38.3	40.6
Lease receivables	28.7	86.9
Receivables arising from derivative transactions	35.7	9.0
Primary energy reserves	14.5	14.4
Remaining other non-current assets	0.2	0.5
Total	252.4	209.9

Securities reported under other non-current assets consist mainly of shares in investment funds and serve as coverage for the provisions for pensions and similar obligations as required by Austrian tax law. The carrying amounts correspond to the fair value as of the balance sheet date.

Lease receivables result from the project business within the context of PPP projects. The decline in 2017/18 is attributable to contractually agreed principal payments and, above all, to the reclassification to trade receivables of non-current leasing receivables totalling EUR 39.2m from the Budva wastewater treatment project following the claim for repayment of the entire amount.

The receivables from derivative transactions include the positive market values of derivatives in the energy business.

The reconciliation of the future minimum lease payments to their present value is as follows:

Terms to maturity of non-current lease receivables

EURm

	Remaining term to maturity as of 30.09.2018			Remaining term to maturity as of 30.09.2017		
	Principal components	Interest components	Total	Principal components	Interest components	Total
< 5 years	15.2	2.1	17.3	45.4	9.8	55.2
> 5 years	13.4	1.4	14.8	41.5	6.9	48.4
Total	28.6	3.5	32.0	86.9	16.7	103.7

The total of the principal components corresponds to the capitalised value of the lease receivables. The interest components correspond to the proportionate share of the interest component of the total lease payment and do not represent discounted amounts. The interest components of the lease payments in 2017/18 were reported as interest income on non-current assets.

Current assets

39. Inventories

Inventories

EURm

	30.09.2018	30.09.2017
Primary energy inventories	49.6	60.3
CO ₂ emission certificates	3.1	0.5
Raw materials, supplies, consumables and other inventories	29.0	31.1
Customer orders not yet invoiced	12.8	6.4
Aggregate components	0.2	0.2
Total	94.6	98.4

Primary energy reserves consist mainly of hard coal and natural gas supplies.

The CO₂ emission certificates relate exclusively to certificates purchased to fulfil the requirements of the Austrian Emission Certificate Act, which have not yet been used. The corresponding obligation for any shortfall in the certificates is reported under current provisions (see note **56. Current provisions**).

The inventory risk arising from low turnover and declining market prices for raw materials, supplies, consumables and other inventories was reflected in an increase of EUR 1.5m in the valuation allowance (previous year: EUR 0.0m). This was contrasted by write-ups of EUR 0.2m (previous year: EUR 1.2m). The inventories are not subject to any restrictions on disposal or other encumbrances.

40. Trade and other receivables

Trade and other receivables	30.09.2018	30.09.2017
EURm		
Financial assets		
Trade accounts receivable	301.3	280.8
Receivables from investments in equity accounted investees	64.1	15.9
Receivables from non-consolidated subsidiaries	7.9	3.7
Receivables from employees	0.3	9.3
Receivables arising from derivative transactions	47.5	18.0
Lease receivables	18.3	30.6
Other receivables and assets	27.8	27.6
	467.0	385.8
Other receivables		
Taxes and levies receivable	31.8	22.4
Prepayments	1.4	0.8
	33.2	23.2
Total	500.3	409.0

Trade accounts receivable relate mainly to electricity, natural gas and heating customers. This position also includes the receivable from the Budva wastewater treatment project.

Receivables from investments in equity accounted investees and receivables from non-consolidated subsidiaries arise primarily from intragroup transactions related to energy supplies as well as Group financing and services provided to those companies.

The receivables from derivative transactions consist chiefly of the positive market values of derivatives in the financial area and energy business.

Other receivables and assets include, among others, receivables from insurances and short-term loans receivable.

As of 30 September 2018, as in the previous year, no receivables were pledged as collateral for EVN's own liabilities.

Allowances to receivables	30.09.2018			30.09.2017		
EURm						
	Gross receivables	Allowance	Net receivables	Gross receivables	Allowance	Net receivables
Austria	43.4	6.1	37.3	66.8	10.6	56.2
Germany	17.1	–	17.1	27.2	1.4	25.8
Bulgaria	138.7	19.0	119.7	137.0	22.1	114.9
Macedonia	290.1	220.3	69.8	301.6	229.2	72.4
Others	67.4	10.0	57.4	14.0	2.6	11.4
Total	556.7	255.4	301.3	546.7	265.9	280.8

Maturity of receivables not impaired	30.09.2018	30.09.2017
EURm		
Not yet due	201.0	150.5
Past due 1–90 days	65.6	104.3
Past due 91–180 days	8.5	12.1
Past due 181–360 days	8.3	8.9
Past due >360 days	17.9	5.0
Net receivables	301.3	280.8

The allowances to receivables are related primarily to South Eastern Europe. The valuation allowance fell by EUR 10.5m in 2017/18 (previous year: increase of EUR 14.3m)

41. Securities

Composition of securities	30.09.2018	30.09.2017
EURm		
Funds	139.8	0.5
thereof cash funds	139.4	–
thereof other fund products	0.4	0.5
Shares	0.0 ^{*)}	0.0 ^{*)}
Total	139.8	0.5

^{*)} Small amount

The decrease in the stock market prices led to a valuation adjustment of EUR –1.4m in 2017/18, which was recorded in equity without recognition through profit or loss (previous year: EUR 0.2m).

Liabilities

Equity

The development of equity in 2017/18 and 2016/17 is shown on page 125.

42. Share capital

The share capital of EVN AG totals EUR 330.0m (previous year: EUR 330.0m) and is divided into 179,878,402 (previous year: 179,878,402) zero par value bearer shares.

43. Share premium and capital reserves

The share premium and capital reserves comprise appropriated capital reserves of EUR 204.4m (previous year: EUR 204.4m) from capital increases and unappropriated capital reserves of EUR 58.3m (previous year: EUR 58.3m), both in accordance with Austrian stock corporation law.

44. Retained earnings

Retained earnings of EUR 2,297.0m (previous year: EUR 2,126.2m) comprise the proportional share of retained earnings attributable to EVN AG and all other consolidated companies from the date of initial consolidation as well as the proportional share of retained earnings from business combinations achieved in stages.

Dividends are based on the result of EVN AG as reported in the annual financial statements and developed as follows:

Reconciliation of EVN AG's result for the period

EURm

Reported result for the period 2017/18	173.3
Retained earnings from the 2016/17 financial year	0.1
Less additions to voluntary reserves	-89.6
Distributable result for the period	83.7
Proposed dividend	-83.7
Retained earnings for the 2018/19 financial year	0.1

Liabilities do not include the dividend of EUR 0.44 per share plus a one-time bonus dividend of EUR 0.03 per share for the 2017/18 financial year which will be proposed to the Annual General Meeting.

The 89th Annual General Meeting on 18 January 2018 approved a proposal by the Executive Board and the Supervisory Board to distribute a dividend of EUR 83.6m, or EUR 0.44 per share plus a one-time bonus dividend of EUR 0.03, to the shareholders of EVN AG for the 2016/17 financial year. The dividend payment to shareholders was made on 26 January 2018.

45. Valuation reserves

The valuation reserve contains changes in financial instruments available for sale and cash flow hedges, IAS 19 remeasurements and the proportional share of changes in the equity of investments in equity accounted investees.

In addition, the statement of comprehensive income includes EUR 0.5m (previous year: EUR -0.9m) for the share of changes in the valuation reserves that are attributable to non-controlling interests (see **Consolidated statement of comprehensive income**, page 123).

The part of the valuation reserve attributable to equity accounted investees consists primarily of components from cash flow hedges that were recorded under equity as well as remeasurements in accordance with IAS 19 and the valuation of AFS instruments.

Valuation reserves EURm	30.09.2018			30.09.2017		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items recognised under other comprehensive income from						
Available for sale financial instruments	1,477.9	-369.4	1,108.5	452.5	-113.1	339.4
Cash flow hedges	-24.6	8.1	-16.5	-32.0	10.5	-21.5
Remeasurements IAS 19	-118.2	29.4	-88.9	-103.9	25.8	-78.1
Investments in equity accounted investees	-9.8	-0.4	-10.2	-12.3	-1.4	-13.6
Total	1,325.3	-332.4	992.9	304.4	-78.1	226.2

In 2017/18, cash flow hedges totalling EUR 1.8m (previous year: EUR 1.7m) were transferred from other comprehensive income to the consolidated statement of operations. The effectiveness of the hedges was unchanged in comparison with the previous year and equalled nearly 100%. Consequently, no ineffective components from the cash flow hedge valuation were recognised in 2017/18.

46. Treasury shares

The 87th Annual General Meeting of EVN AG on 21 January 2016 authorised the Executive Board to repurchase the company's bearer shares during a period of 30 months (i) for distribution to employees of the company or its subsidiaries and (ii) in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (acquisition with no specific purpose) at an amount equalling up to 10% of EVN's share capital. The validity of the authorisation for the purchase of treasury shares expired on 21 July 2018. The Executive Board did not use this authorisation in the 2017/18 financial year.

A total of 67,030 treasury shares were sold during the reporting year to permit their issue as a special payment in accordance with a company agreement (previous year: 85,215 shares). EVN AG is not entitled to any rights arising from treasury shares. In particular, these shares are not entitled to dividends.

The number of shares outstanding developed as follows:

Reconciliation of the number of outstanding shares	Zero par value shares	Treasury shares	Outstanding shares
30.09.2016	179,878,402	-2,036,069	177,842,333
Purchase of treasury shares	-	-	-
Disposal of treasury shares	-	85,215	85,215
30.09.2017	179,878,402	-1,950,854	177,927,548
Purchase of treasury shares	-	-	-
Disposal of treasury shares	-	67,030	67,030
30.09.2018	179,878,402	-1,883,824	177,994,578

The weighted average number of shares outstanding, which is used as the basis for calculating earnings per share, equals 177,938,720 shares (previous year: 177,856,536 shares).

47. Non-controlling interests

The item non-controlling interests comprises the non-controlling interests in the equity of fully consolidated subsidiaries.

The following table provides information on each fully consolidated subsidiary of EVN with material non-controlling interests before intragroup eliminations:

Financial information of subsidiaries with material non-controlling interests	30.09.2018			30.09.2017		
	RBG	BUHO	EVN Macedonia	RBG	BUHO	EVN Macedonia
EURm						
Subsidiaries						
Non-controlling interests in per cent	49.97%	26.37%	10.00%	49.97%	26.37%	10.00%
Carrying amount of non-controlling interests	198.5	38.9	22.0	198.2	39.5	20.0
Result attributable to non-controlling interests	19.9	3.1	2.1	21.7	4.5	2.1
Dividends attributable to non-controlling interests	21.0	2.7	–	19.0	2.5	–
Statement of financial position						
Non-current assets	396.8	185.5	301.0	396.2	186.3	295.7
Current assets	0.2	8.5	102.4	0.2	9.4	96.8
Non-current liabilities	–	0.5	101.2	–	0.5	104.8
Current liabilities	0.0 ^{*)}	0.0 ^{*)}	82.9	0.1	0.0 ^{*)}	89.5
Statement of operations						
Revenue	–	0.0 ^{*)}	308.6	–	0.0 ^{*)}	345.1
Result after income tax	39.8	11.7	21.1	43.4	17.2	21.1
Net cash flows						
Net cash flow from operating activities	41.9	9.3	34.0	38.1	10.6	45.8
Net cash flow from investing activities	–	–	–22.2	–	–	–22.8
Net cash flow from financing activities	–42.0	–10.4	–8.2	–38.0	–9.5	–20.2

^{*)} Small amount

Non-current liabilities

48. Non-current loans and borrowings

Breakdown of non-current loans and borrowings	Nominal interest rate (%)	Term	Nominal amount	Carrying amount 30.09.2018 EURm	Carrying amount 30.09.2017 EURm	Fair value 30.09.2018 EURm
Bonds				504.5	532.0	591.9
EUR bond	5.250	2009–2019	EUR 30.0m	–	29.9	–
EUR bond	4.250	2011–2022	EUR 293.0m	287.7	286.2	331.7
JPY bond	3.130	2009–2024	JPY 12.0bn	94.2	93.5	102.9
EUR bond	4.125	2012–2032	EUR 100.0m	98.0	97.9	125.8
EUR bond	4.125	2012–2032	EUR 25.0m	24.6	24.6	31.5
Bank loans (incl. promissory note loans)	0.08–4.99	until 2047	–	536.0	593.3	593.7
Total				1,040.5	1,125.4	1,193.5

The EUR bond with a nominal value of EUR 30.0m will mature on 18 March 2019 and was therefore reclassified from non-current to current financial liabilities (see **53. Current loans and borrowings**).

The maturity structure of the non-current loans and borrowings is as follows:

EURm	Remaining term to maturity as of 30.09.2018			Remaining term to maturity as of 30.09.2017		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Maturity of non-current loans and borrowings						
Bonds	287.7	216.8	504.5	316.1	216.0	532.0
thereof fixed interest	287.7	122.6	410.3	316.1	122.4	438.5
thereof variable interest	–	94.2	94.2	–	93.5	93.5
Bank loans	189.3	346.6	536.0	204.0	389.3	593.3
thereof fixed interest	180.4	346.0	526.4	199.2	381.2	580.4
thereof variable interest	8.9	0.7	9.6	4.8	8.1	12.9
Total	477.0	563.5	1,040.5	520.1	605.3	1,125.4

Bonds

All bonds involve bullet repayment on maturity. The foreign currency bond is hedged against interest and foreign exchange risk by means of cross currency swaps.

The bonds are carried at amortised cost. Foreign currency liabilities are translated at the exchange rate in effect on the balance sheet date. In accordance with IAS 39, hedged liabilities are adjusted to reflect the corresponding change in the fair value of the hedged risk in cases where hedge accounting is applied. The resulting change in the bond liability is offset by a contrary development in the fair value of the swaps. The results from the cross currency swap concluded to hedge the JPY bond totalled EUR –0.2m in 2017/18 (thereof EUR –0.4m for valuation of the bond and EUR 0.2m for the valuation of the swap; previous year: EUR –1.1m earnings effect, thereof EUR 20.5m for valuation of the bond and EUR –21.6m for the valuation of the swap). The fair value was calculated on the basis of available market information for the respective bond price and the exchange rate as of the balance sheet date.

Bank loans

The loans consist of general borrowings from banks and loans, which are subsidised in part by interest and redemption grants from the Austrian Environment and Water Industry Fund. This position also includes the EUR 121.5m promissory note loans that were issued in October 2012.

Accrued interest expense is included under other current liabilities.

49. Deferred taxes

Deferred taxes	30.09.2018	30.09.2017
EURm		
Deferred tax assets		
Employee-related provisions	-48.2	-45.1
Tax loss carryforwards	-14.8	-11.8
Investment depreciation	-38.6	-51.9
Property, plant and equipment	-38.2	-37.2
Financial instruments	-17.1	-17.5
Provisions	-4.5	-6.8
Other deferred tax assets	-9.3	-0.3
Deferred tax liabilities		
Property, plant and equipment	27.2	14.2
Intangible assets	0.7	0.1
Untaxed reserves	29.7	32.6
Financial instruments	379.5	116.6
Provisions	106.9	81.8
Other deferred tax liabilities	28.7	17.7
Total	402.1	92.2
thereof deferred tax assets	-68.8	-79.6
thereof deferred tax liabilities	471.0	171.8

Deferred taxes developed as follows:

Changes in deferred taxes	2017/18	2016/17
EURm		
Deferred taxes on 01.10.	92.2	-7.3
- Changes resulting from currency translation differences and other changes	0.3	0.1
- Changes in deferred taxes recognised through profit and loss	55.4	27.0
- Changes in deferred taxes recognised directly in equity from the valuation reserve	254.2	72.3
Deferred taxes on 30.09.	402.1	92.2

Projected tax results will permit the utilisation over the coming years of losses for which deferred tax assets were previously recorded. Deferred tax assets of EUR 95.4m (previous year: EUR 93.8m) related to loss carryforwards were not recognised because they are not expected to be used within the foreseeable future. Of this total, EUR 3.0m will expire during the next five years (previous year: EUR 2.7m). The remaining loss carryforwards that were not capitalised can be carried forward for an indefinite period of time.

Deferred tax liabilities of EUR 92.0m (previous year: EUR 97.8m) on temporary differences of EUR 373.6m (previous year: EUR 397.9m) were not recognised because these differences will remain tax-free in the foreseeable future. These temporary differences arise from differences between the tax base of the participation interest and the proportional share of equity owned, respectively between the tax base of the participation interest and the carrying amount of the equity accounted investees (outside basis differences).

50. Non-current provisions

Non-current provisions	30.09.2018	30.09.2017
EURm		
Provisions for pensions	253.7	250.4
Provisions for obligations similar to pensions	23.6	22.8
Provisions for severance payments	88.4	90.1
Other non-current provisions	115.1	89.3
Total	480.8	452.6

The amounts reported for the provisions for pensions, similar obligations and severance payments were generally calculated on the basis of the following parameters:

- Interest rate 1.85% p. a. (previous year: 1.85% p. a.)
- Remuneration increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: remuneration increases 2.00% p. a., in subsequent years 2.00% p. a.)
- Pension increases 2.00% p. a.; in subsequent years 2.00% p. a. (previous year: pension increases 2.00% p. a., in subsequent years 2.00% p. a.)
- Austrian mortality tables AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung

Reconciliation of provisions for pensions	2017/18	2016/17
EURm		
Present value of pension obligations (DBO) as of 01.10.	250.4	282.0
+ Service costs	-1.0	-0.5
+ Interest costs	4.7	3.8
- Pension payments	-14.5	-14.9
+/- Actuarial loss/gain	14.1	-20.0
thereof		
demographic assumptions	9.0	-
financial assumptions	-0.0 ^{*)}	-17.3
assumptions based on experience	5.2	-2.6
Present value of pension obligations (DBO) as of 30.09.	253.7	250.4

*) Small amount

As of 30 September 2018, the weighted average remaining term equalled 13.3 years for the pension obligations (previous year: 13.0 years). Pension payments are expected to total EUR 14.7m in 2018/19 (previous year: EUR 15.1m).

Reconciliation of the provision for pension-related obligations	2017/18	2016/17
EURm		
Present value of the provision for pension-related obligations (DBO) as of 01.10.	22.8	24.8
+ Service costs	0.5	0.6
+ Interest costs	0.4	0.3
- Payments	-0.9	-0.8
+/- Actuarial loss/gain	0.8	-2.0
thereof		
demographic assumptions	0.6	-
financial assumptions	-	-2.1
assumptions based on experience	0.2	0.2
Present value of the provision for pension-related obligations (DBO) as of 30.09.	23.6	22.8

As of 30 September 2018, the weighted average remaining term equalled 17.5 years for the pension-related obligations (previous year: 17.4 years). The payments for pension-related obligations are expected to total EUR 0.9m in 2018/19 (previous year: EUR 0.6m).

Reconciliation of the provision for severance payments	2017/18	2016/17
EURm		
Present value of severance payment obligations (DBO) as of 01.10.	90.1	95.1
– Currency translation differences	–0.0 ^{*)}	0.0 ^{*)}
+ Service costs	3.4	3.5
+ Interest costs	1.8	1.4
– Severance payments	–6.2	–6.0
+/- Actuarial loss/gain thereof	–0.6	–4.0
demographic assumptions	–1.3	–0.0 ^{*)}
financial assumptions	0.1	–3.2
assumptions based on experience	0.6	–0.8
Present value of severance payment obligations (DBO) as of 30.09.	88.4	90.1

^{*)} Small amount

As of 30 September 2018, the weighted average remaining term of the severance payment obligations equalled 9.5 years (previous year: 9.1 years). Severance payments are expected to total EUR 7.0m in 2018/19 (previous year: EUR 6.3m).

A change in the actuarial parameters (ceteris paribus) would have the following effect on the provisions for pensions, similar obligations and severance payments:

Sensitivity analysis for provisions for pensions		30.09.2018		30.09.2017	
%	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	7.13	–6.34	6.95	–6.18
Remuneration increases	1.00	–2.62	2.80	–2.68	2.88
Pension increases	1.00	–10.38	12.65	–10.20	12.42
Remaining life expectancy	1 year	–4.63	4.71	–4.79	4.89

Sensitivity analysis for provisions for pension-related obligations		30.09.2018		30.09.2017	
%	Change in assumption	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	9.48	–8.26	9.40	–8.20
Remuneration increases	1.00	–	–	–	–
Pension increases	1.00	–12.70	15.91	–12.49	15.63
Remaining life expectancy	1 year	–3.88	3.91	–4.04	4.06

Sensitivity analysis for provisions for severance payments

%	Change in assumption	30.09.2018		30.09.2017	
		Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO	Decrease in assumption/ change in DBO	Increase in assumption/ change in DBO
Interest rate	0.50	4.89	-4.56	4.68	-4.37
Remuneration increases	1.00	-9.44	10.24	-9.38	10.62

The sensitivity analysis was carried out separately for each key actuarial parameter. Only one parameter was changed at a time during the examination, while the other variables remained constant (ceteris paribus). The method used to calculate the changed obligation reflected the calculation of the actual obligation. The analytical capacity of this method is limited because the interdependencies between the individual actuarial parameters are not taken into account. With respect to the severance compensation obligations, a sensitivity analysis was not carried out for the remaining life expectancy because this parameter has only an immaterial effect on the liability.

Reconciliation of other non-current provisions

EURm

	Service anniversary bonuses	Rents for network access	Process costs and risks	Environmental and disposal risks	Other non-current provisions	Total
Carrying amount 01.10.2017	22.1	6.4	8.7	48.5	3.5	89.3
Currency translation differences	-0.0 ^{*)}	-	-0.0 ^{*)}	-	-0.0 ^{*)}	-0.0 ^{*)}
Interest expense	0.5	-	0.0 ^{*)}	0.7	-	1.1
Use	-0.1	-0.0 ^{*)}	-	-	-0.3	-0.5
Release	-	-	-1.0	-0.7	-	-1.7
Additions	1.9	-	0.7	19.0	4.4	25.9
Transfers	-	-	-	0.9	-0.9	-
Reclassification	-0.0 ^{*)}	0.2	0.2	-0.0 ^{*)}	0.5	0.9
Carrying amount 30.09.2018	24.3	6.6	8.6	68.3	7.2	115.1

*) Small amount

Rents for network access involve provisions for rents to gain access to third-party facilities in Bulgaria. Various legal proceedings and lawsuits, which for the most part arise from operating activities and are currently pending, are reported under process costs and risks. Environmental and disposal risks primarily encompass the estimated costs for demolition or disposal as well as provisions for environmental risks and risks related to contaminated sites. At the present time, the use of the provisions for environmental and disposal risks is expected within a timeframe of two to 28 years.

51. Deferred income from network subsidies

The investment subsidies are related primarily to heating plants, facilities operated by evn wasser, small hydropower plants and wind power plants operated by EVN Naturkraft and facilities operated by Netz NÖ.

Deferred income from network subsidies

EURm

	Network subsidies	Investment subsidies	Total
Carrying amount 01.10.2017	517.4	66.7	584.1
Currency translation differences	-0.0 ^{*)}	-	-0.0 ^{*)}
Additions	66.0	4.1	70.0
Transfers	-45.8	-5.7	-51.5
Carrying amount 30.09.2018	537.6	65.0	602.6

*) Small amount

52. Other non-current liabilities

Other non-current liabilities	30.09.2018	30.09.2017
EURm		
Leases	4.8	12.7
Accruals from financial transactions	0.6	1.1
Liabilities from derivative transactions	49.7	32.2
Remaining other non-current liabilities	20.3	12.4
Total	75.4	58.3

Leases are related mainly to the long-term utilisation of heating networks and heat generation plants. The accruals from financial transactions involve present value advantages from lease and lease back transactions in connection with electricity procurement rights from the Danube power plants.

The liabilities from derivative transactions include the negative fair values from hedges concluded for bonds, which are contrasted in part by the development of the bond liability, and for project financing related to the Walsum 10 power plant.

The remaining other non-current liabilities include, among others, accrued tax liabilities related to the tax group in Austria, accrued long-term electricity delivery obligations, non-current prepayments made by customers and long-term compensation payment received.

Term to maturity of other non-current liabilities

	Remaining term to maturity as of 30.09.2018			Remaining term to maturity as of 30.09.2017		
	< 5 years	> 5 years	Total	< 5 years	> 5 years	Total
Leases	3.4	1.4	4.8	6.6	6.1	12.7
Accruals from financial transactions	0.6	–	0.6	1.1	–	1.1
Liabilities from derivative transactions	41.7	8.0	49.7	26.4	5.8	32.2
Remaining other non-current liabilities	9.0	11.2	20.3	3.8	8.6	12.4
Total	54.8	20.6	75.4	37.9	20.5	58.3

Current liabilities

53. Current loans and borrowings

Bank overdrafts are included under cash and cash equivalents in the consolidated statement of cash flows.

Current loans and borrowings	30.09.2018	30.09.2017
EURm		
Bank loans	59.1	49.2
Bond liabilities	30.0	–
Bank overdrafts and other current loans	0.0 ^{*)}	1.3
Total	89.1	50.5

^{*)} Small amount

Loans of EUR 59.1m were reclassified to current financial liabilities because they are now due within one year (previous year: EUR 49.2m).

54. Taxes payable and levies

Taxes payable and levies as of the balance sheet date comprise the following:

Taxes payable and levies	30.09.2018	30.09.2017
EURm		
Energy taxes	28.2	30.8
Value added tax	14.1	18.7
Corporate income tax	33.6	10.1
Other taxes and duties	9.7	8.1
Total	85.6	67.6

55. Trade payables

Trade payables include obligations resulting from outstanding invoices amounting to EUR 98.3m (previous year: EUR 80.7m).

56. Current provisions**Reconciliation of current provisions**

EURm	Personnel entitlements	Onerous contracts	Rents for network access	Process risks	Other current provisions	Total
Carrying amount 01.10.2017	75.0	1.1	2.7	3.1	9.7	91.6
Currency translation differences	-0.0 ^{*)}	-	-	-0.0 ^{*)}	-0.0 ^{*)}	-0.0 ^{*)}
Use	-9.6	-	-0.4	-1.3	-1.0	-12.4
Release	-	-2.3	-	-0.3	-3.9	-6.6
Additions	8.9	1.2	0.7	0.5	8.4	19.7
Reclassification	-	-	-0.2	-0.2	-0.5	-0.9
Carrying amount 30.09.2018	74.2	0.0	2.8	1.7	12.7	91.4

^{*)} Small amount

The provisions for personnel entitlements comprise special payments not yet due, outstanding leave and liabilities resulting from a voluntary early retirement programme for employees. The provisions for legally binding agreements totalled EUR 6.0m as of the balance sheet date (previous year: EUR 7.8m).

57. Other current liabilities

Other current liabilities	30.09.2018	30.09.2017
EURm		
Financial liabilities		
Liabilities to investments in equity accounted investees	225.4	149.8
Liabilities to non-consolidated subsidiaries	1.8	2.8
Deferred interest expenses	15.5	15.5
Liabilities arising from derivative transactions	72.6	33.3
Other financial liabilities	50.0	77.2
	365.3	278.6
Other liabilities		
Prepayments received	35.4	45.5
Deferred income from network subsidies	49.5	47.8
Liabilities relating to social security	14.8	17.0
	99.7	110.3
Total	464.9	388.9

The liabilities to investments in equity accounted investees consist primarily of cash pooling balances between EVN AG and these companies as well as amounts due to EAA for the distribution and procurement of electricity.

The liabilities from derivative transactions include, in particular, the negative market values of derivatives in the energy business.

The other financial liabilities include a liability of EUR 26.5m (previous year: EUR 36.2m) related to a tariff decision in Bulgaria on 1 July 2014, which requires the repayment of revenue from previous periods. The other components of this position include employee-related liabilities and deposits received.

Other liabilities include the following: prepayments received to cover the costs of electricity, natural gas and heating supplies; prepayments to cover the installation of customer equipment; obligations to social security carriers; and subsidies received for construction costs and investments that will be recognised to revenue within one year.

Segment reporting

Segment reporting								
EURm	Energy		Generation		Networks		South East Europe	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
External revenue	459.3	512.0	69.8	53.7	489.6	497.9	902.0	957.5
Internal revenue (between segments)	19.4	8.4	200.8	186.3	64.7	68.8	0.8	0.5
Total revenue	478.6	520.5	270.6	240.0	554.4	566.7	902.8	958.0
Operating expenses	-514.8	-518.1	-153.5	-125.1	-301.0	-273.8	-798.2	-790.6
Share of results from equity accounted investees operational	117.0	99.4	6.6	-11.1	-	-	-	-
EBITDA	80.8	101.8	123.7	103.7	253.4	292.9	104.6	167.3
Depreciation and amortisation	-23.4	-27.9	-45.3	-110.7	-110.8	-115.2	-64.4	-86.3
thereof impairment losses	-3.8	-9.7	-14.8	-61.1	-	-	-2.1	-24.0
thereof revaluation	0.1	1.3	18.2	0.2	7.3	-	-	-
Results from operating activities (EBIT)	57.4	73.9	78.4	-7.0	142.6	177.6	40.2	81.0
EBIT margin (%)	12.0	14.2	29.0	-2.9	25.7	31.3	4.5	8.5
Share of results from equity accounted investees financial	-	-	-	-	-	-	-	-
Interest income	0.2	0.2	0.8	8.0	0.2	0.2	0.0 ¹⁾	0.4
Interest expense	-2.5	-2.9	-14.3	-15.8	-17.4	-16.9	-20.7	-21.6
Financial results	-3.3	-2.7	-14.0	-10.0	-17.1	-16.6	-20.6	-23.0
Result before income tax	54.2	71.2	64.4	-17.0	125.4	161.0	19.6	58.0
Goodwill	-	-	1.2	-	1.8	1.8	-	-
Carrying value of investments in equity accounted investees	218.9	190.7	75.1	70.1	-	-	-	-
Total assets	862.7	696.3	1,056.8	923.4	1,944.7	1,921.3	1,207.7	1,161.1
Liabilities	764.6	599.2	804.5	662.6	1,332.1	1,317.2	956.5	937.6
Investments ¹⁾	19.5	20.0	58.9	26.3	173.0	153.3	86.4	92.0

1) In intangible assets and property, plant and equipment

*) Small amount

Segment reporting

EURm	Environment		All Other Segments		Consolidation ²⁾		Total	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
External revenue	136.9	181.0	15.0	13.4	–	–	2,072.6	2,215.6
Internal revenue (between segments)	13.1	16.5	61.0	59.5	–359.9	–340.0	–	–
Total revenue	150.0	197.5	76.0	73.0	–359.9	–340.0	2,072.6	2,215.6
Operating expenses	–133.0	–207.7	–87.2	–80.7	398.8	339.6	–1,588.8	–1,656.6
Share of results from equity accounted investees operational	13.0	13.9	51.4	60.4	–	–	188.0	162.6
EBITDA	30.1	3.7	40.2	52.7	39.0	–0.4	671.8	721.6
Depreciation and amortisation	–20.8	–24.9	–0.9	–1.4	–13.2	–8.4	–278.9	–374.8
thereof impairment losses	–0.8	–	–	–0.0 ^{*)}	–25.4	–19.1	–46.9	–113.9
thereof revaluation	–	–	0.7	–	–	–	26.3	1.4
Results from operating activities (EBIT)	9.3	–21.2	39.3	51.2	25.7	–8.8	392.9	346.9
EBIT margin (%)	6.2	–10.7	51.8	70.2	–0.0 ^{*)}	–0.0 ^{*)}	19.0	15.7
Share of results from equity accounted investees financial	–	–	0.1	12.2	–	–	0.1	12.2
Interest income	5.5	8.1	27.8	28.6	–23.9	–25.9	10.7	19.5
Interest expense	–5.5	–9.9	–17.5	–24.2	23.9	25.9	–54.0	–65.4
Financial results	8.7	–1.6	43.8	45.6	–34.8	–13.0	–37.2	–21.4
Result before income tax	18.0	–22.8	83.1	96.8	–9.0	–21.8	355.7	325.5
Goodwill	52.9	54.0	–	–	–	–	55.8	55.8
Carrying value of investments in equity accounted investees	114.5	106.7	587.1	587.3	–	–	995.7	954.8
Total assets	644.1	816.4	4,374.4	3,040.0	–2,259.3	–2,103.7	7,831.1	6,454.9
Liabilities	498.4	637.1	1,670.8	1,265.8	–2,288.5	–2,114.8	3,738.4	3,304.8
Investments ¹⁾	20.7	11.6	4.0	2.3	–6.0	–1.7	356.4	303.8

1) In intangible assets and property, plant and equipment

2) Explained below in the notes to segment reporting

*) Small amount

Segment information by product – revenue

EURm	2017/18	2016/17
Electricity	1,459.1	1,548.2
Natural gas	190.4	219.3
Heat	136.1	135.1
Environmental services	136.9	181.0
Others	150.2	132.0
Total	2,072.6	2,215.6

Segment information by country – revenue¹⁾

EURm	2017/18	2016/17
Austria	1,113.8	1,169.4
Germany	38.9	66.1
Bulgaria	535.6	571.4
Macedonia	365.8	384.9
Others	18.5	23.9
Total	2,072.6	2,215.6

1) The allocation of segment information by countries is based on the location of the companies.

Segment information by country – non-current assets¹⁾

EURm	30.09.2018		30.09.2017	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
Austria	111.6	2,469.5	107.1	2,381.7
Germany	45.1	147.6	45.1	197.0
Bulgaria	20.8	486.2	20.6	470.6
Macedonia	4.6	296.9	4.3	293.4
Others	0.0 ^{*)}	38.5	0.0 ^{*)}	40.8
Total	182.1	3,438.7	177.1	3,383.6

1) The allocation of segment information by countries is based on the location of the companies.

*) Small amount

58. Notes to segment reporting

The segments of business cover the following activities:

Business areas	Segments	Major activities
Energy business	Energy	<ul style="list-style-type: none"> → Marketing of electricity produced in the Generation Segment → Procurement of electricity, natural gas and primary energy carriers → Trading with and sale of electricity and natural gas to end customers and on wholesale markets → Production and sale of heat → 45.0% investment in ENERGIEALLIANZ Austria GmbH¹⁾ → Investment as sole limited partner in EVN Energievertrieb GmbH & Co KG (EVN KG)¹⁾
	Generation	<ul style="list-style-type: none"> → Generation of electricity from thermal production capacities and renewable energy sources at Austrian and international locations → Operation of a thermal waste utilisation plant in Lower Austria²⁾ → 13.0% investment in Verbund Innkraftwerke GmbH (Germany)¹⁾ → 49.0% investment in Walsum 10 hard coal-fired power plant (Germany)³⁾ → 49.99% investment in Ashta run-of-river power plant (Albania)¹⁾
	Networks	<ul style="list-style-type: none"> → Operation of distribution networks and network infrastructure for electricity and natural gas in Lower Austria → Cable TV and telecommunication services in Lower Austria and Burgenland
	South East Europe	<ul style="list-style-type: none"> → Operation of distribution networks and network infrastructure for electricity in Bulgaria and Macedonia → Sale of electricity to end customers in Bulgaria and Macedonia → Generation of electricity from hydropower in Macedonia → Generation, distribution and sale of heat in Bulgaria → Construction and operation of natural gas networks in Croatia → Energy trading for the entire region
	Environmental services business	Environment
Other business activities	All Other Segments	<ul style="list-style-type: none"> → 50.03% investment in RAG-Beteiligungs-Aktiengesellschaft, which holds 100% of the shares in RAG Austria AG (RAG)¹⁾ → 73.63% investment in Burgenland Holding AG, which holds a stake of 49.0% in Energie Burgenland AG¹⁾ → 12.63% investment in Verbund AG⁴⁾ → Corporate services

1) The earnings contribution represents the share of results from equity accounted investees with operational nature and is included in EBITDA.

2) The components of the thermal power plants in Dürnröhr and Korneuburg, which were previously held by EVN AG and operated together with Verbund Thermal Power, as well as the thermal power plant in Theiss were transferred to EVN Abfallverwertung NÖ GmbH as of 1 July 2018 and are now managed as EVN Wärmekraftwerke GmbH. This company (including the thermal waste utilisation plant in Zwentendorf/Dürnröhr which was previously reported under the Environment Segment) was assigned to the Generation Segment in the fourth quarter of 2017/18.

3) The investment in Steag-EVN Walsum 10 Kraftwerksgesellschaft is accounted for as a joint operation.

4) Dividends are included under financial results.

Principle of segment allocation and transfer pricing

Subsidiaries are allocated directly to their respective segments. EVN AG is allocated to the segments on the basis of data from the cost accounting system.

The transfer prices for energy between the individual segments are based on comparable prices for special contract customers, and thus represent applicable market prices. For the remaining items, pricing is based on cost plus an appropriate mark-up.

Reconciliation of segment results at the Group level

Services performed between segments are eliminated in the consolidation column. The results in the total column reflect the amounts shown in the consolidated statement of operations. Also included are transition amounts, which result from the difference between the viewpoints of the Generation and Energy segments and the Group with respect to the inclusion of Steag-EVN Walsum as a joint operation. The Generation Segment has not identified any signs of impairment to its proportional investment in the power plant resulting from the inclusion of Steag-EVN Walsum as a joint operation, and the Energy Segment has already recognised provisions for onerous contracts connected with the marketing of its electricity production. In contrast, an impairment charge for the Walsum 10 power plant is required from the Group's point of view. These circumstances led to a transition of EUR 25.7m (previous year: EUR -8.8m) from the segment total to Group EBIT.

Group disclosures

IFRS 8 requires additional segment information classified by products (external revenues from customers broken down by products and services) and countries (external revenues from customers and non-current assets broken down by countries) if this information is not provided as part of the segment reporting.

Information on transactions with major external customers is required only if these transactions amount to 10.0% or more of a company's external revenues. EVN has no transactions with customers that meet this criterion because of its large number of customers and diverse business activities.

Other information

59. Consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents during the reporting year as a result of cash inflows and outflows. The consolidated statement of cash flows is presented in accordance with the indirect method. Non-cash expenses were added to and non-cash income was subtracted from profit before income tax.

Cash and cash equivalents	30.09.2018	30.09.2017
EURm		
Cash	214.5	223.1
thereof cash on hand	0.4	0.6
thereof cash at banks	214.1	222.4
Bank overdrafts	0.0 ^{*)}	-1.3
Total	214.5	221.8

^{*)} Small amount

Of the total deposits with financial institutions, EUR 1.8m (previous year: EUR 0.2m) represent pledges.

The change in financial liabilities, which is primarily attributable to cash flow from financing activities, is shown in the following table:

Cash flow from financing activities	Current financial liabilities	Non-current financial liabilities	Total
EURm			
Balance on 01.10.2017	50.5	1,125.4	1,175.9
Payments received	-	2.0	2.0
Payments made	-49.2	-	-49.2
Reclassification of liquid funds	-1.3	-	-1.3
Currency translation	-	-0.1	-0.1
Change in fair value	-	0.4	0.4
Change in costs for the procurement of funds	-	1.8	1.8
Reclassification	89.1	-89.1	-
Balance on 30.09.2018	89.1	1,040.5	1,129.5

60. Risk management

Interest rate risk

EVN defines interest rate risk as the risk that fluctuations in the fair value or future cash flows of a financial instrument due to changes in the market interest rate could adversely affect interest income and expense as well as equity. This risk is minimised through the regular monitoring of interest rate risk and compliance with limits as well as hedging strategies that include the use of derivative financial instruments (also see notes **9. Financial instruments** and **62. Reporting on financial instruments**).

EVN monitors interest rate risk through sensitivity analyses and, among others, with a daily value-at-risk (VaR) calculation. This procedure calculates the VaR with a confidence level of 99.0% for one day according to the variance-covariance method (delta-gamma approach). The interest VaR, including the hedging instruments used by EVN, equalled EUR 2.7m as of 30 September 2018 (previous year: EUR 4.5m). The lower volatility of interest rates during the reporting year was reflected in a year-on-year decline in the value at risk for interest rates.

Foreign exchange risk

For EVN, the risk to profit or loss arising from fluctuations in foreign exchange rates arises from transactions carried out in currencies other than the euro. EVN is exposed to foreign exchange risk on receivables, liabilities, and cash and cash equivalents that are not held in the Group's functional currency (i. e. BGN, HRK, JPY, MKD, PLN, RUB). The most significant driver of foreign exchange risk for EVN is a bond issued in Japanese yen (JPY). Foreign exchange risk is managed by way of the central compilation, analysis and management of risk positions, and by hedging the bond denominated in foreign currency through cross currency swaps (see notes **9. Financial instruments** and **48. Non-current loans and borrowings**).

The foreign exchange VaR, based on the major foreign currency risk drivers in the financial area, remains immaterial and amounted to TEUR 75.6 (previous year: TEUR 2.4) after the inclusion of hedging instruments.

Other market risks

EVN defines other market risks as the risk of price changes resulting from market fluctuations in primary energy, CO₂ emission certificates, electricity and securities.

In EVN's energy trading activities, energy trading contracts are entered into for the purpose of managing price risk. Price risks result from the procurement and sale of electricity, natural gas, hard coal, and CO₂ emission certificates.

For price hedging purposes in the energy sector, EVN uses both financial derivatives, which are invariably converted to cash, as well as commodity derivatives, which are generally based on physical delivery. Commodity derivatives are differentiated by contracts which are subject to possible further optimisation and contracts which are lower than the expected purchase, sale or usage requirements for the supply of customers and EVN's facilities or the marketing of energy produced in EVN's facilities (own use). The table on page 186 shows the outstanding contracts from optimisation as of 30 September 2018 (also see note **62. Reporting on financial instruments**). An increase or decrease of 5% in the price would have resulted in an aggregated commodity price risk of EUR 3.5m for EVN as of 30 September 2018.

The price risk for securities results from fluctuations on the capital markets. The most significant securities position held by EVN is its investment in Verbund AG. The price risk VaR for the Verbund AG shares held by EVN as of the balance sheet date was EUR 69.8m (previous year: EUR 28.1m), whereby the price would be influenced by the sale of a large block of Verbund shares by EVN. The year-on-year increase in the VaR resulted essentially from the position's higher share price/market value.

Liquidity risk

Liquidity risk represents the risk of not being able to raise the required financial resources to settle liabilities on their due date as well as the inability to raise the necessary liquidity at the expected terms and conditions. EVN minimises this risk by means of short-term and medium-term financial and liquidity planning. In concluding financing agreements, special attention is paid to managing the terms to maturity in order to achieve a balanced maturity profile and thus avoid the bundling of repayment dates. The EVN Group uses cash pooling to equalise liquidity balances.

The liquidity reserve as of 30 September 2018 comprised cash and cash equivalents of EUR 214.5m (previous year: EUR 223.1m) and current securities of EUR 139.8m (previous year: EUR 0.5m) which can be sold at any time. Moreover, EVN had EUR 400.0m of contractually agreed and unused syndicated lines of credit (previous year: unused lines of credit totalling EUR 400.0m) and EUR 92.0m of contractually agreed and unused bilateral lines of credit (previous year: EUR 97.0m) as of the balance sheet date. The liquidity risk was therefore extremely low. The gearing ratio equalled 23.5% as of the balance sheet date (previous year: 38.5%) and underscores EVN's sound capital structure.

Expected occurrence of cash flows of loans and borrowings and other liabilities

2017/18 financial year

EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows		
			< 1 year	1–5 years	> 5 years
Bonds	534.5	674.9	52.3	357.9	264.6
Bank loans	595.1	718.9	71.8	234.6	412.5
Lease liabilities	6.4	8.4	2.8	4.3	1.3
Liabilities arising from derivative transactions	122.3	126.2	72.3	42.6	11.4
Total	1,258.2	1,528.4	199.1	639.4	689.8

2016/17 financial year

EURm	Carrying amount	Total payment flows	Contractually stipulated payment flows		
			< 1 year	1–5 years	> 5 years
Bonds	532.0	694.6	22.3	400.6	271.8
Bank loans	642.5	779.2	62.9	251.0	465.3
Lease liabilities	14.8	16.4	2.0	8.2	6.2
Liabilities arising from derivative transactions	65.5	70.5	31.2	25.1	14.2
Total	1,254.8	1,560.7	118.4	684.9	757.4

Credit risk

Credit and default risk represents the risk of a loss when business partners fail to meet their contractual obligations. This risk is inherent to all agreements with delayed payment terms or fulfilment at a later date. To limit default risk, the company evaluates the credit standing of its business partners. External ratings (including Standard & Poor's, Moody's, Fitch and KSV 1870) are used for this purpose, and the business volume is limited in accordance with the rating and the probability of default. Sufficient collateral is required before a transaction is entered into if the partner's credit rating is inadequate.

EVN monitors credit risk and limits default risk for financial receivables and for derivatives and forward transactions which are concluded to hedge the risks connected with EVN's energy business or are related to end customers and other debtors.

In order to reduce credit risk, hedging transactions are entered into only with well-known banks that have good credit ratings. EVN also ensures that funds are deposited at banks with the best possible credit standing based on international ratings.

The default risk for customers is monitored separately at EVN and supported primarily by ratings and experience-based values. Credit risks are taken into account through individual and general bad debt allowances. Default risk is also minimised with efficient receivables management and the continuous monitoring of customer payment behaviour.

Impairment losses by class

EURm	30.09.2018	30.09.2017
Write-offs/value adjustments		
Non-current assets		
Non-financial assets	1.0	0.1
	1.0	0.1
Current assets		
Trade and other receivables	17.6	23.1
Securities	0.0 ^{*)}	–
Total	18.6	23.2

*) Small amount

The Group's maximum default risk for the items reported on the consolidated statement of financial position as of 30 September 2018 and 30 September 2017 reflect the carrying amounts shown in notes **38. Other non-current assets**, **40. Trade and other receivables** and **41. Securities**, excluding financial guarantees.

The maximum default risk for derivative financial instruments equals the positive fair value (see note **62. Reporting on financial instruments**).

The maximum risk from financial guarantees is described in note **64. Other obligations and risks**.

61. Capital management

EVN's goal in the area of capital management is to maintain a solid capital structure in order to use the resulting financial strength for value-creating investments and an attractive dividend policy. EVN has defined an equity ratio of more than 40% and net debt coverage of more than 30% as its targets. As of 30 September 2018, the equity ratio equalled 52.3% (previous year: 48.8%). Net debt coverage, which represents the ratio of funds from operations to net debt equalled 63.8% (previous year: 48.7%). Net debt is calculated as the total of current and non-current financial liabilities minus cash and cash equivalents, current and non-current securities and loans receivable and plus non-current personnel provisions.

Capital management	30.09.2018	30.09.2017
EURm		
Non-current loans and borrowings	1,040.5	1,125.4
Current loans and borrowings ¹⁾	89.1	49.2
Cash and cash equivalents	-214.5	-221.8
Non-current and current securities	-274.8	-59.0
Non-current and current loans receivable	-42.2	-43.9
Net financial debt	598.0	849.9
Non-current personnel provisions ²⁾	365.8	363.3
Net debt	963.7	1,213.2
Funds from operations	665.1	591.2
Equity	4,092.6	3,150.1
Gearing (%)	23.5	38.5
Net debt coverage (%)	69.0	48.7

1) Excluding bank overdrafts contained in cash and cash equivalents.

2) Excluding service anniversary bonuses

The EVN Group uses cash pooling to manage liquidity and optimise interest rates. EVN AG and each of the participating Group subsidiaries have concluded a corresponding contract that defines the modalities for cash pooling.

62. Reporting on financial instruments

Fair value generally reflects the listed price on the balance sheet date. If this price is not available, fair value is calculated in accordance with financial methods, e.g. by discounting the expected cash flows at the prevailing market interest rate. The input factors required for the calculations are explained below.

The fair value of shares in unlisted subsidiaries and other investments is based on discounted expected cash flows or comparable transactions. For financial instruments listed on an active market, the trading price as of the balance sheet date represents fair value. Most of the receivables, cash and cash equivalents, and current financial liabilities have short terms to maturity. Therefore, the carrying value of these instruments as of the balance sheet date approximately corresponds to fair value. The fair value of bonds is calculated as the present value of the discounted future cash flows based on prevailing market interest rates.

The following table shows the financial instruments carried at fair value and their classification in the fair value hierarchy according to IFRS 13.

Level 1 input factors are observable parameters such as quoted prices for identical assets or liabilities. These prices are used for valuation purposes without modification.

Level 2 input factors represent other observable parameters which must be adjusted to reflect the specific characteristics of the valuation object. Examples of the parameters used to measure the financial instruments classified under level 2 are forward price curves derived from market prices, exchange rates, interest structure curves and the counterparty credit risk.

Level 3 input factors are non-observable factors which reflect the assumptions that would be used by a market participant to determine an appropriate price.

There were no reclassifications between the various levels during the reporting period.

Information on classes and categories of financial instruments

EURm

Classes	Measurement category	Fair value hierarchy (according to IFRS 13)	30.09.2018		30.09.2017	
			Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets						
Other investments						
Investments	AFS	Level 3	76.8	76.8	36.8	36.8
Miscellaneous investments	AFS	Level 1	1,861.5	1,861.5	875.2	875.2
Other non-current assets						
Securities	@FVTPL	Level 1	135.1	135.1	58.4	58.4
Loans receivable	LAR	Level 2	38.3	44.7	40.6	48.4
Lease receivables	LAR	Level 2	28.7	31.8	86.9	99.6
Receivables arising from derivative transactions	@FVTPL	Level 2	35.1	35.1	8.0	8.0
Receivables arising from derivative transactions	Hedging	Level 2	0.6	0.6	1.0	1.0
Remaining other non-current assets	LAR		0.2	0.2	0.5	0.5
Current assets						
Current receivables and other current assets						
Trade and other receivables	LAR		419.5	419.5	367.8	367.8
Receivables arising from derivative transactions	@FVTPL	Level 2	47.5	47.5	18.0	18.0
Securities	AFS	Level 1	139.8	139.8	0.5	0.5
Cash and cash equivalents						
Cash on hand and cash at banks	LAR		214.5	214.5	223.1	223.1
Non-current liabilities						
Non-current loans and borrowings						
Bonds	FLAC	Level 2	504.5	591.9	532.0	637.1
Bank loans	FLAC	Level 2	536.0	593.7	593.3	651.5
Other non-current liabilities						
Leases	FLAC	Level 2	4.8	5.6	12.7	14.6
Accruals of financial transactions	FLAC		0.6	0.6	1.1	1.1
Other liabilities	FLAC		20.3	20.3	12.4	12.4
Liabilities arising from derivative transactions	@FVTPL	Level 2	29.9	29.9	9.8	9.8
Liabilities arising from derivative transactions	Hedging	Level 2	19.9	19.9	22.4	22.4
Current liabilities						
Current loans and borrowings						
Trade payables	FLAC		89.1	89.1	50.5	50.5
Other current liabilities						
Other financial liabilities	FLAC		292.7	292.7	245.3	245.3
Liabilities arising from derivative transactions	@FVTPL	Level 2	67.4	67.4	25.9	25.9
Liabilities arising from derivative transactions	Hedging	Level 2	5.1	5.1	7.4	7.4
thereof aggregated to measurement categories						
Available for sale financial assets	AFS		2,078.0		912.5	
Loans and receivables	LAR		701.2		718.9	
Financial assets designated at fair value in profit or loss	@FVTPL		217.6		84.4	
Financial liabilities at amortised cost	FLAC		1,785.0		1,761.3	
Financial liabilities designated at fair value in profit or loss	@FVTPL		97.3		35.7	

Net results by measurement category EURm	2017/18		2016/17	
	Net result	Of which impairment losses	Net result	Of which impairment losses
Classes				
Available for sale financial assets (AFS)	-0.0 ^{*)}	-0.0 ^{*)}	-0.1	-
Loans and receivables (LAR)	-29.8	-17.6	-28.0	-23.1
Financial assets and liabilities at fair value through profit or loss (@FVTPL)	-6.9	-	-5.8	-
Financial assets and liabilities (Hedging)	0.2	-	-21.6	-
Financial liabilities at amortised cost (FLAC)	-0.4	-	20.5	-
Total	-36.9	-17.6	-35.0	-23.1

*) Small amount

Derivative financial instruments and hedging transactions

Derivative financial instruments are used primarily to hedge the company's liquidity, exchange rate, price and interest rate risks. The operative goal is to ensure the long-term continuity of the Group's earnings. All derivative financial instruments are integrated in a risk management system as soon as the respective contracts are concluded. This allows for the preparation of a daily overview of all main risk indicators. A separate staff unit has been established to monitor risk controlling and continuously develop risk analyses based on the value-at-risk (VaR) method.

The nominal values represent the separate totals of the items classified as financial derivatives on the balance sheet date. These are reference values which do not provide a measure of the risk incurred by the company through the use of these financial instruments. In particular, potential risk factors include fluctuations in the underlying market parameters and the credit risk of the contracting parties. Derivative financial instruments are recognised at their fair value.

Derivative financial instruments comprise the following:

Derivative financial instruments	30.09.2018					30.09.2017				
	Nominal value ¹⁾		Fair values ²⁾			Nominal value ¹⁾		Fair values ²⁾		
	Purchases	Disposals	Positive	Negative	Net	Purchases	Disposals	Positive	Negative	Net
Currency swaps										
JPYm (> 5 years) ³⁾	-	12,000.0	-	-4.7	-4.7	-	12,000.0	-	-5.0	-5.0
Interest rate swaps										
EURm (< 5 years) ³⁾	18.0	-	-	-1.7	-1.7	20.2	-	-	-2.4	-2.4
EURm (> 5 years) ³⁾	153.4	-	0.6	-17.8	-17.2	169.3	-	1.0	-22.5	-21.5
Derivatives energy										
Swaps	59.6	-0.9	23.0	-0.1	22.9	65.0	-26.8	15.0	-1.7	13.4
Futures	30.9	-37.8	46.8	-24.9	21.9	17.5	-35.5	5.0	-6.0	-1.0
Forwards	30.9	-137.3	12.8	-72.3	-59.5	34.2	-113.3	5.9	-27.9	-22.0

1) In m nominal currency

2) In EURm

3) Used as a hedging instrument in accordance with IAS 39

Positive fair values are recognised as receivables from derivative transactions under other non-current assets or other current assets, depending on their remaining term to maturity. Negative fair values are recognised as liabilities from derivative transactions under other non-current liabilities or other current liabilities, depending on their remaining term to maturity. A maturity analysis of the derivative financial liabilities is provided in the table on liquidity risk (see note **60. Risk management**).

The following table shows the maturity of the interest rate swaps which are designated as cash flow hedges. The terms of the hedges correspond to the occurrence of the future transactions. The periods in which the cash flows occur represent the periods in which they are expected to have an effect on results.

Expected occurrence of cash flows from cash flow hedges**2017/18 financial year**

EURm	Total payment flows	Contractually stipulated payment flows		
		< 1 year	1–5 years	> 5 years
Cash flows of hedged items	-179.2	-18.7	-86.2	-74.2
Cash flows from hedging instruments	-21.3	-5.6	-13.1	-2.7

2016/17 financial year

EURm	Total payment flows	Contractually stipulated payment flows		
		< 1 year	1–5 years	> 5 years
Cash flows of hedged items	-197.0	-18.4	-85.6	-93.0
Cash flows from hedging instruments	-26.5	-6.2	-16.3	-4.1

63. Disclosures of interests in other entities

An overview of the companies included in the consolidated financial statements is provided beginning on page 194 under **EVN's investments**.

Information on the joint ventures and associates that were included in EVN's consolidated financial statements at equity in 2017/18 is provided below.

The share of results from equity accounted investees with operational nature is reported as part of the results from operating activities (EBIT).

The following overview shows the classification of the equity accounted investees based on operating and financial criteria:

Joint ventures that were included at equity in the consolidated financial statements as of 30.09.2018 in accordance with IFRS 11	Operational nature	Financial nature
Company		
Bioenergie Steyr GmbH	●	
Degremont WTE Wassertechnik Praha v.o.s.	●	
e8i EDV Dienstleistungsgesellschaft m.b.H.		●
EnergieAllianz	●	
EVN KG	●	
EVN-WE Wind KG	●	
Fernwärme St. Pölten GmbH	●	
Fernwärme Steyr GmbH	●	
RAG	●	
Ashta	●	
sludge2energy GmbH	●	
ZOV	●	
Associates that were included at equity in the consolidated financial statements as of 30.09.2018 in accordance with IAS 28	Operational nature	Financial nature
Company		
Energie Burgenland	●	
Verbund Innkraftwerke	●	
ZOV UIP	●	

The following table provides summarised financial information on each individually material joint venture included in the consolidated financial statements:

Financial information of material joint ventures						
EURm						
Joint venture	30.09.2018			30.09.2017		
	EVN KG	RAG	ZOV	EVN KG	RAG	ZOV
Statement of financial position						
Non-current assets	17.4	551.5	235.5	14.8	627.1	245.1
Current assets	364.7	184.7	62.3	209.4	71.4	52.4
Non-current liabilities	0.0 ¹⁾	317.3	40.7	0.0 ¹⁾	350.7	61.2
Current liabilities	208.9	170.8	34.6	77.3	109.5	24.2
Reconciliation of the carrying amount of the share of EVN in the joint venture						
Net assets	173.2	248.2	222.6	146.9	238.2	212.1
Share of EVN in net assets in per cent	100.0%	100.0%	48.50%	100.00%	100.00%	48.50%
Share of EVN in net assets	173.2	248.2	112.0	146.9	238.2	102.9
+/- Revaluations ¹⁾	-	156.2	0.0 ¹⁾	-	165.7	0.2
Carrying amount of the share of EVN in the joint venture	173.2	404.4	112.0	146.9	403.9	103.1
Statement of operations						
Revenue	450.5	470.5	16.1	444.7	468.6	21.3
Scheduled depreciation and amortisation	-0.0 ¹⁾	-37.2	-0.0 ¹⁾	-0.0 ¹⁾	-50.2	-0.0 ¹⁾
Interest income	0.0 ¹⁾	0.3	0.1	0.4	-	0.4
Interest expense	-0.4	-3.8	-4.9	-0.0 ¹⁾	-4.0	-6.9
Income tax	-	-5.4	-4.1	-	-20.3	-5.4
Result for the period	114.3	45.1	18.8	96.1	50.6	23.5
Other comprehensive income	-4.6	2.7	0.7	0.1	-3.2	1.0
Comprehensive income	109.7	47.9	19.4	96.2	47.4	24.5
Dividends received by EVN	83.3	42.0	1.3	54.1	38.0	4.7

1) Corresponds to goodwill

¹⁾ Small amount

The following table provides summarised financial information on the individually immaterial joint ventures included in the consolidated financial statements:

Financial information of individually immaterial joint ventures (EVN share)		
EURm		
	2017/18	2016/17
Carrying value of the joint ventures as of the balance sheet date	53.4	55.5
Result for the period	5.6	20.8
Other comprehensive income	0.8	-10.7
Comprehensive income	6.4	10.1

The following table provides summarised financial information on each individually material associate included in the consolidated financial statements:

Financial information of material associates

EURm

	30.09.2018			30.09.2017		
	Verbund IKW	ZOV UIP	Energie Burgenland	Verbund IKW	ZOV UIP	Energie Burgenland
Associate						
Statement of financial position						
Non-current assets	1,053.2	0.2	695.7	1,225.8	0.2	658.1
Current assets	45.1	3.0	172.4	22.5	3.8	195.6
Non-current liabilities	27.0	–	172.0	64.2	–	170.0
Current liabilities	6.8	0.6	371.6	6.8	1.5	362.2
Reconciliation of the carrying amount of the share of EVN in the associate						
Net assets	1,064.4	2.6	324.6	1,177.2	2.6	321.4
Share of EVN in net assets in per cent	13.00%	31.00%	36.08%	13.00%	31.00%	36.08%
Share of EVN in net assets	138.4	0.8	117.1	153.0	0.8	116.0
+/- Revaluations ¹⁾	–69.5	–	65.5	–89.2	–	67.4
Carrying amount of the share of EVN in the associate	68.8	0.8	182.6	63.8	0.8	183.3
	2017/18			2016/17		
Statement of operations						
Revenue	75.6	13.2	318.5	68.7	15.7	311.4
Result for the period	–102.6	3.4	19.8	–2.1	3.4	21.1
Other comprehensive income	–	–	–6.4	–	–	2.4
Comprehensive income	–102.6	3.4	13.4	–2.1	3.4	23.4
Dividends received by EVN	1.3	1.0	9.3	1.0	1.1	10.3

1) Corresponds to goodwill

The consolidated financial statements include no associates that are individually immaterial.

64. Other obligations and risks

The commitments entered into by EVN and the related risks are as follows:

	30.09.2018	30.09.2017
Other obligations and risks		
EURm		
Guarantees in connection with energy transactions	50.9	77.6
Guarantees in connection with projects in the Environment Segment	53.6	52.5
Guarantees related to the construction and operation of		
energy networks	3.0	5.3
power plants	104.5	101.4
Order obligations for investments in intangible assets and property, plant and equipment	112.8	94.8
Further obligations arising from guarantees or other contractual contingent liabilities	0.1	0.3
Total	324.9	331.9
thereof in connection with equity accounted investees	74.0	120.4

Neither provisions nor liabilities were recognised for the above-mentioned items because claims to the fulfilment of obligations or the actual occurrence of specific risks were not expected at the time these consolidated financial statements were prepared. The above-mentioned obligations were contrasted by corresponding recourse claims of EUR 32.8m (previous year: EUR 41.3m).

Contingent liabilities related to guarantees for subsidiaries in connection with energy transactions are recognised on the basis of the guarantees issued by EAA at an amount equalling the risk exposure of EVN AG. This risk is measured by the changes between the stipulated price and the actual market price, whereby EVN is only exposed to procurement risks when market prices decline and to selling risks when market prices increase.

Accordingly, fluctuations in market prices may lead to a change in the risk exposure after the balance sheet date. The risk assessment resulted in a contingent liability of EUR 8.5m as of 30 September 2018. The nominal volume of the guarantees underlying this assessment was EUR 254.5m. As of 31 October 2018, the market price risk was EUR 7.8m based on an underlying nominal volume of EUR 259.5m.

Various legal proceedings and lawsuits related to operating activities are pending or claims may be filed against EVN in the future. The attendant risks were analysed in relation to their probability of occurrence. The evaluation of possible claims showed that the legal proceedings and lawsuits, individually and as a whole, would not have a material negative effect on EVN's business, liquidity, profit or loss or financial position.

Additional obligations arising from guarantees and other contractual contingent liabilities consisted chiefly of outstanding capital contributions and loan commitments to affiliates as well as liabilities for affiliates' loans.

65. Information on transactions with related parties

In accordance with IAS 24, transactions with related parties arise through direct or indirect control, significant influence or joint management. Related parties include close family members of the respective natural persons. Key management personnel and their close family members are also considered to be related parties.

EVN's related parties include all companies in the scope of consolidation, other subsidiaries, joint ventures and associates that are not included in the consolidated financial statements, as well as people who are responsible for the planning, management and supervision of the Group's activities. In particular, related parties also include the members of the Executive Board and the Supervisory Board as well as their family members. A list of the Group companies can be found starting on page 194 under **EVN's investments**.

The province of Lower Austria holds 51.00% of the shares of EVN AG through NÖ Landes-Beteiligungsholding GmbH, St. Pölten. Therefore, the province of Lower Austria and companies under its control or significant influence are classified as related parties of the EVN Group. Since the province of Lower Austria is a government-related entity which has control over EVN AG due to its majority shareholding, EVN has elected to apply the exemption provided by IAS 24.25. This exemption releases EVN from the requirement to disclose business transactions and outstanding balances with related parties when the related party is a government-related entity.

On 20 December 2013, EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany, concluded a trust agreement with EnBW Trust within the framework of a so-called contractual trust arrangement model. This agreement led to the transfer by EnBW of its 32.5% investment in EVN AG in trust to EnBW Trust. As of 30 September 2018, EnBW Trust held an investment of 30.0% in EVN AG.

Transactions with related parties

Main shareholder

A group and tax settlement agreement was concluded with NÖ Landes-Beteiligungsholding GmbH, St. Pölten, in connection with the inclusion of EVN AG in a corporate tax group as defined in § 9 of the Austrian Corporate Tax Act. EVN AG has since added further subsidiaries to the tax group based on this agreement. This resulted in a current liability of EUR 16.2m to NÖ Landes-Beteiligungsholding GmbH, St. Pölten, as of 30 September 2018 (previous year: EUR 7.5m). All other business relationships with the main shareholder or companies attributable to the main shareholder are carried out at arm's length.

EnBW Trust e.V.

There were no material business relations with EnBW Energie Baden-Württemberg AG or EnBW Trust e.V. in 2017/18, with the exception of the dividend payment.

Investments in equity accounted investees

Within the context of its ordinary business operations, EVN has concluded supply and service contracts with numerous companies included at equity in its consolidated financial statements. Long-term agreements were concluded with EAA for the sale and procurement of electricity and natural gas, and long-term procurement contracts were concluded with Verbund Innkraftwerke for electricity.

The value of services provided to investments in equity accounted investees is as follows:

Transactions with joint ventures included at equity		
EURm	2017/18	2016/17
Revenue	335.0	365.7
Cost of services received	-100.7	-112.9
Trade accounts receivable	23.6	5.9
Other receivables	40.5	10.0
Trade accounts payable	24.9	17.6
Other liabilities	116.7	64.2
Loans	19.9	20.5
Liabilities from cash pooling	83.1	67.3
Interest income from loans	0.9	0.6
Transactions with associates included at equity		
EURm	2017/18	2016/17
Revenue	-	-
Cost of services received	-7.3	-6.0
Trade accounts receivable	-	-
Trade accounts payable	0.6	0.7

Transactions with related individuals

Executive Board and Supervisory Board

The payments to members of the Executive Board and the Supervisory Board consist primarily of salaries, severance payments, pensions and Supervisory Board remuneration.

The remuneration paid to the active members of the Executive Board in 2017/18 totalled TEUR 1,160.3 (including compensation in kind and contributions to pension funds; previous year: TEUR 1,106.9).

Remuneration of the active Executive Board						
TEUR	2017/18			2016/17		
	Fixed remuneration	Variable remuneration	Compensation in kind	Fixed remuneration	Variable remuneration	Compensation in kind
Stefan Szyszkowitz	401.7	184.4	14.3	365.8	128.1	14.2
Franz Mittermayer	346.2	83.1	13.8	-	-	-

The pension fund contributions in 2017/18 equalled TEUR 60.7 for Stefan Szyszkowitz (previous year: TEUR 54.8) and TEUR 56.1 for Franz Mittermayer.

An addition of TEUR 823.2 (thereof TEUR 72.8 of interest expense and TEUR 593.1 of actuarial gains/losses) was made to the provision for pension obligations on behalf of Stefan Szyszkowitz in 2017/18. In the previous year, a change of TEUR -354.5 was recorded (thereof TEUR 58.2 of interest expense and TEUR -592.3 of actuarial gains/losses). The addition to the provision for pension obligations on behalf of Franz Mittermayer amounted to TEUR 4,223.1 (thereof TEUR 33.7 of interest expense and TEUR 4,119.3 of actuarial gains/losses).

In 2017/18 contributions of TEUR 9.2 (previous year: TEUR 7.8) were made to an external employee fund on behalf of Stefan Szyszkowitz and TEUR 6.8 on behalf of Franz Mittermayer.

The year-on-year change in the remuneration of the active members of the Executive Board is attributable primarily to the change in performance-based components and the annual wage and salary increases mandated by collective bargaining agreements. Franz Mittermayer has been a member of the Executive Board since 1 October 2017. His variable remuneration therefore only includes preliminary payments on account for the 2017/18 financial year and no remuneration for the previous 2016/17 financial year.

They are also entitled to a contractually agreed pension at retirement, whereby pension payments under the Austrian social security scheme and any payments from the VBV-Pensionskasse are credited against this amount. The existing pension agreement was taken over in principle for Franz Mittermayer, and the resulting salary-based adjustment led to an addition to the provision for pension obligations.

The payments to former members of the Executive Board or their surviving dependents amounted to TEUR 1,972.0 in 2017/18 (previous year: TEUR 1,201.7).

Expenses for severance payments and pensions for active members of senior management totalled TEUR 533.3 in 2017/18 (thereof TEUR 94.3 of interest expense and TEUR 603.2 of actuarial gains/losses) and TEUR 18.9 in the previous year (thereof TEUR 157.4 of interest expense and TEUR –1,244.8 of actuarial gains/losses).

The above amounts include expenses recognised in accordance with national law, as required by the Austrian Corporate Governance Code. In accordance with IFRS, actuarial gains and losses are recorded under other comprehensive income in keeping with IAS 19.

The Supervisory Board remuneration totalled EUR 0.1m in 2017/18 (previous year: EUR 0.2m). The members of the Advisory Committee for Environmental and Social Responsibility received remuneration of EUR 0.1m during the reporting year (previous year: EUR 0.1m).

The basic principles underlying the remuneration system are presented in the remuneration report, which is part of the corporate governance report.

Transactions with other related companies

The disclosure requirements for the notes do not cover information on intragroup transactions. Therefore, business transactions between EVN and its subsidiaries are not reported. Business transactions with non-consolidated subsidiaries and companies not included at equity are generally not reported because they are immaterial.

Related parties can also be direct customers of a company within the EVN Group, whereby these business relationships reflect prevailing market rates and conditions and are immaterial in relation to the total income recorded by the EVN Group in 2017/18. The resulting items outstanding as of 30 September 2018 are reported under trade accounts receivable.

66. Significant events after the balance sheet date

No material events occurred between the balance sheet date on 30 September 2018 and the editorial deadline for the consolidated financial statements on 20 November 2018.

67. Information on management and staff

The corporate bodies of EVN AG are:

Executive Board

Stefan Szyszkowitz – Spokesman of the Executive Board (from 01.10.2017)

Franz Mittermayer – Member of the Executive Board (from 01.10.2017)

Supervisory Board**Chairwoman**

Bettina Glatz-Kremsner

Vice-Chairmen

Norbert Griesmayr

Willi Stiovicek

Members

Dieter Lutz

Reinhard Meißl

Angela Stransky

Susanne Scharnhorst

Friedrich Zibuschka

Johannes Zügel

Philipp Gruber

Employee representatives

Franz Hemm

Monika Fraißl

Paul Hofer

Friedrich Bußlehner

Manfred Weinrichter

68. Approval of the 2017/18 consolidated financial statements for publication

These consolidated financial statements were prepared by the Executive Board as of the date indicated below. The individual financial statements, which were also included in the consolidated financial statements after their adjustment to reflect International Financial Reporting Standards, and the consolidated financial statements of EVN AG will be submitted to the Supervisory Board on 12 December 2018 for examination, and the Supervisory Board will also be asked to approve the individual financial statements.

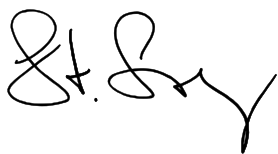
69. Auditing fees

EVN's consolidated financial statements and annual financial statements for the 2017/18 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The costs for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, totalled EUR 0.5m (previous year: EUR 0.5m) and were distributed as follows: 49% for auditing services, 46.6% for audit-related services and 4.4% for other consulting services. Auditing and consulting fees for the Group amounted to EUR 1.6m for the reporting year (previous year: EUR 1.6m), whereby 34.1% are attributable to auditing, 17.5% to audit-related services, 39.8% to tax advising and 8.6% to other consulting services. All companies in the scope of consolidation were included.

Maria Enzersdorf, 20 November 2018

EVN AG

The Executive Board



Stefan Szyszkowitz

Spokesman of the Executive Board



Franz Mittermayer

Member of the Executive Board

EVN's investments according to § 245a (1) ICW § 265 (2) UGB

The following table lists EVN's investments classified by segment of business. The list of companies not included in the consolidated financial statements of EVN AG for materiality reasons is based on the companies' last available local annual financial statements as of the respective balance sheet date. The data from companies that report in a foreign currency is translated into euros at the exchange rate on the balance sheet date of EVN AG.

1. EVN's investments in the energy business $\geq 20.0\%$ as of 30 September 2018

1.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2017/18
Ashta Beteiligungsverwaltung GmbH, Vienna	EVN	49.99	31.12.2017	E
Bioenergie Steyr GmbH, Behamberg	EVN Wärme	51.00	30.09.2018	E
Biowärme Amstetten-West GmbH, Amstetten	EVN Wärme	49.00	31.12.2017	E
Elektrozpredelenie Yug EAD ("EP Yug"), Plovdiv, Bulgaria	BG SN Holding	100.00	31.12.2017	V
ENERGIEALLIANZ Austria GmbH ("EnergieAllianz"), Vienna	EVN	45.00	30.09.2018	E
EVN Bulgaria Elektrosnabdiavane EAD ("EVN Bulgaria EC"), Plovdiv, Bulgaria	BG SV Holding	100.00	31.12.2017	V
EVN Bulgaria EAD ("EVN Bulgaria"), Sofia, Bulgaria	EVN	100.00	31.12.2017	V
EVN Bulgaria Fernwärme Holding GmbH ("BG FW Holding"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Bulgaria RES Holding GmbH ("EVN Bulgaria RES"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2018	V
EVN Bulgaria Stromerzeugung Holding GmbH ("BG SE Holding"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Bulgaria Stromnetz Holding GmbH ("BG SN Holding"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Bulgaria Stromvertrieb Holding GmbH ("BG SV Holding"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Bulgaria Toplofikatsia EAD ("TEZ Plovdiv"), Plovdiv, Bulgaria	BG FW Holding	100.00	31.12.2017	V
EVN Croatia Plin d.o.o, Zagreb, Croatia	Kroatien Holding	100.00	31.12.2017	V
EVN Elektro distribucija DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2017	V
EVN Energievertrieb GmbH & Co KG ("EVN KG"), Maria Enzersdorf	EVN	100.00	30.09.2018	E
EVN Geoinfo GmbH ("EVN Geoinfo"), Maria Enzersdorf	Utilitas	100.00	30.09.2018	V
EVN Kavarna EOOD ("EVN Kavarna"), Plovdiv, Bulgaria	EVN Bulgaria RES	100.00	31.12.2017	V
EVN Kraftwerks- und Beteiligungsgesellschaft mbH ("EVN Kraftwerk"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Kroatien Holding GmbH ("Kroatien Holding"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Liegenschaftsverwaltung Gesellschaft m.b.H. ("EVN LV"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2018	V
EVN Macedonia AD ("EVN Macedonia"), Skopje, Macedonia	EVN	90.00	31.12.2017	V
EVN Macedonia Elektrani DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2017	V
EVN Macedonia Elektrosnabduvanje DOOEL, Skopje, Macedonia	EVN Macedonia	100.00	31.12.2017	V
EVN Macedonia Holding DOOEL, Skopje, Macedonia	EVN	100.00	31.12.2017	V
EVN Mazedonien GmbH ("EVN Mazedonien"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
evn naturkraft Beteiligungs- und Betriebs-GmbH ("EVN Nk BuB"), Maria Enzersdorf	EVN Naturkraft	100.00	30.09.2018	V
evn naturkraft Erzeugungsgesellschaft m.b.H. ("EVN Naturkraft"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Service Centre EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	31.12.2017	V
EVN Trading d.o.o. Beograd, Belgrade, Serbia	EVN Trading SEE	100.00	31.12.2017	V
EVN Trading DOOEL, Skopje, Macedonia	EVN Trading SEE	100.00	31.12.2017	V
EVN Trading South East Europe EAD ("EVN Trading SEE"), Sofia, Bulgaria	EVN Bulgaria	100.00	31.12.2017	V
EVN Wärme GmbH ("EVN Wärme"), Maria Enzersdorf	EVN	100.00	30.09.2018	V

Method of consolidation:

V: Fully consolidated company (subsidiary)
 NV: Non-consolidated subsidiary

JO: Company included as joint operation
 NJO: Company not included as a joint operation

E: Company included at equity
 NE: Company not included at equity

1.1. Included in the consolidated financial statements of EVN				
Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2017/18
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH & Co KG ("EVN-WE Wind KG"), Vienna	EVN Naturkraft	50.00	30.09.2018	E
Fernwärme St. Pölten GmbH, St. Pölten	EVN	49.00	31.12.2017	E
Fernwärme Steyr GmbH, Steyr	EVN Wärme	49.00	30.09.2018	E
Hydro Power Company Gorna Arda AD, Sofia, Bulgaria	EVN	70.00	31.12.2017	V
kabelplus GmbH, ("kabelplus"), Maria Enzersdorf	Utilitas	100.00	30.09.2018	V
Netz Niederösterreich GmbH ("Netz NÖ"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
Steag-EVN Walsum 10 Kraftwerksgesellschaft mbH ("SEK"), Essen, Germany	EVN Kraftwerk	49.00	31.12.2017	JO
Verbund Innkraftwerke GmbH, ("Verbund Innkraftwerke"), Töging, Germany ¹⁾	EVN Nk BuB	13.00	31.12.2017	E
Wasserkraftwerke Trieb und Krieglach GmbH ("WTK"), Maria Enzersdorf	EVN Naturkraft	70.00	30.09.2018	V

1) This company is included in the consolidated financial statements at equity and presented in the above table despite a participation interest $\leq 20.0\%$ because of special contractual arrangements that allow for the exercise of significant influence.

1.2. Not included in the consolidated financial statements of EVN due to immateriality						
Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2017/18
ARGE Coop Telekom, Maria Enzersdorf	EVN Geoinfo	50.00	110 (110)	49 (49)	31.12.2017 (31.12.2016)	NE
ARGE Digitaler Leitungskataster NÖ, Maria Enzersdorf	EVN Geoinfo	30.00	276 (208)	68 (-46)	31.12.2017 (31.12.2016)	NE
Bioenergie Wiener Neustadt GmbH, Wiener Neustadt	EVN Wärme	90.00	474 (501)	-27 (-38)	31.12.2017 (31.12.2016)	NV
Energiespeicher Sulzberg GmbH, Maria Enzersdorf	EVN Sulzberg	51.00	43 (44)	-36 (-49)	30.09.2018 (30.09.2017)	NV
EVN Asset Management EOOD, Plovdiv, Bulgaria	EVN Bulgaria	100.00	6 (6)	0 (0)	31.12.2017 (31.12.2016)	NV
EVN Energiespeicher Sulzberg Beteiligungs GmbH ("EVN Sulzberg"), Maria Enzersdorf	EVN Naturkraft	100.00	58 (60)	-37 (-49)	30.09.2018 (30.09.2017)	NV
EVN Gorna Arda Development EOOD, Sofia, Bulgaria	EVN Bulgaria	100.00	77 (166)	-89 (-80)	31.12.2017 (31.12.2016)	NV
EVN TRADING L.L.C., Pristina, Kosovo	EVN Trading SEE	100.00	- (-)	- (-)	- (-)	NV
EVN-WIEN ENERGIE Windparkentwicklungs- und Betriebs GmbH ("EVN-WE Wind GmbH"), Vienna	EVN Naturkraft	50.00	43 (43)	0 (1)	30.09.2017 (30.09.2016)	NE
Fernwärme Mariazellerland GmbH, Mariazell	EVN Wärme	48.86	-10 (66)	-76 (-92)	31.12.2017 (31.12.2016)	NE
FWG-Fernwärmeversorgung Amstetten registrierte Genossenschaft mit beschränkter Haftung, Amstetten	EVN Wärme	100.00	184 (743)	-9 (88)	30.06.2018 (30.06.2017)	NE
IN-ER Erözü Kft., Nagykanizsa, Hungary	EVN	70.00	365 (389)	-8 (-1,375)	31.12.2017 (31.12.2016)	NV
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH, Vienna	EVN Naturkraft	33.33	39 (47)	3 (3)	31.12.2017 (31.12.2016)	NE
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG, Vienna	EVN Naturkraft	33.33	7,547 (7,243)	304 (364)	31.12.2017 (31.12.2016)	NE

1.2. Not included in the consolidated financial statements of EVN due to immateriality

Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2017/18
EVN Beteiligung 60 GmbH ("EVN Bet. 60"), Maria Enzersdorf	Utilitas	100.00	1,784 (1,786)	-2 (-1)	30.09.2018 (30.09.2017)	NV
EVN Grundstücksverwaltung Bergern GmbH, Maria Enzersdorf	EVN Bet. 60	100.00	1,789 (1,783)	6 (5)	30.09.2018 (30.09.2017)	NV
Netz Niederösterreich Beteiligung 31 GmbH ("Netz Bet. 31"), Maria Enzersdorf	Netz NÖ	100.00	1,999 (-)	-3 (-)	30.09.2018 (-)	NV
Netz Niederösterreich Liegenschaftsbesitz 31 GmbH, Maria Enzersdorf	Netz Bet. 31	100.00	1,954 (-)	-29 (-)	30.09.2018 (-)	NV

2. EVN's investments in the environmental services business ≥ 20.0% as of 30 September 2018

2.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2017/18
Cista Dolina – SHW Komunalno podjetje d.o.o., Kranjska Gora, Slovenia	WTE Betrieb	100.00	30.09.2018	V
Degremont WTE Wassertechnik Praha v.o.s., Prague, Czech Republic	WTE Wassertechnik	35.00	31.12.2017	E
EVN Wärmekraftwerke GmbH ("EVN Wärmekraftwerke"), Maria Enzersdorf	EVN/EVN Bet. 52	100.00	30.09.2018	V
EVN Beteiligung 52 GmbH ("EVN Bet. 52"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH ("EVN MVA1"), Essen, Germany	WTE Wassertechnik	100.00	30.09.2018	V
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 3 mbH ("EVN MVA3"), Maria Enzersdorf	EVN Umwelt/Utilitas	100.00	30.09.2018	V
EVN Umwelt Beteiligungs und Service GmbH ("EVN UBS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2018	V
EVN Umwelt Finanz- und Service-GmbH ("EVN UFS"), Maria Enzersdorf	EVN Umwelt	100.00	30.09.2018	V
EVN Umweltholding und Betriebs-GmbH ("EVN Umwelt"), Maria Enzersdorf	EVN	100.00	30.09.2018	V
evn wasser Gesellschaft m.b.H. ("evn wasser"), Maria Enzersdorf	EVN/Utilitas	100.00	30.09.2018	V
AO Budapro-zavod No. 1, Moscow, Russia	EVN MVA1	100.00	31.12.2017	V
AO EVN MSZ 3 ("AO MVA3"), Moscow, Russia	EVN MVA3	100.00	31.12.2017	V
OOO EVN Umwelt Service, Moscow, Russia	EVN UBS	100.00	31.12.2017	V
OOO EVN Umwelt, Moscow, Russia	EVN UBS	100.00	31.12.2017	V
sludge2energy GmbH, Berching, Germany	WTE Wassertechnik	50.00	31.12.2017	E
Storitveno podjetje Lasko d.o.o., Lasko, Slovenia	WTE Wassertechnik	100.00	30.09.2018	V
WTE Abwicklungsgesellschaft Russland mbH ("Abwicklung"), Essen, Germany	International	100.00	30.09.2018	V
WTE Betriebsgesellschaft mbH ("WTE Betrieb"), Hecklingen, Germany	WTE Wassertechnik	100.00	30.09.2018	V
WTE desalinizacija morske vode d.o.o., Budva, Montenegro	WTE Wassertechnik	100.00	31.12.2017	V

2.1. Included in the consolidated financial statements of EVN				
Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2017/18
WTE International GmbH ("International"), Essen, Germany	WTE Wassertechnik	100.00	30.09.2018	V
WTE otpadne vode Budva DOO, Podgorica, Montenegro	WTE Wassertechnik	100.00	31.12.2017	V
WTE Projektgesellschaft Natriumhypochlorit mbH ("WTE Hyp"), Essen, Germany	EVN UFS/ WTE Wassertechnik	100.00	30.09.2018	V
WTE Projektna druzba Bled d.o.o., Bled, Slovenia	WTE Wassertechnik	100.00	30.09.2018	V
WTE Wassertechnik GmbH ("WTE Wassertechnik"), Essen, Germany	EVN Bet. 52	100.00	30.09.2018	V
WTE Wassertechnik (Polska) Sp.z.o.o., Warsaw, Poland	WTE Wassertechnik	100.00	30.09.2018	V
Zagrebacke otpadne vode d.o.o. ("ZOV"), Zagreb, Croatia	WTE Wassertechnik	48.50	31.12.2017	E
Zagrebacke otpadne vode – upravljanje i pogon d.o.o. ("ZOV UIP"), Zagreb, Croatia	WTE Wassertechnik	33.00	31.12.2017	E

2.2. Not included in the consolidated financial statements of EVN due to immateriality						
Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2017/18
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main, Germany	WTE Wassertechnik	49.00	107 (644)	-4 (20)	30.09.2018 (30.09.2017)	NE
Abwasserbeseitigung Kötschach-Mauthen Errichtungs- und Betriebsgesellschaft mbH, Kötschach-Mauthen	EVN Wärme- kraftwerke	26.00	37 (37)	0 (0)	31.12.2017 (31.12.2016)	NE
OOO EVN-Ekotechprom MSZ3, Moscow, Russia	AO MVA3	70.00	-8,904 (-7,564)	-2,124 (-7,900)	31.12.2017 (31.12.2016)	NV
Saarberg Hölter Projektgesellschaft Süd Butowo mbH ("Süd Butowo"), Essen, Germany	WTE Wassertechnik	100.00	26 (27)	-1 (-57)	30.09.2018 (30.09.2017)	NV
SHW Hölter Projektgesellschaft Zelenograd mbH ("Zelenograd"), Essen, Germany	WTE Wassertechnik	100.00	16 (17)	-1 (-2)	30.09.2018 (30.09.2017)	NV
SHW/RWE Umwelt Aqua Vodogradnja d.o.o., Zagreb, Croatia	WTE Wassertechnik	50.00	566 (432)	156 (11)	31.12.2017 (31.12.2016)	NE
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow, Germany	WTE Wassertechnik	49.00	550 (546)	3 (3)	31.12.2017 (31.12.2016)	NE
Wiental-Sammelkanal Gesellschaft m.b.H, Untertullnerbach	evn wasser	50.00	866 (866)	0 (-2)	31.12.2017 (31.12.2016)	NE
WTE Abwicklungsgesellschaft Kuwait mbH ("Kuwait"), Essen, Germany	International	100.00	23 (23)	0 (0)	30.09.2018 (30.09.2017)	NV
WTE Baltic UAB, Kaunas, Lithuania	WTE Wassertechnik	100.00	141 (109)	32 (-52)	30.09.2018 (30.09.2017)	NV
WTE Projektgesellschaft Kurjanovo mbH ("Kurjanovo"), Essen, Germany	WTE Wassertechnik	100.00	19 (20)	-1 (-1)	30.09.2018 (30.09.2017)	NV
WTE Projektgesellschaft Trinkwasseranlage d.o.o., Beograd-Vracar, Serbia	WTE Wassertechnik	100.00	97 (99)	-2 (-2)	30.09.2017 (30.09.2016)	NV

3. EVN's investments in other business activities ≥ 20.0% as of 30 September 2018

3.1. Included in the consolidated financial statements of EVN

Company, registered office	Shareholder	Interest %	Balance sheet date	Method of consolidation 2017/18
Burgenland Holding Aktiengesellschaft ("Burgenland Holding" respectively "BUHO"), Eisenstadt	EVN	73.63	30.09.2018	V
Energie Burgenland AG, Eisenstadt	BUHO	49.00	30.09.2018	E
EVN Business Service GmbH ("EVN Business"), Maria Enzersdorf	Utilitas	100.00	30.09.2018	V
EVN Finanzservice GmbH, Maria Enzersdorf	EVN	100.00	30.09.2018	V
EVN WEEV Beteiligungs GmbH ("EVN WEEV"), Maria Enzersdorf	EVN	100.00	31.08.2018	V
e&i EDV Dienstleistungsgesellschaft m.b.H., Vienna	EVN	50.00	30.09.2018	E
R 138-Fonds, Vienna	EVN/Netz NÖ/ evn wasser	100.00	30.09.2018	V
RAG-Beteiligungs-Aktiengesellschaft ("RBG"), Maria Enzersdorf	EVN	50.03	31.03.2018	V
RAG Austria AG ("RAG"), Vienna	RBG	100.00	31.12.2017	E
UTILITAS Dienstleistungs- und Beteiligungs-Gesellschaft m.b.H. ("Utilitas"), Maria Enzersdorf	EVN	100.00	30.09.2018	V

3.2. Not included in the consolidated financial statements of EVN due to immateriality

Company, registered office	Shareholder	Interest %	Shareholders' equity TEUR	Last year's profit/loss TEUR	Balance sheet date	Method of consolidation 2017/18
EVN Beteiligung 40 GmbH ("EVN Bet. 40"), Maria Enzersdorf	EVN	100.00	22 (24)	-2 (-2)	30.09.2018 (30.09.2017)	NV
EVN Fremdenverkehr Ottenstein GmbH, Maria Enzersdorf	EVN Business	100.00	- (-)	- (-)	- (-)	NV
WEEV Beteiligungs GmbH in liquidation, Maria Enzersdorf	EVN/EVN WEEV	100.00	3,005 (53,776)	2,028 (27,344)	30.06.2018 (30.06.2017)	NV

Auditors' report

Report on the consolidated financial statements

Audit opinion

We have audited the **consolidated financial statements** of

**EVN AG,
Maria Enzersdorf,**

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2018, the consolidated statement of operations and consolidated comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 30 September 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditors' Responsibility" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Impairment of property, plant and equipment

Refer to notes 21, 30 and 35 to the consolidated financial statements and the chapter Business development in the consolidated management report.

Risk for the financial statements

Property, plant and equipment (PPE) with a total carrying amount of EUR 3,438.7 million account for 43.9% of total assets of EVN AG Group as of the balance sheet date and comprise mainly lines and technical equipment.

At each reporting date, the Company assesses whether there is any indication that the recoverable amount has decreased significantly and that therefore, property, plant and equipment are impaired. For those items of PPE, for which impairment losses were recognized in prior periods, the Company assesses whether the impairment loss no longer exists and therefore needs to be reversed.

Impairment testing for items of PPE, for which separate cash inflows cannot be determined is performed at the level of the cash generating unit (CGU). In testing impairment, the Company first determines the value in use and if necessary, the fair value less costs of disposal. The value in use as well as fair value less costs of disposal are calculated as the present value of the future cash flows using a discounted cash flow method.

The result of this measurement depends to a high degree on management's planning assumptions and estimates of future cash flows as well as on the discount rates used in the calculations. As such, these assumptions and estimations are subject to significant estimation uncertainties and therefore, impairment of property, plant and equipment was classified as a key audit matter.

Our response

We critically questioned the Company's assessment of whether there is any indication that property, plant and equipment may be impaired or whether an impairment loss recognized in prior periods may need to be reversed, and compared the assessment with our understanding gained during the audit of the consolidated financial statements.

In consultation with our valuation specialists, we assessed the measurement technique model, planning assumptions and measurement parameter for selected issues. The assumptions used for determining the interest rates were assessed for appropriateness by comparing them to industry- and market- specific reference values. We reconciled planning data used in the measurement to medium-term planning approved by management. We assessed the appropriateness of planning estimates by comparing – on a sample basis – actual cash flows with prior period estimated cash flows and discussing deviations with management. We agreed the respective carrying amounts to the fixed assets sub ledger.

Revenue recognition from end customer business

Refer to notes 19 and 24 to the consolidated financial statements and the chapter Business development in the consolidated management report.

Risk for the financial statements

The consolidated financial statements of EVN AG report total revenue of EUR 2,076.6 million.

A significant portion of consolidated revenue relates to revenue generated from end customer business in Austria which is subject to specific risks due to the complexity of the systems required for the appropriate recognition and deferral of revenue and the effect of continuous changes on the business, pricing and tariff models. Revenue is derived from the billings systems based on statistical methods and deferred based on the power volumes supplied. Revenue is recognized if a billable service has been provided to the customer.

Recognition and measurement of this specific and significant portion of revenue is subject to management's estimate and assumptions to a high degree and requires application of complex calculation techniques. Therefore, revenue generated from end customer business was classified as a key audit matter.

Our response

Taking into consideration the fact that there is an increased risk related to the appropriate recognition of revenue due to the complexity as well as underlying estimates and assumptions, we assessed the relevant processes and controls implemented by the Group in respect of recognition of revenue from end customer business including the respective IT systems in cooperation with our specialists from Information Risk Management (IRM).

In addition, we performed adequate analyses as well as tests of detail on the appropriate recognition of revenue and critically assessed the appropriateness of management's estimates and assumptions.

Management's responsibility and responsibility of the audit committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i. e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on other legal requirements

Group management report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report, and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact. If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Additional information in accordance with Article 10 EU Regulation

At the Annual General Meeting dated 18 January 2018, we were elected as group auditors. We were appointed by the Supervisory Board on 18 May 2018. We have been the Group's auditors from the year ended 31 December 1992 without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement partner

The engagement partner is Mr. Rainer Hassler.

Vienna, 20 November 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
signed by:

Rainer Hassler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.