

2002
2003

Annual Report 2002/03

Key Figures

Burgenland Holding AG

		2002/03	2001/02	2000/01
Balance sheet total	Mio EUR	72.3	72.3	72.1
Shareholders' equity	Mio EUR	72.2	72.2	72.0
Investment income	Mio EUR	3.3	3.3	3.3
Net profit	Mio EUR	3.1	3.2	2.2

BEWAG

		2002/03	2001/02	2000/01 ¹⁾
Electricity sales	GWh	1,354.3	1,242.2	1,182.9
Sales revenues	Mio EUR	122.9	120.3	155.8
Pre-tax profit	Mio EUR	25.8	14.5	27.6
Balance sheet total	Mio EUR	368.3	356.6	365.7
Shareholders' equity	Mio EUR	162.3	148.5	147.6
Cash flow from operating activities	Mio EUR	-9.6	13.1	28.9

¹⁾ consolidated financial statements

BEGAS

		2001/02 ¹⁾	2000/01 ²⁾	1999/00
Local-grid customers	Mio m ³	74.6	74.7	78.3
Industrial customers	Mio m ³	60.3	60.9	55.5
Special-tariff customers	Mio m ³	18.4	18.2	18.2
Total natural gas sales	Mio m ³	154.9	155.1	152.9
Sales revenues	Mio EUR	49.0	51.8	45.5
Pre-tax profit	Mio EUR	4.3	5.9	4.7

¹⁾ Short business year from November 1, 2001 to September 30, 2002

²⁾ From Nov 1 to Oct 31

The Burgenland Holding Share

Performance

		2002/03	2001/02	2000/01
Average daily turnover volume	No.	44	105	212
Total share volume	Mio EUR	0.57	1.4	2.9
52-week high	EUR	54.00	55.56	55.00
52-week low	EUR	45.00	43.00	40.00
Share price at the balance sheet date	EUR	50.00	53.10	55.00
Market capitalization at the balance sheet date	Mio EUR	150	159	165
Weighting in the WBI	%	0.39	0.63	0.62

Basic information

Share capital, denomination	EUR 21,81 m
	3 mio individual no-par value shares
Majority shareholder	EVN AG
ISIN securities identification number	AT0000640552
Ticker Symbols	BHAV.VI (Reuters); Burg AV (Bloomberg); AT;BHD (Dow Jones)
Stock exchange listing	Vienna

Highlights 2002/03

Key events

- Proposal to the AGM: dividend of EUR 1.02 per share
- Satisfactory development of BEWAG and BEGAS against the backdrop of a changing competitive environment
- Austrian energy solution – positive decision of the European Commission
- Austrian gas solution – EconGas operational since January 2003

Key figures

Burgenland Holding AG		2002/03	2001/02	+/- %
Investment income	Mio EUR	3.3	3.3	-1.7
Net profit	Mio EUR	3.1	3.2	-1.9
Dividend/share	EUR	1.02 ¹⁾	1.02	-
Balance sheet total	Mio EUR	72.3	72.3	+0.1
Shareholders' equity	Mio EUR	72.2	72.2	+0.1

¹⁾ Proposal to the AGM

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Energising the Burgenland

Burgenland Holding AG

Burgenland Holding AG was set up on January 25, 1990, as a holding company in the partial privatisation process of BEGAS – Burgenländische Erdgasversorgungs-AG and Burgenländische Elektrizitätswirtschafts-AG (BEWAG).

It holds a 49% stake in the share capital of Burgenländische Elektrizitätswirtschafts-AG (BEWAG). The remaining 51% of the shares are held by the Province of Burgenland.

Similarly, Burgenland Holding AG continues to hold a 49% stake in the share capital of BEGAS. The remaining shares are held by BEGAS-Gemeindeanteilsverwaltung AG (GAV).

The shares of Burgenland Holding AG (capital stock: EUR 21.81m) are listed on the Official Market of the Vienna Stock Exchange under ISIN 00000640552. EVN AG holds a stake of 68.74% of the share capital of Burgenland Holding AG, while Wiener Stadtwerke AG Holding AG and Burgenländische Elektrizitätswirtschafts-AG (BEWAG) hold between 5% and 10% each. Verbund Austrian Hydro Power AG holds more than 10%. Other shareholders hold less than 5% each.

Burgenland Holding AG



Status as per September 30, 2003

Corporate Bodies

Supervisory Board

Chairman

Leopold Buchmayer

Vice Chairman

Peter Layr

Members

Werner Eckhardt

Franz Klein

Michael Obentraut

Werner Perz

Felix Sawerthal

Gerold Stagl

Management Board

Burkhard Hofer

Josef Paul Habeler (until June 4, 2003)

Michael Gerbavits (from June 4, 2003)

Corporate Governance

Corporate governance is part of Burgenland Holding's corporate approach. Therefore the Company has had its own Code of Corporate Governance since November 2003. For the first time now, shareholders and management are in possession of a set of rules that offer a clear and transparent illustration of management and corporate governance at Burgenland Holding. In contrast to the Austrian Code of Corporate Governance, which – due to the diversity of the companies concerned – has to leave some leeway in many areas, the Code of Corporate Governance in place at Burgenland Holding AG clearly and unambiguously regulates every single area addressed and thus contains no discretionary provisions whatsoever.

Burgenland Holding AG understands corporate governance as the total of all guidelines geared towards shareholder interests that aim to achieve transparency and a balance between management and review mechanisms while maintaining efficiency as well as the capacity to make decisions at the highest corporate level. Modelled on the basis of the Austrian Code of Corporate Governance (as

of September 2002), the Burgenland Holding Code of Corporate Governance comprises all those guidelines which ensure and optimise responsible management and review mechanisms at Burgenland Holding AG aimed at generating value in the long run. The Code is intended to offer a guideline to shareholders and the public in making their investment decisions.

You can request the Burgenland Holding Code of Corporate Governance at +43-2236-200 241 86, or by sending an e-mail to info@buho.at.



Foreword

Ladies and Gentlemen, dear shareholders!

The business year 2002/03 was marked by a satisfactory performance of Burgenland Holding AG, whose success is determined mainly by the dividends it receives from its stakes in BEWAG and BEGAS. While the BEWAG dividend remained unchanged compared to the previous year, the dividend distributed by BEGAS was pro-rated due to its shortened business year, and thus reduced accordingly. This is also the main reason for the fact that Burgenland Holding AG shows a reduced net profit for 2002/03. Yet, even though net profit is down for the year, the Management Board will recommend the distribution of an unchanged dividend to the annual general meeting.

Supply and legal certainty

The harmonised European energy market is still in its early stages and is characterised by heterogeneous degrees of liberalisation and market regulations. It is therefore difficult to make accurate predictions concerning the impact of deregulation in the medium term.

One particularly sensitive aspect of deregulation is the security of supply, which has become evident again especially during the last few months. The electricity bottlenecks and temporary shutdowns in some European countries during the summer as well as the largest power outage in the history of the U.S. show clearly the significance and the value of the uninterrupted power supply in Austria we have come to consider as normal.

Recent developments have demonstrated that a reliable high-quality energy supply in Europe depends on a delicate balance of market regulations, generation conditions, and capital market requirements. Thus, in preparing for the deregulated market, one will have to take into account not only potential short-term cost and price reductions, but – even more important – aspects of safeguarding uninterrupted service and consistent quality in the long term for the benefit of our customers and shareholders. The extremely flexible energy mix of the grid-bound energy sector in Austria and the high level of supply security and quality will certainly serve as standards for the future.

Without any question, there is more at stake than simply implementing a competition model based purely on legal aspects. Furthermore, the issue of legal certainty for companies in the energy sector is of importance in this context. Continual changes to the legal framework (and thus the business environment) are definitely not ideal to form a sound basis for decisions in an industry which has traditionally had extremely long investment cycles.

Outlook

Against the backdrop of these fundamental changes outlined above, BEWAG and BEGAS are faced with several challenges. Above all, there is, of course, the pivotal need to adapt to the new competitive environment. Issues in this context range from the business size necessary for the open market via the selection of suitable partners to the innovative and customer-oriented design of the product and service range. At the same time, matters such as the responsibility for long-term supply security and quality and the positioning in the areas of generation and distribution need to be redefined.

By joining EnergieAllianz, in which BEWAG and BEGAS hold 7% and 3%, respectively, the two companies have laid the foundation for a successful future. The alliances with OMV (already set up) and Verbund (in preparation) formed by EnergieAllianz should help to achieve an appropriate size on an international scale and thus make sure that the opportunities arising from market deregulation in an enlarged Europe can be exploited to the maximum extent.

Michael Gerbavits

Burkhard Hofer

The economic environment

Overall economic situation remains subdued

2002/03: Economy continues to be weak in industrialised countries, German economy stagnant

Primarily due to the war in Iraq, the hopes for a speedy recovery of the world economy were dashed in the course of the year under review. The U.S. economy showed a relatively favourable development thanks to the stimulus of expansive fiscal and monetary measures. After the U.S. economy grew significantly faster (+2.4%) than that of the Euro zone (+0.8%) in 2002, current forecasts show that this gap will be even more marked in 2003 (U.S. +2.6%, Euro zone +0.5%).

The European economy was dampened mainly by the stagnation of the German economy expected for 2003, with Austria also suffering from the weak performance of its most important trading partner by far. Austria showed a modest growth rate of 1% in 2002, which will decline further to 0.7% in 2003; what was particularly unsatisfactory was the development of the demand for consumption and investment.

Hopes for economic recovery focus on 2004

The majority of leading indicators suggest a significant improvement of the economic situation in the industrialized countries in 2004. In Europe, this rebound will lag behind and will not be as marked, however. Provided that no global-political tensions arise, the growth rate in the Euro zone might still reach 1.5% to 2%.

Positive factors in this context would include lower interest and inflation rates as well as the pent-up investment demand. Risks include the U.S. deficits and the possibility of a further depreciation of the U.S. dollar, which would have a negative impact on Europe.

Based on continued solid growth in Eastern Europe and increased domestic demand, Austria could experience a real economic growth rate of 1% to 2%.

Slightly better development in the Burgenland

Due to the good performance in tourism and manufacturing, the gross regional product is expected to rise by 1.3% in 2003, compared to a growth rate of 0.9% for Austria as a whole. For 2004, a significantly more dynamic economy is expected to grow by 2.6% in the Burgenland, with economic growth reaching 2.1% for Austria.

In a poll on economic expectations for the second quarter of 2003, a slight improvement in the areas of business situation, order books, and production activity was recorded. It is noteworthy that all companies surveyed expect the business situation in six months to remain unchanged or even improve.

Even though the number of people employed is on the rise, the number of unemployed has also increased slightly over the past few months. The number of employed persons stood at 87,793 in August 2003, marking a 2.1% increase over the previous year, while the number of unemployed persons rose by 0.3% to 6,007.

The energy sector

It goes without saying that the conditions in the energy sector have a major impact on the performance of an energy provider. For one thing, they are shaped by climatic conditions, which above all determine the energy needed for heating purposes. At the same time, the development of the level of the water supply in the rivers (hydraulicity) is of importance, as it affects the generation of electricity from hydropower and thus the cost situation of supplying electricity. Furthermore, the price of primary energy, which is determined mainly by crude oil prices, has a significant impact on performance.

The following factors were particularly relevant for the reporting period:

- The temperatures in the reporting period, as measured by heating degree days – an industry measure indicating the temperature-induced energy need – were 11.1% higher than in the previous year. This had a basically positive impact on sales of gas and heat.
- Energy procurement expenditures continue to be extremely high. The main reason for this trend is the increase in purchasing prices for electricity and primary energy, with additional expenditure for eco-electricity and balance energy adding to the problem.
- An increase in the market price of electricity was caused particularly by the continued heat and the drought during the summer. As a result of low hydraulicity, hydropower generation was reduced significantly, while at the same time numerous thermal power plants had to be switched off due to a lack of cooling water throughout Europe.
- As had been expected, the complete deregulation of the Austrian gas market as of October 1, 2002, has led to the entry of new players and thus increased competitive pressure. The new market rules have also created new requirements, and especially the regulation of grid operations has created new expenditures.
- In response to the complete deregulation of the market, both BEWAG and BEGAS carried out fundamental changes to their distribution structures. In both companies, trading as well as key account management were shifted to separate companies within EnergieAllianz or to "Austrian solutions" established together with OMV or Verbundgesellschaft.

Burgenland Holding AG

The 2002/03 Business Year

October 1, 2002 – September 30, 2003

Highlights

- Proposal to the AGM: Dividend of EUR 1.02 per share

Stable income situation

The performance of Burgenland Holding is determined mainly by the dividends of the two associated companies BEWAG and BEGAS.

In the 2002/03 business year, Burgenland Holding received investment income amounting to EUR 3.25m, which was composed of the BEGAS dividend of EUR 0.602m for the 2001/02 business year and the BEWAG distribution in the amount of EUR 2.649m for the 2002/03 business year.

In addition, Burgenland Holding received investment income of EUR 3,227.88 from its 0.53% stake in Wiener Börse AG.

In total, investment income was EUR 0.06 m, or 1.7 %, below the corresponding value for the previous year. This decline in investment income can be put down to BEGAS dividend, which was pro-rated in line with its shortened business year.

Burgenland Holding AG does not engage in operations itself and employs no personnel. Research and development activities are not carried out within the company but in its associated enterprises.

Based on the net profit for 2002/03, a dividend in the amount of EUR 1.02 per share, totalling EUR 3.06 m, will be proposed to be distributed to the shareholders.

Stable balance sheet and capital structure

Burgenland Holding's sound capital structure remained basically unchanged compared to the 2001/02 business year. The balance sheet total stood at EUR 72.3m and was thus at the same level as in the previous year. Like last year, the equity ratio was 99.9%.

Burgenland Holding AG

		2002/03	2001/02	+/- %
Pre-tax profit	Mio EUR	3.1	3.2	-2.0
Investment income	Mio EUR	3.3	3.3	-1.7
Net profit	Mio EUR	3.1	3.2	-1.9
Balance sheet total	Mio EUR	72.3	72.3	+0.1
Fixed assets	Mio EUR	70.3	70.3	0.0
Current assets, prepaid expenses and deferred charges	Mio EUR	2.0	1.9	+3.5
Shareholders' equity	Mio EUR	72.2	72.2	+0.1
Liabilities	Mio EUR	0.1	0.1	+4.6

The Burgenland Holding Share

Once again, the Austrian stock market indices managed to outperform the international indices for the reporting period of October 2002 to September 2003, with the ATX rising by 27.78% and the WBI increasing by 24.1%.

By contrast, the DOW JONES EURO STOXX UTILITIES industry index, which – except for a sharp drop in February and March 2003 – moved more or less sideways, rose by a meager 1.1% in the same period.

The most important international stock exchange indices also performed positively in the end after going through turbulent times. In figures, the DOW JONES rose by 18.16% and the German DAX climbed by 13.67%.

In the same period, the Burgenland Holding share eased 5.84%, with the share having a weighting of 0.39% in the WBI as of the last trading day of September 2003.

Investor Information

		2002/03	2001/02
Share price at the balance sheet date	EUR	50.00	53.10
52-week high	EUR	54.00	55.56
52-week low	EUR	45.00	53.00
Market capitalisation as of the balance sheet date	Mio EUR	150.0	159.3

Important dates for investors: see back of this report
Details on the share: see inside front cover

Share price Burgenland Holding/WBI (%)



BEWAG

The 2002/03 Business Year

Information on the performance refers to the quarterly pro-forma consolidated statement of BEWAG (balance sheet date: March 31) and BEWAG Energievertrieb GmbH&Co KG (balance sheet date: September 30) (no consolidation according to the Austrian Commercial Code).

Highlights

- Increase of electricity sales by 9.0%
- Increase of sales revenues by 2.2%
- Moving the balance sheet date to September 30

Sales and supply

In the 2002/03 business year, BEWAG's electricity supply amounted to 1,441.0 GWh, which corresponds to an increase over the previous of about 10.3% (2001/02: 1,306.4 GWh). At 1,354.3 GWh, sales to final cus-

tomers were 9.0% higher than in the previous year. In addition, 17.7 GWh of eco-electricity were sold to other electricity providers in the 2002/03 business year.

Income situation

The 2.2% increase in revenues compared to the previous year can be put down mainly to the increase in sales volume, which – together with a return of customers as a result of joining EnergieAllianz – helped to compensate for the grid price reduction as of April 1, 2002.

The pre-tax profit of EUR 25.8m marked an increase of EUR 11.3m, or 77.3%, compared to the previous year. This increase was mainly due to a provision set up last year which was not matched by a similar charge in the current business year.

Balance sheet and capital structure

As of March 31, 2003, the balance sheet total amounted to EUR 368.3m, and was thus 3.3% higher than in the previous year. Shareholders' equity including untaxed reserves rose by 9.3% to EUR 162.3m, resulting in an equity ratio of 44.1% (2001/02: 41.6%). The negative cash flow of EUR -9.6m results from the participation in the BEWAG-Group cash pooling; had that money been left in the fund, the cash flow would be approximately EUR +7.7m.

Short 2003 business year

Due to the harmonisation of the business years within EnergieAllianz, BEWAG has moved its balance sheet date to September 30, which results in a short business year for the period of April 1, 2003 to September 30, 2003. The complete financial statements were not yet available at the time of printing.

Sales and supply

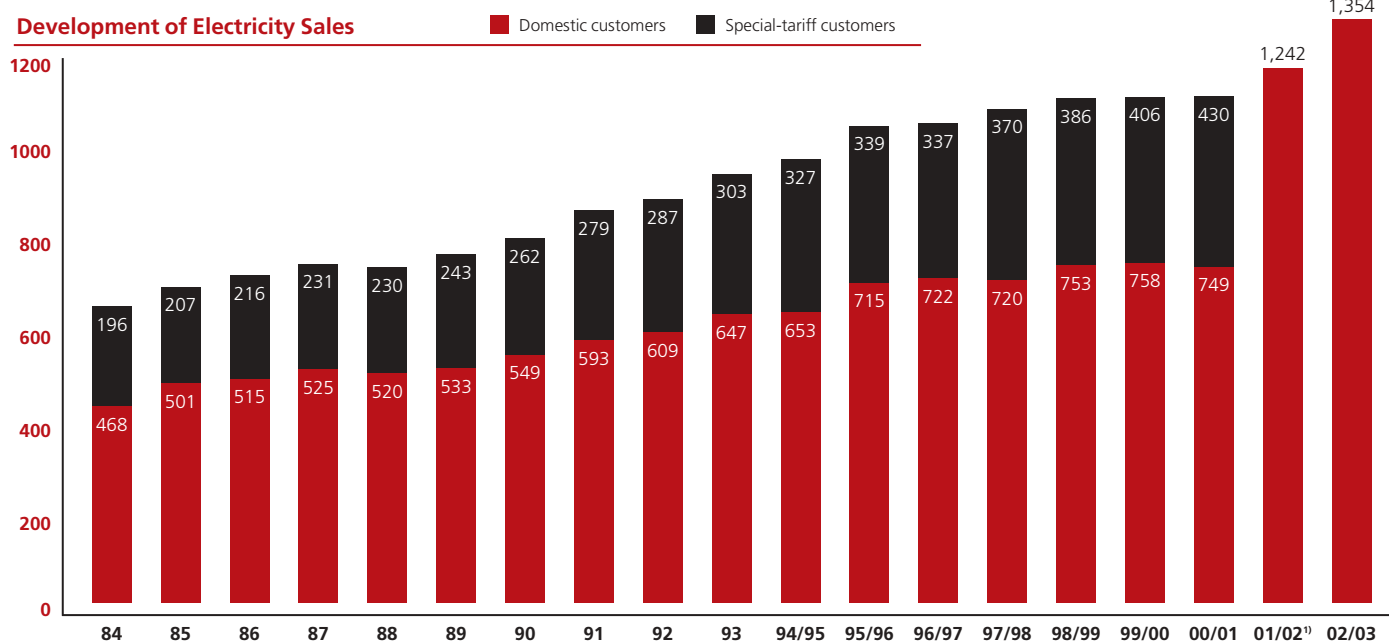
In the short 2003 business year, BEWAG's electricity supply amounted to 633.1 GWh, which corresponds to a 2.4% increase over the same period in the previous year. At 604.0 GWh, electricity sales to final customers were 4.5% higher than in the previous year. In the same period the previous year, 10.5 GWh of eco-electricity were sold to other electricity providers in one-off transactions.

BEWAG

		2002/03	2001/02	+/- %
Total electricity sales	GWh	1,354.3	1,242.2	+9.0
Revenues	Mio EUR	122.9	120.3	+2.2
Pre-tax profit	Mio EUR	25.8	14.5	+77.3
Balance sheet total	Mio EUR	368.3	356.6	+3.3
Shareholders' equity ¹⁾	Mio EUR	162.3	148.5	+9.3
Operating cash flow	Mio EUR	-9.6	13.1	-173.3

¹⁾ including untaxed reserves

Development of Electricity Sales



¹⁾ As of 2001/02, the distinction between domestic and special-tariff customers is no longer made.

BEGAS Short 2001/02 business year

November 1, 2001 – September 30, 2002

Highlights

- Moving the balance sheet date to September 30
- Increase of gas sales by 9.0% over the corresponding period in the previous year

Sales

The reporting period covers the short business year from November 1, 2001, to September 30, 2002. In total, 154.9 m of natural gas was sold, which represents an increase of 9.0% compared to the corresponding 11-month-period in the previous year. Besides

the expansion of the existing natural gas grid, the increase can be put down to enlarged consumption of major clients.

Income situation

Natural gas sales yielded EUR 49.0m in revenues in the short 2001/02 business year. This represents a decline of 4% compared to the corresponding period in the previous year, as the improved purchasing conditions were passed on in the form of a sales price reduction, and through indexation for industrial customers.

BEGAS

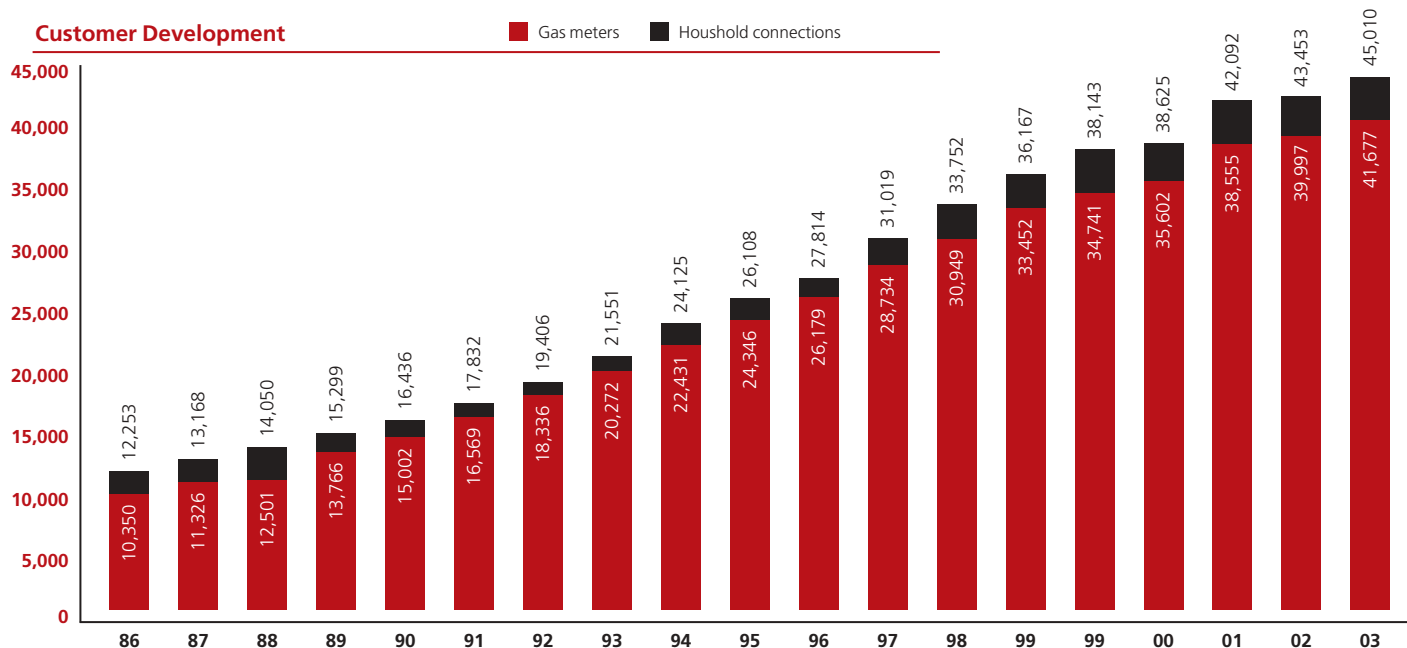
		2001/02 ¹⁾	2000/01 ²⁾
Domestic customers	Mio m ³	74.6	74.7
Industrial customers	Mio m ³	60.3	60.9
Special-tariff customers	Mio m ³	18.4	18.2
Sontracting customers	Mio m ³	1.7	1.3
Natural gas sales – total volume	Mio m ³	154.9	155.1
Natural gas sales	Mio EUR	49.0	51.8
Pre-tax profit	Mio EUR	4.3	5.9
Net profit	Mio EUR	1.2	4.9
Balance sheet total	Mio EUR	160.7	127.5
Shareholders' equity ³⁾	Mio EUR	79.8	79.8
Operating cash flow	Mio EUR	9.4	12.2

¹⁾ Nov 1, 2001 to Sep 30, 2002

²⁾ Nov 1, 2000 to Oct 31, 2001

³⁾ incl. untaxed reserves and construction cost grants

Customer Development



Development of BEGAS in the first three quarters of 2002/03

October 1, 2002 – June 30, 2003

At the editorial deadline, the financial statements for BEGAS as of September 30, 2003 were still being prepared.

Information on the performance refers to the pro-forma consolidated quarterly statement of BEGAS and BEGAS Energievertrieb GmbH&Co KG (no consolidation according to the Austrian Commercial Code).

Natural gas sales

The reporting period covers the first three quarters of the 2002/03 business year.

In total, 159.4 m of natural gas were sold in the grid from October 2002 to June 2003.

This represents an increase of 5.4% compared to the same period in the previous year, which is due to the continuing cold climate in the winter months of the current business year.

Income situation

The BEGAS Group generated sales revenues of EUR 44 m in the reporting period of the 2002/03 business year, which marks a reduction compared to the previous year. This is due to the fact that industrial customers (total annual consumption more than 500,000 m³) were transferred to the newly founded EconGas GmbH as of October 1, 2002, in which BEGAS holds a 2.6% stake.

Development

		2002/03 ²⁾	2001/02 ¹⁾
		1 st -3 rd Quarter	1 st -3 rd Quarter
Industrial customers	Mio m ³	47.9	42.2
Households and small businesses	Mio m ³	111.5	92.2
Total natural gas sales volume	Mio m ³	159.4	134.4
Sales revenues	Mio EUR	44.0	45.2

¹⁾ November 1, 2001 – July 31, 2002

²⁾ October 1, 2002 – June 30, 2003

Outlook

In view of the difficult environment, BEWAG and BEGAS showed a satisfactory performance. While the dividend from BEWAG remained unchanged from last year, that from BEGAS was down in line with the shortened 11-month business year. This is also the main reason for the lower net profit of Burgenland Holding AG in the 2002/03

business year. In spite of the decreased profit, however, the Management Board will propose the distribution of an unchanged dividend to the AGM.

Due to the harmonisation of the business years within EnergieAllianz, BEWAG has also moved its balance sheet date to September 30, which results in a short business year for the period of April 1, 2003 to September 30, 2003.

Balance Sheet

ASSETS

	Sep. 30, 2003	Sep. 30, 2002
	EUR	TEUR
A. Fixed assets		
I. Financial assets		
1. Investments	70,345,170.65	70,341.4
	70,345,170.65	70,341.4
B. Current assets		
I. Accounts receivable and other current assets		
1. Receivables from affiliated companies	1,972,281.67	1,880.0
2. Other receivables	5,967.38	4.0
	1,978,249.05	1,884.0
II. Cash in hand and with banks		
1. Cash with banks	21,936.39	46.9
	2,000,185.44	1,930.9
C. Prepaid expenses and deferred charges	890.42	0.9
Total Assets	<u>72,346,246.51</u>	<u>72,273.1</u>

LIABILITIES

	Sep. 30, 2003	Sep. 30, 2002
	EUR	TEUR
A. Shareholders' equity		
I. Share capital	21,810,000.00	21,810.0
II. Capital reserves		
1. Committed reserves	43,676,373.33	43,676.4
III. Retained earnings		
1. Other reserves (free reserves)	3,690,000.00	3,620.0
IV. Net profit	3,062,480.38	3,064.3
Thereof profit carry-forward	4,312.35	5.7
	72,238,853.71	72,170.7
B. Provisions		
1. Tax provisions	875.00	0.9
2. Other provisions	13,960.00	15.4
	14,835.00	16.3
C. Liabilities		
1. Trade accounts payables	1,594.42	0.2
2. Liabilities to affiliated companies	90,963.38	85.5
3. Other liabilities	0.00	0.4
	92,557.80	86.1
Total Liabilities	72,346,246.51	72,273.1

Income Statement

October 1, 2002 to September 30, 2003

(Period of comparison: October 1, 2001 to September 30, 2002)

	2002/03 EUR	2002/03 EUR	2001/02 TEUR
1. Other operating income			
a) Income from the reversal of provisions		545.07	7.3
b) Other		609.72	0.0
2. Depreciation			
a) On tangible assets		0.00	-1.4
3. Other operating expenses			
a) Taxes	-630.31		-0.3
b) Others	-147,003.41		-150.9
		-147,633.72	-151.3
4. Subtotal 1 to 3 (operating result)		-146,478.93	-145.3
5. Income from investment		3,254,277.69	3,309.8
(From affiliated companies EUR 0.00; previous year TEUR 0)			
6. Other interest and similar income		31,177.16	39.1
(From affiliated companies EUR 30,752.0; previous year TEUR 37.4)			
7. Interest and similar expenses		-8,652.62	-11.5
(Concerning affiliated companies EUR -8,652.62; previous year TEUR -11.5)			
8. Subtotal 5 to 7 (financial result)		3,276,802.23	3,337.4
9. Pre-tax profit		3,130,323.30	3,192.1
10. Taxes on income		-2,155.27	-3.5
11. Net income		3,128,168.03	3,188.6
12. Transfer to retained earnings		-70,000.00	-130.0
13. Profit carry-forward		4,312.35	5.7
14. Net profit		3,062,480.38	3,064.3

Development of Fixed Assets

EUR	Acquisition cost Oct. 1, 2002	Additions	Disposals
I. Financial assets			
Investments	70,341,350.20	3,820.45	0.00
Fixed assets - total	70,341,350.20	3,820.45	0.00

Reclassification	Acquisition cost Sep. 30, 2003	Value adjustments Sep. 30, 2003	Net book value Sep. 30, 2003	Net book value Sep. 30, 2002	Depreciation 2002/03
0.00	70,345,170.65	0.00	70,345,170.65	70,341,350.20	0.00
0.00	70,345,170.65	0.00	70,345,170.65	70,341,350.20	0.00

General

General accounting principles

The financial statements were prepared in accordance with GAAP as well as the general principle of presenting a true and fair view of the company's asset, financial, and income situations.

In preparing the financial statements, the principle of completeness was observed. Individual valuation and going-concern principles were applied in valuing individual assets and liabilities.

The principle of prudence was taken into account by showing only those profits which had been realised as of the balance-sheet date. All potential risks and impending losses were duly recognised.

The Company is a group company according to section 15 of the Austrian Stock Corporation Act, and as an affiliated company pursuant to section 244 Austrian Commercial Code part of the consolidated group of EVN AG, Maria Enzersdorf.

Fixed assets

The financial assets were valued at acquisition cost.

Accounts receivable and other assets

Accounts receivables and other assets were valued at face value. Foreign exchange receivables were valued at the lower of exchange rate on the date they accrued or exchange rate on the balance-sheet date. In case individual risks were recognised, the lower value was entered.

Provisions

In accordance with the principle of prudence, the provisions contain all risks recognised at the time of preparing the balance sheet as well as all contingent liabilities at those amounts which are required under due diligence.

Liabilities

Liabilities were valued at the amount to be repaid.

Notes to the Balance Sheet and the Income Statement

Notes to the balance sheet

Fixed assets

Development

The development of the individual items under fixed assets and the breakdown of annual depreciation by individual items are shown in the fixed-asset schedule as an attachment to the notes.

Investments

	Total Stake	Equity Capital (under section 224 (3) Comm. Code)	Net income	As of
	%	TEUR	TEUR	
BEWAG Office: Eisenstadt	49.00	144,673.1	15,711.2	March 31, 03
BEGAS Office: Eisenstadt	49.00	44,676.7	1,225.5	Sep. 30, 02
Wiener Börse AG Office: Vienna	0.53	24,570.0	834.2	Dec. 31, 02

Receivables and other assets

Breakdown (Figures for previous year in parentheses)

	According to balance sheet	Those with remaining maturity of	Those evidenced by b/e	Lump-sum value adjustment
	TEUR	TEUR	TEUR	TEUR
Receivables from affiliated companies	1,972.3 (1,880.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Other receivables and assets	6.0 (4.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Current year - total	1,978.2	0.0	0.0	0.0
Previous year - total	(1,884.0)	(0.0)	(0.0)	(0.0)

The receivables from affiliated companies cover exclusively receivables from finance activities.

The accruals amounting to EUR 890.42 (previous year TEUR 0.9) are made up exclusively of other deferred charges.

Shareholders' equity

Mandatory disclosure for stock corporations

The Company's share capital was reorganised following a resolution of the Tenth Annual General Meeting on July 7, 1999, and now amounts to EUR 21.81 m, made up of 3 million individual bearer shares.

The Tenth Annual General Meeting on July 7, 1999, authorised the management to in-

crease the Company's share capital by a nominal value of up to EUR 1,816,820.85 by issuing new shares against cash, given the supervisory board's consent, and to determine the issue price and other issue conditions in cooperation with the supervisory board.

Provisions

Other provisions are composed as follows:

Item	As of Sep. 30, 2003 TEUR	As of Sep. 30, 2003 TEUR
Supervisory board reimbursement	8.9	8.6
Audit and legal counsel	5.0	4.9
Management board expenses	0.0	1.9

Liabilities

The payables due to affiliated companies are made up exclusively of trade accounts payable.

Breakdown (Figures for previous year in parentheses)

	According to balance sheet TEUR	Those with remaining maturity of <1yr TEUR	Those with remaining maturity of >1yr TEUR
Trade accounts payable	1.6 (0.2)	1.6 (0.2)	0.0 (0.0)
Payables due to affiliated companies	91.0 (85.5)	91.0 (85.5)	0.0 (0.0)
Other liabilities	0.0 (0.4)	0.0 (0.4)	0.0 (0.0)
Current year - total	92.6	92.6	0.0
Previous year - total	(86.1)	(86.1)	(0.0)

Notes to the Income Statement

The income statement was prepared in accordance with the total expenditure format.

Investment income

Income investment comprises dividend payouts of BEWAG for the 2002/03 business year (TEUR 2,649.3), of BEGAS for the 2001/02 business year (TEUR 601.8), and of Wiener Börse AG for the 2002 business year (TEUR 3.2).

Other Information

Corporate bodies and employees

In the business year under review, the following persons were members of the management board:

Burkhard Hofer
Josef Paul Habeler (until June 4, 2003)
Michael Gerbavsits (from June 4, 2003)

Expenses for the members of the management board amounted to EUR 1,362.63 for the reporting period (previous year: TEUR 1.9). The remuneration for the management board is fixed in full.

In the business year under review, the following persons were members of the supervisory board:

Leopold Buchmayer (Chairman)
Peter Layr (Vice Chairman)
Werner Eckhardt
Franz Klein
Michael Obentraut
Werner Perz
Felix Sawerthal
Gerold Stagl

The members of the supervisory board received compensation in the amount of TEUR 11.6 (previous year: TEUR 11.8). The Company does not have employees.

Other remarks

The Company is a group company according to section 15 Austrian Stock Corporation Act, and is as an affiliated company part of the consolidated group of EVN AG, Maria Enzersdorf, pursuant to section 244 Austrian Commercial Code.

Eisenstadt, October 2003

Management Board



Michael Gerbavsits



Burkhard Hofer

Auditor's report

Pursuant to the current provisions of the Austrian Commercial Code (HGB), we have audited the financial statements of Burgenland Holding Aktiengesellschaft, 7000 Eisenstadt, Marktstraße 3, as of September 30, 2003, including accounting procedures. Preparation and content of these financial statements are the responsibility of the duly authorised representatives of the company. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with applicable Austrian law and generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We are satisfied that our audit has provided a sufficiently sound basis for our audit opinion.

Based on the audit we have conducted, we hereby confer the following unqualified audit opinion pursuant to Section 274 (1) Austrian Commercial Code:

"After having conducted our due audit of the Financial Statements, we hereby certify that they are in compliance with statutory requirements. The Financial Statements present a true and fair view of the company's assets, liabilities, financial position, and profit or loss in conformity with generally accepted accounting principles. The Management Report is consistent with the Financial Statements."

Eisenstadt, October 13, 2003

KPMG Burgenland Wirtschaftstreuhand-Gesellschaft mbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Johann Perthold m.p.
Regina Reiter m.p.
Chartered Accountants and Tax Consultants

Proposed distribution of Profits

The management board proposes the distribution of a dividend of EUR 1.02 per share, totalling EUR 3,060,000.00, from the net profit amounting to EUR 3,062,480.38 and carrying forward the remainder of EUR 2,480.38.

Eisenstadt, October 2003

The Management Board
Michael Gerbavsits m.p.
Burkhard Hofer m.p.

Report of the Supervisory Board

The supervisory board has fulfilled all relevant obligations by law and under the Company's by-laws.

The management board provided continuous information on the state of affairs and the Company's economic situation. The financial statements including the relevant notes were audited by KPMG Burgenland Wirtschaftstreuhand Gesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, which provided a written report of the audit and conferred its unqualified approval.

The supervisory board has approved the financial statements and relevant notes presented by the management board and has agreed to the management board's proposal concerning the distribution of profits. Therefore, the financial statements as of September 30, 2003, are deemed to be approved pursuant to section 125 (2) Austrian Stock Corporation Act.

In conclusion, the supervisory board would like to express its gratefulness to the management board for its efforts in the 2002/03 business year.

Eisenstadt, November 24, 2003

On behalf of the supervisory board
The Chairman
Leopold Buchmayer m.p.

Burgenland Holding AG

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Financial Calendar 2003/04¹⁾

1st quarter results	February 26, 2004
AGM	March 30, 2004
Ex-dividend date	April 5, 2004
Dividend payment	April 8, 2004
Half-year results	May 27, 2004
3rd quarter results	August 27, 2004
Annual results 2003/04	December 16, 2004

¹⁾ preliminary

03
04