Annual Report
for the Business Year
2010/2011

Energie AG Oberösterreich

(Financial statements for the Group and the Company)

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Annual Report 2010/2011

We care about tomorrow.

Annual Report 2010/2011

ENERGIE AG Oberösterreich

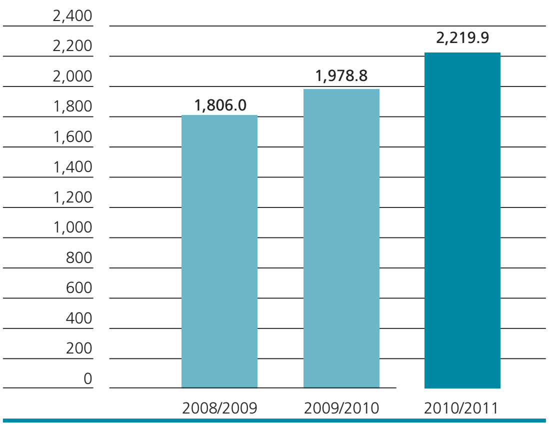
Energie AG at a Glance

	in	2010/2011	Change	2009/2010	2008/2009
Sales					
Energy Segment	EUR mill.	1,630.6	10.1%	1,480.8	1,369.4
Waste Management Segment	EUR mill.	456.2	20.1%	379.7	328.7
Water Segment	EUR mill.	133.1	12.5%	118.3	107.9
Group Sales	EUR mill.	2,219.9	12.2%	1,978.8	1,806.0
Results					
EBITDA	EUR mill.	286.3	- 1.0%	289.3	263.2
EBITDA margin	%	12.9	- 11.6%	14.6	14.6
Result of operations (EBIT)	EUR mill.	125.6	- 2.6%	128.9	105.5
EBIT margin	%	5.7	- 12.3%	6.5	5.8
Result before taxes	EUR mill.	87.1	- 7.9%	94.6	90.6
Consolidated net profit	EUR mill.	63.2	- 2.2%	64.6	69.3
Earnings per share	EUR	0.71	- 2.1%	0.725	0.779
Dividend per share	EUR	0.6	—	0.600	0.600
Balance sheet					
Balance sheet total	EUR mill.	3,725.0	0.8%	3,695.9	3,658.5
Equity	EUR mill.	1367.1	1.4%	1,347.9	1,302.2
Equity ratio	%	36.7	0.5%	36.5	35.6
Net debt[1]	EUR mill.	711.7	- 9.0%	782.4	805.7
Net gearing	%	52.1	- 10.2%	58.0	61.9
Cash Flow from operating activities	EUR mill.	279.0	2.7%	271.7	115.7
Rate of return					
ROCE	%	5.6	3.7%	5.4	4.8
Staff (average)					
Energy Segment	FTE	2,181	0.6%	2,169	2,135
Waste Management Segment	FTE	3,870	11.1%	3,482	3,238
Water Segment	FTE	1,703	3.7%	1,643	1,508
Group	FTE	7,754	6.3%	7,294	6,881

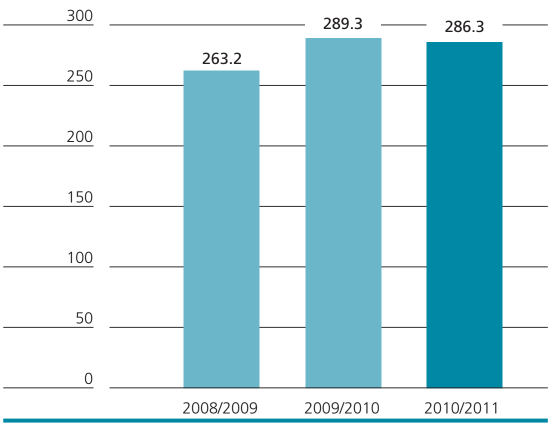
[1] Net debt = interest-bearing short-term and long-term liabilities minus liquid funds and short-term securities

Key Figures

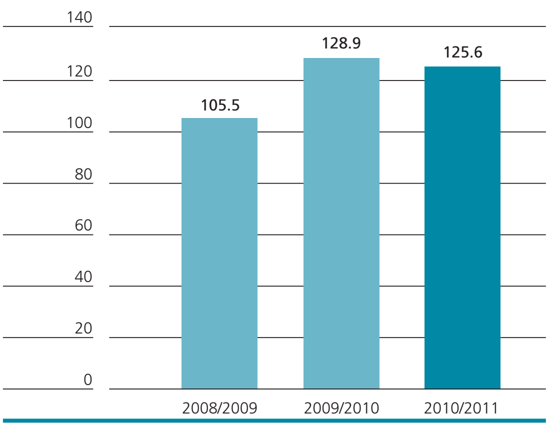
Group Sales in EUR mill.



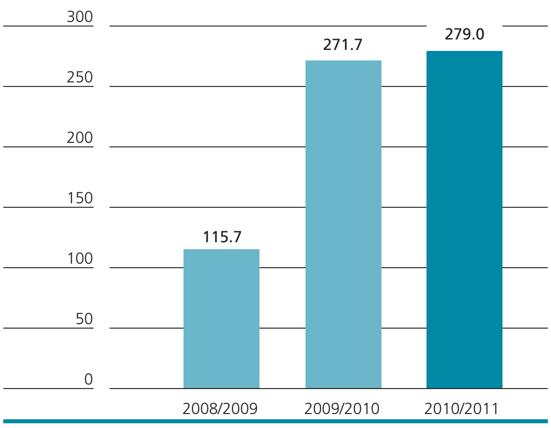
EBITDA in EUR mill.



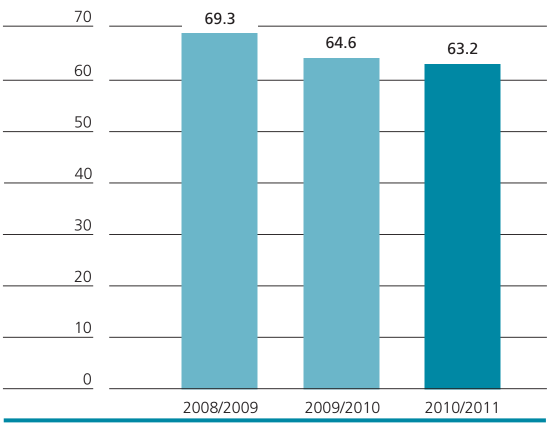
EBIT in EUR mill.



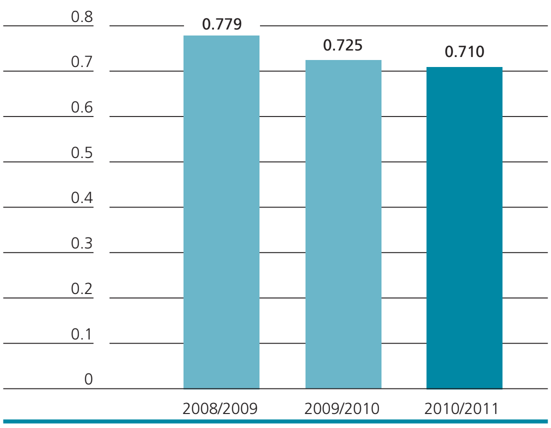
Operating Cash Flow in EUR mill.



Consolidated Net Profit in EUR mill.



Earnings per Share in EUR mill.



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"Will my children
also have a good world
to live in?"

"Energie AG and its subsidiaries give highest priority to the preservation and improvement of the quality of life in Upper Austria: from environmental and climate protection and the sustainable use of natural resources to state-of-the-art services which make day-to-day life easier."

GROUP OVERVIEW

Roland Pumberger
Member of the Board of Management

Leo Windtner
Chairman of the Board of Management

Werner Steinecker
Member of the Board of Management

Statement by the Chairman of the Board of Management

Achieving sales of EUR 2,219.9 million and an EBIT of EUR 125.6 million, Energie AG Oberösterreich was able to bring fiscal 2010/2011 to a successful conclusion. Given the extraordinary overall conditions, both in terms of the economy as a whole and of the energy sector in particular, it is gratifying to see that the result was even better than planned.

The most important factor that adversely affected the 2010/2011 result were the water levels for hydraulic production in the run-of-river power plants. Energy industry experts will note that this adverse impact was more or less evident in all of Austria's energy suppliers' financial statements, depending on the intensity of their engagement in hydropower. With a production coefficient of 0.79, which is 21 per cent below the multi-year mean value, Energie AG Oberösterreich is undoubtedly affected. Nevertheless, due to the extensive experience of our excellently trained employees, it was still possible to actively counteract this effect and avoid even higher production losses by plant optimisation efforts and various other countermeasures.

Energie AG Oberösterreich used this last fiscal year to give increased attention to power production from Renewable Energy Sources. Besides expanding hydropower and optimising existing power plants, attention was primarily given to the preparation of further forms of Renewable Energy production and the development of a basis for future investment decisions.

The feasibility study for the pumped storage power plant Ebensee was successfully completed. Currently, preparations are under way for the environmental impact assessment procedure. A wide-ranging wind power study was started for the region of Upper Austria; wind measurements will continue over the next weeks. Furthermore, Energie AG Oberösterreich is also working on a public participation concept for photovoltaic projects. Energie AG is additionally involved in promoting the provision of backup and balancing energy. Although no investment decision has yet been made in this respect, the Group recently successfully completed the environmental impact assessment procedure for a combined-cycle gas turbine power plant in Riedersbach. This underlines the broad responsibility the Group assumes in energy policy matters.

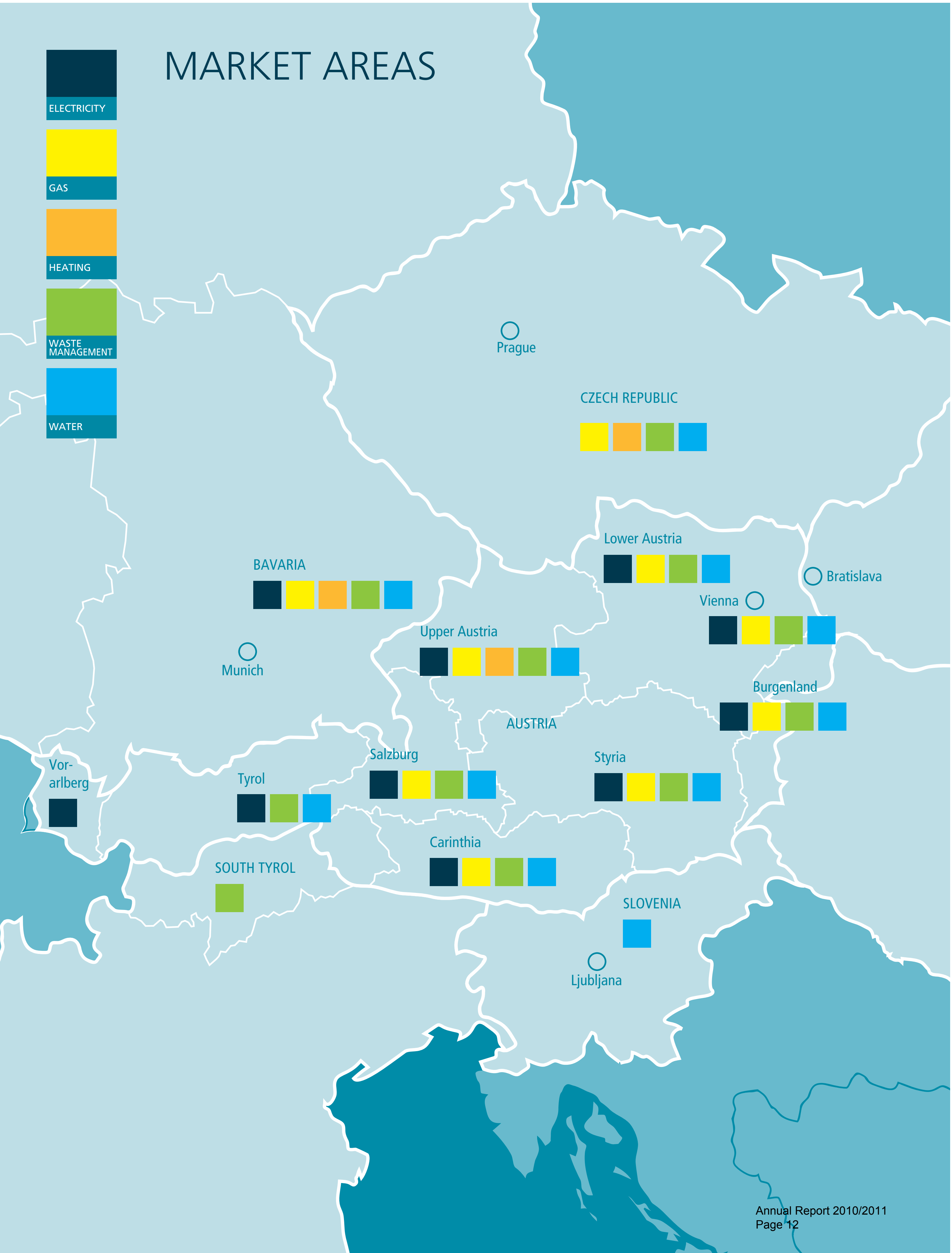
The Group's successful return to its originally planned path to success most importantly stems from contributions from the segments – Energy, Waste Management and Water – to the Group's overall result. These were once again stable and positive due to the favourable business performance. In the AVE Group, this markedly positive development is obviously attributable to the recovery of the prices for recyclable materials, but it is also a result of the Group's successful restructuring measures.

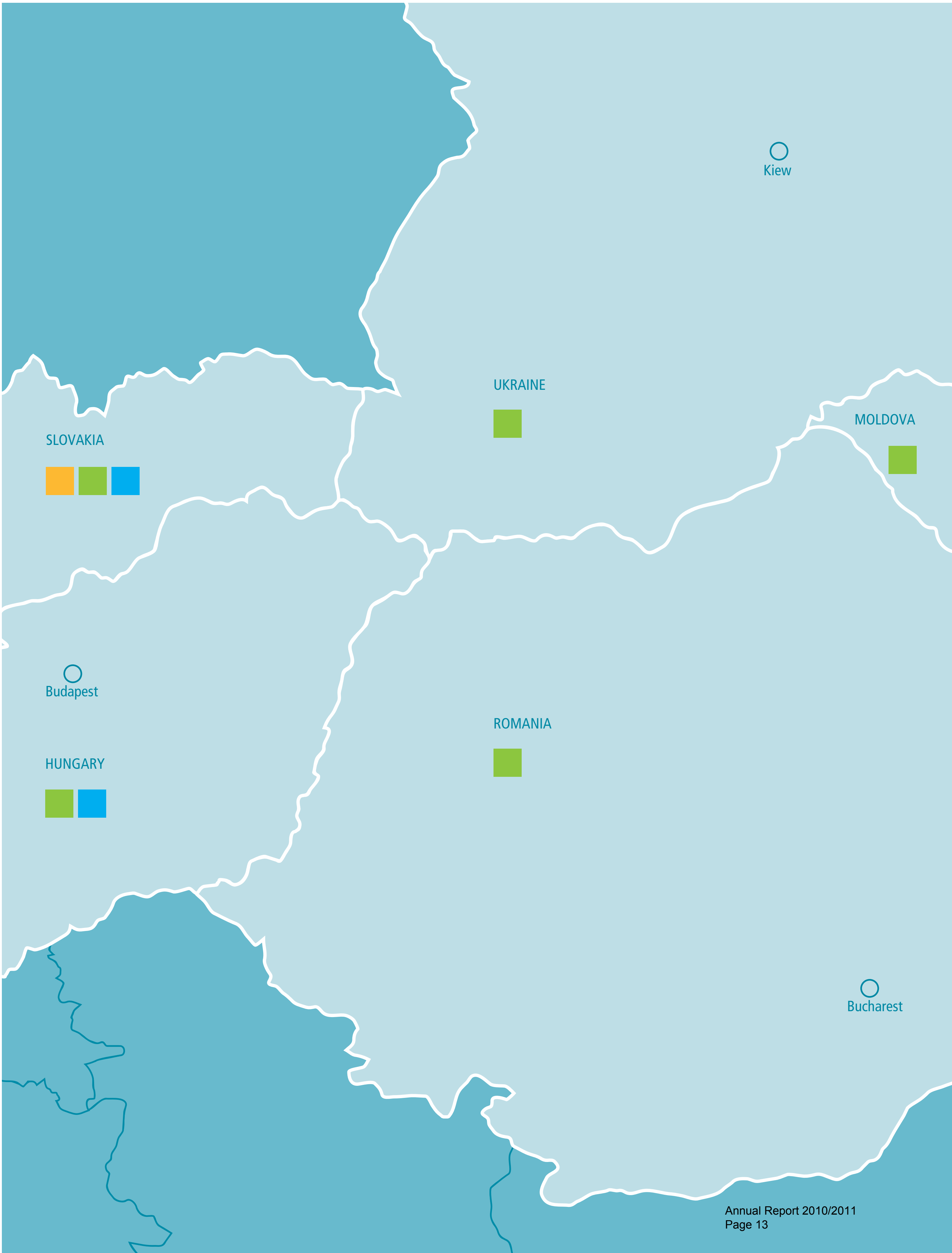
Irrespective of the indicated overall conditions, which made this fiscal year a very demanding one, the joint efforts of management and staff led to the success of once again achieving a solid business result. The Board of Management would like to extend their sincere thanks to all those involved who have demonstrated again their high-quality performance and commitment during the fiscal year just expired. The Board of Management would also like to thank the Supervisory Board, the shareholders and the business partners for their fruitful collaboration.

The prospects for the coming fiscal year again suggest that we will face continued major economic challenges. Nevertheless, the close and efficient collaboration between the Board of Management, the Supervisory Board, the executives and the staff allows Energie AG Oberösterreich to look confidently to the future. Security and quality of supplies, which will set the course for the future of energy, and economic success are our objectives. For our customers and the inhabitants of the regions supplied with our products and services, for shareholders and the public we are determined to continue to work hard to achieve successful results.

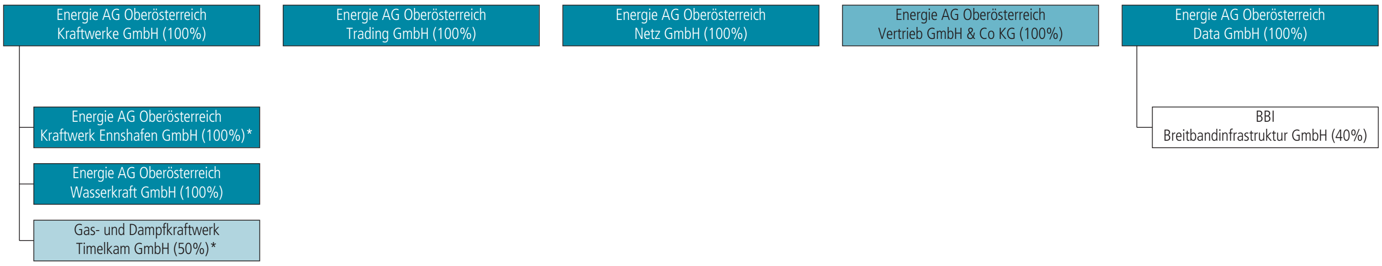
Leo Windtner
Chairman of the Board of Management

MARKET AREAS

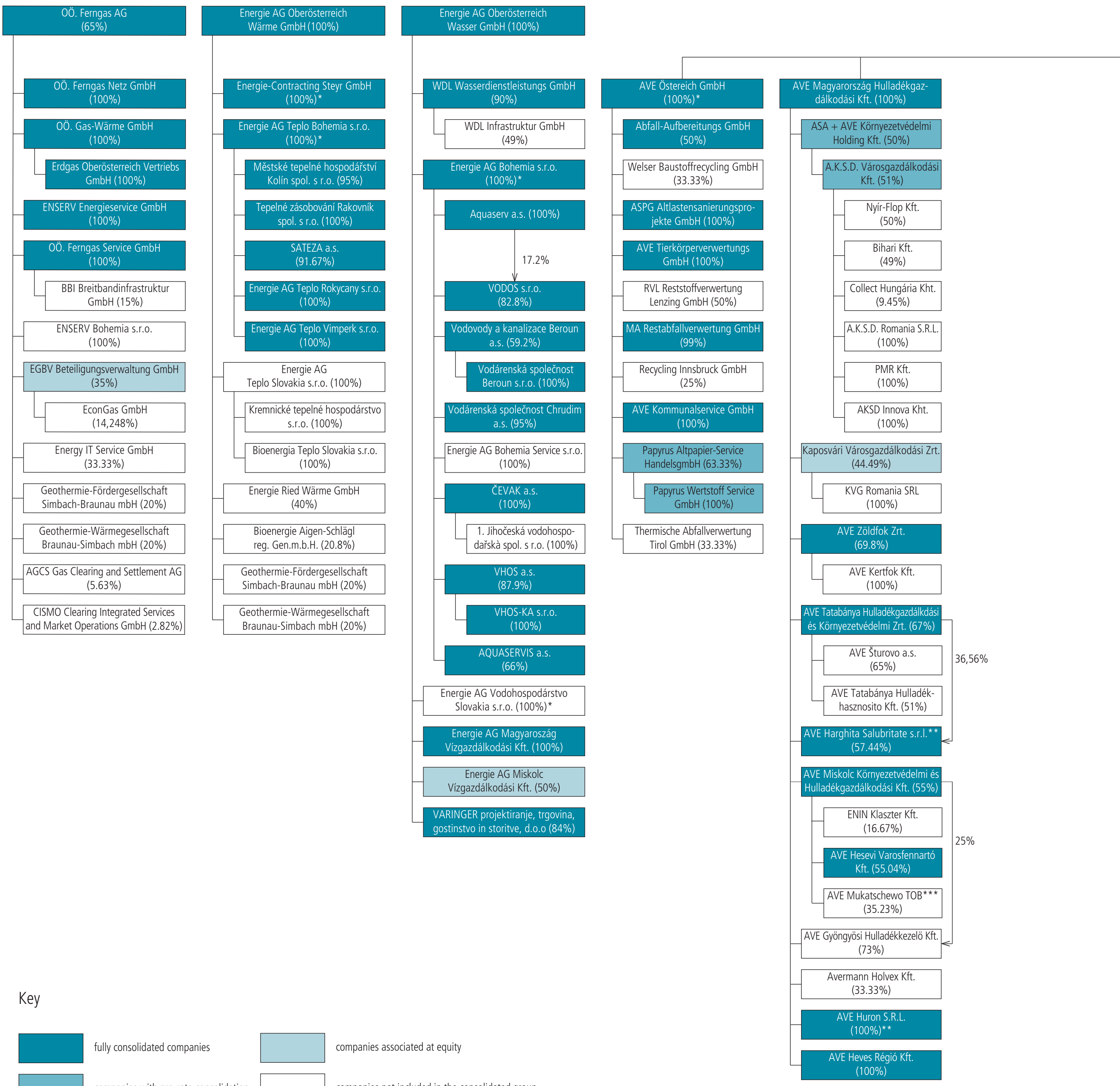



Kiew
UKRAINE
SLOVAKIA
MOLDOVA
Budapest
HUNGARY
ROMANIA
Bucharest

BUSINESS AREAS



Energie AG Oberösterreich (Holding)



Key

fully consolidated companies

companies associated at equity

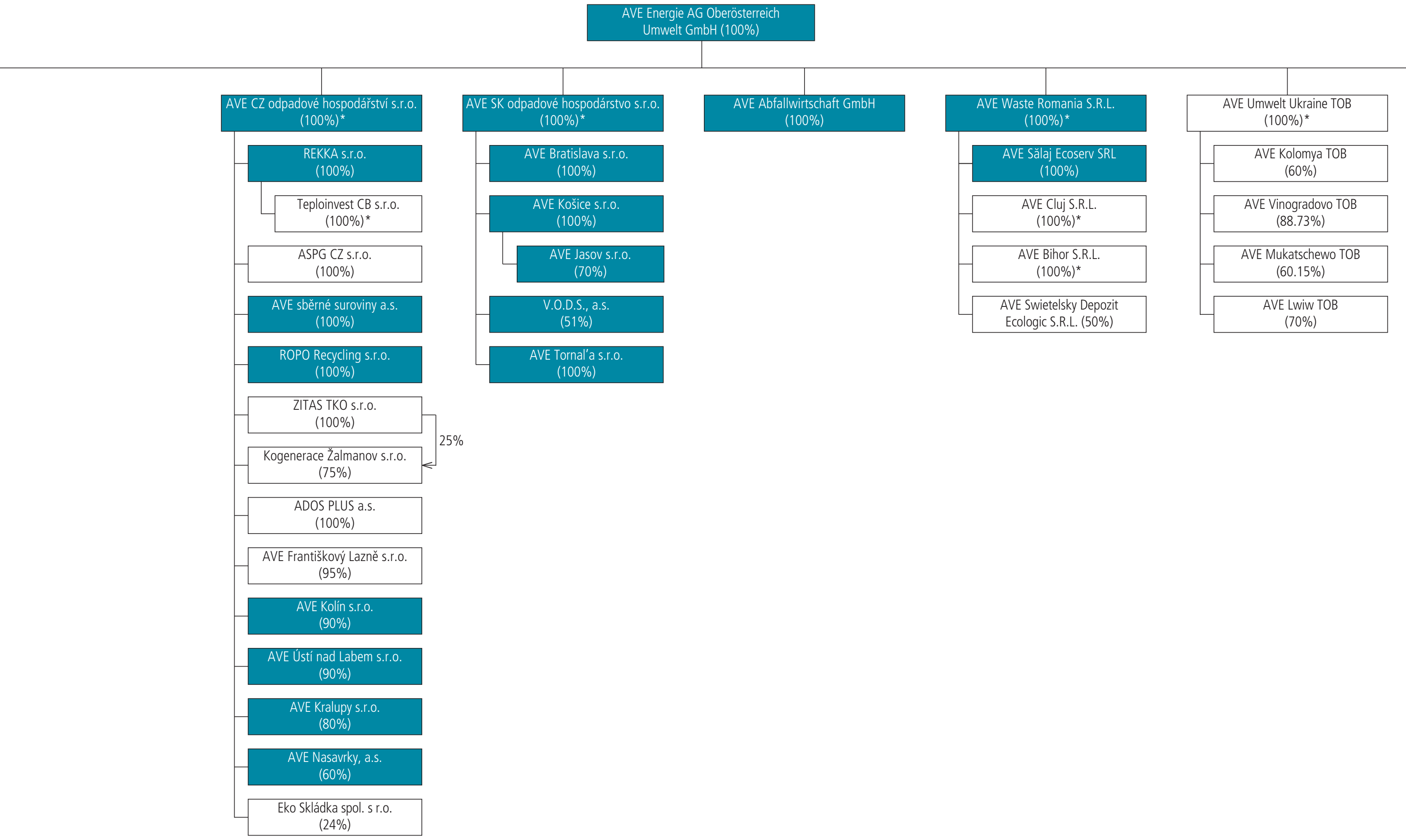
companies with pro-rata consolidation

companies not included in the consolidated group

*) The shares shown relate to the participation held by the Group.

**) part of AVE Romania

***) part of AVE Ukraine


AVE Energie AG Oberösterreich Umwelt GmbH (100%)
AVE CZ odpadové hospodářství s.r.o. (100%)*
REKKA s.r.o. (100%)
Teploinvest CB s.r.o. (100%)*
ASPG CZ s.r.o. (100%)
AVE sběrné suroviny a.s. (100%)
ROPO Recycling s.r.o. (100%)
ZITAS TKO s.r.o. (100%)
25%
Kogenerace Žalmanov s.r.o. (75%)
ADOS PLUS a.s. (100%)
AVE Františkový Lazně s.r.o. (95%)
AVE Kolín s.r.o. (90%)
AVE Ústí nad Labem s.r.o. (90%)
AVE Kralupy s.r.o. (80%)
AVE Nasavrky, a.s. (60%)
Eko Skládka spol. s r.o. (24%)
AVE SK odpadové hospodárstvo s.r.o. (100%)*
AVE Bratislava s.r.o. (100%)
AVE Košice s.r.o. (100%)
AVE Jasov s.r.o. (70%)
V.O.D.S., a.s. (51%)
AVE Tornal'a s.r.o. (100%)
AVE Abfallwirtschaft GmbH (100%)
AVE Waste Romania S.R.L. (100%)*
AVE Sălaj Ecoserv SRL (100%)
AVE Cluj S.R.L. (100%)*
AVE Bihor S.R.L. (100%)*
AVE Swietelsky Depozit Ecologic S.R.L. (50%)
AVE Umwelt Ukraine TOB (100%)*
AVE Kolomya TOB (60%)
AVE Vinogradovo TOB (88.73%)
AVE Mukatschewo TOB (60.15%)
AVE Lwiw TOB (70%)

Status 30 September 2011

- AVE Rottamix s.r.l. (Italien) (100%)
  - AVE Südtirol Recycling GmbH (100%)
- AVE Ungheni SRL (Moldawien) (61.91%)

SERVICE UNITS

- Energie AG Oberösterreich Business Services GmbH (100%)
- Energie AG Oberösterreich Customer Services GmbH (100%)
  - Market Calling Marketinggesell-schaft m.b.H. (60%)
- Energie AG Oberösterreich Personal Services GmbH (100%)
- Energie AG Oberösterreich Tech Services GmbH (100%)

SERVICE PARTICIPATIONS

- Energie AG Group Treasury Holding GmbH (100%)
  - Energie AG Group Treasury GmbH (100%)
- Energie AG Finance B.V. (100%)
- Energy IT Service GmbH (33.33%)

FINANCIAL PARTICIPATIONS

- VERBUND AG (0.032%)
- voestalpine AG (640.000 A ≙ 0.38%)
- OMV AG (10.000 A)

And misc. small, low-value participations

PRINCIPAL STRATEGIC PARTICIPATIONS

- Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH (100%)
  - ENAMO GmbH (65%)
    - ENAMO Ökostrom GmbH (100%)
  - Wels Strom GmbH (49%)
  - Salzburg AG für Energie, Verkehr und Telekommunikation (26.13%)
  - Energie AG Oberösterreich Fair Energy GmbH (100%)
    - IfEA Institut für Energieausweise GmbH (100%)
    - Energie AG Oberösterreich Renewable Power GmbH (100%)
    - Finadvice Fair Energy Wind Development S.z.b. (51%)
  - OÖ Science-Center Wels Errichtungs-GmbH (47.6667%)
  - Tauerngasleitung GmbH (16.9015%)
  - Power Tower GmbH (1%)
- Ennskraftwerke Aktiengesellschaft (50% + Procurement rights)
- Cogeneration-Kraftwerke Management Oberösterreich GmbH (100%)*
- LIWEST Kabelmedien GmbH (44%)
- Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mbh (100%)
- VERBUND Hydro Power AG (0.438% + Procurement rights)
- VERBUND Thermal Power GmbH & Co KG
- APCS Power Clearing and Settlement AG (2.88%)
- ECRA Emission Certificate Registry Austria GmbH (2%)
- CISMO Clearing Integrated Services and Market Operations GmbH (1.4399%)

Corporate Bodies

BOARD OF MANAGEMENT

Leo Windtner, Chief Executive Officer, Chairman of the Board of Management
Werner Steinecker, Member of the Board of Management
Roland Pumberger, Member of the Board of Management

SUPERVISORY BOARD

Shareholder Representatives

Gerhard Falch, CEO (Chairman)
Hermann Kepplinger, Member of the Provincial Government (First Deputy Chairman)
Ludwig Scharinger, CEO (Second Deputy Chairman)

Alois Froschauer, CEO
Franz Gasselsberger, CEO
Anna Maria Hochhauser, Secretary General
Michaela Keplinger-Mitterlehner, Member of the Management Board
Christina Khinast-Sittenthaler, Managing Director (until 23 May 2011)
Manfred Klicnik, Attorney at Law
Ruperta Lichtenecker, Member of the National Council
Maria Theresia Niss, Managing Director (since 12 September 2011)
Manfred Polzer, Deputy Director
Viktor Sigl, Member of the Provincial Government
Michael Strugl, Member of the Provincial Parliament
Bruno Wallnöfer, CEO

Works Council Representatives

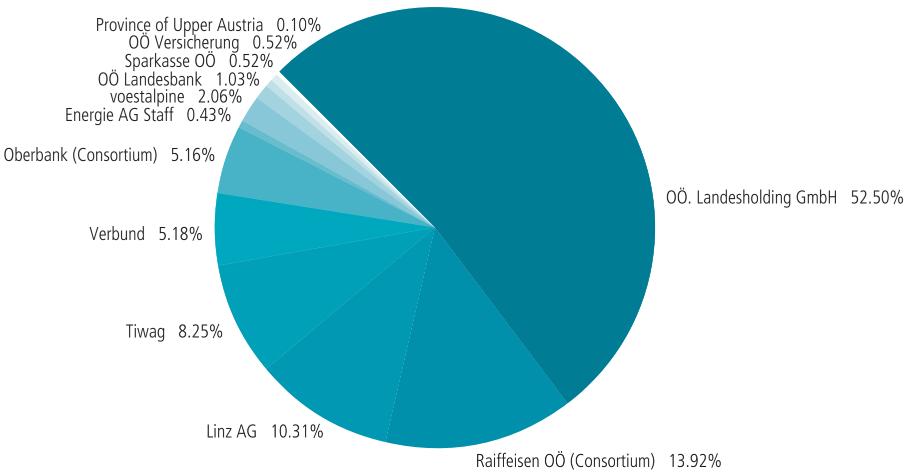
Manfred Harringer, Chairman of Works Council, Netz GmbH
Isidor Hofbauer, Chairman of Works Council, Kraftwerke GmbH
Peter Neissl, Chairman of Works Council, Tech Services GmbH
Bernhard Steiner, Chairman of Group Works Council
Gerhard Störinger, Chairman of Central Works Council, AVE Österreich GmbH
Egon Thalmair, Chairman of Central Works Council , OÖ. Ferngas AG
Daniela Wöhrenschimmel, Chairman of Works Council, Energie AG Oberösterreich (Holding)

Shareholder Structure of Energie AG Oberösterreich

• OÖ. Landesholding GmbH	52.50%
• Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (Consortium)	13.92%
• Linz AG für Energie. Telekommunikation. Verkehr und Kommunale Dienste	10.31%
• TIWAG-Tiroler Wasserkraft AG	8.25%
• VERBUND AG	5.18%
• Oberbank AG (Consortium)	5.16%
• Energie AG Belegschaft Privatstiftung	0.43%
• voestalpine Stahl GmbH	2.06%
• Oberösterreichische Landesbank Aktiengesellschaft	1.03%
• Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	0.52%
• Oberösterreichische Versicherung Aktiengesellschaft	0.52%
• Land Oberösterreich	0.10%

The difference of 0.01% refers to own shares. As of 30 September 2011

Shareholder Structure of Energie AG Oberösterreich



The Strategy of the Energie AG Group

An Attractive and Reliable Partner for the Group's Stakeholders

Paramount economic goal of the Energie AG Group is to maintain its Single A rating and improve its internal share value as a reliable and stable partner for its providers of equity and debt capital. This is being accomplished by continuing to pursue a profitable growth course, while paying attention to a focused investment strategy, a consistent cost-efficiency policy and by securing its sound financial position. Financial management is based on value-oriented and rating-relevant performance ratios and indicators.

Customer satisfaction is fundamental to our economic success. We seek to build long-term customer relations based on mutual trust. Our key focus is placed on quality orientation, safety and optimum service standards in all our business areas.

Motivated employees secure mutual trust in our customer relations. A safe and healthy work environment, further training and personnel development encourage motivation and the qualifications of our employees.

To carry out projects consensually with the general public and involved interest groups, we have committed ourselves to adhering to the fundamental principles of democracy when we plan and implement our infrastructure projects. Beyond that, the Group faces up to social and political demands, supports the international and national energy and climate policy programmes with research and development activities as well as innovation and seeks consensus on economic necessities.

The Group's strategic portfolio backs the Group's objectives and is focused on achieving a careful balance between risk and opportunities and between growth and stability. The operational business portfolio is made complete by strategic investments at various stages along the value creation chain.

Sustainable and Reliable Electricity Supply

The key strategic objective in the Group's core business segment Electricity is to guarantee high-quality electricity supply in Upper Austria and in neighbouring regions. The Group's presence along the entire value creation chain, both in the regulated and de-regulated markets, has proved to have a stabilising effect on the Group's development, particularly so in volatile times.

The electricity procurement portfolio undergoes constant optimisation: This is accomplished both with respect to the composition of own electricity generation, procurement rights and external procurement, as well as to risk diversification, future security, sustainability and profitability. Special attention is given to the improvement of energy efficiency and the use of renewable energy sources. Whenever new projects are launched, partnerships are checked very carefully.

The way electricity trading and gas trading activities are dimensioned supports the cost-optimised management of the Group's entire electricity and gas portfolio and contributes to result optimisation.

Increasing Own Electricity Procurement from Renewable Energy Sources

Where electricity generation is concerned, efforts are continuously being made to maintain value, improve efficiency and upgrade the Group's own hydropower plants and to press ahead with the development of new projects. The economically and ecologically justifiable potential for new plants in the Group's own supply area, however, is limited.

To cover the growing need for backup and balancing energy, which is attributable to the further expansion of Renewable Energies, Energie AG is actively engaged in efforts to increase pump storage capacities. It does this by developing its own projects such as the one in the area of Ebensee, but also by holding stakes in others such as the pumped storage power plant Reißeck II belonging to Verbund AG.

Since 2009, Energie AG has been gaining experience in the development of wind power plants in Poland where the wind conditions and the attractive regulatory environment are similar to those in Germany. The changing political, technical and economic regulatory conditions are now also opening up opportunities in the domestic market to employ the experience gained in Poland, and to make use of all the know-how acquired. Based on wind measurements, efforts are under way to develop a basis for deciding on specific locations and the feasibility of projects in Upper Austria.

With the operation and the application research activities at the photovoltaic power plant in Eberstalzell, Energie AG is now also positioning itself in this particular technology sector. Further projects – particularly ones with customer participation – are currently under development.

The Renewable Energy Sources portfolio is complemented by the biomass power plant in Timelkam, where further developments concerning the subsidy regime are expected.

Electricity Generation from Combined-Cycle Gas Turbine Power Plants as Transitory Technology

Electricity generation from combined-cycle gas turbine power plants are gaining significance as a transitory technology, particularly so in view of the energy turnaround and Germany's abandonment of nuclear energy. In addition to the existing CCGT power plant in Timelkam, considerations are under way in Riedersbach concerning the possible location of a thermal power plant. The CCGT power plant option will be developed up to the time of the environmental impact assessment.

Leading Expertise in Electricity Supply Energy Efficiency

Electricity supply is carried out by Energie AG Oberösterreich Vertriebs GmbH & Co KAG and ENAMO GmbH, a joint venture between Energie AG (65%) and Linz AG (35%). ENAMO GmbH is engaged in business activities in the Austrian and German market. With its consultation services and energy-saving campaigns, it works on the implementation of the statutory efficiency targets and pro-actively meets the political requirements, while maintaining a consistent focus on its customers. This guarantees its customers stable and fair prices in spite of the volatile market development.

With regard to electricity from renewable energy sources, customers are offered attractive deals for heating with heat pump systems, eco-friendly electric mobility and decentralised production with photovoltaics. Making use of the Internet as a sales channel, eco-electricity will in future be offered to private and SME customers across Austria on a self-service basis.

New Challenges for the Expansion of the Electricity Distribution System

The basic strategy of the business field Distribution is to provide an electricity distribution system which ensures high quality and security of supplies on a sustainable basis. One of the benefits of its selective investment programme is to reduce the negative impact meteorological events have on distribution system operation.

Resulting from the massive expansion of Renewable Energy Sources in Europe, energy distribution systems face new challenges relating to their expansion and operation. The possibility of storing excess energy from photovoltaic and wind power plants in pumped storage power plants requires the expansion of a powerful distribution system for supra-regional electricity transport. In addition, the trend towards decentralised production in small units is leading to the necessary conversion of the existing electricity distribution system into a Smart Grid, an intelligent distribution system which enables an energy- and cost-efficient balance between producers, storage operators and consumers.

The economic regulatory prerequisite to meet the quality-related objectives in the business field Distribution is the achievement of stable and low-risk value creation while at least generating the return on investment allowed by the regulatory authority E-Control. By consistent cost management, the Group is pursuing the long-term goal of full cost efficiency in the group of Austrian distribution system operators.

Innovative Metering and Telecommunications Services

Being the owner of the largest Upper Austrian optical fibre network, the business field Data is positioning itself as a telecommunications carrier and supplier of telecommunications services both within and outside of the Group. Having made optical fibre-based broadband internet available to a selection of enterprises and the public sector across Upper Austria, the next step will be to expand the service to other areas.

In the business field Metering, a Smart Metering system called AMIS was developed up to the point of market maturity in collaboration with an industrial partner. The step-by-step roll-out has already begun, yet the large-scale roll-out of the innovative meter still depends on fundamental regulatory requirements (introductory regulations adopted by the Federal Ministry).

Promotion of Renewable Energy Sources in Heating Supply

With regard to heating supply, the strategic objective pursued is to take advantage of the profitable opportunities for growth available both in Upper Austria and chosen neighbouring regions in Austria and abroad.

In order to strengthen the Group's market position in view of sustainability, efforts are being made to push ahead with the expansion of new district and process heating supply facilities based on renewable fuels and climate-friendly technologies such as biomass and geothermal energy. Following the successful drilling of a geothermal well in Mehrnbach near Ried, the region is being evaluated for further potential. In the industrial and SME customer segment, the focus is on cooperation in the area of heat-driven combined heat and power plants for efficient energy utilisation.

Besides its core business, planning services for production and supply facilities based on biomass and geothermal energy continue to be provided. The use of its planning expertise in the erection of external district heating networks and plants gives the business unit Heating an added competitive advantage.

Secure and Sustainable Natural Gas Supply in Upper Austria

The primary task of OÖ. Ferngas AG is to ensure the secure and sustainable natural gas supply of Upper Austria. To do so, the network company OÖ. Ferngas Netz GmbH continues its network expansion activities based on the amount of costs recognised in the regulatory model. Once major storage capacities are available in the supply area and at the junction of existing and planned transportation lines, the network will be of key supra-regional significance. The economic objective in this respect is to secure the company's standing as a benchmark leader.

With regard to natural gas supply, the company's leading position in the Upper Austrian domestic market is being strengthened, and the opportunities resulting from the market liberalisation in the Regulation Zone East and in Germany are being utilised.

In Austria, conditioned biogas is fed into the existing natural gas network, making it available for heating, mobility and electricity purposes. The acquired expertise is used successfully in the Czech Republic and, in future, also in Slovakia, for the erection and operation of third-party plants.

Consolidation in the Business Field Waste Management

With AVE as its brand name, the Waste Management business field, which is a fully integrated company group with its own processing and thermal recycling plants, belongs to the major market players in the waste management industry, particularly in the countries Austria, the Czech Republic and Hungary.

The AVE Group is engaged in business activities along all stages of the waste management value creation chain and offers its comprehensive services to customers in eight different countries. Following its aggressive growth course during recent years, the business field Waste is now consistently focused on consolidating its existing organisational structure, integrating the companies it has acquired over the past years and securing the position it has achieved. This includes implementing efficiency enhancement programmes, raising cost-saving and synergy potential and optimising its product and market portfolio.

The municipalities receiving services are key customers in the business field. With the development of further PPP models and the securing of long-term agreements, AVE is able to take advantage of its acquired position as a reliable and competent partner and strengthen the business's stable basis.

AVE places its focus on organic growth by consistent expansion of its recycling business, improved internal material flow management and the analysis of technological advancements. The company distinguishes itself from its competitors by its innovative solutions for customers in the SME and industry segment, new customer loyalty concepts and modern distribution channels via the Internet and other new media. The achievement, consolidation and s-ecuring of a leading market position while maintaining a consistently high level of quality and high service standards is the aim of all regional organisations.

Business Field Water as Partner of the Municipalities

The business field Water is positioned in its core markets Austria and the Czech Republic as a reliable and long-term partner for municipalities and as a reliable supplier for end-consumers. The operations' targeted business goal is to make a stable contribution to the value and the result of the Energie AG Group.

Ranking third in its core market Czech Republic, the business field has already acquired market leadership in South Bohemia. By participating in invitations to tender, particularly ones in the area of existing investments, and by organic growth, the favourable position held is being secured and expanded further. The challenges the Group faces involve competition-related and regulatory requirements.

Due to the difficult financial situation in the public sector, new market opportunities are expected in Austria. Thanks to the development of financial partnership models with municipal water companies, expertise and the financial potential in the business field Water can be used for water supply in the domestic market. In the area of water services, the business field Water has already attained market leadership in Austria.

A Capital Increase to Accelerate Strategy Implementation

In the next years, the Energie AG Group faces a multitude of challenges and opportunities. Technical necessities, statutory and political demands and economically attractive opportunities will require extensive investments to achieve the Group's financial and strategic objectives, and also to assume the responsibility it has as an infrastructure Group towards its customers and the company.

Despite stable cash flow, even promising projects will have to be postponed over the next years, because of the Group's essential objective to reduce its investment volume to a level that ensures the Group's sound financing structure. A presently discussed capital increase might be able to help speed up the Energie AG Group's strategy implementation and, functioning as initial funding, further the realisation of various attractive projects.

"Where will the energy come from when I have a house of my own?"

MANAGE-MENT REPORT

"Today Energie AG is already working hard on solutions for tomorrow. Research into renewable power sources and the use of alternative energies, such as solar energy, wind power and biomass pave the way for secure supply not only in the present, but also for generations to come."

Group Management Report 2010/2011 of Energie AG Oberösterreich

ECONOMIC ENVIRONMENT[1)]

In 2010, the global economy recovered from the previous year's recession. During fiscal 2010/2011 the Energie AG Group's main markets, most importantly Austria, were able to benefit from the favourable overall trend. Accordingly, the Austrian economy grew from the 4th quarter 2010 to the 2nd quarter of 2011 by 0.7% or 0.9%, respectively, on quarter-on-quarter terms. From the second half of 2011 onward, however, in line with the international business trend, economic growth started to slow down. This is mainly attributable to decreasing international stimuli and the growing uncertainty stemming from the European debt crisis. The expected GDP growth of 0.3% in the 3rd quarter 2011 is primarily the result of domestic demand. With regard to the full year 2011, fairly strong economic growth of 2.9% is expected all the same, due to the vigorous economic dynamics during the first half of the year.

The rate of inflation has been rising sharply in Austria since the beginning of 2011. This was primarily driven by the price development in the international raw material and energy markets. But the positive overall economic situation and the fiscal consolidation measures also contributed to the rise. For the 2011 annual average, an inflation rate of 3.2% is expected.

Business development in the CEE countries relevant to Energie AG also showed positive economic dynamics during the period under review 2010/2011, which weakened in response to the general trend from the second half of 2011 onward. In the Czech Republic and Slovakia, in particular, the economy showed solid growth, while Hungary's recovery from recession proceeded at a slower pace.

According to the European Commission's Autumn Economic Forecast, expectations are noticeably subdued for 2012. Whilst global economic growth is predicted to decline from 4.1% to 3.5% of the GDP, the forecast for the EU is down to 0.6%. However, in view of the situation in the financial markets and the way the European sovereign debt crisis (and its effects on banking) is evolving, the forecast risks have increased significantly. There is great uncertainty as to how to estimate the further development and a renewed recession is no longer being ruled out. The forecasts are based on the assumption that the crisis of debt and confidence can be gradually overcome and that the economy will regain momentum from the second quarter of 2012 onward. Consequently, the EU's economy could resume growth in 2013 at a rate of around 1.5%.

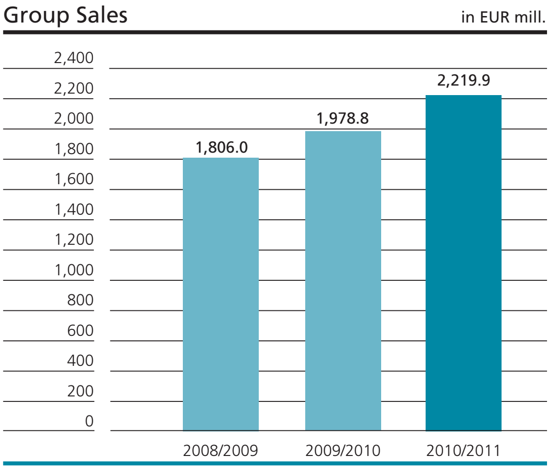
In 2012, Austria's economy is projected to grow at a pace of 0.9% which is above the EU average. Resulting from the difficult economic situation, the inflation rate is expected to stabilise at 2.1%.

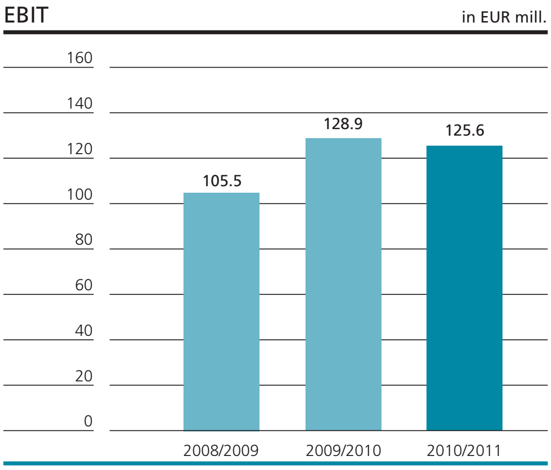
Based on the experience of the recession recently overcome, the short-term countermeasures taken and the sustainable risk, cost and structure optimisation precautions implemented, it can be assumed that the Energie AG Group is well equipped for the economically volatile future.

[1)] Sources:

- EU Commission, "Autumn Forecast 2011" of 10 November 2011
- Project group "Gemeinschaftsdiagnose" (Joint Economic Forecast), "Gemeinschaftsdiagnose Herbst 2011: Europäische Schuldenkrise belastet deutsche Konjunktur" (Joint Economic Forecast Autumn 2011: European Debt Crisis Puts Pressure on German Economy) of 13 October 2011
- Institute for Higher Studies, "Prognose der Österreichischen Wirtschaft 2011-2012" (Forecast on Austrian Economy 2011-2012) of 29 September 2011
- WIFO – Austrian Institute for Economic Research, news release of 15 November 2011

BUSINESS DEVELOPMENT IN THE GROUP





For the Energie AG Group, the past fiscal year was marked by mutually conflicting trends: On the one hand, the economic upswing and the positive momentum were reflected in the market areas in the quantities sold throughout all segments, and on the other, the regulatory environment, specifically for own electricity procurement, proved to be very turbulent: the political unrest in North Africa and the Arab world, as well as the nuclear disaster in Fukushima coupled with the nuclear phase-out in Germany led to sharp price increases in the international energy markets. Unforeseen and difficult regulatory conditions were encountered both at an international and local level. During the year under review, water levels reached a historical low, causing the electricity generated at the hydropower plants to fall 21% below the average output.

Where electricity supply was concerned, the range of energy efficiency services helped to increase sold volumes in almost all customer segments, despite the fiercer competition. Economic recovery in the form of increased production was clearly visible in electricity volumes sold, particularly with regard to industrial customers.

In line with the expectations, the contributions from the Group's regulated area evolved at a stable pace. The selective investment programme to ensure high quality and security of supply was implemented according to plan.

In the Waste Management Segment, the sales trend during the fiscal year just ended confirmed the overall upward trend in the waste management market, which was expressed by a marked rise in waste volumes and prices for recyclable materials. The result also reflected the effects of the cost-saving and efficiency enhancement programmes which were initiated in good time. The sale of the operating activities of AVL Abfallwirtschaft GmbH in Bavaria took place in the course of continuous structural optimisation efforts.

The Water Segment, which in past fiscal years has generally shown low volatility, was also able to improve all its performance-related and financial key figures during the period under review, thanks to acquisitions and organic growth.

Given this economic environment in fiscal 2010/2011 (1 October 2010 to 30 September 2011), we generated an EBIT of EUR 125.6 million by sales of EUR 2,219.9 million.

Compared to the previous year (EUR 1,978.8 million), sales were up by EUR 241.1 million or 12.2% resulting from sales growth in all three segments.

With EUR 125.6 million, EBIT was slightly below the previous year's figures of EUR 128.9 million. The low water levels as well as the unfavourable ratio between the achievable electricity market prices and the delivery costs for fuels for thermal production facilities had an adverse effect on the operating result.

The annual result additionally contains expenditure for the gradual step-in pension plan launched the previous year that will be continued until 30 September 2012.

During fiscal 2010/2011, EUR 169.1 million were spent on tangible fixed assets and intangible assets, which puts this year's figures EUR 9.8 million or 5.5% below those of the previous year (EUR 178.9 million). The decline is primarily the result of the Group's focused investment policy.

The majority of the investments (EUR 139.1 million) were made in the Energy Segment in Austria to ensure secure and sustainable energy supply in Upper Austria, the Group's core market.

Human Resources Development

The indicated staff figures refer to full-time equivalents (FTEs) in the annual average of fully and proportionally consolidated companies.

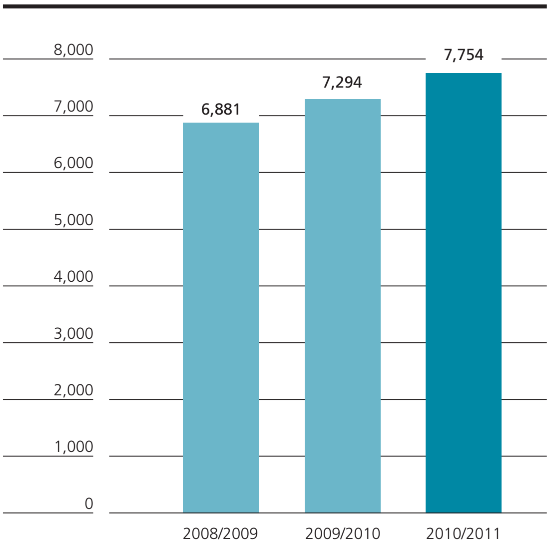
During fiscal 2010/2011, the Group's average consolidated staff level climbed from 7,294 to 7,754 employees. Compared to the previous year, this corresponds to a rise by 460 employees or 6.3%. During the last fiscal year, the consolidated group Energie AG employed staff from eight countries.

During the period under review, most of the Group's staff (3,117) were still employed in Austria (previous year 3,171), followed by the Czech Republic with 3,013 (previous year 2,952), Hungary with 983 (previous year 852), Romania with 248, Slovakia with 194 (previous year 139), Germany with 140 (previous year 170), Italy with 50 and Slovenia with 9 (previous year 10) employees.

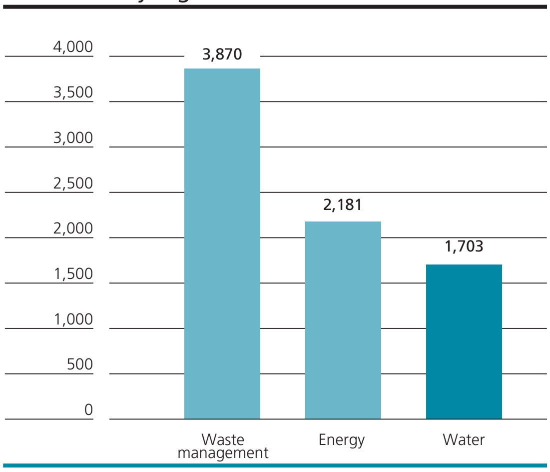
Once again, the Waste Segment with 3,870 employees (previous year 3,482) constitutes the largest group of employees by segment. The Energy Segment had an average of 2,181 (previous year 2,169) and the Water Segment 1,703 (previous year 1,643) employees.

As of 30 September 2011, the Group had a total of 7,933 persons on its payroll.

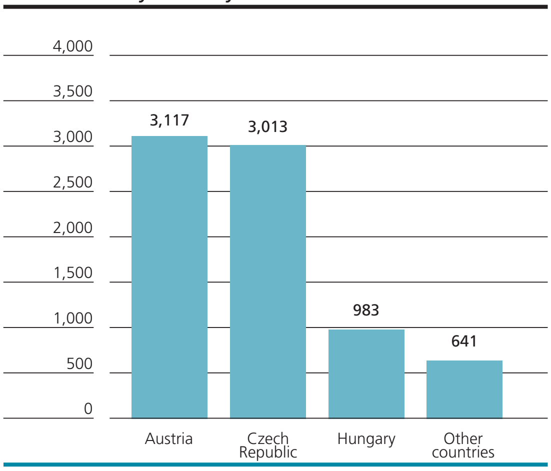
Staff levels in FTE



Staff levels by segment in FTE



Staff levels by country in FTE



Branch Offices

Energie AG Oberösterreich has no branch offices.

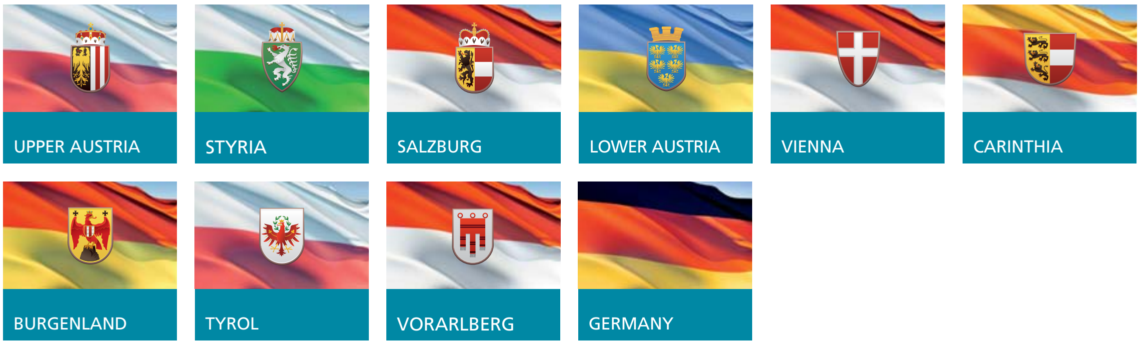
"In the future, will all cars run on electricity?"

ENERGY

"Electricity is the fuel of the future. That is why Energie AG is already busy building the infrastructure to enable the widespread use of electric mobility."

The Energy Segment

ELECTRICITY



HEATING

GAS

Energy Segment – Overview	in	2010/2011	Change	2009/2010	2008/2009
Total electricity procured	GWh	**15,700**	0.3%	15,660	13,399
Own electricity production	GWh	**4,222**	-7.3%	4,554	4,216
Electricity distribution volumes	GWh	**6,710**	3.4%	6,490	6,348
Electricity supply volumes	GWh	**6,814**	7.2%	6,356	6,156
Natural-gas transports[1]	GWh	**28,336**[2]	3.7%	27,320	22,720
Heat sold	GWh	**1,414**	4.2%	1,357	1,246
Total sales	EUR mill.	**1,640.3**	10.0%	1,490.6	1,379.0
EBITDA	EUR mill.	**202.2**	-7.5%	218.9	192.9
EBIT	EUR mill.	**105.4**	-15.9%	125.3	100.7
Investments into tangible assets and intangible assets	EUR mill.	**139.2**	-1.0%	140.6	119.9
Employees (average)	FTE	**2,181**	0.6%	2,169	2,135

[1] Quantity transported to end consumers and regional distribution system operators in Upper Austria
[2] Preliminary figures as of 6 October 2011, dependent on final clearing.

The Economic Environment of the Energy Industry

Primary Energy Markets

During the past fiscal year, the economic conditions in the energy industry were once again noticeably marked by major events and changes in the economic policy of our neighbouring countries – first and foremost Germany.

At the beginning of fiscal 2010/2011, the trend was particularly influenced by the recovering global economy, with growing demands and rising energy prices.

According to an analysis conducted by E-Control[1], 2010 and 2011 showed accumulated growth, the bulk of which is the result of the economic development.

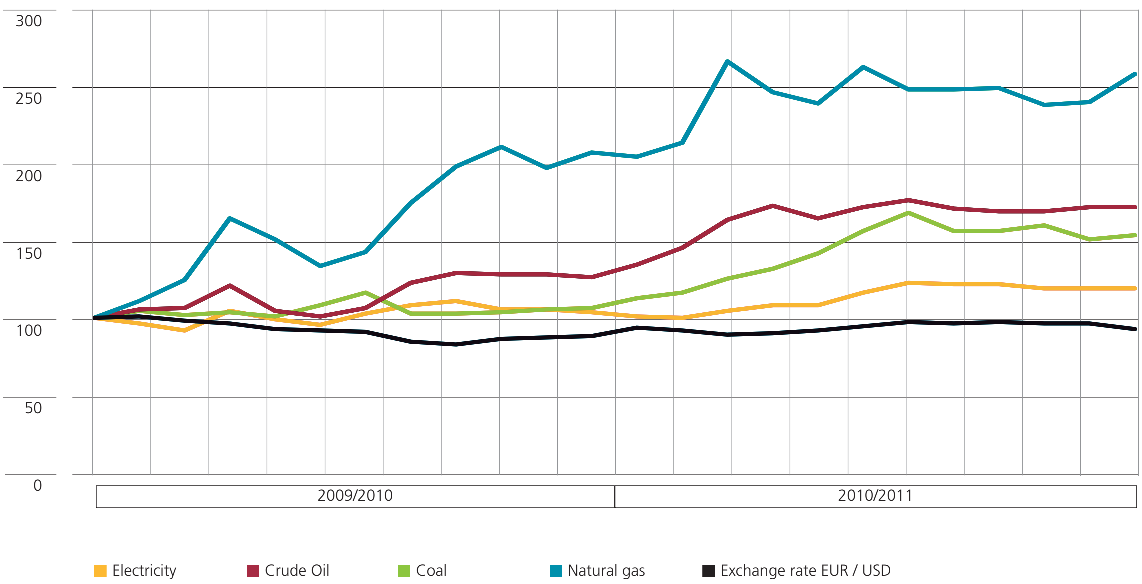
Compared to the demand trend in calendar year 2010, which was at 4.3%, the rise in demand recorded during the first half of 2011 flattened out slightly; average additional growth was at 0.9%.

Compared to the global market trends, the whole-sale market for electricity in Europe was influenced by curbed prices. This was primarily the result of the dynamic expansion of the electricity generation capacities based on wind and photovoltaics, as well as the extension of the German nuclear plant lifespans.

On 1 October 2010, the German federal government resolved to extend the remaining lifespans of 17 nuclear power plants by an average of 12 years. Even in anticipation of the resolution, it had a dampening effect on the prices at Europe's electricity trading markets. Prices quoted on the European Energy Exchange (EEX) for front-year base supplies from July 2010 (around EUR 53.2/MWh) to early November 2010 (around EUR 46.6/MWh), for example, showed a downward tendency.

The revolution in Tunisia in mid-December 2010 marked the beginning of the political unrest and uprising in the Arab world, in North Africa and the Middle East. This also resulted in price increases in the international energy markets, primarily for crude oil and mineral oil products.

Price Index Development on International Energy Markets



Quellen: EEX, Reuters

[1] Source: Quarterly Vol. II 2011 – E-Control – www.e-control.at

The sanctioning of crude oil exports from Libya – until recently Libya produced around 2% of the world's oil exporting volume – led to a sharp rise in crude oil prices. In late April 2011, for example, the quoted daily Brent Crude spot prices exceeded USD 126 per barrel. Compared to the average price quotes in October (around USD 82.5/barrel) this implies a price rise of more than one-half.

The military intervention of European and United States armed forces in Libya had a dampening effect on the price development. Accordingly, at the end of September 2011, the quoted prices were at around USD 105 per barrel.

Fukushima and its Impact on the Energy Market

The events in Japan on 11 March 2011 and the days to follow marked another distinct turning point for the energy policies of many countries. The whole world is still reeling from the economic aftermath of the widespread destruction caused by the large number of earthquakes and the tsunami in Japan. The disastrous effects on the reactors at the Fukushima nuclear power plant complex have sparked mounting opposition against nuclear power and a review of energy policy in many countries. In Germany, this led to the immediate shutdown of seven of its oldest nuclear reactors with an overall capacity of 7,000 $MW_{el.}$

The European electricity trading markets responded by sharp price increases (by around EUR 6/MWh). A similar response was seen in the market for CO_2 Emission Certificates, where a price leap of 11.8% was recorded.

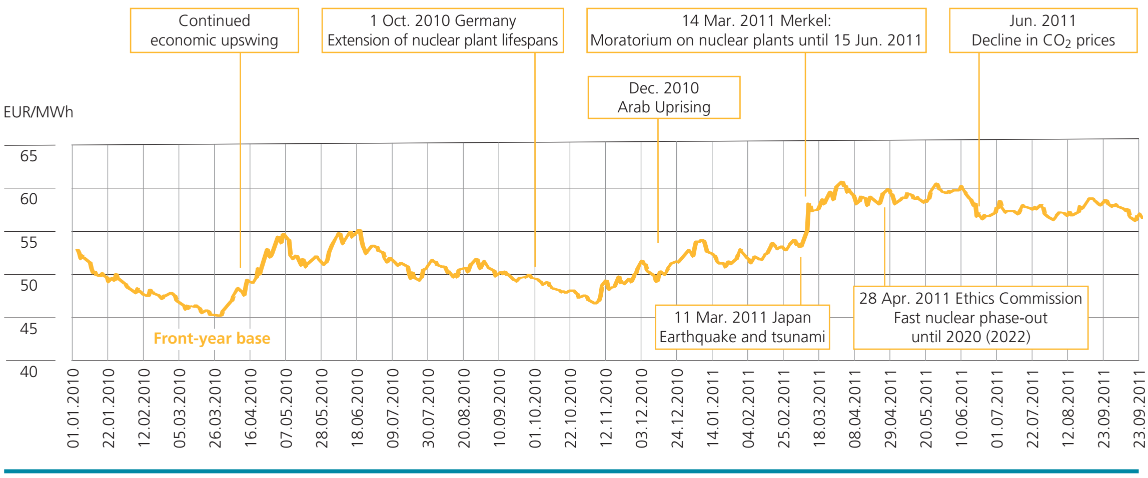
The uncertainty involved in estimating the economic development – and thus the demand for energy, and electricity in particular – is also reflected in the changing market behaviour and the prices quoted.

At the beginning of the period under review, not only the rising demand but also the political unrest in the Arab world led to a rise in prices in the international mineral oil markets of around 30%. While the price level in early October 2010 was at about USD 96/ton (spot market Brent), the daily quotations in January 2011 reached a level of USD 130/ton. The highest average monthly quotation was recorded in April 2011 at around USD 123/barrel. Since May 2011, there has been a slight decline in the crude oil prices which reached around USD 105/barrel at the end of September. At an average of around USD 105/barrel during the period under review, the crude oil prices were around 38% above the previous year's figures.

At the beginning of 2011, the price trend in the international coal markets changed. Following the upward trend in prices for API2 quotations for hard coal that climbed from USD 92/ton in September 2010 to USD 125/ton in January 2011 (+ 36%), prices persisted at that level, exhibiting low volatility. For the length of the period under review and beyond, prices for hard coal in Europe reached close to USD 120/ton, which corresponds to a price increase of 43% compared to the same period the previous year. An almost 2% rise in the exchange rate US dollar versus the euro had a slight curbing impact on the prices in the European market.

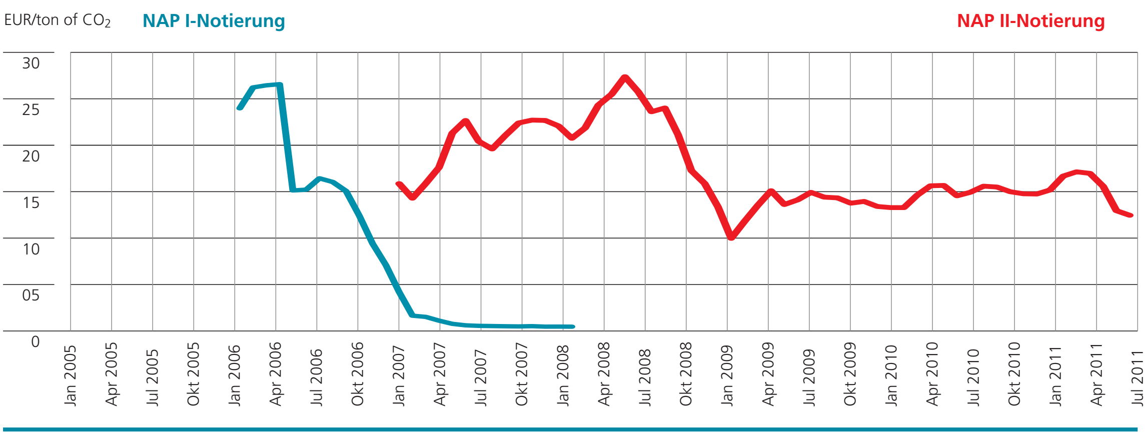
During the year under review, the CO_2 trading certificates market reflected the changes and forecasts in the economic development, as well as the changes in energy policy, primarily those in Germany. Accordingly, the diminished economic expectations and the growing uncertainty regarding the demand for emission certificates, particularly up to

EEX Futures Market



Source: EEX

CO₂ Certificates Market



Source: EEX

the second trading period (31 December 2012), led to a marked drop in the stock exchange prices for CO_2 certificates. The emissions trading market was temporarily overshadowed by multiple data security problems, cyber hacker attacks on the EU ETS registries and dubious business practices (such as tax evasion). This forced the temporary shutdown of electronic registry databases in Europe several times. As a result, individual market participants lost confidence in the EU ETS trading system. CO_2 certificate trading also faced some temporary restrictions.

The end of 2012 marks the end of the Second Trading Period (NAP II – National Allocation Plan – 2nd Trading Period 2008 to 2012). This circumstance might also have been a key driver for many trading decisions made by EU ETS trading participants. Towards the end of the fiscal year, as a result of the reduced forecasts, the price for CO_2 certificates was down from its brief intermediate high of more than EUR 17/ton CO_2 to below EUR 13/ton CO_2.

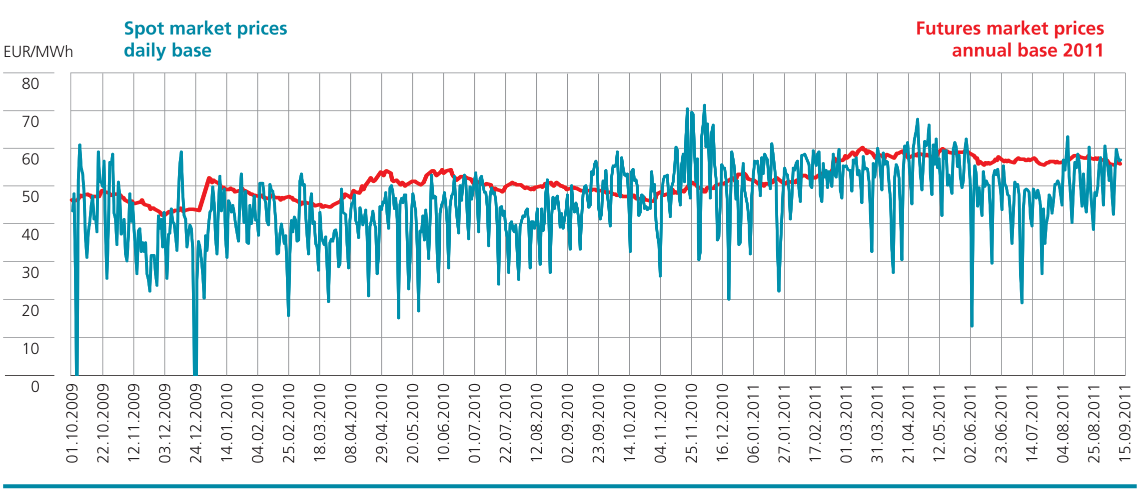
Electricity Trading Market

The economic development, political unrest and the Fukushima disaster that caused some very conflicting trends were clearly also reflected in the electricity markets.

The spot market responded to short-term market changes. The revision of a large number of thermal power plants brought about a slight price increase in the months May and June. After that, the spot market prices dropped temporarily by around EUR 10/MWh as a result of the holiday-related decline in electricity demand and an increased supply of electricity from renewable energy sources, primarily from wind and solar energy.

During the period under review, the prices quoted on the futures market for front-year base delivery ranged between EUR 46.6/MWh and EUR 60.7/MWh, resulting in an average of EUR 54.8/MWh. Primarily the result of the

EEX-Spot Market Versus Futures Market



Source: EEX

nuclear phase-out in Germany, the price level during the second half of the fiscal year (April to September 2011) was at an average of EUR 58.1/MW, which is EUR 6.7/MWh or 13% above the average during the first half of the fiscal year (October 2010 to March 2011). According to the opinion expressed by a large number experts, including the German Federal Grid Agency, the price increase in the futures market was, among other factors, attributable to the fact that following the immediate shutdown of seven nuclear plants supply bottlenecks during extreme weather periods in winter could not be ruled out.

The opinions concerning possible production bottlenecks in the coming winter months also led to more and more price rises for one-year delivery contracts for a 2012 base product compared to futures market products for later years. While, at the beginning of the period under review, base product prices for 2012 were quoted by around 2.5/MWh lower than those for 2013, for example, this difference declined noticeably in the course of the fiscal year. By early September 2011, the quotations for 2012 exceeded those for the year 2013 and since then have reached an average spread of around EUR 0.5/MWh.

At the end of September 2011, the futures market prices for front-year base delivery contracts for 2012 moved sideways at a level of around EUR 56.5/MWh.

The Statutory Environment

Fuel Mix Disclosure Leads to Higher Cost Burdens

Among other factors, the regulations on fuel mix disclosure that went into force on 15 September 2011 resulted in changing regulatory conditions. A key change in this respect is a required statement disclosing the origin of the electricity supplied to the end-consumer at the end of each quarter. Compared with the way it was handled previously – an annually based statement was sufficient – this measure causes grave disadvantages, since the shortened disclosure periods lead to a further reduction of the certificate market which is not very liquid as it is. Closely linked to this is also the expected "loss" of Austrian hydropower certificates with regard to their eligibility in Austria, since excess hydropower during the summer months cannot be used for fuel mix disclosure during the winter. This additional reduction of usable guarantees of origin, along with the fact that electricity production from hydropower and electricity consumption move in opposite directions, suggests a substantial cost increase for fuel mix disclosure pursuant to § 78 of the Austrian Electricity and Electricity Organization Act (ElWOG) at the expense of supply and thus the customers.

The Business Environment for the Energy Segment

The Energy Segment comprises all activities of the Energie AG Group along the value creation chain electricity, the gas and heat business, intragroup service companies, strategic participations and the holding.

Key drivers of business development in 2010/2011 in the Energy Segment were, on the one hand, the water levels of rivers, which were 21% below the multi-year mean value, and deteriorating production conditions for thermal production, and, on the other, the expansion of gas trading, management effects and higher quantities sold, particularly to key customers in the areas electricity, gas and heating.

With sales of EUR 1,640.3 million, the Energy Segment generated an EBIT of EUR 105.4 million over the past fiscal year.

The EBIT was thus down by -15.9% compared to the figures recorded for the previous year (EUR 125.3 million) and was burdened not only with the low water levels, but also with the unfavourable ratio between the achievable market prices for electricity and the fuel delivery costs for thermal production. In addition, the provisions for the gradual step-in pension plan put an additional pressure on the annual result.

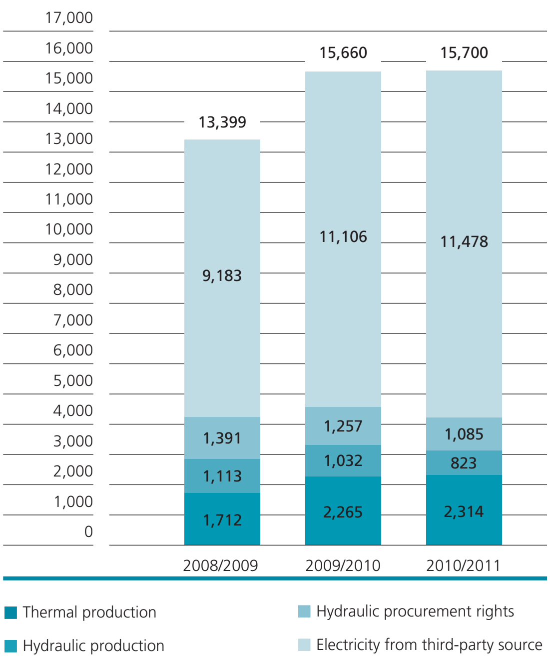
However, the decreed 0.85% tariff reduction in the regulated electricity distribution system, which was well below the multi-year mean value, was partially offset by the increased quantities sold.

Reduced Electricity Generation as a Result of Low Water Levels

Fiscal 2010/2011 was characterised by a historical low in the hydropower plants' production capacity. With the exception of January 2011, which recorded generation levels 28% above the multi-year mean value, generation capacity throughout all other months was below average. The long periods of low water levels were caused by low precipitation and the low snow levels during the winter, in particular. The largest production deficit was recorded in May and reached a minus of around 44%. A similarly low production capacity from hydropower occurred last in 1991, where a production coefficient of 0.84 was recorded. Hydraulic production was thus 21% below average output.

As a result of the low electricity levels generated from hydropower, other forms of procurement were chosen.

Consolidated Electricity Procurement of the Group in GWh



Total electricity generated at our own power plants (thermal and hydraulic) amounted to a volume of around 3,137 GWh, which is 5% lower than the previous year (3,297 GWh). Electricity generated at our own hydropower plants and obtained from procurement rights amounted to 1,908 GWh, which is 16.6% lower than in the same period of the previous year (2,289 GWh). The lower hydropower production is offset by an increased use of thermal power plants (+2%).

Electricity volumes procured from third-party sources (11,478 GWh) rose by 3.4%, which is mainly attributable to the lower production from our own hydropower plants, as well as to the increased allocation of Green electricity (+4%) from the Green electricity promotion agency (Ökostrom AG– OeMAG). Compared to the previous year, the rate of coverage from own generation, in other words electricity procurement from the Group's own electricity production plants versus the physical distribution volumes to customers (electricity trading excluded), was 53% (previous year 61%).

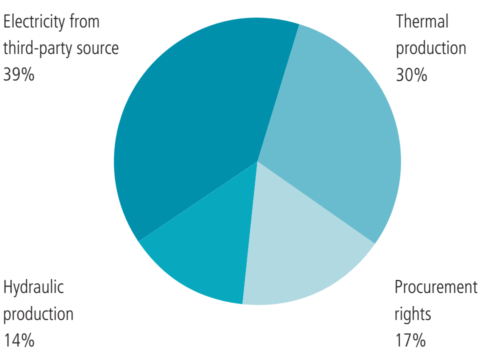
Electricity Procurement without Proprietary Trading

In total, the consolidated electricity procurement including electricity volumes procured from third party sources and electricity trading was at 15.7 TWh, slightly exceeding the figures of the previous year (+0.3%). A minor decline in electricity trading activities (-4.6%) was offset by additional supply volumes sold (+6.5%). This business development continues to reflect the strong trend in the electricity sector.

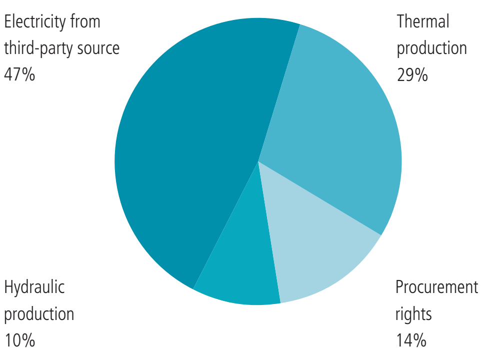
Alongside its efficiency-enhancing activities pursued at its existing locations, **Energie AG Oberösterreich Kraftwerke GmbH** (Kraftwerke GmbH) focuses on the expansion of environment-friendly hydropower.

Electricity Procurement Structure without Electricity Trading in GWh

2009/2010: Rate of own coverage: 61%



2010/2011: Rate of own coverage: 53%



During the year under review just ended, some significant milestones were achieved involving several small hydropower plant projects.

In Großarl, the hydropower plant Oflek with a bottleneck capacity of 2.3 MW and an average output of 9.6 GWh went into operation in September after a construction period of just ten months. During the same period, all the legally required official construction permits were obtained for its sister power plant in Kleinarl that is similarly dimensioned.

Following intensive preparations, fiscal 2010/2011 also saw the commencement of construction work on the new replacement structure of the Stadl-Paura hydropower plant.

In the Ebensee area, the feasibility study for a pumped storage power plant reached a positive conclusion. The plant would be designed to have an installed capacity of 150 MW and an annual output of around 330 GWh.

In addition to the existing CCGT power plant in Timelkam, considerations are under way in Riedersbach concerning the possible location of a thermal power plant. Currently, the CCGT power plant option is being developed up to the time of the environmental impact assessment.

With its subsidy **Energie AG Oberösterreich Fair Energy GmbH** (Fair Energy GmbH), Energie AG has been developing wind power projects in Poland since 2009. The changing political, technical and economic regulatory conditions are now also opening up opportunities in the domestic market to employ the experience gained in Poland and put the acquired know-how to use. Based on wind measurements, efforts are under way to develop a basis for deciding on specific locations and the feasibility of projects in Upper Austria.

Storage Capacities – Assets of the Future

The growing volatility in the energy markets, especially where electricity and gas are concerned, is presenting a whole range of new challenges to energy suppliers. The Europe-wide expansion of electricity generation from Renewable Energy sources, most importantly from wind and solar energy, has meanwhile had a considerable impact on the capacity demands of conventional power plants, specifically of modern, natural gas-fuelled combined-cycle gas turbine plants (CCGT) as well as pumped storage power plants. The, in part, huge output fluctuations of electricity generation from wind and sun, which are difficult to forecast due to the weather factor, require intensive compensatory measures. They cause considerable price fluctuations in the energy markets (futures and spot markets as well as markets for backup and balancing energy).

With the finalisation of an electricity procurement right agreement concluded by Energie AG on a 10% participation in the pumped storage project Reißeck II (extended capacity 430 MW) along with the participation in the 7-Fields gas storage tank, Energie AG will in future have two further energy storage systems for the provision of backup and balancing energy. Asset management and use optimisation are the core business areas of **Energie AG Oberösterreich Trading GmbH** (Trading GmbH). For the Group, this means higher diversification and flexibility in electricity and natural gas supply.

During the period under review, all the essential preparations for the start of operations at the 7-Fields gas storage tank were successfully completed. Storage operation began on 1 April 2011 (first expansion stage – operating volume around 58 million m^3). After overall completion, Energie AG will have a usable gas storage volume of 104 million m^3 at its disposal.

The ground-breaking ceremony on 4 December 2010 officially marked the beginning of the main construction work at the Reißeck II project. Almost all of the power plant structure will be underground. During the period under review, construction activities primarily involved excavation work on the underground waterways and the caverns for the machinery (two pump turbines) and transformers. Commissioning is planned for the end of 2014.

New Energy Savings Campaign for Electricity Customers

Energie AG Oberösterreich Vertrieb GmbH & Co KG (Vertrieb KG) is controlled by ENAMO GmbH, the supply joint-venture company of Energie AG (65%) and Linz AG (35%). ENAMO is engaged in business activities across Austria and in the German market.

There was harsh competition in the segment for private and SME customers during the past fiscal year. A short-term rise in customer transfers was able to be curbed by the high supply quality standards incorporated in the company's strategy that include products, campaigns and consultancy services. Nevertheless, the previous year's level of quantities sold was not quite reached (-0.8%). Following initially increased quantities distributed due to the weather conditions, the exceptionally warm spring months and the following summer led to significantly lower distribution levels than normal for this time of the year.

Also in the business customer segment, the fiscal year was characterised by increasingly fiercer competition, primarily in the small-scale industry and SME customer segments.

Despite the growing challenges, the market share in Upper Austria is very high in these segments. Market studies have shown that this is down to the good and trusting customer relations built by the regional customer consultants and their expertise.

With regard to industrial customers, the economy's recovery was clearly noticeable during fiscal 2010/2011. The slight upward tendency in the quantities sold during the 4th quarter of fiscal 2009/2010 continued at a pleasing rate during the period under review. Compared to the previous year, fiscal 2010/2010 recorded a rise in the quantities sold by +7.3%.

The consolidated quantities sold to electricity customers amounted to 6,814 GWh in fiscal 2010/2011. The increase compared to the previous year by 458 GWh or 7.2% is primarily attributable to the added volumes supplied to industrial customers and other energy suppliers, as well as to further expansion efforts in the Austrian market carried out by ENAMO.

Energie AG continued to pursue its electricity supply quality strategy during the fiscal year just ended. Its key focus was once again on optimum customer consultation services including a number of services to help customers save energy.

The aim of this energy efficiency focus is to make customers more aware of the fact that they can indeed control their energy consumption levels by changing their behaviour, which would not only have a favourable impact on the environment, but also on the resulting costs.

The winter campaign in early March 2011 was all about standby consumption. To make people aware of their consumption levels, and to show them how to avoid them, customers of Energie AG Vertrieb were given a special voucher enabling them to buy a so-called "standby killer" at a special price of only EUR 2.-. In total, no fewer than 55,000 "standby killers" were sold by the ENAMO company group.

From July 2011 onward, Energie AG Vertrieb customers were able to request the energy-saving "power saver package" with benefits worth more than EUR 400. The package helps customers to save energy and contains discount vouchers for a host of campaigns and services (replacement of appliances, electric bicycles, building energy pass, etc.).

The Appliance Replacement campaign, which was started for the first time in 2006 by Energie AG Vertrieb, was relaunched in June 2011. To begin with, all customers of Energie AG Vertrieb received a voucher (worth EUR 70.-) with their customer magazine, and the voucher could then be used to request a "power saver package". The vouchers could be used in electrical retail at all Fair Energy Partners.

From the start of the re-launch (June) until the end of September, as many as 2,000 old appliances were replaced.

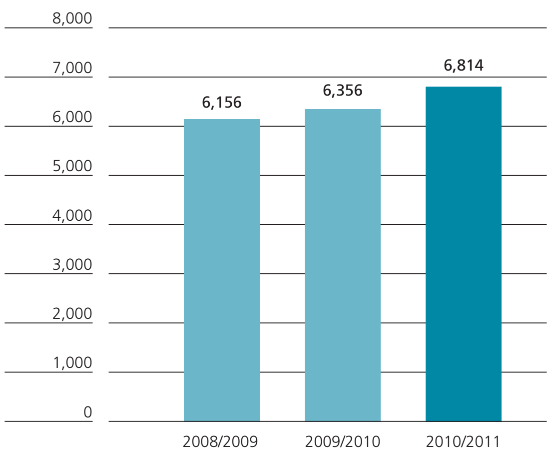
Since February 2011, private customers of Energie AG Vertrieb have been offered a new type of service called eService. The online portal for electricity bills, electricity consumption and customer data was developed in a joint effort between experts and customers and met with great acceptance during initial tests.

For the time being, customers of Energie AG Vertrieb are able to register at the eService portal for the basic version of eService. The online services will continue to be expanded in the years to come. In terms of data protection, the online portal meets the latest security standards.

In the middle of the past fiscal year, the electricity bill was fully redesigned. This was necessary to meet the new bill design specifications required by eControl. The key changes: grid and energy costs are listed separately; the costs are shown by product. More of the used terminology is explained and the labelling (fuel mix disclosure) was revised.

In terms of transparency, the redesign set totally new standards. The redesigned bills were also rated positively by the consumer protection agency (ranked fourth among 22 electricity traders in Austria, see Konsument magazine, issue 4/2011).

Electricity Supply Volumes in GWh



Electricity Grid Fit for the Future

Security and quality of supply along with a high level of customer satisfaction are still the distribution system operator's top-priority objective.

And these are also the criteria **Energie AG Oberösterreich Netz GmbH** (Netz GmbH) applies to manage its investment activities: Its aim is to create needs-based grid capacities, allowing Netz GmbH to ensure security and quality of supply, and enabling not only the integration of Renewable Energy sources, but also grid and/or market access for all market participants. Integrating the decentralised electricity production plants for utilising Renewable Energy sources into the electricity distribution system will be a particular major challenge of the future, which will lead to high investments in grid expansion and new technologies.

Major investment projects during the past fiscal year included the continuation of the programme that involves placing medium-voltage overhead lines, which are especially prone to breakdowns, into cables; the new grid control centre; several substations and the Almtal and Kremstal electricity supply project.

In the course of the ten-year programme that involves placing medium-voltage overhead lines, which are particularly prone to breakdowns, into cables that was started in 2008, a total of 180 kilometres of overhead lines have so far been placed in cables. During fiscal 2011/2012, another 80 kilometres will have been accomplished. The programme has already led to a noticeable reduction of non-availability times in the distribution system of Energie AG.

The new grid control centre opened on 1 April 2011, completing the gradual integration of the regional medium-voltage control stations into the grid control centre. In Wagenham, Wegscheid and Marchtrenk, work started on the construction of new substations. In Strobl, work is under way on the expansion of the control unit.

The approval procedure was initiated for the 110 kV overland line between Vorchdorf and Kirchdorf (power supply to the Almtal and Kremstal region). After an expert opinion was submitted by the Technical University of Graz confirming the line's necessity and identifying the submitted project as the best solution, the high-voltage power line easement procedures are now well under way. The official notification is expected for the end of the year. Procedures concerning conservation, water and forestry regulations will follow. The power line, which is vital for the region's security of supply, is expected to go into operation in 2013.

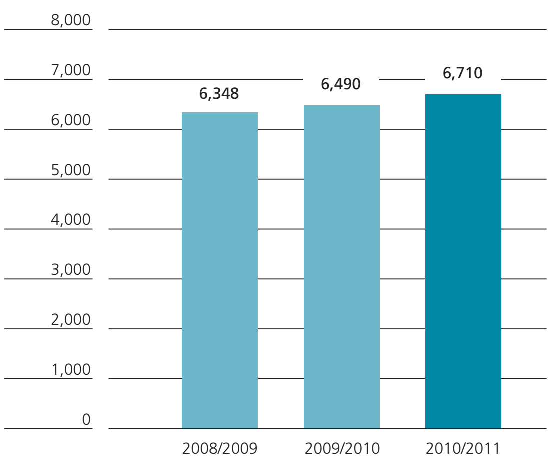
Due to the favourable weather conditions from October 2010 to September 2011, the average downtime was kept at the same low level as the previous year. Investment and maintenance projects were carried out according to plan.

Similar to the year previous, electricity quantities distributed to end-consumers showed two different trends: While electricity consumption in the private customer segment remained more or less constant (there was an increase of just about 0.6% due to the weather conditions), the rising trend in electricity requirements of key customers and SME customers continued as a result of the economic upswing. The customers in this segment used 5.2% more electricity than the previous year. In total, 6,710 GWh of electricity was distributed to end-consumers. As of 30 September 2011, Energie AG Oberösterreich Netz GmbH supplied power to around 460,000 active customer facilities.

As part of the currently valid incentive-based regulatory system, the tariffs of Netz GmbH were lowered by E-Control, the regulatory authority, effective 1 January 2011. The 0.85% price cut was clearly below the long-term average.

The Smart Grid Week 2011 attracted the attention of the media: This year's expert conference on the topic of Smart Grids, organised by the Federal Ministry of Transport, Innovation and Technology (bmvit), took place in the Power Tower, the headquarters of Energie AG. As the host of 270 experts from Austria and abroad, Energie AG provided an excellent setting for the four-day event. In recognition of its pioneering achievements in the area of smart grids, Energie AG received the "Smart Grids Pioneer" prize, which is awarded every year by the bmvit.

Electricity Distribution Volumes in GWh



High-Capacity Data Networks and Intelligent Electricity Meters

Energie AG Oberösterreich Data GmbH (Data GmbH) is the Group's telecommunications company, which produces high-quality telecommunications, metering and surveying solutions for the Group's own companies as well as for external customers. During the year under review, business developed very satisfactorily and according to plan.

With a network of lines totalling 3,630 km and 430 nodes, the company has the most powerful optical fibre network in Upper Austria. In its external telecommunications carrier market business field, its main field of activity in cooperation with its subsidiary BBI – Breitbandinfrastruktur GmbH (share held by Group: 55%) is to connect banks, municipal authorities, health facilities, Internet service providers and multi-site customers to the network in a safe and highly efficient manner. As for the acquisition of new customers, a noticeable upswing was evident after the previous years' economic crisis. The agreed service levels (with high system stability) were able to be met.

Besides its high-quality carrier services for intra-group and external customers, the company is increasingly positioning itself as a supplier of provider and content products (normally together with cooperation partners) and is developing new business models based on the existing optical-fibre infrastructure.

One key business field of Data GmbH is metering. Essentially, Data GmbH provides the full scope of electricity metering services to its affiliate Netz GmbH and develops these further, applying innovative solutions. In cooperation with a major industrial partner, a trendsetting smart-metering system was developed over recent years under the trade name AMIS and tested in the Energie AG grid. With its automatized metering processes in running operations, the overall system AMIS has proven its worth and has meanwhile been installed in 10,000 AMIS end devices at customers' facilities. For this reason, in spring 2011, the product was rolled out in high-population areas across the country with 100,000 end devices – at the moment more than 70,000 AMIS devices are in running operation. Before making any decisions on a full roll-out, the company is still waiting to see what legal conditions will be defined for smart metering in the relevant regulations to be issued by the Federal Ministry of Economy, Family and Youth and the ECA. Meanwhile, AMIS is being extended to include the components multi-utility meters, customer applications such as in-house display with interface to Home Automation and Customer Portal. Due to its system configuration – it is based on remote control devices at substations – AMIS also forms the basic technology for smart grid developments.

A very innovative service offered by Data GmbH involves a high-precision surveying service using a satellite-based positioning system with correction data service in real time. The service is also available in the market under the trademark "NetFocus" and is suitable for all customers in need of surveying services. Currently, the company cooperates with network operators in Styria and in Salzburg. Sub-networks are interconnected and controlled by a server based in Linz. There are plans for further networks to be connected up later.

Natural Gas for Upper Austria – OÖ. Ferngas AG

For more than five decades, Upper Austria has placed its trust in the energy source natural gas and the services provided by OÖ. Ferngas AG. The Energie AG Group holds a 65% majority share in OÖ. Ferngas AG and its subsidiaries OÖ. Ferngas Netz GmbH, OÖ. Gas-Wärme GmbH (OÖGW) and OÖ. Ferngas Service GmbH, which actively help to shape Upper Austria's energy future. The regional and long-established company with its reliable and efficient infrastructure is the backbone of Upper Austria's natural gas supply.

As a driving force in the region's economy, OÖ. Ferngas has been fully committed to its responsibility to the region and the society for many decades. OÖ. Ferngas Netz GmbH is the first company in the whole of Austria to have been verified according to ISO 26000 and certified according to the ONR 192500 during fiscal 2010/2011. ISO 26000 is the first internationally valid definition of social responsibility. It specifies what distinguishes socially responsible action and formulates recommendations on how Corporate Social Responsibility should be implemented in organisations.

The Upper Austrian pipeline system has grown to a length of approx. 5,200 kilometres which was used to transport around 28,335.7 GWh (2,532.2 million m^3) of natural gas during the past fiscal year 2010/2011. Its smooth operation, its optimum maintenance and the expansion of this natural gas pipeline network according to the customers' needs and requests is the full responsibility of OÖ. Ferngas Netz GmbH. The increase of 1,015.6 GWh compared to the previous year results, on the one hand, from an increase in customers in the low-pressure area and, on the other, from added quantities in the industrial segment due to the economic upswing.

Construction work amounting to 45 km of system pipelines with an operation pressure of up to 6 bar (building connection lines and main lines) led to 979 new customers connected during fiscal 2010/2011 (2009/2010: 796).

Based on the incentive-based regulation system that was introduced on 1 February 2008, the 2011 amendment to the 2008 Ordinance on Tariffs for the Use of the Gas System (GSNT-VO) once again led to an adjustment of the tariffs for the use of the natural gas system as of 1 January 2011. Pursuant to efficiency criteria, the transmission tariffs for the existing system are subject to an annual deduction. Following assessment by the authorities, economical network expansions are to be considered in the overall system. Synchronously, the additional volumes achieved through the acquisition of new customers, have a tariff-lowering effect. With the entry into force of the new tariff ordinance, the transmission tariffs for customers within the distribution system area Upper Austria were raised, primarily due to increased costs in the upstream Network Levels 2 and 3.

As of the end of the fiscal year, OÖ. Gas-Wärme GmbH supplied around 65,300 customer facilities in Austria and 170 customer facilities in Germany. During the past year, the company succeeded in winning 2,100 new customers with annual quantities sold amounting to 86 GWh in Austria and more than 100 customer facilities with annual quantities sold amounting to 28 GWh in Germany. Despite the difficult market conditions during the past year, there was a net increase in quantities sold (13 GWh in Austria and 15 GWh in Germany). Besides its core business, OÖ. Gas-Wärme GmbH offers energy services and markets natural gas as a fuel.

The total quantity sold during the period under review amounted to 2,350 GWh which is slightly below the level of the previous year. The higher quantities sold resulting from the increased number of customers compensated for the milder winter compared to the previous year (around 5% fewer heating-degree days).

The constantly rising procurement prices could no longer be offset during the ongoing year and made a price adjustment necessary in the spring.

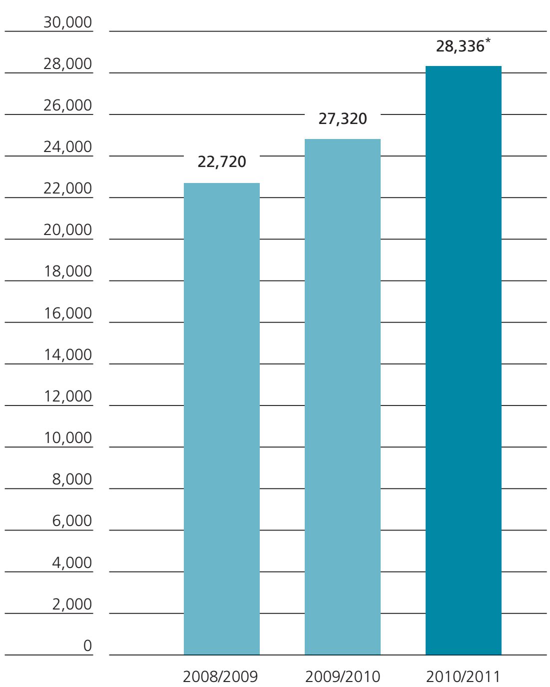
In the Czech Republic, three further biogas plants went into operation, which the company erected for third parties as general contractor under the trademark ENSERV. As of the balance sheet date, four plants were in the completion phase and nine others were under construction. There are plans to enter the Slovakian market in the next fiscal year. In Austria, the feed-in plant for supplying processed biogas into the natural gas system successfully went into operation in Engerwitzdorf. The plant in Engerwitzdorf is the first and largest of its kind in Austria. 100% of the biogas is directly fed into the natural gas pipeline system. As much as 9.3 GWh of biogas in natural gas quality was fed into the system during its first year of supply. In fiscal 2010/2011, further investments were made to expand heating centres. The previous year's two major individual investments – the biomass district heating plant Weichstetten and the biogas feed-in system in Engerwitzdorf – were completed and taken into operation.

With its activities involving the feed-in of processed biogas, heating supply based on Renewable Energy sources and customer consultation services on the efficient use of energy, the company pays due attention to the goals of Austria's Energy Strategy and Upper Austria's Energy Concept. The defined goals to enhance energy efficiency are exceeded, both in terms of the government's strategy and that of the federal province.

The subsidiary Erdgas Oberösterreich Vertriebs GmbH, which is engaged in business activities in Germany, was already able to achieve favourable results in its second full fiscal year – despite the difficult market environment.

EGBV Beteiligungsverwaltung GmbH (EGBV) is a 35-% investment of OÖ. Ferngas AG and holds 14.248% of the shares in EconGas GmbH, which takes care of customers with annual requirements of 500,000 m^3 of natural gas at one consumption site. During the expired fiscal year, EconGas GmbH succeeded in increasing its sold volumes of natural gas at home and abroad from 8.3 billion m^3 to 13.2 billion m^3.

Natural Gas Transports in GWh



* Preliminary figures as of 6 October 2011, dependent on final clearing

Stable Positive Performance in the Heating Business

In Upper Austria, **Energie AG Oberösterreich Wärme GmbH** (Wärme GmbH) operates six supply networks, two district heating networks of which are located in proximity to the Group's own thermal power plants in Timelkam and Riedersbach. Meanwhile, Wärme GmbH subsidiaries provide district heating to seven cities in the Czech Republic.

Energy efficiency is still a key topic in the heating sector. But the positive business trend is also a sign that the company is facing up to the challenge, and that it will continue to do so successfully in the long term. During fiscal 2010/2011, a total of 634 GWh of heat was sold to customers in networks in Upper Austria and the Czech Republic. Despite the times of dwindling, specific consumption per customer facility caused by a raised level of awareness in energy matters, the acquisition of new customers and new contracts with households made it possible for the company to maintain the previous year's level.

Due to the customer structure that focuses primarily on private households, the overall economic volatility had little effect on the distribution volumes. Energie-Contracting Steyr GmbH, however, is a company which predominantly supplies an overall energy package to industrial customers. The noticeable economic recovery is now also having a very favourable impact on the continued development of this company. Here, additional potential was also realised by the construction of a new biomass plant. The replacement of an existing gas boiler with a biomass boiler for the supply of district heating and electricity from Renewable Energy was received very well by its customers.

The past fiscal year was characterised by a significant rise in the primary energy prices. Consequently, it was all the more important that an increase in the heating prices by 4%, effective from 1 January, was approved and implemented accordingly for the supply networks with official price arrangements.

As of 1 October 2010, two additional companies were able to be consolidated: Energie AG Teplo Vimperk s.r.o and Energie AG Teplo Rokycany s.r.o. The two companies ideally fit into the optimisation strategy pursued at the existing locations in the Czech Republic. In the area of Sateza a.s. a small heat supply network was purchased, which can be excellently integrated into the existing structure. In 2010/2011, the supply network Dobrís, which was purchased the previous year by Městské tepelné hospodářství Kolín, spol. s r.o., had an impact on the entire period under review for the first time.

The 45% stake held in Bioenergie Wiener Neustadt GmbH, founded the previous year, was sold in the past fiscal year for strategic reasons.

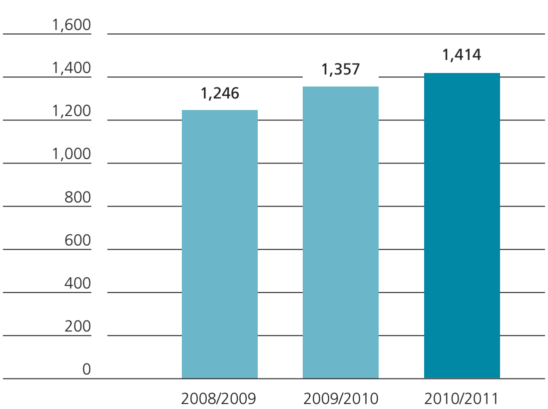
The development of Austria's largest geothermal project in Ried im Innkreis, in which Wärme GmbH holds a 40% share and is responsible for planning the district heating network, is right on track. The first drilling in the past fiscal year was successful. During the 4th quarter of the fiscal year, work on the re-injection well was well under way. This will mark the first step to save up to 15,000 tons of CO_2 on a medium-term basis and will be a major contribution towards Austria's Energy Strategy.

Die **Cogeneration-Kraftwerke Management Oberösterreich GmbH** (CMOÖ) operates a cogeneration power plant in Laakirchen and delivers process heat to its main customer and district heat to surrounding SMEs. During fiscal 2010/2011, the amount of heat sold was 601 GWh, which is slightly above the previous year's figures (591 GWh).

Group company AVE Austria feeds heat from the waste incineration plant in Wels into the district heating network of the town of Wels. In fiscal 2010/2011, the company sold 79 GWh of heat.

With its business field ENSERV, OÖ. Gas-Wärme supplies district heating to its customers in the segments public institutions, residential trade and SMEs. The heat sold during the period under review was 100 GWh, which is slightly below the previous year's figures (108 GWh).

Heat Sold in GWh



Conditions for Shared Group Services in Line With the Market

The Energie AG Group has four service companies that are responsible for providing intragroup services. The offered products and services must, on the one hand, comply with the Group's internal quality and safety standards and, on the other hand, meet external market conditions.

In fiscal 2009/2010, the market price benchmarking method was applied to validate the prices for products and services, and measures focusing on quality, efficiency enhancement and service level adjustment were developed. These measures to achieve price-related and quality-related improvements of the intra-group services continued to be pursued and implemented by the four service companies during the year under review.

- The range of services for procurement and logistics, facility management, information technology, accounting and legal services are pooled under Energie AG Oberösterreich Business Services GmbH.

  In fiscal 2010/2011, the projects in these areas aiming at cost reduction, process optimisation and quality intensification continued to be implemented and completed. Essentially, these included measures such as the implementation and trial operation of a central legal data management system, the expansion of IT servicing to include AVE Austria, Romania and Italy, the international tendering of client hardware requirements for the entire Group as well as a number of other adjustments.

- Energie AG Oberösterreich Customer Services GmbH provides billing and customer services including collection management and change-of-supplier services.

  Besides its main customers Netz GmbH and electricity supply, the company provides its services to further intragroup units as well as external customers for the purpose of optimising the utilisation of its resources. The company also has a "crisis hotline" which is set up and made available to the federal province of Upper Austria whenever the need arises.

  Its extremely positive and satisfactory cooperation with the external overflow call centre resulted in the strategic acquisition of a 60% share in Market Calling Marketinggesellschaft m.b.H. in August 2011. This acquisition has already led to the continued optimisation of proven synergies. This has made it even easier to improve efficiency, flexibility and the ability to respond to the market, both with regard to human resources and to the company's service portfolio – while maintaining the required quality standards. Currently, around 70% of all inbound calls (hotline 0800 81 8000) are processed via Market Calling.

  During fiscal 2010/2011, the employees took care of billing, customer support and collection management for more than 1.3 million customer contracts. The customer contacts included around 532,000 calls, 40,000 e-mails and 44,000 mail items.

- Energie AG Oberösterreich Personal Services GmbH offers services ranging from recruiting, HR consulting and payroll to HR development and apprentice training. Its wide range of services ensures that intragroup customers receive swift support in all HR-related matters from a central professional contact point.

  Fiscal 2010/2011 was dedicated to integrating the Group's HR Management system (the holding's former control unit) and Personal Services into the existing "Personal Services GmbH" and to the implementation of the Group's step-in pension plan project.

- Energie AG Oberösterreich Tech Services GmbH is the technical service company for electrical facilities, particularly those in Energie AG's electricity and data network.

  Only during the past fiscal year did a slight recovery become noticeable by a strengthened demand from the Upper Austrian economy, which led to improved performance during the second half of the year. The business trend was additionally affected by the internal postponement of various large-scale projects to coming periods and by replacement investments in the medium- and low-voltage network, with the result that the company's operating performance roughly reached the previous year's levels.

  All orders led to full utilisation of the entire engineering and installation team. Furthermore, it once again became necessary to employ external staff to fulfil the placed orders.

Strategic Participations

The associated companies included at equity, i.e. Ennskraftwerke AG, LIWEST Kabelmedien GmbH (LIWEST), Wels Strom GmbH, Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG) and other minority shareholdings complement the Energie AG Group's operational business portfolio at various stages along the value creation chain.

Shares in result of companies associated at equity during fiscal 2010/2011 amounted to EUR 11.0 million, which is a decline of approx. EUR 3.4 million compared to the previous year (EUR 14.4 million).

Ennskraftwerke Aktiengesellschaft (Ennskraftwerke AG) is owned in equal shares by Energie AG and VERBUND AG. Ennskraftwerke AG with its twelve hydropower plants along the rivers Enns and Steyr in Upper Austria has a total output of around 430 MW, which makes it one of the biggest Austrian producers of electricity from environmentally friendly hydropower. Thanks to continued cost-lowering and efficiency-enhancing measures that were initiated at an early point in time, the company was able to position itself as one of the most competitive producers in the market.

With regard to Energie AG's procurement portfolio, electricity procurement rights from Ennskraftwerke AG make up a very important part of the Renewable Energy share, at optimised costs and risks.

During the last fiscal year (1 January to 31 December 2010), low precipitation and less snowmelt-runoff than usual led to production below average, which amounted to 1,668.5 GWh which was 10.2% below the annual standard value and approx. 18.5% below the volume produced in fiscal year 2009. The lasting drought in the current calendar year 2011 is currently restricting generation possibilities at the Enns power plants severely. But multi-year water-level observations fail to suggest any changes to the general trend regarding production possibilities.

In the context of the planned flood protection measures for the City of Steyr, a feasibility study was conducted for the Rederbrücke power plant. In preparation for the planned environmental impact assessment, ecological tests are currently being run. After completion of these tests, the project will be introduced to the water management planning body of the Federal Province of Upper Austria in late November 2011. The next step will be initial work on the development of a project to be submitted for the environmental impact assessment.

Wels Strom GmbH – a 49% shareholding – positions itself as a fully integrated energy supplier to the town of Wels and several municipalities on its outskirts. Its business activities comprise production, distribution and supply of electricity and heat and the business field energy systems. With its niche product "gas-fired micro-turbines", the company has established itself in the Green energy industry. Its industrial project "Machland", a combination of gas-fired micro-turbine and gas boiler implemented in 2010/2011, was awarded the "Energy Globe Upper Austria" (Category "Fire") in 2011.

During the last fiscal year (1 January to 31 December 2010), the company's own electricity generation dropped by 6.8% to 185.1 GWh compared to 2009. Electricity produced from hydropower decreased by 7.5% to 71.9 GWh due to the lower water levels in the River Traun. Production at the heat-operated district heating plant fell by 6.5% to 113.1 GWh. Wels Strom GmbH delivered 482.3 GWh of electricity (incl. grid loss) by its distribution system, which means an increase of 3.2% compared to the same period the year before. In calendar year 2011, the lower water levels along with the missing amount of snowmelt run-off once again had an adverse impact on hydropower production. Since March 2011, the industrial wind farms in Eberschwang with a planned annual electricity volume of 1.5 GWh have been producing electricity for Wels Strom GmbH, adding domestic wind power to the Green electricity mix.

In terms of electricity distribution, the company's existing positioning was able to be expanded further across Austria thanks to the commissioning of an online distribution platform. With its modern access via Internet, its cost-oriented processing and implementation and attractive pricing, the electricity product line www.voltino.at sets new standards as a discount electricity sales channel for customers from all over Austria. In the context of mobility, thirteen freely accessible charging stations were installed throughout the company's own network area in cooperation with partners. Until further notice, these charging points can be used free of charge by the operators of single-track and multi-track vehicles.

The district heating connection line between Incineration Line II of the AVE WAV (Wels waste incineration plant) and the existing district heating network belonging to Elektrizitätswerk Wels AG was expanded in the first quarter of 2011 by the technical integration of WAV I Incineration Line, and successfully taken into operation. This measure will ensure higher availability and improved planning of heat from the AVE plant.

In the telecommunications sector, Energie AG has a stake of 44% in **LIWEST Kabelmedien GmbH**. Business activities include the operation of a cable TV network, the provision of Internet access products and the operation of fixed network voice telephony.

Measured in terms of its actively connected 123,671 cable-TV customers, LIWEST is the biggest Upper Austrian cable TV network operator and still ranks second nationwide as in the previous year. LIWEST has shown that it can hold up against the fierce competition in the telecommunication market that has persisted for some years. In the past fiscal year (1 Oct. 2010 to 30 Sep. 2011), it was able to win further telephone customers (32,667; +19.5%) and Internet customers (51,795; +6.1%) due to acquisition-based growth, high quality and support services.

With the aim to further expand its network across the territory of Upper Austria and continuously broaden its existing customer base, LIWEST acquired a regional cable network operator, with effect from 1 April 2011. The newly integrated networks will be upgraded and subjected to continuous optimisation measures to avoid radio interference through the commissioning of the next mobile telephone generation LTE in the 800 MHz frequency band. The past years' restructuring measures continue to be implemented on a consistent basis.

Energie AG has a stake of 26.13% in **Salzburg AG für Energie, Verkehr und Telekommunikation.** A regional energy supplier, Salzburg AG is engaged in business activities in the areas electricity, natural gas, heat, water, transport and telecommunications.

After the total amount of electricity procured, including electricity trading, losses and own consumption, increased steadily over the past years, a decline of 6.3% was recorded in the last fiscal year (1 January to 31 December 2010), bringing the volume down to 15,148.9 GWh. This decline is exclusively the result of the decreased electricity trading activities that dropped by 13.2%. With regard to end-consumers in the company's own distribution system area, there was a slight rise in distribution volumes from 3.9% to 3,302.53 GWh.

Salzburg AG has a power plant park of 27 hydropower plants with a total output of 428 MW and an output capacity of 1,072 GWh. Own electricity production in the hydropower plants was down slightly due to the low water supply, whereas thermal power plant production was 10.4% above last year's levels. In total, own production dropped to 1,704.8 GWh, which is 0.8% below the previous year's figures. Electricity distribution volumes to end-consumers in the distribution system area of Salzburg AG rose by 4.0% to 3,594.9 GWh.

The expansion of its gas trading business led to a rise in the total distribution volumes of natural gas including own consumption by 31.6% to 10,951.5 GWh. Gas distribution volumes climbed by 7.7% to 3,233.9 GWh. Total district heating sold amounted to 920.9 GWh which is 8.7% above the previous year's level. Water consumption amounting to 12.4 million m^3 was up slightly over last year's figures. Almost all of the federal province of Salzburg is supplied with cable TV signals from Salzburg AG.

The number of customers in the telecommunications business (cable TV, Internet, telephony) continued to rise significantly.

The expansion of its Renewable Energy sector is a key focus of Salzburg AG's business activities. In the alternative energy sector, the company operates several photovoltaic plants in Bavaria and Italy.

Salzburg AG is seeking to further increase its own electricity generation, which currently stands at about 50%. Continuous modernisation and capacity enhancement efforts carried out on existing plants, as well as the construction of further power plants are intended to achieve the desired increase. Energy consultation services and a special Internet platform on the subject of energy saving were established for the purpose of raising awareness of energy efficiency and encouraging people to use their electricity and heating sparingly.

Energie AG has a 16% stake in Tauerngasleitung GmbH. The company's core business is to review the feasibility of a natural gas pipeline leading from Bavaria through Upper Austria, Salzburg and Carinthia to the south by means of a study funded by the EU. The Tauern gas pipeline would contribute essentially towards providing additional transportation capacities between the north and the south for the growing natural gas requirements, thus raising the security of supply with natural gas in Europe and Austria in the long term and creating high-capacity connections between the Member States to optimise the Internal Market. The technical feasibility study has been largely completed, and currently submission of the environmental assessment procedure is being prepared. In view of its economic feasibility, market surveys are currently under way to determine future capacity requirements; the tariff structures will in future be governed by the Third Legislative Package for an Internal Gas Market which will be applied uniformly across Europe.

Besides the companies mentioned, further associated companies included at equity are the combined-cycle gas turbine (CCGT) power station Timelkam GmbH, the Hungarian waste disposal company Kaposvári Városgazdálkodási Rt., the Hungarian water company Energie AG Miskolc Vizgazdálkodási Kft. and EGBV Beteiligungsverwaltung GmbH, a subsidiary of OÖ. Ferngas AG.

Fair Energy – the Brand for Energy Efficiency and Renewable Energy Sources

Fair Energy GmbH is a 100% subsidiary that concentrates on the business fields energy efficiency, the renewable energy sources wind and sun and electric mobility.

During its first year of operation, SolarCampus, Austria's largest photovoltaic research power plant, exceeded its expected electricity output by around seven per cent and has so far been visited by more than 12,000 people.

Based on this experience, the next step will be the construction of medium-sized, decentralised photovoltaic plants in which third parties can invest by participation.

Where wind power is concerned, thought is currently being given to possible locations and projects in the distribution area, so that this form of Renewable Energy can also be sustainably promoted in the Energie AG's distribution area.

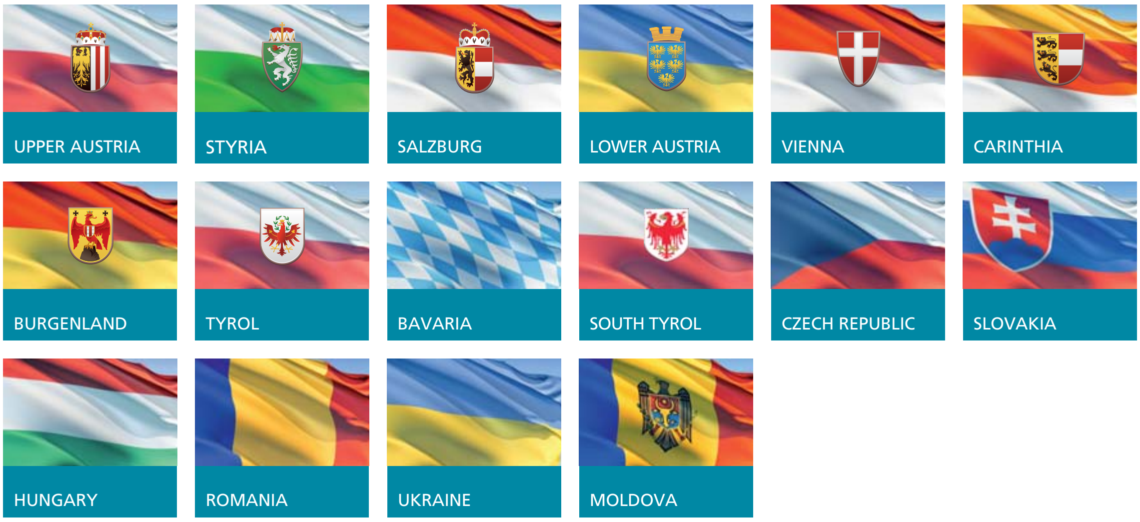
Fair Energy also focuses on electric mobility. By expanding the infrastructure in an effective and forward-looking way and cooperating with mobility service providers, a state-of-the-art charging infrastructure as well as comprehensive information services on the range of electric vehicles are offered at an early stage of the market development.

"In the future, will it be possible to make new raw materials out of waste?"

"AVE, a wholly owned subsidiary of Energie AG, is already developing tomorrow's waste concepts today: from efficient recyclable materials collections to cutting-edge recycling methods."

WASTE MANAGEMENT

The Waste Management Segment



Waste Management Segment – Overview	in	2010/2011	Change	2009/2010	2008/2009
Total waste volume handled	1,000 to	**5,488**	5.5%	5,203	4,651
Thermally processed waste	1,000 to	**626**	6.1%	590	607
Total sales	EUR mill.	**468.5**	18.4%	395.6	343.1
EBITDA	EUR mill.	**68.3**	18.6%	57.6	59.1
EBIT	EUR mill.	**12.9**	—	- 1.5	0.3
Investments into tangible fixed assets and intangible assets	EUR mill.	**23.8**	- 23.5%	31,1	67.3
Employees (average)	FTE	**3,870**	11.1%	3,482	3,238

The Waste Management Segment of the Energie AG Group operates in the market under the brand name AVE. The consolidated financial statements for 2010/2011 comprise the markets Austria, the Czech Republic, Hungary, Slovakia, Bavaria, South Tyrol and Romania.

The Business Environment of the Waste Management Sector

After the end of the global economic crisis, the waste management industry in Europe is benefiting from the economic upswing, the currently low interest levels and recovering waste volumes and prices for recyclable materials. During the period under review, the subject of resources and secondary raw material recovery continued to gain significance at a national and international level.

In September 2011, the European Commission presented the long anticipated "Roadmap" aimed at making Europe's economy resource-efficient by 2050, which is expected to have some major implications for the future structure of the waste management industry. By defined measures and instruments, for example by investment incentives for environmentally friendly innovation or by shifting taxation away from the factor labour onto environmental impact and resource consumption, the Roadmap to a Resource Efficient Europe aims at transforming production and consumption for the future. In terms of an integrated approach that considers the product's entire environmental footprint, prices are be adjusted in a way to reflect the true cost of resource consumption, particularly in view of the environment and health. In a participative process that involves all interest groups, most importantly politicians, businesspeople and consumers, clearly defined targets and indicators are to have been developed by 2013, the latest.

To accelerate economic, social and territorial convergence, the European Commission allocated funds in the amount of EUR 70.0 billion to the Cohesion Fund for regional development projects in the period 2007 to 2013. Just as Hungary profited substantially in the past years from the European Union's ISPA programme for private-public partnership models (PPP models), it is expected that EU-funded environmental projects can be developed throughout the entire CEE area in cooperation with municipal partners.

Due to the persisting heavily fragmented structure of the private waste sector, the pressure continues to drive market shakeout, even against the background of global economic fluctuations over the last quarters. By contrast, the situation in the public sector is rather more differentiated: while, in individual markets (Hungary), political requirements have led to an ongoing trend of re-municipalisation, the tight budget situation suggests the continued privatisation of municipal services in the majority of East-European countries. The currently large share of municipal operations in the overall business in the CEE markets, in particular, had a stabilising effect on the AVE Group. Besides concentrating on organic growth and the acquisition of private waste management companies, growth will primarily focus on the development and expansion of projects, structures and new PPP models.

The Business Development of the Waste Management Segment

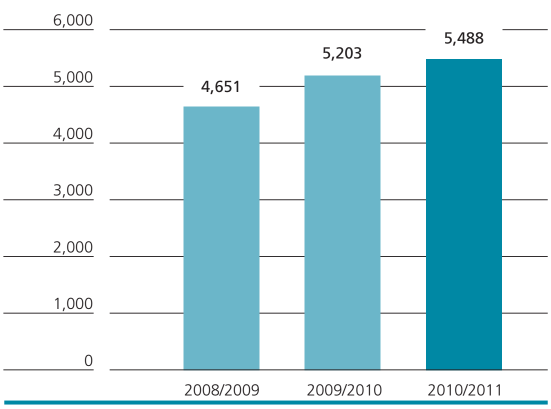
Sales in the Waste Management Segment in fiscal 2010/2011 increased significantly from EUR 395.6 million in the corresponding period of the previous year to EUR 468.5 million. This development was positively influenced by the prices for recycling materials that remained at a high level and the first-time consolidation of investments in the Czech Republic, Slovakia, Italy and Romania. The EBIT in the amount of EUR 12.9 million exceeds last year's figures significantly by EUR 14.4 million and contains the loss on disposal caused by the sale of the operating activities in Bavaria. Expenditure optimised by efficiency enhancement programs, prices for recyclable materials that were noticeably higher than the previous year's figures, the stable contributions from municipal business in the CEE companies and additional earnings from winter services, remediation of contaminated sites and land restoration in the Czech Republic and Hungary formed the basis for the good operating business performance.

Also the total waste volumes handled once again displayed a clear increase of 5.5% to 5,488,000 tons. The thermally processed waste volume climbed during the past fiscal year from 590,000 to 626,000 tons. This corresponds to an increase of 6.1%.

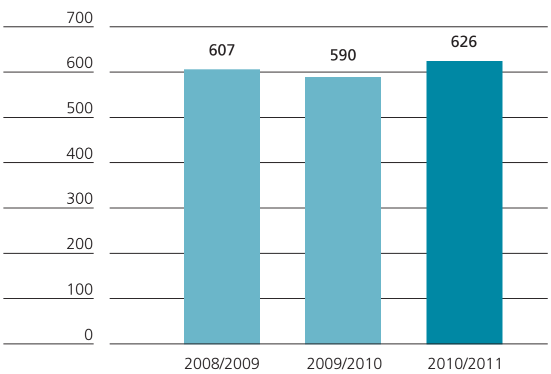
Austria

The past 2010/2011 fiscal year was characterised by general economic recovery and a clear increase in the prices for recyclable materials, in particular for waste paper, cardboard and waste metal. The pressure on waste disposal prices persisted in the areas of industrial and SME waste and hazardous waste. In response to the fierce competition, AVE in Austria enhanced its focus on selective market development, broadened its cooperation with the Austrian municipalities even further and intensified cost management. During fiscal 2010/2011, some important new multi-year contracts for the treatment of municipal waste were concluded, and a number of attractive new industrial and SME customers were acquired, which help to ensure the full utilisation of the thermal processing facilities. During the fiscal year just past, the plants in Wels and in Lenzing worked at capacity.

Waste Volume Handled in 1,000 Tons



Thermally Processed Volume in 1,000 Tons



Following some initial economic and technical problems concerning the pelletizing plant in Wels, production recommenced in summer 2010 and technical optimisations were implemented on an ongoing basis. During fiscal 2010/2011, operation activities remained stable; demand fluctuations on the part of the contractual partner were offset and it became possible to reach a final contractual agreement with the co-shareholder.

After the effects of the previous years' economic crisis and the following consolidation of the existing company structure, fiscal 2010/2011 was characterised by very good business performance. In an effort to secure sustainable profitability for the company, the management carried out an efficiency enhancement programme from August 2010 until April 2011 at the level of the operating process, which is currently in its very successful implementation stage. Alongside the efficiency enhancement programme, AVE Austria initiated externally supported staff and executive development programmes as well as programmes to strengthen corporate culture. The organisational structure underwent an adjustment with a focus on the bundling of logistics and distribution, which will additionally boost the company's stringent orientation towards the customers' needs.

Through the company's consistent continuation on its course of consolidation combined with an increased focus on the issues human resources development, cost efficiency and value enhancement, AVE Austria is back on track and is to further strengthen its position as a market and quality leader.

Bavaria

The past fiscal year and, in particular, the last quarter, were characterised by the sales efforts and the associated developments. Despite the persistently fierce competitive environment, the business was able to be kept stable until the sale of the operations in September. Driven by the high price levels for recyclable materials, sales displayed a year-on-year increase, while the contribution to the result was once again negative.

Based on what was defined in the AVE turnaround project, the operations were sold to a competing Bavarian SME as of 26 September 2011.

South Tyrol

During fiscal 2010/2011, it became possible to further strengthen AVE's business volume in South Tyrol and improve its result, despite the difficult economic environment for third-party business. Specifically the high prices for recyclable materials had a favourable effect. The acquisition of the remaining shares in the two operating companies in Eppan and Neumarkt enables the use of added synergy effects.

Czech Republic

Once again, the business volume of AVE in the Czech Republic displayed further significant growth in fiscal 2010/2011. Based on excellent revenues from winter services, a powerfully developed raw material business and the continued optimisation of the company structure with focus on value enhancement, both sales and EBIT were noticeably increased compared to the previous year.

AVE Czech Republic meanwhile belongs to the most successful companies in the Czech market and was ranked number 33 among the top 100 companies according to a recent ranking.

By acquiring AVE Kralupy in the last fiscal year, AVE Czech Republic extended the value chain in the business field Hazardous Waste Disposal to include a hazardous waste incineration plant. During its first year of operation, the main focus was on the integration of this new plant into the distribution and logistics structure, the continuous technical optimisation and maximisation of utilisation. The approved capacity increase at the landfill in Čáslav to 5 million m^3 is yet another factor which strengthens the company's position further. With Benatky and Čáslav, AVE is now provided with the two landfill sites that have the largest potential volumes for waste in the country. As a supporting measure, the management is now launching a value-enhancing structure optimisation programme to strengthen corporate culture, employee loyalty and development.

Investments focused primarily on the modernisation of the location structure (Kolin, Karlovy Vary) as well as on the construction of new treatment plants. The two acquisitions during fiscal 2010/2011 firstly strengthened the company's market presence in the Karlovy Vary region in the areas waste collection and landfilling and, secondly, also gave a boost to its activities in the winter sports region Harrachov where winter services are now being offered.

Hungary

During the past fiscal year, the Hungarian economy began to pick up slowly, but the country's further economic and political development remains uncertain.

Against this background, AVE Hungary recorded significant sales gains compared to the same period of the previous year due to the recovering SME and industry sector and the risen prices for recyclable materials. However, the previous year's high results were not quite reached due to longer days sales outstanding and write-downs relating to municipal, industrial and private customers, reduced margins for recyclable materials, increased fuel prices and revenues from winter services that were below average resulting from the weather conditions. As for the municipal business, price increases in long-term agreements were implemented to compensate for inflation, and several tenders concerning publicly financed land restoration projects were won, despite the difficult general conditions.

During fiscal 2010/2011, the national company's headquarters relocated from Budapest to Tatabánya and the East-Hungarian shareholdings AVE Heves Régió Kft. and AVE Hevesi Városfenntartó Kft. were included in the scope of consolidation for the first time.

Slovakia

In the stable municipal segment, thanks to some successful tenders and the acquisition of the activities of another competitor in eastern Slovakia, services were provided to more than 210,000 inhabitants in around 150 cities and municipalities, which led to an increase of +40% compared to the previous year. As a result of tenders, a large number of municipal agreements were able to be renewed for 5 to 10-year periods, securing them for the long term. Compared to the previous year's figures, the quantities delivered to the landfills in Senec, Jasov and Tornal'a increased significantly. These successful and proactive marketing activities in the municipal, SME and industrial customer segment are to be continued.

By acquiring the business shares of two private co-owners, the AVE Group has now become sole owner of AVE VODS, which from now on trades under the name AVE Košice. The companies AVE Košice s.r.o., AVE Jasov s.r.o. founded in 2007 and AVE Tornal'a acquired in 2007 were included in the Group's scope of consolidation for the first time in fiscal 2010/2011. The corresponding preconsolidation results of the start-up costs are reflected in the current financial statements.

Romania, Ukraine, Moldova

It took slightly longer for the impact of the economic crisis to be felt in Romania, but the high share of municipal operations in AVE Romania's customer structure had a stabilising effect. Sales and earnings performance of the Romanian companies show an upward trend, supported by consistent market densification and organic growth. With market shares up to 70% in individual regions, the number of inhabitants in Romania receiving services from AVE was again able to be increased to close to 400,000 inhabitants.

In western Ukraine, AVE already provides its services to more than 500,000 private customers as well as more than 4,000 SME and industrial customers. In the defined market areas relevant to AVE, its operations already have a leading position. Due to a new tariff model in the city of Lviv, sales and results of AVE Lwiw increased considerably. Due to technological progress, the selective collection of PET and waste paper was introduced in Mukachevo and Vinogradovo. In the target region, long-term contracts were concluded with several cities, and multiple price increases well above the inflation level were implemented in existing contracts.

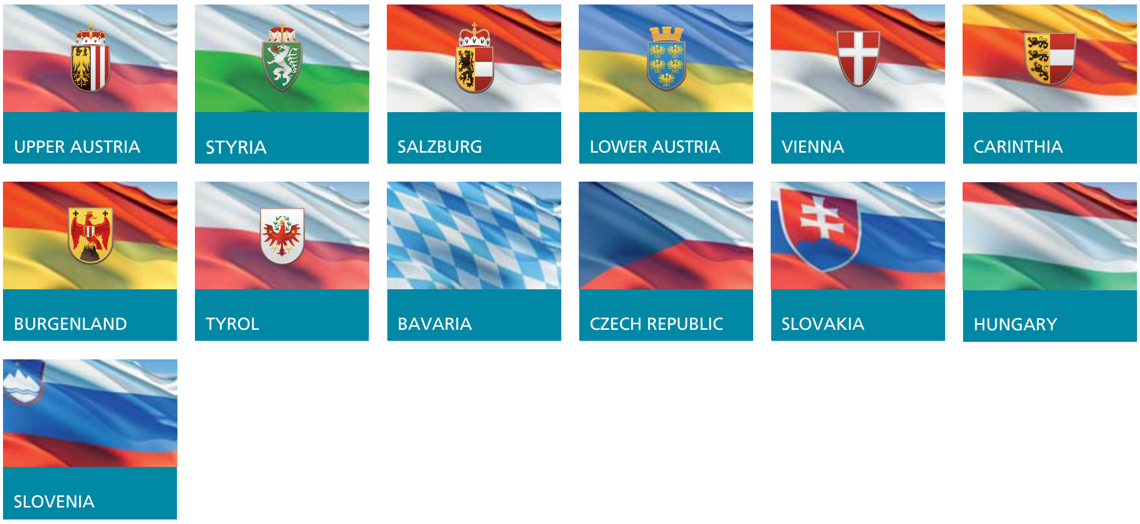
The PPP model that was launched in 2008 in the town of Ungheni in western Moldova continues to be operationally successful. The share of contracts concluded with households in Ungheni has reached 95%, and together with the newly won municipal and private customers in the Chisinau region, as many as 40,000 inhabitants and 600 SME and industrial customers are already receiving services.

"Will there still be clean water when I'm grown up?"

WATER

"The future of our water is in good hands. WDLGmbH, a company belonging to Energie AG, supplies drinking water of the highest quality and creates the conditions for this valuable resource's overall protection."

Water Segment



The Water Segment – Overview	in	2010/2011	Change	2009/2010	2008/2009
Billed drinking water quantities	mill. m^3	**53.6**	3.7%	51.7	48.0
Billed waste water quantities	mill. m^3	**44.4**	3.3%	43.0	41.0
Inhabitants supplied with drinking water	in 1,000	**1,047**	5.2%	995	934
Inhabitants with waste water treatment	in 1,000	**695**	4.8%	663	619
Total sales	EUR mill.	**134.0**	12.8%	118.8	108.7
EBITDA	EUR mill.	**15.8**	23.4%	12.8	11.3
EBIT	EUR mill.	**7.3**	43.1%	5.1	4.5
Investments into tangible fixed assets and intangible assets	EUR mill.	**6.1**	- 15.3%	7.2	6.9
Employees (average number)	FTE	**1,703**	3.7%	1,643	1,508

The Business Environment of the Water Sector

The European Union declares the protection and sustainable management of the resource water to be one of its central goals. The regulatory framework for Community measures in the field of water policy is summarised in the European Water Framework Directive.

The extensive management plans and measure programmes aim to maintain and improve the quality of the surface waters and ground water by 2015. An explicit goal of the European Water Framework Directive is to achieve integrated management within river basin districts.

Pricing, a central element of European water policy, plays a vital role in achieving the defined sustainability goals. The EU member countries are obliged to set charging policies that provide incentives for the efficient and sustainable utilisation of water. In future, the users of water services will be confronted with cost-covering, consumption-based prices as an incentive to use this resource more sparingly.

This also serves to maintain the value of the infrastructure and pave the way for its expansion and optimisation.

State subsidies and EU funding currently play an important role, not only in the CEE countries but also in Austria. The politicians, however, intend to establish a system which, in the long term, functions in an independent and sustainable manner without the massive subsidies, whereby the prices should be socially acceptable.

The European Union calls, in the context of retained public ownership and within the right legal regulatory framework, for increased efforts to engage the private sector in the water sector, to ensure that all users have improved access to water and sanitation facilities thanks to the transfer of know-how, technology and capital. In the presence of satisfactory competition, products and services could be offered in an efficient and cost-effective manner while abiding by the defined quality standards.

In the Czech Republic, the water sector infrastructure is, in part, antiquated and the geological conditions frequently necessitate the adoption of technically complex means in the extraction and treatment of drinking water from surface waters. The introduction of the high EU standards entails massive investment which now and in the future will be realised, on the one hand, through state subsidies as well as EU funding and, on the other hand, through the privatisation of public water management companies in the form license and PPP models. Approximately 80% of the market already uses organisational models that involve the private sector. In the remaining cases, the water sector infrastructure is owned by the municipality and operated by private companies which provide know-how and, in some cases, capital. The tendering of licences leads to a high level of competition. Moreover, the price calculation principles defined at public level and the financial model rules implemented in connection with EU funding regulate and control the pricing mechanism.

In Austria, the responsibility for the water infrastructure and the operation thereof lies – in contrast to the Czech Republic – mainly in the hands of the municipalities and the public sector. Against the backdrop of a need for massive reinvestment in the infrastructure parallel to a reduction in municipal budget funds, there is also a good case for the broader utilisation of alternative PPP models for operation and financing, where the control over the infrastructure and decisions relating to the fees remain in public hands. The trend in this direction could be further strengthened through the changes to the current grant regime from 2014 onwards.

Whereas possibilities for entry into the operator market still exist in Slovakia and Slovenia, a trend towards privatisation is no longer apparent in Hungary.

The Business Development of the Water Segment

In fiscal 2010/2011, total sales in the Water Segment amounted to EUR 134.0 million and the EBIT realised was EUR 7.3 million.

This corresponds to a year-on-year sales increase of 12.8% (EUR 118.8 million), which is mainly attributable to acquisitions and organic growth.

In fiscal 2010/2011, the company AQUA SERVIS a.s. in the Czech Republic was, for the first time, included in the scope of consolidation with effect on the result. The participation, which is located in Rychnov nad Kněžnou, supplies more than 50,000 inhabitants with drinking water and also engages in waste water treatment. Other services outside of the core business area include construction assembly and electrical installation. The organic growth in the Water Segment was realised in the services area by the company AQUASERV a.s. as well as in the drinking water and waste water area through new connections and ongoing price adjustments.

The EBIT in the Water Segment rose 43% from EUR 5.1 million in the previous year to EUR 7.3 million. This positive development is attributable not only to the abovementioned acquisition, but also to consequent savings in the areas of corporate organisation, market and project development as well as contract optimisation and efficiency enhancements resulting from the merger (ČEVAK a.s.) which took place in the last fiscal year. The result was further boosted by the development of the EUR/CZK exchange rate. Furthermore, the decline in earnings in isolated service activities and the changed conditions in individual operating agreements, resulting from a decline in drinking water sales and the partial introduction of the EU financial model in the Czech Republic, were compensated.

In fiscal 2010/2011, the companies in the Water Segment billed 53.6 million m³ of drinking water and 44.4 million m³ of waste water. This corresponds to a growth of 1.9 million m³ or 3.7% for drinking water and 1.4 million m³ or 3.3% for waste water. The volume increase is the balance between the newly acquired company AQUA SERVIS a.s. in the Czech Republic, increased sales at WDL-WasserdienstleistungsGmbH in Austria and the slight decline in sales in the supply areas of the Czech Republic.

As of 30 September 2011, approximately 1 million inhabitants were supplied with drinking water and waste water management was carried out for 695,000 customers. This corresponds to customer growth of 5.2% in the drinking water area and 4.8% in the waste water area.

Synergies and Growth in the Czech Republic

The business development in the Czech Republic was marked by the integration of AQUA SERVIS a.s. The company, which operates in the Hradec Králové Region, further extends the supply area of the Water Segment to Northeast Bohemia. As expected, the company displayed a positive development and also made a stable contribution to the result in the first year. Another focal point was the continued bundling of water service activities in AQUASERV a.s. This company has functioned as a central technical service provider since fiscal 2009/2010 and provides services for the water companies in the group. AQUASERV a.s., which is located in Budweis, is primarily engaged in the areas of construction assembly, sewage services, laboratory services, metering technology and GIS and operates a pump repair workshop. The fiscal year just expired was marked by the expansion of activities to the already existing participations in the Czech Republic. In addition, business on the external market was intensified.

The business of the participating interest in the Beroun District, the only company of the water group in the Czech Republic that owns the operated water sector infrastructure, is once again developing positively. Following the implementation of operational optimisation measures, the operating companies in the regions of Kolín, Chrudim and Rychnov managed to further improve their results despite the drop in drinking water and waste water volumes as a result of production cutbacks and plant shutdowns by large customers. The largest company in the Water Segment – ČEVAK a.s. with headquarters in Budweis – closed the fiscal year with an increase in sales and a noticeable year-on-year improvement in the result. This development is primarily attributable to the positive effects from the merger as well as contract optimisation in the drinking water and waste water area.

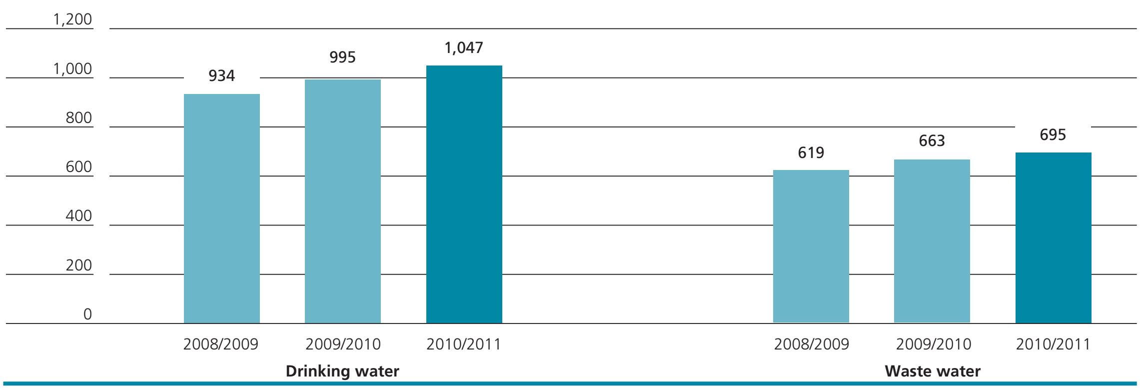
Extensive system harmonisation and standardisation measures were initiated in the companies in the commercial organisation area. The central focus here lay on the management, information, accounting and billing systems. In addition, a cash pooling system was introduced in the Czech water group.

Solid Development in Austria

In Austria, WDL-WasserdienstleistungsGmbH (WDL) supplies drinking water to 45 towns, municipalities and co-operatives and the services division was greatly expanded in the period under review. The portfolio currently embraces the provision of water services, sewage services and the operation of water and waste water plants. Within the framework of its association management activities, WDL assumed a further managerial role in fiscal 2010/2011 and

Number of Inhabitants Supplied

in 1,000



is now also responsible for flood protection association Aist. Other focal points included water loss analysis, hydrant service and operations management. The sales activities of the company were concentrated on Austria and Southern Bavaria. Here, the company secured a stronger foothold in the industrial and SME customer segment. WDL once again displayed positive development in the fiscal year just expired. Thanks to the increase in drinking water sales and water services as well as the technical and consulting services, the EBIT once again displayed a year-on-year increase despite the slight decline in sales due to fluctuations in the sewage services area.

Slovenia, Hungary and Slovakia

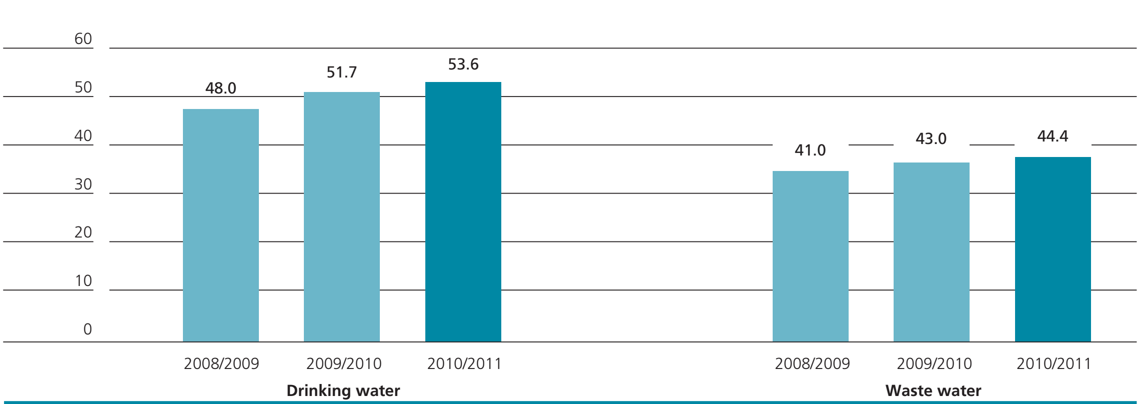
The Slovenian subsidiary Varinger d.o.o. operates in the sewage and water services area. The current situation on the Slovenian market, which is marked by high pricing pressure, the political development in Slovenia as well as the tense financial situation in the municipalities, led to year-on-year drop in sales and EBIT. Given the company's small size, this does not, however, have a significant impact on the segment.

The joint venture Energie AG Miskolc Kft., which was founded together with the town of Miskolc in 2008 and included in the Group financial statements for the first time in fiscal 2009/2010 on the basis of the equity method, provides water and waste water services and engages in preparatory measures for the modernisation of the infrastructure. The company has recorded growing sales and improved results ever since it was founded. The developments in the second half of the year, led to a year-on-year decline in the EBIT. This is attributable, inter alia, to the limited scope of the city of Miskolc to carry out improvement measures on the infrastructure.

The focus of the investment funds within the Group and the assessment of the market development possibilities in Hungary and Slovakia necessitated a repositioning of our involvement in these markets. The existing provincial companies in Hungary and Slovakia were closed. Market management and development is now carried out in Hungary by Energie AG Miskolc Kft. and in Slovakia by the new branch office of Energie AG Oberösterreich, namely Oberösterreich Wasser GmbH, which was established in 2010/2011. This repositioning led to a clear reduction in structural costs.

Billed Drinking Water / Waste Water

in mill. m^3



RESULT OF OPERATIONS AND FINANCIAL POSITION

	in	2010/2011	2009/2010	Change
Sales revenues	EUR mill.	**2,219.9**	1,978.8	12.2%
EBITDA	EUR mill.	**286.3**	289.3	- 1.0%
EBITDA margin	%	**12.9**	14.6	- 11.6%
Operating result (EBIT)	EUR mill.	**125.6**	128.9	- 2.6%
EBIT margin	%	**5.7**	6.5	- 12.3%
Financial result	EUR mill.	**- 38.5**	- 34.3	- 12.2%
Profit or loss on ordinary activities	EUR mill.	**87.1**	94.6	- 7.9%
Balance sheet total	EUR mill.	**3,725.0**	3,695.9	0.8%
Equity	EUR mill.	**1,367.1**	1,347.9	1.4%
Equity ratio	%	**36.7**	36.5	0.5%
Net debt	EUR mill.	**711.7**	782.4	-9.0%
Net gearing	%	**52.1**	58.0	- 10.2%
Investments into tangible fixed assets and intangible assets	EUR mill.	**169.1**	178.9	- 5.5%
Cash flow from operations	EUR mill.	**279.0**	271.7	2.7%
ROCE	%	**5.6**	5.4	3.7%
WACC	%	**6.5**	6.5	0.0%

In fiscal 2010/2011, sales revenues increased to EUR 2,219.9 million and therefore lay 12.2% above the value recorded in the previous year (EUR 1,978.8 million).

Sales growth was achieved in all segments. The growth in the Energy Segment results, above all, from increased revenues from the sale of electrical energy and natural gas. The sales increase in the Waste Management Segment is attributable, in particular, to the improvement in the economy compared to the previous year, first-time consolidations, additional contracts as well as a rise in the prices for recycling materials. The increase in sales in the Water Segment is due, above all, from first-time consolidations and organic growth.

The EBIT for fiscal 2010/2011 comes to EUR 125.6 million and therefore lies -2.6% below the value recorded in the previous year (EUR 128.9 million).

The EBIT in the Energy Segment is burdened by the strong drop in water levels compared to last year. The hydro coefficient comes to 0.79 (previous year: 0.96). In contrast, the contribution of electricity supply operations to the result was clearly improved compared to the previous year in which high procurement prices and provisions for the re-marketing of electricity volumes unused by industrial customers had a burdening impact.

The EBIT in the Waste Management Segment is burdened due to losses from the sale of operating activities in Germany. The EBIT for the fiscal year just expired includes unscheduled depreciations and provisions in connection with the pelletizing plant in Wels and activities in Bavaria. In spite of the one-off effect, the operating result rose to EUR 12,9 million (previous year: EUR -1.5 million).

The financial result comes to EUR –38.5 million (previous year: EUR -34.3 million). This change is essentially due to the lower result from investments.

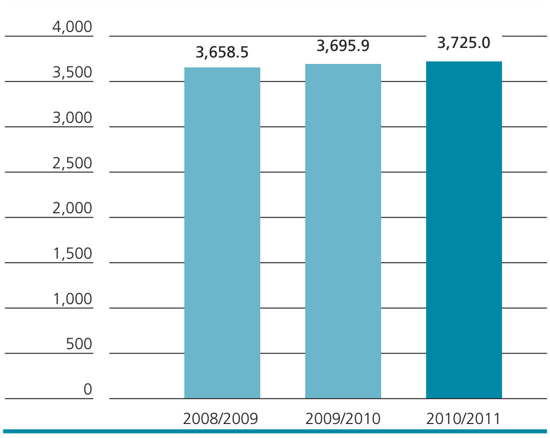
The balance sheet total came to EUR 3,725.0 million and therefore displayed an extremely stable year-on-year development. With a year-on-year increase of 0.8%, it now lies approximately at the value recorded in 2009/2010. Equity displayed a year-on-year improvement of 1.4% to EUR 1,367.1 million thus leading to a slightly improved and consistently stable equity ratio of 36.7%.

Net debt was reduced by -9.0% to EUR 711.7 million compared to the previous year with the result that gearing improved by 5.9 percentage points to 52.1%.

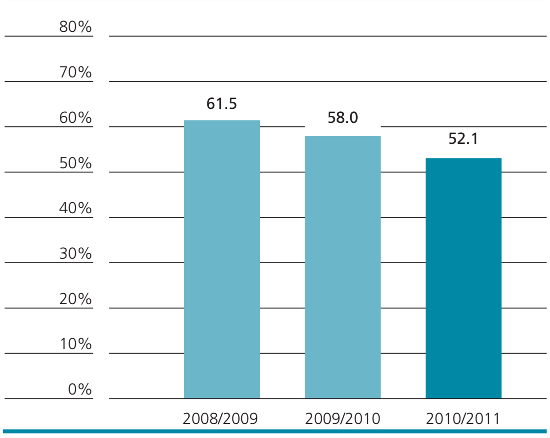
Investment in tangible fixed assets and intangible assets in the Group came to EUR 169.1 million and was therefore 5.5% below the value recorded in the previous year (EUR 178.1 million). This development results from the implementation of the Group's selective investment strategy. On the liabilities side the investments are offset by contributions to construction costs by customers in the amount of EUR 22.7 million.

The operating cash flow amounted to EUR 279.0 million and therefore increased compared to the previous year (EUR 271.7 million). This improvement is essentially due to changes in working capital.

Balance Sheet Total in EUR mill.



Net Gearing in %



Financing Strategy

The current developments in connection with the national budgets of the EURO Member States have led to an enhanced focus on the maintenance of liquidity and a good credit rating. In the fiscal year just expired, the consistent implementation of a conservative financing strategy was again of particular significance.

The Energie AG Group attaches great importance to securing sufficient financial flexibility in order to ensure both current and structural solvency and to optimise financing costs. This also means having reasonable strategic liquidity reserves and the long-term maintenance of a target rating Single A. When selecting financing structures, the Group strives to diversify its financing sources so as to ease the burden on bank credit lines.

The balanced redemption profile of the Group's external funding is dominated by capital market and capital market-like structures with bullet maturity. The Group will only have an increased re-financing demand in the year 2013 and then in the year 2016 – from today's perspective the re-financing risk can therefore be classified as minimal.

A good credit standing and a strong rating ensure high financing flexibility and access to the financial markets. In January 2011, Standard & Poor's once again confirmed the "A" credit rating for the Energie AG Group and the rating outlook was raised from "negative" to "stable". Especially with a view to the overall conditions on the capital markets, which have changed since the outbreak of the financial market crisis, a good credit rating is of outstanding importance in order to secure optimum conditions when obtaining funds for a capital-intensive company such as Energie AG on credit and capital markets.

The financial reserves of the Group are invested in a risk-adverse manner. The investment risk profile was further minimised with the result that the majority of invested funds are now held in cash and similar instruments. In addition to the financial reserves from invested funds, the Energie AG Group has credit lines with Austrian and international banks at its disposal. As at 30 September 2011, these partly committed credit lines amount to approximately EUR 404.0 million. 88% of these lines are not being used at present.

As a rule, the Group's financing is handled centrally. Funding within the Group is forwarded to the Group companies by Energie AG Group Treasury GmbH in line with needs and at arm's length conditions. Short-term liquidity compensation among the Austrian companies of the Group is obtained within the framework of an Austria-wide cash pooling system.

Value Based Management

In Energie AG Upper Austria, value based management (VBM) is firmly anchored in all management systems and in all management processes. The long-term maintenance and increasing of the corporate value and securing annual capital market-oriented returns for the owners are central goals of Group management.

As Energie AG is not listed on the stock exchange, the corporate value is determined annually by an external auditor on the basis of the discounted cash flow method. The input parameters for this evaluation are subject to ongoing internal monitoring. In the course of the year, the return on capital employed (ROCE) is used for Group controlling operations.

The value-based corporate goals are broken down to the individual segments and business areas in line with the adopted strategy and business-specific conditions in the form of result and investment tasks. As a result, the pre-tax values for the top corporate goals are measured on an ongoing basis in the periodic reports of Group Controlling and controlled by management. Value-based criteria and methods are used in the prioritisation of projects for the purpose of allocating resources for future investments and acquisitions.

The minimum demands of providers of equity and external funding for the return of invested capital (capital employed) are derived from the development of the capital market and determined by the WACC (weighted average cost of capital). The current Group WACC is determined against the backdrop of the low interest level, a risk profile that is characterised by a high share of stable business models and a weighting of equity and borrowed capital on the basis of a peer group analysis. For internal control purposes, the WACC is adjusted according to business area and region. Segment, country and project-specific adjustments of the risk mark-ups are applied when evaluating investments projects.

In fiscal 2010/2011, the ROCE of the Energie AG Group amounted to 5.6% and therefore lay 0.2 percentage points below the value reported in the previous year (5.4%).

CALCULATION OF THE WACC FOR THE ENERGIE AG GROUP

Risk-free interest rate	4.2%
Market risk premium	5.0%
Beta-factor	0.84
Cost of equity	8.4%
Eqity ratio	58.0%
Cost of debt before taxes	5.2%
Tax rate	25.0%
Cost of debt after taxes	3.9%
Debt ratio	42.0%

Weighted average cost of capital after taxes (WACC) = 6.5%

MATERIAL EVENTS AFTER THE END OF THE FISCAL YEAR

As of fiscal 2011/2012, the key accounts of Energie AG Oberösterreich Vertrieb GmbH & Co KG and Linz Strom Vertrieb GmbH & Co KG will be bundled in ENAMO GmbH. New contracts with industrial customers will be concluded by ENAMO GmbH and, in this way, the electricity distribution joint venture between Energie AG Upper Austria and Linz AG will be further expanded.

INTERNAL CONTROL SYSTEM

In the fiscal year just past, the Internal Control System (ICS) was further extended and its effectiveness in important and accounting-relevant processes was tested within the framework of an internal audit. The first recommendations and measures to increase control safety and efficiency were implemented. Through this approach, the control activities abide by uniform principles and standards with regard to reliability and transparency to ensure they comply with the legal requirements.

Improved control awareness and a well documented and transparent ICS were confirmed in each of the tested areas.

The results are documented in an IT database, in the control manuals, in the measure catalogue for the individual companies as well as in the maturity maps.

The development of the ICS parallel to the development of important and accounting-relevant processes in the Group will not only contribute to the preservation of the Group assets but also improve the efficiency of internal Group processes in the future.

RISK MANAGEMENT

Fiscal 2010/2011 was marked, on the one hand, by a clear economic recovery and, on the other hand, by unforeseeable events and global changes, above all, the nuclear disaster in Fukushima and the political unrest in North Africa and the Arabian countries. The predictability of the results was therefore significantly influenced by numerous – in some cases overlapping – effects. Thanks to the utilisation of simulation techniques, the Corporate Risk Management System of the Energie AG Group is not only capable of evaluating individual sensitivities but can also map entire scenarios and, in combination with the implemented control instruments, therefore makes an important contribution to the estimation of Group profit or loss on ordinary activities. In a highly volatile environment, the challenge of consequently dealing with risks and opportunities – whereby positive opportunities are proactively supported and potential threats minimised by way of suitable measure controlling – can be seen as an important component of the control tools of the Energie AG Group.

The risk management process implemented throughout the Group complies with the requirements of ISO 31000 and the Austrian standard ONR 49000. Since fiscal 2007/2008, it is also certified as part of the matrix certification according to ISO 9000.

The process is developed in line with the structure of the holding and includes operational risk-opportunity management at company level, which is determined on the basis of risk strategy, risk policy and a uniform process structure. A specific software tool is used on a quarterly basis to decentrally record the relevant data and update the valuations. The pooling, validation and evaluation of the data is carried out centrally. Correct documentation and verifiability is also guaranteed through historisation on the reporting dates. The managers of the operating companies receive quarterly reports for the respective areas. These reports are an integral part of the documents for the Annual General Meeting.

Reports are submitted to the Board of Management on a quarterly basis, whereby the Group profit or loss on ordinary activities is a central focus. Risk management is also an integral part of supervisory board reporting and, in accordance with the requirements of the Austrian Company Law Amendment Act [Unternehmensrechts-Änderungsgesetz (URÄG 2008)], is also brought to the notice of the Audit Committee with a view to confirming the efficiency and validity of the process. The uniform assessment of risks and opportunities throughout the Group on the basis of uniform planning assumptions facilitates the aggregation of individual risks into the total risk position of the Group and is directly relevant for budgeting. Risk transparency is therefore increased and the awareness of taking a risk-optimised approach for strategic and operating decisions is further strengthened.

Risk Profile and Development Trends

Counterparties

In its treasury and commodity trading activities, Energie AG only engages in transactions with counterparties with first-class ratings in order to minimise counterparty risks. The bundling of the design and processing of the financial instruments takes place in the Group Treasury while energy trading activities (electricity, gas, coal and CO_2) and derivative hedging transactions are concentrated in the Group's own trading subsidiary Trading GmbH. This approach guarantees optimal control operations with valid process flows, suitable control mechanisms and qualified personnel. Risks are also restricted by limit systems and intensive monitoring.

For the purpose of engaging in hedging transactions and commodity futures transactions with several counterparties, the Group has signed a German master agreement with an attachment on hedging shown in the annex, in order to minimise risks. For the operational implementation of this hedging attachment, the discounted contracted values with mark-to-market valuation are coordinated with the counterparties concerned on a weekly basis.

Cash-flow hedges and fair-value hedges are used as instruments (see Notes for further details).

In the customer transaction area, the loss of receivables is kept at a very low level through adequate contract drafting in the individual business fields, intensive collaboration with customers and consistent receivables management.

Participations

Participation risks are the result of fluctuations in the shares held, in the dividends and the pro-rata net income for the year in the case of associated companies with at-equity consolidation. Risks are optimised by identifying, analysing, quantifying and monitoring them. Impairment tests are carried out on a regular basis using a standardised process.

Production, Distribution System, Waste Management and Infrastructure Facilities

Energie AG counters risks associated with facilities and the associated revenue losses with strict maintenance and quality controls, an optimised maintenance strategy and insurance and insurance coverage.

In the fiscal year just expired, there were no major interruptions in the electricity distribution system as a result of bad weather conditions. The Group aims to minimise risks through the proactive continuation of cabling activities in forest areas.

Water Levels

The revenues in the Energy Segment are greatly influenced by the water supply from the rivers. The risk applies not only for the Group's own power plants but also for the procurement rights. Risks are assessed on the basis of volume components and price components. Last year, the water supply fell to a historic low. It lay 21% below the standard operating capacity and 16.6% below the value reported in the previous year. The risk materialised. The risk assessment for this event was valid.

Energy

All electricity and gas trading activities and all energy-related products (CO_2, guarantees of origin) are bundled in Trading GmbH. This company markets the electricity that is generated at the Group's own power plants and also handles the procurement of the electricity quantities needed for supply purposes. Trading GmbH also provides the fuels that are needed to operate the power plants. The company is the energy hub of the Group, whereby all internal business relationships are strictly based on the market price principle. This management strategy allows the utilisation of internal synergies and reduces possible risks from the external electricity trading market. Moreover, external hedging transactions help to limit market price risks.

Electricity trading activities are limited by means of an internally developed limit system and subject to ongoing risk monitoring.

A detailed description of the hedging methods used is provided in the Notes.

Finances

Group Treasury manages financial risks on a central basis. The main financial risks are the liquidity risk, the foreign-exchange and interest-rate risk as well as the market price risk of the securities portfolio.

Energie AG counters the liquidity risk by planning its liquidity with foresight and by maintaining liquidity reserves, as well as by keeping open credit lines with banks. Short-term intra-group liquidity management in Austria is carried out by means of cash pooling.

The market risk in connection with invested liquidity reserves is limited by a conservative and risk-optimised investment strategy, as well as by continuous monitoring. Exchange-rate risks refer, above all, to the risk of translating the company and asset values in the CEE area as well as to a CHF risk in connection with the procurement of electricity from the CCGT power plant Timelkam, which was constructed and financed in a joint venture with a Swiss energy utility. Due to the current developments in the euro zone, more attention is now being paid to country risks.

When integrating new Group companies, one of the primary goals is to transfer to these companies the conservative approach and the clear limitation of risks in connection with financial investments in line with central investment management.

Rating
A stable rating is a prerequisite for cost-optimised access to financial capital. For this reason, the relevant key data is subjected to stringent monitoring and is taken into particular account when developing the corporate strategy. In January 2011, Standard & Poor's confirmed the Single A credit rating and upgraded the outlook to "stable".

CBL
In the fiscal year just past, the existing cross border leasing (CBL) transaction was continued according to the agreement and now has a stable structure. The provision of additional collateralisation was not necessary. The agreement-relevant developments are being analysed on an ongoing basis.

In fiscal 2010/2011, the Letter of Credit was duly extended for a further year thus guaranteeing that the transaction can also be carried out in accordance with the agreement beyond 30 September 2011. The contingent liabilities from cross-border leasing were shown to amount to EUR 698 million as at 30 September 2011.

Competition
In Austria, a highly industrialised country, the positive economic development and the cyclical upswing in 2010/2011 had a significant influence on the risk structure of the business segments Energy and Waste Management.

The impact and repercussions of the economic crisis have now subsided and the quantities sold have returned to a normal level.

The prices for recycling materials have recovered. The prices for thermal disposal, on the other hand, are still under pressure on account of the excess capacities of incineration plants and, for this reason, the central risk limitation measure still focuses on securing volumes.
The customer segment from the municipal area is of great significance and makes an essential contribution to the stabilisation of the result in the Water and Waste Management segments, whereby the cyclicality associated with the renewing of agreements has a lasting impact on the risk/opportunity profile in all provinces. The re-municipalisation trend, above all in Hungary, is a risk that requires special attention. On the other hand, the financial plight of the public sector also triggers the increased utilisation of PPP models, which, in turn, can be seen as opportunity potential. These trends will be countered with customer support and monitoring measures as well as targeted acquisition and activities that focus on winning customers back.

Procurement
The institutionalised processes in this area are, on the one hand, mapped in the ICS with valid controls and, on the other hand, subjected to ongoing qualitative monitoring to ensure that synergies can be realised for the entire Group.

The coming fiscal year will be particularly marked by the activities and priorities resulting from the paradigm shift in the nuclear energy area in Germany, which will bring about significant changes in the European electricity market. A great deal of attention must therefore be paid not only to the risks but also to the opportunities that arise in this area. Inner-Austrian regulatory issues, such as the implementation of the Water Framework Directive and the regulatory account in the electricity distribution area, also require permanent monitoring.

We expect that the Group will display further positive growth in fiscal 2011/2012. As of 30 September 2011, no risks can be identified which, either separately or jointly, might threaten the existence of Energie AG.

RESEARCH AND DEVELOPMENT

The Energie AG Group engages in research, development and innovation in numerous Group projects and as a competent partner in national and international cooperation projects.

The intra-group projects focus on technical research and development activities and innovation processes. Great importance is also attached to innovations that focus on business administration aspects, socio-political topics and developments in the human resources area.

The employees of the Energie AG Group also provide their expertise and assume project tasks in national and international cooperation projects in a wide variety of areas in the Group companies. This also relates to projects that are sponsored by the Climate and Energy Fund of the Federal Government or by the Austrian energy industry within the framework of Research & Development. Moreover, considerable contributions are also made by the research policy bodies that deal with electricity issues of the European Commission, the Directorate General for Research and Innovation, the Directorate General for Energy as well as Eurelectric in Brussels, the association that represents the common interests of the electricity industry at pan-European level.

In fiscal 2010/2011, the expenses for research, development and innovation totalled EUR 3.3 million. In the various entities of the Group, 233 staff members were responsible for performing this work, in addition to their day to day business.

During the year under review, research, development and innovation were promoted, inter alia, in the following projects:

- In the case of the geothermal project in Ried, where the city of Ried and the municipality of Mernbach will be supplied using a district heating distribution system that is fed with geothermal heat, the extraction well and the injection well that feeds the cooled thermal water back into the deep were successfully completed in the fiscal year just past. Although a large volume of data and tests were available from the various wells in the Molasse Basin in Upper Austria, the techtronic element Ried fault was used for geothermal purposes for the first time. This geothermal plant, which will supply the district heating distribution system in Ried, will have a capacity of approx. 25 MW. The design of the district heating distribution system in Ried has additional innovative aspects insofar as the dimensioning of the main route facilitates the subsequent integration of additional thermal sources. On completion, approx. 25,000 t CO_2/year will be prevented using this method of district heat generation.

- In the electric mobility area, the central focus lay on the development of customer-oriented, easy-to-use charging stations. These should initially serve as charging stations during the current boom for scooters and bicycles and will also be used for electric vehicles in the long term. The importance of being able to charge these vehicles in public areas led to the development of the combi-product Powerscreen in cooperation with Fair Energy GmbH and Data GmbH. The Powerscreen charging stations, which have been installed since the middle of the fiscal year just past, meet the latest technical standards and are equipped with AMIS metres that can be read remotely. Although the energy output is still free-of-charge, authentification with Smartcard, mobile phone and NFC is possible. The advertising screen is connected to a content management unit via a fibre optic cable. In addition, all of the advertising spots can be temporally and regionally controlled.

- The introduction of the new metre generation AMIS opens up fully new metering possibilities for energy utilities, also for other media of the utilities industry. The project Multiutility focuses on the integration of gas, water and heat metres in the AMIS system. Standards that apply for all manufacturers and sectors, which were accepted by the manufacturers within the framework of the Smart Metering Initiative of the European Union, are used to regulate communication between the sector metres (gas, water and heat) with the AMIS metres. To facilitate communication between the metres and the AMIS unit, all of the old sector metres must first be replaced with new metres that are equipped with a corresponding interface. The metres then communicate automatically without local parameterisation. This greatly simplifies the metering procedure both for customers and the utilities as all data can be transferred to the utilities in a fully automated manner. Another advantage is that the customer now has faster and more frequent access to the data.

- In the area of high-voltage lines, the permissible operating temperature of the conductors is specified in clearly-defined standards. The maximum permissible transmission capacity is determined on this basis. In a first step, Netz GmbH developed methods of measuring the actual conductor temperature in different operating conditions depending on external influencing factors. Wind, air temperature, humidity, air pressure and global radiation measurements are taken using a 110-kV line and all environmental conditions are recorded in detail and subsequently compared with the actual conductor temperature. Information is gathered relating to possibilities for additional transport capacities above the normal value, e.g. depending on the wind velocity and solar radiation. A comparative analysis is also being carried out using a 4.7-km cable in the centre of an Upper Austrian city. Detailed temperature monitoring is carried on the basis of a zone principle, whereby a spatial resolution of the individual temperatures of the cable is possible with precision up to 1.5 m using a temporal resolution of 5 minutes. Here, the monitoring system for the temperature of the cable is currently solely used as an information system for the operating status of the cable length. Further applications for this temperature measuring system will not be tested until the corresponding plausibility tests and investigations into the causes of temperature fluctuations have been completed.

- The international and national trend towards decentralised electricity generation not only embraces photovoltaics and wind but also, to a growing extent, combined heat and power technology (CHP). In the first quarter of this year, OÖ Gas-Wärme GmbH launched a first pilot project in which a micro-CHP system with a gas-fired, wall-mounted condensing boiler provides heat, hot water and electricity for a single-family dwelling. The generator that provides electrical energy is driven by a sterling motor that is fired with a gas flame. A "combustion heat exchanger", which heats the boiler water, is used for the cascading utilisation of heat. One of the innovative aspects of this system is that line losses are minimised due to the decentralised generation of energy thus leading to a reduction in CO_2 emissions of up to 40% compared to a conventional system and a primary energy saving of up to 25%. This micro-CHP system has an electrical capacity of 1.0 kW, a thermal capacity of 6.0 kW and a fuel utilisation rate of up to 90%. The latest operating results and the analyses thereof confirm the ambitious expectations.

- Following the commissioning of Austria's largest photovoltaic research power plant in May 2010, twelve full months of operation and the corresponding data were used for the first time in the fiscal year just expired to carry out differentiated technical analyses of details relating to the individual module types, differences between the makes of different manufacturers as well as maintenance and subsequent improvement measures, e.g.:

  - The average yield of the entire plant lay slightly above 1,150 kWh/kWp. The initial forecasts were therefore exceeded by more than 10%.
  - In the case of the stationary panels, a factor of 1 to 8 was determined between the month with the lowest yield (December 2010) and the month with the highest yield (May 2011).
  - The corresponding ratio for the movers and trackers came to 1 to 4.5.
  - This is primarily attributable to the fact that, in months with a lower yield, the trackers and movers generate a higher yield than the fixed panels.
  - Depending on the month, the specific electricity yields for the trackers and movers were 20 - 45% higher than the values recorded for the fixed arrays. The higher yields are, however, offset by the higher maintenance costs for the trackers.
  - Tests to determine the thermal characteristics of the solar module revealed a clear linearity with the defined fluctuation range. This was determined by way of a regression analysis of the overtemperature of the module (compared to air temperature) on the basis of solar radiation. The fluctuation range of the individual makes from the different manufacturers was very similar.
  - The specific difference in yield between the best and the weakest crystalline modules in the main field came to a mere 2.6%. This is a clear indication of well-developed production technology.
  - The overall level of system availability exceeded 99%.

OUTLOOK

In the course of the fiscal year just past, Energie AG proved that it can also operate successfully in a difficult environment.

The forecasts for fiscal 2011/2012 are marked by the uncertainty with regard to the economic development.

Thanks to its stable strategic orientation as an integrated infrastructure group with several different mainstays, the experience gained from the last crisis and the swift countermeasures that were implemented, Energie AG is well positioned to face the challenges of the coming fiscal year:

- Overall, the energy markets displayed, in part, conflicting price relations in the year under review. The lower spot market prices for natural gas compared to the futures market are presumably attributable to surpluses from long-term, oil price-induced gas volumes.

  It can be assumed that the market shakeout will continue to some extent in the coming year. Experts anticipate a central scenario after the shakeout with an increase in electricity market prices to between EUR 65/MWh and EUR 75/MWh in the year 2020.

  The pan-European promotion of renewable energies, above all wind and solar power, will lead to an increasingly volatile electricity supply. Given that renewable generation units of this kind make no contribution to enhancing security of supply, it can be expected that the requirements placed on conventional thermal power plants and pumped storage power plants will increase.

  With the storage options 7 Fields and Reißeck II as well as the developed power plant concepts GuD Riedersbach and the pumped storage power plant Ebensee, Energie AG has sustainable and efficient generation and storage facilities to meet the growing demand for balancing energy and security of supply in an economic manner.

  With regard to the generation of electricity from sustainable hydropower, the construction of the power plant in Kleinarl and the replacement of the hydropower plant Stadl Paura will be continued in fiscal 2011/2012.

  In the thermal generation area, the efficiency of the power plant in Riedersbach will be significantly enhanced: The coal-fired power plant block, which was erected more than 40 years ago, will be replaced with a state-of-the-art power plant. The option of combined-cycle gas turbine plant is currently being developed and will be pursued up to the environmental impact assessment.

- Energie AG Vertrieb is committed to offering its customers market-conform prices, products and services. The quality strategy, which is based on the premise of enhancing customer benefits, is underpinned by a clear commitment to the promotion of energy efficiency and innovation. The political requirements will also be met proactively in the future with consultation services and energy efficiency campaigns.

  In the private and SME customer segments, the Group will abide by its forward-looking, risk-minimising procurement strategy to ensure that it can continue to offer the customers stable and fair prices in spite of the volatile market development.

- In the coming fiscal year, it is likely that the electricity distribution system will be faced with new legal requirements in addition to the Upper Austrian Implementation Act in connection with amendment of the Austrian Electricity and Electricity Organisation Act 2010. A comprehensive revision of the regulations governing energy efficiency is currently being prepared at national level to facilitate the implementation of Directive 2006/32/EC of the European Parliament and the Council.

  Talks with E-Control relating to the further development of the regulatory system from 2004 onwards commenced in July 2011. In the first phase, the talks did not, however, focus on the next regulation period but rather on regulatory changes in the current regulation period as a result of the Austrian Electricity and Electricity Organisation Act 2010.

  In the next years, the business activities of Energie AG Oberösterreich Netz GmbH will be marked by consequent cost management, driven, on the one hand, by the framework conditions for the incentive regulation system but also by the yield expectations of the owners.

- The rising demands of transmission capacity (bandwidth) are additionally becoming an increasingly important decision criterion for a future-proof optical fibre network. The business area Data will therefore push ahead with the further expansion, consolidation and optimisation of its network infrastructure, whereby the central focus will lie on achieving the highest possible level of data transfer security.

  In the Smart Metering area, the AMIS rollout will be continued subject to the regulatory framework and the Smart Metering System will be further optimised and developed within the framework of the existing development partnership. In July 2010, the ECA published the "Smart Metres Requirement Regulation 2011" [Intelligente Messgeräte-Anforderungsverordnung 2011 – (IMA-VO 2011)] for review. The framework conditions for the introduction and functionality of smart metering in Austria will be clarified in this and two further smart metering regulations which are expected to be adopted in the course of the next fiscal year.

- A new tariff setting procedure for system utilisation tariffs in the natural gas area, which will have an impact in 2012, is underway at the cut-off date of the financial statements. The procedure is expected to be completed at the end of 2011.

  The Energy Control Commission has not yet approved the long-term planning carried out in 2011 for Regulatory Zone East pertaining to the planning period 2011 to 2016. A decision is expected by the end of 2011. OÖ. Ferngas Netz GmbH could be affected with regard to further storage connections to the grid of Regulatory Zone East.

  The third EU energy legislative package, which also resulted in a revision of the Internal Gas Market Directive, was adopted on 3 September 2009. The Austrian National Council adopted the Gas Management Act 2011 [Gaswirtschaftsgesetz 2011] on 19 October 2011 to facilitate transposition into national law. The majority of the provisions come into force after publication. The implementation of the requirements of the Gas Management Act will be a central concern for OÖ. Ferngas AG in the next fiscal year.

  With the construction of the natural gas high-pressure pipeline from Puchkirchen to Friedburg/Haidach, OÖ. Ferngas Netz GmbH will take a further step towards enhancing security of supply. The new pipeline will pave the way for the connection of further national storage plants to the inner-Austrian distribution system as well as to the distribution system of the European natural gas group. Commissioning is scheduled for 2013.

  Due to the results of the market study relating to the Tauern gas pipeline, the environmental impact assessment should now be brought to a conclusion.

  The development of the raw materials market, which forms an important basis for natural gas prices, resulted in a price increase for gas customers equivalent to the inflation rate with effect from mid-October.

  The new Gas Management Act also requires that a new market model be designed in the course of implementing the EU guidelines. In addition to the persistently difficult market conditions resulting from the political promotion of renewable energies, the redesign of the market system and the optimisation of the procurement activities will be focal points for the distribution subsidiary OÖ. Gas-Wärme GmbH in the coming year.

- In fiscal 2011/2012, activities in the business area heating will focus on the continuation of various projects that aim at ensuring a sustainable and efficient supply of heating for customers. There is still a great deal of interest in district heating, and therefore good potential for gaining new customers. District heating can make an important contribution to the achievement of the goals, particularly in respect of the Upper Austrian energy strategy "Energy Future 2030".

  Parts of the combined heat and power plant in Kirchdorf are more than 40 years old. Renovation measures have already been approved by the responsible authority. The revitalisation measures will commence in fiscal 2011/2012. The entire location will be modernised through the construction of three combined heat and power plants. According to the time schedule, the plants should be completed in fiscal 2012/2013. This will be followed by the commencement of normal operations.

  In fiscal 2011/2012, the geothermal project in Ried will be a central focus of attention so as to ensure the successful changeover of the heating supply to district heating.

  In addition, plans are in place for the establishment of two new companies (Fernwärme Steyr GmbH, Bioenergie Steyr GmbH). In the city of Steyr, part of the heating requirements will be covered with district heating. A biomass power plant, which will produce environmentally friendly, low-emission district heating as well as a district heating network will be constructed in cooperation with the project partner EVN Wärme GmbH.

  In addition to winning new customers in the existing networks, the business area heating will continue to focus on its core competence and pioneering role in the utilisation of renewable energy forms such as biomass and geothermal applications in Austria and the Czech Republic.

- Fiscal 2011/2012 will pose further challenges for the Waste Management Segment. The subdued short-term economic outlook combined with decreasing prices for recycling materials and a volatile political environment are offset by long-term potential from the increased significance and key function of recycling and waste management in connection with raw material shortages and the roadmap adopted at a European level for a resource-efficient Europe 2050.

The recycling material prices for 2011/2012 are generally expected to be at a lower level than in the fiscal year just expired and a slight but persistent drop in the prices for waste from SMEs due to the increase in thermal processing capacities and the existing export permits is also expected. The current re-municipalisation efforts in Hungary will lead to the development of new business models for future cooperation with the municipalities from 2013 onwards. The main, medium-term tasks of AVE are the consistent continuation of the consolidation course, the risk-optimised market expansion with a focus on municipalities in CEE and the exploitation of market opportunities. These tasks will be accompanied by ongoing efforts to optimise the group structure. Due to a further determination within the framework of the project AVE Turnaround, the divestment process for the rendering area is underway.

Thanks to the high share of municipal operations and the sound basis provided by PPP models, the CEE area should also be in a position in the coming years to deliver attractive contributions to the result of the AVE group and create potential for selective profitable growth. On the basis of these activity priorities, the AVE Group will be able to further strengthen and expand its position as an integrated waste management company in Central Europe in the coming years.

- In the Water Segment, the next months will be characterised by further optimisation measures that area designed to enhance the utilisation of synergies between the companies and secure and further improve the cost situation. The position among the top three on the Czech water market is to be further strengthened. The expansion of service activities in Austria, Slovenia and Hungary will be a central focus. Plans are in place to develop further alternative license and cooperation models, particularly in Austria.

  The past has shown, particularly against the backdrop of the economic crisis, that the Water Segment can make a secure and sustainable contribution to the Group result. This stability is to be strengthened and further enhanced through the securing and expansion of market shares in the core markets, the further raising of competitiveness and a strong focus on quality.

In the coming fiscal year, management will focus on the further implementation of the initiated cost management and efficiency enhancement programmes and prepare for the volatile challenges that await the Group in the near future. The selective investment strategy will also be continued. The realisation of a capital increase, which is currently under discussion, could pave the way for the implementation of attractive value-adding projects which have been postponed for the time being.

Despite the unstable economic environment, the result is expected to display solid development in fiscal 2011/2012.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Leo Windtner	Werner Steinecker	Roland Pumberger
Chairman of the Board of Management	Member of the Board of Management	Member of the Board of Management

"One day, will everything be different from the way it is now?"

"Sustainable and responsible management contributes substantially towards Energie AG's success. This is equally true for the treatment of natural, human and the Group's financial resources. And things will stay that way in the future."

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Profit and Loss Statement 01 October 2010 to 30 September 2011

			01/10/10 to 30/09/11 in EUR 1,000	01/10/09 to 30/09/10 in EUR1,000
1.	Sales	(6)	**2,219,896.3**	1,978,836.5
2.	Change in inventories of finished and unfinished products		**1,108.7**	- 3,348.4
3.	Other capitalised costs of self-constructed items		**32,522.7**	32,366.6
4.	Shares in result of companies associated at equity	(17)	**11,010.6**	14,385.0
5.	Other operating income	(8)	**36,503.4**	40,748.6
6.	Cost of materials and other purchased manufacturing services	(9)	**- 1,433,561.2**	- 1,224,219.2
7.	Personnel expenses	(10)	**- 340,927.6**	- 314,648.2
8.	Depreciation	(11)	**- 160,720.5**	- 160,421.9
9.	Other operating expenses	(12)	**- 240,232.1**	- 234,808.0
10.	**Result of operations**		**125,600.3**	**128,891.0**
11.	Financing expenditure	(13)	**- 48,641.4**	- 44,557.4
12.	Other interest income	(13)	**6,162.8**	2,381.9
13.	Other financial results	(14)	**3,971.3**	7,845.3
14.	**Financial result**		**- 38,507.3**	**- 34,330.2**
15.	**Result from ordinary business activities**		**87,093.0**	**94,560.8**
16.	Taxes on income	(15)	**- 17,425.5**	- 23,947.3
17.	**Consolidated net result**		**69,667.5**	**70,613.5**
	attributable to minority shareholders		**6,486.6**	6,054.3
	attributable to shareholders of parent company			
	Consolidated net profit		**63,180.9**	**64,559.2**
	Result per share[1] (in EUR)	(35)	**0.710**	0.725
	Proposed dividend per share (in EUR)	(35)	**0.600**	0.600

[1] Diluted result corresponds to undiluted result.

Consolidated Income Statement 01 October 2010 to 30 September 2011

		01/10/10 to 30/09/11 in EUR 1,000	01/10/09 to 30/09/10 in EUR1,000
1.	**Consolidated net result**	**69,667.5**	**70,613.5**
2.	**Income and expenses recognised in equity**		
	Currency translation	**2,151.4**	5,364.8
	Changes in fair values of available-for-sale financial assets	**- 7,437.4**	- 2,116.7
	Changes in value, without effect on the result, at companies associated at equity	**-865.6**	- 224.2
	Hedging reserve	**16,608.2**	34,625.8
	Deferred taxes	**- 2,292.8**	- 9,405.7
	Total income and expenses recognised in equity	**8,163.8**	**28,244.0**
3.	**Overall result after taxes**	**77,831.3**	**98,857.5**
4.	thereof overall result of minorities	**5,828.1**	5,926.8
5.	**thereof overall result of parent company**	**72,003.2**	**92,930.7**

Consolidated Balance Sheet as at 30 September 2011

ASSETS			30/09/2011 in EUR 1,000	30/09/2010 in EUR1,000
A.	**Long-term assets**			
I.	Intangible assets and goodwill	(16)	**319,367.9**	315,516.7
II.	Tangible fixed assets	(16)	**1,940,955.7**	1,957,771.8
III.	Investments (of these companies associated at equity: EUR 243,908.9 thousand [2010: EUR 253,617.5 thousand])	(17)	**281,668.3**	296,535.9
IV.	Other financial assets	(18)	**448,510.9**	464,249.6
			2,990,502.8	**3,034,074.0**
V.	Other long-term assets	(19)	**107,895.3**	109,767.0
VI.	Deferred taxes	(15)	**18,671.3**	14,159.5
			3,117,069.4	**3,158,000.5**
B.	**Short-term assets**			
I.	Inventories	(20)	**104,909.3**	80,492.7
II.	Accounts receivable and other assets	(21)	**378,971.7**	374,006.9
III.	Cash in hand, checks and bank balances	(22)	**105,453.0**	83,383.7
			589,334.0	**537,883.3**
IV.	Assets classified as available for sale	(38)	**18,611.7**	—
			607,945.7	**537,883.3**
			3,725,015.1	**3,695,883.8**

LIABILITIES			30/09/2011 in EUR 1,000	30/09/2010 in EUR1,000
A.	**Equity**			
I.	Share capital	(23)	**89,000.0**	89,000.0
II.	Capital reserves	(23)	**213,106.9**	213,106.9
III.	Revenue reserves	(23)	**922,926.2**	913,606.4
IV.	Other reserves	(23)	**63,097.3**	54,382.0
V.	Minority interest in equity	(23)	**78,972.1**	77,842.0
			1,367,102.5	**1,347,937.3**
B.	**Long-term debt**			
I.	Financial liabilities	(24)	**889,295.0**	909,680.4
II.	Long-term provisions	(25)	**212,894.2**	202,071.4
III.	Deferred tax liabilities	(15)	**111,435.2**	116,626.6
IV.	Contributions to construction costs	(26)	**334,238.9**	333,060.1
V.	Deferred credit for cross-border leasing	(5)	**34,693.1**	35,946.1
VI.	Advances from customers	(27)	**80,132.4**	83,698.8
VII.	Other long-term debt	(28)	**83,982.8**	89,852.8
			1,746,671.6	**1,770,936.2**
C.	**Short-term debt**			
I.	Financial liabilities	(24)	**76,368.6**	102,638.7
II.	Short-term provisions	(29)	**42,003.5**	44,568.5
III.	Tax provisions	(30)	**1,992.2**	1,512.9
IV.	Accounts payable	(24)	**194,886.3**	167,178.5
V.	Deferred credit from cross-border leasing	(5)	**1,253.0**	1,253.0
VI.	Other short-term debt	(31)	**289,660.1**	259,858.7
			606,163.7	**577,010.3**
VI.	Liabilities associated with available-for-sale assets	(38)	**5,077.3**	—
			611,241.0	**577,010.3**
			3,725,015.1	**3,695,883.8**

Development of Fixed Assets 2010/2011 (Annex to the Notes)

	Cost of purchase or production						
	As at 01/10/2010 in EUR 1,000	Currency differences in EUR 1,000	Change in consolidated group in EUR 1,000	Additions in EUR 1,000	Disposals in EUR 1,000	Transfers in EUR 1,000	As at 30/09/2011 in EUR 1,000
I. Intangible assets and goodwill							
1. Electricity procurement rights	202,488.2	—	—	8,829.1	—	—	211,317.3
2. Other rights	112,127.2	- 222.8	2,406.4	11,255.2	- 2,958.8	418.7	123,025.9
3. Goodwill	155,062.9	189.8	482.5	—	- 5,081.4	65.8	150,719.6
4. Customer base	89,133.1	62.0	823.2	—	- 826.4	- 65.8	89,126.1
5. Payments on account and assets under construction	1,874.8	- 69.1	—	401.9	—	- 486.1	1,721.5
Total for intangible assets	**560,686.2**	**- 40.1**	**3,712.1**	**20,486.2**	**- 8,866.6**	**- 67.4**	**575,910.4**
II. Tangible fixed assets							
1. Land and buildings	1,027,975.0	- 774.7	3,417.8	19,385.2	- 11,018.6	9,047.1	1,048,031.8
2. Plant and machinery	2,998,472.8	- 1,225.6	4,551.4	90,583.7	- 41,017.1	45,657.4	3,097,022.6
3. Factory and office equipment	196,796.3	- 83.7	598.9	9,068.5	- 4,855.6	- 19,913.8	181,610.6
4. Payments on account and assets under construction	47,680.2	- 54.4	1,139.4	29,568.1	- 1,607.7	- 34,723.3	42,002.3
Total for tangible fixed assets	**4,270,924.3**	**- 2,138.4**	**9,707.5**	**148,605.5**	**- 58,499.0**	**67.4**	**4,368,667.3**
III. Investments							
1. Shares in affiliated undertakings	30,247.0	- 187.5	- 7,960.5	7,223.9	- 614.8	- 1,397.2	27,310.9
2. Shares in associated undertakings	269,236.5	- 21.4	—	1,793.1	- 11,480.3	—	259,527.9
3. Investments available for sale	303.2	—	—	323.2	- 504.9	—	121.5
4. Other investments	28,921.4	- 85.4	—	2,073.1	- 682.4	1,397.2	31,623.9
Total for investments	**328,708.1**	**- 294.3**	**- 7,960.5**	**11,413.3**	**- 13,282.4**	**—**	**318,584.2**
V. Other financial assets							
1. Loans to affiliated undertakings	10,350.6	- 359.1	- 6,399.2	181.4	- 670.0	—	3,103.7
2. Due to undertakings with which the company is linked by virtue of participating interests	30,060.6	0.8	—	—	- 5,061.4	—	25,000.0
3. Other loans	14,670.2	1.3	5,872.7	902.3	- 2,057.4	—	19,389.1
4. Securities available for sale	23,745.1	—	25.5	3,850.7	- 3,049.1	—	24,572.2
5. Other securities (loan stock rights) held as tangible assets	346,484.0	—	—	1,263.7	- 6,449.7	—	341,298.0
Total for other financial assets	**425,310.5**	**- 357.0**	**- 501.0**	**6,198.1**	**- 17,287.6**	**—**	**413,363.0**
Total for fixed assets	**5,585,629.1**	**- 2,829.8**	**4,958.1**	**186,703.1**	**- 97,935.6**	**—**	**5,676,524.9**

Book value disposals for other rights in the amount of EUR 848.4 thousand, for land and buildings in the amount of EUR 5,069.2 thousand, for plant and machinery in the amount of EUR 8,437.2 thousand, for factory and office equipment in the amount of EUR 1,373.5 thousand as well as for payments on account and assets under construction in the amount of EUR 855.7 thousand relate to the disposal group in accordance with IFRS 5 (see item 38).

Accumulated depreciation							
As at 01/10/2010	Currency differences	Write-ups/ depreciation	Disposals	Transfers	As at 30/09/2011	**Carrying value 30/09/2011**	Carrying value 30/09/2010
in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	**in EUR 1,000**	in EUR 1,000
123,111.0	—	4,781.3	—	—	127,892.3	83,425.0	79,377.2
59,562.7	- 85.1	8,637.6	- 1,967.4	0.8	66,148.6	56,877.3	52,564.5
46,053.9	- 2.2	—	- 5,081.4	41.2	41,011.5	109,708.1	109,009.0
16,252.5	42.5	5,873.1	- 826.4	- 41.2	21,300.5	67,825.6	72,880.6
189.4	0.2	—	—	—	189.6	1,531.9	1,685.4
245,169.5	**- 44.6**	**19,292.0**	**- 7,875.2**	**0.8**	**256,542.5**	**319,367.9**	**315,516.7**
467,940.9	- 189.3	21,904.5	- 1,907.1	10.0	487,759.0	560,272.8	560,034.1
1,724,089.1	- 793.8	101,459.5	- 21,248.2	7,178.7	1,810,685.3	1,286,337.3	1,274,383.7
120,854.2	- 48.4	18,036.4	- 2,660.1	- 7,189.5	128,992.6	52,618.0	75,942.1
268.3	- 10.1	28.1	- 11.6	—	274.7	41,727.6	47,411.9
2,313,152.5	**- 1,041.6**	**141,428.5**	**- 25,827.0**	**- 0.8**	**2,427,711.6**	**1,940,955.7**	**1,957,771.8**
2,321.9	0.5	3,105.4	- 313.3	- 383.6	4,730.9	22,580.0	27,925.1
15,619.0	—	—	—	—	15,619.0	243,908.9	253,617.5
- 2,326.8	—	2,086.9 - 112.3	—	—	- 352.2	473.7	2,630.0
16,558.2	- 23.5	—	—	383.6	16,918.3	14,705.7	12,363.3
32,172.3	**- 23.0**	**5,192.3** **- 112.3**	**- 313.3**	**—**	**36,916.0**	**281,668.3**	**296,535.9**
—	—	—	—	—	—	3,103.7	10,350.6
—	—	—	—	—	—	25,000.0	30,060.6
—	—	—	—	—	—	19,389.1	14,670.2
- 7,638.8	—	14,198.5 - 8,725.9	- 94.5	—	- 2,260.7	26,832.9	31,383.9
- 31,300.3	—	406.7 - 1,993.4	- 0.2	—	- 32,887.2	374,185.2	377,784.3
- 38,939.1	**—**	**14,605.2** **- 10,719.3**	**- 94.7**	**—**	**- 35,147.9**	**448,510.9**	**464,249.6**
2,551,555.2	**- 1,109.2**	**180,518.0** **- 10,831.6**	**- 34,110.2**	**—**	**2,686,022.2**	**2,990,502.8**	**3,034,074.0**

Development of Fixed Assets 2009/2010 (Annex to the Notes)

	Cost of purchase or production						
	As at 01/10/2009 in EUR 1,000	Currency differences in EUR 1,000	Change in consolidated group in EUR 1,000	Additions in EUR 1,000	Disposals in EUR 1,000	Transfers in EUR 1,000	As at 30/09/2010 in EUR 1,000
I. Intangible assets and goodwill							
1. Electricity procurement rights	198,318.1	—	—	4,170.1	—	—	202,488.2
2. Other rights	86,326.3	- 123.4	3,743.6	22,076.5	-1,834.7	1,938.9	112,127.2
3. Goodwill	140,729.2	1,122.2	13,211.5	—	—	—	155,062.9
4. Customer base	78,533.3	896.2	9,257.6	446.0	—	—	89,133.1
5. Payments on account and assets under construction	1,379.4	- 147.8	1,440.7	860.2	—	- 1,657.7	1,874.8
Total for intangible assets	**505,286.3**	**1,747.2**	**27,653.4**	**27,552.8**	**- 1,834.7**	**281.2**	**560,686.2**
II. Tangible fixed assets							
1. Land and buildings	984,516.6	1,955.4	21,740.0	14,553.1	- 6,710.8	11,920.7	1,027,975.0
2. Plant and machinery	2,883,004.4	738.8	15,927.7	90,408.4	- 21,499.7	29,893.2	2,998,472.8
3. Factory and office equipment	178,649.1	68.2	1,045.8	13,757.3	- 3,624.1	6,900.0	196,796.3
4. Payments on account and assets under construction	63,545.1	76.1	1,769.0	32,553.6	- 1,268.5	- 48,995.1	47,680.2
Total tangible fixed assets	**4,109,715.2**	**2,838.5**	**40,482.5**	**151,272.4**	**- 33,103.1**	**- 281.2**	**4,270,924.3**
III. Investments							
1. Shares in affiliated undertakings	42,897.2	633.6	- 22,058.6	7,711.6	- 43.7	1,106.9	30,247.0
2. Shares in associated undertakings	261,831.3	- 10.7	—	7,482.3	- 66.4	—	269,236.5
3. Investments available for sale	303.2	—	—	—	—	—	303.2
4. Other investments	30,551.5	817.8	- 3,960.9	2,529.5	- 49.6	- 966.9	28,921.4
Total for investments	**335,583.2**	**1,440.7**	**- 26,019.5**	**17,723.4**	**- 159.7**	**140.0**	**328,708.1**
V. Other financial assets							
1. Loans to affiliated undertakings	10,025.9	- 164.0	- 230.9	960.3	- 100.7	- 140.0	10,350.6
2. Due to undertakings with which the company is linked by virtue of participating interests	34,396.6	363.2	- 4,701.2	2.0	—	—	30,060.6
3. Other loans	15,812.6	26.0	11.6	1,203.7	- 2,383.7	—	14,670.2
4. Securities available for sale	24,006.1	—	—	237.0	- 498.0	—	23,745.1
5. Other securities (loan stock rights) held as tangible assets	356,424.2	—	—	534.1	- 10,474.3	—	346,484.0
Total for other financial assets	**440,665.4**	**225.2**	**- 4,920.5**	**2,937.1**	**- 13,456.7**	**- 140.0**	**425,310.5**
Total for fixed assets	**5,391,250.1**	**6,251.6**	**37,195.9**	**199,485.7**	**- 48,554.2**	**—**	**5,585,629.1**

Accumulated depreciation							
As at 01/10/2009	Currency differences	Write-ups/ depreciation	Disposals	Transfers	As at 30/09/2010	**Carrying value 30/09/2010**	Carrying value 30/09/2009
in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	**in EUR 1,000**	in EUR 1,000
118,328.7	—	4,782.3	—	—	123,111.0	79,377.2	79,989.4
54,168.5	94.7	6,863.5	- 1,564.0	—	59,562.7	52,564.5	32,157.8
41,763.3	7.8	4,282.8	—	—	46,053.9	109,009.0	98,965.9
10,205.7	18.0	6,028.8	—	—	16,252.5	72,880.6	68,327.6
184.9	4.5	—	—	—	189.4	1,685.4	1,194.5
224,651.1	**125.0**	**21,957.4**	**- 1,564.0**	**—**	**245,169.5**	**315,516.7**	**280,635.2**
448,730.6	822.9	20,351.9	- 1,963.1	-1.4	467,940.9	560,034.1	535,786.0
1,641,170.2	190.6	99,038.7	- 16,272.0	- 38.4	1,724,089.1	1,274,383.7	1,241,834.2
104,963.8	57.9	19,069.8	- 3,277.1	39.8	120,854.2	75,942.1	73,685.3
268.8	- 3.4	4.1	- 1.2	—	268.3	47,411.9	63,276.3
2,195,133.4	**1,068.0**	**138,464.5**	**- 21,513.4**	**—**	**2,313,152.5**	**1,957,771.8**	**1,914,581.8**
85.1	- 2.6	2,364.1 - 124.7	—	—	2,321.9	27,925.1	42,812.1
15,619.0	—	—	—	—	15,619.0	253,617.5	246,212.3
- 3,151.8	—	939.5 -114.5	—	—	- 2,326.8	2,630.0	3,455.0
15,959.4	24.8	574.0	—	—	16,558.2	12,363.3	14,592.2
28,511.7	**22.2**	**3,877.6** **- 239.2**	**—**	**—**	**32,172.3**	**296,535.9**	**307,071.6**
9.8	—	—	- 9.8	—	—	10,350.6	10,016.1
—	—	—	—	—	—	30,060.6	34,396.6
—	—	—	—	—	—	14,670.2	15,812.6
- 9,244.0	—	8,539.6 -6,895.9	- 38.5	—	- 7,638.8	31,383.9	33,250.1
- 18,124.6	—	— -7,294.3	- 5,881.4	—	- 31,300.3	377,784.3	374,548.8
- 27,358.8	**—**	**8,539.6** **-14,190.2**	**- 5,929.7**	**—**	**- 38,939.1**	**464,249.6**	**468,024.2**
2,420,937.4	**1,215.2**	**172,839.1** **- 14,429.4**	**- 29,007.1**	**—**	**2,551,555.2**	**3,034,074.0**	**2,970,312.8**

Notes to the Consolidated Financial Statements 2010/2011

1. GENERAL INFORMATION

The Energie AG Oberösterreich Group is a leading infrastructure group of Upper Austria that offers a wide range of high-quality services in its Energy, Waste Management and Water Segments.

The registered office of Energie AG Oberösterreich is located at Böhmerwaldstraße 3 in Linz, Austria.

The consolidated financial statements of Energie AG Oberösterreich for fiscal 2010/2011 were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they were required to be applied on the balance sheet date, together with the applicable interpretations, as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The following standards and interpretations, adopted by the EU and applicable as of 1 January 2011, were not applied on an early basis in the consolidated financial statements 2010/2011:

- Annual improvements of IFRS 2010: IFRS 1 (First time Adoption of International Financial Reporting Standards); IFRS 7 (Financial Instruments: Disclosures); IAS 1 (Presentation of Financial Statements); IAS 34 (Interim Financial Reporting); IFRIC 13 (Customer Loyalty Programmes).
- IAS 24 (Related Party Disclosures)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement).

According to current assessments, the future application of these amendments will take place at the time they enter into force will not have any major impact on the assets, financial and earnings position of the Group.

The consolidated financial statements comply with the directives of the European Union on corporate reporting.

The present consolidated financial statements according to the IFRS release the company from its obligation under § 245a of the Austrian Commercial Law Code to prepare consolidated annual accounts in keeping with the Austrian Commercial Law Code. Whenever the Austrian Commercial Law Code so requires, additional information is provided in the respective notes.

The consolidated financial statements were prepared in thousand euros (EUR 1,000).

Rounding differences may appear as a result of using automatic calculation tools for summing up rounded amounts and percentages.

CONSOLIDATION PRINCIPLES

2. Scope of Consolidation

The principles of IAS 27 (Consolidated financial statements and accounting for investments in subsidiaries) were applied to determine the scope of consolidation. As a result, in addition to Energie AG Oberösterreich, the parent company, the consolidated financial statements comprise 78 (previous year: 70) subsidiary companies, in which Energie AG Oberösterreich directly or indirectly holds a majority of the voting rights.

The consolidated financial statements comprise 6 joint ventures (previous year: 6), which are included on a pro-rata basis.

For the fiscal year under review, the accounts of 8 associated companies (previous year: 8) were drawn up on the basis of the equity method, pursuant to the principles of IAS 28 (Accounting for Investments in Associates).

Shares in subsidiaries, joint ventures or associated companies, which are of minor significance from the Group's perspective, are shown in the balance sheet at historical costs. The companies that were not included on account of their minor significance remain insignificant even when taken together.

Uniform accounting and valuation principles are applied to the financial statements of the undertakings included in the consolidated financial statements as fully consolidated or pro-rata consolidated undertakings. The individual financial statements of the subsidiary companies have been drawn up for the Group's balance sheet date. As a result of specific company law agreements, ENAMO GmbH (Linz), Energie AG Oberösterreich Vertrieb GmbH & Co KG (Linz), "Papyrus" Altpapierservice Handelsgesellschaft mbH (Vienna), as well as Papyrus Wertstoff Service GmbH (Bad Reichenhall, Germany) were included in the consolidated financial statements on a pro-rata basis, and Abfall-Aufbereitungs GmbH (Hörsching) was fully consolidated in the consolidated financial statements.

The following undertakings will be consolidated for the first time in fiscal 2010/2011:

	Registered office	Share (in %)	Type of consolidation	Consolidated since
ENERGY				
AUSTRIA				
Market Calling Marketinggesellschaft m.b.H.	Linz	60.00	FC	30/09/11
CZECH REPUBLIC				
Energie AG Teplo Vimperk s.r.o.	Vimperk	100.00	FC	01/10/10
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00	FC	01/10/10
WASTE MANAGEMENT				
AUSTRIA				
AVE Tierkörperverwertungs GmbH	Regau	100.00	FC	18/05/11
HUNGARY				
AVE Heves Régió Kft.	Hejöpapi	100.00	FC	30/09/11
AVE Hevesi Városfenntartó Kft.	Heves	55.04	FC	30/09/11
SLOVAKIA				
AVE Košice s.r.o.	Košice	100.00	FC	30/09/11
AVE Tornaľa s.r.o.	Tornaľa	100.00	FC	30/09/11
AVE Jasov s.r.o.	Košice	70.00	FC	30/09/11

The share in Tepelne zasobovani Rakovník spol. s.r.o. increased to 100% following the acquisition of 66%.

AVE komunální služby s.r.o. was merged with AVE CZ odpadové hospodárství s.r.o. The business operations of AVE Abfallwirtschaft GmbH were hived off to AVE Umweltservice GmbH. AVE Umweltservice GmbH was sold in fiscal 2010/2011. The shares in AVE RottaMix GmbH and AVE Südtirol Recycling GmbH were each topped up to 100%.

The main changes in the group of consolidated companies in fiscal 2010/2011 are shown below:

	Total in EUR mill.
Long-term assets	**19.0**
Short-term assets (of which receivables: EUR 4.8 mill.)	**5.6**
Long-term provisions and liabilities	**- 14.6**
Short-term provisions and liabilities	**- 2.4**
Net worth	**7.6**
Differentials carried on the liabilities side	**0.5**
Goodwill	**0.5**
	8.6
Purchase price paid in previous periods	**- 7.6**
Acquisition of unconsolidated, associated companies	**7.2**
Changes in minority interests	**1.1**
Acquired cash and cash equivalents	**- 0.6**
Net cash outflow	**8.7**

The contribution of companies with first-time consolidation to the result, including consolidation effects, comes to EUR -2,420.2 thousand (previous year: EUR 597.5 thousand). No fictitious indication of corporate values is given with the assumption that all company mergers were made as of 1 October 2010, as separate allocations for the acquisition price were not made for all company acquisitions at that time.

The pro-rata consolidated companies and the companies valued on the basis of the equity method are shown below:

	Pro-rata consolidated companies (pro rata)		Associated companies at-equity	
	30/09/2011 in EUR mill.	30/09/2010 in EUR mill.	**30/09/2011 in EUR mill.**	30/09/2010 in EUR mill.
Long-term assets	**27.2**	29.1	**1,586.7**	1,568.5
Short-term assets	**70.5**	97.2	**209.8**	153.3
	97.7	**126.3**	**1,796.5**	**1,721.8**
Equity	**28.2**	24.7	**496.7**	499.8
Long-term debt	**10.3**	9.7	**886.6**	865.6
Short-term debt	**59.2**	91.9	**413.2**	356.4
	97.7	**126.3**	**1,796.5**	**1,721.8**
Sales revenues	**557.8**	510.6	**1,726.4**	1,706.0
Result after taxes	**29.4**	-14.8	**37.4**	45.1

The associated companies not valued on the basis of the equity method have a total balance sum of EUR 81.0 million (previous year EUR 72.1 million), debts in the amount of EUR 69.5 million (previous year EUR 64.9 million), sales revenues in the amount of EUR 33.1 million (previous year EUR 31.7 million) as well as a profit on ordinary activities in the amount of EUR 0.4 million (previous year EUR 1.0 million).

The Group's companies

ENERGY	Registered office	Share in %	Type of consolidation
AUSTRIA			
Energie AG Oberösterreich	Linz	Parent company	
Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH	Linz	100.00	FC
Energie AG Oberösterreich Business Services GmbH	Linz	100.00	FC
Energie AG Oberösterreich Customer Services GmbH	Linz	100.00	FC
Energie AG Oberösterreich Data GmbH	Linz	100.00	FC
Energie AG Oberösterreich Kraftwerk Ennshafen GmbH	Linz	100.00	FC
Energie AG Oberösterreich Kraftwerke GmbH	Linz	100.00	FC
Energie AG Oberösterreich Personal Services GmbH	Linz	100.00	FC
Energie AG Oberösterreich Trading GmbH	Linz	100.00	FC
Energie AG Oberösterreich Tech Services GmbH	Linz	100.00	FC
Energie AG Oberösterreich Netz GmbH	Linz	100.00	FC
Energie-Contracting Steyr GmbH	Steyr	100.00	FC
Energie AG Oberösterreich Wärme GmbH	Linz	100.00	FC
Energie AG Oberösterreich Wasserkraft GmbH	Linz	100.00	FC
Energie AG Group Treasury Holding GmbH	Linz	100.00	FC
Energie AG Group Treasury GmbH	Linz	100.00	FC
Cogeneration-Kraftwerke Management Oberösterreich GmbH	Linz	100.00	FC
Oberösterreichische Ferngas Aktiengesellschaft	Linz	65.00	FC
OÖ. Ferngas Netz GmbH	Linz	65.00	FC
OÖ. Ferngas Service GmbH	Linz	65.00	FC
OÖ. Gas-Wärme GmbH	Linz	65.00	FC
ENSERV Energieservice GmbH	Linz	65.00	FC
Market Calling Marketinggesellschaft m.b.H.	Linz	60.00	FC
Energie AG Oberösterreich Vertrieb GmbH & Co KG	Linz	100.00	QC
ENAMO GmbH	Linz	65.00	QC
Gas- und Dampfkraftwerk Timelkam GmbH	Linz	50.00	EC
Ennskraftwerke Aktiengesellschaft	Steyr	50.00	EC
Wels Strom GmbH	Wels	49.00	EC
LIWEST Kabelmedien GmbH	Linz	44.00	EC
EGBV Beteiligungsverwaltung GmbH	Linz	35.00	EC
Salzburg AG für Energie. Verkehr und Telekommunikation	Salzburg	26.13	EC
Energie AG Oberösterreich Fair Energy GmbH	Linz	100.00	OC
Energie AG Oberösterreich Renewable Power GmbH	Linz	100.00	OC
IfEA Institut für Energieausweis GmbH	Linz	100.00	OC
Wärme Oberösterreich GmbH	Linz	100.00	OC
ENAMO Ökostrom GmbH	Linz	65.00	OC
BBI Breitbandinfrastruktur GmbH	Linz	55.00	OC
OÖ Science-Center Wels Errichtungs-GmbH	Wels	47.67	OC
Energie Ried Wärme GmbH	Ried	40.00	OC
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00	OC
Energie Austria GmbH	Vienna	31.25	OC
Bioenergie Aigen Schlägl reg. GenmbH	Aigen	20.80	OC
GERMANY			
Erdgas Oberösterreich Vertriebs GmbH	Tittling	65.00	FC
Geothermie-Fördergesellschaft Simbach-Braunau mbH	Simbach	40.00	OC
CZECH REPUBLIC			
Energie AG Teplo Bohemia s.r.o.	České Budejovice	100.00	FC
Energie AG Teplo Vimperk s.r.o.	České Budejovice	100.00	FC
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00	FC

The Group's companies

ENERGY	Registered office	Share in %	Type of consolidation
CZECH REPUBLIC			
Tepelne zasobovani Rakovník spol. s.r.o.	Rakovník	100.00	FC
Městské tepelné hospodářství Kolín. spol. s r.o	Kolín	95.00	FC
SATEZA a.s.	Šumperk	91.67	FC
ENSERV Bohemia s.r.o.	České Budejovice	65.00	OC
POLAND			
Finadvice Fair Energy Wind Development sp.zo.o.	Warszawa	51.00	OC
NETHERLANDS			
Energie AG Finance BV	Amsterdam	100.00	FC
SLOVAKIA			
Bioenergia Teplo Slovakia s.r.o.	Bratislava	100.00	OC
Energie AG Teplo Slovakia s.r.o.	Bratislava	100.00	OC
Kremnickè tepelné hospodárstvo. s.r.o.	Kremnica	100.00	OC

WASTE MANAGEMENT			
AUSTRIA			
AVE Energie AG Oberösterreich Umwelt GmbH	Linz	100.00	FC
AVE Österreich GmbH	Hörsching	100.00	FC
ASPG Altlastensanierungsprojekte GmbH	Hörsching	100.00	FC
AVE Kommunalservice GmbH	Hörsching	100.00	FC
AVE Tierkörperverwertungs GmbH	Regau	100.00	FC
MA Restabfallverwertung GmbH	Hörsching	99.00	FC
Abfall-Aufbereitungs-GmbH 1)	Hörsching	50.00	FC
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Vienna	63.33	QC
RVL Reststoffverwertung Lenzing GmbH	Lenzing	50.00	OC
Welser Baustoffrecycling GmbH	Wels	33.33	OC
Thermische Abfallverwertung Tirol Gesellschaft m.b.H.	Innsbruck	33.33	OC
Recycling Innsbruck GmbH	Innsbruck	25.00	OC
HUNGARY			
AVE Magyarország Hulladékgazdálkodási Kft	Budapest	100.00	FC
AVE Heves Régió Kft.	Hejöpapi	100.00	FC
AVE Zöldfok Zrt.	Siófok	69.80	FC
AVE Tatabánya Zrt.	Tatabánya	67.00	FC
AVE Hevesi Városfenntartó Kft.	Heves	55.04	FC
AVE Miskolc Kft	Miskolc	55.00	FC
A.S.A. + AVE Kft	Gyál	50.00	QC
A.K.S.D. Kft.	Debrecen	50.00	QC
Kaposvári Városgazdálkodási Zrt.	Kaposvár	44.49	EC
AVE ECRTFOK Kft.	Siófok	100.00	OC
AVE Gyöngyös Hulladékkezelö Kft.	Gyöngyös	98.00	OC
AVE Tatabánya Hulladékhasznosító KFt	Tatabánya	51.00	OC
AKSD INNOVA Kft.	Debrecen	50.00	OC
P.M.R. Kft	Debrecen	50.00	OC
Avermann-Holvex Kft	Alsózsolca	33.33	OC
NYÍR-FLOP KFT.	Nyíregyháza	25.00	OC
Bihari Kft.	Berettyóujfalu	24.50	OC
CZECH REPUBLIC			
AVE CZ odpadové hospodárství s.r.o.	Prague	100.00	FC
AVE sberné suroviny a.s.	Plzeň	100.00	FC
REKKA s.r.o.	České Budejovice	100.00	FC

The Group's companies

WASTE MANAGEMENT	Registered office	Share in %	Type of consolidation
CZECH REPUBLIC			
ROPO Recycling s.r.o.	Liběšice	100.00	FC
AVE Kolín s.r.o.	Kolin	90.00	FC
AVE Ústí nad Labem s.r.o.	Ústi nad Labem	90.00	FC
AVE Kralupy s.r.o.	Kralupy	80.00	FC
AVE Nasavrky a.s.	Nasavrky	60.00	FC
Zitas TOC s.r.o.	Karlovy Vary	100.00	OC
Kogeneravce Zalmanov s.r.o.	Karlovy Vary	100.00	OC
ADOS PLUS a.s.	Harrachov	100.00	OC
ASPG CZ s.r.o.	Prague	100.00	OC
Teploinvest CB s.r.o.	České Budejovice	100.00	OC
AVE Františkovy Lázně s.r.o.	Františkovy Lazně	95.00	OC
EOC SKLÁDKA s.r.o.	Jindřichův Hradec	24.00	OC
ROMANIA			
AVE Waste Romania SRL	Cluj-Napoca	100.00	FC
AVE Huron SRL	Miercurea-Ciuc	100.00	FC
AVE Salaj ECOSERV SRL	Zalău	100.00	FC
AVE Harghita Salubritate SRL	Odorheiu Secuisec	94.00	FC
AVE Bihor SRL	Oradea	100.00	OC
AVE Cluj SRL	Cluj-Napoca	100.00	OC
AVE-Swietelsky Depozit Ecologic S.R.L.	Bukarest	50.00	OC
A.K.S.D. Romania SRL	Targu Mures	50.00	OC
SLOVAKIA			
AVE SK odpadové hospodárstvo s.r.o.	Bratislava	100.00	FC
AVE Bratislava s.r.o.	Bratislava	100.00	FC
AVE Košice s.r.o. previously: AVE - V.O.D.S. odpadové hospodárstvo a.s.	Košice	100.00	FC
AVE Tornal'a s.r.o.	Tornal'a	100.00	FC
AVE Jasov s.r.o.	Košice	70.00	FC
V.O.D.S.. a.s.	Košice	51.00	FC
AVE Sturovo a.s.	Štúrovo	65.00	OC
GERMANY			
AVE Abfallwirtschaft GmbH	Rotthalmünster	100.00	FC
Papyrus Wertstoff Service GmbH	Bad Reichenhall	63.33	QC
ITALY			
AVE RottaMix GmbH	Eppan	100.00	FC
AVE Südtirol Recycling GmbH	Neumarkt	100.00	FC
MOLDOVA			
AVE Ungheni SRL	Ungheni	61.91	OC
UKRAINE			
AVE Umwelt Ukraine TOB	Lemberg	100.00	OC
AVE Mukatschewo TOB	Mukatschewo	95.38	OC
AVE Vinogradovo TOB	Vinogradovo	89.00	OC
AVE Lwiw TOB	Lemberg	70.00	OC
AVE Kolomya TOB	Kolomyja	60.00	OC

WATER			
AUSTRIA			
Energie AG Oberösterreich Wasser GmbH	Linz	100.00	FC
WDL WasserdienstleistungsGmbH	Linz	90.00	FC
WDL Infrastruktur GmbH	Linz	49.00	OC

The Group's companies

WATER	Registered office	Share in %	Type of consolidation
CZECH REPUBLIC			
Aquaserv s.r.o.	České Budejovice	100,00	FC
CEVAK a.s.	České Budejovice	100,00	FC
Energie AG Bohemia s.r.o.	České Budejovice	100,00	FC
VHOS-KA s.r.o.	Moravská Třebová	100,00	FC
Vodáreská společnost Beroun a.s.	Beroun	100,00	FC
VODOS s.r.o.	Kolín	100,00	FC
Vodáreská spolecnost Chrudim a.s.	Chrudim	95,00	FC
VHOS a.s.	Moravská Třebová	87,90	FC
Aqua Servis a.s.	Rychnov nad Kněžnou	66,00	FC
Vodovody a kanalizace Beroun a.s.	Beroun	59,20	FC
Energie AG Bohemia Service s.r.o.	České Budejovice	100,00	OC
1. Jihočeská vodohospodářská spol. s r.o.	České Budejovice	100,00	OC
SLOVAKIA			
Energie AG Vodohospodárstvo Slovakia s.r.o.	Bratislava	100,00	OC
HUNGARY			
Energie AG Magyarország Vízgazdálkodási Kft	Budapest	100,00	FC
Energie AG Miskolc Vizgazdalkodasi és Környezetvedelmi Kft.	Miskolc	50,00	EC
SLOVENIA			
VARINGER d.o.o.	Maribor	84,00	FC

OTHERS			
AUSTRIA			
Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mit beschränkter Haftung	Linz	100,00	OC
Energy IT Service GmbH	Linz	66,67	OC

1) due to majority of votes

FC fully consolidated company
QC company with pro-rata consolidation
EC company included on the basis of the equity method
OC company not included in the group due to insignificance

3. Consolidation methods

The revaluation method is applied to capital consolidation. The historical cost for acquiring the investment is offset against the share in the revalorised equity of the subsidiary at the time of acquisition.

Goodwill resulting from company mergers is entered pursuant to IFRS 3. The acquired goodwill is essentially based on expected future revenues and synergy effects. Every year it is tested for impairment, pursuant to IAS 36, at least once a year. In fiscal 2010/2011, goodwill in the amount of EUR 0.0 thousand (previous year : EUR 4,282.8 thousand) was amortised. Differentials carried as liabilities pursuant to IFRS 3 are entered with immediate effect on the result. Incidental acquisition costs in the amount of EUR 469.8 thousand (previous year: EUR 1,468.8 thousand) arising from the acquisition of investments are shown under other operating expenses.

Intra-group receivables and liabilities, expenses and revenues, as well as interim results are eliminated, unless they are of minor significance.

Whenever there are put options of minority shareholders, these are shown under borrowed capital, in accordance with IAS 32 (Financial Instruments: Presentation).

4. ACCOUNTING AND VALUATION PRINCIPLES

Estimates

The preparation of the consolidated financial statements requires that estimates are made, which affect the assets and liabilities, revenues and expenses that are shown in the consolidated financial statements, as well as information in the Notes. Estimates and assumptions were especially made with regard to staff provisions, provisions for imminent losses and long-term provisions for landfills, as well as when performing acquisition price allocations and impairment tests. The estimates made may deviate from actual amounts. Estimates and assumptions relate, in particular, to interest rates, wage and salary trends, fluctuations, future costs of landfills, the future realisability of deferred tax assets as well as future surpluses in cash inflows. A major impact of these estimates on the consolidated financial statements is not expected for the near future.

Intangible Assets and Tangible Fixed Assets

Intangible assets and tangible fixed assets are valued at acquisition or production costs, minus scheduled straight line depreciation, or depreciation due to use.

Development costs that are capitalised pursuant to IAS 38 (Intangible Assets) comprise all costs that are directly attributable to the development process, as well as reasonable portions of the development-related overhead costs.

The cost of financing is recognised on the asset side, in accordance with IAS 23 (Borrowing Costs). In this context, an interest rate of 3.5% is applied.

In addition to the direct costs, reasonable portions of the material and manufacturing overhead costs are other components of the manufacturing costs. General administrative expenses are not capitalised.

The application of IAS 40 (Investment Property) does not have any effect on the consolidated financial statements as there are no major real-estate holdings serving as financial investments.

Whenever different useful life spans have to be entered for the main components of assets, these are taken into account in line with the Component Approach (IAS 16).

Scheduled depreciation for major equipment is measured pursuant to the following useful life spans which are applied throughout the Group:

	Useful life in years
Intangible assets	
Electricity procurement rights	15 – 50
Other rights	4 – 50
Dumping rights and landfills	depending on utilisation
Building structures	
Buildings	50
Other structures	10 – 50
Water engineering structures	50 – 75
Plant and machinery	
Power plants	10 – 25
Electricity grid	15 – 40
Waste disposal systems	6 – 20
Telecommunications facilities	7 – 20
Plant and equipment, furniture and fixtures	3 – 10

Whenever a need for depreciation/amortisation is noticed, the corresponding write-downs are made.

IAS 36 (Impairment of Assets) requires that intangible assets and tangible fixed assets are tested for impairment if there is an indication that the value of an item might have decreased. Whenever intangible assets and tangible fixed assets are put together as cash-generating units, for lack of cash flow, their fair value is established. Whenever a need for depreciation/amortisation is noticed, the corresponding write-downs are made. The surplus in revenues, projected on the basis of medium-term planning, is discounted applying weighted average capital costs, in order to establish the fair value. Performance measurements are based both on past experience and on external information sources. The assumptions on future GDP growth are taken from the European Commission. Depending on the industry and/or the country, to which the asset belongs, an interest rate between 6.1% and 9.2% (previous year: 6.1% to 9.2%) is used, whereby a growth rate of up to 2% is applied in keeping with the detailed planning schedule. A rise in interest rate of 0.25% would result in depreciation/amortisation in the amount of EUR 5.1 million (previous year: EUR 2.3 million).

Participations

Investments classified as "available for sale" are entered at market values if these can be reliably determined. Changes in value are entered without affecting the operating result, unless there is a major or lasting impairment. Investments for which a listed price is not available on an active market or for which the fair value cannot be reliably determined are valued at cost.

The share in companies valued according to the equity method is entered in keeping with the capital share held, which is increased or decreased according to the changes in equity.

Other Financial Assets and Other Long-Term Assets

Loans at market interest rates, as well as long-term receivables are shown at their nominal value. No-interest bearing or low-interest loans and long-term receivables are valued at their present value. Value adjustments are made for identifiable exposures. Securities and loan stock rights carried as fixed assets are valued at market prices.

Changes in the value of securities that are classified as "at fair value through profit or loss" are entered with effect on the result. Changes in the value of securities that are classified as "available for sale" are entered without effect on the result, unless there is a major or lasting impairment. Financial assets classified as "held to maturity" are entered at cost, as carried forward. Impairments are entered with effect on the result. Financial receivables that are classified as "loans and receivables" are valued at cost, as carried forward.

Inventories

Inventories are valued at average acquisition or manufacturing costs (moving average price method), or at the lower net realisable value. The manufacturing costs comprise the directly attributable costs, as well as the pro-rata overhead costs for materials and production.

Decreases in value due to reduced realisability are reflected in write-downs.

Receivables and Other Assets

Receivables and other assets are valued at their historical costs. Identifiable exposures are reflected by entering the corresponding adjustments in value. Financial receivables that are classified as "loans and receivables" are valued at cost, as carried forward.

Cash and Cash Equivalents

The item cash and cash equivalents comprises cash in hand and cheques received as well as sight deposits at banks. These are valued at cost, as carried forward.

Financial Liabilities

Financial liabilities are entered when incurred, in the actually received amount. Any share premium, discount or other issue costs are spread out over the financing term and shown in the financial result. Unless these are liabilities from financing leases, they are classified as "financial liabilities at amortised cost".

Provisions for Pensions and Severance Payments

Provisions for pensions, severance payments and anniversary bonuses are calculated according to the projected unit credit method in accordance with IAS 19. Expected increases in wages, salaries and pensions are taken into account. Actuarial gains and losses exceeding the corridor of 10% of the present value of the commitments are distributed over the average remaining service period when forming provisions for pensions and severance payments.

Other Provisions

Other provisions comprise all commitments identifiable on the balance sheet date that relate to earlier transactions and are uncertain as to their amount or maturity. The provisions are valued at the amount that is most likely to be incurred.

Deferred Taxes

Deferred taxes are entered for temporary deviations between the values shown in the consolidated balance sheet and the values shown in the tax balance sheets of the individual undertakings. Moreover, future tax benefits, resulting from tax losses carried forward, are taken into account. The values are adjusted, in case netting out cannot be expected with sufficient probability.

Contributions to Construction Costs

This item primarily comprises financing contributions received from electricity, gas and district-heating customers. Contributions to construction costs carried as liabilities are re-transferred with effect on the result in keeping with the course of depreciation for the corresponding asset.

Investment Grants

Public-sector benefits for asset acquisition are entered as investment grants and written back in keeping with their useful life under other operating income.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities are entered at historical costs or their higher amount repayable.

Liabilities to Third Parties

Possible or existing commitments, which are due to earlier events, are shown under liabilities and warranties, where an outflow of resources is unlikely.

Foreign Currency Translations

Foreign currency translations are made according to the principle of a functional currency. The respective national currency is the functional currency of all consolidated companies. Accordingly, balance sheet items are translated at the middle rate on the reporting date, while items in the income statement are translated using the mean exchange rate for the period. Differences from translating the pro-rata equity are booked under reserves without effect on the result. The differences from currency translations due to minority interests are shown in the item minority interests in equity. On 30 September 2011, the exchange rate for the Czech crown was 24.55855 (previous year: 24.58860), for the Hungarian forint 291.585 (previous year: 276.742), for the Romanian lei 4.31473 (previous year: 4.27012), for the Swiss franc 1.21994 (previous year: 1.32869) and for the US dollar 1.35975 (previous year: 1.36107). Currency translation differences from long-term, intra-group shareholder loans are shown under currency differentials without effect on the result.

Income Realisation

As a matter of principle, revenues are entered at the time of providing the service or performance, whenever the value of a receivable has been determined or can be determined and its collection is likely. Receivables from electricity, gas and water supplies that have, as yet, not been billed are assigned to the item "trade debtors". With regard to the recognition of construction contracts under IAS 11, we refer to item 34.

Interest income is realised for the pro-rata period depending on the actual interest rate. Dividends are shown at the dates on which the title to the payment was created.

5. Cross Border Leasing

Energie AG Oberösterreich entered into a cross-border leasing transaction for some of its power plants in fiscal 2001/2002. In the course of the transaction, hydropower plants were leased to a US investor by means of trusts, which were leased back for a shorter period at the same time. According to Austrian law, this did not change the civil-law and economic ownership relations. The financial benefit (present value benefit) for Energie AG Oberösterreich – after deducting the transaction costs – is disclosed in the balance sheet under long-term debt as a differential amount carried as a liability and re-transferred with effect on revenues according to the term of the underlying leasing transaction.

The funds received as advance lease payments from the US trust – except for the present value benefit – were invested via payment undertaking agreements and used to cover the future instalments under the lease-back arrangement, conforming with time and currency requirements.
In the case of payment undertaking agreements, which are entered into with financial institutes, the financial institutes undertake to make all payments that arise under the lease-back arrangements directly to the US trust. Unlike the classical instrument of investing via deposits, this financing tool does not lead to an increase of the assets shown in the balance sheet. However, Energie AG Öberösterreich is liable to the US trust for compliance with the commitments that the financial institutes have assumed in connection with the payment undertaking agreements (see item 32).

For the CBL transaction referred to above additional securitisation for the pre-payment tool had to be provided in fiscal 2008/2009 in the form of a letter of credit (L/C) conforming to market requirements, which was the result of a down-grading of the credit rating of the equity payment undertaker. This L/C, which was securitised by a cash deposit in the amount of EUR 75,229.9 thousand, was issued by an international financial institute of adequate credit rating in favour of the US investor. In fiscal 2010/2011, the L/C was duly extended for a further year. This guarantees that the transaction will also be continued according to the agreement in the period after 30 September 2011.

NOTES TO THE INCOME STATEMENT

6. Sales

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Electricity	**1,215,544.3**	1,150,961.4
District heating	**58,060.3**	62,458.2
Gas	**268,373.3**	197,433.6
Reversal of contributions to construction costs	**20,221.2**	19,985.1
Waste management	**448,981.9**	375,890.8
Water	**113,575.9**	98,882.7
Other sales	**95,139.4**	73,224.7
	2,219,896.3	**1,978,836.5**

7. Segment Reporting

Segment Reporting According to Business Sectors

The segment reporting of the Energie AG Group is carried out pursuant to IFRS 8 in accordance with the internal reporting and internal management approach. The Energie AG Group operates mainly in the segments "Energy", "Waste Management" and "Water". In this connection, the "Energy" segment comprises primarily the production and distribution of electrical energy, gas and district heating. The "Waste Management" segment covers accepting, sorting, burning and dumping of household and industrial waste materials. The "Water" segment consists primarily of the supply with drinking water, as well as of the disposal of waste water.

The accounting and valuation principles of the reported segments are the same as those used throughout the Group. Sales between the segments ("inter-segment sales") are invoiced at market prices. The operating result is the result for the period which, being regularly monitored by the main decision-makers, is primarily used as a basis to assess the level of success and the allocation of resources.

Unscheduled depreciation and amortisation in the amount of EUR 1,257.5 thousand relate to tangible fixed assets in the Energy Segment (previous year: goodwill, the customer base and tangible fixed assets in the Waste Management Segment in the amount of EUR 8,999.3 thousand). The gains from the re-transfer of contributions to construction costs relate to the Energy Segment.

The segment reporting according to business segments is as follows:

2010/2011	Energy in EUR mill.	Waste disposal in EUR mill.	Water in EUR mill.	Transitions/ elimination in EUR mill.	**Group in EUR mill.**
Sales to third parties	1,630.6	456.2	133.1	—	2,219.9
Inter-segment sales	9.7	12.3	0.9	- 22.9	—
Total sales	1,640.3	468.5	134.0	- 22.9	2,219.9
Income from shares in equity companies	11.0	—	—	—	11.0
Depreciations	- 96.8	- 55.4	- 8.5	—	- 160.7
Income from operations	105.4	12.9	7.3	—	125.6
Financing costs	- 38.2	- 14.9	- 1.7	6.2	- 48.6
Other net interest income	9.2	3.1	0.1	- 6.2	6.2
Taxes on income	- 13.5	- 2.7	- 1.2	—	- 17.4
Book value of stakes in equity undertakings	243.1	0.6	0.2	—	243.9
Goodwill	1.5	83.7	24.5	—	109.7
Investments into intangible assets and tangible fixed assets	139.2	23.8	6.1	—	169.1

2009/2010	Energy in EUR mill.	Waste disposal in EUR mill.	Water in EUR mill.	Transitions/ elimination in EUR mill.	**Group in EUR mill.**
Sales to third parties	1,480.8	379.7	118.3	—	1,978.8
Inter-segment sales	9.8	15.9	0.5	- 26.2	—
Total sales	1,490.6	395.6	118.8	- 26.2	1,978.8
Income from shares in equity companies	14.3	—	0.1	—	14.4
Depreciations	- 93.6	- 59.1	- 7.7	—	- 160.4
Income from operations	125.3	- 1.5	5.1	—	128.9
Financing costs	- 34.7	- 14.2	- 1.9	6.2	- 44.6
Other net interest income	6.3	2.1	0.2	- 6.2	2.4
Taxes on income	- 20.0	- 2.5	- 1.4	—	- 23.9
Book value of stakes in equity undertakings	252.7	0.7	0.2	—	253.6
Goodwill	1.4	83.1	24.5	—	109.0
Investments into intangible assets and tangible fixed assets	140.6	31.1	7.2	—	178.9

Segment Reporting According to Geographical Segments

The Energie AG Oberösterreich Group operates mainly in the regions of "Austria", "Czech Republic" and "Hungary". The business activities in other countries (Slovakia, Romania, Italy, Germany and Slovenia) are summed up in the geographical segment "other countries".

2010/2011	Austria in EUR mill.	Czech Republic in EUR mill.	Hungary in EUR mill.	Other countries in EUR mill.	Transitions/ elimination in EUR mill.	**Group in EUR mill.**
Sales to third parties	1,819.7	303.1	54.9	42.2	—	2,219.9
Carrying value of segment assets	2,748.1	325.1	56.6	64.1	531.1	3,725.0

2009/2010	Austria in EUR mill.	Czech Republic in EUR mill.	Hungary in EUR mill.	Other countries in EUR mill.	Transitions/ elimination in EUR mill.	**Group in EUR mill.**
Sales to third parties	1,663.4	243.2	46.5	25.7	—	1,978.8
Carrying value of segment assets	2,694.7	324.5	56.2	74.4	546.1	3,695.9

8. Other operating income

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Income from the disposal of intangible assets and tangible fixed assets	**1,589.5**	2,381.3
Capitalised production costs	**676.4**	800.6
Income from leases and rentals	**4,075.6**	4,017.6
Income from the reversal of investment grants	**3,462.1**	2,678.8
Other income	**26,699.8**	30,870.3
	36,503.4	**40,748.6**

Other income contains income from the sale of emission certificates as well as income from the reversal of the special item for emission certificates.

9. Cost of Material and Other Purchased Manufacturing Rights

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Electricity purchased from third parties	**796,887.6**	732,981.6
Cost of use of system	**76,508.8**	61,625.2
Cost of fuels	**82,490.1**	66,699.0
Cost of other materials	**328,075.0**	230,506.9
Cost of purchased services	**149,599.7**	132,406.5
	1,433,561.2	**1,224,219.2**

10. Personnel Expenses

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Wages and salaries	**238,578.0**	225,370.3
Expenses for severance payments and benefits to company pension funds	**8,776.2**	7,663.2
Pension payments	**23,485.0**	15,818.2
Statutory social-security charges and remuneration-related charges and compulsory contributions	**62,699.5**	58,492.2
Other social expenses	**7,388.9**	7,304.3
	340,927.6	**314,648.2**

Expenses for defined-contribution pension schemes amounted to EUR 5,664.4 thousand (previous year: EUR 4,906.8 thousand). Expenses for severance payments in the amount of EUR 26.0 thousand (previous year: EUR 35.0 thousand) and for pension payments in the amount of EUR 274.0 thousand (previous year: EUR 341.0 thousand) relate to Members of the Board of Management.

The members of the Board of Management and of the Supervisory Board of Energie AG Oberösterreich received the following remunerations:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Board of Management	**831.0**	826.0
Former members of the Board of Management and their dependents	**832.0**	832.0
Supervisory Board	**109.7**	98.0
	1,772.7	**1,756.0**

Average employment figures for the year under review amounted to 7,754 (previous year: 7,294). Part-time staff members are accounted for on a pro-rata basis.

11. Depreciation

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Scheduled depreciation	**159,453.1**	151,422.6
Non-scheduled depreciation	**1,267.4**	8,999.3
	160,720.5	**160,421.9**

Please refer to the table "Development of Fixed Assets" for the depreciation of individual items under fixed assets. Non-scheduled depreciation was carried out due to the expected restrictions relating to the usability of land (previous year: the decrease in utility values in the Waste Management Segment due to the difficult market environment led to non-scheduled amortisation of goodwill and non-scheduled depreciation of waste management plants in Germany).

12. Other Operating Expenses

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Taxes	**16,418.9**	16,199.6
Outside services	**53,203.5**	54,073.7
Travel expenses	**9,826.4**	9,509.4
Insurance premiums	**9,547.4**	10,316.8
Postage and telecommunication fees	**6,993.5**	6,593.9
Rentals and leases	**12,185.6**	11,453.7
Write-downs of receivables	**2,210.0**	2,659.7
Allocated value allowance for receivables	**2,925.6**	2,876.6
Expenses for vehicles	**39,807.8**	32,339.1
Losses from the disposal of intangible assets	**9,404.5**	2,587.3
Repairs	**27,737.5**	27,269.4
Other expenses	**49,971.4**	58,928.8
	240,232.1	**234,808.0**

Taxes comprise mainly land taxes, location-dependent charges, electricity levies, as well as contributions to remedial action on abandoned waste sites. The fees charged by the Group auditor KPMG Austria GmbH for auditing services and other assurance services provided for the companies of the Energie AG Oberösterreich Group amount to EUR 0.8 million. Moreover, the Group auditor provided other auditing services for the Energie AG Group to the value of EUR 0.2 million.

13. Income from Interest

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Cost of financing		
Interest and similar expenses	**- 41,979.8**	- 39,470.5
Exchange-rate losses from financial liabilities	**- 6,661.6**	-5,086.9
	- 48,641.4	**- 44,557.4**
Income from financing		
Interest and similar income	**3,879.1**	3,387.8
Cross-border leasing	**1,253.0**	1,253.0
Exchange-rate gains from financial liabilities	**1,342.6**	581.2
Changes in market value from interest swaps	**- 311.9**	- 2,840.1
	6,162.8	**2,381.9**
	- 42,478.6	**- 42,175.5**

14. Other Financial Results

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Income from participations		
Non-consolidated affiliated companies	**379.0**	48.6
Other investments	**1,597.2**	1,990.4
Income from the disposal of investments	**2,300.8**	4.6
Write-down of participations	**- 3,105.4**	- 2,938.1
Others	**- 882.5**	77.0
	289.1	**- 817.5**
Securities		
Income from securities	**1,832.3**	1,519.7
Write-downs of securities	**- 406.7**	- 313.5
Write-ups of securities	**1,993.4**	7,294.3
Losses from the disposal of securities	**- 40.8**	—
Gains from the disposal of securities	**304.0**	162.3
	3,682.2	8,662.8
	3,971.3	**7,845.3**

15. Taxes on Income

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Expenses for current taxes on income	**24,906.8**	18,363.0
Changes in deferred taxes on income	**- 7,481.3**	5,584.3
	17,425.5	**23,947.3**

Expenses for taxes on income are EUR 2,862.1 thousand lower (previous year: EUR 823.9 thousand higher) than the calculated expenses for taxes on income that result from applying the respective tax rates to the result before taxes on income. The causes for the difference between the calculated and the shown expenses for taxes on income are as follows:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Profit before taxes on income	**87,093.0**	94,560.8
Calculated expenses for taxes	**20,287.6**	21,932.3
Effect on taxes due to		
income from investments	**- 3,306.4**	- 4,185.1
changes in value adjustments/utilisation of deferred taxes	**- 3,998.6**	2,503.0
non-recurrent tax income/expenses	**2,369.8**	- 154.8
non-tax-deductible expenses	**1,817.4**	2,113.2
amortisation of goodwill	—	1,284.8
tax credits for investments, apprenticeship-related, research and educational measures	**- 118.6**	- 141.7
other items	**374.3**	595.6
Effective tax expenses	**17,425.5**	23,947.3
Effective Tax Rate in %	**20.0**	**25.3**

The temporary differences between the amounts stated in the consolidated financial statements and the respective taxable amounts have the following effect on the shown deferred taxes:

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Intangible assets	**- 21,629.9**	- 22,055.8
Tangible fixed assets	**- 83,811.6**	- 83,548.8
Financial assets	**3,735.3**	- 4,864.3
Other long-term assets	**- 2,561.8**	- 2,565.2
Provisions	**8,530.7**	7,694.7
Contributions to construction costs	**20,982.6**	20,543.4
Tax losses carried forward	**356.8**	362.5
Untaxed reserves	**- 17,767.2**	- 17,773.3
Other items	**- 598.8**	- 260.3
	- 92,763.9	**- 102,467.1**
of these deferred taxes carried as assets	**18,671.3**	14,159.5
of these deferred taxes carried as liabilities	**- 111,435.2**	- 116,626.6

On the liability side, no deferred taxes were entered for temporary differences concerning companies associated on the basis of the equity method in the amount of EUR 83,830.9 thousand (previous year: EUR 80,132.6 thousand).

NOTES TO THE BALANCE-SHEET

16. Intangible Assets and Tangible Fixed Assets

Please refer to the table "Development of Fixed Assets" regarding the development of items under intangible assets and tangible fixed assets.

The item "other rights" primarily comprises rights of use regarding different facilities, rental rights, as well as dumping rights, in addition to IT software.

Research costs in the amount of EUR 3.3 million (previous year: EUR 3.1 million) are carried as expenses. Interest on external funds in the amount of EUR 1,589.5 thousand (previous year: EUR 1,805.3 thousand) was recognised under assets.

Additions to plants under construction led to outflows of funds in the amount of EUR 21,122.7 thousand (previous year EUR 28,553.4 thousand). The obligations to acquire tangible fixed assets amount to EUR 41,994.1 thousand (previous year: EUR 11,863.7 thousand).

In fiscal 2007/2008, assets from tangible fixed assets were sold in the Waste Management Segment and leased back for a period of 15 years ("sale and lease back"). The assets under this financing leasing relationship continue to be recognised as assets in the balance sheet, and the same amount for the present value of the minimum leasing payments was recognised under liabilities. The book value amounts to EUR 53,317.4 thousand (previous year: EUR 57,070.8 thousand) as at 30 September 2011. The future minimum leasing payments amount to EUR 3,012.5 thousand for the following year (previous year: EUR 2,450.9 thousand), to EUR 13,018.7 thousand (previous year: EUR 13,616.3 thousand) for periods between one and five years, and to EUR 61,231.0 thousand (previous year: EUR 57,850.1 thousand) for periods in excess of 5 years. Leasing payments determined on the basis of variable interest in the amount of EUR 2,531.5 thousand (previous year: EUR 2,523.7 thousand) are entered under expenses.

The cash value of the minimum leasing payments can be shown as follows:

	Minimum leasing payments in EUR 1,000	Discounted in EUR 1,000	Cash value of minimum leasing payments in EUR 1,000
Term less than one year	3,012.5	34.9	2,977.6
Terms between one and five years	13,018.7	643.9	12,374.8
Terms in excess of five years	61,231.0	9,476.5	51,754.5
	77,262.2	**10,155.3**	**67,106.9**

17. Investments

The table "Development of Fixed Assets" contains a detailed breakdown of the investments and their development.

Changes in the value of associated companies valued according to the equity method are shown under write-ups and/or disposals of assets.

18. Other Financial Assets

The table "Development of Fixed Assets" contains a detailed breakdown of the other financial assets and their development.

Securities essentially comprise shares in investment funds that are used to some extent to cover the taxable provisions for pension payments.

19. Other Long-Term Assets

Other long-term assets comprise, in particular, instruments to securitise the cross-border leasing transaction as well as the positive market price of derivative financial instruments.

20. Inventories

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Primary energy	**82,778.8**	56,573.0
Raw materials and supplies	**12,382.7**	15,773.2
Work in progress	**6,223.5**	5,852.8
Finished goods and goods for resale	**3,524.3**	2,293.7
	104,909.3	**80,492.7**

21. Accounts Receivable and Other Assets

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Accounts receivable (trade debtors)	**277,011.6**	241,690.7
Due from non-consolidated affiliated companies	**10,638.2**	16,866.5
Due from undertakings with which the company is linked by virtue of participating interests	**1,837.1**	1,795.2
Accruals and deferrals of interest	**5,668.4**	4,912.3
Market value of derivatives	**11,224.1**	19,232.9
Others	**72,592.3**	89,509.3
	378,971.7	**374,006.9**

Receivables from electricity, gas and water deliveries, which had not been invoiced as at the reporting date, were deferred on a pro-rata basis and are shown under "accounts receivable (trade debtors)".

22. Cash in Hand. Checks and Bank Balances

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Cash in hand	**469.1**	370.9
Cash in bank accounts	**104,983.9**	83,012.8
	105,453.0	**83,383.7**

23. Equity

The nominal capital of Energie AG Oberösterreich consists of 89,000,000 share certificates (previous year: 89,000,000), of which 88,600,000 are individual share certificates (previous year: 88,600,000) and 400,000 are preferred shares without voting rights (previous year: 400,000). The nominal capital has been fully paid in.

The Board of Management of Energie AG Oberösterreich is authorised, up to 8 July 2013, to increase the nominal capital of the company by a maximum of EUR 2,800,000 by issuing bearer shares to staff members in the form of preferred shares without voting rights.

The capital reserves result from the share premium of the capital increase, minus the directly attributable costs of obtaining equity in the amount of EUR 1,771.9 thousand, as well as from the contribution of own shares during fiscal 2006/2007.

During fiscal 2007/2008, 390,000 preferred shares without voting rights were contributed to Energie AG Oberösterreich. These shares were offered to Group staff members at favourable conditions during fiscal 2007/2008. The benefit per staff member amounts to the maximum tax-exempt sum pursuant to § 3 (1) item 15 letter b of the Income Tax Act.

The profit reserves result from the profits that the Group generated but did not distribute.

The IAS 39 provisions comprise changes in market value from investments available for sale and securities, changes in the market value of cash-flow hedges, as well as changes in equity without effect on the business result of associated companies valued at equity.

As at 30 September 2011, the cash flow hedge provision amounts to EUR 2,715.6 thousand (previous year: EUR -13,892.6 thousand). The effective share of the fair value changes concerning cash-flow hedges is entered in the cash-flow provision, without effect on the result. The non-effective share of the fair-value changes concerning cash-flow hedges in the amount of EUR 0.0 thousand (previous year: EUR 0.0 thousand) is entered in the income statement with effect on the result. During the fiscal year, EUR 5,389.0 thousand (previous year: EUR 33,714.0 thousand) was taken from the cash-flow hedge provision and recorded in the income statement. Of this amount, EUR 14.4 thousand (previous year: EUR -248.9 thousand was shown in the financial result, and EUR 5,374.6 thousand (previous year: EUR 33,962.9 thousand) was entered in the operating result.

The AFS provision, which is contained in the IAS 39 provisions, comprises changes in the value of participations and securities classified as "available for sale", which do not have an effect on the result. As of 30 September 2011, the AFS provision amounts to EUR 9,128.5 thousand (previous year: EUR 16,565.9 thousand). During the fiscal year, changes in market value in the amount of EUR -7,437.4 thousand (previous year: EUR -2,116.7 thousand) were shown under equity, without any effect on the result and EUR 0.0 thousand (previous year: EUR 0.0 thousand) was taken from the AFS provision and entered in the income statement.

The provision for new valuation results from the first-time consolidations in the previous years.

As at 30 September 2011, 11,155 own shares were held (previous year: 6,094).

Capital Management

It is the objective of capital management to preserve a strong capital base so that it is also possible in the future to earn an adequate return for the company in line with the risk situation of the company, to promote the future development of the company and to also create benefits for other interest groups. Value based management is firmly anchored in all management systems and in all management processes. Pursuant to IFRS, the management considers the equity in the books to be the capital. As at the balance sheet date the equity ratio amounted to 36.7% (previous year: 36.5%).

24. Financial Instruments and Financial Risk Management

24.1. Principles

The Energie AG Oberösterreich Group holds primary and derivative financial instruments.

On the asset side, primary financial instruments essentially comprise participations, other financial assets and accounts receivable. Primary financial instruments are shown in the balance sheet, with the book value corresponding to the maximum default risk.

On the liability side of the balance sheet, primary financial instruments essentially comprise financial liabilities, as well as accounts payable.

Derivative financial instruments are used to hedge the risk of changes in interest rates as well as electricity and gas price risks. The use of derivative financial instruments is subject to the respective authorisation and control procedures within the Group. A linkage to an underlying transaction is mandatory. The Group engages in proprietary trading only within very restricted limits.

Purchases and sales of primary financial instruments are entered on the day of performance. Purchases and sales of derivative financial instruments are entered on the trading date. As a matter of principle, the financial instruments are valued at fair value upon addition. The financial instruments are written off when the rights to payments under the investment have expired or have been transferred and the Group has transferred principally all exposures and opportunities that accrued as a result of the ownership title.

As a rule, the fair value of financial assets and debts corresponds to market prices on the balance sheet date. Whenever the prices on active markets are not directly available, they are calculated – whenever they are not of subordinate significance – by applying recognised financial calculation models and current market parameters (especially interest rates, exchange rates and the credit ratings of the counterparties). Moreover, the cash flows of the financial instruments are discounted for the balance sheet date.

Criteria for impairment include financial difficulties of the issuer or debtor, delayed payment, an increased probability of insolvency, a measurable decrease in the expected future cash flow as well as a significant decline in the market value of the financial instrument.

24.2. Derivative Financial Instruments and Hedging

Interest swaps are used to partially hedge the exposure to interest-rate changes of bonds and also to hedge future variable interest payments from financing and leasing agreements.

Futures and swaps are entered in order to cover variable prices and/or to reduce the counterparty risk for purchased electricity/gas purchases and sold electricity/gas. Futures are only used to a minimal extent to hedge the sale of CO_2 certificates.

Changes in the market value of derivative financial instruments, for which no hedge accounting is made, are shown in the income statement, with effect on the result.

Fair-value hedges serve as protection against the risk of change in the fair value of balance sheet assets or balance sheet liabilities. The derivatives and the corresponding underlying transactions are valued at fair value, with effect on the result, when applying hedge accounting. The Group uses fair value hedges to partly secure the risk of changes in interest rates in connection with bonds (interest swaps).

Cash-flow hedges are entered as protection against future payment flows. Whenever the hedging transactions meet the requirements for hedge accounting, the result of the hedging instrument, which is established as effective security, is entered under equity, with no effect on the result. The non-effective part of the result is entered with effect on the result. Electricity/gas/CO_2 futures as well as electricity/gas swaps are used to hedge variable prices and/or a reduction in counterparty risk. Interest swaps are used to secure the cash flow risk of liabilities at variable interest rates.

Derivative financial instruments from the financial sector comprise the following items:

	30/09/2011			30/09/2010		
	Nominal value	Positive market values in EUR 1,000	Negative market values in EUR 1,000	Nominal value	Positive market values in EUR 1,000	Negative market values in EUR 1,000
Derivatives with fair-value hedge relation						
Interest swaps – bonds	EUR 100.0 mill.	6,236.1	—	EUR 100.0 mill.	6,397.9	—
Derivatives with cash-flow hedge relation						
Interest swaps	EUR 121.6 mill.	—	- 12,131.8	EUR 121.6 mill.	—	- 10,849.9
Foreign-currency derivatives	EUR 0.1 mill.	—	- 1.9	EUR 0.3 mill.	—	-22.7
Derivatives without hedge relation						
Interest swaps	EUR 5.0 mill.	—	- 186.7	EUR 5.0 mill.	—	- 218.4
Interest swaps	CZK 18.6 mill.	—	- 49.0	CZK 23.0 mill.	—	- 56.5
Foreign-currency derivatives	EUR 8.0 mill.	217.4	—	EUR 5.8 mill.	—	-90.6
Structured interest and foreign-currency derivatives	EUR 55.0 mill.	—	- 5,926.3	EUR 62 mill.	55.2	- 5,590.3

Derivative financial instruments from the energy sector comprise the following items:

30/09/2011	Nominal Value		Positive Market values in EUR 1,000	Negative Market values in EUR 1,000
	Purchase	Sale		
Derivatives with cash-flow hedge relation				
Electricity futures	EUR 92.1 mill.	EUR 12.4 mill.	1,527.5	- 2,931.5
Gas futures	EUR 0.0 mill.	EUR 3.4 mill.	21.6	- 19.1
CO_2 futures	EUR 0.3 mill.	EUR 1.1 mill.	164.0	- 119.8
Electricity swaps	EUR 0.0 mill.	EUR 0.0 mill.	—	—
Gas swaps	EUR 19.5 mill.	EUR 0.0 mill.	8,489.4	- 759.0
Derivatives without hedge relation				
Electricity forwards	EUR 40.4 mill.	EUR 40.8 mill.	4,473.0	- 4,550.1
Gas forwards	EUR 1.7 mill.	EUR 1.8 mill.	100.2	- 64.9
Electricity futures	EUR 0.5 mill.	EUR 0.0 mill.	1.8	0.0
Gas swaps	EUR 3.4 mill.	EUR 3.5 mill.	1,965.7	- 1,824.0

30/09/2010	Nominal value		Positive Market values in EUR 1,000	Negative Market values in EUR 1,000
	Purchase	Sale		
Derivatives with cash-flow hedge relation				
Electricity futures	EUR 53.2 mill.	EUR 2.7 mill.	552.6	- 2,360.7
Electricity swaps	EUR 0.0 mill.	EUR 1.8 mill.	180.5	—
Gas swaps	EUR 56.0 mill.	EUR 0.0 mill.	8,545.2	- 11,452.7
Derivatives without hedge relation				
Electricity forwards	EUR 97.0 mill.	EUR 98.3 mill.	16,677.5	- 16,550.8
Electricity futures	EUR 1.2 mill.	EUR 0.0 mill.	7.2	- 24.1
Gas swaps	EUR 7.3 mill.	EUR 7.6 mill.	1,132.1	- 908.8

Positive market values are contained in other long-term and short-term assets, and negative market values are contained in other long-term and/or short-term debts.

The following table shows the contractual maturities of payments (nominal values) in connection with the cash-flow hedges, i.e. when the underlying transaction has an effect on the result:

30/09/2011	Nominal value		Maturity
	Purchase	Sale	
Hedging transaction			
Interest swaps and foreign-currency derivatives	EUR 121.7 mill.	EUR 0.0 mill.	2011 - 2028
Electricity futures	EUR 92.1 mill.	EUR 12.4 mill.	2011 - 2014
Gas futures	EUR 0.0 mill.	EUR 3.4 mill.	2011 - 2012
CO_2 futures	EUR 0.3 mill.	EUR 1.1 mill.	2011 - 2012
Electricity swaps	EUR 0.0 mill.	EUR 0.0 mill.	—
Gas swaps	EUR 19.5 mill.	EUR 0.0 mill.	2011-2012

30/09/2010	Nominal value		Maturity
	Purchase	Sale	
Hedging transaction			
Interest swaps and foreign-currency derivatives	EUR 121.9 mill.	EUR 0.0 mill.	2010 - 2028
Electricity futures	EUR 53.2 mill.	EUR 2.7 mill.	2011 - 2013
Electricity swaps	EUR 0.0 mill.	EUR 1.8 mill.	2010
Gas swaps	EUR 56.0 mill.	EUR 0.0 mill.	2010 - 2011

As at 30 September 2011, hedging instruments, as they are shown above, were designated as part of fair value hedges. For fiscal 2010/2011, the adjustments of the book values for the underlying transactions result in gains, recorded in the financial result, of EUR 161.8 thousand (previous year: losses EUR 113.0 thousand). The changes in the fair values of hedging transactions resulted in losses of EUR 161.8 thousand (previous year: gains of EUR 113.0 thousand) which are shown under other financial results.

24.3. Book Values, Fair Values and Values Entered According to IAS 39

The book values, fair values and values entered for the financial assets and debts comprise the following classes and/or valuation categories according to IAS 39 and/or IAS 17:

	Category according to IAS 39*)	**Book value 30/09/2011 in EUR 1,000**	**Fair value 30/09/2011 in EUR 1,000**	Book value 30/09/2010 in EUR 1,000	Fair value 30/09/2010 in EUR 1,000
Participations		**37,759.4**	**37,759.4**	**42,918.4**	**42,918.4**
Shares in affiliated companies	AfS (at cost)	**22,579.8**	**22,579.8**	27,925.1	27,925.1
Other participations	AfS	**473.7**	**473.7**	2,630.0	2,630.0
Other participations	AfS (at cost)	**14,705.9**	**14,705.9**	12,363.3	12,363.3
Other financial assets		**448,510.9**	**448,575.5**	**464,249.6**	**464,260.0**
Loans to affiliated companies	LaR	**3,103.7**	**3,162.5**	10,350.6	10,350.6
Loans to companies with which the company is linked by virtue of participating interests	LaR	**25,000.0**	**25,000.0**	30,060.6	30,060.6
Other loans	LaR	**19,389.1**	**19,389.1**	14,670.2	14,670.2
Securities (available for sale)	AfS	**26,832.9**	**26,832.9**	31,383.9	31,383.9
Securities (held to maturity)	HtM	**3,973.4**	**3,979.2**	10,422.9	10,433.3
Securities (fair value option)	AtFVP&L (FV Option)	**370,211.8**	**370,211.8**	367,361.4	367,361.4

AfS available for sale; LaR loans and receivables; FLAC financial liability measured at amortised cost; AtFVP&L at fair value through profit or loss; HtM held to maturity

	Category according to IAS 39*)	Book value 30/09/2011 in EUR 1,000	Fair value 30/09/2011 in EUR 1,000	Book value 30/09/2010 in EUR 1,000	Fair value 30/09/2010 in EUR 1,000
Accounts receivable and other assets (long and short-term) according to the balance sheet		486,867.0	—	**483,773.9**	—
of which non-financial assets		54,945.1	—	**66,213.2**	—
of which financial assets		431,921.9	431,921.9	**417,560.7**	**417,560.7**
Accounts receivable (trade debtors)	LaR	**277,190.0**	**277,190.0**	241,960.7	241,960.7
Due from affiliated companies	LaR	**13,509.6**	**13,509.6**	22,532.8	22,532.8
Due from undertakings with which the company is linked by virtue of participating interest	LaR	**2,652.6**	**2,652.6**	2,692.6	2,692.6
Derivatives with hedge relation (cash-flow hedge)	n/a	**8,489.4**	**8,489.4**	8,725.7	8,725.7
Derivatives with hedge relation (fair-value hedge)	n/a	**6,236.1**	**6,236.1**	6,397.9	6,397.9
Derivatives without hedge relation	AtFVP&L (Trading)	**6,756.3**	**6,756.3**	17,864.8	17,864.8
Other long-term financial assets	LaR	**117,087.9**	**117,087.9**	117,386.2	117,386.2
Cash and cash equivalents	LaR	105,453.0	105,453.0	**83,383.7**	**83,383.7**
Total for financial assets		1,023,645.2	1,023,709.8	**1,008,112.4**	**1,008,122.8**
Financial liabilities (long and short-term)		965,663.6	975,459.5	**1,012,319.1**	**1,025,470.3**
Bonds	FLAC	**303,843.1**	**315,831.0**	303,826.5	314,781.0
Due to banks	FLAC	**486,995.2**	**487,093.8**	526,723.6	528,868.0
Liabilities – financing leasing	IAS 17	**66,622.1**	**66,622.1**	70,938.6	70,819.7
Other financial liabilities	FLAC	**108,203.2**	**105,912.6**	110,830.4	111,001.6
Accounts payable (short-term)	FLAC	194,886.3	194,886.3	**167,178.5**	**167,178.5**
Other debts (long and short-term) according to balance-sheet		373,642.9	—	**349,711.5**	—
of these non-financial debts		247,133.4	—	**232,394.0**	—
of these financial debts		126,509.5	126,509.5	**117,317.5**	**117,317.5**
Due to affiliated companies	FLAC	**7,491.5**	**7,491.5**	416.9	416.9
Due to undertakings with which the company is linked by virtue of participating interests	FLAC	**27,868.9**	**27,868.9**	14,509.3	14,509.3
Derivatives with hedge relation (cash-flow hedge)	n/a	**12,892.7**	**12,892.7**	22,325.3	22,325.3
Derivatives with hedge relation (fair-value hedge)	n/a	—	—	—	—
Derivatives without hedge relation	AtFVP&L (Trading)	**12,601.0**	**12,601.0**	23,415.4	23,415.4
Other financial liabilities (long and short-term)	FLAC	**65,655.4**	**65,655.4**	56,650.6	56,650.6
Total for financial liabilities		1,287,059.4	1,296,855.3	**1,296,815.1**	**1,309,966.3**
Book values in valuation categories according to IAS 39					
Loans and receivables (LaR)		**563,385.9**	—	523,037.4	—
Held-to-maturity investments (HtM)		**3,973.4**	—	10,422.9	—
Available-for-sale financial assets (AfS)		**64,592.3**	—	74,302.3	—
Financial assets at fair value through profit or loss (AtFVP&L (trading))		**6,756.3**	—	17,864.8	—
Financial assets at fair value through profit or loss (AtFVP&L (FV option))		**370,211.8**	—	367,361.4	—
Financial liabilities measured at amortised cost (FLAC)		**1,194,943.6**	—	1,180,135.8	—
Financial liabilities at fair value through profit or loss (AtFVP&L (trading))		**12,601.0**	—	23,415.4	—

Pursuant to IFRS 7, each financial instrument that is valued at fair value must be classified within a fair value hierarchy. In view of possible uncertainties relating to estimates of the fair values, a distinction is made between three levels:

Level 1: Valuation on the basis of a published price quotation for identical assets or liabilities on an active market.

Level 2: Valuation in the basis of input factors that are observable either directly or indirectly on the market.
Level 3: Valuation on the basis of factors that are not observable on the market.

The allocation of the book values of the financial instruments valued at fair value to levels 1 to 3 is as follows (in EUR 1,000):

30/09/2011

Assets	Valuation at market prices Level 1	Valuation on the basis of input factors observable on the market Level 2	Other valuation factors Level 3	Total
Investments				
Other investments	473.7	—	—	473.7
Other financial assets				
Securities (available for sale)	19,690.9	5,688.2	1,453.8	26,832.9
Securities (fair value option)	365,629.1	4,582.7	—	370,211.8
Receivables and other assets				
Derivatives with a hedging relationship (cash flow hedge)	—	8,489.4	—	8,489.4
Derivatives with a hedging relationship (fair value hedge)	—	6,236.1	—	6,236.1
Derivatives with no hedging relationship	—	6,756.3	—	6,756.3
Total	**385,793.7**	**31,752.7**	**1,453.8**	**419,000.2**
Liabilities				
Other debts				
Derivatives with a hedging relationship (cash flow hedge)	—	12,892.7	—	12,892.7
Derivatives with no hedging relationship	—	12,601.0	—	12,601.0
Total	**—**	**25,493.7**	**—**	**25,493.7**

30/09/2010

Assets	Valuation at market prices Level 1	Valuation on the basis of input factors observable on the market Level 2	Other valuation factors Level 3	Total
Investments				
Other investments	2,630.0	—	—	2,630.0
Other financial assets				
Securities (available for sale)	20,401.1	9,880.8	1,102.0	31,383.9
Securities (fair value option)	363,699.4	3,662.0	—	367,361.4
Receivables and other assets				
Derivatives with a hedging relationship (cash flow hedge)	—	8,725.7	—	8,725.7
Derivatives with a hedging relationship (fair value hedge)	—	6,397.9	—	6,397.9
Derivatives with no hedging relationship	—	17,864.8	—	17,864.8
Total	**386,730.5**	**46,531.2**	**1,102.0**	**434,363.7**
Liabilities				
Other debts				
Derivatives with a hedging relationship (cash flow hedge)	—	22,325.3	—	22,325.3
Derivatives with no hedging relationship	—	23,415.4	—	23,415.4
Total	**—**	**45,740.7**	**—**	**45,740.7**

The financial instruments in level 3 displayed the following development:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Book value as of 01 October	**1,102.0**	874.3
Profits (losses)		
- with effect on the result	**—**	—
- with no effect on the result	**- 148.2**	227.7
Purchases	**500.0**	—
Sales	**—**	—
Redemptions	**—**	—
Reclassifications	**—**	—
Book value as of 30 September	**1,453.8**	1,102.0

In the current fiscal year, no profits/losses for financial instruments in level 3 were entered with effect on the result.

Accounts receivable (trade debtors) as well as other financial assets mainly have short terms to maturity. As a result, their book values as at the balance sheet date correspond approximately to the fair value. The fair values of long-term borrowings, if material, correspond to the present values of the payments linked to the assets, always taking account of the current market parameters.

The financial assets in valuation class "available for sale" comprise unquoted equity instruments, the fair value of which could not be reliably established and which are shown in the balance sheet at cost. The book values can be taken from the table above. The losses from the disposal of such assets amounted to EUR 591.0 thousand during fiscal 2010/2011 (previous year: EUR 0.0 thousand).

Accounts payable and other financial debts regularly have short times to maturity. The values in the balance sheet approximately reflect the attributable fair values. The current value of financial liabilities, if material, are established as present values of the payments linked to debts, on the basis of the respectively applicable market parameters.

The net result from valuation of the financial instruments is spread out as follows across the different classes of financial instruments:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Loans and receivables	**- 658.2**	- 1,396.4
Held to maturity investments	**288.4**	584.6
Available for sale financial assets	**- 6,001.3**	1,665.3
Financial assets at fair value through profit or loss (FV option)	**1,649.6**	7,594.6
Financial assets/liabilities at fair value through profit or loss (trading)	**- 3,145.7**	- 6,262.0
Financial liabilities measured at amortised cost	**- 33,678.1**	- 32,480.5
Net result	**- 41,545.3**	**- 30,294.4**
Total gains from interest	**3,316.8**	3,048.5
Total expenses for interest	**- 33,678.1**	- 32,480.5

The net result of the category "loans and receivables" mainly comprises interest gains from invested money, as well as borrowings, and is shown in the financial result. Moreover, the item comprises gains from the re-transfer of value adjustments, as well as gains from receiving written-off amounts due, as well as expenses from value adjustments and write-downs of accounts receivable. They are shown in the operating result.

The net result of "held-to-maturity" investments is shown in the financial result and essentially comprises the write-downs made for these instruments, as well as gains from interest earned from securities and security deposits.

The net result of "available or sale" financial assets shows the valuation result of participations, valued with no effect on the result and securities, as well as gains from participations. It is shown under other financial results.

The net result of financial assets "at fair value through profit or loss (FV options)" essentially comprises the results of valuation, as well as distributions from securities. It is shown under other financial results.

The net result of "financial liabilities measured at amortised cost" essentially comprises interest expenses for financial liabilities and is part of the financial result.

The net result of financial assets and financial liabilities "at fair value through profit or loss (held for trading)" essentially derives from the derivatives used by Energie AG. The valuation result for the derivatives of the energy sector is comprised in the result of operations, that of interest and foreign currency derivatives in the financial result.

24.4. Management of financial risks

Principles of Financial Risk Management

On account of its business activities and its financial transactions, Energie AG is exposed to various financial risks. These risks essentially comprise foreign currency and interest risk, liquidity risk, default risk, share price risk of securities and price risk in the commodity area (price risks of the energy industry).

The central Group Treasury handles the management of financial risks. Any possible hedging is done on a central basis for all corporate entities. A corporate financial guideline (Treasury Policy) is the basis for managing financial risks. It applies to the main objectives, principles and the distribution of tasks within the Group.

Group Treasury primarily secures financial risks on a central basis, also using derivative financial instruments. As a matter of principle, such transactions are only entered with counterparties of very good rating in order to minimise the default risk.

If a controlling influence – and eventually full consolidation – is obtained when acquiring a company, the acquired company is integrated into the central Group Treasury in the course of a post-acquisition project.

Foreign Currency Risk

The exposure is essentially limited to the risk of translating the values of assets in the neighbouring countries (especially the Czech Republic and Hungary). The foreign currency risk of the Energie AG Group can be classified as low, on account of the low level of financial assets exposed to the foreign currency risk, as well as on account of the financing structure. Moreover, there is also a transaction risk of a subordinated extent, due to payments in foreign currency.

The sensitivity of the financial instruments to foreign currency risks is analyses to show the effects of assumed changes in the exchange rate on the result (after tax) and on equity. The instruments held on the balance sheet date were used as a basis for the analysis. In this context, it was assumed that the risk prevailing on the balance sheet date essentially represents the risk during the entire fiscal year. The corporate tax rate of 25% was used as tax rate. Another assumption for the analysis was that all other variables, especially exchange rates, will remain unchanged. Foreign currency risks linked to financial instruments which are denominated in a currency other than the functional currency and are of a monetary nature are included in the analysis. Exchange rate-related differences resulting from the conversion of financial statements into the Group currency are not considered.

An appreciation of the euro – in keeping with the aforementioned assumptions – by 10% against all other currencies as at the balance sheet date would have resulted in an increase in the result (after tax) in the amount of EUR 1,298.6 thousand (previous year: EUR 306.7 thousand)

and an increase in equity in the amount of EUR 1,298.6 thousand (previous year: EUR 306.7 thousand).

A depreciation of the euro – in keeping with the aforementioned assumptions – by 10% against all other currencies as at the balance sheet date would have resulted in a reduction in the result (after tax) in the amount of EUR 2,055.1 thousand (previous year: EUR 1,651.7 thousand) and a reduction in equity in the amount of EUR 2,055.1 thousand (previous year: EUR 1,651.7 thousand).

Interest Risk

The Energie AG Group holds financial instruments with sensitive interest rates in order to meet the operational and strategic requirements for controlling liquidity. The risk of changes in interest rates essentially results from financial instruments with variable interest rates (cash flow risk). On the asset side, interest risks are due mainly to borrowings and credit balances with credit institutions, on the liability side they are mainly due to financial liabilities with variable interest rates. Moreover, interest risk accrues from interest-related derivatives.

The sensitivity of these financial instruments to risks of changes in interest rate is analysed to show the effects of assumed changes in the level of market interest rates on the result (after tax) and on equity. The instruments held on the balance sheet date were used as a basis for the analysis. In this context, it was assumed that the risk prevailing on the balance sheet date essentially represents the risk during the entire fiscal year. The corporate tax rate of 25% was used as tax rate. Another assumption for the analysis was that all other variables, especially exchange rates, will remain unchanged.

An increase in the level of market interest rates – in keeping with the aforementioned assumptions – of 50 basis points as at the balance sheet date would have resulted in an increase in the result (after tax) in the amount of EUR 56.0 thousand (previous year: reduction of EUR 216.8 thousand) and an increase in equity in the amount of EUR 3,212.4 thousand (previous year: EUR 3,297.4 thousand). In this context, equity sensitivity was influenced by the sensitivity of the interest-related cash flow hedging provision in the amount of EUR 3,156.4 thousand (previous year: EUR 3,514.2 thousand), in addition to the sensitivity of the result (after tax).

An decrease in the level of market interest rates – in keeping with the aforementioned assumptions – of 50 basis points as at the balance sheet date would have resulted in a reduction of the result (after tax) in the amount of EUR 68.6 thousand (previous year: increase of EUR 126.8 thousand) and an reduction in equity in the amount of EUR 3,409.9 thousand (previous year: EUR 3,601.3 thousand). In this context, equity sensitivity was influenced by the sensitivity of the interest-related cash flow hedging provision in the amount of EUR 3,341.3 thousand (previous year: EUR 3,728.1 thousand), in addition to the sensitivity of the result (after tax).

Commodity Price Risk

Commodity price risks arise mainly from the procurement and sale of electricity as well as from the procurement of gas. Moreover, Energie AG incurs price risks when entering into speculative positions in the course of proprietary trading, which is therefore exercised only within tight limits. The risk can therefore be classified as immaterial.

Hedging instruments for electric energy and fuels (futures, forwards and swaps) are entered in order to secure risks of the energy industry.

Sensitivity analyses were carried out for the commodity price risk. These show the effect of assumed changes in the level of market prices on the result (after tax) and on equity. The respective amounts held on the balance sheet date were used as a basis. In this context, it was assumed that the risk prevailing on the balance sheet date essentially represents the risk during the entire fiscal year. The corporate tax rate of 25% was used as tax rate. Another assumption for the analysis was that all other variables, especially exchange rates, will remain unchanged. The analysis did not include contracts that are used to receive or supply non-financial items in keeping with the expected procurement, sales and utilisation requirements of the company (own use) and thus need not be shown in the balance sheet, according to IAS39, with the exception of encumbered contracts.

Sensitivity of derivative contracts in connection with electricity prices:

An increase (reduction) of the market price level – in keeping with the aforementioned assumptions – by 15% on the balance sheet date would have resulted in an increase (reduction) of the result (after tax) in the amount of EUR 6.0 thousand (previous year: EUR 0.0 thousand) and an increase (reduction) in equity in the amount of EUR 8,810.6 thousand (previous year: EUR 5,297.4 thousand). In this context, equity sensitivity was influenced by the sensitivity of the cash flow hedging provision in the amount of EUR 8,804.6 thousand (previous year: EUR 5,297.4 thousand) relating to electricity prices, in addition to the sensitivity of the result (after tax).

Sensitivity of derivative contracts in connection with gas prices:

An increase (reduction) of the market price level – in keeping with the aforementioned assumptions – by 25% on the balance sheet date would have resulted in an reduction (increase) of the result (after tax) in the amount of EUR 0.0 thousand (previous year: EUR 2.7 thousand) and an increase (reduction) in equity in the amount of EUR 4,719.4 thousand (previous year: EUR 9,957.9 thousand). In this context, equity sensitivity was influenced by the sensitivity of the cash flow hedging provision in the amount of EUR 4,719.4 thousand (previous year: EUR 9,960.6 thousand) relating to gas prices, in addition to the sensitivity of the result (after tax).

Market price risk due to the fair value valuation of securities (especially share price, financial investment and fund risks)

Energie AG holds securities, funds and financial investments and funds which may cause the company an exposure in the case of price changes. The risk of fluctuations concerning the held securities is limited by a conservative investment policy and by continuous monitoring, as well as by an ongoing quantification of the risk potential.

The sensitivity of the share price risk was analysed so that the effect of assumed changes in the level of market prices on the result (after tax) and on equity is shown. The respective securities held on the balance sheet date were used as a basis. In this context, it was assumed that the risk prevailing on the balance sheet date essentially represents the risk during the entire fiscal year. The corporate tax rate of 25% was used as tax rate. Moreover, it was assumed for the purpose of the analysis that all other variables, especially the currency, will remain unchanged.

An increase (reduction) of the market price level – in keeping with the aforementioned assumptions – by 15% on the balance sheet date would have resulted in an increase (reduction) of the result (after tax) in the amount of EUR 41,648.8 thousand (previous year: EUR 41,931.9 thousand) and an increase in equity in the amount of EUR 44,719.7 thousand (previous year: EUR 45,756.8 thousand). In this context, equity sensitivity was influenced by the sensitivity of the available-for sale provision, which is related to the share price, in the amount of EUR 3,070.9 thousand (previous year: EUR 3,824.9 thousand), in addition to the sensitivity of the result (after tax).

Default Risk

Energie AG incurs credit risks whenever counterparties do not comply with their contractual agreements.

The company limits default exposure by regularly analysing the ratings of the customer portfolio. In the area of financial and energy trading, transactions are only carried out with counterparties of excellent rating. The risk is also restricted by limit systems and monitoring.

With regard to the financial assets not shown in the following tables, there were no major arrears and/or impairments on the reporting date, and there are no indications on the reporting date that debtors will not meet their payment obligations.

The book values of the financial assets comprise the following items:

	Book value 30/09/2011 in EUR 1,000	Of these: neither impaired nor overdue at the reporting date in EUR 1,000	Of these not impaired but overdue during the below periods: less than 30 days in EUR 1,000	between 30 and 60 days in EUR 1,000	between 60 and 90 days in EUR 1,000	more than 90 days in EUR 1,000	Of these: impaired as at the reporting date in EUR 1,000
Other financial assets	**22,492.8**	**22,460.2**	**—**	**—**	**—**	**32.6**	**—**
Loans to affiliated undertakings	3,103.7	3,103.7	—	—	—	—	—
Other loans	19,389.1	19,356.5	—	—	—	32.6	—
Receivables and other financial assets (long and short-term)	**410,440.1**	**363,867.4**	**24,979.0**	**5,336.6**	**2,258.1**	**10,941.2**	**3,057.8**
Accounts receivable (trade debtors)	277,190.0	231,652.2	24,888.3	5,300.0	2,246.6	10,258.0	2,844.9
Due from affiliated companies	13,509.6	12,997.1	—	34.0	10.7	467.8	—
Due from undertakings with which the company is linked by virtue of participating interests	2,652.6	2,496.6	76.2	0.4	0.8	78.6	—
Other financial assets	117,087.9	116,721.5	14.5	2.2	—	136.8	212.9
Total	**432,932.9**	**386,327.6**	**24,979.0**	**5,336.6**	**2,258.1**	**10,973.8**	**3,057.8**

	Book value 30/09/2010 in EUR 1,000	Of these: neither impaired nor overdue at the reporting date in EUR 1,000	Of these not impaired but overdue during the below periods: less than 30 days in EUR 1,000	between 30 and 60 days in EUR 1,000	between 60 and 90 days in EUR 1,000	more than 90 days in EUR 1,000	Of these: impaired as at the reporting date in EUR 1,000
Other financial assets	**10,350.6**	**10,140.8**	**—**	**—**	**—**	**209.8**	**—**
Loans to affiliated undertakings	10,350.6	10,140.8	—	—	—	209.8	—
Receivables and other financial assets (long and short-term)	**384,572.3**	**344,479.1**	**17,144.0**	**2,369.6**	**2,011.1**	**13,414.2**	**5,154.3**
Accounts receivable (trade debtors)	241,960.7	207,364.7	16,282.3	2,343.9	1,978.1	9,045.8	4,945.9
Due from affiliated companies	22,532.8	17,829.2	311.8	25.7	33.0	4,333.1	—
Due from undertakings with which the company is linked by virtue of participating interests	2,692.6	2,690.9	—	—	—	1.7	—
Other financial assets	117,386.2	116,594.3	549.9	—	—	33.6	208.4
Total	**394,922.9**	**354,619.9**	**17,144.0**	**2,369.6**	**2,011.1**	**13,624.0**	**5,154.3**

Impairments of financial assets have developed as follows:

	Status 01/10/2010 in EUR 1,000	Change in consolidated Group in EUR 1,000	Additions in EUR 1,000	Consumption in EUR 1,000	Retransfers in EUR 1,000	**Status 30/09/2011 in EUR 1,000**
Other financial assets	**1,303.5**	**—**	**—**	**- 84.7**	**—**	**1,218.8**
Securities (available for sale)	1,303.5	—	—	- 84.7	—	1,218.8
Securities (held to maturity)	—	—	—	—	—	—
Accounts receivable and other financial assets (long and short-term)	**9,199.9**	**1,525.9**	**2,778.6**	**- 1,168.1**	**-784.8**	**11,551.5**
Accounts receivable (trade debtors)	9,067.6	1,418.2	2,778.6	- 1,168.1	-784.8	11,311.5
Other financial assets	132.3	107.7	—	—	—	240.0
Total	**10,503.4**	**1,525.9**	**2,778.6**	**- 1,252.8**	**-784.8**	**12,770.3**

	Status 01/10/2009 in EUR 1,000	Change in consolidated Group in EUR 1,000	Additions in EUR 1,000	Consumption in EUR 1,000	Retransfers in EUR 1,000	**Status 30/09/2010 in EUR 1,000**
Other financial assets	**8,449.8**	**—**	**313.5**	**- 7,459.8**	**—**	**1,303.5**
Securities (available for sale)	3,729.1	—	313.5	- 2,739.1		1,303.5
Securities (held to maturity)	4,720.7	—	—	-4,720.7	—	—
Accounts receivable and other financial assets (long and short-term)	**8,249.6**	**842.5**	**2,876.6**	**- 1,715.6**	**- 1,053.2**	**9,199.9**
Accounts receivable (trade debtors)	8,100.6	836.4	2,825.2	- 1,681.6	- 1,013.0	9,067.6
Other financial assets	149.0	6.1	51.4	- 34.0	- 40.2	132.3
Total	**16,699.4**	**842.5**	**3,190.1**	**- 9,175.4**	**- 1,053.2**	**10,503.4**

Expenses for the complete retirement of accounts receivable amounted to EUR 2,210.0 thousand (previous year: EUR 2,659.7 thousand). Revenues from the receipt of retired accounts receivable amounted to EUR 67.9 thousand (previous year: EUR 28.3 thousand). In the fiscal year, expenses for impairments amounted to EUR 1,993.8 thousand (previous year: EUR 1,823.4 thousand) concerning financial assets in the category "loans and receivables", EUR 0.0 thousand (previous year: EUR 313.5 thousand) concerning financial assets in the category "available-for-sale" and EUR 0.0 thousand (previous year: EUR 0.0 thousand) concerning financial assets in the category "held to maturity".

With regard to the financial accounts receivable that are neither impaired nor overdue there are no signs as at the balance sheet date that debtors will not meet their payment obligations. With regard to the financial assets not shown in the table above, there were no material arrears and impairments on the balance sheet date.

The value of individual financial assets is adjusted whenever the book value of the financial assets is higher than the future discounted cash flow. The indicators for individual adjustments in value are financial difficulties, insolvency, breach of contract and considerable arrears in payment on the part of customers. The individual adjustments in value are comprised of numerous individual items, of which any single one need not be considered as material. Moreover, graded impairments are entered according to risk group in order to take account of general credit risks.

Liquidity Risk

A liquidity risk would arise if the liquidity reserves and/or the borrowing capacity were insufficient in order to meet financial obligations in time. As Energie AG engages in far-sighted liquidity planning and holds liquidity reserves, it is estimated that the liquidity risk is very low. Moreover, the company can draw on open credit lines with banks, as well as on the capital market in order to obtain financing. In this connection, attention is paid to an adequate capital structure and a conservative financial profile in order to maintain a strong "A" rating.

	Book value 30/09/2011 in EUR 1,000	Cash flows 2011/2012 Interest in EUR 1,000	Cash flows 2011/2012 Redemption in EUR 1,000	Cash flows 2012/2013 to 2015/2016 Interest in EUR 1,000	Cash flows 2012/2013 to 2015/2016 Redemption in EUR 1,000	Cash flows as of 2016/2017 Interest in EUR 1,000	Cash flows as of 2016/2017 Redemption in EUR 1,000
Financial liabilities (long and short-term)	**965,663.6**	**32,087.0**	**76,368.6**	**108,868.0**	**200,329.8**	**159,386.9**	**693,047.7**
Bonds	303,843.1	13,500.0	1.2	54,000.0	—	114,750.0	306,236.1
Amounts due to banks	486,995.2	12,280.3	70,336.6	28,699.2	187,503.4	3,699.0	230,843.5
Liabilities from financing leasing	66,622.1	1,387.3	2,590.1	6,577.6	9,699.2	12,219.6	54,332.8
Other financial liabilities	108,203.2	4,919.4	3,440.7	19,591.2	3,127.2	28,718.3	101,635.3
Accounts payable (short term)	**194,886.3**	**—**	**194,886.3**	**—**	**—**	**—**	**—**
Other debts (long and short-term) according to balance sheet	**373,642.9**						
of these non-financial debts	**247,133.4**						
of these financial debts	**126,509.5**	**2,670.4**	**91,689.4**	**8,926.2**	**11,839.1**	**10,009.9**	**4,995.3**
Due to affiliated companies	7,491.5	—	7,458.9	—	32.6	—	—
Due to undertakings with which the company is linked by virtue of participating interests	27,868.9	—	27,868.9	—	—	—	—
Derivatives with hedge relation (cash-flow hedge)	12,892.7	1,882.9	759.0	6,737.9	—	9,072.5	—
Derivatives with hedge relation (fair-value hedge)	—	—	—	—	—	—	—
Derivatives without hedge relation	12,601.0	787.5	5,577.0	2,188.3	862.0	937.4	—
Other financial liabilities (long and short-term)	65,655.4	—	50,025.6	—	10,944.5	—	4,995.3
Total	**1,287,059.4**	**34,757.4**	**362,944.3**	**117,794.2**	**212,168.9**	**169,396.8**	**698,043.0**

All financial instruments are included that are held on the balance sheet date and for which payments have been contractually agreed. Projected figures with regard to future, new financial liabilities are not included. A mean term to maturity of 12 months is assumed for the ongoing operating loans. However, as a rule, these loans are prolonged and are available for longer periods in commercial terms. Amounts in foreign currency are always translated at the cash market price on the balance sheet date. The payments for variable interest on financial assets are determined on the basis of the interest rates applicable immediately prior to the balance sheet date. Financial liabilities that can be repaid at any time are always allocated to the earliest maturity margin.

There is real securitisation for financial liabilities in the amount of EUR 1,283.0 thousand (previous year: EUR 1,365.9 thousand).

24.5 Conditions of the Main Financial Instruments

Energie AG Oberösterreich has emitted the following bonds:

4.5% bonds issued
by Energie AG Oberösterreich, 2005-2025 ISIN: XS0213737702 volume: EUR 300.000.000 coupon: 3.3.

Energie AG Finance B.V. borrower's note loan, 2009-2013: EUR 134,500,000, of which EUR 109,500,000 with variable interest rate
Energie AG Finance B.V. borrower's note loan, 2009-2016: EUR 115,500,000, of which EUR 101,000,000 with variable interest rate
Energie AG Finance B.V, bond (private placement) 2009-2016 volume: EUR 50,000,000, with an interest rate of 5.217%
Energie AG Finance B.V, registered bond 2010-2030 volume: EUR 40,000,000, with an interest rate of 4.75%

	Book value 30/09/2010 in EUR 1,000	Cash Flows 2010/2011		Cash Flows 2011/2012 to 2014/2015		Cash Flows as of 2015/2016	
		Interest in EUR 1,000	Redemption in EUR 1,000	Interest in EUR 1,000	Redemption in EUR 1,000	Interest in EUR 1,000	Redemption in EUR 1,000
Financial liabilities (long and short-term)	**1,012,319.1**	**32,025.6**	**102,638.7**	**108,843.6**	**214,264.1**	**182,182.9**	**699,910.7**
Bonds	303,826.5	13,500.0	1.2	54,000.0	—	135,000.0	306,397.9
Amounts due to banks	526,723.6	12,804.2	96,157.9	32,795.7	197,898.8	9,932.2	234,588.7
Liabilities from financing leasing	70,938.6	742.6	2,855.6	2,347.5	11,299.3	3,661.2	56,783.7
Other financial liabilities	110,830.4	4,978.8	3,624.0	19,700.4	5,066.0	33,589.5	102,140.4
Accounts payable (short term)	**167,178.5**	**—**	**167,178.5**	**—**	**—**	**—**	**—**
Other debts (long and short-term) according to balance sheet	**349,711.5**						
of these non-financial debts	**232,393.8**						
of these financial debts	**117,317.7**	**2,276.7**	**78,413.8**	**11,307.6**	**17,857.2**	**12,103.3**	**4,618.8**
Due to affiliated companies	416.9	—	416.9	—	—	—	—
Due to undertakings with which the company is linked by virtue of participating interests	14,509.3	—	14,509.3	—	—	—	—
Derivatives with hedge relation (cash-flow hedge)	22,325.4	1,429.1	8,635.7	10,434.1	2,839.8	12,263.5	—
Derivatives with hedge relation (fair-value hedge)	—	—	—	—	—	—	—
Derivatives without hedge relation	23,415.4	847.6	13,375.8	873.5	4,174.4	- 160.2	—
Other financial liabilities (long and short-term)	56,650.7	—	41,476.1	—	10,843.0	—	4,618.8
Total	**1,296,815.3**	**34,302.3**	**348,231.0**	**120,151.2**	**232,121.3**	**194,286.2**	**704,529.5**

25. Long-Term Provisions

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Pension provisions	**75,242.7**	76,750.5
Provisions for pension payments	**55,443.8**	55,003.2
Provisions for anniversary bonuses	**13,513.9**	14,305.2
Provisions for early retirement payments and gradual step-in pension	**23,037.8**	14,294.8
Provisions for landfills and other provisions	**45,656.0**	41,717.7
	212,894.2	**202,071.4**

The provision for early retirement benefits and the stepped pension will essentially result in cash outflows during the coming five years. All other long-term provisions have, for the most part, a maturity of more than five years.

Provisions for Pensions

On account of company agreements and commitments under individual contracts, pensions must be paid upon retirement to specific staff members who joined the company before 30 September 1996 and have accepted neither full nor partial compensation of their claims to direct payments. Moreover, there is an obligation to pay pensions to specific staff members who retired before 1 July 1998.

A pension provision has been formed for this group of persons pursuant to IAS 19 (Employee Benefits) according to the actuarial valuation method (projected unit credit method).

The company must pay additional contributions for the defined-benefit pension commitments that were transferred to the company's pension fund.

The calculation was based on the following parameters:

	2010/2011	2009/2010
Assumed interest rate	**5.50%**	5.00%
Trend regarding salaries	**3.00%**	3.00%
Trend regarding pensions	**2.25%**	2.25%
Expected income from pension fund assets	**4.50%**	5.00%

"AVÖ 2008 P Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler" was used as the biometric basis for the calculations.
The statutory retirement age was taken as a basis.
Depending on the period of employment, a fluctuation rate of 0 to 10% is assumed.

All expenses and revenues connected to the provisions are shown under personnel expenses.

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Present value of pension commitment (DBO) as at 01/10	**100,442.5**	95,575.3
+/- Changes in consolidated group	**- 89.9**	—
+ current service cost	**783.9**	743.2
+ interest costs	**4,826.6**	5,273.3
- actual benefit payments	**- 7,353.6**	- 7,461.3
+/- actuarial loss/profit	**- 5,782.2**	6,312.0
Present value of pension commitment (DBO) as at 30/09	**92,827.3**	**100,442.5**
- fair value of fund assets	**- 9,236.2**	- 9,463.8
- non-realised net loss	**- 8,348.4**	- 14,228.2
Pension provision as at 30/09, as shown in the balance sheet	**75,242.7**	**76,750.5**

Development of Fund Assets	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Budgeted assets as at 01/10	**9,463.8**	8,788.3
Contributions paid to fund	**277.0**	280.6
Payments from fund	**- 336.9**	- 336.3
Expected income from budgeted assets	**483.7**	445.8
Actuarial profits/losses	**-651.4**	285.4
Budgeted assets as at 30/09	**9,236.2**	**9,463.8**

The fund assets comprise the following items:

	30/09/2011 in %	30/09/2010 in %
Bonds (euros)	**46.6**	54.9
Shares	**15.1**	16.7
Miscellaneous	**38.3**	28.4
	100.0	**100.0**

Expenses recognised in income statement:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Current service cost	**783.9**	743.2
Interest costs	**4,826.6**	5,273.3
Expected gains from investment	**- 483.7**	- 445.8
Actuarial profits and losses	**731.0**	29.4
	5,857.8	**5,600.1**

Historical information on pension provision

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000	30/09/2008 in EUR 1,000
Present value of pension commitments (DBO)	**92,827.3**	100,442.5	95,575.3	94,424.2
Fair value of fund assets	**- 9,236.2**	- 9,463.8	- 8,788.3	- 7,983.1
Under-coverage	**83,591.1**	90,978.7	86,787.0	86,441.1
Adjustments based on experience in % of the present value of the commitment	**1.03**	0.86	-0.22	-2.27

The actual income from the budgeted assets amounts to EUR -167.7 thousand (previous year EUR 731.2 thousand).

Provisions for Severance Payments

Severance payments are made to staff members at the time of retirement or on dismissal, on the basis of statutory obligations and collective-agreement commitments. The amount of this one-off payment is determined by the most recent remuneration and the number of service years.

A provision is formed on the basis of these stipulations under labour law and collective agreements and calculated by applying the projected unit credit method. By including the corridor arrangements pursuant to IAS 19 (Employee Benefits), the same parameters were taken as a basis as are used for the pension provisions.

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Provision for severance payments, as shown in the balance sheet, as at 01/10	**55,003.2**	51,008.3
+/- change in consolidated group	**- 648.4**	259.8
+ current service cost	**3,030.5**	2,894.1
+ interest costs	**3,190.9**	3,497.8
+ past service cost	**1,319.9**	—
- net payments for transfers	**—**	- 25.5
- severance payments	**- 7,000.0**	- 3,207.7
+ realised actuarial loss	**547.7**	576.4
provision for severance payments, as shown in the balance sheet, as at 30/09	**55,443.8**	**55,003.2**
+ non-realised actuarial loss	**7,640.6**	10,988.3
Present value of severance payment commitment (DBO) as at 30/09	**63,084.4**	**65,991.5**

Provisions for Anniversary Bonuses

For the calculations pursuant to IAS 19 (Employee Benefits) the same parameters were used as a basis as for the severance payments and pension provisions:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Present value of anniversary bonus commitment (DBO) as at 01/10	**14,305.2**	14,062.1
- change in consolidated group	**- 124.0**	—
+ current service cost	**676.5**	662.3
+ interest costs	**688.1**	775.8
- amortisation due to plan amendment	**- 117.6**	—
- net payments for transfers	—	- 17.0
- anniversary bonus payments	**1,058.7**	- 1,077.3
- realised actuarial profit	**- 855.6**	- 100.7
Present value of anniversary bonus commitment (DBO) as at 30/09 = Anniversary bonus commitment as at 30/09, shown in the balance sheet	**13,513.9**	**14,305.2**

Provisions for Early Retirement and Stepped Pension

On the basis of a company agreement entered into in 1998, staff members of Energie AG Oberösterreich have the possibility to make use of an early-retirement model under certain conditions for a limited time. The model offers employees temporary assistance in order to bridge the period between the end of their employment relations and their actual entitlement to a statutory pension payment pursuant to the stipulations of the Austrian General Social Security Act. Moreover, in fiscal 2009/2010 a stepped pension model was developed which, under certain conditions, guarantees employees benefits in the period between the end of their employment relations and their actual entitlement to a statutory pension.

In keeping with IAS 19 (Employee Benefits) a provision was formed for the resulting commitment. The parameters of the pension provisions were used as a basis for the calculation.

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Present value of early retirement commitment (DBO) as at 01/10	**14,294.8**	12,950.7
+ interest expense	**695.1**	597.7
+ allocation due to new commitment	**15,103.9**	8,253.7
- early retirement payments	**- 3,219.8**	- 3,962.1
- realised actuarial profit	**- 3,836.2**	- 3,545.2
Present value of early retirement commitment (DBO) as at 30/09 = Early retirement provision as at 30/09, shown in the balance sheet	**23,037.8**	**14,294.8**

Provisions for Landfills and Other Provisions

Other long-term provisions result, in particular, from future expenses in connection with the covering and follow-up monitoring of landfills. The provisions developed as follows:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Carrying value as at 01/10	**41,717.7**	33,426.9
Change in consolidated group	**- 796.8**	3,319.5
Consumptions	**- 2,131.6**	- 1,467.5
Reversals	**- 711.7**	- 1,732.4
Allocations	**7,785.1**	8,022.9
Currency differences	**- 206.7**	148.3
	45,656.0	**41,717.7**

26. Contributions to Construction Costs

This item primarily comprises financing contributions received from electricity, gas and district-heating customers. They are re-transferred in each case, with effect on the result, over the average depreciation period of the equipment concerned (up to 40 years).

27. Advances from Customers

This item mainly comprises accruals/deferrals from the sale of claims to minimum waste material quantities. On the basis of a contractual agreement, the Group is obliged to accept specific waste-material quantities. Irrespective of the actually delivered quantities, the Group is entitled to the remuneration fixed for a specific minimum quantity of waste material, which is established in advance. The claims up to 30 September 2021 under these minimum waste-material quantities were sold, and a fixed interest rate of 4.2868% was agreed with the contracting partner for the entire term of the agreement. The amount was entered as an advance received and carried as a liability.

28. Other Long-Term Debt

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Investment grants	**34,170.0**	35,589.9
Other liabilities	**49,812.8**	54,262.9
	83,982.8	**89,852.8**

29. Short-Term Provisions

Short-term provisions developed as follows during the year under review:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Carrying value as at 01/10	**44,568.5**	43,261.6
Change in consolidated group	**247.7**	1,018.6
Consumption	**- 24,363.3**	- 33,018.9
Reversals	**- 5,055.6**	- 5,985.2
Allocation	**26,690.6**	39,348.0
Currency differences	**- 84.4**	- 55.6
	42,003.5	**44,568.5**

Short-term provisions comprise mainly provisions for disposal costs, as well as provisions for imminent losses from pending transactions, as well as provisions for emission certificates.

30. Tax Provisions

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Corporate income tax for the business year	**1,992.2**	1,495.4
Corporate income tax for previous years	—	17.5
	1,992.2	**1,512.9**

31. Other Short-Term Debt

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Due to non-consolidated affiliated companies	**7,458.9**	394.3
Due to undertakings with which the company is linked by virtue of participating interest	**27,868.9**	14,509.3
Tax liabilities	**81,216.2**	70,222.1
Liabilities under social security	**7,453.2**	7,450.9
Advances from customers	**40,243.0**	28,963.5
Market value of derivatives	**7,739.4**	23,580.7
Liabilities vis-à-vis staff members	**45,670.8**	44,774.2
Other liabilities	**72,009.7**	69,963.7
	289,660.1	**259,858.7**

32. Liabilities to Third Parties

	30/09/2011 in EUR 1,000	30/09/2010 in EUR 1,000
Cross-border leasing	**697,616.6**	672,963.6
Others	**80,165.2**	97,679.7
	777,781.8	**770,643.3**

33. Other Commitments

In accordance with the energy supply contract between Energie AG Oberösterreich and VERBUND AG, dated 07/08 August 2001, Energie AG Oberösterreich receives from VERBUND AG a certain amount of electricity every year, on the basis of customary market products. The compensation for these electricity supplies is shown under cost of materials.

During fiscal 2007/2008, an operating lease agreement concerning the corporate headquarters in Linz, Böhmerwaldstraße 3, was entered for a period of 20 years, applying a variable interest rate. Purchase options at market value were granted for fixed dates.

The use of tangible fixed assets, not shown in the balance sheet, results in a commitment for the following business year in the amount of EUR 5,439.9 thousand (previous year: EUR 5,107.9 thousand). The total amount of these commitments for the next five years amounts to EUR 25,026.8 thousand (previous year: EUR 23,621.2 thousand), and to EUR 20,864.3 thousand (previous year: EUR 19,587.7 thousand) for periods longer than five years.

34. Construction Contracts

Receivables from construction contracts are realised according to the percentage of completion method in compliance with IAS 11. The costs actually accrued as at the balance sheet date serve as a yardstick for the percentage of completion. Imminent losses from the remaining construction process are covered by corresponding write-downs.

The following amounts have been recorded for construction contracts not completed as at the balance sheet date:

	2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Income from production activities	**40,382.4**	32,645.0
All orders not billed as at the balance sheet date:		
Costs incurred as at the balance sheet date	**26,489.3**	10,474.6
Profits accrued as at the balance sheet date	**1,425.9**	689.3
Accumulated losses	**-128.9**	- 127.6
less receivables posted as liabilities	**-140.8**	- 107.8
	27,645.5	**10,928.5**
Prepayments received on such receivables	**- 15,545.2**	- 4,862.5
Receivables	**12,100.3**	**6,066.0**

35. Result per Share and Proposal for the Appropriation of Earnings

The nominal capital of Energie AG Oberösterreich consists of 89,000,000 share certificates (previous year: 89,000,000). The average number of outstanding shares amounted to 88,991,376 (previous year: 88,995,705). This results in consolidated earnings per share in the amount of EUR 0.710 (previous year: EUR 0.725). The Board of Management of Energie AG proposes to the General Shareholders' Meeting to distribute a dividend in the amount of EUR 0.6 (previous year: EUR 0.6) per share, which altogether amounts to EUR 53,393.3 thousand (previous year: EUR 53,396.3 thousand).

36. Risk Management

The risk management process that has been implemented throughout the Group complies with the requirements of ISO 31000 and the Austrian standard ONR 49000. Since fiscal 2007/2008, it has been certified as part of the matrix certification according to ISO 9000.

The process is developed in line with the structure of the holding and includes operational risk-opportunity management at company level, which is determined on the basis of risk strategy, risk policy and a uniform process structure. An internally developed software tool is used on a quarterly basis to decentrally record the relevant data and update the valuations. The pooling, validation and evaluation of the data is carried out centrally. Correct documentation and verifiability is also guaranteed through historisation on the reporting dates. The managers of the operating companies receive quarterly reports for the respective areas. These reports are an integral part of the documents for the Annual General Meeting.

Reports are submitted to the Board of Management on a quarterly basis, whereby the Group profit or loss on ordinary activities is a central focus. Risk management is also an integral part of supervisory board reporting and, in accordance with the requirements of the Austrian Company Law Amendment Act [Unternehmensrechts-Änderungsgesetz (URÄG 2008)], is also brought to the notice of the Audit Committee with a view to confirming the efficiency and validity of the process. The Group-wide aggregation of individual risks into the total risk position of the Group increases risk transparency and further strengthens awareness of taking a risk-optimised approach for strategic and operating decisions.

The following main risk categories constitute the most relevant exposures/opportunities of the Group:

Counterparties

In its treasury and commodity trading activities, Energie AG only engages in transactions with counterparties with first-class ratings in order to minimise counterparty risks. The bundling of the design and processing of the financial instruments takes place in the Group Treasury while energy trading activities (electricity, gas, coal and CO_2) and derivative hedging transactions are concentrated in the Group's own trading subsidiary Energie AG Oberösterreich Trading GmbH. Risks are also restricted by limit systems and intensive monitoring.

For the purpose of engaging in hedging transactions and commodity futures transactions with several counterparties, the Group has signed a German master agreement with an attachment on hedging shown in the annex, in order to minimise risks. For the operational implementation of this hedging attachment, the discounted contracted values with mark-to-market valuation are coordinated with the counterparties concerned on a weekly basis.

Participations

Participation risks are the result of fluctuations in the shares held, in the dividends and the pro-rata net income for the year in the case of associated companies consolidated according to the equity method. Risks are optimised by identifying, analysing, quantifying and monitoring them. Impairment tests are carried out on a regular basis using a standardised process that is coordinated with the auditor.

Production, Distribution System, Waste Management and Infrastructure Facilities

Energie AG counters risks associated with facilities and the associated revenue losses with strict maintenance and quality controls, an optimised maintenance strategy and insurance coverage.

In the fiscal year just past, there were no major interruptions in the electricity distribution system as a result of bad weather conditions. The Group aims to minimise risks through the proactive continuation of cabling activities in forest areas.

Water Levels

The revenues in the Energy Segment are greatly influenced by the water supply from the rivers. The risk applies not only for the Group's own power plants but also for the procurement rights. Risks are assessed on the basis of volume components and price components.

Energy

All electricity and gas trading activities and all energy-related products (CO_2, guarantees of origin) are bundled in Energie AG Oberösterreich Trading GmbH. This company markets the electricity that is generated at the Group's own power plants and also handles the procurement of the electricity quantities needed for supply purposes. It also provides the fuels that are needed to operate the power plants. The company is the energy hub of the Group, whereby all internal business relationships are strictly based on the market price principle. This management strategy allows the utilisation of internal synergies and reduces possible risks from the external electricity trading market. Moreover, external hedging transactions help to limit market price risks.

Electricity trading activities are limited by means of an internally developed limit system and subject to ongoing risk monitoring.

Finances

The central Group Treasury handles the management of financial risks. The main financial risks are the liquidity risk, the foreign-exchange and interest-rate risk as well as the market price risk of the securities portfolio.

Energie AG counters the liquidity risk by planning its liquidity with foresight and by maintaining liquidity reserves, as well as by keeping open credit lines with banks. Particular attention is dedicated to the long-term maintenance of the rating (Single A) so as to ensure the optimisation of financing costs.

When integrating new Group companies, one of the primary goals is to transfer to these companies the conservative approach and the clear limitation of risks in connection with financial investments in line with central investment management.

37. Relations to Affiliated Companies and Persons

The affiliated companies and persons include the majority shareholder OÖ Landesholding GmbH as well as its subsidiaries, the federal province of Upper Austria, which is the sole shareholder of OÖ Landesholding GmbH, Raiffeisenlandesbank Oberösterreich Aktiengesellschaft as a joint owner of Energie AG Oberösterreich as well as its subsidiaries, the pro-rata consolidated companies, the associated companies as well as the members of the Board of Management and the Supervisory Board of Energie AG Oberösterreich and their close dependents.

OÖ Landesholding GmbH

Energie AG Oberösterreich and selected Group companies are members of the taxable group of companies of OÖ Landesholding GmbH. The stipulations in the group agreement of OÖ Landesholding GmbH apply in relations between Energie AG Oberösterreich and the holding company of the group, whereby Energie AG Oberösterreich determines its taxable income under consideration of the taxable results of the underlying companies.

Federal Province of Upper Austria

In fiscal 2008/2009, the federal province of Upper Austria subscribed a bond (private placement). Please refer to item 24.5 concerning the conditions of this financial liability.

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft:

Banking transactions take place between the group companies and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft at arm's length conditions.

ENAMO GmbH

ENAMO GmbH was set up as a joint venture of Energie AG Oberösterreich and LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste (LINZ AG) for the distribution of electricity.

A business share of 35% is held by LINZ STROM GmbH für Energieerzeugung, -verteilung und Telekommunikation, which is a subsidiary of LINZ AG. A contractual obligation exists whereby negative results are accepted on a proportional basis.

Electricity Deliveries
Energy deliveries are carried out at arm's length conditions between the Energie AG Oberösterreich Group and Ennskraftwerke Aktiengesellschaft, Salzburg AG für Energie, Verkehr und Telekommunikation, Gas- und Dampfkraftwerk Timelkam GmbH, as well as Wels Strom GmbH. The income statement shows sales revenues from associated companies in the amount of EUR 130,538.7 thousand (previous year: EUR 137,007.7 thousand); as well as expenses in the amount of EUR 130.538,4 thousand (previous year: EUR 101,042.8 thousand). Electricity and other supplies and services are delivered at arm's length conditions between the Group and the pro-rata consolidated companies in the amount of EUR 353,580.6 thousand (previous year: EUR 353,848.7 thousand). Services are purchased in the amount of EUR 22,749.6 thousand (previous year: 19,742.0 thousand).

Guarantees, Bank Guarantees, Financing
The liabilities of Geothermie-Wärmegesellschaft Braunau-Simbach mbH as well as of Geothermie-Fördergesellschaft Simbach-Braunau mbH are secured by guarantees in the amount of EUR 536.3 thousand (previous year: EUR 642.3 thousand). Liabilities to third parties exist for Gas- und Dampfkraftwerk Timelkam GmbH in the amount of EUR 70,463.2 thousand (previous year: EUR 85,603.2 thousand); as well as financing in the amount of EUR 25,000.0 thousand (previous year: EUR 30,000.0 thousand). Please refer to items 21, 24.3 and 31 regarding receivables from and liabilities due to undertakings with which the company is linked by virtue of participating interest.

Other Disclosures
Shareholders' agreements were signed between Energie AG Oberösterreich and minority stakeholders, with the exception of staff members, which concern the Energie AG Oberösterreich Group especially in connection with the arrangements on dividends, rights to delegate members to the Supervisory Board, as well as specific minority rights. Please refer to item 10 regarding the remunerations of the Board of Management and the Supervisory Board.

38. Disposal Group according to IFRS 5

In fiscal 2010/2011, the "Tierkörperverwertung" division of AVE Österreich GmbH (Waste Disposal Segment) was hived off into AVE Tierkörperverwertungs GmbH. The assets and liabilities are classified as a disposal group in accordance with IFRS 5 and disclosed separately in the balance sheet. Valuation is carried out at book value or the lower fair value less divestment costs. Divestment is scheduled to take place in fiscal 2011/2012.

The disposal group comprises the following assets and liabilities:

	30/09/2011 in EUR 1,000
Intangible fixed assets	848.4
Tangible fixed assets	15,735.6
Other financial assets	49.5
Inventories	349.0
Receivables	1,593.8
Cash in hand	35.4
	18,611.7
Long-term provisions	- 1,103.4
Deferred tax liabilities	-252.7
Contributions to construction costs	- 1,313.2
Other long-term debt	- 414.1
Short-term provisions	- 335.8
Accounts payable	- 1,047.8
Other short-term debt	- 610.3
	- 5,077.3

39. Material Events after the Balance Sheet Date

As of fiscal 2011/2012, the key accounts of Energie AG Oberösterreich Vertrieb GmbH & Co KG and Linz Strom Vertrieb GmbH & Co KG will be bundled in ENAMO GmbH. ENAMO GmbH will handle all new contracts with industrial customers.

40. Information about the Group Management Bodies

The following persons were the appointed Members of the Board of Management of Energie AG Oberösterreich during the year under review:

Leo Windtner (CEO, Chairman of the Board of Management, St. Florian)
Werner Steinecker (Member of the Board of Management, Kirchschlag)
Roland Pumberger (Member of the Board of Management, Purkersdorf).

During fiscal 2010/2011, the Supervisory Board of Energie AG Oberösterreich consisted of the following members:

Gerhard Falch (Chairman); Hermann Kepplinger (First Deputy Chairman); Ludwig Scharinger (Second Deputy Chairman); Alois Froschauer; Franz Gasselsberger, Anna-Maria Hochhauser; Michaela Keplinger-Mitterlehner; Christina Khinast-Sittenthaler (as of 23 May 2011); Manfred Klicnik; Ruperta Lichtenecker; Maria Theresia Niss (as of 12 September 2011); Manfred Polzer; Viktor Sigl; Michael Strugl; Bruno Wallnöfer.

The following persons were delegated by the Works Council:

Manfred Harringer; Isidor Hofbauer; Peter Neissl; Bernhard Steiner; Gerhard Störinger; Egon Thalmair; Daniela Wöhrenschimmel.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Leo Windtner Chairman of the Board of Management	Werner Steinecker Member of the Board of Management	Roland Pumberger Member of the Board of Management

Cash-Flow Statement

		2010/2011 in EUR 1,000	2009/2010 in EUR 1,000
Result before taxes on income		**87,093.0**	**94,560.8**
Tax payments		**- 11,795.5**	- 24,133.6
Result after taxes on income		**75,297.5**	**70,427.2**
Depreciation/write-ups regarding fixed assets		**162,239.2**	156,065.7
Change in long-term provisions		**14,058.5**	8,934.6
Change in other long-term assets		**- 1,288.8**	1,906.3
Change in other long-term debt		**- 593.5**	- 4,304.4
Income from the reversal of the present-value benefit of the cross-border leasing transactions		**- 1,253.0**	- 1,253.1
Retained income from companies associated at equity		**- 2,063.8**	- 7,458.6
Contributions to construction costs received	(26)	**22,713.2**	24,786.2
Income from the reversal of contributions to construction costs	(26)	**- 20,221.2**	- 19,985.1
Losses from the disposal of assets		**9,445.3**	2,587.3
Gains from the disposal of assets		**- 4,194.3**	- 2,548.2
Other revenues without effect on payments		**2,177.3**	33,714.0
CASH FLOW FROM THE RESULT		**256,316.4**	**262,871.9**
Change in inventories and short-term receivables		**- 50,728.6**	- 20,276.4
Payments from hedging transactions		**14,262.8**	2,141.1
Change in short-term liabilities		**60,387.8**	27,362.6
Change in short-term provisions		**- 1,256.1**	- 435.6
CASH FLOW FROM OPERATING ACTIVITIES		**278,982.3**	**271,663.6**
Inpayments from the disposal of fixed tangible assets and intangible assets		**5,820.9**	11,308.3
Outflows for additions to fixed tangible assets and intangible assets		**- 166,656.8**	- 174,125.2
Inpayments from the disposal of financial assets		**32,398.6**	7,853.5
Acquisition of subsidiary companies less acquired net cash and cash equivalents	(2)	**- 7,370.9**	- 22,513.2
Outflows for additions to financial assets and other financial investments		**- 8,594.5**	- 5,485.9
CASH FLOW FROM INVESTMENTS		**- 144,402.7**	**- 182,962.5**
Dividend payment	(35)	**- 56,981.1**	- 55,842.7
Purchase of own shares and non-controlling interests	(23)	**- 1,416.7**	- 71.0
Raising and redeeming financial debt		**- 54,112.5**	- 58,399.7
CASH FLOW FROM FINANCING ACTIVITIES		**- 112,510.3**	**- 114,313.4**
TOTAL CASH FLOW		**22,069.3**	**- 25,612.3**
Funds at the beginning of period	(22)	**83,383.7**	108,996.0
Funds at the end of period	(22)	**105,453.0**	83,383.7

The cash-flow statement includes the following items:

Interest received	**3,077.6**	3,207.0
Interest paid	**38,172.8**	38,566.4
Dividends received	**9,361.5**	8,965.4

Development of Group Equity

		Group equity	Capital reserves	Revenue reserves	Reserves IAS 39
		in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000
Status as at 30/09/2009		89,000.0	213,106.9	900,061.0	- 21,447.8
Changes in equity interests and available-for-sale securities	(23)	—	—	3,179.6	- 4,371.5
Changes in value, without effect on the result, at companies associated at equity		—	—	—	- 224.2
Hedge accounting	(23)	—	—	—	34,001.3
Currency differences	(4)	—	—	—	—
Deferred taxes		—	—	- 794.9	- 7,407.5
Changes in value without effect on the result		—	—	2,384.7	21,998.1
Group result		—	—	64,559.2	—
Total revenues for the period		—	—	66,943.9	21,998.1
Dividend payment		—	—	- 53,398.5	—
Change in consolidated group	(2)	—	—	—	—
Own shares	(23)	—	—	—	—
Status as at 30/09/2010		89,000.0	213,106.9	913,606.4	550.3
Changes in equity interests and available-for-sale securities	(23)	—	—	—	- 7,039.3
Changes in value, without effect on the result, at companies associated at equity		—	—	—	- 865.6
Hedge accounting	(23)	—	—	—	16,578.7
Currency differences	(4)	—	—	—	—
Deferred taxes		—	—	—	- 2,384.9
Changes in value without effect on the result		—	—	—	6,288.9
Group result		—	—	63,180.9	—
Total revenues for the period		—	—	63,180.9	6,288.9
Dividend payment		—	—	- 53,396.3	—
Change in consolidated group	(2)	—	—	- 464.8	—
Own shares	(23)	—	—	—	—
Status as at 30/09/2011		89,000.0	213,106.9	922,926.2	6,839.2

Other reserves				Equity of shareholders of parent company	Minority interest in equity	TOTAL
Provision for new valuation	Own shares	Currency differences	Total			
in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000	**in EUR 1,000**
37,541.1	- 35.1	12,408.0	28,466.2	1,230,634.1	71,521.1	1,302,155.2
—	—	—	- 4,371.5	- 1,191.9	- 924.8	- 2,116.7
—	—	—	- 224.2	- 224.2	—	- 224.2
—	—	—	34,001.3	34,001.3	624.5	34,625.8
—	—	5,245.3	5,245.3	5,245.3	119.5	5,364.8
—	—	- 1,256.6	- 8,664.1	- 9,459.0	53.3	- 9,405.7
—	—	3,988.7	25,986.8	28,371.5	- 127.5	28,244.0
—	—	—	—	64,559.2	6,054.3	70,613.5
—	—	3,988.7	25,986.8	92,930.7	5,926.8	98,857.5
—	—	—	—	- 53,398.5	- 2,444.2	- 55,842.7
—	—	—	—	—	2,838.3	2,838.3
—	- 71.0	—	- 71.0	- 71.0	—	- 71.0
37,541.1	- 106.1	16,396.7	54,382.0	1,270,095.3	77,842.0	1,347,937.3
—	—	—	- 7,039.3	- 7,039.3	- 398.1	- 7,437.4
—	—	—	- 865.6	- 865.6	—	- 865.6
—	—	—	16,578.7	16,578.7	29.5	16,608.2
—	—	2,533.4	2,533.4	2,533.4	- 382.0	2,151.4
—	—	—	- 2,384.9	- 2,384.9	92.1	- 2,292.8
—	—	2,533.4	8,822.3	8,822.3	- 658.5	8,163.8
—	—	—	—	63,180.9	6,486.6	69,667.5
—	—	2,533.4	8,822.3	72,003.2	5,828.1	77,831.3
—	—	—	—	- 53,396.3	- 3,584.8	- 56,981.1
—	—	—	—	- 464.8	- 1,113.2	- 1,578.0
—	- 107.0	—	- 107.0	- 107.0	—	-107.0
37,541.1	- 213.1	18,930.1	63,097.3	1,288,130.4	78,972.1	1,367,102.5

Auditor's Certificate

KPMG

Energie AG Oberösterreich, Linz
Bericht über die Prüfung des Konzernabschlusses zum 30. September 2011
30. November 2011

3. Bestätigungsvermerk

Bericht zum Konzernabschluss

Wir haben den beigefügten Konzernabschluss der

Energie AG Oberösterreich,
Linz,

für das **Geschäftsjahr vom 1. Oktober 2010 bis zum 30. September 2011** geprüft. Dieser Konzernabschluss umfasst die Konzernbilanz zum 30. September 2011, die Konzern-Gewinn- und Verlustrechnung/Gesamtergebnisrechnung, die Konzernkapitalflussrechnung und die Konzern-Eigenkapitalveränderungsrechnung für das am 30. September 2011 endende Geschäftsjahr sowie den Konzernanhang.

Verantwortung der gesetzlichen Vertreter für den Konzernabschluss und die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Konzernbuchführung sowie für die Aufstellung eines Konzernabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns in Übereinstimmung mit den International Financial Reporting Standards (IFRSs), wie sie in der EU anzuwenden sind, vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Konzernabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage des Konzerns von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Konzernabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und der vom International Auditing and Assurance Standards Board (IAASB) der International Federation of Accountants (IFAC) herausgegebenen International Standards on Auditing (ISAs) durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Konzernabschluss frei von wesentlichen Fehldarstellungen ist.

KPMG

Energie AG Oberösterreich, Linz
Report on the Audit of the Consolidated Financial Statements as at 30 September 2011
30 November 2011

3. Auditor's Certificate

Report on the Consolidated Financial Statements

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

Energie AG Oberösterreich,
Linz,

for the **fiscal year from 1 October 2010 to 30 September 2011**. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2011, the consolidated profit and loss statement/income statement, the consolidated cash-flow statement and the development of Group equity for the fiscal year ending on 30 September 2011, as well as the notes on the consolidated accounts.

Responsibility of the Legal Representatives for the Consolidated Financial Statements and the Group's Accounting

The legal representatives of the company are responsible for entity accounting and preparing the consolidated financial statements, which present, as fairly as possible, the assets, financial and earnings position of the Group in accordance with the International Financial Reporting Standards (IFRS), as they need to be applied in the EU. This responsibility comprises designing, implementing and maintaining an internal audit system, to the extent that this is of significance when preparing the consolidated financial statements and for conveying, as fairly as possible, the assets, financial and earning position of the Group, so that the consolidated financial statements are free from major misstatements, either on account of intended or unintended errors, as well as selecting and applying the appropriate accounting and valuation methods, and making estimates that appear to be appropriate when taking account of the existing overall conditions.

Responsibility of the Auditors and Outline of the Type and Scope of the Statutory Audit

It is our responsibility to issue an opinion on our audit of the consolidated financial statements, on the basis of our audit. We have conducted our audit in compliance with the statutory regulations applicable in Austria and the International Standards on Auditing (ISAs), published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we comply with the standards of professional conduct and plan and perform our audit in such a manner that we are able to express an opinion with sufficient certainty as to whether the consolidated financial statements are free from any material misstatements.

Auditor's Certificate

KPMG

Energie AG Oberösterreich, Linz
Bericht über die Prüfung des Konzernabschlusses zum 30. September 2011

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Konzernabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Konzernabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage des Konzerns von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen des Konzerns abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Konzernabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage des Konzerns zum 30. September 2011 sowie der Ertragslage des Konzerns und der Zahlungsströme des Konzerns für das Geschäftsjahr vom 1. Oktober 2010 bis zum 30. September 2011 in Übereinstimmung mit den International Financial Reporting Standards (IFRSs), wie sie in der EU anzuwenden sind.

Aussagen zum Konzernlagebericht

Der Konzernlagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Konzernabschluss in Einklang steht und ob die sonstigen Angaben im Konzernlagebericht nicht eine falsche Vorstellung von der Lage des Konzerns erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Konzernlagebericht mit dem Konzernabschluss in Einklang steht.

Der Konzernlagebericht steht nach unserer Beurteilung in Einklang mit dem Konzernabschluss.

Linz, am 30. November 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gabriele Lehner
Wirtschaftsprüfer

Mag. Ulrich Pawlowski
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Konzernabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Konzernabschluss samt Konzernlagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

KPMG

Energie AG Oberösterreich, Linz
Report on the Audit of the Financial Statements as at 30 September 2011

An audit includes that audit activities are performed in order to obtain evidence concerning the amounts and other disclosures contained in the consolidated financial statements. It is the duty and lies in the discretion of the auditor to select specific audit activities, taking account of his/her assessment concerning the risk that material misstatements may appear, either on the basis of intended or unintended errors. When making this risk assessment, the auditor takes account of the internal audit system – to the extent that it is of significance for preparing the consolidated financial statements and for conveying, as fairly as possible the assets, financial and earnings position of the Group – in order to be able to determine the appropriate auditing activities (giving due consideration to the overall conditions), but does not judge the efficiency of the internal audit system of the Group. The audit also comprises an evaluation of the adequacy of the applied accounting and valuation methods and the material estimates made by the legal representatives, as well as an appraisal of the overall conclusions conveyed by the consolidated financial statements.

We are of the opinion that we have obtained sufficient and appropriate evidence in the course of the audit so that our auditing activities are a sufficiently reliable basis for our audit opinion.

Audit Opinion

Our audit did not give rise to any objections. On the basis of the knowledge obtained in the course of the audit, it is our opinion that the consolidated financial statements comply with the statutory requirements and present fairly, in all material respects, the assets, financial and earnings position of the Group as at 30 September 2011, as well as of the earnings position and cash flows of the Group during the business year 1 October 2010 to 30 September 2011 in accordance with the International Financial Reporting Standards (IFRS), as they need to be applied in the EU.

Report on the Group's Management Report

On the basis of the statutory regulations, the Group's management report must be audited with the perspective as to whether it is in conformity with the consolidated financial statements and whether the other information disclosed in the Group's management report does not give rise to any misconceptions concerning the position of the Group.

In our opinion, the Group's management report is in conformity with the consolidated financial statements.

Linz, 30 November 2011

KPMG Austria GmbH
Firm of Chartered Accountants and Tax Consultants

Mag. Gabriele Lehner (Chartered Accountant)
Mag. Ulrich Pawlowski (Chartered Accountant)

The consolidated financial statements with our audit certificate may only be published or disseminated in the format certified by us. This Auditor's Certificate exclusively refers to the full German-language version of the consolidated financial statements including the Group's management report. Any and all deviating versions fall under § 281 (2) of the Commercial Code [Unternehmensgesetzbuch (UGB)].

Report of the Supervisory Board

During fiscal 2010/2011, the Board of Management informed the Supervisory Board and the Supervisory Board's Audit Committee in writing and orally of the activities of the Group and its subsidiaries on a regular basis, and it discussed all important business events with these bodies. In fiscal 2010/2011, the plenary Supervisory Board regularly convened in a total of four meetings and the Audit Committee in two meetings. The corporate bodies gave their approval to all business events, which is mandatory in specific cases. No objections were raised in the course of the general supervisory activities or the audit.

The financial statements of Energie AG Oberösterreich for fiscal 2010/2011 – drawn up according to the Austrian accounting regulations – together with the accounts and the management report of the Board of Management were audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors reported in writing about the outcome of their audit and stated that the accounts and financial statements comply with the statutory requirements and that the management report complies with the financial statements. The auditing firm therefore issued its unqualified audit certificate.

It was established that – in accordance with § 243 b of the Austrian Commercial Law Code – there is no obligation to prepare a Corporate Governance Report.

The Supervisory Board examined the financial statements for 2010/2011, the management report of the Board of Management, as well as the proposal for the appropriation of earnings. The Audit Committee of the Supervisory Board also examined the financial statement for 2010/2011, the management report of the Board of Management, as well as the proposal for the appropriation of earnings. It drew up a written report and recommended to the Supervisory Board to approve the present financial statements as at 30 September 2011, together with the notes, the management report of the Board of Management, as well as the auditor's report, together with the auditor's unqualified certificate, so as to thus adopt the financial statements for 2010/2011. The Audit Committee also recommended to the Supervisory Board to approve the proposal for the appropriation of the earnings. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee, as well as of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements. The Supervisory Board states that it is in agreement with the management report, presented in accordance with § 96 of the Austrian Stock Corporation Act (Aktiengesetz), and that it adopts the financial statements for 2010/2011, which are thus established.

The consolidated financial statements for fiscal 2010/2011 (1 October 2010 to 30 September 2011), drawn up in accordance with the International Financial Reporting Standards (IFRS), were also audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditing firm reported in writing on the outcome and established that the financial statements comply with the statutory requirements and that the Group's management report conforms to the consolidated financial statements. The auditing firm therefore issued its unqualified audit certificate. The Supervisory Board examined in detail the consolidated financial statements and the Group's management report. The Audit Committee of the Supervisory Board also examined in detail the consolidated financial statements and the Group's management report. It drew up a written report and recommended to the Supervisory Board to approve the present consolidated financial statements and the management report as at 30 September 2011, together with the notes, the consolidated management report of the Board of Management, as well as the auditor's report, together with the auditor's unqualified certificate. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee, as well as of the audit conducted by the firm of chartered accountants, and it established that the Supervisory Board, in turn, has no objections regarding the statements.

By drawing up the consolidated financial statements in accordance with the IFRS, the company is released from its obligation to prepare consolidated annual accounts in accordance with Austrian commercial law provisions.

The Supervisory Board would like to express its thanks to the Board of Management and all staff members for their successful work during fiscal 2010/11.

Linz, December 2011

On behalf of the Supervisory Board
The Chairman

Gerhard Falch

Erklärung des Vorstandes gem. § 82 Abs. 4 Z 3 BörseG

Der Vorstand der Energie AG Oberösterreich bestätigt nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Konzernabschluss der Energie AG Oberösterreich ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt und, dass der Konzernlagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Konzerns so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns entsteht, und dass der Konzernlagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen der Konzern ausgesetzt ist.

Linz, am 30. November 2011

Der Vorstand der Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner	KommR Ing. DDr. Werner Steinecker MBA	DI. Dr. Roland Pumberger
Vorsitzender des Vorstandes	Mitglied des Vorstandes	Mitglied des Vorstandes
C.E.O.	C.O.O.	C.F.O.

Statement by the Board of Management pursuant to § 82 (4) item 3 of the Stock Exchange Act [Börsegesetz (BörseG)]

The Board of Management of Energie AG Oberösterreich confirms that – according to its best knowledge – the consolidated financial statements, prepared in conformity with the applicable accounting standards, give a fair picture of the results of operations and the financial position of the Group and that the Group's management report describes the course of business, the business results and the status of the Group in such a manner that it gives a fair picture of the results of operations and the financial position of the Group, and that the Group's management report describes the main risks and uncertainties to which the Group is exposed.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Leo Windtner	Werner Steinecker	Roland Pumberger
Chairman of the Board of Management	Member of the Board of Management	Member of the Board of Management
C.E.O.	C.O.O.	C.F.O.

This business report contains statements relating to the future pertaining to risks and uncertainty factors that may ultimately lead to considerable deviations in the result. Terms used such as "it is presumed", "it is assumed", "it is estimated", "it is expected", "it is intended", "may", "to plan", "to project", "should" and similar expressions serve to characterise statements relating to the future. We assume no guarantee that the forecasts and figures of our planning, which relate to economic, currency-related, technical, competition-related and several other important factors, will actually materialise, The actual results may therefore deviate from those on which the statements relating to the future are based. Energie AG does not intend to update the statements relating to the future and refuses any responsibility for any such updates. We have drawn up the business report with the greatest care and checked all data. The English version of the business report is a translation of the German report. The German version of the report is the only authentic version.

IMPRINT

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All errors and misprints reserved.
Linz, December 2011

Energie AG Oberösterreich
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www.energieag.at

Attachment I

Financial Statements and Management Report for fiscal 2010/2011

Energie AG Oberösterreich

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Management Report for fiscal 2010/2011 of Energie AG Oberösterreich

Energie AG Oberösterreich is the holding company of the Energie AG Group. The Energie AG Group, which comprises the segments.Energy, Waste Management and Water, is one of the leading infrastructure companies in Austria. The Energy Segment includes the whole value added chain of the electricity business, the gas and heating divisions, intra-group service level companies and strategic participations.The market areas of the Group are located in Austria as well as in other countries of Central and Eastern Europe.
Energie AG Oberösterreich assumes the holding function and retains the long-term assets of the electricity business and of the intra-group service level companies. Due to the strong independence of the company with the Group, the following primarily considers the Group's perspective.

ECONOMIC ENVIRONMENT

In 2010, the global economy recovered from the previous year's recession. During fiscal 2010/2011 the Energie AG Group's main markets, most importantly Austria, were able to benefit from the favourable overall trend. Accord-ingly, the Austrian economy grew from the 4th quarter 2010 to the 2nd quarter of 2011 by 0.7% or 0.9%, respectively, on quarter-on-quarter terms. From the second half of 2011 onward, however, in line with the international business trend, economic growth started to slow down. This is mainly attributable to decreasing international stimuli and the growing uncertainty stemming from the European debt crisis. The expected GDP growth of 0.3% in the 3rd quarter 2011 is primarily the result of domestic demand. With regard to the full year 2011, fairly strong economic growth of 2.9% is expected all the same, due to the vigorous economic dynamics during the first half of the year.

The rate of inflation has been rising sharply in Austria since the beginning of 2011. This was primarily driven by the price development in the international raw material and energy markets. But the positive overall economic situation and the fiscal consolidation measures also contributed to the rise. For the 2011 annual average, an inflation rate of 3.2% is expected.

Business development in the CEE countries relevant to Energie AG also showed positive economic dynamics during the period under review 2010/2011, which weakened in response to the general trend from the second half of 2011 onward. In the Czech Republic and Slovakia, in particular, the economy showed solid growth, while Hungary's recovery from recession proceeded at a slower pace.

According to the European Commission's Autumn Economic Forecast, expectations are noticeably subdued for 2012. Whilst global economic growth is predicted to decline from 4.1% to 3.5% of the GDP, the forecast for the EU is down to 0.6%. However, in view of the situation in the financial markets and the way the European sovereign debt crisis (and its effects on banking) is evolving, the forecast risks have increased significantly. There is great uncertainty as to how to estimate the further development and a renewed recession is no longer being ruled out. The forecasts are based on the assumption that the crisis of debt and confidence can be gradually overcome and that the economy will regain momentum from the second quarter of 2012 onward. Consequently, the EU's economy could resume growth in 2013 at a rate of around 1.5%.

In 2012, Austria's economy is projected to grow at a pace of 0.9% which is above the EU average. Resulting from the difficult economic situation, the inflation rate is expected to stabilise at 2.1%.

Based on the experience of the recession recently over-come, the short-term countermeasures taken and the sustainable risk, cost and structure optimisation precautions implemented, it can be assumed that the Energie AG Group is well equipped for the economically volatile future.

<u>Sources:</u>

EU Commission, "Autumn Forecast 2011" of 10 November 2011

- Project group "Gemeinschaftsdiagnose" (Joint Economic Forecast), "Gemeinschaftsdiagnose Herbst 2011: Europäische Schuldenkrise belastet deutsche Konjunktur" (Joint Economic Forecast Autumn 2011: European Debt Crisis Puts Pressure on German Economy) of 13 October 2011
- Institute for Higher Studies, "Prognose der Österreichischen Wirtschaft 2011-2012" (Forecast on Austrian Economy 2011-2012) of 29 September 2011
- WIFO – Austrian Institute for Economic Research, news release of 15 November 2011

The Economic Environment of the Energy Industry

Primary Energy Markets

During the past fiscal year, the economic conditions in the energy industry were once again noticeably marked by major events and changes in the economic policy of our neighbouring countries – first and foremost Germany.

At the beginning of fiscal 2010/2011, the trend was particularly influenced by the recovering global economy, with growing demands and rising energy prices.

According to an analysis conducted by E-Control[1)], 2010 and 2011 showed accumulated growth, the bulk of which is the result of the economic development.

Compared to the demand trend in calendar year 2010, which was at 4.3%, the rise in demand recorded during the first half of 2011 flattened out slightly; average additional growth was at 0.9%.

Compared to the global market trends, the whole-sale market for electricity in Europe was influenced by curbed prices. This was primarily the result of the dynamic expansion of the electricity generation capacities based on wind and photovoltaics, as well as the extension of the German nuclear plant lifespans.

On 1 October 2010, the German federal government resolved to extend the remaining lifespans of 17 nuclear power plants by an average of 12 years. Even in anticipation of the resolution, it had a dampening effect on the prices at Europe's electricity trading markets. Prices quoted on the European Energy Exchange (EEX) for front-year-base supplies from July 2010 (around EUR 53.2/MWh)
to early November 2010 (around EUR 46.6/MWh), for example, showed a downward tendency.

The revolution in Tunisia in mid-December 2010 marked the beginning of the political unrest and uprising in the Arab world, in North Africa and the Middle East. This also resulted in price increases in the international energy markets, primarily for crude oil and mineral oil products.

The sanctioning of crude oil exports from Libya – until recently Libya produced around 2% of the world's oil exporting volume – led to a sharp rise in crude oil prices. In late April 2011, for example, the quoted daily Brent Crude spot prices exceeded USD 126 per barrel. Compared to the average price quotes in October (around USD 82.5/barrel) this implies a price rise of more than one-half.

The military intervention of European and United States armed forces in Libya had a dampening effect on the price development. Accordingly, at the end of September 2011, the quoted prices were at around USD 105 per barrel.

Fukushima and its Impact on the Energy Market

The events in Japan on 11 March 2011 and the days to follow marked another distinct turning point for the energy policies of many countries. The whole world is still reeling from the economic aftermath of the widespread destruction caused by the large number of earthquakes and the tsunami in Japan. The disastrous effects on the reactors at the Fukushima nuclear power plant complex have sparked mounting opposition against nuclear power and a review of energy policy in many countries. In Germany, this led to the immediate shutdown of seven of its oldest nuclear reactors with an overall capacity of 7,000 MWel.

The European electricity trading markets responded by sharp price increases (by around EUR 6/MWh). A similar response was seen in the market for CO_2 Emission Certificates, where a price leap of 11.8% was recorded.

The uncertainty involved in estimating the economic development – and thus the demand for energy, and electricity in particular – is also reflected in the changing market behaviour and the prices quoted.

At the beginning of the period under review, not only the rising demand but also the political unrest in the Arab world led to a rise in prices in the international mineral oil markets of around

30%. While the price level in early October 2010 was at about USD 96/ton (spot market Brent), the daily quotations in January 2011 reached a level of USD 130/ton.

The highest average monthly quotation was recorded in April 2011 at around USD 123/barrel. Since May 2011, there has been a slight decline in the crude oil prices which reached around USD 105/barrel at the end of September. At an average of around USD 105/barrel during the period under review, the crude oil prices were around 38% above the previous year's figures.

At the beginning of 2011, the price trend in the international coal markets changed. Following the upward trend in prices for API2 quotations for hard coal that climbed from USD 92/ton in September 2010 to USD 125/ton in January 2011 (+ 36%), prices persisted at that level, exhibiting low volatility. For the length of the period under review and beyond, prices for hard coal in Europe reached close to USD 120/ton, which corresponds to a price increase of 43% compared to the same period the previous year. An almost 2% rise in the exchange rate US dollar versus the euro had a slight curbing impact on the prices in the European market.

During the year under review, the CO_2 trading certificates market reflected the changes and forecasts in the economic development, as well as the changes in energy policy, primarily those in Germany. Accordingly, the diminished economic expectations and the growing uncertainty regarding the demand for emission certificates, particularly up to the second trading period (31 December 2012), led to a marked drop in the stock exchange prices for CO_2 certificates. The emissions trading market was temporarily overshadowed by multiple data security problems, cyber hacker attacks on the EU ETS registries and dubious business practices (such as tax evasion). This forced the temporary shutdown of electronic registry databases in Europe several times. As a result, individual market participants lost confidence in the EU ETS trading system. CO_2 certificate trading also faced some temporary restrictions.

The end of 2012 marks the end of the Second Trading Period (NAP II – National Allocation Plan – 2nd Trading-Period 2008 to 2012). This circumstance might also have been a key driver for many trading decisions made by EU ETS trading participants. Towards the end of the fiscal year, as a result of the reduced forecasts, the price for CO_2 certificates was down from its brief intermediate high of more than EUR 17/ton $CO_2$2 to below EUR 13/ton CO_2.

Electricity Trading Market

The economic development, political unrest and the Fukushima disaster that caused some very conflicting trends were clearly also reflected in the electricity markets.

The spot market responded to short-term market changes. The revision of a large number of thermal power plants brought about a slight price increase in the months May and June. After that, the spot market prices dropped temporarily by around EUR 10/MWh as a result of the holiday-related decline in electricity demand and an increased supply of electricity from renewable energy sources, primarily from wind and solar energy.

During the period under review, the prices quoted on the futures market for front-year base delivery ranged between EUR 46.6/MWh and EUR 60.7/MWh, resulting in an average of EUR 54.8/MWh. Primarily the result of the nuclear phase-out in Germany, the price level during the second half of the fiscal year (April to September 2011) was at an average of EUR 58.1/MW, which is EUR 6.7/MWh or 13% above the average during the first half of the fiscal year (October 2010 to March 2011). According to the opinion expressed by a large number experts, including the German Federal Grid Agency, the price increase in the futures market was, among other factors, attributable to the fact that following the immediate shutdown of seven nuclear plants supply bottlenecks during extreme weather periods in winter could not be ruled out.

The opinions concerning possible production bottlenecks in the coming winter months also led to more and more price rises for one-year delivery contracts for a 2012 base product compared to futures market products for later years. While, at the beginning of the period under review, base product prices for 2012 were quoted by around 2.5/MWh lower than those for 2013, for example, this difference declined noticeably in the course of the fiscal year. By early September 2011, the quotations for 2012 exceeded those for the year 2013 and since then have reached an average spread of around EUR 0.5/MWh.

At the end of September 2011, the futures market prices for front-year base delivery contracts for 2012 moved sideways at a level of around EUR 56.5/MWh.

The Statutory Environment

Fuel Mix Disclosure Leads to Higher Cost Burdens

Among other factors, the regulations on fuel mix disclosure that went into force on 15 September 2011 resulted in changing regulatory conditions. A key change in this respect is a required statement disclosing the origin of the electricity supplied to the end-consumer at the end of each quarter. Compared with the way it was handled previously – an annually based statement was sufficient – this measure causes grave disadvantages, since the shortened disclosure periods lead to a further reduction of the certificate market which is not very liquid as it is. Closely linked to this is also the expected "loss" of Austrian hydropower certificates with regard to their eligibility in Austria, since excess hydro-power during the summer months cannot be used for fuel mix disclosure during the winter. This additional reduction of usable guarantees of origin, along with the fact that electricity production from hydropower and electricity consumption move in opposite directions, suggests a substantial cost increase for fuel mix disclosure pursuant to § 78 of the Austrian Electricity and Electricity Organization Act (ElWOG) at the expense of supply and thus the customers.

The Business Environment of the Waste Management Sector

After the end of the global economic crisis, the waste management industry in Europe is benefiting from the economic upswing, the currently low interest levels and recovering waste volumes and prices for recyclable materials. During the period under review, the subject of resources and secondary raw material recovery continued to gain significance at a national and international level.

In September 2011, the European Commission presented the long anticipated "Roadmap" aimed at making Europe’s economy resource-efficient by 2050, which is expected to have some major implications for the future structure of the waste management industry. By defined measures and instruments, for example by investment incentives for environmentally friendly innovation or by shifting taxation away from the factor labour onto environmental impact and resource consumption, the Roadmap to a Resource Efficient Europe aims at transforming production and consumption for the future. In terms of an integrated approach that considers the product’s entire environmental footprint, prices are be adjusted in a way to reflect the true cost of resource consumption, particularly in view of the environment and health. In a participative process that involves all interest groups, most importantly politicians, business-people and consumers, clearly defined targets and indicators are to have been developed by 2013, the latest.

To accelerate economic, social and territorial convergence, the European Commission allocated funds in the amount of EUR 70.0 billion to the Cohesion Fund for regional development projects in the period 2007 to 2013. Just as Hungary profited substantially in the past years from the European Union’s ISPA programme for private-public partnership models (PPP models), it is expected that EU-funded environmental projects can be developed throughout the entire CEE area in cooperation with municipal partners.

Due to the persisting heavily fragmented structure of the private waste sector, the pressure continues to drive market shakeout, even against the background of global economic fluctuations over the last quarters. By contrast, the situation in the public sector is rather more differentiated: while, in individual markets (Hungary), political requirements have led to an ongoing trend of re-municipalisation, the tight budget situation suggests the continued privatisation of municipal services in the majority of East-European countries. The currently large share of municipal operations in the overall business in the CEE markets, in particular, had a stabilising effect on the AVE Group. Besides concentrating on organic growth and the acquisition of private waste management companies, growth will primarily focus on the development and expansion of projects, structures and new PPP models.

The Business Environment of the Water Sector

The European Union declares the protection and sustainable management of the resource water to be one of its central goals. The regulatory framework for Community measures in the field of water policy is summarised in the European Water Framework Directive.

The extensive management plans and measure programmes aim to maintain and improve the quality of the surface waters and ground water by 2015. An explicit goal of the European Water Framework Directive is to achieve integrated management within river basin districts.

Pricing, a central element of European water policy, plays a vital role in achieving the defined sustainability goals. The EU member countries are obliged to set charging policies that provide incentives for the efficient and sustainable utilisation of water. In future, the users of water services will be confronted with cost-covering, consumption-based prices as an incentive to use this resource more sparingly. This also serves to maintain the value of the infrastructure and pave the way for its expansion and optimisation.

State subsidies and EU funding currently play an important role, not only in the CEE countries but also in Austria. The politicians, however, intend to establish a system which, in the long term, functions in an independent and sustainable manner without the massive subsidies, whereby the prices should be socially acceptable.

The European Union calls, in the context of retained public ownership and within the right legal regulatory framework, for increased efforts to engage the private sector in the water sector, to ensure that all users have improved access to water and sanitation facilities thanks to the transfer of know-how, technology and capital. In the presence of satisfactory competition, products and services could be offered in an efficient and cost-effective manner while abiding by the defined quality standards.

In the Czech Republic, the water sector infrastructure is, in part, antiquated and the geological conditions frequently necessitate the adoption of technically complex means in the extraction and treatment of drinking water from surface waters. The introduction of the high EU standards entails massive investment which now and in the future will be realised, on the one hand, through state subsidies as well as EU funding and, on the other hand, through the privatisation of public water management companies in the form license and PPP models. Approximately 80% of the market already uses organisational models that involve the private sector. In the remaining cases, the water sector infrastructure is owned by the municipality and operated by private companies which provide know-how and, in some cases, capital. The tendering of licences leads to a high level of competition. Moreover, the price calculation principles defined at public level and the financial model rules implemented in connection with EU funding regulate and control the pricing mechanism.

In Austria, the responsibility for the water infrastructure and the operation thereof lies – in contrast to the Czech Republic – mainly in the hands of the municipalities and the public sector. Against the backdrop of a need for massive reinvestment in the infrastructure parallel to a reduction in municipal budget funds, there is also a good case for the broader utilisation of alternative PPP models for operation and financing, where the control over the infrastructure and decisions relating to the fees remain in public hands. The trend in this direction could be further strengthened through the changes to the current grant regime from 2014 onwards.

Whereas possibilities for entry into the operator market still exist in Slovakia and Slovenia, a trend towards privatisation is no longer apparent in Hungary.

Human Resources Development

The indicated staff figures refer to full-time equivalents (FTEs) in the annual average of fully and proportionally consolidated companies.

During fiscal 2010/2011, the Group's average consolidated staff level climbed from 7,294 to 7,754 employees. Compared to the previous year, this corresponds to a rise by 460 employees or 6.3%. During the last fiscal year, the consolidated group Energie AG employed staff from eight countries.

During the period under review, most of the Group's staff (3,117) were still employed in Austria (previous year 3,171), followed by the Czech Republic with 3,013 (previous year 2,952), Hungary with 983 (previous year 852), Romania with 248, Slovakia with 194 (previous year 139), Germany with 140 (previous year 170), Italy with 50 and Slovenia with 9 (previous year 10) employees.

Once again, the Waste Segment with 3,870 employees (previous year 3,482) constitutes the largest group of employees by segment. The Energy Segment had an average of 2,181 (previous year 2,169) and the Water Segment 1,703 (previous year 1,643) employees.

As of 30 September 2011, the Group had a total of 7,933 persons on its payroll.

Branch Offices

Energie AG Oberösterreich has no branch offices.

RESULTS OF OPERATIONS AND FINANCIAL POSITION

	in	2010/11	2009/10	Change
Sales revenues	EUR mill.	289	328	-11,9%
Operating result (EBIT)	EUR mill.	29	74	-60,8%
EBIT margin	%	10,0%	22,6%	-55,5%
EGT	EUR mill.	61	71	-14,1%
Balance sheet total	EUR mill.	2.461	2.417	1,8%
Equity	EUR mill.	934	937	-0,3%
Equity ratio	%	41,4%	42,2%	-1,9%
Cash Flow from operations	EUR mill.	108	130	-16,9%
Return on equity	%	6,5%	7,6%	26,6%

During fiscal 2010/2011, the sales revenues decreased by EUR 39 million or 11.9% to EUR 289 million compared to the previous year (EUR 328 million). The year-on-year reduction is due, above all, to lower electricity revenues because of reduced quantities as a result of the below-average water supply and price reductions compared to the previous year.

The drop in sales revenues was recorded parallel to an increase in material costs for fuels including emission certificates (plus EUR 5 million compared to the previous year). Depreciations/amortisations increased slightly as did personnel costs due to the utilisation of the step-in pension model. Other operating expenses decreased by EUR 7 million due to the drop in external third-party services. The EBIT, which comes to EUR 29 million, therefore dropped EUR 45 million (minus 60.8%) compared to the previous year (EUR 74 million).
The EBIT margin decreased from 22.6% in the previous year to 10.0%.

The EUR 35 million improvement in the financial result compared to the previous year is essentially attributable to the increased dividend payments and reduced loss compensation of the Group companies. In fiscal 2010/2011, the result from ordinary activities therefore comes to EUR 61 million. This corresponds to a decrease of EUR 10 million or 14.1% compared to the previous year (EUR 71 million).

The balance sheet total in fiscal 2010/2011 comes to EUR 2,461 million (previous year: EUR 2,417 million) and displays a year-on-year increase of EUR 44 million (plus 1.8%). The improvement results, above all, from intra-group borrowing as well as the increase in intangible assets and tangible fixed assets, inventories and bank deposits.
Equity decreased slightly by 0.3% to EUR 934 million compared to the previous year.

The equity ratio (in relation to total capital minus investment grants and separate items for emission certificates) sank from 42.2% to 41.4%.

The cash flow from operating activities lies at EUR 108 million (previous year: EUR 130 million). The change is primarily due to the drop in net income as well as the change in short-term provisions, long-term liabilities and differential amounts carried as a liability compared to the previous year.

In the fiscal year just past, the return on equity (result from ordinary activities/equity) amounted to 6.5%. The decrease compared to the previous year (7.6%) is attributable to the drop in the result from ordinary activities.

Financing Strategy

The current developments in connection with the national budgets of the EURO Member States have led to an enhanced focus on the maintenance of liquidity and a good credit rating. In the fiscal year just expired, the consistent implementation of a conservative financing strategy was again of particular significance.

The Energie AG Group attaches great importance to securing sufficient financial flexibility in order to ensure both current and structural solvency and to optimise financing costs. This also means having reasonable strategic liquidity reserves and the long-term maintenance of a target rating Single A. When selecting financing structures, the Group strives to diversify its financing sources so as to ease the burden on bank credit lines.

The balanced redemption profile of the Group’s external funding is dominated by capital market and capital market-like structures with bullet maturity. The Group will only have an increased re-financing demand in the year 2013 and then in the year 2016 – from today’s perspective the re-financing risk can therefore be classified as minimal.

A good credit standing and a strong rating ensure high financing flexibility and access to the financial markets. In January 2011, Standard & Poor's once again confirmed the "A" credit rating for the Energie AG Group and the rating outlook was raised from "negative" to "stable". Especially with a view to the overall conditions on the capital markets, which have changed since the outbreak of the financial market crisis, a good credit rating is of outstanding importance in order to secure optimum conditions when obtaining funds for a capital-intensive company such as Energie AG on credit and capital markets.

The financial reserves of the Group are invested in a risk-adverse manner. The investment risk profile was further minimised with the result that the majority of invested funds are now held in cash and similar instruments. In addition to the financial reserves from invested funds, the Energie AG Group has credit lines with Austrian and international banks at its disposal. As at 30 September 2011, these partly committed credit lines amount to approximately EUR 404.0 million. 88% of these lines are not being used at present.

As a rule, the Group’s financing is handled centrally. Funding within the Group is forwarded to the Group companies by Energie AG Group Treasury GmbH in line with needs and at arm’s length conditions. Shortterm liquidity compensation among the Austrian companies of the Group is obtained within the framework of an Austria-wide cash pooling system.

Value Based Management

In Energie AG Upper Austria, value based management (VBM) is firmly anchored in all management systems and in all management processes. The long-term maintenance and increasing of the corporate value and securing annual capital market-oriented returns for the owners are central goals of Group management.

As Energie AG is not listed on the stock exchange, the corporate value is determined annually by an external auditor on the basis of the discounted cash flow method. The input parameters for this evaluation are subject to ongoing internal monitoring. In the course of the year, the return on capital employed (ROCE) is used for Group controlling operations.

The value-based corporate goals are broken down to the individual segments and business areas in line with the adopted strategy and business-specific conditions in the form of result and investment tasks. As a result, the pre-tax values for the top corporate goals are measured on an ongoing basis in the periodic reports of Group Controlling and controlled by management. Value based criteria and methods are used in the prioritisation of projects for the purpose of allocating resources for future investments and acquisitions.

The minimum demands of providers of equity and ex-ternal funding for the return of invested capital (capital employed) are derived from the development of the capital market and determined by the WACC (weighted average cost of capital). The current Group WACC is determined against the backdrop of the low interest level, a risk profile that is characterised by a high share of stable business models and a weighting of equity and borrowed capital on the basis of a peer group analysis. For internal control purposes, the WACC is adjusted according to business area and region. Segment, country and project-specific adjustments of the risk mark-ups are applied when evaluating investments projects.

In fiscal 2010/2011, the ROCE of the Energie AG Group amounted to 5.6% and therefore lay 0.2 percentage points below the value reported in the previous year (5.4%).

CALCULATION OF WACC
FOR THE ENERGIE AG GROUP

Risk-free interest rate	4,2%
Market risk premium	5,0%
Beta factor	0,84
Cost of equity	8,4%
Equity ratio	58,0%
Cost of debt before taxes	5,2%
Tax rate	25,0%
Cost of debt after taxes	3,9%
Debt ratio	42,0%

Weighted average cost of capital after taxes (WACC) = 6,5%

MATERIAL EVENTS AFTER THE END OF THE FISCAL YEAR

As of fiscal 2011/2012, the key accounts of Energie AG Oberösterreich Vertrieb GmbH & Co KG and Linz Strom Vertrieb GmbH & Co KG will be bundled in ENAMO GmbH. New contracts with industrial customers will be concluded by ENAMO GmbH and, in this way, the electricity distribution joint venture between Energie AG Upper Austria and Linz AG will be further expanded.

INTERNAL CONTROL SYSTEM

In the fiscal year just past, the Internal Control System (ICS) was further extended and its effectiveness in important and accounting-relevant processes was tested within the framework of an internal audit. The first recommendations and measures to increase control safety and efficiency were implemented. Through this approach, the control activities abide by uniform principles and standards with regard to reliability and transparency to ensure they comply with the legal requirements.

Improved control awareness and a well documented and transparent ICS were confirmed in each of the tested areas.

The results are documented in an IT database, in the control manuals, in the measure catalogue for the individual companies as well as in the maturity maps.

The development of the ICS parallel to the development of important and accounting-relevant processes in the Group will not only contribute to the preservation of the Group assets but also improve the efficiency of internal Group processes in the future.

RISK MANAGEMENT

Fiscal 2010/2011 was marked, on the one hand, by a clear economic recovery and, on the other hand, by unforeseeable events and global changes, above all, the nuclear disaster in Fukushima and the political unrest in North Africa and the Arabian countries. The predictability of the results was therefore significantly influenced by numerous – in some cases overlapping – effects. Thanks to the utilisation of simulation techniques, the Corporate Risk Management System of the Energie AG Group is not only capable of evaluating individual sensitivities but can also map entire scenarios and, in combination with the implemented control instruments, therefore makes an important contribution to the estimation of Group profit or loss on ordinary activities. In a highly volatile environment, the challenge of consequently dealing with risks and opportunities – whereby positive opportunities are proactively supported and potential threats minimised by way of suitable measure controlling – can be seen as an important component of the control tools of the Energie AG Group.
The risk management process implemented throughout the Group complies with the requirements of ISO 31000 and the Austrian standard ONR 49000. Since fiscal 2007/ 2008, it is also certified as part of the matrix certification according to ISO 9000.
The process is developed in line with the structure of the holding and includes operational risk-opportunity management at company level, which is determined on the basis of risk strategy, risk policy and a uniform process structure. A specific software tool is used on a quarterly basis to decentrally record the relevant data and update the valuations. The pooling, validation and evaluation of the data is carried out centrally. Correct documentation and verifiability is also guaranteed through historisation on the reporting dates. The managers of the operating companies receive quarterly reports for the respective areas. These reports are an integral part of the documents for the Annual General Meeting.
Reports are submitted to the Board of Management on a quarterly basis, whereby the Group profit or loss on ordinary activities is a central focus. Risk management is also an integral part of supervisory board reporting and, in accordance with the requirements of the Austrian Company Law Amendment Act [Unternehmensrechts-Änderungsgesetz (URÄG 2008)], is also brought to the notice of the Audit Committee with a view to confirming the efficiency and validity of the process. The uniform assessment of risks and opportunities throughout the Group on the basis of uniform planning assumptions facilitates the aggregation of individual risks into the total risk position of the Group and is directly relevant for budgeting. Risk transparency is therefore increased and the awareness of taking a risk-optimised approach for strategic and operating decisions is further strengthened.

Risk Profile and Development Trends

Counterparties
In its treasury and commodity trading activities, Energie AG only engages in transactions with counterparties with first-class ratings in order to minimise counterparty risks. The bundling of the design and processing of the financial instruments takes place in the Group Treasury while energy trading activities (electricity, gas, coal and CO2) and derivative hedging transactions are concentrated in the Group's own trading subsidiary Trading GmbH.

This approach guarantees optimal control operations with valid process flows, suitable control mechanisms and qualified personnel. Risks are also restricted by limit systems and intensive monitoring.
For the purpose of engaging in hedging transactions and commodity futures transactions with several counterparties, the Group has signed a German master agreement with an attachment on hedging shown in the annex, in order to minimise risks. For the operational implementation of this hedging attachment, the discounted contracted values with mark-to-market valuation are coordinated with the counterparties concerned on a weekly basis. Cash-flow hedges and fair-value hedges are used as instruments.
In the customer transaction area, the loss of receivables is kept at a very low level through adequate contract drafting in the individual business fields, intensive collaboration with customers and consistent receivables management.

Participations
Participation risks are the result of fluctuations in the shares held, in the dividends and the pro-rata net income for the year in the case of associated companies with at-equity consolidation. Risks are optimised by identifying, analysing, quantifying and monitoring them. Impairment tests are carried out on a regular basis using a standardised process.

Production, Distribution System, Waste Management and Infrastructure Facilities
Energie AG counters risks associated with facilities and the associated revenue losses with strict maintenance and quality controls, an optimised maintenance strategy and insurance and insurance coverage.
In the fiscal year just expired, there were no major interruptions in the electricity distribution system as a result of bad weather conditions. The Group aims to minimise risks through the proactive continuation of cabling activities in forest areas.

Water Levels
The revenues in the Energy Segment are greatly influenced by the water supply from the rivers. The risk applies not only for the Group's own power plants but also for the procurement rights. Risks are assessed on the basis of volume components and price components. Last year, the water supply fell to a historic low. It lay 21% below the standard operating capacity and 16.6% below the value reported in the previous year. The risk materialised. The risk assessment for this event was valid.

Energy
All electricity and gas trading activities and all energy-related products (CO_2, guarantees of origin) are bundled in Trading GmbH. This company markets the electricity that is generated at the Group's own power plants and also handles the procurement of the electricity quantities needed for supply purposes. Trading GmbH also provides the fuels that are needed to operate the power plants. The company is the energy hub of the Group, whereby all internal business relationships are strictly based on the market price principle. This management strategy allows the utilisation of internal synergies and reduces possible risks from the external electricity trading market. Moreover, external hedging transactions help to limit market price risks.
Electricity trading activities are limited by means of an internally developed limit system and subject to ongoing risk monitoring.
A detailed description of the hedging methods used is provided in the Notes.

Finances
Group Treasury manages financial risks on a central basis. The main financial risks are the liquidity risk, the foreign-exchange and interest-rate risk as well as the market price risk of the securities portfolio.
Energie AG counters the liquidity risk by planning its liquidity with foresight and by maintaining liquidity reserves, as well as by keeping open credit lines with banks. Short-term intra-group liquidity management in Austria is carried out by means of cash pooling.

The market risk in connection with invested liquidity reserves is limited by a conservative and risk-optimised investment strategy, as well as by continuous monitoring.

Exchange-rate risks refer, above all, to the risk of translating the company and asset values in the CEE area as well as to a CHF risk in connection with the procurement of electricity from the CCGT power plant Timelkam, which was constructed and financed in a joint venture with a Swiss energy utility. Due to the current developments in the euro zone, more attention is now being paid to country risks.

When integrating new Group companies, one of the primary goals is to transfer to these companies the conservative approach and the clear limitation of risks in connection with financial investments in line with central investment management.

Rating
A stable rating is a prerequisite for cost-optimised access to financial capital. For this reason, the relevant key data is subjected to stringent monitoring and is taken into particular account when developing the corporate strategy. In January 2011, Standard & Poor's confirmed the Single A credit rating and upgraded the outlook to "stable".

CBL
In the fiscal year just past, the existing cross border leasing (CBL) transaction was continued according to the agreement and now has a stable structure. The provision of additional collateralisation was not necessary. The agreement-relevant developments are being analysed on an ongoing basis. In fiscal 2010/2011, the Letter of Credit was duly extended for a further year thus guaranteeing that the transaction can also be carried out in accordance with the agreement beyond 30 September 2011. The contingent liabilities from cross-border leasing were shown to amount to EUR 698 million as at 30 September 2011.

Competition
In Austria, a highly industrialised country, the positive economic development and the cyclical upswing in 2010/ 2011 had a significant influence on the risk structure of the business segments Energy and Waste Management.
The impact and repercussions of the economic crisis have now subsided and the quantities sold have returned to a normal level.
The prices for recycling materials have recovered. The prices for thermal disposal, on the other hand, are still -under pressure on account of the excess capacities of incineration plants and, for this reason, the central risk limitation measure still focuses on securing volumes.
The customer segment from the municipal area is of great significance and makes an essential contribution to the stabilisation of the result in the Water and Waste Management segments, whereby the cyclicality associated with the renewing of agreements has a lasting impact on the risk/opportunity profile in all provinces. The re-municipalisation trend, above all in Hungary, is a risk that requires special attention. On the other hand, the financial plight of the public sector also triggers the increased utilisation of PPP models, which, in turn, can be seen as opportunity potential. These trends will be countered with customer support and monitoring measures as well as targeted acquisition and activities that focus on winning customers back.

Procurement
The institutionalised processes in this area are, on the one hand, mapped in the ICS with valid controls and, on the other hand, subjected to ongoing qualitative monitoring to ensure that synergies can be realised for the entire Group.

The coming fiscal year will be particularly marked by the activities and priorities resulting from the paradigm shift in the nuclear energy area in Germany, which will bring about significant changes in the European electricity market. A great deal of attention must therefore be paid not only to the risks but also to the opportunities that arise in this area. Inner-Austrian regulatory issues, such as the implementation of the Water Framework Directive and the regulatory account in the electricity distribution area, also require permanent monitoring.

We expect that the Group will display further positive growth in fiscal 2011/2012. As of 30 September 2011, no risks can be identified which, either separately or jointly, might threaten the existence of Energie AG.

RESEARCH AND DEVELOPMENT

The Energie AG Group engages in research, development and innovation in numerous Group projects and as a competent partner in national and international cooperation projects.

The intra-group projects focus on technical research and development activities and innovation processes. Great importance is also attached to innovations that focus on business administration aspects, socio-political topics and developments in the human resources area.

The employees of the Energie AG Group also provide their expertise and assume project tasks in national and international cooperation projects in a wide variety of areas in the Group companies. This also relates to projects that are sponsored by the Climate and Energy Fund of the Federal Government or by the Austrian energy industry within the framework of Research & Development. Moreover, considerable contributions are also made by the research policy bodies that deal with electricity issues of the European Commission, the Directorate General for Research and Innovation, the Directorate General for Energy as well as Eurelectric in Brussels, the association that represents the common interests of the electricity industry at pan-European level.

In fiscal 2010/2011, the expenses for research, development and innovation totalled EUR 3.3 million. In the various entities of the Group, 233 staff members were responsible for performing this work, in addition to their day to day business.

During the year under review, research, development and innovation were promoted, inter alia, in the following projects:

- In the case of the geothermal project in Ried, where the city of Ried and the municipality of Mernbach will be supplied using a district heating distribution system that is fed with geothermal heat, the extraction well and the injection well that feeds the cooled thermal water back into the deep were successfully completed in the fiscal year just past. Although a large volume of data and tests were available from the various wells in the Molasse Basin in Upper Austria, the techtronic element Ried fault was used for geothermal purposes for the first time. This geothermal plant, which will supply the district heating distribution system in Ried, will have a capacity of approx. 25 MW. The design of the district heating distribution system in Ried has additional innovative aspects insofar as the dimensioning of the main route facilitates the subsequent integration of additional thermal sources. On completion, approx. 25,000 t CO_2/year will be prevented using this method of district heat generation.

- In the electric mobility area, the central focus lay on the development of customer-oriented, easy-to-use charging stations. These should initially serve as charging stations during the current boom for scooters and bicycles and will also be used for electric vehicles in the long term. The im-portance of being able to charge these vehicles in public areas led to the development of the combi-product -Powerscreen in cooperation with Fair Energy GmbH and Data GmbH. The Powerscreen charging stations, which have been installed since the middle of the fiscal year just past, meet the latest technical standards and are equipped with AMIS metres that can be read remotely. Although the energy output is still free-of-charge, authentification with Smartcard, mobile phone and NFC is possible. The advertising screen is connected to a content management unit via a fibre optic cable. In addition, all of the advertising spots can be temporally and regionally controlled.
- The introduction of the new metre generation AMIS opens up fully new metering possibilities for energy -utilities, also for other media of the utilities industry. The project Multiutility focuses on the integration of gas, water and heat metres in the AMIS system. Standards that apply for all manufacturers and sectors, which were accepted by the manufacturers within the framework of the Smart Metering Initiative of the European Union, are used to regulate communication between the sector metres (gas, water and heat) with the AMIS metres. To facilitate communication between the metres and the AMIS unit, all of the old sector metres must first be replaced with new metres that are equipped with a corresponding interface. The

metres then communicate automatically without local parameterisation. This greatly simplifies the metering procedure both for customers and the utilities as all data can be transferred to the utilities in a fully automated manner. Another advantage is that the customer now has faster and more frequent access to the data.

- In the area of high-voltage lines, the permissible operat-ing temperature of the conductors is specified in clearly-defined standards. The maximum permissible transmission capacity is determined on this basis. In a first step, Netz GmbH developed methods of measuring the actual conductor temperature in different operating conditions depending on external influencing factors. Wind, air temperature, humidity, air pressure and global radiation measurements are taken using a 110-kV line and all environmental conditions are recorded in detail and subsequently compared with the actual conductor temperature. Information is gathered relating to possibilities for additional transport capacities above the normal value, e.g. depending on the wind velocity and solar radiation. A comparative analysis is also being carried out using a 4.7-km cable in the centre of an Upper Austrian city. Detailed temperature monitoring is carried on the basis of a zone principle, whereby a spatial resolution of the individual temperatures of the cable is possible with precision up to 1.5 m using a temporal resolution of 5 minutes. Here, the monitoring system for the temperature of the cable is currently solely used as an information system for the operating status of the cable length. Further applications for this temperature measuring system will not be tested until the corresponding plausibility tests and investigations into the causes of temperature fluctuations have been completed.

- The international and national trend towards decentral-ised electricity generation not only embraces photovoltaics and wind but also, to a growing extent, combined heat and power technology (CHP). In the first quarter of this year, OÖ Gas-Wärme GmbH launched a first pilot project in which a micro-CHP system with a gas-fired, wall-mounted condensing boiler provides heat, hot water and electricity for a single-family dwelling. The generator that provides electrical energy is driven by a sterling motor that is fired with a gas flame. A "combustion heat exchanger", which heats the boiler water, is used for the cascading utilisation of heat. One of the innovative aspects of this system is that line losses are minimised due to the decentralised generation of energy thus leading to a reduction in CO_2 emissions of up to 40% compared to a conventional system and a primary energy saving of up to 25%. This micro-CHP system has an electrical capacity of 1.0 kW, a thermal capacity of 6.0 kW and a fuel utilisation rate of up to 90%. The latest operating results and the analyses thereof confirm the ambitious expectations.

- Following the commissioning of Austria's largest photovoltaic research power plant in May 2010, twelve full months of operation and the corresponding data were used for the first time in the fiscal year just expired to carry out differentiated technical analyses of details relating to the individual module types, differences between the makes of different manufacturers as well as maintenance and subsequent improvement measures, e.g.:
  - The average yield of the entire plant lay slightly above 1,150 kWh/kWp. The initial forecasts were therefore exceeded by more than 10%.
  - In the case of the stationary panels, a factor of 1 to 8 was determined between the month with the lowest yield (December 2010) and the month with the highest yield (May 2011).
  - The corresponding ratio for the movers and trackers came to 1 to 4.5.
  - This is primarily attributable to the fact that, in months with a lower yield, the trackers and movers generate a higher yield than the fixed panels.
  - Depending on the month, the specific electricity yields for the trackers and movers were 20 - 45% higher than the values recorded for the fixed arrays. The higher yields are, however, offset by the higher maintenance costs for the trackers.
  - Tests to determine the thermal characteristics of the solar module revealed a clear linearity with the defined fluctuation range. This was determined by way of a -regression analysis of the overtemperature of the module (compared to air temperature) on the basis of solar radiation. The fluctuation range of the individual makes from the different manufacturers was very similar.
  - The specific difference in yield between the best and the weakest crystalline modules in the main field came to a mere 2.6%. This is a clear indication of well-developed production technology.
  - The overall level of system availability exceeded 99%.

OUTLOOK

In the course of the fiscal year just past, Energie AG proved that it can also operate successfully in a difficult environment.
The forecasts for fiscal 2011/2012 are marked by the uncertainty with regard to the economic development.
Thanks to its stable strategic orientation as an integrated infrastructure group with several different mainstays, the experience gained from the last crisis and the swift counter-measures that were implemented, Energie AG is well positioned to face the challenges of the coming fiscal year:

- Overall, the energy markets displayed, in part, conflicting price relations in the year under review. The lower spot market prices for natural gas compared to the futures market are presumably attributable to surpluses from long-term, oil price-induced gas volumes.

  It can be assumed that the market shakeout will continue to some extent in the coming year. Experts anticipate a central scenario after the shakeout with an increase in electricity market prices to between EUR 65/MWh and EUR 75/MWh in the year 2020.

  The pan-European promotion of renewable energies, above all wind and solar power, will lead to an increas-ingly volatile electricity supply. Given that renewable generation units of this kind make no contribution to enhancing security of supply, it can be expected that the requirements placed on conventional thermal power plants and pumped storage power plants will increase.

With the storage options 7 Fields and Reißeck II as well as the developed power plant concepts GuD Riedersbach and the pumped storage power plant Ebensee, Energie AG has sustainable and efficient generation and storage facilities to meet the growing demand for balancing energy and security of supply in an economic manner.

With regard to the generation of electricity from sustainable hydropower, the construction of the power plant in Kleinarl and the replacement of the hydropower plant Stadl Paura will be continued in fiscal 2011/2012.

In the thermal generation area, the efficiency of the power plant in Riedersbach will be significantly enhanced: The coal-fired power plant block, which was erected more than 40 years ago, will be replaced with a state-of-the-art power plant. The option of combined-cycle gas turbine plant is currently being developed and will be pursued up to the environmental impact assessment.

- Energie AG Vertrieb is committed to offering its customers market-conform prices, products and services. The quality strategy, which is based on the premise of enhancing customer benefits, is underpinned by a clear commitment to the promotion of energy efficiency and innovation. The political requirements will also be met proactively in the future with consultation services and energy efficiency campaigns.

  In the private and SME customer segments, the Group will abide by its forward-looking, risk-minimising procurement strategy to ensure that it can continue to offer the customers stable and fair prices in spite of the volatile market development.

- In the coming fiscal year, it is likely that the electricity distribution system will be faced with new legal require-ments in addition to the Upper Austrian Implementation Act in connection with amendment of the Austrian Electricity and Electricity Organisation Act 2010. A comprehensive revision of the regulations governing energy efficiency is currently being prepared at national level to facilitate the implementation of Directive 2006/32/EC of the European Parliament and the Council.

  Talks with E-Control relating to the further development of the regulatory system from 2004 onwards commenced in July 2011. In the first phase, the talks did not, however, focus on the next regulation period but rather on regulatory changes in the current regulation period as a result of the Austrian Electricity and Electricity Organisation Act 2010.
  In the next years, the business activities of Energie AG Oberösterreich Netz GmbH will be marked by consequent cost management, driven, on the one hand, by the framework conditions for the incentive regulation system but also by the yield expectations of the owners.

- The rising demands of transmission capacity (bandwidth) are additionally becoming an increasingly important decision criterion for a future-proof optical fibre network. The business area Data will therefore push ahead with the further expansion, consolidation and optimisation of its network infrastructure, whereby the central focus will lie on achieving the highest possible level of data transfer security.

  In the Smart Metering area, the AMIS rollout will be continued subject to the regulatory framework and the Smart Metering System will be further optimised and developed within the framework of the existing development partnership. In July 2010, the ECA published the "Smart Metres Requirement Regulation 2011" [Intelligente Messgeräte-Anforderungsverordnung 2011 – (IMA-VO 2011)] for review. The framework conditions for the introduction and functionality of smart metering in Austria will be clarified in this and two further smart metering regulations which are expected to be adopted in the course of the next fiscal year.

- A new tariff setting procedure for system utilisation tariffs in the natural gas area, which will have an impact in 2012, is underway at the cut-off date of the financial statements. The procedure is expected to be completed at the end of 2011.

The Energy Control Commission has not yet approved the long-term planning carried out in 2011 for Regulatory Zone East pertaining to the planning period 2011 to 2016. A decision is expected by the end of 2011. OÖ. Ferngas Netz GmbH could be affected with regard to further storage connections to the grid of Regulatory Zone East.

The third EU energy legislative package, which also resulted in a revision of the Internal Gas Market Directive, was adopted on 3 September 2009. The Austrian National Council adopted the Gas Management Act 2011 [Gaswirtschaftsgesetz 2011] on 19 October 2011 to facilitate transposition into national law. The majority of the provisions come into force after publication. The implementation of the requirements of the Gas Management Act will be a central concern for OÖ. Ferngas AG in the next fiscal year.

With the construction of the natural gas high-pressure pipeline from Puchkirchen to Friedburg/Haidach, OÖ. Ferngas Netz GmbH will take a further step towards enhancing security of supply. The new pipeline will pave the way for the connection of further national storage plants to the inner-Austrian distribution system as well as to the distribution system of the European natural gas group. Commissioning is scheduled for 2013.
Due to the results of the market study relating to the Tauern gas pipeline, the environmental impact assessment should now be brought to a conclusion.

The development of the raw materials market, which forms an important basis for natural gas prices, resulted in a price increase for gas customers equivalent to the inflation rate with effect from mid-October.

The new Gas Management Act also requires that a new market model be designed in the course of implementing the EU guidelines. In addition to the persistently difficult market conditions resulting from the political promotion of renewable energies, the redesign of the market system and the optimisation of the procurement activities will be focal points for the distribution subsidiary OÖ. Gas-Wärme GmbH in the coming year.

- In fiscal 2011/2012, activities in the business area heat-ing will focus on the continuation of various projects that aim at ensuring a sustainable and efficient supply of heat-ing for customers. There is still a great deal of interest in district heating, and therefore good potential for gaining new customers. District heating can make an important contribution to the achievement of the goals, particularly in respect of the Upper Austrian energy strategy "Energy Future 2030".

  Parts of the combined heat and power plant in Kirchdorf are more than 40 years old. Renovation measures have already been approved by the responsible authority. The revitalisation measures will commence in fiscal 2011/ 2012. The entire location will be modernised through the construction of three combined heat and power plants. According to the time schedule, the plants should be completed in fiscal 2012/2013. This will be followed by the commencement of normal operations.

  In fiscal 2011/2012, the geothermal project in Ried will be a central focus of attention so as to ensure the successful changeover of the heating supply to district heating.

  In addition, plans are in place for the establishment of two new companies (Fernwärme Steyr GmbH, Bioenergie Steyr GmbH). In the city of Steyr, part of the heating requirements will be covered with district heating. A biomass power plant, which will produce environmentally friendly, low-emission district heating as well as a district heating network will be constructed in cooperation with the project partner EVN Wärme GmbH.

  In addition to winning new customers in the existing networks, the business area heating will continue to focus on its core competence and pioneering role in the utilisation of renewable energy forms such as biomass and geothermal applications in Austria and the Czech Republic.

- Fiscal 2011/2012 will pose further challenges for the Waste Management Segment. The subdued short-term economic outlook combined with decreasing prices for recycling materials and a volatile political environment are offset by long-term potential from the increased significance and key function of recycling and waste management in connection with raw material shortages and the roadmap adopted at a European level for a resource-efficient Europe 2050.

The recycling material prices for 2011/2012 are generally expected to be at a lower level than in the fiscal year just expired and a slight but persistent drop in the prices for waste from SMEs due to the increase in thermal processing capacities and the existing export permits is also expected. The current re-municipalisation efforts in Hungary will lead to the development of new business models for future cooperation with the municipalities from 2013 onwards. The main, medium-term tasks of AVE are the consistent continuation of the consolidation course, the risk-optimised market expansion with a focus on municipalities in CEE and the exploitation of market opportunities. These tasks will be accompanied by ongoing efforts to optimise the group structure. Due to a further determination within the framework of the project AVE Turnaround, the divestment process for the rendering area is underway.

Thanks to the high share of municipal operations and the sound basis provided by PPP models, the CEE area should also be in a position in the coming years to deliver attractive contributions to the result of the AVE group and create potential for selective profitable growth. On the basis of these activity priorities, the AVE Group will be able to further strengthen and expand its position as an integrated waste management company in Central Europe in the coming years.

- In the Water Segment, the next months will be characterised by further optimisation measures that area designed to enhance the utilisation of synergies between the companies and secure and further improve the cost situation. The position among the top three on the Czech water market is to be further strengthened. The expansion of service activities in Austria, Slovenia and Hungary will be a central focus. Plans are in place to develop further alternative license and cooperation models, particularly in Austria.

  The past has shown, particularly against the backdrop of the economic crisis, that the Water Segment can make a secure and sustainable contribution to the Group result. This stability is to be strengthened and further enhanced through the securing and expansion of market shares in the core markets, the further raising of competitiveness and a strong focus on quality.

In the coming fiscal year, management will focus on the further implementation of the initiated cost management and efficiency enhancement programmes and prepare for the volatile challenges that await the Group in the near future. The selective investment strategy will also be continued. The realisation of a capital increase, which is currently under discussion, could pave the way for the implementation of attractive value-adding projects which have been postponed for the time being.

Despite the unstable economic environment, the result is expected to display solid development in fiscal 2011/2012.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner   KommR Ing. DDr. Werner Steinecker MBA   Dipl.-Ing. Dr. Roland Pumberger

Profit and Loss Statement 2010 / 2011

	2010/11	Vorjahr
	EUR	TEUR
1. Sales	288.830.222,77	328.418
2. Changes in inventories of finished goods and work in progress	40.014,08	-2.191
3. Capitalised cost of self-constructed assets	679,80	11
4. Capitalised cost of self-constructed assets	15.385.790,93	20.920
5. Cost of materials and other purchased services	-79.860.103,01	-74.449
6. Personnel expenses	-17.272.319,51	-16.187
7. Depreciation	-79.984.667,51	-78.147
8. Other operating expenses	-98.102.981,89	-104.679
9. Sub-total for items 1 - 8 (operating result)	**29.036.635,66**	**73.696**
10. Income from investments (thereof from affiliated companies EUR 52,740,368.32; previous year: EUR 21,439 thousand)	54.913.307,03	23.839
11. Income from securities and loans held as financial assets (thereof from affiliated companies EUR 9,9657,932.27; previous year: EUR 5,277 thousand)	12.968.250,57	8.789
12. Other interest and similar income (thereof from affiliated companies EUR 1,014,770.12; previous year: EUR 2,913 thousand)	2.694.343,91	4.325
13. Income from disposals and write-ups of financial assets (thereof from affiliated companies EUR 1,036,660.21; previous year: EUR 899 thousand)	2.387.085,94	899
14. Expenses for other financial assets (thereof from affiliated companies EUR -300,614.69; previous year: EUR -7,850 thousand)	-1.230.429,33	-8.058
15. Interest and similar expenses (thereof from affiliated companies EUR -20,756.141.98; previous year: EUR -15,194 thousand)	-39.447.141,94	-32.839
16. Sub-total for items 10 - 15 (financial result)	**32.285.416,18**	**-3.045**
17. Result of ordinary activities	**61.322.051,84**	**70.651**
18. Income taxes	-10.849.417,22	-5.825
19. Net income for the current year	**50.472.634,62**	**64.826**
20. Reversal of untaxed reserves	2.427.847,85	2.375
21. Reversal of revenue reserves	2.085.000,00	4.252
22. Reversal of untaxed reserves	-2.085.118,59	-18.054
23. Allocation to revenue reserves	0,00	-1
24. Accumulated profit carried forward	603.656,40	602
25. Retained earnings	**53.504.020,28**	**54.000**

Balance Sheet as at 30 September 2011

	30. September 2011	Previous year
	EUR	TEUR
ASSETS		
A. Long-term assets		
I. Intangible assets	69.073.196,64	58.243
II. Tangible fixed assets	835.344.960,28	827.339
III. Financial assets	1.301.046.511,46	1.305.596
	2.205.464.668,38	**2.191.178**
B. Current assets		
I. Inventories	65.990.610,43	55.620
II. Accounts receivable and other assets	132.897.874,16	137.338
III. Own shares	213.073,93	106
IV. Cash and cash equivalents	53.628.414,80	29.450
	252.729.973,32	**222.514**
C. Accrued expenses	**2.882.209,26**	**3.041**
	2.461.076.850,96	**2.416.733**

	30. September 2011	Previous year
	EUR	TEUR
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	89.000.000,00	89.000
II. Non-distributable capital reserves	207.000.000,00	207.000
III. Reserves for own shares	213.073,93	106
IV. Revenue reserves	584.521.987,82	586.714
V. Retained earnings (thereof accumulated profit carried forward 601,497.60; previous year: 600 thousand)	53.504.020,28	54.000
	934.239.082,03	**936.820**
B. Untaxed reserves	**73.512.866,71**	**73.856**
C. Investment grants	**20.155.141,63**	**22.037**
D. Separate item for gratuitously allocated emission certificates	**6.298.584,06**	**5.577**
E. Provisions	**69.482.979,03**	**58.492**
F. Liabilities	**1.240.167.538,29**	**1.192.421**
G. Contributions to construction costs	**77.803.918,04**	**89.184**
H. Deferred income and accrued expenses	**39.416.741,17**	**38.346**
	2.461.076.850,96	**2.416.733**
Contingent liabilities	1.242.332.383,22	1.401.424

Notes to the Fiscal Statements 2010/2011

I. General Information

The financial statements for fiscal 2010/11 were drawn up observing the principles of proper accounting, as well as observing the general requirement to provide a sufficiently fair picture of the assets, financial and earnings position of the company.

The company is classified as a major stock corporation pursuant to § 221 of the Austrian Commercial Law Code.

In order to achieve a clear presentation, some items have been condensed in the balance sheet and profit and loss statement. These items are shown separately in the Notes.

Assets and liabilities pertaining to more than one item in the balance sheet are indicated as such in the Notes.

The profit and loss statement is presented in step-down form and in keeping with the total-cost principle of accounting.

The present form of presentation was used once again in the drafting of the current financial statements.

In the assessment years 2005 up to and including 2009, Energie AG Oberösterreich was the holding company of a group of companies as defined in § 9 of the Austrian Corporation Tax Act. In 2010, this group of companies was terminated and, following the application of 30 June 2010,.Energie AG Oberösterreich became a member of the group of companies of OÖ Landesholding GmbH (holding company) in accordance with § 9 of the Austrian Corporation Tax Act with effect from assessment year 2010. The corresponding integration into the Group and Tax Allocation Agreement of OÖ Landesholding GmbH was carried out.
The termination of the former group of companies resulted in an unwinding of Group members that had not been in existence for a minimum of three years in accordance with § 9 (10) of the Austrian Corporation Tax Act. In the course of the termination, a final adjustment was not carried out but the losses assumed by Energie AG Oberösterreich were kept evident and reduce the basis for future positive tax allocations of the Group companies.

The stipulations in the group agreement of OÖ Landesholding GmbH apply in relations between Energie AG Oberösterreich and the holding company of the Group, whereby Energie AG Oberösterreich determines its taxable income under consideration of the taxable results of the underlying companies (periodic accruals/deferrals method):
The Group agreement provides that positive allocations from Group companies are entered at 25% of the assigned positive income. Tax losses assigned to the holding company reduce the basis of the positive allocations to taxes of the following business years, refundable to the holding company. However, the holding company may ultimately accept the assigned negative result by making a negative tax allocation to the Group member in the amount of 97% of the tax share of the accepted negative income.

The possibility of a deviating tax allocation agreement between Energie AG Oberösterreich and its Group companies provided in the integration agreement was made use of and a clearing procedure analogue to the clearing system described above was approved at the level of Energie AG Oberösterreich and its underlying Group members.

As at 1 October 2004, Energie AG Oberösterreich introduced an effective cash-pooling system in order to optimise the Group's dispositions in relation to bank accounts, as well as the intra-group liquidity balance and the handling of payment transfers within the Group.
Energie AG Oberösterreich decided in favour of two polling groups, and since 1 October 2006 Energie AG Group Treasury GmbH has been the lead company of the pool.
As at 30 September 2011, the pool companies comprise a total of 36 (previous year: 34) companies.

II. Accounting and Valuation Principles

Long-term assets

Intangible assets are valued at cost, reduced by scheduled linear depreciation.

Tangible fixed assets are valued at cost or cost of production, reduced by scheduled depreciation. Non-scheduled depreciations are made whenever impairments are expected to have a lasting effect.

Shares in affiliated companies and other investments are entered at cost or at their lower fair value.

Securities (loan stock rights) held as long-term assets are valued at purchase prices or, in the event of a lasting impairment, at their lower stock exchange price.

Income equivalent to dividends from non-distributable interim certificates of a capital investment fund, as defined by § 40 (2) item 1 of the Austrian Investment Fund Act, are entered in keeping with the expert opinion of the Expert Panel on Corporate Law and Internal Audit, KFS/RL 16, by increasing the valuation entered for the interim certificates.

Non-interest-bearing and/or low-interest-bearing loans are shown at their present value.

In the year under review, the mirror image presentation of the equity of Energie AG Oberösterreich Vertrieb GmbH & Co KG in the shares held in Energie AG Oberösterreich was discontinued and the shares were therefore – similar to the shares in stock corporations – entered at cost (book value as at time method was changed, namely 1 October 2010) or at their lower fair value.

Current assets

Raw materials and supplies are valued at their average purchase price and/or cost of production (sliding average method), at lower market values or fixed values.

Work in progress is valued at cost of production.

Receivables are valued at their nominal value, taking account of their collectability. Appropriate write-downs are entered for doubtful accounts receivable. Foreign-currency receivables are valued in keeping with the strict principle of lower of cost or market.

Provisions

Actuarial principles are applied to calculate provisions for severance payments, using the "projected-unit-credit" method, in keeping with IAS 19. The calculation is based on a retirement age in keeping with transitional provisions, an interest rate of 5.5% for the calculations (previous year: 5.0%), planned salary increases of 3.0% (previous year: 3.0%) as well as a discount for fluctuations according to probabilities, depending on years of employment from 3.0% for 0 years of employment (previous year: 2.9% for 0 years of employment) to 0.0% from 33 years of employment upwards (previous year: 0.0% for 31 years of employment).

Actuarial principles are applied to calculate old-age pension provisions, using the "projected-unit-credit" method, in keeping with IAS 19. The Pagler-Pagler calculation tables 2008 are used for the calculations, as well as an interest rate of 5.5% (previous year: 5.0%) and a retirement trend of 2.25% (previous year: 2.25%).
The expected return on plan assets lies at 4.5% (previous year: 5.0%).

The principle of conservatism is applied when forming other provisions.

Liabilities

Liabilities are entered at the amounts repayable, observing the principle of conservatism. Liabilities in foreign currencies are valued in keeping with the principle of highest value.

Emission certificates

Due to the expected over-coverage of certificates from fiscal 2009/2010, accounting is carried out on the basis of the AFRAC option, whereby emission certificates that are received gratuitously are entered on the assets side at the time of acquisition and valued at the market value at the time of disposition. A special item in the same amount is shown under liabilities and re-transferred in accordance with the actual CO_2 emissions. The valuation of emission certificates entered under assets is subject to the strict principle of lower of cost or market. A provision for the obligation to surrender emission certificates is formed in keeping with the actual CO_2 emissions.

Cross Border Leasing

Energie AG Oberösterreich entered into so-called cross-border leasing transactions for its electricity transmission and distribution systems in fiscal 2000/2001, and for a number of its power plants in fiscal 2001/2002. In the course of the transaction, the electricity grid, i.e. 14 hydropower plants were leased to US investors by means of trusts, which were leased back for a shorter period at the same time. According to Austrian law, this did not change the civil-law and economic ownership relations. The financial benefit (present value benefit) for Energie AG Oberösterreich – after deducting the transaction costs – is disclosed in the balance sheet as a differential amount carried as a liability and re-transferred with effect on the result according to the term of the underlying leasing transaction.

The cross-border leasing transaction for the electricity transmission and distribution system was terminated during fiscal 2008/09. The present value benefit of the remaining cross-border leasing transaction for a part of the power plant park is still disclosed in the balance sheet as a differential amount carried as a liability and re-transferred according to schedule with effect on the result.

III. Notes to the Profit and Loss Statement

Sales

	2010/11	Previous year
	TEUR	TEUR
Electricity	145.961	195.019
Others	142.869	133.399
	288.830	328.418

The sales from electricity deliveries comprise various grants in the amount of EUR 17,351 thousand (previous year: EUR 17,676 thousand).

Sales of electricity decreased primarily as a result of reduced quantities.

Other sales essentially consist of income from the re-transfer of contributions to construction costs, income from de-stocking at subsidiary companies, lease settlements with regard to long-term assets as well as rent invoiced to subsidiary companies.

Other operating income

	2010/11	Previous year
	TEUR	TEUR
Income from the disposal of and the write-up of long-term assets with the exception of financial assets	158	583
Income from the reversal of provisions	0	613
Other	15.228	19.724
	15.386	20.920

Other operating income essentially consists of income from lease and rent revenues, income from the use of investment grants, income from insurance refunds, income from construction activities entered on the assets side, income from further settlements as well as income from the reversal of the special item for emission certificates corresponding to the utilisation and write-down of the certificates.

Cost of materials and other purchased services

	2010/11	Previous year
	TEUR	TEUR
Cost of materials	79.638	74.225
Cost of purchased services	222	225
	79.860	74.450

The most important items under cost of materials are the electricity bought from electricity supply contracts that remained with Energie AG, the use of primary energy, the use of materials for de-stocking at subsidiary companies, as well as third-party materials.

Personnel expenses

	2010/11	Previous year
	TEUR	TEUR
Salaries	10.696	11.428
Expenses for severance payments and payments to company pension funds	579	501
Expenses for old-age pensions	3.283	1.359
Expenses for statutory social security charges, as well as remuneration-dependant payments and compulsory contributions	2.055	2.274
Other social contributions	659	625
	17.272	16.187

The item expenses for severance payments and payments to company pension funds comprises expenses for company pension funds in the amount of.EUR 58 thousand (previous year: EUR 57 thousand).

Expenses for severance payments and payments to company pension funds includes expenses for Members of the Board of Management in the amount of EUR 26 thousand (previous year: EUR 35 thousand); as well as income for senior staff members in the amount of EUR 21 thousand (previous year: expenses in the amount of EUR 47 thousand).

Expenses for old-age pensions comprise expenses for Members of the Board of Management in the amount of EUR 274 thousand (previous year: EUR 341 thousand); as well as expenses for senior staff members in the amount of EUR 100 thousand (previous year: EUR 98 thousand).

No advances or loans were given to Members of the Board of Management or Members of the Supervisory Board.

Depreciation

All ordinary depreciation relates to the depreciation of intangible assets and tangible fixed assets and is shown in the table "Development of Fixed Assets". There was no non-scheduled depreciation in the year under review, nor in the year before.

Other operating expenses

	2010/11	Previous year
	TEUR	TEUR
Taxes, unless they are part of taxes on income	231	211
Other	97.872	104.468
	98.103	104.679

Other operating expenses comprise expenses for third-party services (mainly from settling business management expenses for Energie AG Oberösterreich Kraftwerke GmbH), intra-group charges resulting from services, administrative expenses, reimbursements of expenses, insurance premiums, expenses for rent,.losses from the disposal of tangible fixed assets, as well as allocations to valuation adjustments.

Losses from the disposal of tangible fixed assets amount to EUR 1,447 thousand (previous year: EUR 1,230 thousand) and essentially relate to electrical plants.

As the company auditor is also the auditor of the financial statements of Energie AG Oberösterreich, Linz, in which the company will be integrated (as a fully consolidated company), we refer to the corresponding information in the Group's Notes with regard to the expenses for the auditor in fiscal 2010/2011.

Income from investments

Income from investments in the amount of EUR 54,913 thousand (previous year: EUR 23,839 thousand) includes EUR 48,710 thousand (previous year: EUR 14,700 thousand) paid as dividends for the respective time frames. The Board of Management of Energie AG Oberösterreich decided in a documented resolution that the dividends of certain Group companies are to be distributed in line with the respective time frames. As a result, the respective company holds equity of about 20% of the balance sheet total after distributing the dividend.

Due to the discontinuation of the mirror image presentation of the transfer of profits/losses of Energie AG Oberösterreich Vertrieb GmbH & Co KG, the net income of this company for 2010/2011 was entered as a distribution to limited partners in line with the respective time frames.

Other interest and similar income

	2010/11	Previous year
	TEUR	TEUR
Interest	1.441	3.072
Similar Income	1.253	1.253
	2.694	4.325

Similar income includes the pro-rata re-transfer of the differential amount carried as a liability from the cross-border leasing transaction for the power plants in the amount of EUR 1,253 thousand.

Income from disposals and write-ups of financial assets

	2010/11	Previous year
	TEUR	TEUR
Income from disposals of financial assets	2.348	10
Write-ups to financial assets	39	889
	2.387	899

Expenses for other financial assets

	2010/11	Previous year
	TEUR	TEUR
Depreciations	930	452
Expenses from associated companies	300	7.606
	1.230	8.058

The depreciation relates to securities (loan stock rights) held as long-term assets in the amount of EUR 275 thousand (previous year: EUR 171 thousand), loans in foreign currencies in the amount of EUR 517 thousand (previous year: EUR 243 thousand) as well as bonds in the amount of EUR 138 thousand (previous year: EUR 38 thousand).
The expenses for affiliated companies relate to losses incurred by Group companies on the basis of transfer of losses agreements in the amount of EUR 300 thousand (previous year: EUR 7,606 thousand).

Income taxes

The change in untaxed reserves resulted in an increase of corporate income tax in the amount of EUR 86 thousand (previous year: decrease of EUR 3,921 thousand).

Deferred tax expenses in the amount of EUR 1,217 thousand (previous year: EUR 288 thousand) were entered during the fiscal year.

In fiscal 2010/2011, income taxes include aperiodic expenses from the audit 2006-2009 in the amount of EUR 1.040 thousand and from corporate income tax 2005-2007 in the amount of EUR 2.387 thousand.

IV. Notes to the Balance Sheet

Long-term assets

The table "Development of Long-Term Assets" shows both the structure required by law and the development in the course of the business year, as well as the specific components which the company carries as long-term assets.

Intangible assets

In addition to electricity procurement rights, intangible assets also comprise various EDP software programmes, user rights for various plants, rental rights etc.

Tangible fixed assets

The full amount of low-value items, which comes to EUR 443 thousand in the year under review (previous year: EUR 813 thousand), was written off during the year of acquisition

The individual components under "land and buildings" show a value for land in the amount of EUR 30,986 thousand (previous year: EUR 30,814 thousand).

The disposals comprise eliminated plant and equipment as well as corrections in the valuation of plant and equipment acquired in previous years.

On account of long-term rent, lease and leasing agreements, there are commitments for the use of tangible fixed assets not shown in the balance sheet in the amount of EUR 2,437 thousand (previous year: EUR 1,969 thousand) for the subsequent fiscal year. The commitments for the next five years amount to EUR 12,004 thousand (previous year: EUR 9,837 thousand).

Financial assets

The table below provides information about the relevant data concerning those investments which account for a minimum stake of 20 percent as at 30 September 2011.

	Share capital	Share in company		Equity of company	Net loss / net income for the year
	TEUR	%	TEUR	TEUR	TEUR
Affiliated companies					
Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mit beschränkter Haftung, Linz	730	100	730	5.106	505 1)
Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH, Linz	35	100	35	260.061	4.977
Energie AG Oberösterreich Wärme GmbH, Linz	1.050	100	1.050	10.309	394
Energie AG Oberösterreich Vertrieb GmbH & Co KG, Linz	40	100	40	13.189	26.732
AVE Energie AG Oberösterreich Umwelt GmbH, Linz	150	100	150	81.988	-12.891
Energie AG Group Treasury Holding GmbH, Linz	35	100	35	2.053	2.003
Energie AG Finance B.V., Amsterdam	18	100	18	2.218	127
Energie AG Oberösterreich Wasser GmbH, Linz	500	100	500	37.746	74
Energie AG Oberösterreich Netz GmbH, Linz	5.000	100	5.000	55.074	2.027
Energie AG Oberösterreich Trading GmbH, Linz	150	100	150	17.437	3.017
Energie AG Oberösterreich Kraftwerke GmbH, Linz	150	100	150	43.691	784
Energie AG Oberösterreich Tech Services GmbH, Linz	150	100	150	14.808	1.532
Energie AG Oberösterreich Business Services GmbH, Linz	35	100	35	6.350	-1.838
Energie AG Oberösterreich Customer Services GmbH, Linz	35	100	35	3.825	1.474
Energie AG Oberösterreich Data GmbH, Linz	150	100	150	11.428	2.275
Energie AG Oberösterreich Personal Services GmbH, Linz	35	100	35	1.139	-369
Energy IT Service GmbH, Linz	67	33,3	15	85	7
Oberösterreichische Ferngas Aktiengesellschaft, Linz	34.938	65	22.710	139.807	9.210
Cogeneration-Kraftwerke Management Oberösterreich GmbH, Linz	100	99,9	100	2)	2)

	Share capital	Share in Company		Equity of company	net loss / net income for the year
	TEUR	%	TEUR	TEUR	TEUR
Other investments					
Ennskraftwerke Aktiengesellschaft, Steyr	3.400	50	1.700	13.129	236 1)
LIWEST Kabelmedien GmbH, Linz	146	44	64	20.133	3.142
Energie Austria GmbH, Wien	70	31,3	22	46	-4 1)

1) Values as at 31 December 2010
2) Use of the safeguard clause in § 241 (2) item 2 of the Austrian Commercial Law Code

In the year under review, securities (loan stock rights) held as long-term assets comprise dividend-like income in the amount of EUR 2,160 thousand (previous year: EUR 2,257 thousand).
Write-ups not carried out in the year under review amount to EUR 5 thousand for securities.(previous year: EUR 41 thousand).

An amount of EUR 70 thousand (previous year: EUR 70 thousand) refers to loans to affiliated companies with a maximum term to maturity of one year).

Current assets

Inventories

	30.09.2011	Previous year
	TEUR	TEUR
1. Raw materials and supplies	63.577	53.246
2. Work in progress	2.414	2.374
	65.991	55.620

Accounts receivable and other assets

	Balance sheet 30.09.2011	thereof with remaining maturity > 1 Jahr	thereof with secured bills of exchange	Accruals carried as assets
	TEUR	TEUR	TEUR	TEUR
1. Trade receivables	2.603	0	0	0
previous year	1.817	40	0	0
2. Trade receivables from affiliated companies	33.907	0	0	0
previous year	34.710	0	0	0
3. Trade receivables from associated companies	17	0	0	0
previous year	94	0	0	0
4. Other receivables and assets	96.372	78.008	0	4.892
previous year	100.717	74.436	0	5.728
	132.899	78.008	0	4.892
previous year	137.338	74.476	0	5.728

During the year under review, a lump-sum allowance for itemised bad debts was formed for trade receivables in the amount of EUR 0 thousand (previous year: EUR 6 thousand).

Of the trade receivables from affiliated companies in the amount of EUR 33,907 thousand (previous year: EUR 34,710 thousand) EUR 11,476 thousand (previous year: EUR 10,297 thousand) are trade receivables, EUR 248 thousand (previous year: EUR 881 thousand) are financial claims, EUR 25,429 thousand (previous year: EUR 25,307 thousand) are other receivables, EUR 1,746 thousand (previous year: EUR 898 thousand) are trade payables and EUR 1,500 thousand (previous year: EUR 878 thousand) are other liabilities.

Receivables from associated companies in the amount of EUR 17 thousand (previous year: EUR 94 thousand) refer in full to trade receivables.

Other receivables and assets comprise outstanding credit for accrued interest and receivables from hedging attachments in the course of financial hedging transactions as well as CO_2 emission certificates that were received gratuitously or purchased.

As a result of the crisis on the international financial markets, the Equity Payment Undertaking Agreement for the US cross-border leasing transaction relating to power plants had to be securitised by a letter of credit (L/C), in conformity with markets, in November 2008. The amount of the L/C securitisation had to be deposited with the L/C issuer (an international commercial bank) in the form of an interest-bearing securities account. This required the taking out of short-term financing from an Austrian financial institute. In fiscal 2009/10, this short-term financing was transferred to Energie AG Group Treasury GmbH and, since then, is extended annually by one further year. The item other receivables shows the status of the cash deposits.as at the reporting date in the amount of EUR 77,962 thousand (previous year: EUR 74,391 thousand).

On 28 February 2011, Energie AG Oberösterreich was allocated 481,014 gratuitous CO_2 emission certificates (previous year 481,014). The price for the certificates amounted to EUR 15.03 on that date (previous year: EUR 12.77) Following the surrender of 319,715 certificates from the allocation in 2009 and 2010, the acquisition costs of the CO_2 certificates, as carried forward, amount to EUR 10,845 thousand. On the balance sheet date, the price of CO_2 certificates was EUR 10.61, which means that the total value of the gratuitous certificates as at 30 September 2011 comes to EUR 8,107 thousand.

Own shares

An amount of EUR 7,878.8 thousand of the shares, which the Federal Province of Upper Austria transferred gratuitously as a shareholder's contribution during fiscal 2006/2007 were acquired by a defined group of staff members of the Energie AG Group at favourable prices in the course of introducing a staff participation model. As at the balance sheet date, the company holds shares in the amount of EUR 213 thousand (previous year: EUR 106 thousand) from former staff members.

Accrued expenses

The discount on cost of finance, carried under assets, and the portions of issuing costs for bonds are written off in keeping with the terms of these bonds. The item contains discounts from the credits issued to affiliated companies in the amount of EUR 1,084 thousand (previous year: EUR 1,143 thousand).

Equity

Share capital

The share capital amounts to EUR 89,000 thousand and is made up of 89,000,000 individual share certificates (of which 88,600,000 are ordinary shares and 400,000 preferred shares) with a par value per share of EUR 1.00.
At the General Shareholders' Meeting on 3 July 2008, the Board of Management was authorised, in keeping with § 159 (3) of the Austrian Stock Corporation Act, to increase the share capital of the company by a maximum of EUR 2,800 thousand, by way of issuing individual bearer share certificates in the form of preferred shares without voting rights during an authorised period of five years, as of the registration of the amendment to the company's articles of incorporation in the company register.

The company has non-distributable reserves in the amount required by law.

Capital reserves

The reserve is a non-distributable capital reserve.

Reserve for own shares

The reserve for own shares was increased by the number of shares acquired by former staff members.

Revenue reserves

	30.09.2011	previous year
	TEUR	TEUR
1. Statutory reserve	8.000	8.000
2. Other reserves (distributable reserves)	576.522	578.714
	584.522	586.714

An amount of EUR 2,085 thousand was withdrawn from the distributable reserves (previous year: withdrawal in the amount of EUR 4,252 thousand).

Untaxed reserves

The table "Development of Untaxed Reserves" shows the various components and the development in the course of the year under review.

Investment grants

The table "Development of Investment Grants" shows the various components and the development in the course of the year under review.

Provisions

	30.09.2011	Previous year
	TEUR	TEUR
1. Provisions for severance payments	2.871	3.231
2. Provisions for pensions	6.666	6.646
3. Provisions for taxes .... (thereof deferred taxes: EUR 46,582 thousand; previous year: EUR 47,800 thousand) ..	50.571	45.348
4. Other provisions	9.376	3.267
	69.483	58.492

The losses in excess of the corridor (10% of DBO) are amortised, spread out over the remaining working period to which DBO capital weighting is applied.

As a result of applying the corridor method in keeping with IAS 19, the provision for severance and pension payments developed as shown below:

	30.09.2011	Previous Year
	TEUR	TEUR
DBO 30.09.2011	3.633	4.135
Non-recorded actuarial loss	-762	-904
Provision for severance payments 30.09.2011 (balance sheet value)	2.871	3.231
DBO 30.09.2011	15.608	16.399
Non-recorded actuarial loss	-802	-1.468
Fair value of the fund assets	-8.140	-8.285
Pension provision 30.09.2011 (balance sheet value)	6.666	6.646

The plan asset included in the calculation was transferred to ÖPAG.

Tax liabilities

The calculation of the deferred tax liabilities is based on the tax rate of 25 percent, applicable on the reporting date. Differentials between the values entered in the tax balance sheet and the corporate balance sheet only contain deferred taxes if they are limited in time. A valid fiscal relevance is assumed for differentials that continue to be shown. Deferred taxes carried as assets are offset against deferred taxes carried as liabilities.

A provision for tax arrears in the amount of EUR 12,436 thousand (previous year: EUR 10,579 thousand) was formed for tax losses from Group members realised by the holding company of the Group.

The deferred tax liabilities in the amount of EUR 46,582 thousand (previous year: EUR 47,800 thousand) are long-term liabilities.

Other provisions

Other provisions essentially consist of potential purchase price repayments due to regulatory approvals not yet issued as at the balance sheet date, commitments to staff (step-in pension, anniversary bonuses, early retirement), uncertain liabilities and commitments from the emission certificates that have to be surrendered.

Commitments from outstanding suppliers' invoices are shown under trade payables. Certain commitments to the staff (unused holiday leave, accruals and deferrals from Christmas remunerations and holiday allowances, bonuses and similar items) are shown under other liabilities.

Liabilities

	Balance sheet value 30.09.2011	thereof with a remaining maturity of < 1 year	thereof with a remaining maturity of 1 - 5 years	thereof with a remaining maturity of > 5 years	With real security	Type of security	thereof accruals carried as liabilities
	TEUR	TEUR	TEUR	TEUR	TEUR		TEUR
1. Bonds	300.001	1	0	300.000	0		0
previous year	300.001	1	0	300.000	0		0
2. Bank loans and overdrafts	49.261	5.598	31.259	12.404	0		0
previous year	56.323	7.450	36.653	12.220	0		0
3. Advances from customers	1	1	0	0	0		0
previous year	17	17	0	0	0		0
4. Trade payables to third parties	14.107	13.264	843	0	0		0
previous year	12.535	12.498	37	0	0		0
5. Payables to affiliated companies	815.845	368.375	213.970	233.500	0		0
previous year	771.378	327.502	210.376	233.500	0		0
6. Payables to associated companies	4.850	4.850	0	0	0		0
previous year	3.157	3.157	0	0	0		0
7. Other liabilities	56.103	53.294	723	2.086	7	Mortgage	4.277
previous year	49.010	44.867	1.861	2.282	8	Mortgage	15.009
	1.240.168	445.383	246.795	547.990	7		4.277
previous year	1.192.421	395.492	248.927	548.002	8		15.009

Of the payables to affiliated companies in the amount of EUR 815,845 thousand (previous year: EUR 771,378 thousand) EUR 1,232 thousand (previous year: EUR 690 thousand) are trade payables, EUR 803,384 thousand (previous year: EUR 734,369 thousand) are financial liabilities, EUR 13,809 thousand (previous year: EUR 38,161 thousand) are other liabilities, EUR 306 thousand (previous year: EUR 212 thousand) are trade receivables and EUR 2,274 thousand (previous year: EUR 1,630 thousand) are other receivables.

Payables to associated companies amount to a total sum of EUR 4,850 thousand (previous year: EUR 3,157 thousand) refer in full to trade payables.

The most essential components under other liabilities are tax liabilities in the amount of EUR 22,911 thousand (previous year: EUR 21,422 thousand), liabilities under social security schemes in the amount of EUR 559 thousand (previous year: EUR 638 thousand), outstanding expenditure for interest as well as hedging attachments in the course of financial hedging transactions.

Information on financial instruments

On the balance sheet date, **derivative financial instruments** comprise the following items:

	Contract value	Term	Current value positive	Current value negative	Book value	Balance sheet item
			TEUR	TEUR	TEUR	
Interest swap bonds (fixed interest remittees)	100 Mio EUR	2025	6.236	0	0	-
previous year	100 Mio EUR	2025	6.398	0	0	-
Interest swap loans (fixed interest payers)	188 Mio EUR	2028	0	15.917	0	-
previous year	215 Mio EUR	2028	0	12.994	0	-

Derivative financial instruments, which are not shown in the balance sheet, are used to partially secure the risks of interest rate changes incurred with bonds and loans.
Swap valuation is the result of discounting the future cash flows (present value method) on the basis of an interest curve as expected on 30 September 2011. A department independent of the credit institute concerned with the trading provides the interest curve.

The derivative financial instruments used for hedging purposes regularly undergo an effectiveness test to gain information regarding their compensating effect and hence, the effectiveness of the hedging relationships.

Contributions to construction costs

This item mainly comprises financing contributions obtained from electricity customers.
They are re-transferred over a period of 20 years with effect on the result.
Since fiscal 2005/2006, Energie AG Oberösterreich Netz GmbH has been collecting the contributions to construction costs in the course of connecting new electricity customers.

Deferred income and accrued expenses

Deferred income and accrued expenses essentially comprise the present value benefit remain from the US cross-border leasing transactions, which is re-transferred over the financing period, as well as the agio spread out over the term of issued bonds. As at 30 September 2011, this item amounted to a total of EUR 39,417 thousand (previous year: EUR 38,346 thousand).
The item contains discounts from the credits taken out by affiliated companies in the amount of EUR 1,088 thousand (previous year: EUR 1,143 thousand).

Contingent liabilities

	30.09.2011	thereof vis-à-vis affiliated companies	previous Year	thereof vis-à-vis affiliated companies
	TEUR	TEUR	TEUR	TEUR
Liabilities under bill of exchange	2.000	2.000	1.200	1.200
Guarantees	542.716	492.253	727.260	671.547
Cross border lease	697.616	0	672.964	0
	1.242.332	494.253	1.401.424	672.747

The guarantees relate to liabilities accepted for loans that various credit institutes granted to affiliated companies of Energie AG. In connection with energy trading transactions.by Energie AG Oberösterreich Trading GmbH, guarantee statements and letters of comfort were issued to trading partners.

In the course of the cross-border leasing transactions, the financial funds received from the US trust as advance lease payments on the transaction date are invested in securities accounts after deducting the present value benefit – or in the form of so-called payment undertaking agreements, and used to cover the future instalments under the lease-back arrangement. For the payment undertaking agreements, contracts are signed with financial institutes of first-class rating on the transaction date, by means of which the financial institutes undertake to make all payments under the lease-back arrangement direct to the US trust. Unlike the classical instrument of investing via deposits, this financing tool does not lead to an increase of the assets shown in the balance sheet. Energie AG is liable to the US trust for compliance with the commitments that the financial institutes have assumed in connection with the payment undertaking agreements. This liability is shown as a contingent liability and valued at the foreign exchange selling rate on the balance sheet date.

V. Other disclosures

Other financial commitments

With the agreement dated 10 September 2007 (updated on 1 October 2008), to cover the losses of Energie AG Oberösterreich Vertrieb GmbH & Co KG, Linz, the company undertook to cover annual losses up to a total of EUR 35 million. After covering the loss of fiscal 2007/2008 in the amount of EUR 4,488 thousand and of fiscal 2008/2009 in the amount of EUR 23,235 thousand, the remaining amount of EUR 7,277 was used in fiscal 2009/2010 to cover losses.

In the year under review, Energie AG Oberösterreich Vertrieb GmbH & Co KG generated an annual profit. The net income in the amount of EUR 26,710 thousand was assumed by Energie AG Oberösterreich as a dividend distribution for the respective time frames.

With the master agreement dated 29 June 2008,.the company and Linz AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste, Linz, undertook to cover all balance sheet losses of ENAMO GmbH, Linz, to the extent that this is necessary to maintain the equity in the books at an amount of EUR 8,000 thousand.

In the current fiscal year, this resulted in loss assumption in the amount of EUR 279 thousand (previous year: EUR 330 thousand). In addition, expenses in the amount of EUR 21 thousand from the audit 2006-2009 were assumed.

Corporate bodies, staff

The remunerations of the Board of Management and of the Supervisory Board are as follows:

	2010/11	previous year
	TEUR	TEUR
Board of Management	831	826
Former Members of the Board of Management and their dependents	832	832
Supervisory Board	110	98

The mean staff figure for fiscal 2010/2011 is shown below:

	2010/11	previous year
	TEUR	TEUR
Salaried employees	108	120

The separate table lists the Members of the Board of Management and the Members of the Supervisory Board (Annex 1 to the Notes).

Unbundling

In addition to the previous unbundling of functions and accounting, Energie AG implemented the unbundling requirement under corporate law (legal unbundling) by setting up legally autonomous companies during fiscal 2006/2007.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner KommR Ing. DDr. Werner Steinecker MBA Dipl.-Ing. Dr. Roland Pumberger

Corporate Bodies (Annex 1 to the Notes)

SUPERVISORY BOARD

Gerhard Falch	CEO, Chairman, Ranshofen
Hermann Kepplinger	Member of the Provincial Government, First Deputy Chairman, Linz
Ludwig Scharinger	CEO, Second Deputy Chairman, Linz
Alois Froschauer	CEO, Linz
Franz Gasselsberger	CEO, Linz
Anna Maria Hochhauser	Secretary General, Vienna
Michaela Keplinger-Mitterlehner	Member of the Management Board, Linz
Christina Khinast-Sittenthaler	Managing Director, Linz (until 23.05.2011)
Manfred Klicnik	Attorney at Law, Linz
Ruperta Lichtenecker	Member of the National Council, Linz
Maria Theresia Niss	Managing Director, Laakirchen (since 12.09.2011)
Manfred Polzer	Deputy Director, Linz
Viktor Sigl	Member of the Provincial Government, Linz
Michael Strugl	Member of the Provincial Parliament, Linz
Bruno Wallnöfer CEO	CEO, Innsbruck

Works Council Representatives

Manfred Harringer	Works Council, Linz
Isidor Hofbauer	Deputy Chairman of Works Council, St. Radegund
Peter Neißl	Works Council, Hartkirchen
Bernhard Steiner	Chairman of Works Council, Ottensheim
Gerhard Störinger	Works Council, Zell am Pettenfirst
Egon Thalmair	Central Works Council, Regau
Daniela Wöhrenschimmel	Works Council, Garsten

BOARD OF MANAGEMENT

Leo Windtner	Chief Executive Officer, Chairman of the Board of Management, St. Florian
Roland Pumberger	Member of the Board of Management, Purkersdorf
Werner Steinecker	Member of the Board of Management, Kirchschlag

Development of Long-Term Assets (Annex 2 to the Notes)

	Cost of purchase or production								
	As at 01.10.2010	Additions 2010/11	Disposals 2010/11	Re-classification 2010/11	As at 30.09.2011	Accumulated depreciation	Book value 30.09.2011	Book value previous year	Write-ups depreciation in business year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets									
1. Electricity procurement rights	180.328.652,65	8.530.563,16	0,00	0,00	188.859.215,81	154.557.459,64	34.301.756,17	30.270.179,74	4.498.986,73
2. Other rights	64.912.593,59	8.796.349,47	-1.010.708,85	19,04	72.698.253,25	37.926.812,78	34.771.440,47	27.973.484,54	1.870.050,91
Total for Intangible assets	245.241.246,24	17.326.912,63	-1.010.708,85	19,04	261.557.469,06	192.484.272,42	69.073.196,64	58.243.664,28	6.369.037,64
II. Tangible fixed assets									
1. Electricity equipment									
1. 1 Power plants									
Land and buildings	409.713.081,55	107.200,89	-58.914,29	78.707,21	409.840.075,36	301.020.222,56	108.819.852,80	115.288.279,21	6.652.764,78
Technical plant and machinery	542.331.220,94	3.066.186,99	-2.428.348,52	2.619.025,60	545.588.085,01	501.665.995,86	43.922.089,15	44.679.898,71	6.427.504,50
Advances received and assets under construction	4.488.488,41	3.460.056,88	-1.700,72	-2.857.320,55	5.089.524,02	0,00	5.089.524,02	4.488.488,41	0,00
Total for power plants	956.532.790,90	6.633.444,76	-2.488.963,53	-159.587,74	960.517.684,39	802.686.218,42	157.831.465,97	164.456.666,33	13.080.269,28
1. 2 Substations and distribution equipment									
Land and buildings	126.275.326,14	1.637.822,04	-55.575,27	30.419,24	127.887.992,15	94.718.905,77	33.169.086,38	33.854.756,53	2.347.081,40
Technical plant and machinery	474.768.883,98	15.722.000,59	-4.737.745,98	867.950,00	486.621.088,59	342.508.404,95	144.112.683,64	142.147.279,62	14.084.883,95
Lines	960.934.885,00	42.650.823,57	-6.145.703,94	1.724.862,61	999.164.867,24	647.253.740,91	351.911.126,33	338.801.038,27	30.285.161,64
Advances received and assets under construction	4.062.248,76	4.575.819,33	-1.618,26	-2.623.250,89	6.013.198,94	0,00	6.013.198,94	4.062.248,76	0,00
Total for substations and distribution equipment	1.566.041.343,88	64.586.465,53	-10.940.643,45	-19,04	1.619.687.146,92	1.084.481.051,63	535.206.095,29	518.865.323,18	46.717.126,99
Total for electricity equipment	2.522.574.134,78	71.219.910,29	-13.429.606,98	-159.606,78	2.580.204.831,31	1.887.167.270,05	693.037.561,26	683.321.989,51	59.797.396,27
2. District heating equipment									
Land and buildings	2.081.049,54	1.845,16	-567.852,28	180.647,43	1.695.689,85	1.567.248,67	128.441,18	543.578,93	29.778,06
Technical plant and machinery	16.212.935,69	408.795,70	0,00	1.221.969,87	17.843.701,26	11.971.398,60	5.872.302,66	4.059.185,33	385.500,52
Lines	361.189,34	0,00	0,00	0,00	361.189,34	361.189,34	0,00	0,00	0,00
Advances received and assets under construction	1.243.029,56	0,00	0,00	-1.243.029,56	0,00	0,00	0,00	1.243.029,56	0,00
Total for district heating equipment	19.898.204,13	410.640,86	-567.852,28	159.587,74	19.900.580,45	13.899.836,61	6.000.743,84	5.845.793,82	415.278,58
3. Fixtures, fittings and other assets									
Land and buildings	85.022.126,66	601.736,62	-2.029.802,34	273.658,18	83.867.719,12	33.789.707,49	50.078.011,63	51.429.725,91	1.749.652,71
Technical plant and machinery	148.088.959,70	7.195.248,57	-2.366.604,25	3.425.194,01	156.342.798,03	87.927.628,87	68.415.169,16	65.494.415,01	7.538.854,08
Fixtures and .... fittings	62.535.702,67	2.507.384,33	-2.100.331,35	4.108,61	62.946.864,26	49.493.175,77	13.453.688,49	15.063.568,06	4.114.448,23
Advances received and assets under construction	6.183.324,08	1.886.470,87	-7.048,25	-3.702.960,80	4.359.785,90	0,00	4.359.785,90	6.183.324,08	0,00
Total for fixtures, fittings and other assets	301.830.113,11	12.190.840,39	-6.503.786,19	0,00	307.517.167,31	171.210.512,13	136.306.655,18	138.171.033,06	13.402.955,02
Total for tangible fixed assets	2.844.302.452,02	83.821.391,54	-20.501.245,45	-19,04	2.907.622.579,07	2.072.277.618,79	835.344.960,28	827.338.816,39	73.615.629,87
III. Financial assets									
1. Shares in affiliated companies	791.584.696,21	0,00	0,00	0,00	791.584.696,21	17.632.513,07	773.952.183,14	773.952.183,14	0,00
2. Loans to affiliated companies	314.577.031,88	24.944.460,87	-27.615.266,58	0,00	311.906.226,17	2.235.371,66	309.670.854,51	312.735.838,13	-39.287,11 516.360,22
3. Investments in associated companies	62.464.031,19	323.212,50	-504.902,67	0,00	62.282.341,02	15.958.379,36	46.323.961,66	46.505.651,83	0,00
4. Securities (loan stock rights) held as long-term securities	172.886.464,15	5.510.500,27	-6.400.000,00	0,00	171.996.964,42	897.452,27	171.099.512,15	172.402.466,30	413.454,42
Total for financial assets	1.341.512.223,43	30.778.173,64	-34.520.169,25	0,00	1.337.770.227,82	36.723.716,36	1.301.046.511,46	1.305.596.139,40	890.527,53
Total for long-term assets	4.431.055.921,69	131.926.477,81	-56.032.123,55	0,00	4.506.950.275,95	2.301.485.607,57	2.205.464.668,38	2.191.178.620,07	80.875.195,04

Development of Untaxed Reserves
(Annex 3 to the Notes)

	As at 01.10.2010	Allocation 2010/11	Reversals 2010/11 Consumption	Reversals 2010/11 Disposal	Re-classification 2010/11	As at 30.09.2011
	EUR	EUR	EUR	EUR	EUR	EUR
1. Value reserve on the basis of special depreciation						
(pursuant to § 8, § 122 Income Tax Act 1972, § 10a, § 12 Income Tax Act 1972 and 1988, § 7a Income Tax Act)						
I. Intangible assets						
1. Electricity procurement rights	9.454.453,69	0,00	1.300.556,91	0,00	0,00	8.153.896,78
2. Other rights	1.901.461,23	0,00	120.409,65	0,00	0,00	1.781.051,58
Total for intangible assets	11.355.914,92	0,00	1.420.966,56	0,00	0,00	9.934.948,36
II. Tangible fixed assets						
1. Electricity equipment						
1.1 Power plants						
Land and buildings	24.271.300,83	0,00	233.844,67	0,00	0,00	24.037.456,16
Technical plant and machinery	621.382,83	0,00	23.209,12	0,00	67.893,41	666.067,12
Advanves received and assets under construction	133.652,72	0,00	0,00	510,22	-67.893,41	65.249,09
Total for power plants	25.026.336,38	0,00	257.053,79	510,22	0,00	24.768.772,37
1.2 Substations and distribution equipment						
Land and buildings	2.144.568,15	0,00	29.521,20	116,45	3.316,08	2.118.246,58
Technical plant and machinery	4.470.005,14	372.147,30	0,00	55.107,81	236.196,32	5.023.240,95
Lines	20.451.921,18	1.712.971,29	591.491,64	24.671,19	468.241,33	22.016.970,97
Advanves received and assets under construction	852.625,35	0,00	0,00	354,86	-707.753,73	144.516,76
Total for substations and distribution equipment	27.919.119,82	2.085.118,59	621.012,84	80.250,31	0,00	29.302.975,26
Total for electricity equipment	52.945.456,20	2.085.118,59	878.066,63	80.760,53	0,00	54.071.747,63
2. District heating equipment						
Land and buildings	138.796,44	0,00	0,00	0,00	0,00	138.796,44
Technical plant and machinery	0,00	0,00	0,00	0,00	0,00	0,00
Lines	1.175.366,41	0,00	0,00	0,00	324.938,54	1.500.304,95
Advanves received and assets under construction	324.938,54	0,00	0,00	0,00	-324.938,54	0,00
Total for district heating equipment	1.639.101,39	0,00	0,00	0,00	0,00	1.639.101,39
3. Fixtures fittings and other assets						
Land and buildings	3.999.077,30	0,00	29.446,23	3.842,65	0,00	3.965.788,42
Technical plant and machinery	2.924.470,38	0,00	0,00	12.673,60	381.352,92	3.293.149,70
Fixtures and fittings	591.723,65	0,00	0,00	255,52	0,00	591.468,13
Advanves received and assets under construction	389.759,33	0,00	0,00	1.836,13	-381.352,92	6.570,28
Total for fixtures, fittings and other assets	7.905.030,66	0,00	29.446,23	18.607,90	0,00	7.856.976,53
Total for tangible fixed assets	62.489.588,25	2.085.118,59	907.512,86	99.368,43	0,00	63.567.825,55
Total for valuation reserve	73.845.503,17	2.085.118,59	2.328.479,42	99.368,43	0,00	73.502.773,91
2. Other untaxed reserves						
Investment allowances						
1997	2.700,01	0,00	0,00	0,00	0,00	2.700,01
1999	4.479,51	0,00	0,00	0,00	0,00	4.479,51
2000	2.913,28	0,00	0,00	0,00	0,00	2.913,28
Total for other untaxed reserves	10.092,80	0,00	0,00	0,00	0,00	10.092,80
Total for untaxed reserves	73.855.595,97	2.085.118,59	2.328.479,42	99.368,43	0,00	73.512.866,71

Development of Investment Grants (Annex 4 to the Notes)

	as at 01.10.2010	Allocation 2010/11	Reversals 2010/11		Re-classification 2010/11	as at 30.09.2011
			Consumption	Disposal		
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Investment grants						
Investment grants	22.037.025,57	121.579,00	2.003.462,94	0,00	0,00	20.155.141,63
Total for investment grants	22.037.025,57	121.579,00	2.003.462,94	0,00	0,00	20.155.141,63

Auditor´s Certificate

4. Bestätigungsvermerk

Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der

Energie AG Oberösterreich,
Linz,

für das **Geschäftsjahr vom 1. Oktober 2010 bis zum 30. September 2011** unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 30. September 2011, die Gewinn- und Verlustrechnung für das am 30. September 2011 endende Geschäftsjahr sowie den Anhang.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

4. Auditor's Certificate

Report on the Financial Statements

We have audited the enclosed financial statements of

Energie AG Oberösterreich,
Linz,

for the **fiscal year from 1 October 2010 to 30 September 2011** including the accounting. The financial statements comprise the balance sheet as at 30 September 2011, the profit and loss statement as at 30 September 2011, as well as the notes on the accounts.

Responsibility of the Legal Representatives for the Financial Statements and the Accounting

The legal representatives of the company are responsible for the accounting and preparing the financial statements, which present, as fairly as possible, the assets, financial and earnings position of the company in accordance with the Austrian corporate law standards. This responsibility comprises designing, implementing and maintaining an internal audit system, to the extent that this is of significance when preparing the financial statements and for conveying, as fairly as possible, the assets, financial and earning position of the company, so that the financial statements are free from major misstatements, either on account of intended or unintended errors, as well as selecting and applying the appropriate accounting and valuation methods, and making estimates that appear to be appropriate when taking account of the existing overall conditions.

Responsibility of the Auditors and Outline of the Type and Scope of the Statutory Audit

It is our responsibility to issue an opinion on our audit of the financial statements, on the basis of our audit. We have conducted our audit in compliance with the statutory regulations applicable in Austria and the principles of proper auditing standards. These principles require that we comply with the standards of professional conduct and plan and perform our audit in such a manner that we are able to express an opinion with sufficient certainty as to whether the financial statements are free from any material misstatements.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 30. September 2011 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Oktober 2010 bis zum 30. September 2011 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

Aussagen zum Lagebericht

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss.

Linz, am 30. November 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft *

Mag. Gabriele Lehner
Wirtschaftsprüfer

Mag. Ulrich Pawlowski
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

An audit includes that audit activities are performed in order to obtain evidence concerning the amounts and other disclosures contained in the financial statements. It is the duty and lies in the discretion of the auditor to select specific audit activities, taking account of his/her assessment concerning the risk that material misstatements may appear, either on the basis of intended or unintended errors. When making this risk assessment, the auditor takes account of the internal audit system – to the extent that it is of significance for preparing the financial statements and for conveying, as fairly as possible the assets, financial and earnings position of the company – in order to be able to determine the appropriate auditing activities (giving due consideration to the overall conditions), but does not judge the efficiency of the internal audit system of the company. The audit also comprises an evaluation of the adequacy of the applied accounting and valuation methods and the material estimates made by the legal representatives, as well as an appraisal of the overall conclusions conveyed by the financial statements.

We are of the opinion that we have obtained sufficient and appropriate evidence in the course of the audit so that our auditing activities are a sufficiently reliable basis for our audit opinion.

Audit Opinion

Our audit did not give rise to any objections. On the basis of the knowledge obtained in the course of the audit, it is our opinion that the financial statements comply with the statutory requirements and present fairly, in all material respects, the assets, financial and earnings position of the company as at 30 September 2011, as well as of the earnings position of the company during the business year 1 October 2010 to 30 September 2011 in accordance with the Austrian principles of proper accounting standards.

Report on the Management Report

On the basis of the statutory regulations, the company's management report must be audited with the perspective as to whether it is in conformity with the financial statements and whether the other information disclosed in the company's management report does not give rise to any misconceptions concerning the position of the company.

In our opinion, the company's management report is in conformity with the financial statements.

Linz, 30 November 2011

KPMG Austria GmbH
Firm of Chartered Accountants and Tax Consultants

Mag. Gabriele Lehner
Chartered Accountant

Mag. Ulrich Pawlowski
Chartered Accountant

The financial statements with our audit certificate may only be published or disseminated in the format certified by us. This Auditor's Certificate exclusively refers to the full German-language version of the financial statements including the company's management report. Any and all deviating versions fall under § 281 (2) of the Commercial Code [Unternehmensgesetzbuch (UGB)].

Statement by the Board of Management pursuant to § 82 (4) item 3 of the Stock Exchange Act [Börsegesetz (BörseG)]

The Board of Management of Energie AG Oberösterreich confirms that – according to its best knowledge – the financial statements of Energie AG Oberösterreich, prepared in conformity with the applicable accounting standards, give a fair picture of the results of operations and the financial position of the company and that the company's management report describes the course of business, the business results and the status of the company in such a manner that it gives a fair picture of the results of operations and the financial position of the company, and that the company´s management report describes the main risks and uncertainties to which the company is exposed.

Linz, 30 November 2011

The Board of Management of Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner	KommR Ing. DDr. Werner Steinecker MBA	DI. Dr. Roland Pumberger
Chairman of the Board of Management	Member of the Board of Management	Member of the Board of Management
Chief Executive Officer, C.E.O.	Chief Operating Officer, C.O.O.	Chief Financial Officer, C.F.O.

Erklärung des Vorstandes gem. § 82 Abs. 4 Z 3 BörseG

Der Vorstand der Energie AG Oberösterreich bestätigt nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Jahresabschluss der Energie AG Oberösterreich ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens vermittelt und, dass der Lagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Unternehmens so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage entsteht, und dass der Lagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen das Unternehmen ausgesetzt ist.

Linz, am 30. November 2011

Der Vorstand der Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner	KommR Ing. DDr. Werner Steinecker MBA	DI. Dr. Roland Pumberger
Vorsitzender des Vorstandes	Mitglied des Vorstandes	Mitglied des Vorstandes
C.E.O.	C.O.O.	C.F.O.