Sunny Prospects

Annual Report 2009/2010

ENERGIE AG Oberösterreich


ENERGIE AG
Ich bin e-mobil
Umweltfreundlich unterwegs
ENERGIE AG
e
Mobilität
L POWER 1

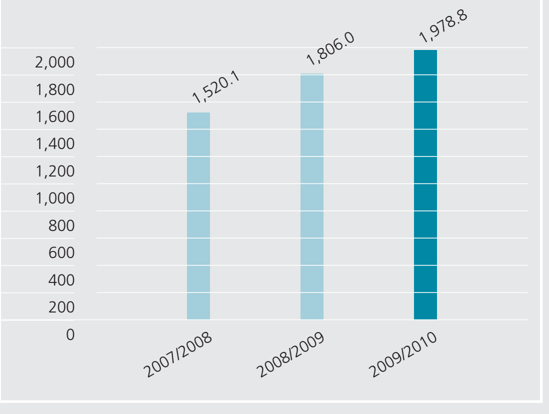
Energie AG at a Glance

	in	2009/2010	Change	2008/2009	2007/2008
Sales					
Energy Segment	EUR mill.	1,480.8	8.1 %	1,369.4	1,116.1
Waste Management Segment	EUR mill.	379.7	15.5 %	328.7	323.8
Water Segment	EUR mill.	118.3	9.6 %	107.9	80.2
Group sales	EUR mill.	1,978.8	9.6 %	1,806.0	1,520.1
Results					
EBITDA	EUR mill.	289.3	9.9 %	263.2	298.1
EBITDA margin	%	14.6	0.0 %	14.6	19.6
Result of Operations (EBIT)	EUR mill.	128.9	22.2 %	105.5	163.7
EBIT margin	%	6.5	12.1 %	5.8	10.8
Result before taxes	EUR mill.	94.6	4.4 %	90.6	143.3
Consolidated net profit	EUR mill.	64.6	- 6.8 %	69.3	116.4
Earnings per share	EUR	0.725	- 6.9 %	0.779	1.416
Dividend per share	EUR	0.600	0.0 %	0.600	0.600
Balance sheet					
Balance sheet total	EUR mill.	3,695.9	1.0 %	3,658.5	3,693.9
Equity	EUR mill.	1,347.9	3.5 %	1,302.2	1,357.9
Equity ratio	%	36.5	2.5 %	35.6	36.8
Net debt[1)]	EUR mill.	782.4	- 2.9 %	805.7	526.6
Net gearing	%	58.0	-6.3 %	61.9	38.8
Cash flow from operating activities	EUR mill.	271.7	134.8 %	115.7	244.4
Rate of return					
ROCE	%	5.4	12.5 %	4.8	9.2
Staff (average)					
Energy Segment	FTE	2,169	1.6 %	2,135	1,933
Waste Management Segment	FTE	3,482	7.5 %	3,238	2,695
Water Segment	FTE	1,643	9.0 %	1,508	1,125
Group	FTE	7,294	6.0 %	6,881	5,753

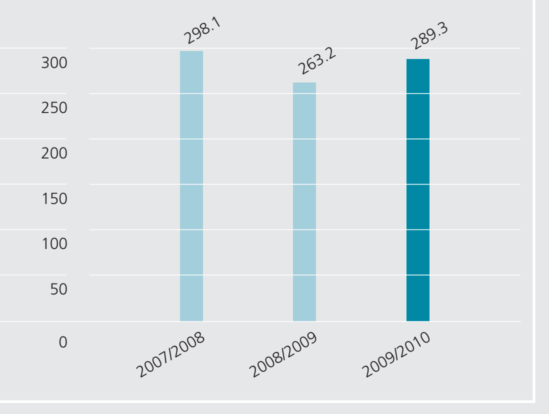
1) Net debt = interest-bearing short-term and long-term liabilities minus liquid funds and short-term securities

Key Figures

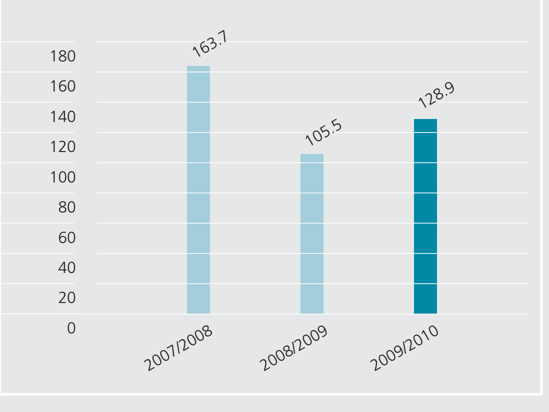
GROUP SALES
IN EUR MILL.



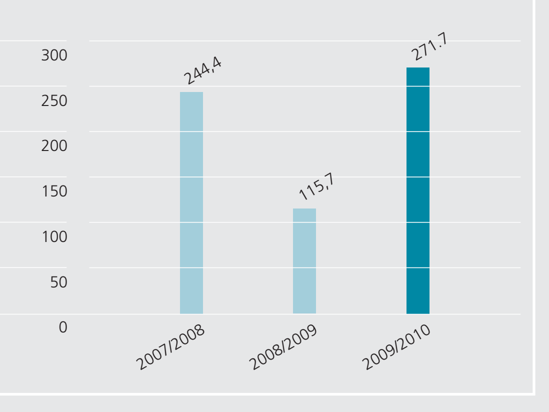
EBITDA
IN EUR MILL.



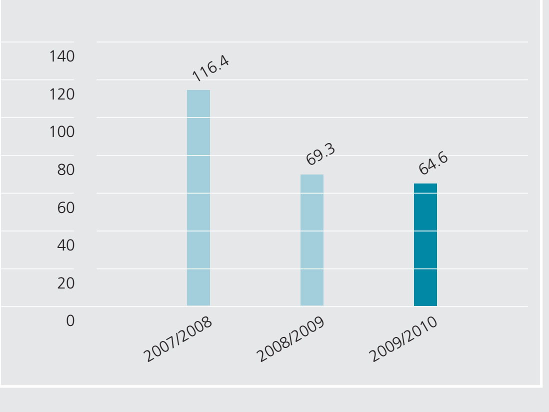
EBIT
IN EUR MILL.



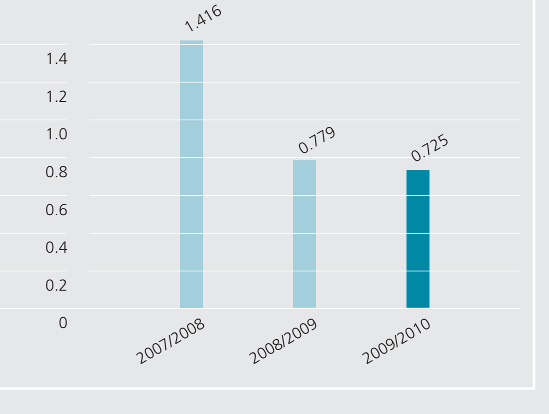
OPERATING CASH FLOW
IN EUR MILL.



CONSOLIDATED NET PROFIT
IN EUR MILL.



EARNINGS PER SHARE
IN EUR



Contents

Sunny prospects: Renewable energy sources ensure a clean future.

A POWER PLANT FOR ACTIVE APPLICATION RESEARCH

The generation of electricity naturally has top priority at the Energie AG SolarCampus. The power plant consists of close to 5,000 solar panels in which electricity is generated through the photovoltaic effect. But there is more to the solar power plant in Eberstalzell than just a power plant: it is a centre for solar research: At the SolarCampus a good dozen different types of panels are deployed. These are connected in such a way that the production levels of the different types can be compared with one another and monitored. Apart from that, the largest solar power plant in Austria is a location where valuable experience is gained on the operation of large-scale photovoltaic plants in Central Europe.

THE FUTURE CENTRE STAGES THE INNOVATIVE POWER OF ENERGIE AG

The operation building of Austria’s largest solar power plant is situated at the centre of the SolarCampus. Energie AG enlarged the building and converted it into the ZukunftsZentrum (Future Centre) and is using the innovative power plant location to showcase its other ongoing innovation projects. So it is not only photovoltaic that features prominently at the Future Centre, but also all Energie AG’s other innovation projects, among them the intelligent metres, which Energie AG developed together with its partners, and the outstanding performance capacity of the fibre optic network, which meanwhile links all 445 municipalities of Upper Austria with Austria's largest and most powerful data network.

GROUP-OVERVIEW

Statement by the Chairman of the Board of Management

Roland Pumberger
Member of the Board of Management

Leo Windtner
Chairman of the Board of Management

Werner Steinecker
Member of the Board of Management

"Sunny Prospects"

Looking back on the fiscal year just past, 2009/2010 might best be described as the "year of the easing economic crisis." The economy is starting to recover; the leading (industrial) players in the core market Upper Austria are steadily gaining speed and are back on track to resume operations at full capacity. However, the overall conditions in the waste management market remain demanding and are still reflected in the industry's results. All in all, the slight economic upswing and the comprehensive countermeasures taken for Energie AG Oberösterreich have proved effective, as the Group's results show.

Besides the core tasks arising from an economically challenging environment, Energie AG Oberösterreich concentrated particularly on two thematic priorities. In fiscal 2009/2010, "SolarCampus der Energie AG Oberösterreich", Austria's largest solar power plant, went into operation in Eberstalzell, in May 2010, after a construction period of just a few weeks. This forward-looking investment in environmentally friendly and clean energy from the sun clearly draws attention to Energie AG Oberösterreich's role as a pacesetter in the area of renewable energy sources, particularly so as the Solar-Campus, alongside electricity generation, has its main focus on active application research.

Individual mobility in the form of electric mobility has become a central issue over recent years, and has taken an outstanding position in all municipalities and cities of Upper Austria. But it was not only within the context of the provincial exhibition in Grieskirchen that Energie AG Oberösterreich placed its emphasis on electric mobility. Aiming to reduce the dynamically increasing greenhouse gas emissions in the transportation sector, the Austrian Energy Strategy focuses on plans to speed up the introduction of electric mobility. There is still a long way to go, but in order to secure the business location Upper Austria, and the development of a settlement structure, in urban areas and beyond, which is fit to face the future, it is vital to pave the way for electric mobility well in advance.

Third-best Group Result

In fiscal 2009/2010, the Group achieved sales of EUR 1,978.8 million and an EBIT of EUR 128.9 million, which is the third-best result in the Group's history despite negative one-off effects. Our intensive efforts to counter the tightened overall conditions, our consistent optimisation measures and our sustainable efficiency programmes did not fail to have the desired effect. For this, in particular, we, the Board of Management, would like to thank our employees whose loyalty and dedicated commitment to the company, and whose quality of work are the most important contribution to the company's achievements.

Yet in this industry, no one has time to lie back and rest, not even Energie AG Oberösterreich: Once the draft amendment for a new Electricity Industry and Organisation Act [Elektrizitätswirtschafts- und organisationsgesetz (EIWOG)] is adopted by the Council of Ministers in mid-November, the next challenge for the industry is just around the corner. Energie AG Oberösterreich will deal with the expected changes in the regulatory environment in its customary professional manner.

For the excellent and fruitful collaboration during the fiscal year just past, the Board of Management would like to take this opportunity and thank the Supervisory Board, the shareholders and all its business partners. Looking forward to the future, we will continue together along the Energie AG Group's successful path, striding energetically towards the future, with "sunny prospects" for the year ahead.

Leo Windtner
Chairman of the Board of Management

Sun Power from the Largest Photovoltaic Power Plant in Austria

Over the past decades, Energie AG has repeatedly set new standards in the utilisation of alternative energy sources. Since the 1980s, a number of photovoltaic projects have been implemented in Upper Austria, most of which have focused on active application research.

In the process, Energie AG was able to position itself as a pioneer in the area of photovoltaics: Over the past years, several small-scale photovoltaic research projects, as well as a pilot plant next to the A1 in Seewalchen, were erected. The solar power plant on the slope of the Loser Mountain in Altaussee went into operation 20 years ago and is one of the largest photovoltaic plants in the Alps. With Austria's largest façade-integrated solar power plant at the Power Tower, the Group headquarters of Energie AG in Linz, the Group set yet another photovoltaic milestone in 2008. The erection of Austria's largest solar power plant, the "Solar Campus of Energie AG" in Eberstalzell, located directly on the A1 motorway, was logically the next step to take in the field of solar application systems and application research.

Driver of Innovation in Photovoltaic Systems

After a construction period of only five months, on 21 May 2010, Austria's largest solar power plant, with an output of 1.05 megawatts, started feeding green electricity into the grid of Energie AG at a rate of around 1,000 megawatt hours per year. Consisting of 4,638 solar panels and covering a surface of close to 8,000 m^2 the photovoltaic power plant is almost as big as two football fields. From 21 May until the end of the fiscal year on 30 September 2010, 563,701 kWh of solar power were generated at the SolarCampus.

The entire area is divided into permanently installed panels, the testing ground and the solar cells mounted on movable stand units. A total of five different types of panels are fastened to the rigid mounts and operated in such a way that any output differences are made visible. Most of the panels mounted in the testing ground are manufactured using the thin-layer module technique, a next generation technology. These, too, can be directly compared to conventional modules and any differences in output are instantly made visible.

Red-white-red Energy from the Sun

While selecting the different module suppliers, special attention was paid to their origin: All solar modules for the SolarCampus were supplied from Austrian business partners, four of the five manufacturers are based in the EU, two right here in Austria.

Also perfectly suited for application research are the six movable stand units – so-called movers and trackers – which always find the optimal angle to the sun, ensuring maximum solar energy exploitation. Apart from this, all units differ in the way they are controlled and positioned: Some are able to face the sun both horizontally and vertically, others only horizontally. There are also differences in the type of control; these are either calendar-related or calculated based directly on the position of the sun.

Due to the units' absolute comparability – a feature that was already taken into account in the planning stage – the SolarCampus site is also perfectly suited for doing control-unit research. Initial results from the summer of 2010 show that, due to the solar panels' optimal alignment, an added output is generated of up to 40 per cent compared to permanently mounted units. Yet the question that remains unanswered is whether the use of the control units with various degrees of complexity and their generated added output can also be displayed in financial terms, in other words, whether the use of one- or multi-axle solar panel drive systems might generate maintenance costs that have an adverse effect on their cost-effectiveness.

Solar Research on a Grand Scale

Its particular size makes the solar power plant an ideal testing and research facility for photovoltaic systems. The applied variety of panel techniques can be operated in parallel without reducing electricity generation, and new solution approaches are tested for their practical suitability during power plant operation.

The Energie AG sun power experts are additionally expecting insights on the influence of weather, component aging, durability and changes in performance caused by natural soiling of the panel surfaces.

The SolarCampus Energie AG Future Centre

The SolarCampus site not only accommodates Austria's largest solar power plant. With its recently erected ZukunftsZentrum (Future Centre), it is now provided with the infrastructure it needs to showcase topics of the future in the areas renewable energy sources and energy efficiency. Connected to the Upper Austrian optical fibre network, in the construction of which Energie AG Oberösterreich Data GmbH was significantly involved, the Future Centre is not only perfectly suited as a multi-media presentation platform, but also as a conference and meeting centre.

The addition of charging stations will also make the Future Centre an ideal facility for the environmentally friendly recharging of all types of electric vehicles.

THE SOLAR POWER PLANT AT ONE GLANCE

The Energie AG Solar Power Plant: Technical Facts and Figures

- Type of power plant: photovoltaic
- Electrical power output: max. 1,050 kWp
- Electricity supply: up to 1,000 MWh/a
- Location: Eberstalzell (right next to the A1)
- Technical facility: photovoltaic plant connected to grid
- Solar module assembly type: permanent stand units as well as six sun-tracking systems

Construction start: January 2010
First power generation: 21 May 2010
Commissioning and opening: 18 September 2010

Corporate Social Responsibility: A Key Principle of Energie AG

As one of Upper Austria's top-five companies, Energie AG Oberösterreich has now been demonstrating its reliability as a company that is very much aware of its responsibility for our country and its people for almost 120 years. In difficult times, in particular, Energie AG has repeatedly proved that acting in a sustainable and socially responsible way throughout all business areas belongs to the company's most fundamental principles.

The collective term "Corporate Social Responsibility" (CSR) refers to a series of activities and initiatives within the entire Energie AG Oberösterreich Group, in relation to which, apart from entrepreneurial responsibility, attention is paid very essentially to the way nature, the environment and society are dealt with. Within Energie AG, however, CSR also stands for responsible entrepreneurship practices which it integrates within its actual business activities.

Open-minded Approach to Society

Totally in line with the forward-looking projects of the company's founding fathers Stern and Hafferl, Energie AG continues to pursue its business activities in accordance with the inter-generational contract. No investments are made on a short-term basis; projects not only undergo a thorough profitability analysis, they are additionally checked for compatibility with the inter-generational contract and implemented according to these principles.

Since many of its projects are infrastructure measures and must therefore be regarded over the long term, Energie AG endeavours to always implement these measures in close agreement with the population and any affected stakeholders. Energie AG's democratic principles, to which the company has committed itself, are applied whenever projects are implemented. These include an open information and communication policy as well as the implementation of the most economical and environmentally friendly solution possible.

Taking a long-term approach and pursuing the principles of sustainability are of exceptional significance, particularly so in the Energy Segment where electricity production is concerned. Ensuring a sustainable and secure supply of energy in Upper Austria and in the neighbouring federal provinces is one of the most important objectives of Energie AG. Its utilisation of the generated incineration heat for heating purposes reflects the company's responsible way of managing the available resources.

As for the Waste Management Segment, Energie AG also assumes responsibility, and, together with the waste management group AVE in CEE, it ranks as a leading waste management company among Europe's top industry performers. Its strategy is to be engaged in business activities along all stages of the value creation chain in the waste management industry, and to offer its customers services for a clean environment and professional and sustainable disposal of generated waste. Particularly in the East-European countries, Energie AG uses long-term contracts to make waste disposal services greener, leading to waste management practices that are far improved, both for the environment and the population. Along similar lines, a sustainable business model based on a long-term approach also forms the basis of our business activities in the Water Segment. By ensuring a safe supply of drinking water and professional wastewater disposal, the company takes responsibility both for the environment and the population.

Setting an Example

Energie AG attaches particular importance to using the valuable asset energy in a meaningful, sparing and sustainable manner. Providing consultation services to customers has been a key concern of Energie AG's customer consultants for decades and meanwhile belongs to one of the most central tasks an energy supply company should be aware of. In order to set an example, which is demanded by society, Energie AG is committed to the active implementation of sustainable and exceptionally efficient projects. The following two serve to exemplify the company's commitment:

An example is set by the new Group headquarters, the "Energie AG PowerTower", which is the first high-rise office building in the world to be constructed according to the passive house-standard. The office tower requires no district heating and does entirely without the use of fossil energy sources for heating or cooling purposes. Tried and tested individual concepts were added to the PowerTower's integrated overall energy concept. Here, Energie AG actively demonstrates what can be achieved with state-of-the-art technology. Office heating, cooling and air-conditioning systems are based on a combined heat pump system that uses the earth or groundwater as heat sources. For heating and cooling purposes, the energy is extracted from the earth using deep geothermal probes and foundation piles.

A further milestone was the erection of the biomass power plant Timelkam – at the time it was opened in 2006 it was the largest power plant of this kind in Austria. The historic power plant site Timelkam has ideal conditions for the operation of a biomass power plant with combined heat and power generation. Its location at the centre of the timber-processing industry and the possibility to make use of the existing infrastructure at the site in conjunction with the high degree of capacity utilisation the whole year round provide perfect conditions. Every year, the biomass power plant supplies more than 30,000 households with clean green electricity and carbon-neutral heating.

Our Focus is on People

The Energie AG Group is committed to offering its staff training and continued education to ensure that the set targets are appropriately met. Human resources development is based on our decade-long commitment to apprentice training. Ever since the apprenticeship workshop was founded, more than 60 years ago, more than 1,400 young men and women have been trained, more than half of whom are still employed at one of the Group's companies. Many of those who completed their apprenticeship at the company are utterly familiar with all its ins and outs, many also have executive positions. The best example for the slogan "Karriere mit Lehre" ("career with apprenticeship") is Werner Steinecker, Member of the Board of Management, responsible for the engineering area: He began his career aged 16 years in the apprenticeship workshop of Energie AG.

A comprehensive target-group-specific staff development scheme ensures that the internal foundations are laid in such a manner that the tasks at hand can essentially be accomplished. Besides an extensive seminar programme, there are additional specialised further training schemes which are always available to employees and executives. The Group also gives especially experienced experts as well as junior executives the chance to pursue further education in the form of postgraduate courses taken alongside their work. In cooperation with Limak Austrian Business School and the Danube University Krems, Energie AG offers a special selection of courses.

By regularly recruiting university graduates in the scope of an international Group trainee programme, Energie AG Oberösterreich has assumed a pioneering role in integrating young academics into the Group where they are given the opportunity to contribute the knowledge they have gained during their studies in the context of responsible and interesting positions and activities within the company. The Group's 18-month trainee rotation programme allows trainees to become familiar with the Group's business areas in Austria and abroad. For successful graduates the completion of the trainee programme opens up a wide variety of career opportunities.

Yet for the staff to be able to perform their tasks in the best possible manner, it is also necessary to provide adaptable overall conditions. The flexible work time arrangement at Energie AG applies to the majority of the staff and allows them to organise their working hours flexibly. This gives parents, for example, the chance to make sure that their children are taken care of in the best possible manner.

High importance is also attached to company health care promotion. To be able to master future challenges with healthy employees, the health care project "energy@work" was launched in 2005. Executives and energy@work partners in all areas of the company act as opinion formers who make sure that health-care promotion activities and the related offers are borne across the Group and can be made use of to improve health.

Commitment to Society Outside of the Company

Optimal education for our growing children and adolescents is a crucial asset for the future. This is the essential reason why Energie AG decided to become involved in the area of apprenticeship training. Yet above and beyond this, Energie AG is aware of its responsibility to the youth and has developed special text materials for schools themed "Energie AG sets a precedent", addressing different age groups from primary and secondary schools to the lower levels of general-education schools. The topics were prepared to suit their purpose and specifically adapted to fit the respective curriculums. The project aims at offering pupils and teachers a well-founded and, at the same time, practical insight into the topics of energy, waste management and water, and convey values such as environmental awareness and sustainable ways of thinking. As a result, children in primary-school age are already taught how to handle waste disposal and the resources electricity and water in an environmentally responsible way. For children in kindergarten age there are two age-appropriate picture books available that inform them about the different forms of renewable energy and how to use energy wisely.

The Energie AG Group also gives support, in a variety of ways, to an association called "Lebensnetze". The purpose of the association is to support socially disadvantaged people – and this without a hidden financial agenda. The important thing about this initiative is that without cash and only with contributions in kind from companies, a kind of local exchange trading system is generated based on which jobs and activities are created for disadvantaged people.

Social support for people in need does not stop at Austria's borders. This is why Energie AG, in cooperation with Caritas Oberösterreich, has set up a worldwide unique water charity project called "Drop of Water". Energie AG's water group donates money to the charity every time a certain amount of water has been consumed. The money is used to repair wells in the Democratic Republic of the Congo where whole villages can be supplied with clean drinking water. More than 10,000 people have meanwhile regained access to clean drinking water thanks to the repaired wells. With many Upper Austrian municipalities already participating in the project, the campaign has meanwhile been successfully extended to include the Czech Republic. For this project, Energie AG was also presented the "Neptune Water Prize" that was awarded for the tenth time on the occasion of the World Water Day 2009 from among 2,200 participants.

Border-crossing Cultural Commitment

Social responsibility is also expressed in offering sustainable support to sports and culture initiatives. In sports sponsoring, the company's main focus in on the targeted promotion of young athletes who are led to world-class success in the sports promotion programme "Sportfamilie" ("Sports Family"). Another focus of our sponsoring activities is art and culture.

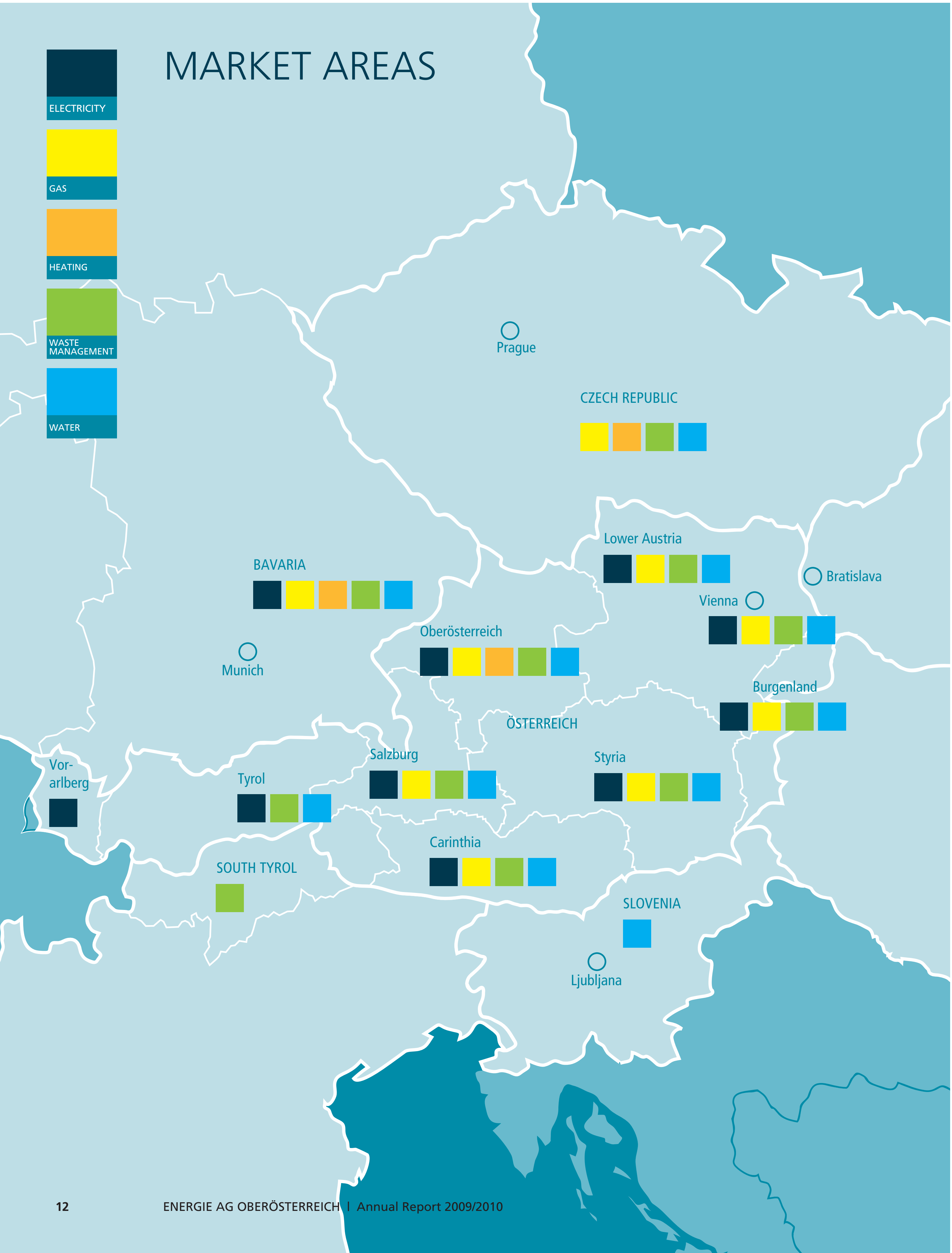
The cultural project "Kunst im Kraftwerk" ("Art at the Power Plant") has a tradition that goes back 20 years. The project that received the prize for being the best innovative art sponsoring project in Austria in 1991 aims at combining art and engineering in a harmonious way.

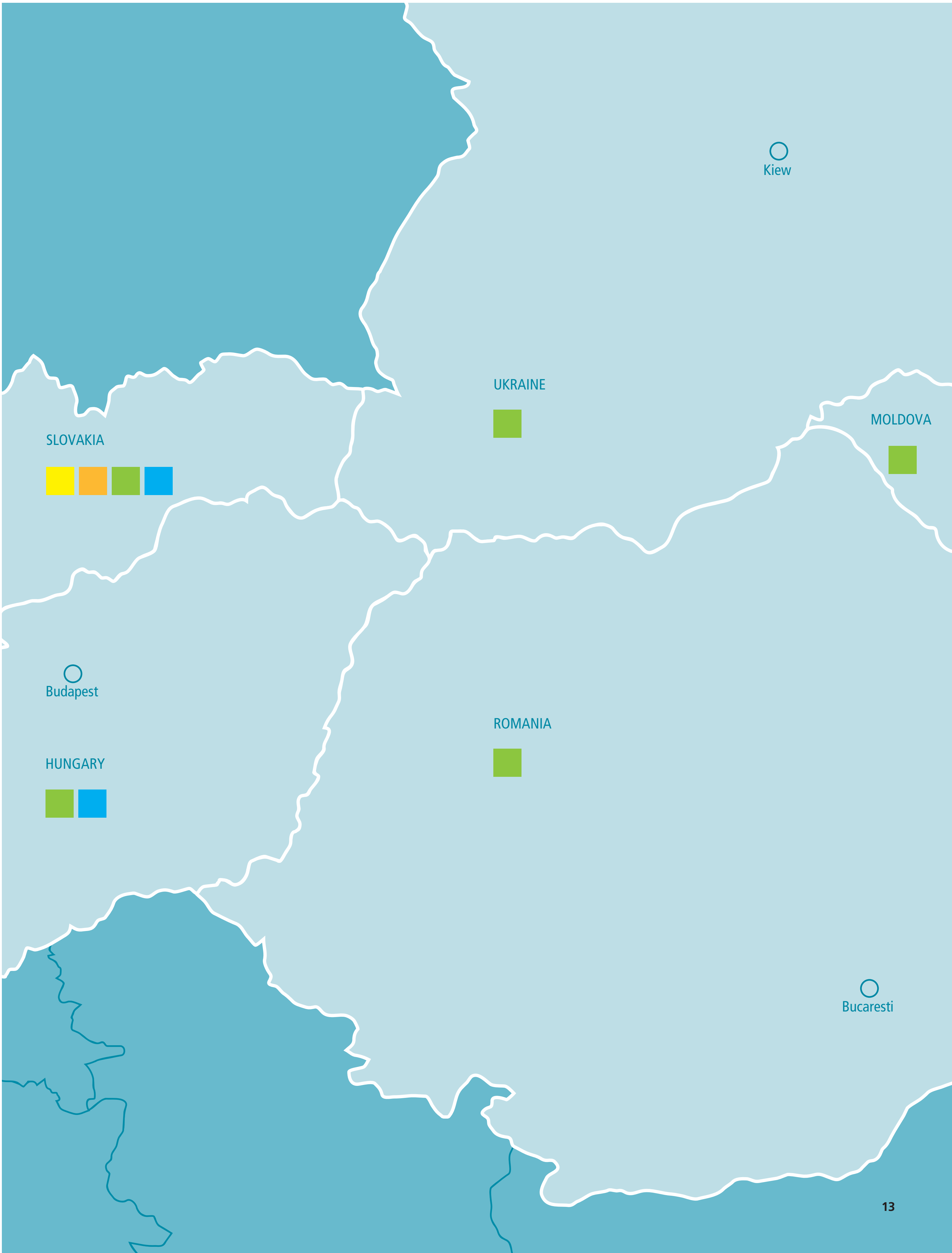
At the power plant site Riedersbach, Energie AG gives contemporary artists the opportunity to stage their visual art work. Due to the vernissages and annual symposiums that have been held here since 1988, the project at the power plant site, at the border triangle Upper Austria – Salzburg – Bavaria, has meanwhile become a steel symposium of European significance.

Yet Energie AG is not only committed to the promotion of visual arts; the Group also attaches great importance to music.

The company's own brass ensemble that was founded 45 years ago reflects the company's dedication to music. With the company's own Energie AG Music, important standards are set in the art and culture scene of Upper Austria. Energie AG Music was founded in 1964 and has even received international acclaim far beyond the borders of our federal province. With around 65 active musicians, the orchestra, composed exclusively of Energie AG staff members, is known far beyond the borders of Upper Austria as preservers of traditional (Upper-)Austrian folk culture.

MARKET AREAS

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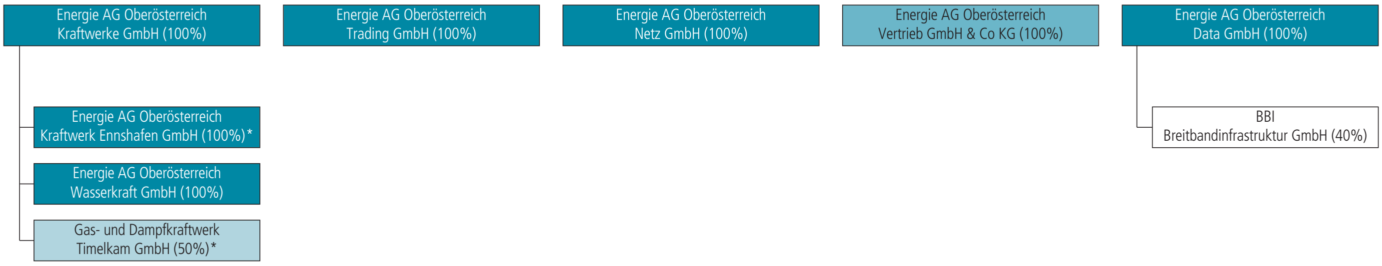
BUSINESS AREAS



Energie AG Oberösterreich (Holding)

- OÖ. Ferngas AG (65%)
  - OÖ. Ferngas Netz GmbH (100%)
  - OÖ. Gas-Wärme GmbH (100%)
    - Erdgas Oberösterreich Vertriebs GmbH (100%)
  - ENSERV Energieservice GmbH (100%)
  - OÖ. Ferngas Service GmbH (100%)
    - BBI Breitbandinfrastruktur GmbH (15%)
  - ENSERV Bohemia s.r.o. (100%)
  - EGBV Beteiligungsverwaltung GmbH (35%)
    - EconGas GmbH (14.248%)
  - Energy IT Service GmbH (33.33%)
  - Geothermie-Fördergesellschaft Simbach-Braunau mbH (20%)
  - Geothermie-Wärmegesellschaft Braunau-Simbach mbH (20%)
  - AGCS Gas Clearing and Settlement AG (5.63%)
  - CISMO Clearing Integrated Services and Market Operations GmbH (2.82)
  - AUSTRIA FERNGAS Gesellschaft mbH in Liqu. (1%)

- Energie AG Oberösterreich Wärme GmbH (100%)
  - Energie-Contracting Steyr GmbH (100%)*
  - Energie AG Teplo Bohemia s.r.o. (100%)*
    - Městské tepelné hospodářství Kolín spol. s r.o. (95%)
    - Tepelné zásobování Rakovník spol. s r.o. (66%)
    - SATEZA a.s. (91.67%)
    - Energie AG Teplo Rokycany s.r.o. (100%)
    - Energie AG Teplo Vimperk s.r.o. (100%)
  - Energie AG Teplo Slovakia s.r.o. (100%)
    - Kremnické tepelné hospodárstvo s.r.o. (100%)
    - Bioenergia Teplo Slovakia s.r.o. (100%)
  - Energie Ried Wärme GmbH (40%)
  - Bioenergie Aigen-Schlägl reg. Gen.m.b.H. (20.8%)
  - Geothermie-Fördergesellschaft Simbach-Braunau mbH (20%)
  - Geothermie-Wärmegesellschaft Braunau-Simbach mbH (20%)

- Energie AG Oberösterreich Wasser GmbH (100%)
  - WDL Wasserdienstleistungs GmbH (90%)
    - WDL Infrastruktur GmbH (49%)
  - Energie AG Bohemia s.r.o. (100%)*
    - Aquaserv a.s. (100%)
      - 17,2%
    - VODOS s.r.o. (82.8%)
    - Vodovody a kanalizace Beroun a.s. (59.2%)
      - Vodárenská společnost Beroun a.s. (100%)
    - Vodárenská společnost Chrudim a.s. (95%)
    - Energie AG Bohemia Service s.r.o. (100%)
    - ČEVAK a.s. (100%)
      - 1. Jihočeská vodohospodářská spol. s r.o. (100%)
    - VHOS a.s. (87.9%)
      - VHOS-KA s.r.o. (100%)
    - AQUASERVIS a.s. (66%)
  - Energie AG Vodohospodárstvo Slovakia s.r.o. (100%)*
  - Energie AG Magyarország Vízgazdálkodási Kft. (100%)
    - Energie AG Miskolc Vízgazdálkodási Kft. (50%)
  - VARINGER projektiranje, trgovina, gostinstvo in storitve, d.o.o (84%)

- AVE Österreich GmbH (100%)*
  - Abfall-Aufbereitungs-GmbH (50%)
  - Welser Baustoffrecycling GmbH (33.33%)
  - ASPG Altlastensanierungsprojekte GmbH (100%)
  - MA Restabfallverwertung GmbH (99%)
  - Recycling Innsbruck GmbH (25%)
  - AVE Kommunalservice GmbH (100%)
  - Papyrus Altpapier-Service Handelsgmbh (63.33%)
    - Papyrus Wertstoffservice GmbH (100%)
  - Thermische Abfallverwertung Tirol GmbH (33.33%)
  - RVL Reststoffverwertung Lenzing GmbH (50%)

- AVE Magyarország Hulladékgazdálkodási Kft. (100%)
  - ASA + AVE Környezetvédelmi Holding Kft. (50%)
    - A.K.S.D. Városgazdálkodási Kft. (51%)
      - Nyír-Flop Kft. (50%)
      - Bihari Kft. (49%)
      - Collect Hungária Kht. (9.45%)
      - A.K.S.D. Romania S.R.L. (100%)
      - PMR Kft. (100%)
      - AKSD Innova Kht. (100%)
  - Kaposvári Városgazdálkodási Zrt. (44.49%)
    - KVG Romania SRL (100%)
  - AVE Zöldfok Zrt. (69.8%)
    - Kertfok Kft. (100%)
  - AVE Tatabánya Hulladékgazdálkdási és Környezetvédelmi Zrt. (67%)
    - AVE Šturovo a.s. (65%)
    - 36.56%
  - AVE Harghita Salubritate s.r.l.** (57.44%)
  - AVE Miskolc Környezetvédelmi és Hulladékgazdálkodási Kft. (55%)
    - ENIN Klaszter Kft. (16.67%)
    - AVE Mukatschewo TOB*** (40.56%)
    - 15.06%
    - 25%
  - AVE Hesevi Varosfennartó Kft. (39.98%)
  - AVE Gyöngyösi Hulladékkezelö Kft. (73%)
  - Avermann Holvex Kft. (33.33%)
  - AVE Huron S.R.L. (100%)**
  - AVE Heves Régió Kft. (100%)

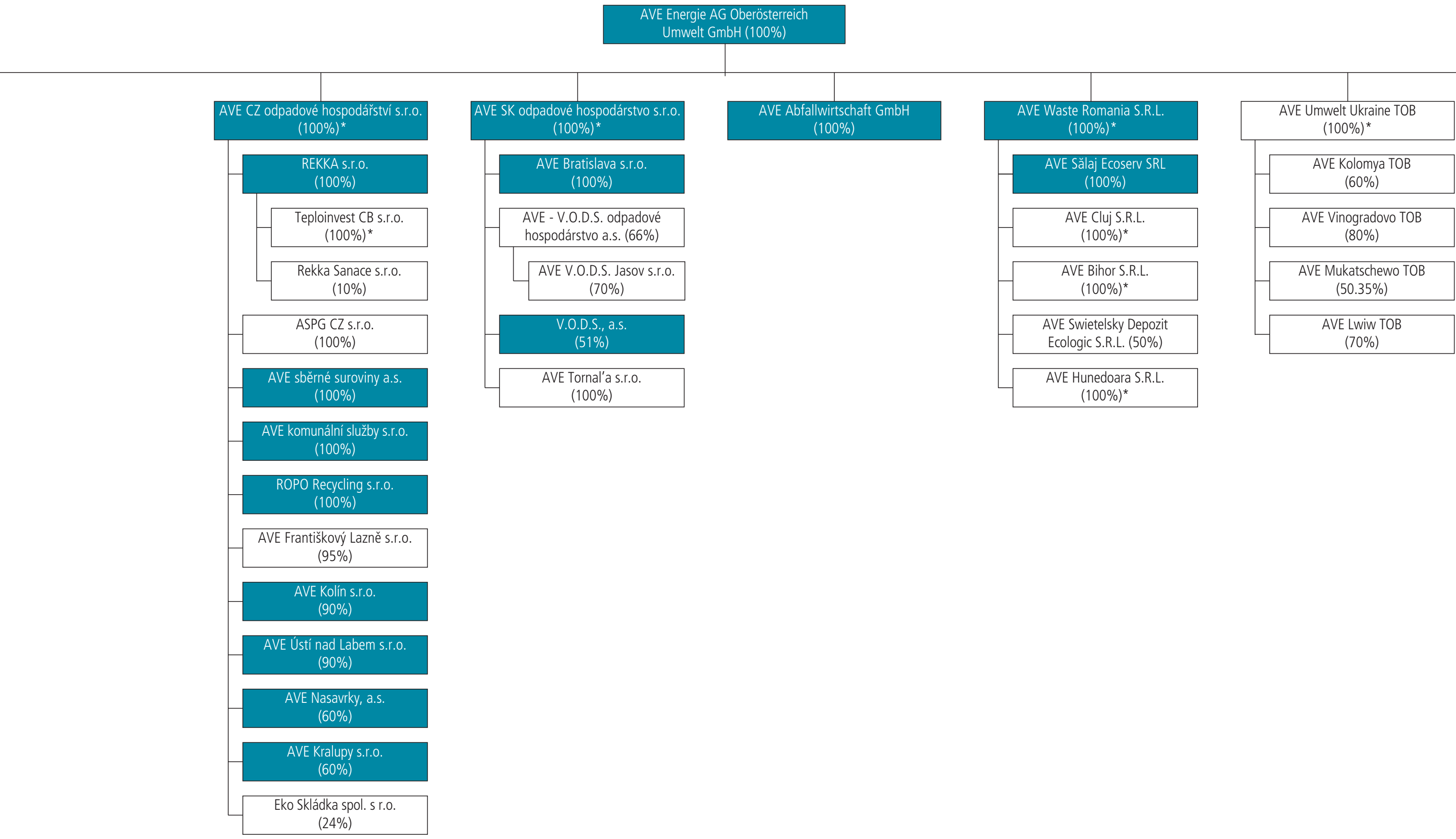
**) part of AVE Romania

***) part of AVE Ukraine

Key

- fully consolidated companies
- companies with pro-rata consolidation
- companies associated at equity
- companies not included in the consolidated group

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


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%)*
Rekka Sanace s.r.o. (10%)
ASPG CZ s.r.o. (100%)
AVE sběrné suroviny a.s. (100%)
AVE komunální služby s.r.o. (100%)
ROPO Recycling s.r.o. (100%)
AVE Františkový Lazně s.r.o. (95%)
AVE Kolín s.r.o. (90%)
AVE Ústí nad Labem s.r.o. (90%)
AVE Nasavrky, a.s. (60%)
AVE Kralupy s.r.o. (60%)
Eko Skládka spol. s r.o. (24%)
AVE SK odpadové hospodárstvo s.r.o. (100%)*
AVE Bratislava s.r.o. (100%)
AVE - V.O.D.S. odpadové hospodárstvo a.s. (66%)
AVE V.O.D.S. 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 Hunedoara S.R.L. (100%)*
AVE Umwelt Ukraine TOB (100%)*
AVE Kolomya TOB (60%)
AVE Vinogradovo TOB (80%)
AVE Mukatschewo TOB (50.35%)
AVE Lwiw TOB (70%)

SERVICE UNITS

- Energie AG Oberösterreich Tech Services GmbH (100%)
- Energie AG Oberösterreich Business Services GmbH (100%)
- Energie AG Oberösterreich Customer Services GmbH (100%)
- Energie AG Oberösterreich Personal Services GmbH (100%)

- AVE Rottamix s.r.l. (Italien) (90%)
  - AVE Südtirol Recycling GmbH (84%)
- AVE Ungheni SRL (Moldawien) (61.91%)

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%)
    - Fair Energy Renewable Power GmbH (100%)
    - Finadvice Fair Energy Wind Development S.z.b. (51%)
  - OÖ Science-Center Wels Planungs-GmbH (44.6667%)
  - Tauerngasleitung GmbH (15.9862%)
  - Power Tower GmbH (1%)

- Ennskraftwerke Aktiengesellschaft (50% + Bezugsrechte)
- Cogeneration Kraftwerke Management Oberösterreich GmbH (100%)*
- LIWEST Kabelmedien GmbH (44%)
- Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mbh (100%)
- Verbund Hydro Power AG (0.44% + Bezugsrechte)
- Verbund Thermal Power GmbH & Co KG (0.46%)
- 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%)

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

Status: 30 September 2010

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, Austria Metall Aktiengesellschaft (Chairman)
Erich Haider, Deputy Governor of the Federal Province of Upper Austria (1st Deputy Chairman)
until 22 October 2009
Hermann Kepplinger, Member of the Provincial Government (First Deputy Chairman since 3 March 2010)
since 18 December 2009
Ludwig Scharinger, CEO Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (Second Deputy Chairman)

Alois Froschauer, CEO, Linz AG für Energie, Telekommunikation,
Verkehr und Kommunale Dienste
Franz Gasselsberger, CEO, Oberbank AG
Anna Maria Hochhauser, Secretary General, Austrian Chamber of Commerce
Michaela Keplinger-Mitterlehner, Member of the Board of Management Raiffeisenlandesbank Oberösterreich
Aktiengesellschaft
Christina Khinast-Sittenthaler, Managing Director, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
since 18 December 2009
Manfred Klicnik, Attorney-at-Law
Ruperta Lichtenecker, Member of Parliament
Manfred Polzer, Deputy Director, Chamber of Labour of Upper Austria
Viktor Sigl, Member of the Provincial Government
Michael Strugl, Member of the Provincial Parliament since 18 December 2009
Bruno Wallnöfer, CEO, TIWAG-Tiroler Wasserkraft AG

Works Council Representatives

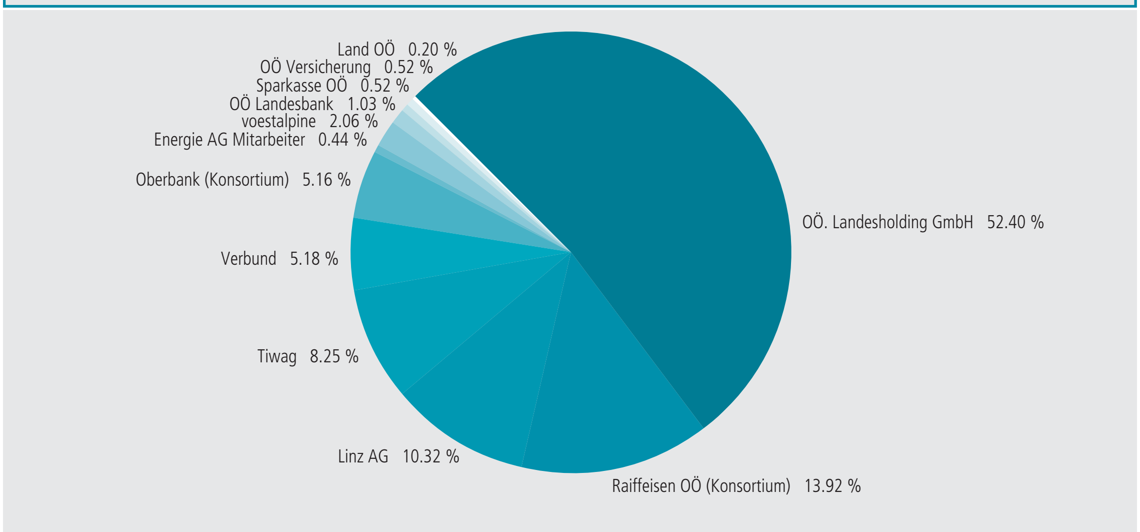
Manfred Harringer, Chairman of Works Council, Energie AG Oberösterreich Netz GmbH
Isidor Hofbauer, Chairman of Works Council, Energie AG Oberösterreich Kraftwerke GmbH
Gottfried Laherstorfer, Chairman, Group Representative of Energie AG until 31 March 2010
Peter Neißl, Chairman of Works Council, Energie AG Oberösterreich Tech Services GmbH
Bernhard Steiner, Chairman of Group Works Council (since 1 April 2010) since 22 February 2010
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
since 1 April 2010

Shareholder Structure of Energie AG Oberösterreich*)

● OÖ. Landesholding GmbH	52.40 %
● Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (Consortium)	13.92 %
● Linz AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste	10.32 %
● TIWAG-Tiroler Wasserkraft AG	8.25 %
● Österreichische Elektrizitätswirtschafts-Aktiengesellschaft	5.18 %
● Oberbank AG (Consortium)	5.16 %
● Energie AG Belegschaft Privatstiftung	0.44 %
● voestalpine Stahl GmbH	2.06 %
● Oberösterreichische Landesbank Aktiengesellschaft	1.03 %
● Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	0.52 %
● Oberösterreichische Versicherung Aktiengesellschaft	0.52 %
● Federal Province of Upper Austria	0.20 %

*) As of 30 September 2010

SHAREHOLDER STRUCTURE OF ENERGIE AG OBERÖSTERREICH



The Strategy of the Energie AG Group

A RELIABLE PARTNER FOR CAPITAL PROVIDERS

Following the economic downturn in 2009, it is a key objective of the Energie AG Group to be a reliable and stable partner for its equity investors and outside creditors. This includes maintaining and improving its internal share value and keeping its Single A rating from Standard & Poor's in the long term. These goals are met by continuing to pursue the value-based growth course while paying attention to a focused investment strategy, a consistent cost-effectiveness policy, and by securing its existing sound financial position by avoiding new indebtedness.

The Group's strategic portfolio backs the Group's objectives and is focused on a good balance. And this not only in view of its risk-optimised composition as regards the regulated and liberalised business fields, and the balance of growth and stability, but also in view of the reliable infrastructure services, which the Group provides to the domestic market of Upper Austria, while, at the same time, making use of the opportunities offered in the neighbouring CEE countries.

Sustainable and Reliable Electricity Supply

The key strategic objective in the Group's core business segment Electricity is to guarantee a reliable and high-quality electricity supply in Upper Austria and in neighbouring regions.

This includes optimising the procurement portfolio 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. A special focus is on the improvement of energy efficiency and the use of renewable energy sources. The strategy of own electricity procurement is aimed at increasing the share of own procurement sources by investing in the Group's own power plants and the acquisition of electricity procurement rights from third-party power plants. Strategic projects are the 10% share in the pumped storage power plant Reißeck II of VERBUND AG, the plans for a replacement of the coal power plant Riedersbach I with a high-efficiency combined-cycle gas turbine power plant, a feasibility study for a pumped storage power plant in the area of Ebensee and the continuous development and implementation of smaller-scale hydropower plant projects.

The Group's own energy trading activities are primarily concentrated on the risk-optimised and cost-optimised management of the Group's entire electricity and gas portfolio. The way proprietary trading is dimensioned supports this strategic alignment and contributes to result optimisation. The planned participation in the 7 Fields gas storage facility is carried out with the aim to diversify and improve flexibility in primary energy procurement and to expand gas trading activities.

Quality Supply to our Electricity Customers

ENAMO, the electricity supply joint venture between Energie AG and Linz AG, is basically guided by a quality strategy that uses the slogan "First-class Energy". Its consistent and customer-oriented implementation of the statutory efficiency targets and its additional services demonstrate its high level of energy efficiency and innovation expertise. In response to the dwindling demands from industry customers, due to the economic crisis, contract models were developed which offer customers attractive conditions and, at the same time, minimise the risk for electricity supply. In the area of private customers and small and medium-sized companies, a forward-looking procurement strategy is maintained. This guarantees the customers stable and fair prices in spite of the volatile market development.

Reliable Supplies and Stable Profitability of the 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. The underlying condition to meet this goal is to achieve maximum value added while generating at least the return on investment allowed by the regulatory authority. The second period of the incentive regulation system is creating an investment-friendly climate for distribution system operators. By consistent cost management, the Group is pursuing the long-term goal of obtaining benchmark leadership in the peer 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. By increasing the number of connections per square kilometre and expanding the range of services, economies of scale are achieved. In the Metering business field, test operations for a new Smart Metering system have been successfully completed. The decision whether it is to be rolled out across the country depends on whether the arising costs are recognised by the regulatory authority. Together with EVU partners, a satellite-based correction services is already being offered in several Austrian federal provinces for simplifying surveying techniques. The goal is to expand these services to the entire federal territory.

Efficient Energy Utilisation in the Business Field Heating

The business field Heating utilises the available profitable growth opportunities both in Upper Austria and in a selection of neighbouring regions in Austria and abroad. Its focus is on expanding and optimising the existing district heating networks, establishing new ones and on enhancing the efficiency of facilities with the help of innovative technologies. Cooperation is sought in the area of heat-led combined heat and power plants for efficient energy utilisation. In order to strengthen the Group's market position in view of sustainability, efforts are made to push forward the expansion of new district and process heating supply facilities based on renewable fuels and climate-friendly technologies such as biomass and geothermal energy.

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. The further expansion of the natural gas pipeline system is based on whether the costs are recognised in the regulatory model. The strategic objective, in this respect, is to secure the company's standing as a benchmark leader. In natural gas supply, the leading position in the Upper Austrian market is strengthened and the opportunities resulting from the market liberalisation in the Regulation Zone East and in Germany are to be utilised. The biogas activities in Austria, the Czech Republic and Slovakia will be expanded. With its energy services, the business field Gas is positioning itself as a pioneer in the market. After the establishment of a basic network of natural gas filling stations in Upper Austria, the market stimulation activities will now be intensified.

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 recycling plants, belongs to the major market players – particularly in the countries Austria, the Czech Republic, Hungary and Slovakia. 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 nine different countries. Following the global economic crisis, the volume and price trends of secondary materials indicate that the European waste management industry's market environment is once again showing an upward tendency. The business field Waste Management focuses consistently on the consolidation of the existing company structure. The required efficiency enhancement programmes continue to be implemented to realise cost saving and synergy potential. Further growth will primarily be pursued organically, in other words, by consistent market optimisation in existing markets.

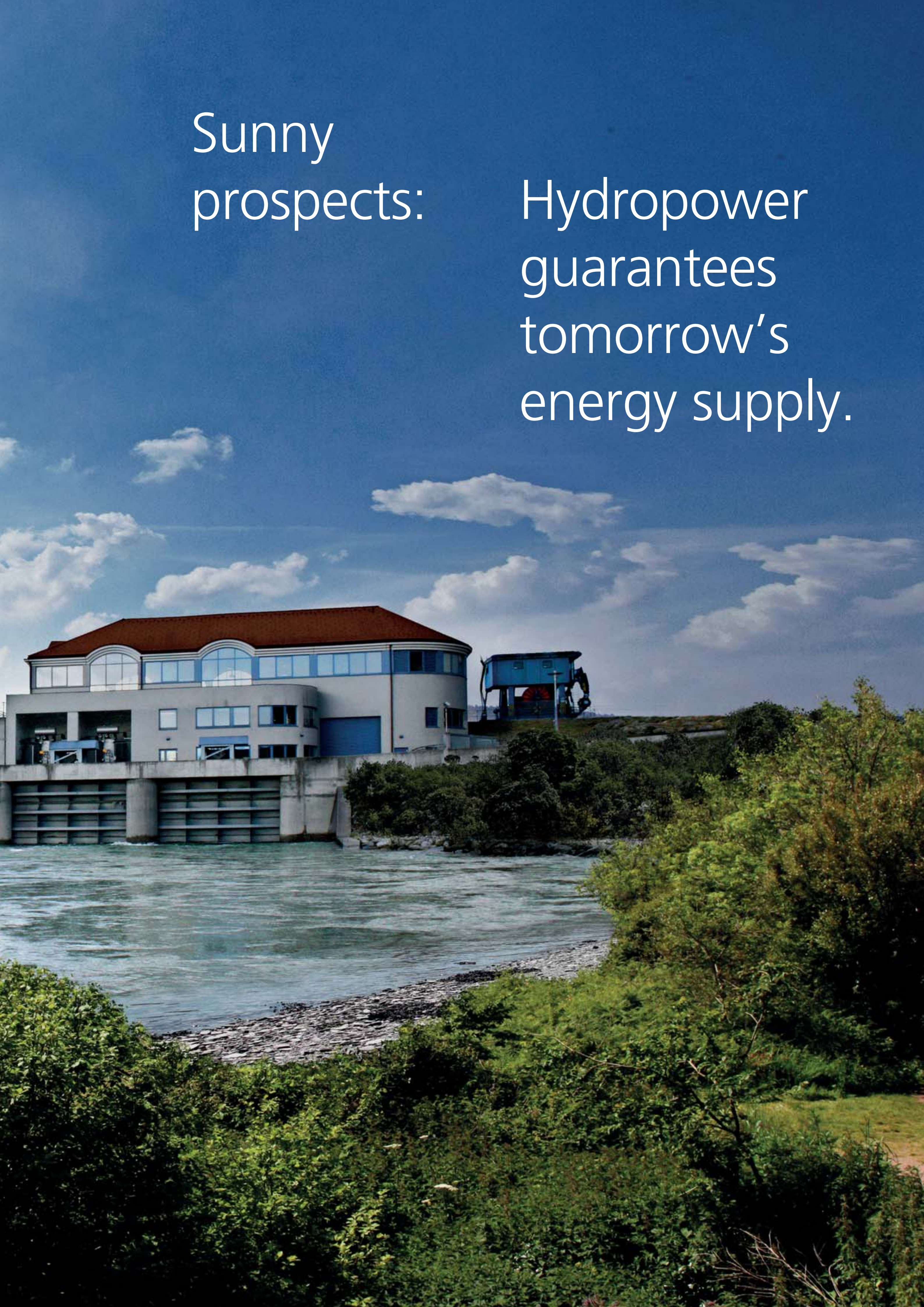
Focus on Existing Core Markets in the Business Field Water

The business field Water places its focus on its existing core markets in the Czech Republic and Austria. The segment aims at making a significant and stable contribution to the value and result of the Energie AG Group. The portfolio that consists of infrastructure, operating and service companies forms a stable basis. The operation of municipal infrastructure – the core business – is based on long-term license agreements. Due to the difficult financial situation in the public sector in Austria, new market opportunities are expected. Operating from Austria, the Group coordinates and develops further service companies in Slovenia and Hungary. In its largest market, the Czech Republic, the Group will continue to participate in invitations to tender, particularly where existing holdings are concerned, and pursue organic growth in order to strengthen and further improve its market positions. The Slovakian market will continue to be watched closely.

Value and Risk Management: The Guiding Principles

With its clear strategic concept, based on systematic value and risk management, as well as a coherent corporate culture and corporate identity, the Energie AG Group will continue along its steady course that is based on a careful balance of growth and stability, and be a reliable partner for its capital providers and other stakeholders.

Sunny prospects: Hydropower guarantees tomorrow’s energy supply.



CONSOLIDATION IN THE WASTE MANAGEMENT MARKET

Following the massive deterioration in the prices for recycling materials in the fiscal year just past, the price situation has clearly started to ease. The pressure on prices is still extreme, but the AVE Group as a whole managed to adapt itself to the changed overall conditions swiftly. The companies in CEE continue to achieve stable sales while in domestic markets the situation has noticeably improved. Presuming the economic crisis is easing, the waste volumes in small and medium-sized companies and the industry are expected to clearly increase over the medium term.

PPP MODELS IN THE WATER SEGMENT TO HAVE A BIG FUTURE

The expertise relating to water supply and wastewater disposal bundled in its Water Segment opens up a large number of business opportunities for the Group, not only in the neighbouring countries, but also, once again, in Austria. Due to the cost-awareness of the cities, municipalities and organisations, Energie AG Oberösterreich Wasser GmbH can offer new products and services geared exactly to this area. The most significant growth market for the Water Segment is still the market in the Czech Republic and Slovakia while the market opportunities in Hungary are stagnating due to a lack of privatisation tendencies.

MANAGEMENT REPORT

Group Management Report 2009/2010 of Energie AG Oberösterreich

ECONOMIC ENVIRONMENT

The economic environment during fiscal 2009/2010 was marked by the aftermath of the global economic crisis. Global economy had already hit its lowest point at the beginning of the previous fiscal year upon which the markets started to recover. The upturn – still modest at the beginning of the year under review – was fuelled primarily by merchandise export as well as stable consumer spending and backed by state monetary and finance policies. The cautious upswing that still held a considerable number of uncertainties lasted until the end of the year under review. The future continues to pose major challenges in financial markets that remain volatile, as the impact of national economic stimulus packages is starting to wear off and national economies face the difficult task of consolidating national budgets.

At the centre of the Energie AG Group's focus is the future trend in Austria – the country that continues to be the Group's primary market.

Following the slump in 2009, forecasts made at the end of fiscal 2009/2010 for the entire year 2010 pointed towards a gross domestic product (real GDP) in Austria between 1.6% and 2.0% and the same for 2011.[1)] The overall economy is essentially driven by brisk demand for exports while the investment climate, particularly where construction is concerned, remains subdued against a backdrop of uncertainties as mentioned above. The forecasts are continuously being corrected, which indicates the extent of uncertainty as to possible future economic developments.

Expected inflation estimates in Austria currently range between 1.5% and 1.8% for the calendar year 2010 and between 1.7% and 2.1% for 2011; drivers of higher prices are the underlying commodity prices. There is currently no sign of Austria being hit by massive inflationary pressure. According to economic researchers, the situation on the labour market has recovered noticeably: Unemployment figures in 2010 and 2011 are expected to stabilise at levels similar to those before the economic downturn.

In the CEE countries, where Energie AG is engaged in business activities in the sectors waste management, water, gas and heat, economic growth lately has been significantly higher than it was in the entire EU area. In the current stage of modest upswing, the CEE region is again likely to recover faster. Economic growth in the new EU member states (NMS-12) is forecast at 1.6% for 2010 and 2.6% for 2011.[2)] The Czech Republic and Slovakia, in particular, are presenting sound GDP growth while Hungary's economy is improving, but at a slower pace. The trend in the CEE countries is primarily fuelled by surging exports, which stand in sharp contrast to weak domestic demand. The indebtedness of public sector budgets in Central and Eastern Europe remain largely within reasonable bounds.

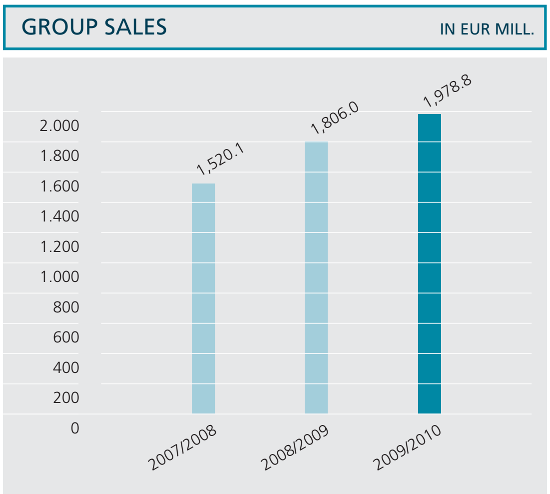
Despite the many challenges and the forecasts that remain volatile, a favourable economic trend can be expected for the coming year.

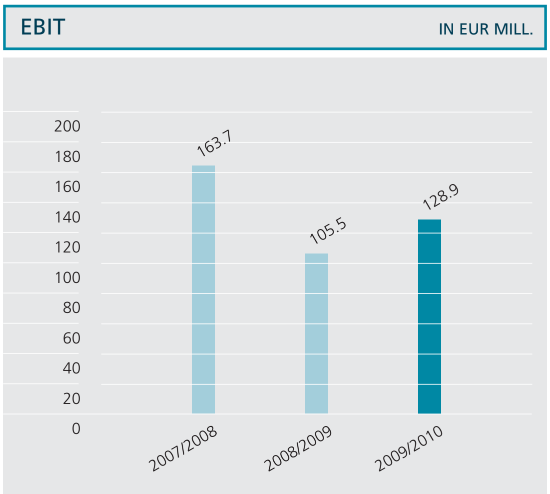
Sources:

1) Institute for Advanced Studies, publication of 23.09.2010
Austrian Institute of Economic Research, publication of 24.09.2010
International Monetary Found, publication of 06.10.2010

2) Institute for Advanced Studies, publication of 23.09.2010

BUSINESS DEVELOPMENT IN THE GROUP





The progress of fiscal 2009/2010 of the Energie AG Group reflected, firstly, the persistently difficult economic environment in the European infrastructure industry and, secondly, the expected favourable effect resulting from the successful investment policy pursued over the past years and the countermeasures taken in response to the economic crisis.

In the year under review, the fundamental overall conditions for own electricity generation and procurement rights were defined by low market prices and relatively low river water levels, which were 4% below the multi-year mean value. Nevertheless, the Group succeeded in increasing electricity volumes generated at its own power plants and obtained under procurement rights by 8% compared to the previous year. This was the result of bringing the operation of the new combined-cycle gas turbine (CCGT) power station at Timelkam to full capacity. Its fuel costs and electricity production were largely secured by hedging measures taken in compliance with the Group's internal risk strategy.

During the previous fiscal year 2008/2009, electricity supply faced high procurement costs and sharply declining electricity supply to industrial customers, which led to marked losses in this particular stage of the value creation chain. A price adjustment made in the private and small and medium-sized enterprise (SME) segment in the year under review, as of 1 January 2010, helped to ensure the necessary coverage for the procurement costs. In the industrial customer segment, appropriate countermeasures were taken by optimising risks in contract renewals. Apart from this, provisions had been formed in the previous year's balance sheet for losses sustained as a result of reselling excess electricity volumes procured over the long term. Most of these volumes were based on customer forecasts in 2008, which were still optimistic at the time, and were contracted as part of a long-term procurement strategy at prices much higher than the ones currently prevailing on the spot and futures market.

The contributions to operating income from the regulated distribution systems presented a steady trend as expected. The consistent adoption of cost-efficiency measures not only eased the regulatory pressure, but was also effective in compensating for the reduced distribution volumes experienced in the industrial sector, resulting from the general economic trend.

Following the volatile development caused by the economic slowdown, the Waste Management Segment was again able to raise its result of operations (without one-off effects) noticeably. The present consolidated financial statements, however, show a balance sheet provision created for two one-off effects, which overshadow the favourable development of operations. In the context of the re-commissioning of a pelletising plant in Wels, where high-grade substitute fuels are produced for the steel industry, a provision for imminent losses was formed in the balance sheet based on the estimated earnings development for the remaining supply contract term. On account of persistently low prices for waste from SMEs and the associated negative assessment of the future market situation, a a special depreciation and a further provision was formed for Bavaria-based AVE Abfallwirtschaft GmbH.

In the water segment, efficiency raising measures, structural improvements and further selective growth led to a consistent increase in the sound contributed earnings.

Given this economic environment in fiscal 2009/2010 (01 October 2009 to 30 September 2010), the company generated sales of EUR 1,978.8 million and an EBIT of EUR 128.9 million.

Compared to the previous year (EUR 1,806.0 million), sales were up by EUR 172.9 million or 9.6%, respectively. At the electricity stage of the value creation chain, growth is attributed to the expansion of commodity trading activities, the Timelkam CCGT power plant that is now working at full capacity and raised volumes and prices in supply. In the segments waste management and water, the continued growth trend in sales was primarily the result of first consolidation as well as organic growth.

Compared to the previous year (EUR 105.5 million), EBIT was once again markedly increased by EUR 23.4 million, which is the equivalent of 22.2%, to EUR 128.9 million. This development mirrors the slightly improved economic environment as well as the effective counter measures taken in the past business year. The EBIT is still burdened by further extensive provisions made in the balance sheet for the waste management segment.

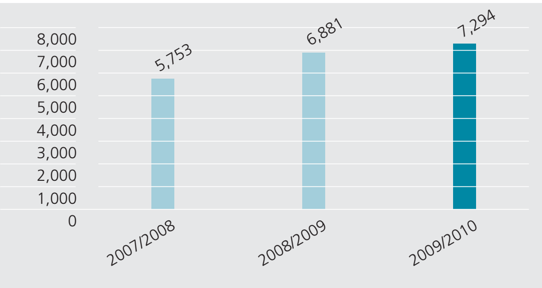
During fiscal 2009/2010, EUR 178.9 million were spent on tangible fixed assets and intangible assets. The decline compared to the previous year (EUR 194.1 million) by EUR 15.2 million or 7.8% was the result of implementing a focused investment strategy adopted to raise profitability across all segments.

Human Resources Development

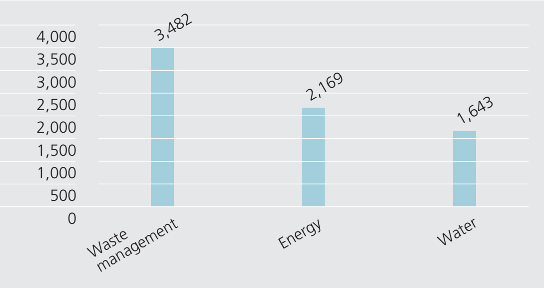
During fiscal 2009/2010, the average consolidated staff level of the fully and proportionally consolidated companies belonging to the Energie AG Group climbed to 7,294 full-time equivalents (FTEs). Compared to the previous year (6,881), this corresponds to a rise by 413 FTE or 6.0%.

Meanwhile, the consolidated group Energie AG employs staff in Austria, Germany, the Czech Republic, Slovakia, Italy, Slovenia and Romania. With regard to the Group's annual average number of employees, staff members in Austria, i.e. 3,171 continued to constitute the majority. Across the Group, employees working in waste management constitute the largest group of employees by segment.

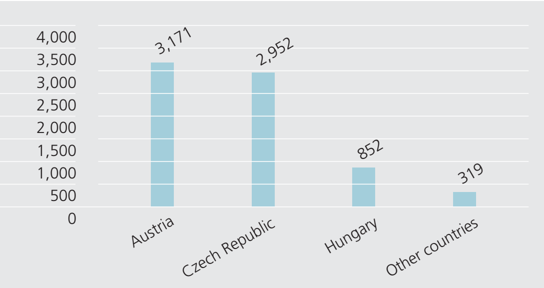
STAFF LEVELS IN FTE



STAFF LEVELS BY SEGMENT IN FTE



STAFF LEVELS BY COUNTRY IN FTE



At the end of fiscal 2009/2010, the Energie AG Group had a total of 7,852 persons on its payroll.

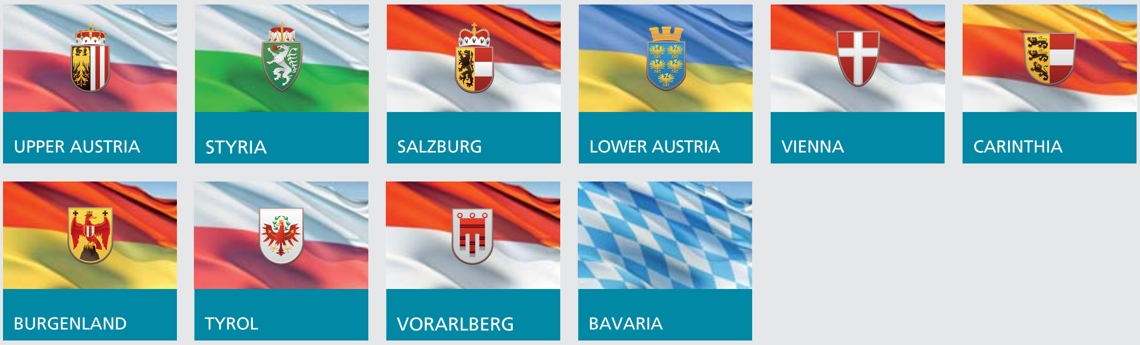
On the basis of a company agreement entered into in 1998, employees of Energie AG are given the option of making use of an early-retirement scheme for a limited time. The scheme offers temporary assistance in order to bridge the period between the end of their employment relationship and their actual entitlement to a statutory pension payment pursuant to the provisions laid down in the Austrian General Social Insurance Act [Allgemeines Sozialversicherungsgesetz (ASVG)]. Moreover, during fiscal 2009/2010, a gradual step-in pension plan was developed that, under certain circumstances, guarantees employees benefits after their employment relationship has ended until their entitlement to statutory pension payment. For parts of the resulting financial obligations, commitments were already made in the past fiscal year, so a provision was added to the present consolidated financial statements.

Branch Offices

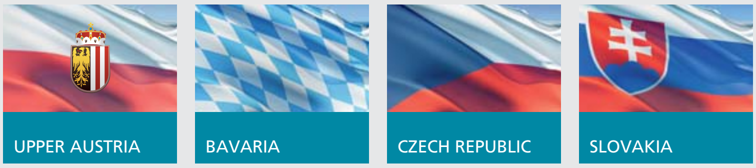
Energie AG Oberösterreich has no branch offices.

The Energy Segment

ELECTRICITY



HEATING



GAS

Energy Segment – Overview	in	**2009/2010**	Change	2008/2009	2007/2008
Total electricity procured	GWh	15,660	16.9 %	13,399	12,364
Own electricity production	GWh	4,554	8.0 %	4,216	4,227
Electricity distribution volumes	GWh	6,490	2.2 %	6,348	6,675
Electricity supply volumes	GWh	6,356	3.2 %	6,156	6,831
Natural-gas transports[1)]	GWh	27,316	20.2 %	22,720	25,068
Heat sold[2)]	GWh	1,170	7.8 %	1,086	995
Total sales	EUR mill.	1,490.6	8.1 %	1,379.0	1,124.6
EBITDA	EUR mill.	219.5	13.8 %	192.9	226.5
EBIT	EUR mill.	125.3	24.4 %	100.7	140.6
Investments into tangible assets and intangible assets	EUR mill.	140.6	17.3 %	119.9	110.1
Employees – average for the year	FTE	2,169	1.6 %	2,135	1,933

[1)] Quantity transported to end consumers and regional distribution system operators in Upper Austria.
[2)] The value for 2007/2008 includes the amounts sold during the full year for the heating companies that were only consolidated as of 1 July 2008.

The Economic Environment of the Energy Industry

Primary Energy Markets

For more than a year now, the development on the international primary energy markets has been distinguished by overall restraint. In anticipation of an economic upswing, the crude oil market initially showed some upward trends which essentially gave way to a sideways movement during fiscal 2009/2010, remaining at a level of around USD 77 per barrel of Brent Crude. In the natural gas market, prices rose from EUR 9.1 per MWh in October 2009 to EUR 18.7 per MWh in September 2010.

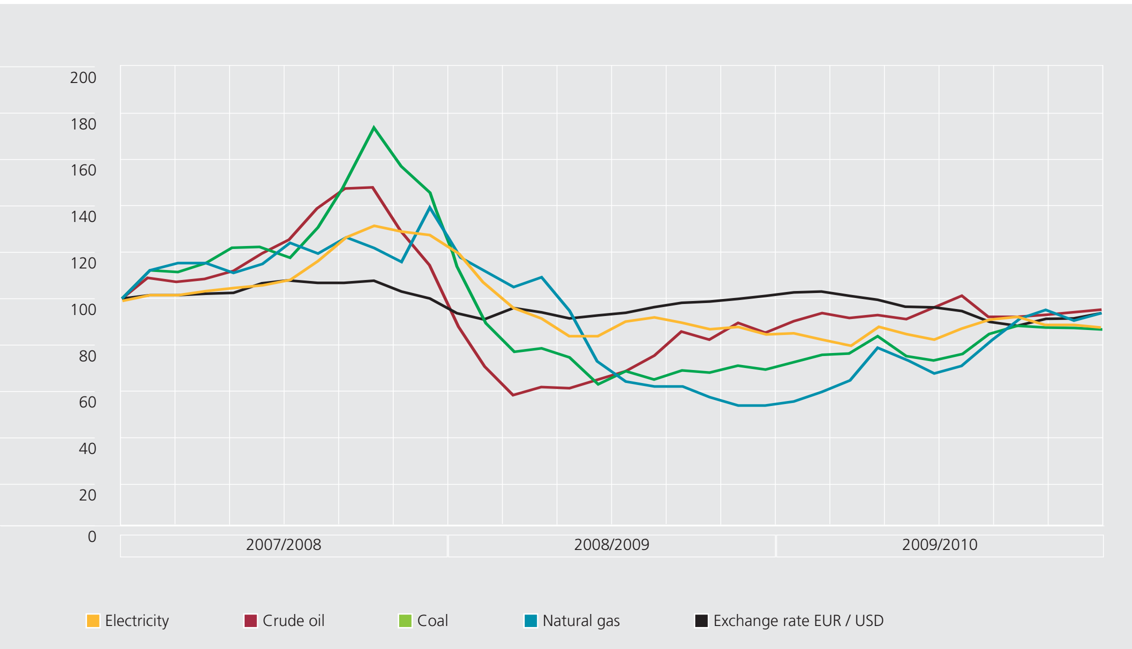
During the year under review, the price trends on the international coal markets also remained subdued. Average API2 quotations for hard coal, for example, stood at around USD 84 per ton, but climbed to around USD 92 per ton at the end of September, presenting a slightly upward tendency. The euro's weakness versus the US dollar, however, led to a 13.6% rise in prices.

Electricity Trading Market

The stabilisation on the financial markets primarily affected the fuel trading markets. In contrast, the future markets for electricity in Europe recorded subdued price increases. The reasons for this, on the one hand, may be attributed to the slightly rising demand for electricity, which has increased noticeably compared to the previous year, but has not yet reached the highest values so far achieved, and, on the other hand, to the rise in electricity production across Europe in subsidised ecological electricity plants. During the period under review, the average prices quoted on the EEX (the European Energy Exchange) for front-year base delivery contracts, for example, stood at around EUR 49 per MWh. At the end of the period under review, i.e. on 30 September 2010, one-year delivery contracts for a 2011 base product were quoted at around EUR 40 per MWh. The continued economic recovery expected by the experts is reflected in the higher prices for the following one-year contracts. On 30 September 2010, for example, one-year base products for 2012 and 2013 were quoted by around 4% and 10%, respectively, higher than those for 2011.

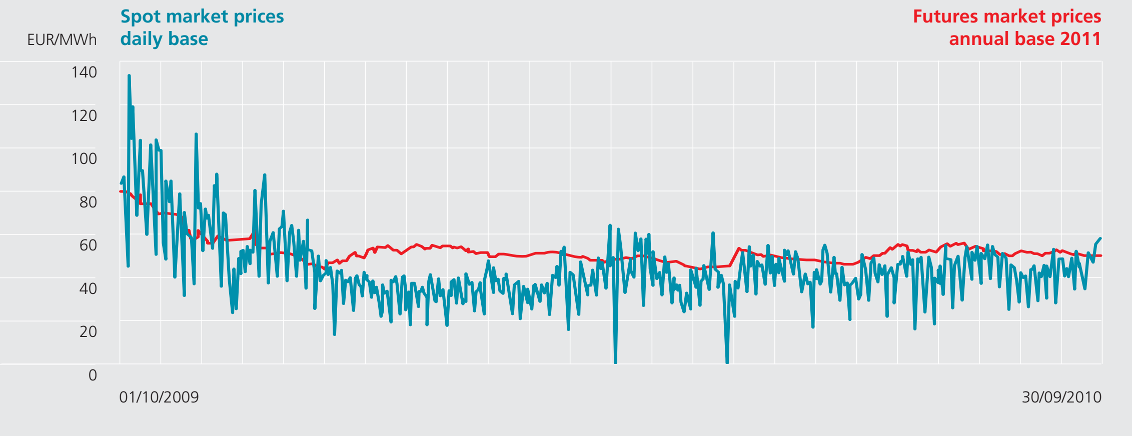
During the year under review, the spot market price trend roughly followed the futures market curve. Apart from a few individual outliers, price volatility indicated no extraordinary conditions. This may be interpreted as a sign of sufficient liquidity in the producer market. On 4 October 2009, the lowest quotation was at minus EUR 500 per MWh, whereas the highest hourly price was recorded on 8 October 2010 at plus EUR 182 per MWh. Negative hourly prices are usually the result of short-term excess output which may occur in conjunction with wind farms. This means, they are an indication of bottlenecks in the economic balance between electricity production and demand.

PRICE INDEX DEVELOPMENT ON INTERNATIONAL ENERGY MARKETS IN %



EEX – SPOT MARKET VERSUS FUTURES MARKET

PRICES IN EUR/MWh



Unless the appropriate capacities are realised in the balancing and backup energy market, increasing production capacities in wind farms are expected to raise the frequency of negative electricity exchange prices. To face the future, not only an expansion of the transmission and distribution grids will be required, but also some additional powerful backup power plants, such as combined-cycle gas turbine plants or pumped storage power plants.

CO_2-Certificates Trading

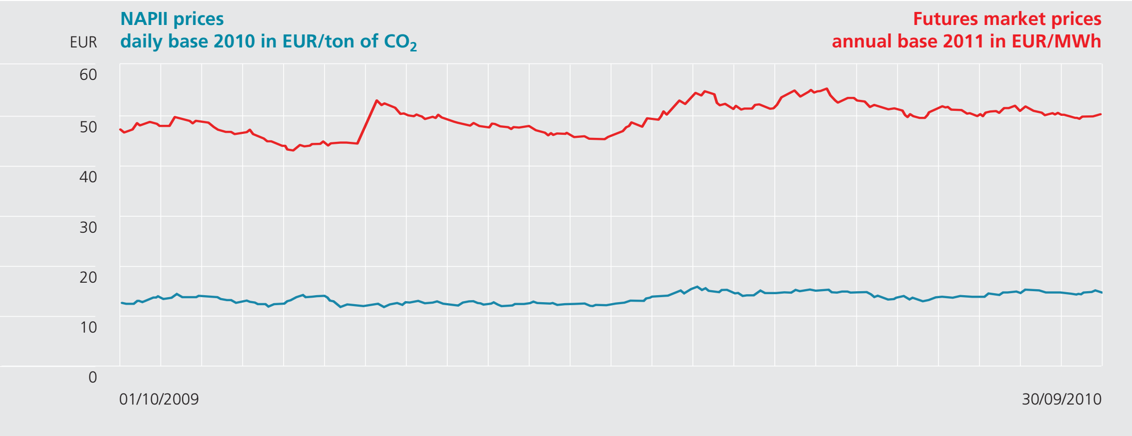
During the year under review, the prices for CO_2 emissions trading certificates exhibited fluctuations that resembled those in the electricity futures market. CO_2 certificate prices were moderately volatile. On average, the CO_2 certificates were quoted at around EUR 14 per ton in a bandwidth between EUR 12.40 and EUR 16.42. At the end of the fiscal year, they were quoted on the trading market at EUR 15.56 per ton.

The Statutory Environment

In Austria, the first legislative steps towards a liberalised electricity and gas market were taken more than ten years ago. Currently, the overall statutory conditions are still undergoing a process of change. In September 2009, for example, the EU's third energy legislative package went into force. This package of legislation on the internal electricity and gas markets consists of five measures that will have an essential impact on the regulative conditions in the Austrian electricity and gas industry. The member states were granted 18 months, i.e. until March 2011, to transpose the internal market package into national law.

The goal of the new single market electricity directive is to ensure the swift and final implementation of the uniform European internal electricity market. Its main features are a strengthening of the national regulatory authorities, more depth in unbundling the transmission system sector, as well

CO_2 – CERTIFICATES MARKET VERSUS FUTURES MARKET



as a general boost to consumer rights. The third legislative package additionally provides the legal foundation for the creation of a new European cooperation agency for energy regulators (ACER). This cooperation agency will have its permanent office in Ljubljana and is currently being established.

In Austria, the third legislative package is currently being transposed into national law. The European standards require an amendment of the Austrian Electricity and Electricity Organization Act [Elektrizitätswirtschafts- und Organisationsgesetz (ElWOG)] and of the Austrian Gas Management Act [Gaswirtschaftsgesetz (GWG)], as well as an extensive reorganisation of the regulatory authority. Due to the expected strengthening of the regulatory authority's position, industrial property protection is of particular importance.

In March 2010, the Austrian Energy Strategy was published. The discussions held between representatives of ministries and regional authorities as well as stakeholders from the science, business, environmental and the public sector on the conditions and measures needed for a sustainable energy system continued over several months. In a next step, the evaluated Energy Strategy's set of measures is expected to be discussed and implemented by the politicians. The Energy Strategy is based on three pillars: a consistent increase in energy efficiency, the expansion of renewable energy sources and the long-term security of energy supply. Over the long term, the authors of the Energy Strategy regard it as indispensable that final energy consumption in Austria be stabilised at levels consistent with those of 2005. Debate on the implementation of the Energy Strategy is consequently expected to shape the energy policy in Austria over the coming years. Added to this, the Upper Austrian Energy Strategy, planned for the period until 2030, provides a further framework devised to help reach the EU's 20/20/20 targets and to back the Austrian Energy Strategy.

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 2009/2010 in the Energy Segment were the water levels of rivers, which were 4% below the multi-year mean value, the combined-cycle gas turbine (CCGT) power plant in Timelkam, which is now operating to full capacity, and the improved earnings in electricity supply, which had faced noticeable losses during the previous business year due to high procurement prices and a shrinking demand for electricity from industrial customers.

With sales of EUR 1,490.6 million, the Energy Segment generated an EBIT of EUR 125.3 million over the past fiscal year.

The EBIT was thus up by EUR 24.6 million or 24.4% compared to the figures recorded for the previous year (EUR 100.7 million). While in the previous year high procurement prices and loss-generating re-marketing operations for electricity volumes that had remained unused put pressure on earnings, fiscal 2009/2010 saw the achievement of the adequate coverage for the procurement costs by price adjustments in the private and SME segment and an improvement of earnings in the industrial customer segment by balance sheet provisions formed in the previous year and by risk optimization measures.

In fiscal 2009/2010, the investments in the Energy Segment amounted to EUR 140.6 million and were thus 17.3% or EUR 20.7 million above the value for the same period in the previous year (EUR 119.9 million). These investments are intended to ensure first and foremost the secure and sustainable energy supply of the core market Upper Austria.

Electricity Generation Up Despite Hostile Environment

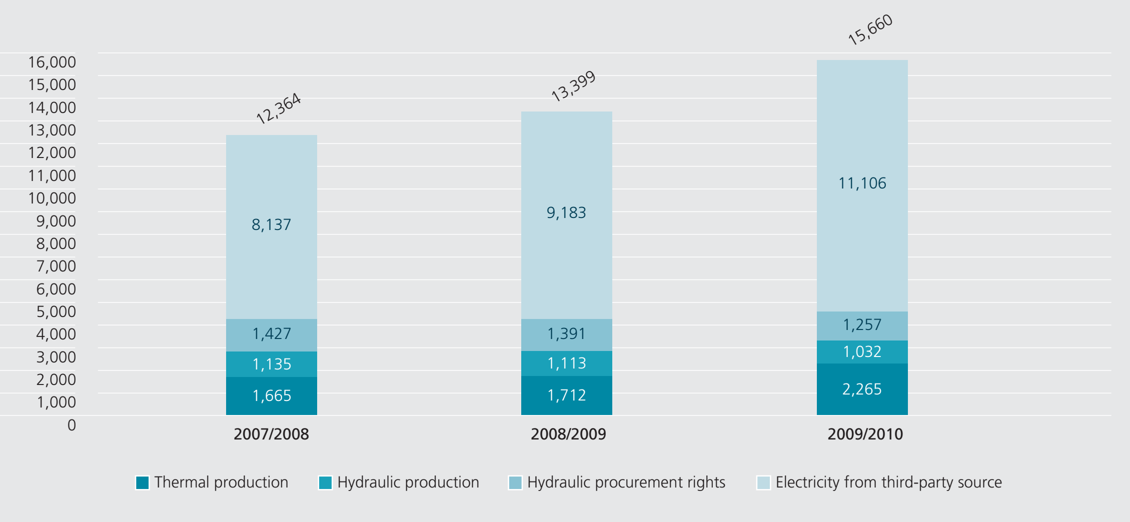
Electricity generated at the Group's own power plants and obtained under procurement rights amounted to 4,554 GWh, which is about 8% above levels recorded during the same period of the previous year (4,216 GWh). The decisive factor for the upturn was the 400 MW CCGT power plant at Timelkam which is now operating at full capacity.

Despite low electricity market prices and the resulting fewer operating hours at the thermal power plants, the generated electricity volume, i.e. 2,265 GWh, was up by 32% over the value of the previous year (1,712 GWh). Work covered by guarantee at the new CCGT power plant was also carried out during a period of reduced operating hours.

Due to the prevailing weather conditions, electricity generated at the Group's own hydropower stations and obtained from hydraulic procurement rights amounted to 2,289 GWh, which is about 9% below the previous year's value (2,504 GWh) and around 4% below the multi-year mean value. The period of low water levels in the rivers was used to perform dam restoration work at the reservoirs of the Traun-Pucking and Marchtrenk power plants, causing only minor generation shortfalls. These were compensated for by obtaining electricity on spot markets where market conditions had led to favourable prices. Electricity volumes procured from third parties rose by 21% to 11,106 GWh,

CONSOLIDATED ELECTRICITY PROCUREMENT OF THE GROUP

IN GWh



which was mainly due to more intensive electricity trading activities than in the same period the previous year.

The consolidated electricity quantities sold excluding electricity trading stood at a volume of around 7.5 TWh. Compared to the year before, this corresponds to an increase of around 8%. The rate of coverage from own generation and procurement rights was at 61%, which is the same level as the year before. The increased quantities of electricity sold, on the one hand, and the below-average hydropower production and added production of heating on the other led to a shift in the share of electricity provided compared to the year before.

Backup and Balancing Capacities to Be Expanded in Electricity Procurement

In July 2010, **Energie AG Oberösterreich Trading GmbH** (Trading GmbH) concluded an electricity procurement contract with VERBUND AG concerning participation in the pump storage power plant Reißeck II. Constructor and operator of the 430 MW pumped storage power plant is VERBUND Hydro Power AG (VHP). This power plant project links the existing storage systems belonging to the Reißeck and Malta power plants. As in the case of the Malta storage power plant group, Energie AG's stake is 10%. This raises Energie AG's share of turbine output in this power plant system by around 50%. By connecting both storage power systems, valuable synergy effects are created, especially for the backup and balancing energy market. The official ground-breaking ceremony took place in October 2010. Commissioning is planned for late 2014.

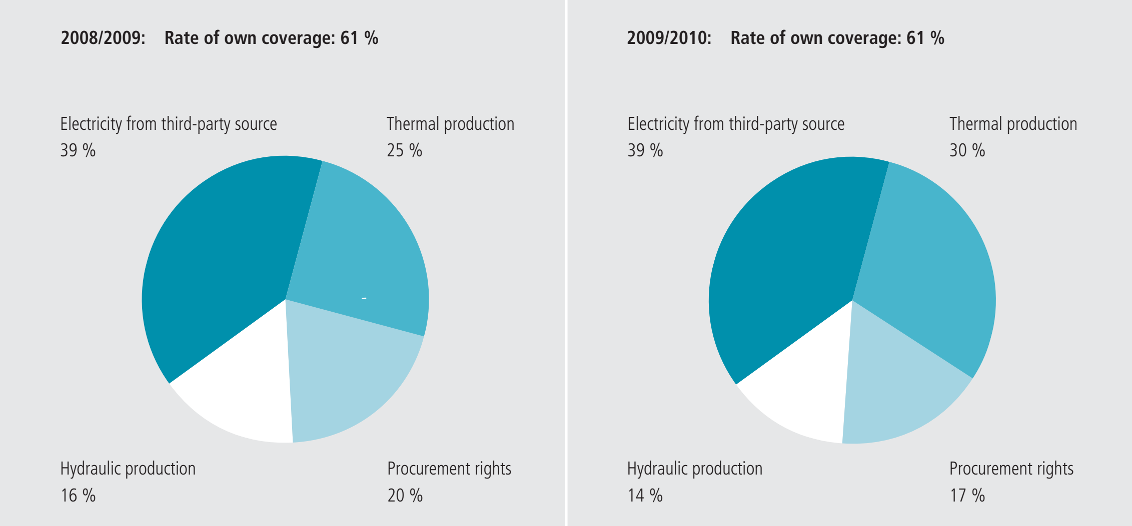
Where its own production is concerned, **Energie AG Oberösterreich Kraftwerke GmbH** (Kraftwerke GmbH) is planning to secure the future of the plant by replacing the coal power plant Riedersbach I, which is more than 40 years old, with a CCGT power plant in the 400 MW range similar to the one in Timelkam. This step is expected to increase efficiency at the location substantially. The environmental impact assessment procedure (UVP) for the project was initiated in July 2010. Another project that was started in the year under review and is to meet the increasing need for backup and balancing energy involves a feasibility study for a pumped storage power plant in the Ebensee area.

Alongside this, continuous efforts are being made to improve the efficiency in existing power plants and to press ahead with the development of small-scale hydropower plant projects. In Timelkam, for example, a heat storage system, including a spare boiler, was erected to be able to put the applied primary energy to even better use and improve the energy-efficient production of district heating. The heat storage facility has a capacity of 60 MW and an energy storage capacity of 600 MWh.

With the commissioning of Austria's largest photovoltaic power plant in Eberstalzell in May 2010, Energie AG has also positioned itself at the forefront of alternative energy and application research.

Energie AG has agreed to participate in a tendering and acceptance procedure and has secured shares in the 7-Fields gas storage facility in Upper Austria. The gas storage volume of around 100 million m^3 is intended to compensate for seasonal fluctuations and to increase security of supply.

ELECTRICITY PROCUREMENT STRUCTURE WITHOUT ELECTRICITY TRADING IN %



Electricity Prices for Private and SME Customers Adjusted

Energie AG Oberösterreich Vertrieb GmbH & Co 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.

Over the past years, which were characterized by sharply rising prices in the international electricity markets, Energie AG kept its rates for private and SME customers at an unchanged stable level. While other competitors responded to the high procurement prices by raising their prices at a much earlier point in time, Energie AG has only just made its first price adjustment in three years, a measure that went into force on 1 January 2010.

In the course of the price adjustment, intensive discussions were held with the social partners over price structures that had to be profitable for both sides. As a result, an attractive two-year fixed-price product was developed in cooperation with the Chamber of Commerce and the Chamber of Agriculture for customers with an annual consumption exceeding 10,000 kWh. More than 60% of customers in this target group accepted the offer. SME customers with low annual consumption levels were granted a discount of three to five per cent. In cooperation with the Austrian Chamber of Labour, a discount model for private customers with three days of free electricity supplies was introduced for the all-in price scheme. During the negotiations particular account was taken of socially disadvantaged electricity customers. If customers could produce evidence that they were being paid social welfare benefits or a heating allowance, they were credited a one-off full month of free electricity for the all-in price scheme for the year 2010. The majority of the customers in question made use of the offer.

This successful customer loyalty campaign helped to avoid a rise in customer transfers, and allowed Energie AG to ensure the necessary coverage of procurement costs. In the course of the last fiscal year, there were also several successful campaigns to win back customers in the core area. As many as 1,500 customers were won back, generating added sales volumes of around 12 GWh.

In the business customer segment, personal support and consultation services on energy efficiency issues helped to keep the high market share in the core area stable. Energy efficiency consultation services for business customers underwent a complete reorganisation. By cashing a special "Energy Efficiency Cheque" provided by the Climate and Energy Fund (Klima- und Energiefonds), business customers were able to lower the costs for an initial consultation considerably. A large number of customers took advantage of this inexpensive analysis option.

As a result of the economic crisis, the quantities of electricity sold since the beginning of 2009 in the industrial customer segment declined by around 20% and stabilised at this lower level during the expired fiscal year. Nevertheless, a light upward trend became noticeable during the last quarter. This meant that, once again in 2009/2010, electricity volumes purchased at high prices now had to be marketed at poorer conditions in the spot and futures markets. The resulting losses, however, were already covered by corresponding provisions.

The consolidated quantities sold to electricity customers amounted to 6,356 GWh in fiscal 2009/2010. The increase compared to the previous year (6,156 GWh) by 200 GWh or 3.2% is mainly attributed to added volumes sold to out-of-area customers of ENAMO GmbH.

During the past fiscal year, energy efficiency activities featured prominently in the area of electricity supply. During the past fiscal year, as a follow-up to the "free energy-saving lamp for all Upper Austrians" campaign, electricity metres were sold to customers at the special price of two euros. The central goal of this campaign was once again to raise the customers' awareness in view of energy efficiency and electricity saving, and make a contribution towards lower energy consumption.

As early as 2006, Energie AG initiated a campaign that involved the replacement of old household appliances with new ones with the highest energy efficiency class available. By the end of September 2010 as many as 40,000 old appliances were replaced with highly efficient new ones. Energie AG supported its electricity customers by offering a voucher in the amount of EUR 70 that could be cashed to buy new appliances at electrical retailers belonging to the Fair Energy Partner network. By using new refrigerators, dishwashers, washing machines, etc. instead of the old appliances more than 7 million kWh of electricity was saved. This is the equivalent of the average annual electricity requirements of more than 3,000 private households. CO_2 emissions were reduced by more than 2,500 tons.

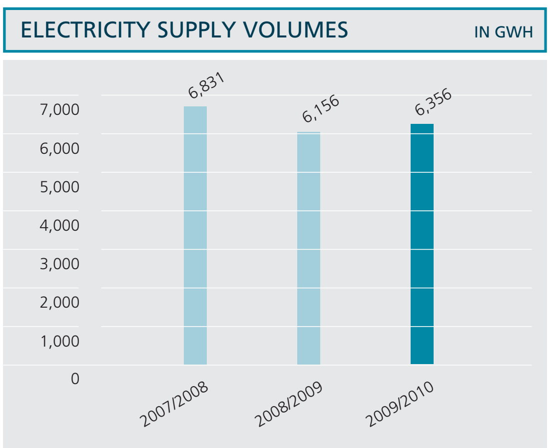
By founding the Fair Energy Partner network in 2006, Energie AG laid the key foundations for a large number of customer campaigns. The association emerged from the federation of energy partners in Upper Austria that was founded in 1982 and currently has as many as 192 member companies. The Fair Energy Partners are committed to the responsible use of energy: Fair Energy Partners concentrate on the issues geothermal heat, electrical engineering and energy consultation services.

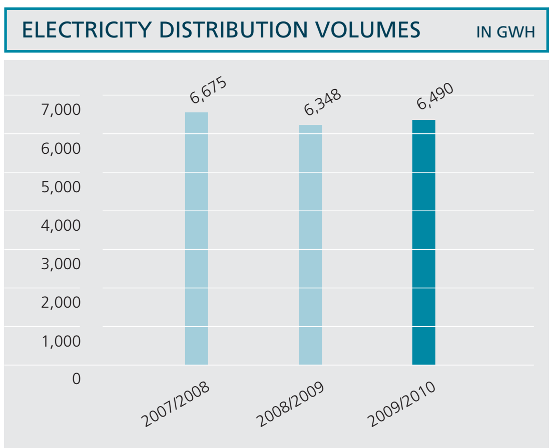
During fiscal 2009/2010, the offered infrared scanning services triggered a brisk demand for group thermography in various municipalities. During such campaigns a whole series of thermal images are created and given to the customers. After that, a joint information event is organised in each of the municipalities. All in all, the campaign proved to be a vital contribution to raising people's awareness of energy efficiency issues.

The scientific project entitled "Power Saver – New Energies of the Future" conducted by the Institute for Pervasive Computing at the Johannes-Kepler University of Linz deals with the systematic reduction of stand-by consumption. Within the scope of the field study, extensive measurements were carried out at electricity customers during the past year. The database collected in the process will enable the development of an intelligent customised consumption control system. In future, such systems will help to avoid excess stand-by losses while increasing consumer comfort at the same time.

Overall Conditions Conductive to Investments into the Electricity Distribution System

The winter half-year, during which the electricity distribution systems are exposed to a higher operating risk due to weather conditions, created no major problems for Energie AG Oberösterreich Netz GmbH (Netz GmbH). As





a result, all investment and maintenance projects could be implemented according to schedule. One large-scale project during the expired fiscal year involved the construction of a grid control centre in Linz, which was taken into operation in June 2010. In addition, substantial funds were used to improve security of grid: In Gundertshausen, for example, a new substation was commissioned, the 30-kV plant at Timelkam substation was upgraded, the Almtal-Kremstal power supply project was started and, in the town of Steyr, a 1-system 110-kV cable connection was erected.

In the course of a programme that involves placing medium-voltage overhead lines, which are especially prone to breakdowns, into cables, a total of 91 km of overhead power lines have so far been placed in cables; in fiscal 2010/2011 another 80 km will be accomplished. Approximately 10% of Netz GmbH's 6,000 km of medium-voltage overhead power distribution lines extend through forests and densely overgrown areas, where they are constantly exposed to meteorological conditions such as storms or snow pressure that occasionally have an adverse effect on uninterrupted operation. Placing medium-voltage overhead lines like these into cables not only improves the availability of the grid and reduces the line's vulnerability, but also helps to reduce the costs for keeping the line sections clear, as well as for maintenance and operating overheads. The programme to place approximately 600 km of the overland lines into cables was started in 2008 and covers a period of ten years.

Following the drop in electricity volumes distributed to industrial and SME customers in the previous year as a result of the international financial and economic crisis, the quantities distributed to this group of customers stabilised slightly above last year's level, particularly in the second half of the past fiscal year. This roughly corresponds to the quantities distributed in fiscal 2005/2006. The quantities of electricity distributed to private customers stands at about the same level as in the previous year. During the year under review, a total of 6,490 GWh was distributed to end users, which is an increase of 2.2% compared to the previous year (6,348 GWh). As of 30 September 2010, Netz GmbH distributed power to around 453,000 active customer connections.

As part of the currently valid incentive-based regulation system, the tariffs of Netz GmbH were lowered once again by E-Control, the regulatory authority, effective 1 January 2010. This tariff adjustment also took into account the results of the cost assessment which had taken place according to schedule at the beginning of the second regulation period. Since the incentive regulation system was launched, the average annual tariff reduction has been 2.3%. The new investment factor that was included in the regulation formula in 2010 will guarantee distribution system operators compensation for any investments made in the interests of security of supply. During the expired fiscal year, the negotiations conducted between the industry and E-Control on compensation for the procurement costs for grid losses were also completed. The majority of the Austrian distribution system operators have explicitly agreed to take part in joint procurement of grid losses from 2011 onward, which will be organized and executed by VERBUND-Austrian Power Grid AG (APG), the leader of the control area. As E-Control has promised to fully recognize these procurement prices, the grid loss procurement costs will become a cost-neutral factor for distribution system operators from 2011, which means there will be no more cost deficits which occasionally used to be quite considerable.

In the full incentive-based regulation package it was agreed to share any additional efficiency profits between customers and system operators, one half each (carry over). To determine the amount of additional efficiency profits, snapshot cost assessments are conducted in 2008 and 2012, which are used to calculate the differences from the cost path in accordance with the regulation formula. Linear interpolations are undertaken between the fixed start and end values as well as the two snapshots. By applying additional discounts to the tariffs, the customer portion is already being taken into account from 2010 onward. Yet since a larger share of efficiency profits remains with the companies until the end of the second regulation period, and system operators are required to reimburse this benefit to their customers over the following years until 2021, the share contained in the system use tariffs up to now has already been recorded in the balance sheet.

Fibre-glass Infrastructure Forms Basis for Intelligent Grids

Energie AG Oberösterreich Data GmbH (Data GmbH) is the Group's telecommunications company, which produces high-quality telecommunications, metering and surveying solutions for intragroup purposes as well as for external customers. With a network of lines totalling 3,770 km and 418 nodes, the company has the most powerful optical fibre network in Upper Austria.

Operating as an external telecommunication carrier market, one of its main fields of activity during the year under review involved a major contract to provide its services to all Upper Austrian municipalities. Together with its subsidiary BBI Breitbandinfrastruktur GmbH, the company managed to connect around 300 municipal authorities to the network by the end of the fiscal year. By mid-2011 the supply rate is expected to reach 90%. Shareholders in BBI GmbH are the group companies Data GmbH (40%) and OÖ. Ferngas Service GmbH (15%). The remaining partners are Linz Strom GmbH (35%) and E-Werk Wels AG (10%).

During the year under review, service provision to its existing clients – banks, public administration authorities, healthcare facilities, Internet service providers, multi-site customers – proved very satisfactory. The agreed service levels with high system stability were able to be met. As for the acquisition of new customers, Data GmbH felt the effects of the economic crisis. The signs of economic recovery together with the clearly more optimistic assessments of customers had a favourable effect on business, particularly so during the second half-year. The rising demands on transmission capacity (bandwidth) are additionally becoming an increasingly important decision criterion for a future-proof optical fibre network.

Another essential business field of Data GmbH is metering. Essentially, Data GmbH provides the full scope of electricity metering services to Netz GmbH and develops these further, applying innovative solutions. In cooperation with a major industrial partner, a trendsetting smart-metering system called AMIS was developed over recent years and tested in the Netz GmbH grid. AMIS has meanwhile evolved into a sophisticated system and is currently about to be rolled out across the country. Test operations on around 20,000 metres were completed in May 2010. The system runs error-free and is very stable. Before making a final decision on any further large-scale roll-out, the company is still waiting to see what legal conditions EIWOG 2010 (the Electricity Act) requires for smart metering. In the meantime, AMIS is being extended to include the components in-house display, multi-utility interface and customer portal. Due to its system configuration – it is based on remote control devices – AMIS also forms the basis for further smart grid activities.

An additional 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 available 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. Subnetworks are interconnected and controlled by a server based in Linz. There are plans for further networks to be connected up.

OÖ. Ferngas AG – The Backbone of Natural Gas Supply in Upper Austria

OÖ. Ferngas AG has been a strong and reliable partner of the Upper Austrian industry, trade, communities and private households for more than five decades. The Energie AG Group holds a majority share in the company of 65%. Together with its subsidiaries, OÖ. Ferngas AG is the very backbone of Upper Austria's natural gas supply.

For the purpose of addressing market needs even more effectively, and in compliance with the statutory conditions, OÖ. Ferngas AG and its holding companies reorganised their structure with effect from 1 October 2009. The pipeline network and all business activities needed for line operation were outsourced to a separate company called OÖ. Ferngas Netz GmbH. In the supply area, the subsidiaries erdgas oö. and ENSERV Energieservice merged to form OÖ. Gas-Wärme GmbH. This helped erdgas oö., Upper Austria's leading natural gas supplier, and ENSERV, a specialist for biogas plants and innovative fuel-neutral heating systems, to pool their resources in a new supply company. OÖ. Ferngas Service GmbH will continue to cover the telecommunications field.

During the past fiscal year, OÖ. Ferngas Netz GmbH transported 27,316 GWh of natural gas through its pipeline system. The increase of 4,595 GWh compared to the previous year (22,720 GWh) results from an increase in customers in the low and high-pressure area and the Group's own Timelkam CCGT power station that is now working at full capacity while the previous year was characterized by the reduced demand in the industrial segment as a result of the economic crisis and a warmer winter.

In order to raise security of supply, on the one hand, and to be able to supply new customers, on the other hand, the natural gas pipeline system was extended by some 21 km during fiscal 2009/2010. As a result, OÖ. Ferngas Netz GmbH now has a pipeline network with a length of more than 5,100 km and close to 59,000 customers connected.

Based on the incentive-based regulation system that was introduced on 1 February 2008, the 2010 amendment to the 2008 Ordinance on Tariffs for the Use of the Gas System (GSNT-VO) once again adjusted the tariffs for the use of the natural gas system as of 1 January 2010. With the entry into force of the new tariff ordinance, the transmission tariffs for customers within the network area Upper Austria were raised due to increased costs in the upstream Network Levels 2 and 3.

During the past fiscal year, OÖ. Gas-Wärme GmbH supplied more than 9% more natural gas and heat (2,370 GWh) to its customers than in the year before. The subsidiary in Germany accounted for 65.7 GWh. In total, the trademark erdgas oö. currently supplies around 64,500 customer facilities with natural gas or heating. Despite the fiercer competition, the company succeeded in achieving a net increase in customers with annual quantities sold amounting to around 63 GWh.

With its business field ENSERV, OÖ. Gas-Wärme GmbH is specialised in planning, constructing and operating biogas plants. The company's heating business expansion activities focused primarily on the construction of the Weichstetten biomass district heating plant and the construction of the bio-methane system in Engerwitzdorf. This plant is the first in Austria to be especially designed and constructed for bio-methane production. 100% of the biogas produced in Engerwitzdorf is directly fed into the natural gas pipeline system operated by OÖ. Ferngas Netz GmbH. Furthermore, OÖ. Gas-Wärme GmbH is the Czech Republic's market leader in biogas plant construction. More than five plants were planned, constructed and handed over to their respective operators in turnkey condition. Another six plants are currently under construction and will be commissioned in the next fiscal year.

In the last fiscal year, the first and basic stage of the natural gas filling station network was completed. Out of a total of 33 natural gas filling stations in Upper Austria, 15 are the property of OÖ. Gas-Wärme GmbH, while natural gas is supplied to four other filling stations in Upper Austria and five in neighbouring federal provinces.

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 in Austria and abroad from 7.5 billion m^3 of natural gas to 8.3 billion m^3.

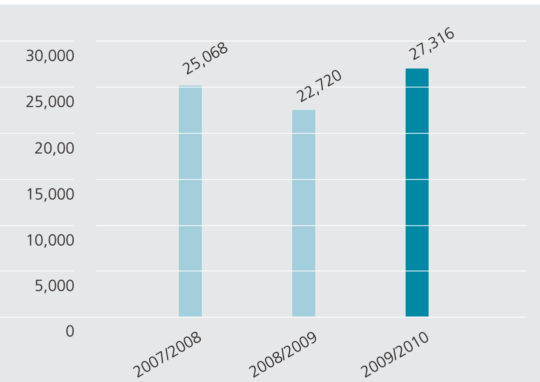
Energy-efficient Heat Supply

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 also provide district heating to six cities in the Czech Republic.

For the operators of district heating networks, the general trend towards increased energy efficiency presents multiple and, in part, ambivalent challenges. While, on the one hand, the positive image of this energy source is being reinforced by various public promotion schemes helping to attract new customers, greater efficiency awareness has resulted in customers with stagnant or declining consumption levels. In view of these overall conditions during the past fiscal year, the business area heating was able to compensate for reduced consumption at existing customers by project acquisitions and sales activities in existing district heating networks.

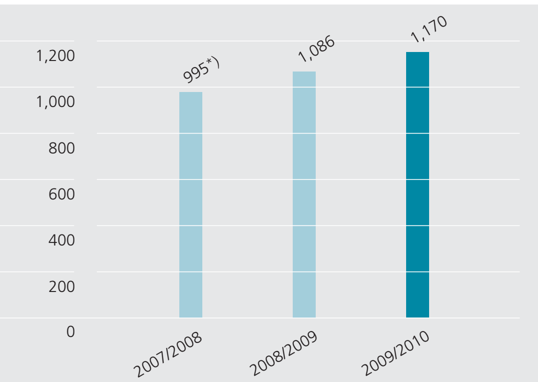
During fiscal 2009/2010, a total of 494 GWh of heat was sold to customers in networks in Upper Austria and the

NATURAL GAS TRANSPORTS*) IN GWh



*) Quantities for the full year delivered in Upper Austria to end customers and regional network operators by OÖ. Ferngas AG which has been fully consolidated since 1 July 2008.

HEAT SOLD IN GWh



*) including the sales for the full year of the heating companies that were fully consolidated as of 1 July 2008.

Czech Republic. Compared to the same period the previous year (472 GWh), this corresponds to an increase of 22 GWh or 4.6%. Due to the sound customer structure that has a high share of private customers, the effects of the economic crisis on the heating business area were barely noticeable. The only subsidiary that still faces lower sales volumes is Energie-Contracting Steyr GmbH (ECO Steyr) which supplies process heating to industrial customers. However, the company managed to combat this situation in the planning stage, and the appropriate measures taken ensured sound overall development.

The central objectives of the business area heating are to add value to the Group result while contributing towards sustainable heating for customers. Forward-looking, innovative and successful projects are to help to ensure that these goals are met.

The development of Austria's largest geothermal project in the city of Ried in Upper Austria, in which Wärme GmbH holds a 40% share and is responsible for planning the district heating network, is right on track. The hot water resources are expected to be accessed in the coming fiscal year. 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.

The subsidiary ECO Steyr takes sustainability and eco friendliness very seriously too. The work on the replacement of an existing gas boiler with a biomass boiler to supply customers with process and district heat and electricity from renewable energy sources is on schedule and will be completed in the new fiscal year.

In the current fiscal year, a large-scale project aiming at supplying Wiener Neustadt with environmentally friendly district heating was launched in Lower Austria. Together with a regional partner and, most importantly, with the support of the town of Wiener Neustadt, a district heating system is to be established, based on existing sources of waste heat.

As a wholly owned subsidiary of OÖ. Ferngas AG, **OÖ. Gas-Wärme GmbH** with its business field ENSERV supplies local heating to its customers in the segments public institutions, housing industry and trade. During fiscal 2009/2010, its sales volumes rose by 32.3% from 82 GWh in the previous year to 108.5 GWh. This rise is mainly attributed to the increase in customers. In total, 399 heating systems supply more than 9,600 heating customers. Integral part of the company's business policy is the provision of energy-source neutral heating systems. In recent years, supply based on renewable energy sources has gained significance. A local heating system that was constructed in cooperation with a regional partner in Weichstetten in fiscal 2009/2010 reflects this trend.

Cogeneration-Kraftwerke Management Oberösterreich GmbH (CMOÖ GmbH) operates a cogeneration power plant at its location in Laakirchen in Upper Austria which delivers process heat and electricity to an industrial partner, and district heat to several other industrial customers and SMEs.

During the expired fiscal year, CMOÖ GmbH provided a total of 475 GWh of steam to its key customers and 29 GWh of district heat to other industrial customers and SMEs. This corresponds to a more or less constant development of heat sold compared to the year before (500 GWh). The proportionate amount of district heat sold has increased by more than 40% due to one customer's production facility expansion activities. In addition, the plant produced 429 GWh of electricity (previous year 400 GWh).

Besides producing electricity, **AVE Austria** uses its waste incineration plant in Wels (WAV) to produce heat and feeds it into the district heating network of the town of Wels. In fiscal 2009/2010 WAV delivered 63.5 GWh, which is around one-third of the district heating requirements of the town of Wels.

Conditions for Shared Services in Line With the Market

The four intragroup service companies were established to provide products and services that, on the one hand, comply with the Group's internal quality and safety standards and, on the other hand, meet external market conditions. The companies' available resources depend on what is required by their intragroup customers. Any fluctuations in demand are managed either by outsourcing contracts or by providing services to external customers.

Business relations between the service companies and intragroup customers are based on completely market-oriented services and prices. These are ensured by service contracts, defined product catalogues and service level agreements. The prices charged used to be defined based on a cost benchmarking model for each of the service companies' business fields. Prices were once again validated in fiscal 2009/2010 by applying the market price benchmarking method. This was done by checking the market capability of the offered products and services by comparing them against market offers (benchmark sources) based on external tenders or, alternatively, on peer-to-peer comparisons within and outside of the industry. Based on the gained insights, measures were developed focusing on quality, increasing efficiency and adjusting service levels. The implementation of these steps will lead to further price reductions as well as need-optimised services for the benefit of intragroup customers.

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

  Fiscal 2009/2010 was characterised by the implementation of a large number of further measures aiming at cost reduction, process optimisation and quality intensification. These included the successful completion of a Group-purchasing optimisation project, the expansion of the products and services offered to include further subsidiaries, and cost reductions that have become possible due to consistent exploitation of optimisation potential. This also helped the company to cope with the fall in capacity utilisation in purchasing and logistics very flexibly and with no effects on earnings. The drop in capacity utilisation is attributed to falling investment and maintenance activities caused by the general economic situation.

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

  Besides its main customer 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. Since fiscal 2009/2010, Customer Services GmbH has been a partner of Austria's first major "Homebutler" project. The company also processes the telephone services as part of a comprehensive IT technical support service for the specific needs of the residents of an assisted living facility in Linz.

  During fiscal 2009/2010, the employees took care of billing, customer support and collection management for around 1.3 million customer contracts. The customer contacts included around 595,000 calls, 50,000 e-mails and 68,000 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 single professional contact point.

  Fiscal 2009/2010 focused on expanding the Group network even further. This involved integrating some of the Group's subsidiaries into the existing HR system with regard to IT technology and the consolidation of parallel structures resulting from the Group's fast growth over recent years.

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

  During the past fiscal year, the difficult global economic conditions, which emerged in the autumn of 2008, continued to have an impact on the company's order situation. Triggered by budget cutbacks at the internal key customers Netz GmbH and Data GmbH and by the external customers' reluctance to place orders, there was once again a decline in sales. By reducing external staff and taking consistent cost optimisation measures, it became possible to ensure team utilisation and a slightly positive result.

  Despite further cuts in the budget and some delays in planned large orders, measures such as renting out engineering capacities over the long term and structural optimisation to be undertaken in the coming fiscal year are aimed at achieving full use of capacities and a positive result.

Operational Business Portfolio Made Complete by Strategic Participations

The most central strategic investments held by the Energie AG Group are associated companies included at equity, i.e. Ennskraftwerke AG, LIWEST Kabelmedien GmbH (LIWEST), Wels Strom GmbH and Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG). The portfolio of strategic investments also includes a large number of other non-consolidated companies.

The strategic investments complement the operational business areas at various stages along the value creation chain, providing the Energie AG Group with both strategic and operational advantages.

Ennskraftwerke AG belongs to the most important investments in the Energie AG Group. The company is owned in equal shares by Energie AG and VERBUND AG. Ennskraftwerke AG has a total output of around 430 MW which makes it one of the biggest Austrian producers of electricity from environmentally friendly hydropower. With regard to Energie AG's procurement portfolio, electricity procurement rights from Ennskraftwerke AG make up an important part of the renewable energy share at optimised costs and risks. During fiscal 2009 (1 January to 31 December 2009), the company produced 2,046 GWh, recording its second-best electricity generation result ever in the entire history of Ennskraftwerke AG. This figure is 10% above the standard annual value.

Ennskraftwerke AG's main activities focus on the operation and maintenance of twelve hydropower plants on the rivers Enns and Steyr in Upper Austria. In the context of flood protection measures taken in the town of Steyr, preliminary investigations were carried out in view of an additional power plant in the surroundings of Steyr. The latest detailed flood protection planning activities and novel technical considerations and possibilities have now given the power plant project new significance. A research project on the technical and economic feasibility of such a power plant is to be conducted to provide a profound basis for decision-making.

Special efficiency raising schemes that were initiated in the 1990s, efforts to optimise business processes along with restructuring measures have helped Ennskraftwerke AG over the past years to position itself as one of the most cost-efficient producers of environmentally friendly energy from hydropower. Its focus on core competences, the economical but safety-oriented way it manages business operations, its sustainable maintenance policy as well as its streamlined organisational structure continue to boost the company's competitive position.

Wels Strom GmbH, in which the Energie AG Group holds a 49% share, and which is owned 51% by Elektrizitätswerk Wels AG (EWW AG), is the regional supplier of electricity to the Upper Austrian town of Wels and several municipalities on its outskirts. The fully integrated energy supplier focuses its business on production, procurement, distribution and sale of electricity as well as the field of energy systems. As for energy systems, the company is specialised in the construction of gas-fired microturbine plants in Austria and Germany. During the last completed fiscal year (1 January to 31 December 2009) the company's own electricity generation dropped by 10% to 199 GWh compared to the same period the year before. Electricity volumes sold increased by 1.2% to 396 GWh while the quantity of heat sold climbed by 9.3% to 177 GWh. In response to the customers' demand behaviour which is affected by the subdued market development, Wels Strom GmbH is intensifying its marketing efforts. Apart from that, consistent cost management activities are to ensure value-based corporate development.

The wholly owned subsidiary Wels Strom Öko GmbH was founded to meet the customers' need for electricity from renewable sources and to be eligible to receive funding in accordance with the guidelines of the province of Upper Austria.

In the telecommunications sector, Energie AG has a stake of 44% in LIWEST Kabelmedien GmbH. Measured in terms of its actively connected customers, LIWEST is the biggest cable TV network operator in Upper Austria and ranks second nationwide. The fiercer competition in the cable TV market, particularly due to companies offering internet protocol television (IPTV), has led to a slight decline in cable TV customers to 122,966 (-1.5%). Despite the prevailing pressure of competition in the telephone and broadband Internet market, the company managed to increase both its number of telephone customers to 27,347 (+10%) as well as its number of Internet customers to 48,832 (+2.8%). This increase during fiscal 2009/2010 (1 October 2009 to 30 September 2010) is exclusively attributed to organic growth. Particular attention was paid to the implementation of restructuring measures.

The Energie AG Group has a stake of 26.13% in Salzburg AG für Energie, Verkehr und Telekommunikation, a multi-utility company serving the federal province of Salzburg. A regional energy supplier, Salzburg AG is engaged in business activities in the areas electricity, natural gas, heat, water, transport and telecommunications.

During fiscal 2009 (1 January to 31 December 2009), the total amount of own electricity generated was raised from 1,640 GWh to 1,718 GWh by 4.8%. In fiscal 2009, the company supplied 3,279 GWh to around 250,000 electricity customers. The recorded sales to around 32,000 natural gas customers dropped slightly by 4.7% to 1,784 GWh. Total district heating sold amounted to 847 GWh, which is 8.7% above the previous year's level. Water consumption amounting to 10.8 million m^3 fell slightly compared to 2008. Significant increases in customer numbers were recorded in the telecommunications business that covers cable television, Internet and telephony services.

The expansion of its renewable energy sector is a key focus of Salzburg AG's business activities. During the calendar year 2009, the run-of-river power plant Werfen/Pfarrwerfen was commissioned that has an output of 16 MW. 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 saving energy were established for the purpose of raising awareness of energy efficiency and encouraging people to use their electricity and heating sparingly.

In fiscal 2009/2010, the share of the results of associated companies included at equity totalled EUR 14.4 million following EUR 12.1 million the year before. Besides the companies mentioned above, further associated companies included at equity are Gas- und Dampfkraftwerk 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.

Energie AG has a 16% stake in Tauerngasleitung GmbH. By means of additional transportation capacities and supply sources, the construction of the Tauern gas pipeline is expected to raise security of supply in Austria and the other countries belonging to the European natural gas group. The corresponding feasibility study on the natural gas pipeline leading from the German-Austrian border to Italy is sponsored by the EU.

Energy Efficiency Positioning and the Renewables Sun and Wind

Energie AG Oberösterreich Fair Energy GmbH (Fair Energy) is a 100% subsidiary of Energie AG Oberösterreich that concentrates on the business fields energy efficiency, the renewable energy sources wind and sun and electric mobility. Taking advantage of the opportunities resulting from legislation and market developments, Fair Energy, along with its subsidiaries, is positioning the Energie AG Group as a competent partner in these segments.

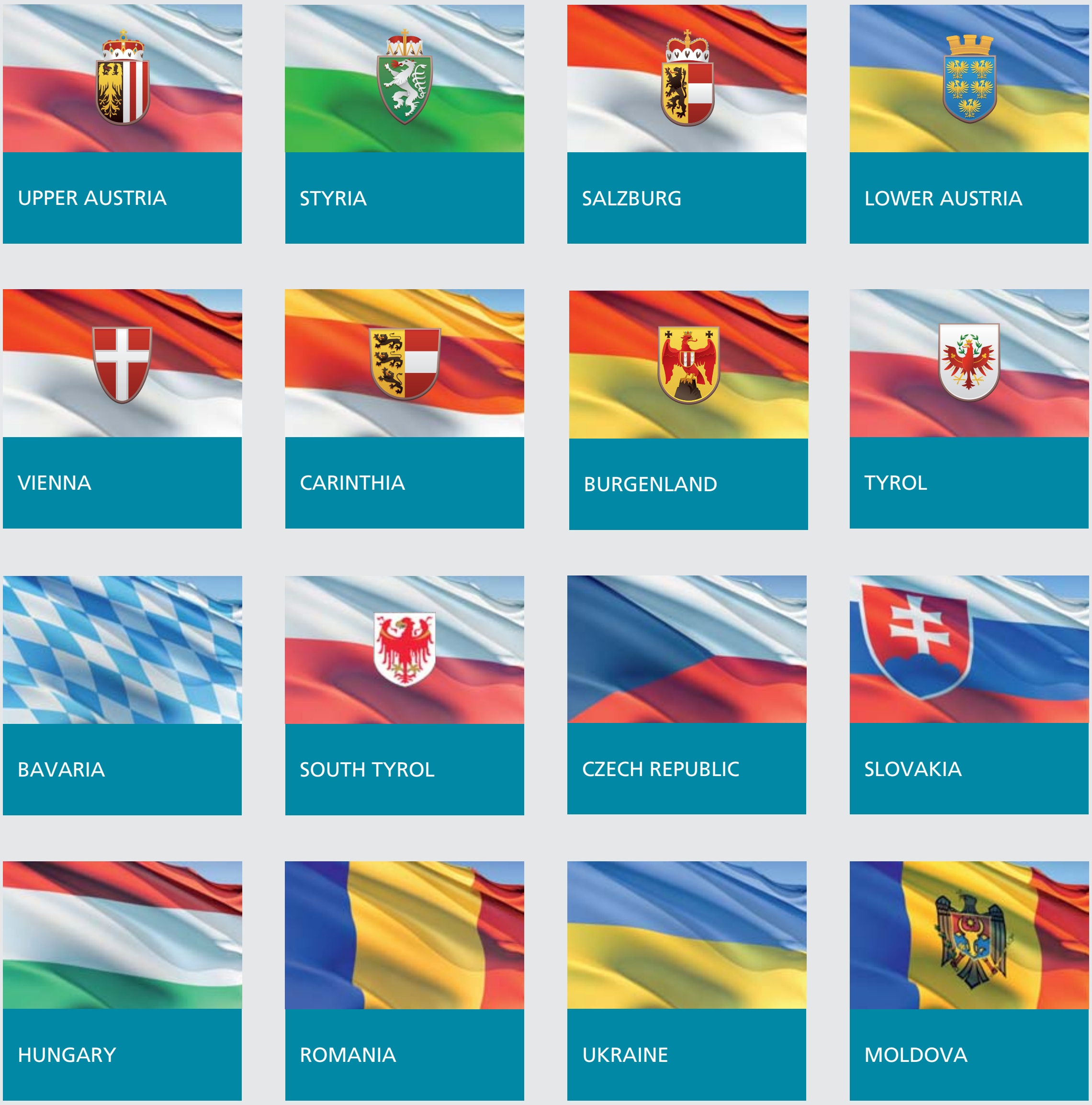
In March 2010, Fair Energy increased its shares in Institut für Energieausweise (IfEA) from previously 40% to 100%. It is IfEA's aim to become a full-range supplier in the business field of energy efficiency and building services. IfEA provides the basis needed to sustainably enhance buildings and residential areas in terms of energy efficiency. As a founding member of the Österreichische Gesellschaft für nachhaltige Immobilienwirtschaft (the Austrian Society for Sustainable Real-estate Management = ÖGNI), IfEA succeeded in setting a milestone for the issue with the gold medal-certification of the Power Tower, which is the headquarter of the Energie AG Group.

In May 2010, the wholly owned subsidiary Energie AG Oberösterreich Renewable Power GmbH commissioned Austria's largest solar power plant, also being the largest photovoltaic research facility at the "SolarCampus" in the Upper Austrian town of Eberstalzell. The special "Centre of the Future" was erected to promote innovation and information relating to energy efficiency, renewable energy sources, electric mobility and smart metering. With an output of close to 1 MW, the Group is thus setting new photovoltaic standards in Austria.

Finadvice Fair Energy Wind Development Sp. z.o.o., in which a 51% stake is held, develops wind farm projects in Poland.

Fair Energy also focuses on electric mobility. By effectively setting up a charging infrastructure in Upper Austria, offering electric vehicles to rent and other public activities, the company is putting the Energie AG Group at the forefront of the electric mobility movement.

The Waste Management Segment



Waste Management Segment – Overview	in	**2009/2010**	Change	2008/2009	2007/2008
Total waste volume handled	1,000 tons	5,203	11.9 %	4,651	4,610
Thermally processed waste	1,000 tons	590	-2.8 %	607	602
Total sales	EUR mill.	395.6	15.3 %	343.1	335.6
EBITDA	EUR mill.	57.6	- 2.5 %	59.1	63.9
EBIT	EUR mill.	- 1.5	—	0.3	20.6
Investments into tangible fixed assets and intangible assets	EUR mill.	31.1	- 53.8 %	67.3	65.8
Employees	FTE	3,482	7.5 %	3,238	2,695

The Waste Management Segment of the Energie AG Group operates on the market under the brand name AVE. The consolidated financial statements for 2009/2010 comprise Austria, Bavaria, South Tyrol, the Czech Republic, Hungary, Slovakia and Romania.

The Business Environment of the Waste Management Sector

The market environment of the waste management sector in Europe is still greatly influenced by the consequences of the global economic crisis. Although the prices for recycling materials have gradually recovered from the historic lows recorded in the last fiscal year, a production-related drop in waste volumes, more intensive waste processing and recycling material recovery processes, legal and illegal waste shipments from Austria and Germany to neighbouring countries and, above all, overcapacities in the area of thermal processing are exerting massive pressure on waste management prices.

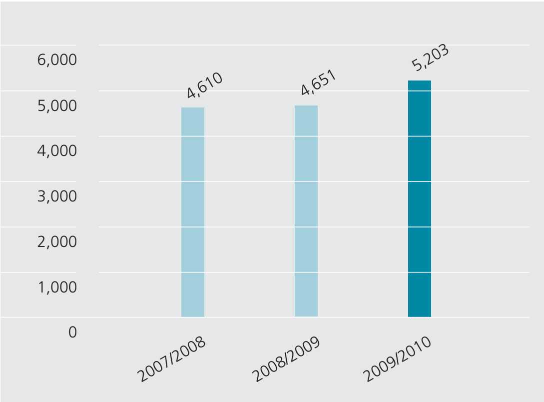
In order to speed up economic, social and territorial convergence, the EU allocated funds in the amount of EUR 70 billion to the Cohesion Fund for regional development projects in the period 2007 to 2013. Romania received funds in the amount of EUR 4.5 billion alone for the environment area. In addition, EU funds from the European Neighbourhood and Partnership Instrument (ENPI) in the amount of EUR 127 million are available for projects that focus on cross-border development in Romania's neighbouring countries Ukraine and Moldova. Just as Hungary profited substantially in the past years from the European Union's ISPA programme (instrument for structural policies for pre-accession) for the private-public partnership model (PPP model), it is expected that EU-funded environmental projects can be developed in the new accession country Romania as well as in the neighbouring regions of West Ukraine and Moldova in cooperation with municipal partners.

Following a temporary, crisis-induced drop in acquisition activity in the last quarters, the ongoing concentration process in the private waste sector in CEE was characterised by a slight increase in the number of takeovers of small and medium-sized companies. The situation in the public sector, however, is still two-pronged: While there is an ongoing trend in Germany and Austria towards re-municipalisation, a further privatisation of municipal services is expected in Eastern Europe due to the tight budget situation. The large share of municipal operations in East European markets has a stabilising effect on the AVE Group. Growth will therefore focus on the development and expansion of existing and new PPP models.

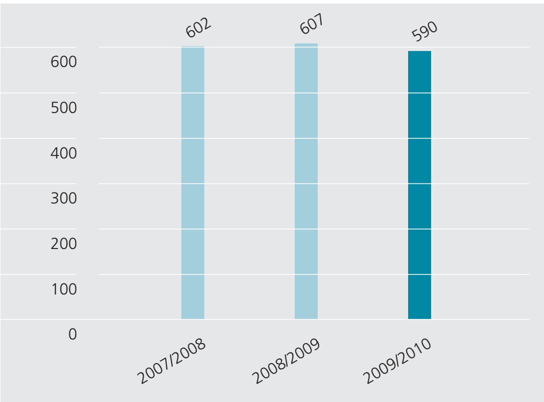
The Business Development of the Waste Management Segment

Sales in the Waste Management Segment in fiscal 2009/2010 increased significantly from EUR 343.1 million in the corresponding period of the previous year to EUR 395.6 million. This development was positively influenced by the rise in prices for recycling materials and the first-time consolidation of investments in Hungary and the Czech Republic.

WASTE VOLUME HANDLED IN 1,000 TONS



THERMALLY PROCESSED VOLUME IN 1,000 TONS



Despite the regressive market environment, the total waste volume handled displayed a clear increase of 11.9% to 5,203,000 tons. The corresponding positive effect on the results was, however, offset by two one-off effects which led to an EBIT of EUR - 1.5 million. In connection with the production of plastic pellets as a substitute fuel for the steel industry, a provision for imminent losses was formed on the basis of an estimate of future results and remaining contractual terms. The second one-off effect related to the creation of a special depreciation and a balance sheet provision for AVE Abfallwirtschaft GmbH in Bavaria due to a significant drop in the prices for industrial waste materials and the associated negative assessment of the future market situation. Excluding the one-off effects from special depreciations, the adjusted EBIT for the Waste Management Segment amounts to EUR 10.4 million. The operating result was boosted by the efficiency enhancement program which was initiated and continued in the course of the fiscal year to optimise the results, the increase in the prices for recycling materials and stable contributions from municipal business in the CEE companies.

Persistently difficult conditions in Austria, Bavaria and South Tyrol

In Austria, the past fiscal year just expired was marked by a slight general improvement in the economy and a clear increase in the prices for recycling materials, in particular, for waste timber, paper, cardboard and waste metal. The pressure on prices persisted in the areas of industrial and hazardous waste. AVE Austria therefore enhanced its focus on selective market development, broadened its cooperation with the Austrian municipalities and further intensified cost management.

The waste incineration plants in Wels and Lenzing worked at full capacity. In spite of the fact that the water level of the River Traun was lowered in the spring of 2010, line 1 of the waste incineration plant in Wels was operated continuously thanks to the implementation of an alternative technical solution. The waste material throughput at Wels exceeded the quantities of the previous year, while a higher caloric value of the input material and an unplanned shut down resulted in reduced quantities. After the economic and, above all, technical problems concerning the pelletising plant at Wels, production recommenced in summer 2010 and technical optimisations were implemented on an ongoing basis. In accordance with the estimates for the future development of the result and in view of the contractual obligations vis-à-vis its partners, a provision for imminent losses was created in the Group's present financial statements.

After the offensive growth course pursued in recent years and the massive effects of the global economic crisis in the course of the last fiscal year, AVE Austria focused on the consolidation of the existing company structure in 2009/2010. The efficiency enhancement programme commenced in the previous year was implemented in a restricted scope and a further efficiency enhancement programme, which focuses on the operating process level, was initiated to secure sustainable profitability for the company. AVE Austria's goal of securing and further strengthening its position as a market and quality leader should be achieved through the consequent implementation of the consolidation programme combined with an increased focus on cost efficiency, human resources development and consequent value enhancement.

In Bavaria, the drop in prices for industrial waste and the changed conditions in the area of material flow management led to the shutdown of the industrial waste processing plant in Rotthalmünster in the spring of 2010. Thanks to diligent sales activities and despite the intensive competitive environment, sales displayed a year-on-year increase due, in particular, to increased volumes for paper, cardboard, biogenic waste and in the building-related area. Due to the persistently low price level for waste from the SME and industrial sector and the estimation of future results, a comprehensive impairment provision in the form of depreciations and provisions was necessary in the current financial statements. The renewed winning of the multiyear, waste disposal tender for the Rottal-Inn and Dingolfing-Landau regions played a decisive role in stabilising the result.

Activities in South Tyrol were expanded at the beginning of fiscal 2009/2010 with the acquisition of a second company near Bolzano. With the waste management infrastructure now available, AVE in South Tyrol is in a position to handle larger quantities of waste materials and recyclable materials. The sorting of plastic materials was further expanded and third-party business with recycling materials and waste materials in the neighbouring countries has also developed positively. Both companies were included in the scope of consolidation during the expired fiscal year.

Positive development in the CEE countries

In spite of the persistent economic crisis, the business volume of AVE Czech Republic displayed further significant growth in fiscal 2009/2010. Sales and the operating result were well above the values recorded in the previous year.

In spite of low municipal budgets, several important contracts were won in the fields of waste management and the municipal services. Excellent revenues from winter services and sales gains in the area of primary materials trading due to higher prices were also cornerstones for the development of the result. In addition to the positive development on the market, AVE Czech Republic also successfully implemented several cost-effective efficiency measures such as the centralisation of purchasing and the merging of sites. A further acquisition significantly strengthened the position in the field of processing and trading primary materials for paper, cardboard and plastic materials and AVE Czech Republic managed to expand its position in the core area communal services. The acquisition of the first hazardous waste incineration plant of AVE Czech Republic after lengthy negotiations is of great strategic importance. This plant represents an important expansion of the service range and a success factor for future tenders in the area of environmental remediation. The companies ROPO, Nasavrky and Kralupy were included in the scope of consolidation of the Group for the first time.

In spite of the difficult economic situation, AVE **Hungary** recorded significant sales gains in fiscal 2009/2010 and even managed to exceed the profitability of the pre-crisis years. This improvement is attributable to new contracts, the recovery on the recycling materials market and one-off transactions.

After taking over an additional 25% of the business shares in Zöldfok Zrt. in December 2009, AVE is now the majority shareholder of the company. As a result, the company has now clearly strengthened its market position in the Balaton region. As of fiscal 2009/2010, AVE Hungary is included in the scope of consolidation. Moreover, in December 2009 AVE Hungary took over 65% of the shares in a waste processing plant in the Slovak town of Párkány (Sturovo). The relocation of the headquarters of the provincial company from Budapest to Tatabánya commenced towards the end of the year.

With the newly expanded landfill capacities in Senec, Jasov and Tornala as well as the new sites in Bratislava and Kosice, AVE **Slovakia** can now offer extensive services for approximately 150,000 inhabitants and over 1,000 small and medium-sized industrial enterprises. AVE already has more than 300 employees at 11 sites that are certified in accordance with ISO 9001, ISO 14001 and OHSAS 18001. Following the implementation of a uniform IT system at all sites, all of the AVE companies now meet the technical and organisational requirements for the targeted development of the Slovak market. The company AVE Bratislava, s.r.o. was included in the scope of consolidation of the Group for the first time in fiscal 2009/2010.

The impact of the economic crisis on the waste disposal activities of AVE **Romania** were hardly noticeable, mainly due to the high share of municipal operations. Romania's most modern, EU-conform regional landfill was opened in Harghita at the beginning of the fiscal year. In the second half of the year, the headquarters of the provincial company were relocated from Bucharest to Cluj within the framework on the ongoing optimisation measures. In the defined target regions in the northwest of the country, the market presence was further consolidated and extended. The operating companies Salaj, Huron, Harghita and the provincial holding were included in the scope of consolidation for the first time in fiscal 2009/2010.

As further private, SME and industrial customers were taken on board, the **Ukraine** was able to record clear organic growth. Waste management services are currently being provided for all 80,000 inhabitants thanks to the successful PPP model with the town of Mukatchevo. After taking over 70% of the largest waste management company in the field of municipal and SME waste in Lviv and the winning of the tender for municipal waste collection in two additional districts, we now provide services to more than 30% of the 750,000 inhabitants of Lviv.

The active development of the market in **Moldova** led to strong organic growth in fiscal 2009/2010. AVE has enhanced its focus on market consolidation in the town of Ungheni and the surrounding areas. Following the market entry in the Chisinau region, the number of contracts with household customers more than doubled. In the SME and industrial customer area, the regional expansion of business activities led to a 60% increase in the number of concluded contracts.

The Water Segment


UPPER AUSTRIA


STYRIA


SALZBURG


LOWER AUSTRIA


VIENNA


CARINTHIA


BURGENLAND


TYROL


BAVARIA


CZECH REPUBLIC


SLOVAKIA


HUNGARY


SLOVENIA

The Water Segment – Overview	in	**2009/2010**	Change	2008/2009	2007/2008
Billed drinking water quantities	mill. m^3	51.7	7.7 %	48.0	49.1
Billed waste water quantities	mill. m^3	43.0	4.9 %	41.0	27.2
Inhabitants supplied with drinking water	in 1,000	995	6.5 %	934	716
Inhabitants with waste water treatment	in 1,000	663	7.1 %	619	412
Total sales	EUR mill.	118.8	9.3 %	108.7	81.0
EBITDA	EUR mill.	12.8	13.3 %	11.3	7.7
EBIT	EUR mill.	5.1	13.3 %	4.5	2.5
Investments into tangible fixed assets and intangible assets	EUR mill.	7.2	4.3 %	6.9	5.6
Employees (average number)	FTE	1,643	9.0 %	1,508	1,125

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. Up to 2010, 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 will be realised, on the one hand, through state subsidies and EU funding and, on the other hand, through the privatisation of public water management companies in the form of license and PPP models. 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, water management lies – in contrast to the Czech Republic – mainly in the hands of the municipalities. 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 PPP models where the control over the infrastructure and decisions relating to the fees remain in public hands.

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

The Business Development of the Water Segment

In the Water Segment, total sales amounted to EUR 118.8 million and the EBIT realised was EUR 5.1 million.

Sales displayed a year-on-year increase of 9.3% (previous year: EUR 108.7 million). This growth is largely acquisition-related following the first-time, result-relevant consolidation in fiscal 2009/2010 of the company VHOS a.s., which was acquired in the previous year and already consolidated in the balance sheet. In Austria, water sales were increased without further acquisitions and service activities were clearly expanded. In addition, the prices for drinking water and waste water contracts increased in Austria and the Czech Republic. The EBIT rose 13.3% from EUR 4.5 million in the previous year to EUR 5.1 million. One-off costs arising from the merger of two operating companies in southern Bohemia to form CEVAK a.s. and changed conditions in individual operating agreements, resulting from a decline in drinking water sales and the introduction of the EU financial model, were compensated by efficiency enhancement measures, price increases for drinking water and waste water as well as the positive development of service activities in the Czech Republic, Austria and Slovenia. Moreover, savings were achieved in the market and project development area. The development of the EUR/CZK exchange rate contributed to the positive development of sales and EBIT in the Water Segment.

In fiscal 2009/2010, the companies in the Water Segment billed 51.7 million m³ of drinking water and 43.0 million m³ of waste water. This corresponds to a growth of

3.7 million m³ or 7.7% for drinking water and 2.0 million m³ or 4.9% for waste water. This volume increase in the Czech Republic is the balance between the newly acquired volumes and the slight, crisis-related decline in sales to existing customers. Water sales in Austria were stable compared to the previous year.

As of 30 September 2010, approximately 1 million inhabitants were supplied with drinking water and waste water management was carried out for 663,000 customers. This corresponds to customer growth of 6.5% in the drinking water area and 7.2% in the waste water area.

Investment in tangible fixed assets and intangible assets increased, primarily due to the new company VHOS a.s., to EUR 7.2 million. This corresponds to an increase of 4.3% compared to the previous year (EUR 6.9 million). For the same reason, the average number of employees in the Water Segment rose from 1,508 FTE to 1,643 FTE.

New Structure and Growth in the Czech Republic

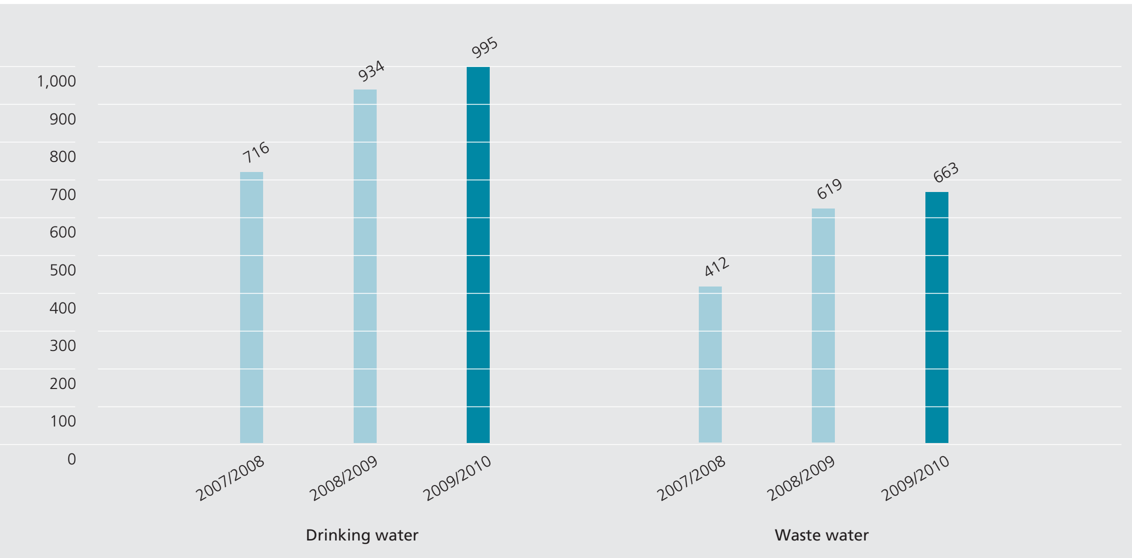
In South Bohemia, business development was shaped by the merger of the companies 1. JVS a.s. und VaK JČ a.s. in Budweis. The new company ČEVAK a.s. supplies drinking water to over half a million customers in South Bohemia and is therefore one of the Top 5 water supply companies in the Czech Republic. AQUASERV a.s., which was created following the hiving-off of a section of the former VaK JČ a.s., has been functioning as a central technical service provider for the water companies since 2009/2010. The business of the participation in the town of Beroun, the only company of the water group in the Czech Republic that owns a water sector infrastructure, is once again developing positively. The operating companies in the region of Kolín and Chrudim recorded an increase in sales and EBIT despite the drop in drinking water and waste water volumes as a result of production cutbacks and plant shutdowns by large customers. This increase was achieved through additional service activities, higher material sales and price increases in operating agreements. The fiscal year of the company VHOS a.s., which was acquired in the Moravská Trebová region in 2008/2009, was characterised by the integration process in the water group and the associated optimisation activities.

The majority holding in a further operating company was acquired in the expired fiscal year. The water company AQUA SERVIS a.s., which is located in Rychnov nad Knežnou, supplies over 50,000 inhabitants with drinking water and also engages in waste water treatment. Other services outside of the core business area include construction assembly, electrical installation and laboratory services. In the current financial statements, the company is only consolidated in the balance sheet.

Sound Development of the Water Services Business

Complementary to the operating companies in the Water Segment, water and waste water services are offered by companies in Slovenia, the Czech Republic and Hungary. In Austria, WDL Wasserdienstleistungs GmbH (WDL) supplies drinking water to 45 towns, municipalities and cooperatives and the services division has been greatly expanded.

NUMBER OF INHABITANTS SUPPLIED IN 1,000



The service portfolio of WDL embraces water services, sewage services and operations management for the water sector infrastructure. WDL displayed very positive development in the fiscal year just past. In addition to the slight increase in the volume of drinking water supplied to municipalities – water is supplied to over 170,000 inhabitants in Upper Austria and South Bavaria –, significant growth was achieved in the sewage and water services area where the entire Austrian market is serviced. As a result, the sales and EBIT of the company were clearly increased compared to the previous year.

Due to its geographical proximity to the WDL site in Styria, the Slovenian subsidiary Varinger d.o.o. benefits from operational and technical synergies. Varinger d.o.o. offers sewage and water services and achieved a year-on-year increase in sales and EBIT despite the price pressure in the channel pressure testing area.

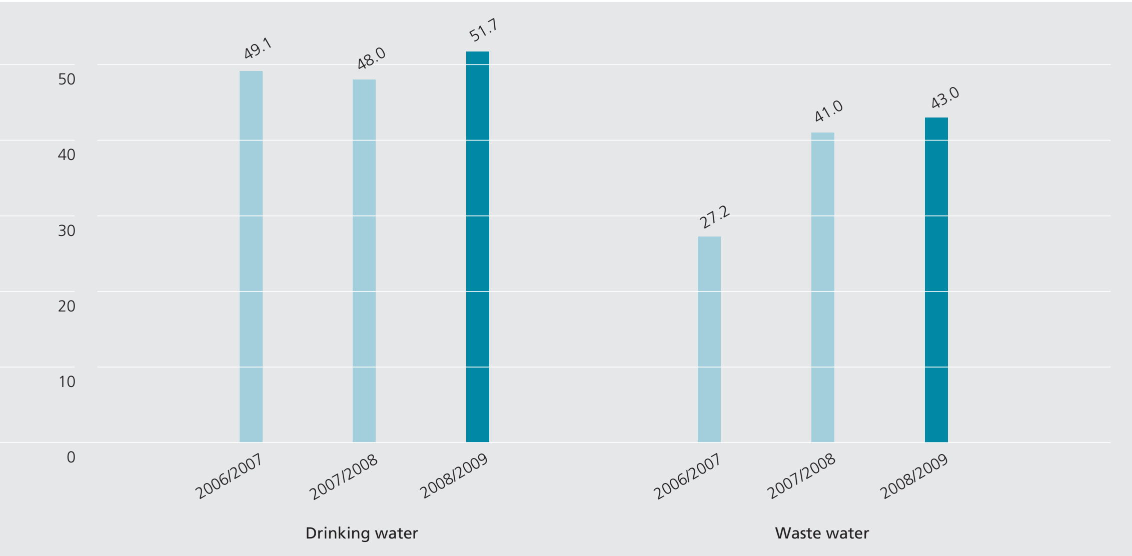
The Hungarian joint venture ENERGIE AG Miskolc Kft., which was founded together with the town of Miskolc in 2008, provides water and waste water services and engages in preparatory measures for the modernisation of the infrastructure. The company, which has recorded growing sales and improved results ever since it was founded, was included in the Group financial statements for the first time in fiscal 2009/2010 on the basis of the equity method.

The Czech investment AQUASERV a.s., which is located in Budweis, is primarily engaged in the areas of construction assembly, sewage services, laboratory services and GIS and operates a water metre workshop. The services are provided centrally for the Czech water companies in the segment, whereby the development of the external market will also be a focal point in the future. The fiscal year just past was characterised by structuring and optimisation processes in the commercial and technical area.

Repositioning in Hungary and Slovakia

The focus of the investment funds within the Group and the market development in Hungary and Slovakia coupled with the market forecasts for these countries necessitate a repositioning in these markets. As of fiscal 2010/2011, the responsibility for market development and market monitoring will no longer lie with the provincial companies in Budapest und Bratislava. In Hungary, these functions will be transferred to ENERGIE AG Miskolc Kft. and a branch office of Energie AG OÖ Wasser GmbH will handle these tasks in Bratislava.

BILLED DRINKING WATER / WASTE WATER IN m^3 MILL.



RESULT OF OPERATIONS AND FINANCIAL POSITION

	in	2009/2010	2008/2009	Change
Sales revenues	EUR mill.	1,978.8	1,806.0	9.6 %
EBITDA	EUR mill.	289.3	263.2	9.9 %
EBITDA margin	%	14.6	14.6	0.0 %
Operating result (EBIT)	EUR mill.	128.9	105.5	22.2 %
EBIT margin	%	6.5	5.8	12.1 %
Financial result	EUR mill.	- 34.3	- 14.9	- 130.2 %
Profit or loss on ordinary activities	EUR mill.	94.6	90.6	4.4 %
Balance sheet total	EUR mill.	3,695.9	3,658.5	1.0 %
Equity	EUR mill.	1,347.9	1,302.2	3.5 %
Equity ratio	%	36.5	35.6	2.5 %
Net debt	EUR mill.	782.4	805.7	- 2.9 %
Net gearing	%	58.0	61.9	- 6.3 %
Investments into tangible fixed assets and intangible assets	EUR mill.	178.9	194.1	- 7.8 %
Cash flow from operations	EUR mill.	271.7	115.7	134.8 %
ROCE	%	5.4	4.8	12.5 %
WACC	%	6.5	6.5	0.0 %

In fiscal 2009/2010, sales revenues increased to EUR 1,978.8 million and therefore lay 9.6% above the value recorded in the previous year (EUR 1,806.0 million).

Sales growth was achieved in all segments. The growth in the Energy Segment results, above all, from the further expansion of electricity trading activities, full-scale operations at the combined-cycle gas turbine power plant in Timelkam as well as price increases in the electricity supply area. In the Waste Management and Water segments, sales growth is primarily attributable to the first-time consolidation but also to organic growth.

The EBIT reached EUR 128.9 million. This corresponds to a year-on-year increase of 22.2% (previous year EUR 105.5 million).

The still difficult overall economic conditions for the European infrastructure industry were compensated through the implementation of counter measures as well by the positive effects of successful investments in the last years. Despite the poor water supply from Austrian rivers, which was 9% below the value recorded in the previous year, own generation displayed a year-on-year increase of 8% to 4,554 GWh due to the initiation of full-scale operations at the combined-cycle gas turbine power plant in Timelkam. The contribution of electricity supply operations to the result was clearly improved compared to the previous year in which high procurement prices and the re-marketing of electricity volumes unused by industrial customers had a burdening impact. The price adjustments in the private and SME customer segments and a provision formed in the balance sheet in the previous year for lower quantities taken in the industrial customer segment coupled with risk optimisation measures had correspondingly positive effects.

The EBIT is burdened by two one-off effects in the Waste Management Segment which overshadow the now improved development of its operating activities. The EBIT for the fiscal year just past includes unscheduled depreciations and provisions in the balance sheet to cover the estimated future results of the pelletizing plant in Wels and the provincial organisation in Bavaria.

The financial result in 2008/2009 was positively affected by gains realised from the termination of a cross-border leasing transaction. Due to this effect and the decline in the result from investments of the strategic financial reserves due to the unfavourable market environment, the financial result for the period under review came to EUR -34.3 million and therefore lay significantly below the value reported in the previous year (EUR -14.9 million).

The balance sheet total came to EUR 3,695.9 million and therefore displayed an extremely stable development compared to the previous two years. With a year-on-year increase of 1.0%, it now lies approximately at the value recorded in 2008/2009. Equity displayed a year-on-year improvement of 3.5% to EUR 1,347.9 million thus leading to a slightly improved and consistently stable equity ratio of 36.5%.

Net debt was reduced by 2.9% to EUR 782.4 million compared to the previous year with the result that gearing improved by 3.9 percentage points to 58%. The method of computation for net debt and gearing was adjusted in the customary manner for the current financial statements insofar as short-term security investments are valued as cash and cash equivalents.

Investment in tangible fixed assets and intangible assets in the Group came to EUR 178.9 million and was therefore 7.8% below the value recorded in the previous year (EUR 194.1 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 24.8 million.

The operating cash flow amounted to EUR 271.7 and was therefore doubled compared to the previous year (EUR 115.7 million). While the value of the previous year was burdened by outflows from derivative hedging instruments, the improved annual result in the fiscal year just past and inflows from hedging transactions had a positive effect.

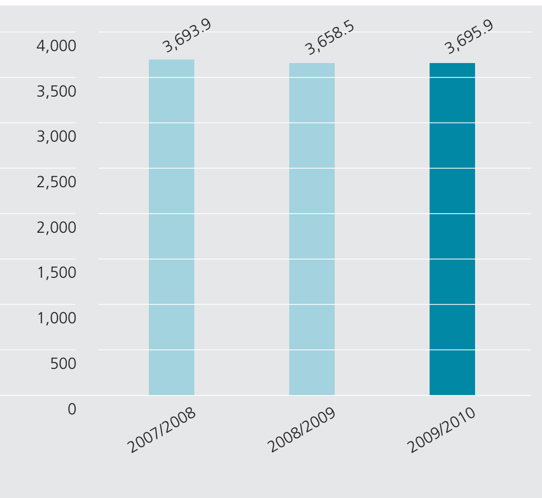
Financing Structure and Strategy

Against the backdrop of the tense situation on the financial markets, the consistent implementation of a conservative financing strategy was again of particular significance in the fiscal year just past. 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 the 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.

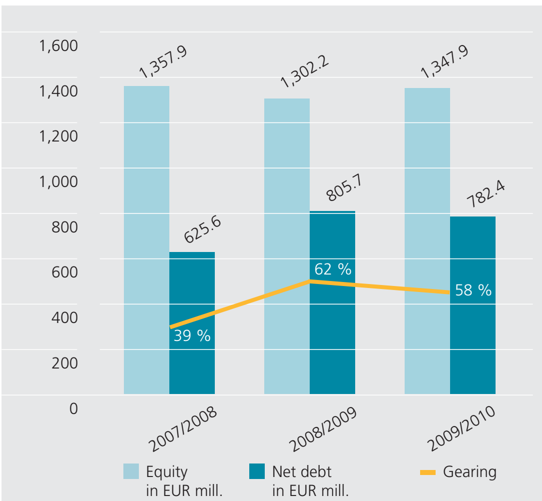
In the course of fiscal 2009/2010, the structure of the long-term financing of the Energie AG Group was optimised through the issuance of registered bonds in the nominal amount of EUR 48.0 million and loans in the amount of EUR 32.0 million. Approx. 90% of the Group's external funding is of a long-term nature with terms to maturity of up to 20 years. 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 strong rating ensures high financing flexibility and access to the financial markets. In July 2010, the international rating agency Standard & Poor's confirmed the "A" credit rating for the Energie AG Group. As a result, the Group achieved its goal of maintaining a Single A rating, even in difficult economic times. 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 on credit and capital markets. Rating-relevant key data and indicators are taken into greater account when drawing

BALANCE SHEET TOTAL IN EUR MILL.



GEARING



up the business plan, and the impact on the Group's rating is also considered when evaluating individual projects in order to maintain a Single A rating on a long-term basis.

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 2010, these partly committed credit lines amount to approximately EUR 490 million. 75% of these lines are not being used at present.

As a rule, the Group's financing is handled centrally via Energie AG Oberösterreich and Energie AG Finance B.V. (Amsterdam). Using the positive credit rating of the Group as a basis, the Group's long-term financing has thus been bundled with optimum effect. Funding within the Group is forwarded in line with needs and at arm's length conditions. Short-term liquidity compensation among the Austrian companies of the Group is obtained by means of a cash pooling system that is being handled together with two Austrian banks.

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 prioritization 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 on 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 debt 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.

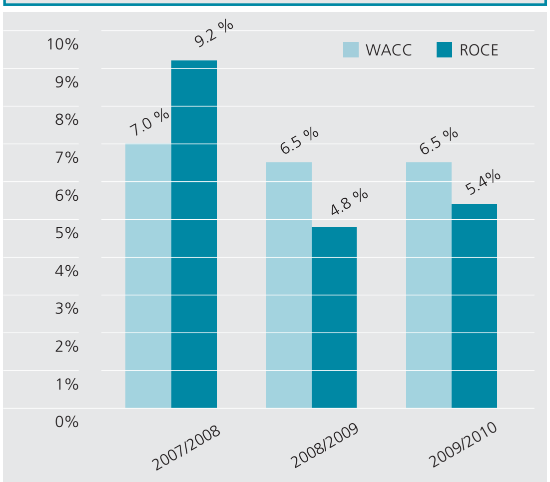
In fiscal 2009/2010, the ROCE of the Energie AG Group amounted to 5.4% and therefore lay 0.6 percentage points above the value reported in the previous year (4.8%).

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 %
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 %

ROCE AND WACC IN %



MATERIAL EVENTS AFTER THE END OF THE FISCAL YEAR

No events of particular significance occurred in the Energie AG Group after the reporting date on 30 September 2010. After the reporting date on 30 September 2010, 29 employees made use of the gradual step-in pension plan. Corresponding provisions for these commitments will be formed in fiscal 2010/2011. Apart from that no events of particular significance occured in the Energie AG Group after the reporting date on 30 September 2010.

INTERNAL CONTROL SYSTEM (ICS)

In the last years, Energie AG Oberösterreich focussed intensively on internal control systems. New statutory requirements necessitated the optimisation and standardisation of the existing internal control system. In the fiscal year just past, the Group audit unit implemented a project which aimed at creating a risk-oriented, transparent and effective internal control system on the basis of uniform principles and standards.

The essential billing-relevant processes and controls at the companies were evaluated, revised with a view to achieving a uniform understanding and plausibility, tested with an internally developed IT programme to confirm their maturity and then documented.

This method of recording and documenting the controls paved the way for the improvement of the existing control activities with regard to transparency and reliability. The first recommendations and measures to increase control safety and efficiency were implemented. In the course of the completed project, the competencies within the ICS process and the responsibilities for the individual controls were regulated in a Group guideline. Company and Group management bodies are informed with regard to the efficiency and maturity of the ICS via standardised reporting. Improved control awareness and a fundamentally well documented and transparent ICS were confirmed in each of the examined areas. The results of the project are documented in an IT database, in the control manuals for the individual companies as well as in the maturity maps and the measure catalogue.

This serves to guarantee the ongoing development and optimisation of the existing internal control system so as to preserve the Group assets and improve the efficiency of internal Group processes.

RISK MANAGEMENT

The many challenges of the fiscal year just past clearly show that the consistent analysis of risks and opportunities is an important component of the control tools of the Energie AG Group. The integration into Group Controlling at an organisational level, whereby tasks are still divided on the basis of business disciplines, paved the way for the realisation of additional synergies.

The risk management process implemented throughout the Group complies with the requirements of ISO 31000 and the Austrian standard ONR 49000. It is also certified as part of the matrix certification according to ISO 9000. An external audit carried out in 2010 confirmed the high quality of the underlying procedures.

A specific software tool is used on a quarterly basis to record the relevant data and update the valuations. Hence, correct documentation and verifiability is also guaranteed. Special attention is also paid to the risk control measures and the monitoring of their efficiency. 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 facilitates the aggregation of individual risks into the total risk position of the Group and therefore increases risk transparency as well as the quality of the strategic and operating conditions.

Risk Profile and Development Trends

- Counterparties

  In its treasury and commodities trading acitivities, 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 derivative hedging transactions in the Group Treasury and the concentration of energy trading activities in the Group's own trading subsidiary Trading GmbH facilitates the optimisation of control operations. 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. Hedging agreements based on EFET agreements relating to the execution of electricity and gas trading transactions have also been concluded with two further counterparties. 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.

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

- Participations

  Participation risks are the result of changes in the shares held, in the dividends, the pro-rata net income for the year in the case of associated companies with at-equity consolidation, and of liabilities. Risks are optimised by identifying, analysing, quantifying and monitoring them. Last year, the share in AVE Abfallwirtschaft GmbH was adjusted within the framework of an impairment provision.

- 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. The monetary effects were minimized in the fiscal year just past through the consistent monitoring of the favourable time slots for maintenance work. Interruptions in the electricity distribution system were proactively countered through the continuation of cabling activities in forest areas. Risk prevention measures extending over the contract periods were implemented to counter the effects of recommissioning the pelletizing plant of AVE Austria. Damage repair activities and renovation measures for the power plants were carried out at times when the interruptions only had a slight impact on the result.

  Against the backdrop of the negative to stagnating spreads between market prices for gas and electricity, the investment risk of the combined-cycle gas turbine plant Timelkam will be monitored by way of regular profitability analyses.

- Water Levels

  The revenues in the Energy Segment are greatly influenced by the water supply from the rivers. This applies not only for the Group's own power plants but also for the procurement rights from hydraulic power plants. Last year, the water supply lay 4% below the standard operating capacity. The impact was cushioned by compensatory effects with other risks/opportunities. The necessary dam renovation measures were carried out at the Traun-Pucking power plant and, in the trading area, the Group benefited from favourable spot repurchase opportunities.

- 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. At present, increased attention is being paid to further developing working capital management in order to optimize internal financing processes.

  The exposure in connection with foreign-exchange risks is restricted mainly to the risk of translating the company and asset values in the CEE area (net investment). No hedging transactions were made for the net investments. The transaction risk of Energie AG can be classified as minimal.

  At the end of fiscal 2009/2010, the share of variable interest-bearing liabilities amounted to approx. 40% of the total financing portfolio. On account of the current market situation and the expected development of interest rates on capital markets, the Group Treasury of Energie AG gradually replaced variable interest-bearing portions of external funding with attractive fixed interest bearing titles by means of interest-rate swaps.

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. In spite of the so-called PIGS debt crisis in the peripheral European countries, it was possible to obtain a positive investment result throughout the Group for fiscal 2009/2010. When integrating companies, the goal is to transfer the conservative approach and the clear limitation of risks in connection with financial investments in line with central investment management.

Please refer to the information in the Group's Notes with regard to the effect of derivative hedging transactions and their effect on the balance sheet.

- Rating

  At the beginning of July 2010, Standard & Poor's confirmed the very good "A" credit rating (outlook negative) for Energie AG. The maintenance of the target rating provides the Group with greater financial flexibility and secures access to cost-effective financing instruments on the international capital and credit markets.

- CBL

  In the fiscal year just past, the existing cross border leasing (CBL) transaction was continued according to the agreement and has a stable structure. The provision of additional collateralisation was not necessary. Possibilities for the further optimisation of the CBL transaction are being analysed on an ongoing basis. With a USD closing rate of 1.3633, the contingent liabilities from cross-border leasing were shown to amount to EUR 671 million as of 30 September 2010.

- Competition

  Due to the high level of industrialisation in Upper Austria, competition risks have a considerable influence on the risk structure of the Energy and Waste Management segments. Here, the effects and aftermath of the economic crisis have led to an increase in the volume risks. This is a development that still requires particular attention. The prices for recycling materials displayed a slight recovery. 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 cyclicality associated with the renewing of agreements has a lasting impact on the risk/opportunity profile in all segments and provinces. Measures implemented to secure successful growth include customer loyalty campaigns, targeted acquisition and activities that focus on winning customers back.

- Energy

  All electricity and gas trading activities 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 provides the fuels that are needed to operate the power plants and also handles the gas trading activities for OÖ. Ferngas AG. It is therefore the energy hub of the Group. 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.

  Please refer to the information in the Group's Notes with regard to the effects of derivative hedging transactions and their effect on the balance sheet.

- Procurement

  In the procurement area, the procurement optimisation project was completed successfully and the resulting opportunities were used. The institutionalised processes in this area are subject to permanent monitoring and the procurement synergies for the entire Group are continuously increased through the integration of further subsidiaries.

In the coming fiscal year, the regulatory risks will require particular attention as the implementation of the EU Internal Market Directive will bring about a revision of the Austrian Electricity Industry and Organization Act [ElWOG] that is expected to bring about changes in the management of the network companies.

We expect that the Group will display further positive growth in fiscal 2010/2011. As of 30 September 2010, 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 both within and outside the industry. This includes 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 in the research policy bodies that deal with electricity issues of the European Commission, the Directorate General for Research, and the Directorate General for Energy.

In fiscal 2009/2010, the expenses for research, development and innovation totalled EUR 3.1 million. In the various entities of the Group, 217 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:

- During the construction of Austria's largest photovoltaic power plant in Eberstalzell, which was commissioned in May 2010, particular attention was dedicated to application research and innovation. The special testing ground with different panel types – including modules manufactured with thin-layer technology – is a clear signal in this respect. The six movable stand units – so-called movers or trackers – always find the optimal position to the sun and, in addition to opening up new earnings potential, also form the basis for analyses of improved approaches to exploiting solar energy and of the necessary service and maintenances expenses in relation to the electricity yields. Information relating to component aging, service life, the influence of weather conditions and variations in power output caused by the natural soiling of the collector surfaces is also expected.
- OÖ Gas-Wärme GmbH and a regional partner in Engerwitzdorf in Upper Austria constructed a plant that produces biogas which is upgraded to approx. 970,000 Nm^3 bio-methane using the BCM® gas treatment process. This bio-methane is fed directly into the natural gas pipeline network of OÖ. Ferngas Netz GmbH. The conversion of biogas to bio-methane, which complies with the quality criteria G33 (H-quality natural gas), is being carried out on this scale for the first time in Austria and represents the further development of a process that started more than five years ago with the biogas treatment plant in Pucking. The bio-methane, which has the same energy efficiency level as natural gas, is fed directly into the natural gas network thus guaranteeing that it can be used for a wide variety of applications. Thanks to its biogenic origin, around 2,000 tons of CO_2 emissions can be avoided every year. It should also be noted that the utilisation of the raw materials silage maize, triticale, sunflower, millet and meadow grass as well as manure from animals kept for farming purposes does not have an adverse effect on the nutrient cycle of the most important plant nutrients.
- A "homebutler system", which sets new standards in living comfort, was developed in cooperation with a large number of organisations under the slogan "Living for a long life". The numerous new and innovative communication possibilities offer enhanced security for all generations and greater integration into modern society. In future, the idea of senior-friendly housing, whereby elderly citizens should be able to live in their own homes for as long as possible, should be supported with leading-edge ICT technology. Customer Services GmbH, together with several other companies within the group, is an important hub for correct data transfer and therefore occupies a leading position.
- Netz GmbH, Data GmbH and Vertrieb GmbH & Co KG are partners in several Austria-wide research projects that focus on smart grids, energy efficiency and energy conservation. In these projects, potential is analysed and model measures, a growing number of which are also tested in practice, are created. The focus currently lies, in particular, on the increasing number of decentralised generation plants and their efficient integration into the distribution system. Parallel to this, requirements arising from electric mobility are also considered. Innovative solutions which allow the intensive utilisation of the existing grid should eliminate the need for high investment in line expansion and guarantee voltage quality. This will lead to an increase in efficiency. The smart metering system that is currently being rolled out meets all of the technical prerequisites.

The central focus of long-term, forward-looking research lies in the creation of energy- and performance-autonomous grid sections. The active management of decentralised generation plants and loads should lead to a balancing of performance. The partners in these projects are a leading Austrian research institute, local universities, grid operators from various regions in Austria as well as technology supply companies that are correspondingly represented in Austria.

- In the fiscal year expired, Data GmbH successfully completed an extensive evaluation programme for the new generation of AMIS metres. The pilot project led to many improvements and adaptations and also yielded lots of new ideas for new applications. Approximately 20,000 metres were installed in a closed geographical area which also allowed the integration of all of the different customer groups. All of the processes were evaluated and valuable experience was gained for a further roll-out.

- At Energie-Contracting Steyr GmbH, which provides a large industrial estate with electricity and heat as well as supplementary supply and waste management services, a micro gas turbine was installed and subsequently coupled with an absorption refrigeration system. This is used to dehumidify the internal compressed air system of the industrial estate and to increase the efficiency of the compressors, particularly in the summer months. This system was installed for the very first time with the aim of enhancing energy efficiency through the utilisation of a combined process.

OUTLOOK

In the course of the fiscal year just past, the Energie AG Group displayed further growth potential thus underpinning its stable strategic orientation as an integrated infrastructure group. The risks that prevailed and materialised as a result of the unfavourable economic environment of the last two years can be better managed in future through the implementation of appropriate countermeasures and the inclusion of corresponding provisions in the balance sheet.

From this solid starting position, the individual business segments of the Group portfolio are therefore in good position to cope with the various challenges in the next fiscal year.

- The pan-European promotion of renewable energies means that energy companies now have to face completely new challenges. The rapidly growing production capacities, particularly with regard to wind power, and the extremely high level of volatility throughout Europe call for flexibility in the electricity grids as well as in power plant utilisation and influence the prices on electricity trading markets. There is an urgent need for the adaptation of the power plant parks and the realisation of effective and cost-effective storage systems for electricity and gas. Energie AG will continue to meet these challenges in the coming fiscal year through the further development and implementation of several projects.

  By securing a stake in the natural gas storage facility 7 Fields, Energie AG is looking to strengthen its position in the energy markets for natural gas and electricity. This serves to guarantee and further enhance security of supply. Essential prerequisites for the successful implementation include not only the efficient integration of the natural gas storage system in the Austrian natural gas network of Regulation Zone East but also the legal assurance of storage access in the upcoming revision of the Gas Management Act [Gaswirtschaftsgesetz (GWG)].

  With the submission of the environmental impact assessment for the combined-cycle gas turbine plant project in Riedersbach in July 2010, Energie AG took another important step in securing this important thermal power plant site. According to an economic analyses carried out by the Johannes-Kepler University in Linz, the project can guarantee added value for Upper Austria in the amount of EUR 100 million p.a. over the life of the plant.

  In the area of sustainable electricity generation from hydropower, site tests are being continued in the Ebensee region within the framework of the feasibility study for a pumped storage power plant.

  In fiscal 2010/2011, the 2.3 MW power plant Oflek will be erected and commissioned in Großarltal, Salzburg. This will bring the total of Energie AG power plants in the province of Salzburg to nine.

- In the case of the ENAMO group of companies, the business area electricity supply of Energie AG is expected to again make a positive contribution to the Group result. This is attributable, on the one hand, to the price adjustment in the private and SME customer segments and, on the other hand, to the stabilisation of the sales situation in the industrial customer segment and the implementation of risk minimisation measures.

In the coming fiscal year, ENAMO will once again commit itself to securing the high market share in the core market Upper Austria. This goal will be supported by the company's regional roots, its position as a quality supplier and its competence in matters relating to energy efficiency.

- For the electricity distribution system, the coming fiscal year will essentially be marked by the revision of the Austrian Electricity Industry and Organization Act (ElWOG) to allow for the implementation of the third EU energy legislative package, which must now be transposed into national law by member states by March 2011. Following the revision of the Federal Electricity Industry and Organization Act, it is likely that the state legislator will take action with regard to the Upper Austrian Implementation Act and, apart from this, preparatory steps will have to be taken for the implementation of the new statutory requirements. Discussion with E-Control relating to the further development of the regulation system after the second regulation period, which ends on 31 December 2013, will commence at the beginning of 2011.

  Apart from the possible requirements as a result of the revision of the Electricity Industry and Organization Act, organisational optimisation measures will be implemented in Netz GmbH in fiscal 2010/2011:

  The merging of the five previously existing decentralised grid control stations for medium voltage and the high-voltage grid control station will be completed at the grid control centre in Linz by May 2011. When taking up full operation at the end of 2011, this new grid control centre will monitor and control the entire medium and high-voltage grid of Netz GmbH. The concentration of technical and human resources will pave the way for efficiency enhancements with regard to personnel deployment and the utilisation of technical resources.

  The positive effects of the optimisation of the organisational structures in the grid regions will also be noticeable in the new fiscal year. Here, the central focus will still lie on customer orientation and process optimisation.

- In the telecommunications sector, the rapid development of new devices, services and systems led to strong growth in the demand for bandwidths. It is undisputed that an optical fibre cable is the only transmission medium capable of meeting these additional requirements. Data GmbH will push ahead with the further expansion and consolidation of its fibre optic high-speed network, focus on achieving the highest possible level of data transfer security and develop and offer new innovative solutions.

- A new tariff setting procedure for system utilisation tariffs in the natural gas area, which will have an impact in 2011, is underway at the cut-off date of the financial statements. The procedure is expected to be completed at the end of 2010.

  The Energy Control Commission has not yet approved the long-term planning carried out in 2010 for Regulatory Zone East for the period 2011 to 2015. A decision is expected at the beginning of 2011. OÖ Ferngas Netz GmbH could be affected with regard to 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 and the regulation governing the conditions for access to the gas transmission networks, was adopted on 3 September 2009. The contents of this package focus primarily on the increased unbundling of transmission network operators. Other focal points include the introduction of an entry/exit system at transmission level, consumer protection/rights, energy poverty as well as the structure of the regulatory authorities, the responsibilities of whom have been significantly extended. The package also contains changes that affect the distribution system operators. The Internal Gas Market Directive must be transposed into national law by 3 March 2011.

  Changes to energy taxes in connection with the consolidation of the budget or the Austrian energy strategy goals will inevitably have an effect on the development of the natural gas and heating markets as the competitive position compared to other energy sources could be impacted.

- In fiscal 2010/2011, 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.

  In the case of the geothermal project in Ried im Innkreis, it is expected that operations to access the flow of hot water will soon be completed. At the Steyr site, the gas boiler will be decommissioned and the new biomass boiler will be used to generate heat and electricity from renewable energy. In Wiener Neustadt, the planning of an environmentally friendly district heating supply from waste heat sources is being pushed ahead.

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 2010/2011 will be a challenging year for the Waste Management Segment. While prices for recyclable materials are recovering again after their decline in 2009, an improvement in the low prices for waste materials from SMEs in Austria and Bavaria is not in sight. This is attributable to the small waste material volumes as a result of the crisis, the further growth in thermal processing capacities and export permits for waste materials.

  Due 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 more than proportionate contributions to the result of the AVE group and create potential for selective profitable growth.

  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 arising from the economic crisis. These tasks should be accompanied by ongoing efforts to optimise the group structure.

  On the basis of these activity priorities, the AVE Group aims in the coming years to further strengthen and purposefully expand its position as an integrated waste management company in Central Europe.

- In the Water Segment, the next months will, from an organisational viewpoint, be characterised by the integration of the new company AQUA SERVIS a.s. in the segment as well as by the further bundling of operating services in the Czech Republic by the company AQUA-SERV a.s. Moreover, the standardisation, concentration and further optimisation of commercial, organisational and technical processes will be a central focus, particularly in the Czech Republic.

  In the next fiscal year, this will play a significant role in achieving the planned significant increase in the result. The position among the Top 3 on the Czech water market is to be strengthened. The expansion of service activities in Austria, Slovenia and Hungary will be a central focus. Plans are in place to develop the first license and PPP models, particularly in Austria and Slovenia.

  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 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 fiscal 2010/2011, the management will pay particular attention to examining the sustainability of the countermeasures that have been implemented to control the volatile external conditions. Consistent cost efficiency and a focused investment strategy will contribute towards securing the existing sound financial position and ensure value-based growth. Provided that the basic economic conditions continue to recover, the EBIT is expected to show a stable development in the coming fiscal year 2010/2011.

Linz, 29 November 2010

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


Blatt
auf Aktien
wieder

Sunny prospects: Innovative technology sets a forward-looking example for sustainability.

A PACESETTER IN SMART METERING THANKS TO INTELLIGENT METRES

In Austria and Europe, Energie AG belongs to the pacesetters in the implementation of smart metering projects. Energie AG is one of the first companies to have a fully automatic and fully integrated process flow for the integration of new and intelligent electricity metres in the existing power grid. The Group's expertise was deployed both internally for implementation and integration and externally for concept and development of smart metering systems in which Energie AG is involved as a development partner.

RELIABLE ELECTRICITY PRODUCTION FROM HYDROPOWER FOR GENERATIONS

The generation of hydropower is the most sustainable and cleanest form of energy production. In Energie AG power plants, some of which have been running for more than 100 years, sustainability is more than just a word. For generations and generations, the use of perfectly maintained hydroelectric generating sets has ensured that the full potential of hydropower will still be available to future generations. Regular machinery maintenance goes without saying and wherever optimisation and upgrading is possible to improve energy efficiency, such measures are implemented.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Profit and Loss Statement 01 October 2009 to 30 September 2010

			01/10/09 to 30/09/10 in EUR 1,000	01/10/08 to 30/09/09 in EUR 1,000
1.	Sales	(6)	1,978,836.5	1,805,967.8
2.	Change in inventories of finished and unfinished products		- 3,348.4	1,983.9
3.	Other capitalized costs of self-constructed items		32,366.6	33,606.2
4.	Shares in result of companies associated at equity	(17)	14,385.0	12,142.9
5.	Other operating income	(8)	40,748.6	35,617.9
6.	Cost of materials and other purchased manufacturing services	(9)	- 1,224,219.2	- 1,135,528.4
7.	Personnel expenses	(10)	- 314,648.2	- 299,029.5
8.	Depreciation	(11)	- 160,421.9	- 157,757.5
9.	Other operating expenses	(12)	- 234,808.0	- 191,545.1
10.	**Result of operations**		**128,891.0**	**105,458.2**
11.	Financing expenditure	(13)	- 44,557.4	- 45,784.0
12.	Other interest income	(13)	2,381.9	19,132.0
13.	Other financial results	(14)	7,845.3	11,789.7
14.	**Financial result**		**- 34,330.2**	**- 14,862.3**
15.	**Result from ordinary business activities**		**94,560.8**	**90,595.9**
16.	Taxes on income	(15)	- 23,947.3	- 17,461.4
17.	**Consolidated net result**		**70,613.5**	**73,134.5**
	attributable to minority shareholders		6,054.3	3,801.9
	attributable to shareholders of parent company			
	Consolidated net profit		**64,559.2**	**69,332.6**
	Result per share [1] (in EUR)	(34)	0.725	0.779
	Proposed dividend per share (in EUR)	(34)	0.600	0.600

[1] Diluted result corresponds to undiluted result.

Consolidated Income Statement 01 October 2009 to 30 September 2010

		01/10/09 to 30/09/10 in EUR 1,000	01/10/08 to 30/09/09 in EUR 1,000
1.	**Consolidated net result**	**70,613.5**	**73,134.5**
2.	**Income and expenses recognised in equity**		
	Currency translation	5,364.8	- 7,803.0
	Changes in fair values of available-for-sale financial assets	- 2,116.7	755.4
	Changes in value, without effect on the result, at companies associated at equity	- 224.2	- 588.9
	Hedging reserve	34,625.8	- 93,479.4
	Deferred taxes	- 9,405.7	25,689.7
	Total income and expenses recognised in equity	**28,244.0**	**- 75,426.2**
3.	**Overall result after taxes**	**98,857.5**	**- 2,291.7**
4.	thereof overall result of minorities	5,926.8	2,500.8
5.	**thereof overall result of parent company**	**92,930.7**	**- 4,792.5**

Consolidated Balance Sheet as at 30 September 2010

AKTIVA			30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
A.	**Long-term assets**			
I.	Intangible assets and goodwill	(16)	315,516.7	280,635.2
II.	Tangible fixed assets	(16)	1,957,771.8	1,914,581.8
III.	Investments (of these companies associated at equity: EUR 253,617.5 thousand [2009: EUR 246,212.4 thousand])	(17)	296,535.9	307,071.6
IV.	Other financial assets	(18)	464,249.6	468,024.2
			3,034,074.0	**2,970,312.8**
V.	Other long-term assets	(19)	109,767.0	119,936.1
VI.	Deferred taxes	(15)	14,159.5	18,639.4
			3,158,000.5	**3,108,888.3**
B.	**Short-term assets**			
I.	Inventories	(20)	80,492.7	81,197.4
II.	Accounts receivable and other assets	(21)	374,006.9	359,374.9
III.	Cash in hand, checks and bank balances	(22)	83,383.7	108,996.0
			537,883.3	**549,568.3**
			3,695,883.8	**3,658,456.6**

LIABILITIES			30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
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)	913,606.4	900,061.0
IV.	Other reserves	(23)	54,382.0	28,466.2
V.	Minority interest in equity	(23)	77,842.0	71,521.1
			1,347,937.3	**1,302,155.2**
B.	**Long-term debt**			
I.	Financial liabilities	(24)	909,680.4	833,806.6
II.	Long-term provisions	(25)	202,071.4	190,004.1
III.	Deferred tax liabilities	(15)	116,626.6	105,867.7
IV.	Contributions to construction costs	(26)	333,060.1	328,259.0
V.	Deferred credit for cross-border leasing	(5)	35,946.1	37,199.2
VI.	Advances from customers	(27)	83,698.8	86,561.9
VII.	Other long-term debt	(28)	89,852.8	106,108.8
			1,770,936.2	**1,687,807.3**
C.	**Short-term debt**			
I.	Financial liabilities	(24)	102,638.7	225,825.0
II.	Short-term provisions	(29)	44,568.5	43,261.6
III.	Tax provisions	(30)	1,512.9	4,801.9
IV.	Accounts payable	(24)	167,178.5	149,268.5
V.	Deferred credit from cross-border leasing	(5)	1,253.0	1,253.0
VI.	Other short-term debt	(31)	259,858.7	244,084.1
			577,010.3	**668,494.1**
			3,695,883.8	**3,658,456.6**

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

	Cost of purchase or production						
	As at 01/10/2009	Currency differences	Change in consolidated group	Additions	Disposals	Transfers	As at 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
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 for 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**
IV. 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**	**0.0**	**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	—	—	2,321.9	27,925.1	42,812.1
		- 124.7					
15,619.0	—	—	—	—	15,619.0	253,617.5	246,212.3
- 3,151.8	—	939.5	—	—	- 2,326.8	2,630.0	3,455.0
		-114.5					
15,959.4	24.8	574.0	—	—	16,558.2	12,363.3	14,592.2
28,511.7	**22.2**	**3,877.6**	**—**	**—**	**32,172.3**	**296,535.9**	**307,071.6**
		- 239.2					
9.8	—	—	- 9.8	—	- 0.0	10,350.6	10,016.1
—	—	—	—	—	—	30,060.6	34,396.6
—	—	—	—	—	—	14,670.2	15,812.6
- 9,244.0	—	8,539.6	- 38.5	—	- 7,638.8	31,383.9	33,250.1
		-6,895.9					
- 18,124.6	—	—	- 5,881.4	—	- 31,300.3	377,784.3	374,548.8
		-7,294.3					
- 27,358.8	**—**	**8,539.6**	**- 5,929.7**	**—**	**- 38,939.1**	**464,249.6**	**468,024.2**
		- 14,190.22					
2,420,937.4	**1,215.2**	**172,839.1**	**- 29,007.1**	**—**	**2,551,555.2**	**3,034,074.0**	**2,970,312.8**
		- 14.429,4					

Development of Fixed Assets 2008/2009 (Annex to the Notes)

	Cost of purchase or production						
	As at 01/10/2008 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 30/09/2009 in EUR 1,000
I. Intangible assets and goodwill							
1. Electricity procurement rights	198,318.1	—	—	—	—	—	198,318.1
2. Other rights	78,379.0	- 251.1	172.2	4,711.5	- 3,202.9	6,517.6	86,326.3
3. Goodwill	129,371.7	- 483.5	12,178.5	—	- 337.5	—	140,729.2
4. Customer base	72,556.7	- 652.6	6,629.2	—	—	—	78,533.3
5. Payments on account and assets under construction	674.8	3.0	19.1	1,249.8	- 8.4	- 558.9	1,379.4
Total for intangible assets	**479,300.3**	**- 1,384.2**	**18,999.0**	**5,961.3**	**- 3,548.8**	**5,958.7**	**505,286.3**
II. Tangible fixed assets							
1. Land and buildings	967,899.9	- 4,528.9	5,610.6	12,958.2	- 4,038.1	6,614.9	984,516.6
2. Plant and machinery	2,773,151.1	- 4,034.3	8,286.6	88,593.4	- 18,931.0	35,938.6	2,883,004.4
3. Factory and office equipment	154,810.5	- 263.1	171.0	23,784.3	- 4,589.5	4,735.9	178,649.1
4. Payments on account and assets under construction	56,957.1	- 361.7	104.6	62,796.2	- 2,703.0	- 53,248.1	63,545.1
Total for tangible fixed assets	**3,952,818.6**	**- 9,188.0**	**14,172.8**	**188,132.1**	**- 30,261.6**	**- 5,958.7**	**4,109,715.2**
III. Investments							
1. Shares in affiliated undertakings	45,402.8	- 1,861.4	- 18,141.0	17,602.6	- 141.3	35.5	42,897.2
2. Shares in associated undertakings	254,360.0	- 50.3	—	8,261.8	- 740.2	—	261,831.3
3. Investments available for sale	303.2	—	—	—	—	—	303.2
4. Other investments	32,856.8	21.9	28.2	868.2	- 3,188.1	- 35.5	30,551.5
Total for investments	**332,922.8**	**- 1,889.8**	**-18,112.8**	**26,732.6**	**- 4,069.6**	**—**	**335,583.2**
IV. Financial assets from cross-border leasing	**128,891.2**	**—**	**—**	**2,020.0**	**-130,911.2**	**—**	**—**
V. Other financial assets							
1. Loans to affiliated undertakings	2,611.2	208.2	- 808.6	8,276.2	- 261.1	—	10,025.9
2. Due to undertakings with which the company is linked by virtue of participating interests	3,689.9	- 350.7	—	31,057.4	—	—	34,396.6
3. Other loans	17,645.9	- 86.9	142.8	732.7	- 2,621.9	—	15,812.6
4. Securities available for sale	26,178.2	—	—	3,902.5	- 6,074.6	—	24,006.1
5. Other securities (loan stock rights) held as tangible assets	306,253.0	—	—	50,461.1	- 289.9	—	356,424.2
Total for other financial assets	**356,378.2**	**- 229.4**	**- 665.8**	**94,429.9**	**- 9,247.5**	**—**	**440,665.4**
Total for fixed assets	**5,250,311.1**	**- 12,691.4**	**14,393.2**	**317,275.9**	**- 178,038.7**	**—**	**5,391,250.1**

Accumulated depreciation							
As at 01/10/2008	Currency differences	Write-ups/ depreciation	Disposals	Transfers	As at 30/09/2009	**Carrying value 30/09/2009**	Carrying value 30/09/2008
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
113,822.4	—	4,506.3	—	—	118,328.7	79,989.4	84,495.7
46,504.6	- 49.0	7,708.2	- 662.5	667.2	54,168.5	32,157.8	31,874.4
41,763.3	—	—	—	—	41,763.3	98,965.9	87,608.4
5,180.2	- 5.1	5,030.6	—	—	10,205.7	68,327.6	67,376.5
190.0	- 5.1	—	—	—	184.9	1,194.5	484.8
207,460.5	**- 59.2**	**17,245.1**	**-662.5**	**667.2**	**224,651.1**	**280,635.2**	**271,839.8**
430,205.8	- 1,352.4	20,856.7	- 330.5	- 649.0	448,730.6	535,786.0	537,694.1
1,554,133.2	- 2,143.3	101,506.6	- 12,342.4	16.1	1,641,170.2	1,241,834.2	1,219,017.9
91,082.3	- 178.0	18,133.9	- 4,036.1	- 38.3	104,963.8	73,685.3	63,728.2
713.2	- 24.2	15.2	- 439.4	4.0	268.8	63,276.3	56,244.0
2,076,134.5	**- 3,697.9**	**140,512.4**	**- 17,148.4**	**- 667.2**	**2,195,133.4**	**1,914,581.8**	**1,876,684.1**
- 26.4	4.6	106.9	—	—	85.1	42,812.1	45,429.2
15,619.0	—	—	—	—	15,619.0	246,212.3	238,741.0
- 4,011.8	—	1,629.0 - 769.0	—	—	- 3,151.8	3,455.0	4,315.0
15,959.4	—	—	—	—	15,959.4	14,592.2	16,897.5
27,540.2	**4.6**	**1,735.9 - 769.0**	**—**	**—**	**28,511.7**	**307,071.6**	**305,382.7**
41,673.4	**—**	**5.9 - 890.0**	**- 40,789.3**	**—**	**—**	**—**	**87,217.8**
10.1	—	—	- 0.3	—	9.8	10,016.1	2,601.1
—	—	—	—	—	—	34,396.6	3,689.9
—	—	—	—	—	—	15,812.6	17,645.9
- 5,904.3	—	10,476.1 - 10,136.3	- 3,679.5	—	- 9,244.0	33,250.1	32,082.5
- 8,568.1	—	3,634.3 - 13,163.2	- 27.6	—	- 18,124.6	374,548.8	314,821.1
- 14,462.3	**—**	**14,110.4 - 23,299.5**	**- 3,707.4**	**—**	**- 27,358.8**	**468,024.2**	**370,840.5**
2,338,346.3	**- 3,752.5**	**173,609.7 - 24,958.5**	**- 62,307.6**	**—**	**2,420,937.4**	**2,970,312.8**	**2,911,964.9**

Notes to the Consolidated Financial Statements 2009/2010

1. GENERAL INFORMATION

The Energie AG Oberösterreich Group is a leading infrastructure group of Upper Austria. It provides high-quality services in connection with supplying energy, as well as waste management and providing 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 2009/2010 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 revision of IAS 23 (Borrowing Costs) did not lead to any changes in the Energie AG Group as it was applied on an early basis in the previous year. The change in IFRS 3 essentially led to incidental acquisition costs arising from the purchase of investments being carried as expenses.

The following standards and interpretations adopted by the EU were not applied on an early basis in the consolidated financial statements 2009/2010:

- To be applied as of 01 January 2010: Changes in IFRS 1 (First time adoption of International Financial Reporting Standards), changes in IFRS 2 (Share-Based Payments), improvements to IFRS 2009
- To be applied as of 01 February 2010: Changes in IAS 32 (Financial Instruments; Presentation)
- To be applied as of 01 July 2010: IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments), changes in IFRS 1 (First time adoption of International Financial Reporting Standards)
- To be applied as of 01 January 2011: Revision of IAS 24 (Related Party Disclosure), changes in IFRIC 14 (Prepayments of a Minimum Funding Requirement)

According to current assessments, the future application of these standards and/or interpretations 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 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 70 (previous year: 59) 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 business year under review, the accounts of 8 associated companies (previous year: 7) were drawn up at equity, 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 (Linz) was fully consolidated in the consolidated financial statements.

For the 2009/2010 business year, the following undertakings were consolidated for the first time:

	Registered office	Share (in %)	Type of consolidation	Consolidated since
ENERGY				
AUSTRIA				
OÖ. Ferngas Netz GmbH	Linz	65.00	FC	01/10/09
WASTE MANAGEMENT				
HUNGARY				
AVE Zöldfok Zrt.	Siófok	69.80	FC	01/01/10
CZECH REPUBLIC				
ROPO Recycling s.r.o.	Liběšice	100.00	FC	01/01/10
AVE Nasavrky a.s.	Nasavrky	60.00	FC	01/10/09
AVE Kralupy s.r.o.	Kralupy	60.00	FC	30/09/10
SLOVAKIA				
AVE Bratislava s.r.o.	Bratislava	100.00	FC	30/09/10
ROMANIA				
AVE Waste Romania SRL	Cluj-Napoca	100.00	FC	30/09/10
AVE Huron SRL	Miercurea-Ciuc	100.00	FC	30/09/10
AVE Salaj ECOSERV SRL	Zalău	100.00	FC	30/09/10
AVE Harghita Salubritate SRL	Oderheiu Secuiesc	94.00	FC	30/09/10
ITALY				
AVE RottaMix GmbH	Eppan	90.00	FC	30/09/10
AVE Südtirol Recycling GmbH	Neumarkt	84.00	FC	30/09/10
WATER				
HUNGARY				
Energie AG Magyarország Vízgazdálkodási Kft	Budapest	100.00	FC	30/09/10
Energie AG Miskolc Vizgazdalkodasi és Környezetvedelmi Kft.	Miskolc	50.00	EC	30/09/10
CZECH REPUBLIC				
Aqua Servis a.s.	Rychnov nad Kněžnou	66.00	FC	30/09/10

ENSERV Energieservice GmbH & Co KG and Erdgas Oberösterreich GmbH & Co KG were merged with OÖ. Gas-Wärme GmbH (previously: Erdgas Oberösterreich GmbH). AVE Rumburk s.r.o. was merged with AVE CZ odpadové hospodárství s.r.o. and CH Abfallwirtschaft Schwaben GmbH was merged with AVE Abfallwirtschaft GmbH.

The main changes in the group of consolidated companies during the 2009/2010 business year are shown below:

	Total in EUR mill.
Long-term assets	58.6
Short-term assets (of which receivables: EUR 12.5 mill.)	17.3
Long-term provisions and liabilities	- 23.1
Short-term provisions and liabilities	- 19.1
Net worth	33.7
Differentials carried on the liabilities side	—
Goodwill	13.2
	46.9
Purchase price paid in previous periods	- 25.9
Acquisition of unconsolidated, associated companies	7.7
Changes in minority interests	- 2.8
Acquired cash and cash equivalents	- 3.5
Net cash outflow	**22.4**

The companies with first-time consolidation during fiscal 2009/2010 generated a profit on their ordinary activities in the amount of EUR 1,564.6 thousand (previous year: EUR 2,200.1 thousand). No fictitious indication of corporate values is given with the assumption that all company mergers were made as of 1 October 2009, as separate allocations for the acquisition price were not made for all company acquisitions at that time.

The pro-rata consolidated companies and the associated companies valued at equity are shown below:

	Pro-rata consolidated companies (pro rata)		Associated companies at-equity	
	30/09/2010 in EUR mill.	30/09/2009 in EUR mill.	**30/09/2010 in EUR mill.**	30/09/2009 in EUR mill.
Long-term assets	29.1	32.1	1,568.5	1,586.1
Short-term assets	97.2	79.4	153.3	164.1
	126.3	**111.5**	**1,721.8**	**1,750.2**
Equity	24.7	9.5	499.8	474.4
Long-term debt	9.7	10.1	865.6	892.4
Short-term debt	91.9	91.9	356.4	383.4
	126.3	**111.5**	**1,721.8**	**1,750.2**
Sales revenues	510.6	466.4	1,706.0	1,765.8
Result after taxes	- 14.8	- 20.5	45.1	34.7

The associated companies not valued at equity have a total balance sum of EUR 72.1 million (previous year: EUR 86.0 million), debts in the amount of EUR 64.9 million (previous year: EUR 76.7 million), sales revenues in the amount of EUR 31.7 million (previous year: EUR 37.3 million) as well as a profit on ordinary activities in the amount of EUR 1.0 million (previous year: EUR 0.8 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
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
Ennskraftwerk 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
Fair Energy GmbH	Linz	100.00	OC
Fair Energy 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 Breitband Infrastruktur GmbH	Linz	55.00	OC
OÖ Science-Center Wels Planungs-GmbH	Wels	44.44	OC
Energie Ried Wärme GmbH	Ried	40.00	OC
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00	OC
Energie Austria GmbH	Wien	31.25	OC
Bioenergie Aigen Schlägel 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
Mestské tepelné hospodárství Kolín spol. s.r.o.	Kolín	95.00	FC
SATEZA a.s.	Šumperk	91.67	FC
Tepelne zasobovani Rakovník spol. s.r.o.	Rakovník	66.00	FC
Energie AG Teplo Vimperk s.r.o.	České Budejovice	100.00	OC

The Group's companies

ENERGY	Registered office	Share (in %)	Type of consolidation
CZECH REPUBLIC			
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00	OC
ENSERV Bohemia s.r.o.	České Budejovice	100.00	OC
Energie AG Teplo Morava a.s.	Kolin	60.00	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	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
MA Restabfallverwertung GmbH	Hörsching	99.00	FC
Abfall-Aufbereitungs-GmbH [1)]	Hörsching	50.00	FC
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Wien	63.33	QC
RVL Reststoffverwertung Lenzing GmbH	Lenzing	50.00	OC
Welser Baustoffrecycling GmbH	Wels	33.33	OC
Thermische Abfall-Verwertung 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 Zöldfok Zrt.	Siófok	69.80	FC
AVE Tatabánya Zrt.	Tatabánya	67.00	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 Heves Régió Kft.	Hejöpapi	100.00	OC
KERTFOK Szolgáltató és Kereskedelmi Kft.	Siófok	100.00	OC
AVE Gyöngyös Hulladékkezelö Kft.	Gyöngyös	98.00	OC
AVE Hevesi Városfenntartó Kft.	Heves	55.04	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.	Praha	100.00	FC
AVE komunální služby s.r.o.	Praha	100.00	FC
AVE sberné suroviny a.s.	Plzeň	100.00	FC
REKKA s.r.o.	České Budejovice	100.00	FC
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

The Group's companies

WASTE MANAGEMENT	Registered office	Share (in %)	Type of consolidation
CZECH REPUBLIC			
AVE Kralupy s.r.o.	Kralupy	60.00	FC
AVE Nasavrky a.s.	Nasavrky	60.00	FC
ASPG CZ, spol. s.r.o.	Praha	100.00	OC
Teploinvest CB s.r.o.	České Budejovice	100.00	OC
AVE Františkovy Lázně	Františkovy Lazně	95.00	OC
EKO 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 Hunedoara SRL	Petrila	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
V.O.D.S., a.s.	Košice	51.00	FC
AVE Tornaľa s.r.o.	Tornaľa	100.00	OC
AVE VODS. Jasov s.r.o.	Košice	70.00	OC
AVE - V.O.D.S. odpadové hospodárstvo a.s.	Košice	66.00	OC
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	90.00	FC
AVE Südtirol Recycling GmbH	Neumarkt	84.00	FC
MOLDOVA			
AVE Ungheni SRL	Ungheni	61.91	OC
UKRAINE			
AVE Umwelt Ukraine TOB	Lemberg	100.00	OC
AVE Mukatschewo TOB	Mukatschewo	94.98	OC
AVE Vinogradovo TOB	Vinogradovo	80.00	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
CZECH REPUBLIC			
Aquaserv a.s. (formerly: Vodovody a kanalizace Jizny Cechy a.s.)	České Budejovice	100.00	FC
CEVAK a.s. (formerly: 1. JVS 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

The Group's companies

WATER	Registered office	Share (in %)	Type of consolidation
CZECH REPUBLIC			
VODOS s.r.o.	Kolín	100.00	FC
Vodáreská společnost 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. (formerly: SVETLO A SERVIS 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 associated at equity
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 2009/2010, goodwill in the amount of EUR 4,282.8 thousand (previous year: EUR 0.0 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 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.

As of 01 October 2008, the cost of financing is recognised on the asset side, in accordance with IAS 23 (Borrowing Costs). In this context, an interest rate of 4.2% 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	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/amortization 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 8.5%) is used, whereby a growth rate of up to 2% is applied in keeping with the detailed planning schedule. A rise in the interest rate of 0.25% would result in goodwill in the amount of EUR 2.3 million (previous year: EUR 19.5 million).

Participations

Investments classified as "available for sale" are entered at market value 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. No interest is entered for borrowings.

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".

Derivative Financial Instruments

The Group uses derivative financial instruments especially for hedging against risks due to changes in the interest rate, as well as electricity, coal and gas prices. They are valued at their market value on the balance sheet date. Changes in the market value of derivative financial instruments are shown as separate items under equity, whenever the need for hedge accounting prevails in accordance with IAS 39 and these are cash flow hedges. 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.

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 funding 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 2010, the exchange rate for the Czech crown was 24.58860 (previous year: 25.19072), for the Hungarian forint 276.742 (previous year: 269.78), for the Romanian lei 4.27012 and for the US dollar 1.36107 (previous year: 1.45917). 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".

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 Oberösterreich 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 74,390.7 thousand, was issued by an international financial institute of adequate credit rating, thus guaranteeing that the stable structure of the transaction in the current economic environment can also be maintained beyond 30 September 2010. In fiscal 2009/2010, the L/C was duly extended for a further year.

NOTES TO THE INCOME STATEMENT

6. Sales

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Electricity	1,150,961.4	1,075,960.2
District heating	62,458.2	67,020.0
Gas	197,433.6	161,924.6
Reversal of contributions to construction costs	19,985.1	19,553.8
Waste management	375,890.8	324,612.4
Water/waste water	98,882.7	89,477.6
Other sales	73,224.7	67,419.2
	1,978,836.5	**1,805,967.8**

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.

Gains from the reversal of differentials shown as liabilities relate to the Waste Management Segment. Unscheduled depreciation and amortisation in the amount of EUR 8,999.3 thousand relate to goodwill, the customer base and tangible fixed assets in the Waste Management Segment (previous year: waste management plants in the amount of EUR 9,032.6 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:

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
Investments into intangible assets and tangible fixed assets	140.6	31.1	7.2	—	178.9

2008/2009	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	1,369.4	328.7	107.9	—	1,806.0
Inter-segment sales	9.6	14.4	0.8	- 24.8	—
Total sales	1,379.0	343.1	108.7	- 24.8	1,806.0
Income from shares in equity companies	12.0	0.1	—	—	12.1
Depreciations	- 92.2	- 58.8	- 6.8	—	- 157.8
Income from operations	100.7	0.3	4.5	—	105.5
Financing costs	- 33.5	- 16.4	- 2.7	6.8	- 45.8
Other net interest income	22.8	2.2	0.9	- 6.8	19.1
Taxes on income	- 19.4	—	1.9	—	- 17.5
Book value of stakes in equity undertakings	245.5	0.7	—	—	246.2
Investments into intangible assets and tangible fixed assets	119.9	67.3	6.9	—	194.1

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, especially Germany and Slovakia, are summed up in the geographical segment "other countries".

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

2008/2009	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	1,553.5	197.6	34.3	20.6	—	1,806.0
Carrying value of segment assets	2,693.2	299.0	44.4	47.5	574.4	3,658.5

8. Other Operating Income

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Income from the disposal of intangible assets and tangible fixed assets	2,381.3	2,848.6
Capitalized production costs	800.6	1,041.7
Income from leases and rentals	4,017.6	3,349.9
Income from the reversal of investment grants	2,678.8	3,052.2
Re-transfer of differentials carried as liabilities	—	278.8
Sales of other primary energies	593.9	5,735.2
Other income	30,276.4	19,311.5
	40,748.6	**35,617.9**

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

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Electricity purchased from third parties	732,981.6	661,966.0
Cost of use of system	61,625.2	47,824.3
Cost of fuels	66,699.0	94,562.7
Cost of other materials	230,506.9	204,774.9
Cost of purchased services	132,406.5	126,400.5
	1,224,219.2	**1,135,528.4**

10. Personnel Expenses

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Wages and salaries	225,370.3	218,070.7
Expenses for severance payments and benefits to company pension funds	7,663.2	7,227.2
Pension payments	15,818.2	10,848.7
Statutory social-security charges and remuneration-related charges and compulsory contributions	58,492.2	56,975.7
Other social expenses	7,304.3	5,907.2
	314,648.2	**299,029.5**

Expenses for defined-contribution pension schemes amounted to EUR 4,906.8 thousand (previous year: EUR 5,212.8 thousand). Expenses for severance payments in the amount of EUR 35.0 thousand (previous year: EUR 42.9 thousand) and for pension payments in the amount of EUR 341.0 thousand (previous year: EUR 863.7 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:

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Board of Management	826.0	809.6
Former members of the Board of Management and their dependents	832.0	828.2
Supervisory Board	98.0	90.3
	1,756.0	**1,728.1**

Average employment figures for the year under review amounted to 7,294 (6,881 in the year before). Part-time staff members are accounted for on a pro-rata basis.

11. Depreciation

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Scheduled depreciation	151,422.6	148,724.9
Non-scheduled depreciation	8,999.3	9,032.6
	160,421.9	**157,757.5**

Please refer to the table "Development of Fixed Assets" for the depreciation of individual items under fixed assets. In fiscal 2009/2010, the decrease in utility values in the Waste Management Segment, which is attributable to the difficult market environment, led to non-scheduled amortisation of goodwill and non-scheduled depreciation of waste management plants in Germany (previous year: waste management plants in Austria and Germany).

12. Other Operating Expenses

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Taxes	16,199.6	14,865.3
Outside services	54,073.7	36,422.9
Travel expenses	9,509.4	9,618.0
Insurance premiums	10,316.8	10,749.5
Postage and telecommunication fees	6,593.9	6,311.8
Rentals and leases	11,453.7	8,909.5
Write-downs of receivables	2,659.7	3,222.0
Allocated value allowance for receivables	2,876.6	2,306.6
Expenses for vehicles	32,339.1	29,044.5
Losses from the disposal of intangible assets and tangible fixed assets	2,587.3	2,033.1
Repairs	27,269.4	22,369.8
Other expenses	58,928.8	45,692.1
	234,808.0	**191,545.1**

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 0.1 million.

13. Income from Interest

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Cost of financing		
Interest and similar expenses	- 39,470.5	- 43,077.9
Cross-border leasing	—	- 1,303.9
Exchange-rate losses from financial liabilities	- 5,086.9	- 1,402.2
	- 44,557.4	**- 45,784.0**
Income from financing		
Interest and similar income	3,387.8	6,570.7
Cross-border leasing	1,253.0	11,783.5
Exchange-rate gains from financial liabilities	581.2	1,322.8
Changes in market value from interest swaps and bonds	- 2,840.1	- 545.0
	2,381.9	**19,132.0**
	- 42,175.5	**- 26,652.0**

14. Other Financial Results

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Income from participations		
Non-consolidated affiliated companies	48.6	70.0
Other investments	1,990.4	2,354.7
Income from the disposal of investments	4.6	25.3
Write-down of participations	- 2,938.1	- 106.9
Others	77.0	- 466.4
	- 817.5	**1,876.7**
Securities		
Income from securities	1,519.7	3,040.8
Write-downs of securities	- 313.5	- 5,589.6
Write-ups of securities	7,294.3	13,163.2
Losses from the disposal of securities	—	- 1,134.6
Gains from the disposal of securities	162.3	433.2
	8,662.8	**9,913.0**
	7,845.3	**11,789.7**

15. Taxes on Income

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Expenses for current taxes on income	18,363.0	19,550.6
Changes in deferred taxes on income	5,584.3	- 2,089.2
	23,947.3	**17,461.4**

Expenses for taxes on income are EUR 823.9 thousand higher (previous year: EUR 4,149.7 lower) 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:

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Profit before taxes on income	94,560.8	90,595.9
Calculated expenses for taxes	21,932.3	21,611.1
Effect on taxes due to		
income from investments	- 4,185.1	- 3,775.6
changes due to value adjustments concerning deferred taxes	2,503.0	1,018.4
non-recurrent tax expenses	- 154.8	- 3,145.2
non-tax-deductible expenses	2,113.2	2,000.8
amortization of goodwill	1,284.8	—
reversal of differentials carried as liabilities	—	- 61.5
tax credits for investments, apprenticeship-related, research and educational measures	- 141.7	- 179.3
other items	595.6	- 7.3
Effective tax expenses	23,947.3	17,461.4
Effective tax rate in %	**25.3**	**19.3**

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:

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Intangible assets	- 22,055.8	- 21,067.7
Tangible fixed assets	- 83,548.8	- 79,741.8
Financial assets	667.7	914.4
Other long-term assets	- 8,097.2	7,661.7
Provisions	7,694.7	5,279.5
Contributions to construction costs	20,543.4	20,391.0
Tax losses carried forward	362.5	133.6
Untaxed reserves	- 17,773.3	- 15,528.3
Other items	260.3	- 5,270.7
	- 102,467.1	**- 87,228.3**
of these deferred taxes carried as assets	14,159.5	18,639.4
of these deferred taxes carried as liabilities	- 116,626.6	- 105,867.7

On the liability side no deferred taxes were entered for temporary differences concerning companies associated at equity in the amount of EUR 46,179.9 thousand (EUR 35,798.1 thousand in the year before).

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 3.1 million (previous year: EUR 3.1 million) are carried as expenses. Interest on external funds in the amount of EUR 1,805.3 thousand (previous year: EUR 1,205.0 thousand) was recognised under assets.

Additions to plants under construction led to outflows of funds in the amount of EUR 28,553.4 thousand. The obligations to acquire tangible fixed assets amount to EUR 11,863.7 thousand (previous year: € 15,098.0 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 57,070.8 thousand (previous year: EUR 61,028.7 thousand) as at 30 September 2010. The future minimum leasing payments amount to EUR 2,450.9 thousand for the following year (previous year: EUR 2,684.1 thousand), to EUR 13,616.3 thousand (previous year: EUR 11,625.4 thousand) for periods between one and five years, and to EUR 57,850.1 thousand (previous year: EUR 66,463.0 thousand) for periods in excess of five years. Leasing payments determined on the basis of variable interest in the amount of EUR 2,523.7 thousand (previous year: EUR 2,807.8 thousand) are entered under expenses. The cash value of the minimum leasing payments can be shown as follows:

	Minimum leasing payments	Discounted	Cash value of minimum leasing payments
	in EUR 1,000	in EUR 1,000	in EUR 1,000
Term less than one year	2,450.9	19.9	2,431.0
Terms between one and five years	13,616.3	760.4	12,855.9
Terms in excess of five years	57,850.1	9,527.2	48,322.9
	73,917.3	**10,307.5**	**63,609.8**

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 comprise essentially 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 securitize the cross-border leasing transaction as well as the positive market price of derivative financial instruments.

20. Inventories

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Primary energy	56,573.0	55,179.8
Raw materials and supplies	15,773.2	14,984.7
Work in progress	5,852.8	9,042.7
Finished goods and goods for resale	2,293.7	1,990.2
	80,492.7	**81,197.4**

21. Accounts Receivable and Other Assets

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Accounts receivable (trade debtors)	241,690.7	209,776.4
Due from non-consolidated affiliated companies	16,866.5	21,535.5
Due from undertakings with which the company is linked by virtue of participating interests	1,795.2	3,413.2
Accruals and deferrals of interest	4,912.3	4,894.1
Market value of derivatives	19,232.9	37,671.0
Others	89,509.3	82,084.7
	374,006.9	**359,374.9**

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

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Cash in hand	370.9	368.1
Cash in banking accounts	83,012.8	108,627.9
	83,383.7	**108,996.0**

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 08 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 2010, the cash-flow hedge provision amounts to EUR -13,892.6 thousand (previous year: EUR -48,518.4 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 33,714.0 thousand (previous year: EUR 3,174.9 thousand) was taken from the cash-flow hedge provision and recorded in the income statement. Of this amount, EUR -248.9 thousand (previous year: EUR 960.0 thousand was shown in the financial result, and EUR 33,962.9 thousand (previous year: EUR 2,214.9 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 2010, the AFS provision amounts to EUR 16,565.9 thousand (previous year: EUR 18,682.6 thousand). During the fiscal year, changes in market value in the amount of EUR -2,116.7 thousand (previous year: EUR 755.4 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 2010, 6,094 own shares were held (previous year: 2,496).

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 36.5% (previous year: 35.6%).

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, electricity prices, as well as gas and coal prices. 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.

Electricity futures and swaps are entered in order to cover variable prices and/or to reduce the counterparty risk for purchased electricity and sold electricity. Gas and coal swaps are used to secure future gas and coal prices.

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 and also uses fair value hedges to secure the risk of fixed-interest expenses under the US cross-border leasing liability of fiscal 2000/2001 (interest swaps), before it was terminated.

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 futures as well as electricity, gas and coal 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 comprise the following items:

	30/09/2010			30/09/2009		
	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.	6,397.9	—	EUR 100.0 mill.	6,284.9	—
Derivatives with cash-flow hedge relation						
Interest swaps	EUR 121.6 mill.	—	- 10,849.9	EUR 60.0 mill.	—	- 531.9
Foreign-currency derivatives	EUR 0.3 mill.	—	- 22.7	EUR 1.0 mill.	—	- 148.2
Derivatives without hedge relation						
Interest swaps	EUR 5.0 mill.	—	- 218.4	EUR 5.0 mill.	—	- 91.5
Interest swaps	CZK 23.0 mill.	—	- 56.5	—	—	—
Foreign-currency derivatives	EUR 5.8 mill.	—	- 90.6	—	—	—
Structured interest and foreign-currency derivatives	EUR 62 mill.	55.2	- 5,590.3	EUR 62.0 mill.	407.9	- 3,258.5

The derivative financial instruments from the energy sector comprise the following items:

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
Coal swaps	EUR 0.0 mill.	EUR 0.0 mill.	—	—
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

30/09/2009	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 101.2 mill.	EUR 12.8 mill.	1,821.1	- 20,130.9
Electricity swaps	EUR 0.0 mill.	EUR 7.1 mill.	996.3	—
Gas swaps	EUR 89.5 mill.	EUR 1.4 mill.	1,724.4	- 22,617.6
Coal swaps	EUR 2.6 mill.	EUR 0.0 mill.	—	-99.4
Derivatives without hedge relation				
Electricity forwards	EUR 217.7 mill.	EUR 223.2 mill.	49,806.6	- 47,667.4
Electricity futures	EUR 9.9 mill.	EUR 2.8 mill.	270.3	- 661.9
Gas swaps	EUR 7.7 mill.	EUR 8.9 mill.	2,139.0	- 999.0

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.

30/09/2010	Nominal value		Maturity
	Purchase	Sale	
Hedging transaction			
Interest swaps and foreign-currency derivatives	EUR 121.9 mill.	EUR 0.0 mill.	2009 - 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

30/09/2009	Nominal value		Maturity
	Purchase	Sale	
Hedging transaction			
Interest swaps and foreign-currency derivatives	EUR 61.1 mill.	EUR 0.0 mill.	2009 - 2016
Electricity futures	EUR 101.2 mill.	EUR 12.8 mill.	2009 - 2012
Electricity swaps	EUR 0.0 mill.	EUR 7.1 mill.	2010
Gas swaps	EUR 89.5 mill.	EUR 1.4 mill.	2009 - 2012
Coal swaps	EUR 2.6 mill.	EUR 0.0 mill.	2010

As at 30 September 2010, hedging instruments, as they are shown above, were designated as part of fair value hedges. For fiscal 2009/2010, the adjustments of the book values for the underlying transactions result in losses, recorded in the financial result, of EUR 113.0 thousand (previous year: EUR 122.0 thousand). The changes in the fair values of hedging transactions resulted in gains of EUR 113.0 thousand (previous year: EUR 122.0 thousand) which is 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 30/09/2010 in EUR 1,000**	**Fair value 30/09/2010 in EUR 1,000**	Book value 30/09/2009 in EUR 1,000	Fair value 30/09/2009 in EUR 1,000
Participations		**42,918.4**	**42,918.4**	**60,859.3**	**60,859.3**
Shares in affiliated companies	AfS (at cost)	27,925.1	27,925.1	42,811.9	42,811.9
Other participations	AfS	2,630.0	2,630.0	3,455.0	3,455.0
Other participations	AfS (at cost)	12,363.3	12,363.3	14,592.4	14,592.4
Other financial assets		**464,249.6**	**464,260.0**	**468,024.2**	**468,025.1**
Loans to affiliated companies	LaR	10,350.6	10,350.6	10,016.1	10,016.1
Loans to companies with which the company is linked by virtue of participating interests	LaR	30,060.6	30,060.6	34,396.5	34,396.5
Other loans	LaR	14,670.2	14,670.2	15,812.5	15,812.5
Securities (available for sale)	AfS	31,383.9	31,383.9	33,250.2	33,250.2
Securities (held to maturity)	HtM	10,422.9	10,433.3	10,422.9	10,423.8
Securities (fair value option)	AtFVP&L (FV Option)	367,361.4	367,361.4	364,126.0	364,126.0

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

	Category according to IAS 39*)	Book value 30/09/2010 in EUR 1,000	Fair value 30/09/2010 in EUR 1,000	Book value 30/09/2009 in EUR 1,000	Fair value 30/09/2009 in EUR 1,000
Accounts receivable and other assets (long and short-term) according to the balance sheet		**483,773.9**	**—**	**479,311.0**	**—**
of which non-financial assets		**66,213.2**	**—**	**41,461.1**	**—**
of which financial assets		**417,560.7**	**417,560.7**	**437,849.9**	**437,849.9**
Accounts receivable (trade debtors)	LaR	241,960.7	241,960.7	209,937.1	209,937.1
Due from affiliated companies	LaR	22,532.8	22,532.8	24,360.1	24,360.1
Due from undertakings with which the company is linked by virtue of participating interest	LaR	2,692.6	2,692.6	4,398.0	4,398.0
Derivatives with hedge relation (cash-flow hedge)	n/a	8,725.7	8,725.7	2,720.7	2,720.7
Derivatives with hedge relation (fair-value hedge)	n/a	6,397.9	6,397.9	6,284.9	6,284.9
Derivatives without hedge relation	AtFVP&L (Trading)	17,864.8	17,864.8	52,353.5	52,353.5
Other long-term financial assets	LaR	117,386.2	117,386.2	137,795.6	137,795.6
Cash and cash equivalents	**LaR**	**83,383.7**	**83,383.7**	**108,996.0**	**108,996.0**
Total for financial assets		**1,008,112.4**	**1,008,122.8**	**1,075,729.4**	**1,075,730.3**
Financial liabilities (long and short-term)		**1,012,319.1**	**1,025,470.3**	**1,059,631.6**	**1,022,370.6**
Bonds	FLAC	303,826.5	314,781.0	303,535.1	282,461.1
Due to banks	FLAC	526,723.6	528,868.0	621,404.4	603,548.3
Liabilities – financing leasing	IAS 17	70,938.6	70,819.7	72,489.8	72,454.2
Other financial liabilities	FLAC	110,830.4	111,001.6	62,202.3	63,907.0
Accounts payable (short-term)	**FLAC**	**167,178.5**	**167,178.5**	**149,268.5**	**149,268.5**
Other debts (long and short-term) according to balance-sheet		**349,711.5**	**—**	**350,192.9**	**—**
of these non-financial debts		**232,394.0**	**—**	**200,471.3**	**—**
of these financial debts		**117,317.5**	**117,317.5**	**149,721.6**	**149,721.6**
Due to affiliated companies	FLAC	416.9	416.9	4,310.8	4,310.8
Due to undertakings with which the company is linked by virtue of participating interests	FLAC	14,509.3	14,509.3	14,656.8	14,656.8
Derivatives with hedge relation (cash-flow hedge)	n/a	22,325.3	22,325.3	23,397.1	23,397.1
Derivatives with hedge relation (fair-value hedge)	n/a	—	—	—	—
Derivatives without hedge relation	AtFVP&L (Trading)	23,415.4	23,415.4	52,016.4	52,016.4
Other financial liabilities (long and short-term)	FLAC	56,650.6	56,650.6	55,340.5	55,340.5
Total for financial liabilities		**1,296,815.1**	**1,309,966.3**	**1,358,621.7**	**1,321,360.7**
Book values in valuation categories according to IAS 39					
Loans and receivables (LaR)		523,037.4	—	545,711.9	—
Held-to-maturity investments (HtM)		10,422.9	—	10,422.9	—
Available-for-sale financial assets (AfS)		74,302.3	—	94,109.5	—
Financial assets at fair value through profit or loss (AtFVP&L (trading))		17,864.8	—	52,353.5	—
Financial assets at fair value through profit or loss (AtFVP&L (FV option))		367,361.4	—	364,126.0	—
Financial liabilities measured at amortised cost (FLAC)		1,180,135.8	—	1,210,718.4	—
Financial liabilities at fair value through profit or loss (AtFVP&L (trading))		23,415.4	—	52,016.4	—

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

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 thousand):

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 in the current fiscal year:

	2009/2010 **TEUR**
Book value as of 01 October	874.3
Profits (losses)	
- with effect on the result	—
- with no effect on the result	227.7
Purchases	—
Sales	—
Redemptions	—
Reclassifications	—
Book value as of 30 September	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 0,0 thousand during fiscal 2009/2010 (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:

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Loans and receivables	- 1,396.4	3,825.8
Held-to-maturity investments	584.6	- 1,485.9
Available-for-sale financial assets	1,665.3	- 2,619.1
Financial assets at fair value through profit or loss (FV option)	7,594.6	11,956.6
Financial assets/liabilities at fair value through profit or loss (trading)	- 6,262.0	97.6
Financial liabilities measured at amortized cost	- 32,480.5	- 37,748.3
Net result	**- 30,294.4**	**- 25,973.3**
Total gains from interest	3,048.5	8,126.7
Total expenses for interest	- 32,480.5	- 37,748.3

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, Hungary, Slovakia). 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 analysed 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 interest 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 306.7 thousand (previous year: reduction of EUR 62.5 thousand) and an increase in equity in the amount of EUR 306.7 thousand (previous year: reduction of EUR 62.5 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 1,651.7 thousand (previous year: EUR 153.6 thousand) and a reduction in equity in the amount of EUR 1,651.7 thousand (previous year: EUR 153.6 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 – 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 216.8 thousand (previous year: EUR 95.8 thousand) and an increase in equity in the amount of EUR 3,297.4 thousand (previous year: EUR 1,220.8 thousand). In this context, equity sensitivity was influenced by the sensitivity of the interest-related cash flow hedging provision in the amount of EUR 3,514.2 thousand (previous year: EUR 1,316.5 thousand), in addition to the sensitivity of the result.

A decrease in the level of market interest rates – 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 126.8 thousand (previous year: EUR 385.6 thousand) and a reduction of equity in the amount of EUR 3,601.3 thousand (previous year: EUR 979.4 thousand). In this context, equity sensitivity was influenced by the sensitivity of the interest-related cash flow hedging provision in the amount of EUR 3,728.1 thousand (previous year: EUR 1,365.0 thousand), in addition to the sensitivity of the result.

Commodity Price Risk

Commodity price risks arise mainly from the procurement and sale of electricity, as well as from the procurement of the fuels coal and 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 0.0 thousand (previous year: EUR 384.1 thousand) and an increase (reduction) in equity in the amount of EUR 5,297.4 thousand (previous year: EUR 7,577.0 thousand).

In this context, equity sensitivity was influenced by the sensitivity of the provision for cash-flow hedges in the amount of EUR 5,297.4 thousand (previous year: EUR 7,192.9 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 2.7 thousand (previous year: EUR 5.7 thousand) and an increase (reduction) in equity in the amount of EUR 9,957.9 thousand (previous year: EUR 12,587.3 thousand). In this context, equity sensitivity was influenced by the sensitivity of the interest-related cash flow hedging provision in the amount of EUR 9,960.6 thousand (previous year: EUR 12,593.0 thousand) relating to gas prices, in addition to the sensitivity of the result (after tax).

Sensitivity of derivative contracts in connection with coal 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 equity in the amount of EUR 0.0 thousand (previous year: EUR 280.7 thousand). In this context, equity sensitivity was exclusively influenced by the sensitivity of the provision for cash-flow hedges relating to coal prices.

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 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 41,931.9 thousand (previous year: EUR 40,964.1 thousand), as well as of equity in the amount of EUR 45,756.8 thousand (previous year: EUR 45,288.8 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 3,824.9 thousand (previous year: EUR 4,324.7 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 were comprised of the following items:

	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
Summe	**394,922.9**	**354,619.9**	**17,144.0**	**2,369.6**	**2,011.1**	**13,624.0**	**5,154.3**

	Book value 30/09/2009 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	**10,016.1**	**10,016.1**	**—**	**—**	**—**	**—**	**—**
Loans to affiliated undertakings	10,016.1	10,016.1	—	—	—	—	—
Receivables and other financial assets (long and short-term)	**376,490.8**	**342,998.0**	**14,454.7**	**3,395.3**	**2,283.0**	**9,275.4**	**4,084.4**
Accounts receivable (trade debtors)	209,937.1	181,786.6	11,001.1	3,369.1	2,249.5	7,646.0	3,884.8
Due from affiliated companies	24,360.1	22,220.3	565.3	9.1	22.8	1,542.6	—
Due from undertakings with which the company is linked by virtue of participating interests	4,398.0	4,268.8	58.1	11.2	10.7	49.2	—
Other financial assets	137,795.6	134,722.3	2,830.2	5.9	0.0	37.6	199.6
Total	**386,506.9**	**353,014.1**	**14,454.7**	**3,395.3**	**2,283.0**	**9,275.4**	**4,084.4**

Impairments of financial assets have developed as follows:

	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**

	Status 01/10/2008 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 30/09/2009 in EUR 1,000**
Other financial assets	**5,323.8**	**—**	**3,126.0**	**—**	**—**	**8,449.8**
Securities (available for sale)	2,738.8	—	990.3	—	—	3,729.1
Securities (held to maturity)	2,585.0	—	2,135.7	—	—	4,720.7
Accounts receivable and other financial assets (long and short-term	**7,690.5**	**1,028.4**	**2,306.6**	**- 1,574.2**	**- 1,201.7**	**8,249.6**
Accounts receivable (trade debtors)	6,437.3	1,012.2	2,298.5	- 693.0	- 954.4	8,100.6
Other financial assets	1,253.2	16.2	8.1	- 881.2	- 247.3	149.0
Total	**13,014.3**	**1,028.4**	**5,432.6**	**- 1,574.2**	**- 1,201.7**	**16,699.4**

Expenses for the complete retirement of accounts receivable amounted to EUR 2,659.7 thousand (previous year: EUR 3,222.0 thousand). Revenues from the receipt of retired accounts receivable amounted to EUR 28.3 thousand (previous year: EUR 25.7 thousand). In the fiscal year, expenses for impairments amounted to EUR 1,823.4 thousand (previous year: EUR 1,104.3 thousand) concerning financial assets in the category "loans and receivables", EUR 313.5 thousand (previous year: EUR 990.3 thousand) concerning financial assets in the category "available-for-sale" and EUR 0.0 thousand (previous year: EUR 2,135.7) 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 30/09/2010 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**

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 1,365.9 thousand (previous year: EUR 0.0 thousand).

24.5 Conditions of the Main Financial Instruments

Energie AG Oberösterreich has issued the following bonds:

4.5% bonds issued
by Energie AG Oberösterreich, 2005-25 ISIN: XS0213737702 volume: EUR 300,000,000 coupon: 3 March

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), EUR 50,000,000, with fixed interest rate
Energie AG Finance B.V., registered bond 2010-2030, volume: EUR 40,000,000, with fixed interest rate

	Book value 30/09/2009 in EUR 1,000	Cash flows 2009/2010 Interest in EUR 1,000	Cash flows 2009/2010 Redemption in EUR 1,000	Cash flows 2010/2011 to 2013/2014 Interest in EUR 1,000	Cash flows 2010/2011 to 2013/2014 Redemption in EUR 1,000	Cash flows as of 2014/2015 Interest in EUR 1,000	Cash flows as of 2014/2015 Redemption in EUR 1,000
Financial liabilities (long and short-term)	**1,059,631.6**	**35,271.5**	**225,825.0**	**119,912.7**	**217,313.8**	**170,636.2**	**620,045.0**
Bonds	303,535.1	13,500.0	1.3	54,373.3	—	148,500.0	306,284.9
Amounts due to banks	621,404.4	17,843.1	220,242.8	50,668.0	202,492.3	11,083.0	199,470.4
Liabilities from financing leasing	72,489.8	1,018.7	2,668.2	3,528.1	10,663.3	6,362.4	59,158.3
Other financial liabilities	62,202.3	2,909.7	2,912.7	11,343.3	4,158.2	4,690.8	55,131.4
Accounts payable (short term)	**149,268.5**	**—**	**149,268.5**	**—**	**—**	**—**	**—**
Other debts (long and short-term) according to balance sheet	**350,192.9**						
of these non-financial debts	**200,471.3**						
of these financial debts	**149,721.6**	**815.2**	**99,036.6**	**1,906.0**	**36,102.1**	**106.1**	**11,088.1**
Due to affiliated companies	4,310.8	—	4,310.8	—	—	—	—
Due to undertakings with which the company is linked by virtue of participating interests	14,656.8	—	14,656.8	—	—	—	—
Derivatives with hedge relation (cash-flow hedge)	23,397.1	—	5,028.0	—	17,737.8	—	99.4
Derivatives with hedge relation (fair-value hedge)	—	—	—	—	—	—	—
Derivatives without hedge relation	52,016.4	815.2	34,065.5	1,906.0	14,601.0	106.1	—
Other financial liabilities (long and short-term)	55,340.5	—	40,975.5	—	3,763.3	—	10,988.7
Total	**1,358,621.7**	**36,086.7**	**474,130.1**	**121,818.7**	**253,415.9**	**170,742.3**	**631,133.1**

25. Long-Term Provisions

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Pension provisions	76,750.5	78,556.1
Provisions for pension payments	55,003.2	51,008.3
Provisions for anniversary bonuses	14,305.2	14,062.1
Provisions for early retirement payments and gradual step-in pension	14,294.8	12,950.7
Provisions for landfills and other provisions	41,717.7	33,426.9
	202,071.4	**190,004.1**

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 01 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	2009
Assumed interest rate	5.00 %	5.75 %
Trend regarding salaries	3.00 %	3.50 %
Trend regarding pensions	2.25 %	2.25 %
Expected income from pension fund assets	5.00 %	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.

	2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Present value of pension commitment (DBO) as at 01/10	95,575.3	94,424.2
+ current service cost	743.2	651.6
+ interest costs	5,273.3	5,373.5
- actual benefit payments	- 7,461.3	- 7,429.2
+/- actuarial loss/profit	6,312.0	2,555.2
Present value of pension commitment (DBO) as at 30/09	**100,442.5**	**95,575.3**
- fair value of fund assets	- 9,463.8	- 8,788.3
- non-realized net loss	- 14,228.2	- 8,230.9
Pension provision as at 30/09, as shown in the balance sheet	**76,750.5**	**78,556.1**

Development of Fund Assets	**2009/2010 in EUR 1,000**	2008/2009 in EUR 1,000
Budgeted assets as at 01/10	8,788.3	7,983.1
Contributions paid to fund	280.6	767.9
Payments from fund	- 336.3	- 334.7
Changes in consolidated group	—	—
Expected income from budgeted assets	445.8	478.5
Actuarial profits/losses	285.4	- 106.5
Budgeted assets as at 30/09	**9,463.8**	**8,788.3**

The fund assets comprise the following items:	**30/09/2010**	30/09/2009
	%	%
Bonds (euros)	54.9	56.4
Shares	16.7	20.9
Miscellaneous	28.4	22.7
	100.0	**100.0**

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Current service cost	743.2	651.6
Interest costs	5,273.3	5,373.5
Expected gains from investment	- 445.8	- 478.5
Actuarial profits and losses	29.4	5.8
	5,600.1	**5,552.4**

Historical information on pension provision	**30/9/2010**	30/09/2009	30/09/2008	30/09/2007
	in EUR 1,000	in EUR 1,000	in EUR 1,000	in EUR 1,000
Present value of pension commitments (DBO)	100,442.5	95,575.3	94,424.2	95,033.4
Fair value of fund assets	- 9,463.8	- 8,788.3	- 7,983.1	- 7,092.3
Under-coverage	90,978.7	86,787.0	86,441.1	87,941.1
Adjustments based on experience in % of the present value of the commitment	0.86	- 0.22	- 2.27	1.16

The actual income from the budgeted assets amounts to EUR 731.2 thousand (EUR 372.0 thousand in the year before).

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.

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Provision for severance payments, as shown in the balance sheet, as at 01/10	51,008.3	46,660.4
+ change in consolidated group	259.8	—
+ current service cost	2,894.1	2,563.3
+ interest costs	3,497.8	3,404.5
- net payments for transfers	- 25.5	- 66.9
- severance payments	- 3,207.7	- 2,108.3
+ realized actuarial loss	576.4	555.3
provision for severance payments, as shown in the balance sheet, as at 30/09	**55,003.2**	**51,008.3**
+ non-realized actuarial loss	10,988.3	11,295.6
Present value of severance payment commitment (DBO) as at 30/09	**65,991.5**	**62,303.9**

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:

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Present value of anniversary bonus commitment (DBO) as at 01/10	14,062.1	13,505.5
+ current service cost	662.3	594.3
+ interest costs	775.8	806.5
- net payments for transfers	- 17.0	- 12.6
- anniversary bonus payments	- 1,077.3	- 1,056.1
+/- realized actuarial profit	- 100.7	224.5
Present value of anniversary bonus commitment (DBO) as at 30/09 =		
Anniversary bonus commitment as at 30/09, shown in the balance sheet	**14,305.2**	**14,062.1**

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.

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Present value of early retirement commitment (DBO) as at 01/10	12,950.7	18,857.2
+ interest expense	597.7	936.6
+ Allocation due to new commitment	8,253.7	—
- early retirement payments	- 3,962.1	- 5,999.8
- realized actuarial profit	- 3,545.2	- 843.3
Present value of early retirement commitment (DBO) as at 30/09 =		
Early retirement provision as at 30/09, shown in the balance sheet	**14,294.8**	**12,950.7**

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:

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Carrying value as at 01/10	33,426.9	41,513.2
Change in consolidated group	3,319.5	993.7
Consumptions	- 1,467.5	- 909.7
Reversals	- 1,732.4	- 8,871.7
Allocations	8,022.9	2,151.0
Currency differences	148.3	- 1,449.6
	41,717.7	**33,426.9**

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

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Investment grants	35,589.9	36,867.5
Other liabilities	54,262.9	69,241.3
	89,852.8	**106,108.8**

29. Short-Term Provisions

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

	2009/2010	2008/2009
	in EUR 1,000	in EUR 1,000
Carrying value as at 01/10	43,261.6	36,203.3
Change in consolidated group	1,018.6	117.4
Consumption	- 33,018.9	- 28,977.0
Reversals	- 5,985.2	- 2,389.6
Allocation	39,348.0	38,354.9
Currency differences	- 55.6	- 47.4
	44,568.5	**43,261.6**

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

	30/09/2010	30/09/2009
	in EUR 1,000	in EUR 1,000
Corporate income tax for the business year	1,495.4	4,798.7
Corporate income tax for previous years	17.5	3.2
	1,512.9	**4,801.9**

31. Other Short-Term Debt

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Due to non-consolidated affiliated companies	394.3	4,339.1
Due to undertakings with which the company is linked by virtue of participating interest	14,509.3	14,656.9
Tax liabilities	70,222.1	57,942.8
Liabilities under social security	7,450.9	6,885.5
Advances from customers	28,963.5	27,002.2
Market value of derivatives	23,580.7	38,945.3
Liabilities vis-à-vis staff members	44,774.2	44,477.3
Other liabilities	69,963.7	49,835.0
	259,858.7	**244,084.1**

32. Liabilities to Third Parties

	30/09/2010 in EUR 1,000	30/09/2009 in EUR 1,000
Cross-border leasing	672,963.6	611,260.2
Others	97,679.7	98,946.6
	770,643.3	**710,206.8**

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 5,107.9 thousand (previous year: EUR 5,482.8 thousand), which is due to long-term rent, lease and leasing arrangements. The total amount of these commitments for the next five years amounts to EUR 23,621.2 thousand (previous year: EUR 25,319.8 thousand), and to EUR 19,587.7 thousand (previous year: EUR 22,046.2 thousand), for periods longer than five years.

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

The capital stock of Energie AG Oberösterreich consists of 89,000,000 share certificates (previous year: 89.000.000). The average number of outstanding shares amounted to 88,995,705 (previous year: 88,998,648). This results in consolidated earnings per share in the amount of EUR 0.725 (previous year: EUR 0.779). The Board of Management of Energie AG proposes to the General Shareholders' Meeting to distribute a dividend in the amount of EUR 0.6 per share, which altogether amounts to EUR 53,396.3 thousand (previous year: EUR 53,398.5 thousand).

35. Risk Management

A risk management system has been implemented for the entire Energie AG Oberösterreich Group. It is integrated into the set of control instruments used by the Board of Management and supports a value-based development of our group of companies.

The risk management process complies with the requirements of ISO 31000 and the Austrian standard 49000.

Since fiscal 2007/2008, it has been certified as part of the matrix certification according to ISO 9000. An external audit in 2010 once again confirmed its validity.

An internally developed software tool is used on a quarterly basis to record the relevant data and update the valuations. Special attention is also paid to the measures and the monitoring of their efficiency. The Board of Management and the supervisory bodies are reported to on a quarterly basis, whereby the development of the Group result from ordinary activities is a central focus. Account is also taken of the requirements of URÄG with regard to the efficiency and validity of the process in reporting to the Audit Committee. The uniform recording of risks and opportunities throughout the Group facilitates the aggregation of individual risks into the total risk position of the Group and therefore increases risk transparency as well as the quality of the strategic and operating conditions.

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

Counterparties
In its financial energy trading activities, Energie AG only engages in transactions with counterparties with first-class ratings in order to minimise counterparty risks. The risk is also restricted by limit systems and 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 or an EFET master agreement, 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.

Investments
Participation risks are the result of fluctuations in the shares held, in the dividends, the pro-rata net income for the year in the case of associated companies with at-equity consolidation, and of liabilities. Risks are optimised by identifying, analysing, quantifying and monitoring them.

Production, Distribution System, Waste Management and Infrastructure Facilities
Energie AG counters the facilities and failure risk with strict maintenance and quality controls, an optimised maintenance strategy and insurance coverage.

Water Levels
The earnings position in the Energy Segment depends to a large extent on the water levels of rivers, both for our own generation and our electricity procurement rights.

Finances
The main financial risks are the liquidity risk, the foreign-exchange and interest-rate risk, the market price risk of the securities portfolio as well as the counterparty risk. We counter the liquidity risk by planning our liquidity with foresight and by maintaining liquidity reserves, as well as by keeping open credit lines with banks. Group Treasury is primarily responsible on a central basis for designing and implementing the hedging strategies for financial risks.

36. 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, the companies not consolidated due to insignificance, 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, LINZ AG, Gas- und Dampfkraftwerk Timelkam GmbH as well as Wels Strom GmbH. The income statement shows sales revenues from associated companies in the amount EUR 137,007.7 thousand (previous year: EUR 56,485.4 thousand); as well as expenses in the amount of EUR 103,229.6 thousand (previous year: EUR 24,348.8 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 353,848.7 thousand (previous year: EUR 284,737.5 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 642.3 thousand (previous year: EUR 1,720.0 thousand). Liabilities to third parties exist for Gas- und Dampfkraftwerk Timelkam GmbH in the amount of EUR 85,603.2 thousand (previous year: EUR 65,275.2 thousand) as well as financing in the amount of EUR 30,000.0 thousand. Please refer to items 20, 24.3. and 31 regarding receivables from and liabilities due to non-consolidated affiliated companies and 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.

37. Material Events after the Balance Sheet Date

29 employees made use of the gradual step-in pension model after the balance sheet date. Corresponding provisions for these commitments will be formed in fiscal 2010/ 2011.

38. 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 2009/2010, the Supervisory Board of Energie AG Oberösterreich consisted of the following members:

Gerhard Falch (Chairman); Erich Haider (First Deputy Chairman; up to 22.10.2009); Hermann Kepplinger (First Deputy Chairman; as of 18.12.2009); Ludwig Scharinger (Second Deputy Chairman); Alois Froschauer; Franz Gasselsberger, Anna-Maria Hochhauser; Michaela Keplinger-Mitterlehner; Christina Khinast-Sittenthaler (as of 18.12.2009); Manfred Klicnik; Ruperta Lichtenecker; Manfred Polzer; Viktor Sigl; Michael Strugl (as of 18.12.2009); Bruno Wallnöfer.

The following persons were delegated by the Works Council: Manfred Harringer; Isidor Hofbauer; Gottfried Laherstorfer (up to 31.3.2010); Peter Neissl; Bernhard Steiner (as of 22.2.2010); Gerhard Störinger; Egon Thalmair; Daniela Wöhrenschimmel (as of 01.04.2010).

Linz, 29 November 2010

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

		2009/2010 in EUR 1,000	2008/2009 in EUR 1,000
Result before taxes on income		**94,560.8**	**90,595.9**
Tax payments		- 24,133.6	- 33,032.6
Result after taxes on income		**70,427.2**	**57,563.3**
Depreciation/Write-ups regarding fixed assets		156,065.7	150,291.3
Reversal of differentials carried as liabilities	(8)	—	- 278.8
Change in long-term provisions		8,934.6	- 9,150.4
Change in other long-term assets		1,906.3	- 2,189.6
Change in other long-term debt		- 4,304.4	- 4,097.1
Income from the reversal of the present-value benefit of the cross-border leasing transactions		- 1,253.1	- 10,479.6
Retained income from companies associated at equity		- 7,458.6	- 8,110.5
Contributions to construction costs received	(26)	24,786.2	25,294.4
Income from the reversal of contributions to construction costs	(26)	- 19,985.1	- 19,553.8
Losses from the disposal of assets		2,587.3	3,167.7
Gains from the disposal of assets		- 2,548.2	- 3,281.8
Other revenues without effect on payments		33,714.0	4,996.3
CASH FLOW FROM THE RESULT		**262,871.9**	**184,171.4**
Change in inventories and short-term receivables		- 20,276.4	15,076.9
Payments from hedging transactions		2,141.1	- 54,319.7
Change in short-term liabilities		27,362.6	- 28,398.0
Change in short-term provisions		- 435.6	- 860.0
CASH FLOW FROM OPERATING ACTIVITIES		**271,663.6**	**115,670.6**
Inpayments from the disposal of fixed tangible assets and intangible assets		11,308.3	13,747.9
Outflows for additions to fixed tangible assets and intangible assets		- 174,125.2	- 184,442.1
Inpayments from the disposal of financial assets		7,853.5	5,842.7
Acquisition of subsidiary companies minus acquired net cash and cash equivalents	(2)	- 22,513.2	- 22,959.1
Outflows for additions to financial assets and other financial investments		- 5,485.9	- 93,823.7
CASH FLOW FROM INVESTMENTS		**- 182,962.5**	**- 281,634.3**
Dividend payment	(34)	- 55,842.7	- 54,376.9
Sale/Buy-back of own shares	(23)	- 71.0	- 30.9
Cross-border leasing	(5)	—	- 24,376.7
Raising and redeeming financial debt		- 58,399.7	129,957.4
CASH FLOW FROM FINANCING ACTIVITIES		**- 114,313.4**	**51,172.9**
TOTAL CASH FLOW		**- 25,612.3**	**- 114,790.8**
Funds at the beginning of period	(22)	108,996.0	223,786.8
Funds at the end of period	(22)	83,383.7	108,996.0
The cash-flow statement includes the following items:			
Interest received		3,207.0	6,272.6
Interest paid		38,566.4	36,219.1
Dividends received		8,965.4	6,457.1

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 30/09/2008		**89,000.0**	**213,106.9**	**884,128.0**	**48,180.2**
Changes in equity interests and available-for-sale securities	(23)	—	—	—	**773.3**
Changes in value, without effect on the result, at companies associated at equity		—	—	—	**- 588.9**
Hedge accounting	(23)	—	—	—	**- 92,825.5**
Currency differences	(4)	—	—	—	—
Deferred taxes		—	—	—	**23,013.1**
Changes in value without effect on the result		—	—	—	**- 69,628.0**
Group result		—	—	**69,332.6**	—
Total revenues for the period		—	—	**69,332.6**	**- 69,628.0**
Dividend payment		—	—	**- 53,399.6**	—
Change in consolidated group	(2)	—	—	—	—
Own shares		—	—	—	—
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**

Other reserves: Provision for new valuation in EUR 1,000	Other reserves: Own shares in EUR 1,000	Other reserves: Currency differences in EUR 1,000	Other reserves: Total in EUR 1,000	Equity of shareholders of parent company in EUR 1,000	Minority interest in equity in EUR 1,000	TOTAL in EUR 1,000
37,541.1	**-4.2**	**16,905.1**	**102,622.2**	**1,288,857.1**	**69,025.2**	**1,357,882.3**
—	—	—	773.3	773.3	- 17.9	755.4
—	—	—	- 588.9	- 588.9	—	- 588.9
—	—	—	- 92,825.5	- 92,825.5	- 653.9	- 93,479.4
—	—	- 7,024.9	- 7,024.9	- 7,024.9	- 778.1	- 7,803.0
—	—	2,527.8	25,540.9	25,540.9	148.8	25,689.7
—	—	- 4,497.1	- 74,125.1	- 74,125.1	- 1,301.1	- 75,426.2
—	—	—	—	69,332.6	3,801.9	73,134.5
—	—	- 4,497.1	- 74,125.1	- 4,792.5	2,500.8	- 2,291.7
—	—	—	—	- 53,399.6	- 977.3	- 54,376.9
—	—	—	—	—	972.4	972.4
—	- 30.9	—	- 30.9	- 30.9	—	- 30.9
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

Auditor's Certificate

KPMG

Energie AG Oberösterreich, Linz
Bericht über die Prüfung des Konzernabschlusses zum 30. September 2010
29. November 2010

3. Bestätigungsvermerk

Bericht zum Konzernabschluss

Wir haben den beigefügten Konzernabschluss der

Energie AG Oberösterreich,
Linz,

für das **Geschäftsjahr vom 1. Oktober 2009 bis zum 30. September 2010** geprüft. Dieser Konzernabschluss umfasst die Konzernbilanz zum 30. September 2010, die Konzern-Gewinn- und Verlustrechnung/Gesamtergebnisrechnung, die Konzernkapitalflussrechnung und die Konzern-Eigenkapitalveränderungsrechnung für das am 30. September 2010 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 2010
29 November 2010

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 2009 to 30 September 2010**. The consolidated financial statements comprise the consolidated balance sheet as at 30 September 2010, 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 2010, 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 2010

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 2010 sowie der Ertragslage des Konzerns und der Zahlungsströme des Konzerns für das Geschäftsjahr vom 1. Oktober 2009 bis zum 30. September 2010 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 29. November 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Michael Ahammer	Mag. Peter Humer, CIA
Wirtschaftsprüfer	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 2009

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 2010, as well as of the earnings position and cash flows of the Group during the business year 1 October 2009 to 30 September 2010 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, 29 November 2010

KPMG Austria GmbH
Firm of Chartered Accountants and Tax Consultants

Mag. Michael Ahammer (Chartered Accountant)

Mag. Peter Humer (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

For Energie AG Oberösterreich, business development during fiscal 2009/2010 reflects, firstly, the remnants of the economic crisis and, secondly, the expected favourable effect resulting from the successful investment policy pursued over the past years and the countermeasures taken in response to the economic crisis. The Group results of the fiscal year just past were well above those of the same period the year before.

The Supervisory Board has actively accompanied this development and given its support. Based on comprehensive reporting by the Board of Management, it has continuously monitored the business management.

During fiscal 2009/2010, 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. The corporate bodies gave their approval to all business events, which is mandatory in specific cases.

The financial statements of Energie AG Oberösterreich for fiscal 2009/2010 – 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. The Supervisory Board examined the financial statements for 2009/2010, 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 2009/2010, 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 2010, 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 2009/2010. 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 it 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 2009/2010, which are thus established.

The consolidated financial statements for fiscal 2009/2010 (1 October 2009 to 30 September 2010), 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 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 2010, 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 ac-cordance with Austrian commercial-law provisions.

Finally, the Supervisory Board would like to express its thanks to the Board of Management and all staff members for their successful work during fiscal 2009/2010.

Linz, December 2010

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 29. November 2010

Der Vorstand der Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner   KommR Ing. DDr. Werner Steinecker MBA   DI. Dr. Roland Pumberger

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, 29 November 2010

The Board of Management of Energie AG Oberösterreich

Dkfm. Dr. Leo Windtner   KommR Ing. DDr. Werner Steinecker MBA   DI Dr. Roland Pumberger

Glossary

• 20-20-20 targets of the EU
In December 2008, the European Commission presented a legal package for climate protection and energy which is often referred to as the 20-20-20 targets. By 2020, Europe shall thus cut greenhouse gas emissions by 20% compared to 2005, increase the share of energy from renewable sources to 20% and increase energy efficiency by 20%.

• API2 (All Publications Index # 2)
Coal price index.

• Austrian energy strategy
The Austrian energy strategy is a national programme of measures and schedule to achieve the EU energy targets and transpose the directive on the utilisation of renewable energy.

• BCM® process
Treatment technology for biogas to produce natural gas through separation into CO_2 and methane.

• Capital employed
On the asset side, capital employed is calculated on the basis of fixed assets and current assets, minus no-interest bearing liabilities, or – on the liability side – on the basis of equity, plus interest-bearing borrowed capital, minus cash and cash equivalents.

• Cash flow from operations
The cash flow from operations is the inflow (outflow) of cash generated by the operating business activities.

• CEE (Central and Eastern Europe)
Central and East European countries

• CO_2 certificates market
Trading in emission rights between countries and companies is one of the main instruments laid down in the Kyoto Protocol. In this context, every year, the state issues a limited number of emission certificates to all companies participating in emission trading so that the companies are induced to take modernising measures, i.e. to apply production processes with higher energy efficiency.

• Combined-cycle gas turbine (CCGT) power station
A combined cycle gas turbine power station is a thermal power plant where a gas turbine and a steam turbine process are connected in series to enhance efficiency.

• EBIT (earnings before interest and taxes)
The EBIT is the operating result. The EBIT margin is the share of the EBIT in sales.

• EBITDA (earnings before interest, taxes, depreciation and amortisation)
The EBITDA is the operating result before the depreciation and amortisation of tangible fixed assets and intangible assets. The EBITDA margin is the share of the EBITDA in sales.

• E-Control GmbH
E-Control GmbH is the regulating authority. It has the task of monitoring and accompanying the liberalisation of the Austrian electricity and gas market, as well as to intervene by regulatory action, if necessary.

• EEX (European Energy Exchange AG)
EEX, the leading energy exchange in Continental Europe, operates market platforms for trading in electricity, natural gas, CO_2 emission rights and coal.

• EFET agreement
Model master agreement of the European Federation of Energy Traders

• ElWOG (Austrian Electricity Industry and Organisation Act)
Transposition of EU Internal Electricity Market Directive into Austrian law.

• Energy turnaround 2030
Upper Austrian programme of measures to increase energy efficiency and reduce energy consumption in accordance with the EU targets. The primary aim is to double the share of renewable energy sources and cover the consumption of electricity and space heating with renewable energy.

• ENPI (European Neighbourhood and Partnership Instrument)
Forms the basis for the provision of EU community assistance for countries that do not currently have an accession perspective and to which the European Neighbourhood Policy (ENP) is addressed.

• Equity ratio
Share of equity in the balance sheet total

• FTE (Full Time Equivalent)
Full-time employees

• Futures market
A collective term for an institutionalised wholesale market on which deals are traded and entered on electricity and gas markets on a longer-term basis.

- **Geothermal energy**

Utilisation of the heat stored in the accessible part of the earth's crust for heating and cooling, to produce electricity or for power and heat co-generation.

- **German master agreement**

The European Central Bank (ECB) uses this agreement in connection with financial futures transactions when entering into OTC derivative transactions, involving the currency reserves of the ECB, with contracting parties domiciled in Germany.

- **Hedging**

A hedge transaction is a financial transaction to safeguard against risks (e.g. exchange-rate risk fluctuations or changes in the prices of raw materials.

- **Incentive-based regulation**

Incentive-based regulation is a regulation system of the authorities that aims to implement cost reductions concerning the remunerations paid for electricity and gas networks, and to pass them on to market participants in the form of price reductions.

- **National Allocation Plan (NAP)**

The NAP is an overview of the distribution of emission certificates which every EU member state must draw up at the beginning of a trading period (three and/or five years) as part of the EU greenhouse emission trading activities.

- **Net gearing**

Net gearing is the ratio between net indebtedness and equity.

- **Net indebtedness**

Net indebtedness is the balance between interest-bearing financial liabilities, minus cash and marketable securities.

- **NOPAT (Net Operating Profit After Tax)**

NOPAT is the EBIT, minus the result of associated companies consolidated at equity, plus the pro-rata interest of the social capital, minus taxes on the result.

- **PIGS countries**

Acronym for the EU member states with high national debt: Portugal, Ireland, Greece and Spain.

- **PPP (Public Private Partnership)**

PPPs are a specific form of cooperation between the public sector and private companies.

- **Rating**

The assessment given by a rating agency concerning the ability of a debtor to repay certain liabilities completely and on time.

- **RES Directive of the EU (Renewable Energy Sources)**

This EU Directive promotes the use of energy from renewable energy sources.

- **ROCE (Return on Capital Employed)**

ROCE is the ratio of NOPAT to the average capital employed.

- **Smart Metering**

Smart Metering is a system for the automatic recording of electricity consumption data in households, with an extension of the automated network system which can also integrate other media such as gas, water and heat.

- **Spot market**

A collective term for an institutionalised short-term market, on which deals are traded and entered into for the following day, for example, hour contracts on electricity and natural gas markets.

- **Third legislative package of EU directives on internal gas and electricity markets**

The package has been in force since 3 September 2009. It supplements the previous regulations dating to 2003 and is intended to improve security of supply, strengthen competition and promote progress in sustainable energy supplies. Access to the energy markets is to be facilitated for companies generating energy from renewable sources. Consumers should be able to obtain energy at the most favourable prices possible.

- **Third-party business**

A form of trade where the trader buys products from suppliers and subsequently sells these to customers without coming into physical contact with the products.

- **WACC (Weighted Average Cost of Capital)**

WACC reflects the average weighted capital costs (equity and borrowed money) of a company for the capital employed.

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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