Digitell everyone:

We care about tomorrow!

ANNUAL REPORT 2016/2017

ENERGIE AG Oberösterreich

We care about tomorrow

The Group at a Glance

	Unit	2016/2017	Change	2015/2016
Sales revenues				
Energy Segment	EUR mill.	989.2	12.7 %	877.4
Grid Segment	EUR mill.	310.2	7.9 %	287.5
Waste Management Segment	EUR mill.	208.4	4.0 %	200.4
Water Segment	EUR mill.	135.5	4.7 %	129.4
Holding & Services Segment	EUR mill.	43.4	8.0 %	40.2
Group	**EUR mill.**	**1,686.7**	**9.9 %**	**1,534.9**
Result				
Operating result (EBIT)	EUR mill.	221.8	63.8 %	135.4
EBIT margin	%	13.1	48.9 %	8.8
Earnings before taxes	EUR mill.	202.5	98.1 %	102.2
Dividend per share	EUR	0.6	—	0.6
Balance sheet				
Balance sheet total	EUR mill.	3,079.2	3.0 %	2,990.6
Equity	EUR mill.	1,279.4	13.6 %	1,126.7
Equity ratio	%	41.6	10.3 %	37.7
Net debt [1]	EUR mill.	371.3	- 15.0 %	436.8
Net gearing	%	29.0	- 25.3 %	38.8
Cash flow from operationss	**EUR mill.**	**278.8**	**13.4 %**	**245.8**
Profitability				
ROCE	%	9.4	49.2 %	6.3
Employees (average)				
Energy Segment	FTE	435	- 8.8 %	477
Grid Segment	FTE	544	- 1.4 %	552
Waste Management Segment	FTE	793	- 0.3 %	795
Water Segment	FTE	1,575	0.6 %	1,566
Holding & Services Segment	FTE	993	2.2 %	972
Group	**FTE**	**4,340**	**- 0.5 %**	**4,362**

[1] Net debt = interest-bearing current and non-current liabilities minus cash and cash equivalents and short-term securities

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Interview with the Management Board
of Energie AG Oberösterreich

Dr. Andreas Kolar
Member of the Management Board

Chief Executive Officer
DDr. Werner Steinecker MBA
Chairman of the Management Board

Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board

Energie AG Oberösterreich recently made digitalisation a priority. What is behind this new strategic direction?

Chief Executive Officer Werner Steinecker: For some years now, we have been taking steps to automate our internal processes and make them as efficient as possible. When it comes to digitalisation, though – a ubiquitous byword – our task is to make sure we meet the expectations of our customers, who want to do digital business at the lowest price wherever they can. This is a challenge we need to accept, but Energie AG is also an enabler of digitalisation: thanks to our fibre optic network, we can offer both domestic and business clients a genuine, ultra-fast, totally future-proof fibre optic internet on their premises. Energie AG promises customers the fastest internet in the country, and that is another major contribution to the digitalisation of Austria.

How far can the digitalisation of Energie AG go in the technical field?

Chief Technical Officer Stefan Stallinger: The fact is, our network engineers and installers will still provide the sound basis for supplying customers, no matter how far digitalisation goes. The app that can fix a torn conductor cable hasn't been invented yet. That said, digitalisation can certainly help us locate damaged areas quickly and speed up the resumption of supply following malfunctions. That's why we are working hard to make our power grid intelligent, from substations to electricity meters – so that we can maximise the security of supply for our customers.

As the push towards digitalisation continues, security is becoming a more important consideration. How secure will our data be in the future?

Chief Financial Officer Andreas Kolar: Our customers can rest assured we will do everything in our power to keep their data secure. That means a full range of preventive measures as well as technical, organisational and legal safeguards across all areas. Our internal security specialists have support from external experts and security facilities. We will also subject our measures to regular security checks and audits to ensure the best possible protection for our systems. Since there is no such thing as 100% security any more, though – especially in this digitalised world – we have set up monitoring and emergency systems.

For years, 'Women in Technology' was an empty catchphrase. What can be done to change this?

Steinecker: We at Energie AG see ourselves as a dependable employer offering our staff a great deal of potential. I started out as an apprentice myself, and now I'm managing the company – which proves that our employees have opportunities for advancement. We are using technology grants and a trainee programme aimed at young female academics to make the technical trades more attractive to women. Being able to offer family-friendly positions is something else that is very close to our hearts. To give one example, we are the main employer for women in Mühlviertel thanks to the Niederwaldkirchen call centre. The proportion of women in managerial positions is over 70 percent, and we want to raise the proportion of women across the group.

Energie AG is established as a strong brand in Upper Austria. Can the company take advantage of this as an employer?

Kolar: Obviously a high level of brand recognition does no harm to our chances of being perceived as an employer. As helpful as this may be, however, it is no substitute for building up an employer brand. For a long time, Energie AG has been aiming to set the tone in this area. By focusing on 'Women in Technology', we want to consolidate our position and be a first mover when it comes to attracting qualified female professionals and managers.

In many cases, integrating children and young people is a key to success. Can this help Energie AG achieve its aims?

Stallinger: For a long time, this company has been inspiring children and young people in the issues that interest us in various ways appropriate to their age. These include explanatory mini-books for kindergarten-age children and school materials for specific age groups and curricula as well as tours of power stations and the Erlebnis Welt Energie exhibition. This serves to generate an understanding of the world of energy while establishing Energie AG as a good place to work. We also want to reach out to school-age girls in particular and get them interested in technology, for example through the PowerGirls campaign. We need the next generation at Energie AG: they are not just our future customers, but our future workforce too.

What are the biggest challenges currently facing Energie AG?

Steinecker: Digitalisation is having a particularly strong impact on the sales area, with a definite trend towards doing business online. Customers these days want to do things at a time that suits them, and for the best price. This is a massive challenge that we have to face. At the same time, we want to present customers with tailored offers that match their needs precisely. That's why it is essential that we respond quickly to customer requirements, and achieve high levels of both automation and individualisation.

For a business like Energie AG that requires a lot of financing, the question of finance presents a challenge. What is your approach in this area?

Kolar: In times like these, securing financial resources certainly is a big challenge. However we will be sticking to the solid and stable financing strategy that has served us so well – thanks to our strategy, we have an excellent rating that enables us to respond to financing issues with flexibility according to the situation. Being in such good shape makes us an attractive partner to any capital investor. However, digitalisation does not stop with the finance area. I am convinced that the way in which the finance division works, and the way a CFO works, will change over the years ahead in the face of increasing automation and the introduction of technological innovations. We are already paying close attention to current developments such as new payment methods, blockchain applications and digital currencies. Above all, the security aspect will come to the fore in the future.

The market and environment are forcing energy suppliers to rethink things, especially in the power generation area. How much is this affecting Energie AG?

Stallinger: We started changing the way we think some years ago. We looked into the idea of pumped-storage power stations and modified generating capacity at our thermal power station sites. Approval for the pumped-storage power station in Ebensee gives us one option that will become increasingly significant in the years ahead. The same goes for the combined-cycle gas-turbine power plant in Riedersbach. It will be important to establish a broad, future-proof foundation for Energie AG to cement its role in the new energy system. We have been hit hard by implementation of the Water Framework Directive, which calls for a lot of measures leading to enormous production losses. Of course we are committed to environmentally sound power plant operation, but we must avoid golden plating in all areas.

You have been serving as Chief Executive Officer since 1st March. How has this changed your everyday role as Chairman of the Management Board?

Steinecker: Given how familiar I have become with the company over 15 years as a Management Board member, a lot of things have turned out as I expected. Of course there have been surprises too, but I hope that I have so far been able to meet the expectations of the owners, the Supervisory Board, the executives and the employees. On the whole, I would like to thank my predecessor Leo Windtner, who definitely bequeathed me a well-ordered organisation!

Turning to the Managing Director, you have also been serving as Chief Technical Officer since 1st March, a position previously held by the current Chief Executive Officer. What changes would you like to see, and what are your priorities?

Stallinger: I pretty much grew up in the technical division, so I know the company is well placed. Given the sometimes huge upheavals in the energy sector, of course this division also has to be more flexible while staying competitive. One example of this is the integration of WDL with Umwelt Service GmbH, which is now part of the division and developing into a full municipal service provider. Cooperation between waste incineration plants and our thermal power stations will also intensify. Prioritising the expansion of FTTH, an area in which the figures are rising sharply, will require several technical areas to adopt a highly creative approach to finding solutions and a willingness to adapt. The main precondition for this will be professional collaboration across corporate and departmental boundaries – and I regard strengthening this interaction as one of my central tasks.

Group Management Bodies

MANAGEMENT BOARD

Chief Executive Officer Professor Kommerzialrat Ing. DDr. Werner Steinecker MBA, Chairman of the Management Board
Kommerzialrat Mag. Dr. Andreas Kolar, Member of the Management Board
Dipl.-Ing. Stefan Stallinger MBA, Member of the Management Board

SUPERVISORY BOARD

Shareholder Representatives

Dipl.-Ing Gerhard Falch, Chairman
Mag. Stefan Lang PLL.M., First Vice Chairman
Dr. Heinrich Schaller, Second Vice Chairman
Dipl.-Ing. Wolfgang Dopf
Dr. Miriam Eder MBA
Mag. Dr. Erich Entstrasser
Mag. Florian Hagenauer MBA
Mag. Anna Maria Hochhauser
Thomas Peter Karbiner MSc MBA MPA
Mag. Michaela Keplinger-Mitterlehner
Mag. Kathrin Renate Kühtreiber-Leitner, Mayor
Ing. Herwig Mahr
Mag. Dr. Michael Strugl, MBA
Josef Walch

Works Council Representatives

Ing. Robert Gierlinger MSc (until 30/04/2017)
Isidor Hofbauer (until 30/04/2017)
Ing. Mag. Leopold Hofinger (since 01/05/2017)
Mag. Regina Krenn (since 01/05/2017)
Ing. Peter Neissl MBA MSc, Chairman of Works Council
Friedrich Scheiterbauer, Chairman of Works Council
Ing. Bernhard Steiner, Chairman of Group Works Council
Gerhard Störinger, Chairman of Central Works Council
Egon Thalmair, Chairman of Central Works Council

Shareholder Structure
Energie AG Oberösterreich

• OÖ. Landesholding GmbH	52.45%
• Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (consortium)	13.91%
• LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste	10.30%
• TIWAG-Tiroler Wasserkraft AG	8.24%
• VERBUND AG	5.18%
• Oberbank AG (consortium)	5.15%
• voestalpine Stahl GmbH	2.06%
• Oberösterreichische Landesbank Aktiengesellschaft	1.03%
• Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft	0.52%
• Oberösterreichische Versicherung Aktiengesellschaft	0.52%
• Energie AG Employee Private Foundation	0.20%
• Province of Upper Austria	0.10%

The remainder are treasury shares. As of 30/09/2017

The Strategy of the Energie AG Group

Energie AG as a Regional Partner to Customers

As a regional partner, Energie AG Group provides high-quality and reliable products and services for its customers in the sectors of energy, telecommunications, water and waste management, and secures the energy supply with its electricity and natural gas grids.

The financial objectives of Energie AG - such as securing sustainable financial stability, maintaining the company's value and its ongoing performance above the required minimum rate of return - are supported by the balanced Group portfolio of liberalised and regulated business models.

"Digital Care-Free Protection" for Our Customers

In the 2016/2017 fiscal year, Energie AG's digital vision was developed on the basis of the "PowerStrategy 2020", devised in the 2013/2014 fiscal year. According to the slogan of "Digital Care-Free Protection", Energie AG sees itself as a partner for its customers, for a comfortable, pleasant and modern life. The aim is to actively shape the future digital environment of Energie AG and thus also the digital future of Upper Austria.

Actively Shaping the Digital Future

The digital strategy will be implemented in three phases: In the first phase, "walk", the necessary expertise will be established up by the end of 2018, work will be done on establishing a digitally driven corporate culture and defined lighthouse projects will be implemented. In the "run" phase, Energie AG will enter digital life by the end of 2020. This phase is characterised by cross-functional and cross-divisional thinking that develops and markets innovative digital products and further increases the efficiency and innovation potential of the company.

At the end of 2022, the "fly" phase will establish digitalisation as part of daily life in the Group. Comprehensive digital expertise in all areas of the Group will further enhance the benefits and effectiveness of products and services for customers. In addition to standard processes, the competence, knowledge and experience of our employees are increasingly being leveraged by the ongoing development and redesign of processes for optimum customer benefit, quality assurance and optimisation.

The digitalisation strategy supports the two cornerstones of the Group's strategy: "The Customer at the Centre" and "Organisational and Operational Excellence".

Attractive Offers for Present and New Energy Customers

In the highly competitive large corporate customer unit, Energie AG strives to achieve a positive contribution to profits on the basis of long-standing partnerships with the help of individually tailored electricity products, diverse supplementary services, and personal customer support. Since entering the gas sales market for large corporate customers, it has been possible to achieve the volume and earnings targets. The focus in the coming fiscal year will be on intensifying the newly established customer relationships.

Despite intense competition in the business and private customer area for electricity and gas, Energie AG has successfully maintained its good position, with a large market share in its own supply area. In this customer unit, Energie AG pursues a differentiation strategy that is based on diverse product options in all price categories with fair and stable prices. Target-group oriented supplementary products, competent advice and high-quality service strengthen the partnership with customers. Essential aspects include a strong commitment to customer care and a variety of subsidy offers.

Besides retaining the loyalty of present customers, the active acquisition of new customers is pursued above all using new sales channels. In Austria, for example, clean products for pure electricity or gas are offered with online self-service.

The distribution strategy is targeted towards continuous, flexible adaptation of products, processes and distribution channels to fit rapidly changing customer wishes and megatrends such as digitalisation.

Energy Services as Extension of the Value Creation Chain

The strategic focus of the energy-related services is centred on expanding heat contracting for residential, commercial and industrial buildings, thus creating a win-win situation in the long term with the services of Energie AG, enabling customers to concentrate on their core competencies. At the same time, energy supply offers are rounded off by attractive services to increase energy efficiency and customer convenience. In the area of mobility, customers in Upper Austria are offered electric charging stations and corresponding electric mobility services.

District Heating Supply as Innovative Power

Energie AG has already demonstrated its innovative power in the field of district heating supply in recent years. The aim is to further expand its pioneering role as a sustainable utility in the region by using biomass, geothermal energy and industrial waste heat. Due to the optimisation of the procurement mix and the use of innovative plant technology, a significant increase in efficiency has been achieved. In addition, the Group strives for continuous improvement of individual processes, particularly through digitalisation.

These principles also apply to the Czech market area. In addition to optimising existing generation plants and district heating networks, the focus lies particularly on both increasing the density of the grids and on selective growth, in order to make optimal use of existing infrastructure and achieve greater scaling effects.

Focus on Renewable Energies and Flexible Services within the Group's Proprietary Electricity Procurement

Energie AG's procurement strategy is based on the assumption that, in the long term, it will be possible to regenerate the full costs of new power generation plants. This is already reflected in a slight recovery in electricity prices. Thus the focus lies on increasing efficiency in power plant operations and maintenance, while at the same time ensuring value retention for the plants and equipment, as well as generating additional revenue on the flexibility markets.

Investments for replacement or expansion of hydraulic or thermal power plants are subject to a value-oriented selection process, whereby attractive project concepts are always developed far enough to base decisions on a solid foundation, and are also implemented – as in the past fiscal year – through the acquisition of hydropower plants in Upper Austria.

Expansion of Renewable Energy

The expansion of the portfolio for additional generation of renewable energy is a strategic area of development at Energie AG. In the context of subsidies, Energie AG selectively seeks access to sites that are attractive and still available for wind power throughout Austria, above all with the help of collaborative business models. In the field of photovoltaics, subsidised projects in Upper Austria are implemented primarily as contracting models for business customers, in individual cases also in the role of the general contractor. The biomass power plant in Timelkam, which, in addition to electricity, also delivers heat to the regional district heating network, supplements the diversified portfolio of new renewable energy-generation capacities.

The combined cycle gas-turbine power plant in Timelkam is mainly utilised for congestion management and grid reserve management by transmission system operators. In the future, the development and application of new technologies and intelligent system solutions for decentralised flexibility will be of particular importance.

Safety and Quality in the Electricity and Gas Grid

Netz Oberösterreich GmbH (Netz OÖ), a wholly owned subsidiary of Energie AG, uses a modern and reliable electricity and natural gas grid to secure the energy supply of its customers, thus providing the basis for quality of life and an attractive business location. The financial objective is to secure the regulatory return on capital in order to cover the considerable need for investments in the electricity grid at the present time. The investments are triggered by the need to provide an efficient and secure electricity grid, the age structure, the ongoing expansion of decen-

Full Conversion of Smart Meters Anticipated by the End of 2019

Focus on Plant Capacity Utilisation in Waste Disposal

tralised generation plants and the expansion of smart metering. As a pioneer in Austria, Netz OÖ is planning a thorough expansion up to 99.5 % smart meters by the end of 2019, thus going beyond the legal requirements. The intent is that the benefits of state-of-the-art meters will be available both for customers as well as for the operational management in all areas.

The importance of the Netz OÖ gas grid also reaches beyond the region due to the integration of large gas storage capacities in the supply area and at the junction of existing and planned transport pipelines.

Fibre-optic Network as Basis for Digitalisation

Accelerated Expansion of the Fibre-Optic Network Through Subsidies

With a fibre-optic network longer than 5,100 km, Energie AG owns a strategic asset in order to promote Upper Austria as business location for digitalisation. Numerous industrial and commercial enterprises, banks, public institutions and authorities have been connected to the high-performance data network for many years, and the implementation of fibre-to-the-home expansion for consumers began in 2014. The allocation of subsidies at the EU, federal and state level, has meant that this investment-intensive expansion can now be extended and accelerated in other areas. In addition to subsidies, highly efficient laying techniques and a defined minimum customer density are critical factors for the economic success of the business model.

Consolidation of Municipal Services in the Waste Management Segment

Intensifying Partnership with Czech Municipalities in the Water Business

By integrating the Upper Austrian water operations into the Waste Management Segment, the municipal services such as waste disposal and recycling, as well as water services in the Upper Austrian core market will be consolidated in the future. This will help to extend the existing basic strategy of expanding cooperation with municipalities and water authorities to include the service portfolio of water supply and waste water disposal.

In the waste management sector, the focus will continue to be on full capacity utilisation of the two incineration plants in Upper Austria. It is assumed that the bottleneck in waste disposal capacity in southern and western Europe will be increased by the implementation of the Landfill Ordinance in Great Britain and that there will be a shift in volumes to Central Europe in the coming years. For this reason, high plant utilisation and higher disposal prices for the thermal fraction are still expected.

In South Tyrol, the strategic focus on a new location has already raised synergy potentials and created the basis for the best possible future market development.

Securing the Market Position in the Czech Water Market

With its investments in the Czech Republic, Energie AG has established itself as number three in the water supply and waste water disposal market and positioned itself as a reliable and long-term partner for municipalities. The critical success factors for the coming years are the ongoing adaptation of business models to the changing needs of municipalities, anticipation of regulatory efforts and successful participation in periodic tenders for concession contracts. Selective investments in the Group's own infrastructure are intended to deepen the partnerships with the municipalities, while simultaneously leveraging the opportunities arising from the new statutory environment. In addition to the potential on the marketing side, all costs and processes are continuously being reviewed for optimisation and efficiency in order to secure an attractive and stable profit contribution.

Group Management Report 2016/2017
of Energie AG Oberösterreich [1)]

GENERAL CONDITIONS

General Economic Conditions [2)]

The economic environment for Energie AG in the 2016/2017 fiscal year (01/10/2016 to 30/09/2017) was characterised by a consistently positive development.

According to the latest global calculations, the global economy has gained considerable momentum during the full calendar year of 2017. Referring to the Trump administration, the International Monetary Fund (IMF) spoke of "significant political uncertainties", which could also have an impact on the Euro zone. Global economic growth is expected to be 3.6% for 2017 (compared with 3.1% in the previous year) and 3.7% in 2018. The global economy thus now appears to have recovered from the effects of the economic crisis of 2008.

In the calendar year 2017, growth in the Euro zone is expected to remain largely unchanged at between 2.1% and 2.2% (previous year: 1.8%). For 2018, experts anticipate an economic growth ranging between 1.9% and 2.1%. Although the unemployment rate has continued to fall as a result of the current good economic development in the EU and the Euro zone, it is still high by international standards.

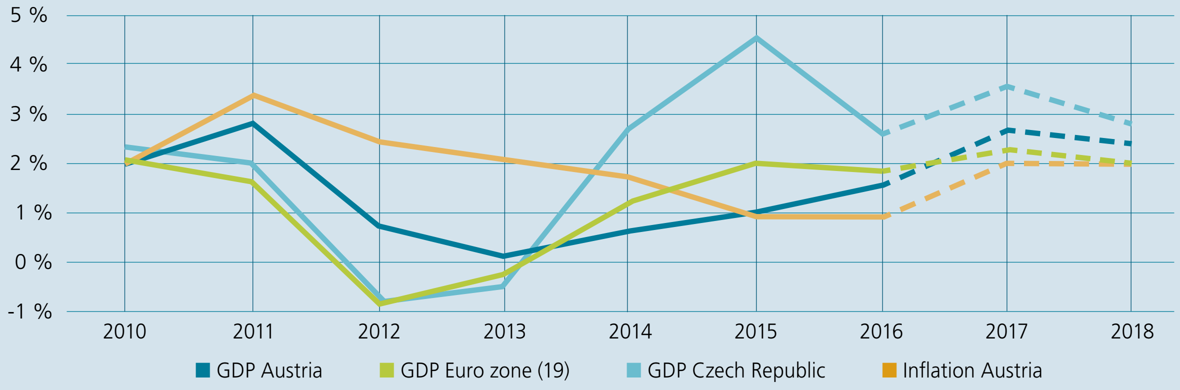
Economic Growth for the Eurozone in 2017, 1.0-2.2%

Because of the strong rise of Austria's gross domestic product (GDP) by an average of 0.8% in each of the first two quarters of calendar year 2017, GDP growth for the full year 2017 is expected to reach 2.3% to 2.8% (previous year: 1.5%). This makes Austria one of the Euro countries with the strongest economic growth. The development was driven by buoyant export demand and gross fixed capital formation, while consumer demand eased somewhat with the unemployment rate remaining high. In addition to the typically very cyclically sensitive production of goods, the construction industry, trade and company-related services were also decisive for this positive development.

Strong GDP Growth Forecast for Austria in 2017

GDP Growth and Inflation

Change in % on previous year



[1)] The Group management report presented here was prepared in accordance with the requirements of Section 245a of the Austrian Commercial Code (UGB) and refers to the IFRS consolidated financial statements of Energie AG in terms of Section 245a UGB.

[2)] Sources: European Commission: Autumn 2017 Economic Forecast 09 November 2017. IHS (Institute for Advanced Studies): Press Release 29 September 2017. IMF (International Monetary Fund): Press Release 10 October 2017. WIFO (Austrian Institute for Economic Research): Monthly Report October 2017. WKO (Austrian Federal Economic Chamber): Release Economic Situation and Forecast September 2017 and Economic Profile Czech Republic October 2017.

For Austria, the medium-term forecasts for 2018 to 2022 show an average increase of 2% GDP growth per year, i.e. one quarter of a percentage point above the Euro zone average. These expectations are based on an upturn in the export industry due to a healthy international economy, resulting in higher investments and increasing private consumption.

The forecast for the Czech market, which is important for Energie AG, is above the EU average in forecasts for calendar year 2017, with an increase in real GDP of 3.5% (2016: 2.6%). Growth between 2.6% and 3.0% is anticipated for 2018.

Energy Policy Environment

'Clean Energy for all Europeans' Winter Package Published

On 30/11/2016, as part of the ongoing development of the Energy Union, the European Commission published its extensive winter package, "Clean Energy for all Europeans", with numerous legislative acts and reports. In addition to energy efficiency, the main objective of this all-encompassing discussion on future energy structures in the EU is to take the lead in the field of renewable energies worldwide. A further goal is the implementation of a new electricity market design that focuses on the consumer and increasingly decentralised generation structures. A general political orientation for the EU member states is to be achieved by the end of 2017, with finalisation of the comprehensive overall package expected by 2018.

Reform of the EU Emissions Trading Scheme

The reform of the EU Emissions Trading Scheme (EU ETS), intended to contribute to achieving the EU target of reducing emissions by at least 40% by 2030, was not completed in the reporting period. Various instruments are to bring about a supply shortage of CO_2 certificates, with the aim of increasing the price of pollution rights and increasing the incentive for investment in CO_2-reducing measures. An agreement is expected to be reached by the end of 2017. As a result, prices on the electricity market are expected to rise. The considerations are in line with the Paris Climate Protection Agreement and also correspond to the strategic course adopted by Energie AG, with its exit from coal-fired power generation in the 2015/2016 fiscal year.

On 25/05/2018, the EU General Data Protection Regulation (GDPR) comes into force, and thus a new data protection law harmonised throughout Europe. The GDPR is directly applicable in Austria and is supplemented by the Austrian Data Protection Act. In order to ensure that implementation in the Group complies with legal requirements, a corresponding project was launched in the period under review, with the aim of improving the protection of personal data.

The large-scale consultation process for an integrated energy and climate strategy of the Federal Government, which was launched last year, was concluded with a comprehensive report at the end of 2016. On the basis of these results, a white paper was drawn up in the first half of 2017, setting out concrete long-term energy and climate policy development paths. The energy-policy guidelines (supply reliability, competitiveness, affordability and sustainability) form the framework for the strategic orientation of the future Austrian energy system on the one hand, with the requirements of EU climate and energy policy up to 2030 and the Paris climate goals on the other. After the conclusion of the coalition negotiations of the future Austrian Federal Government, final processing and resolution are expected.

The revised Upper Austrian energy strategy was adopted by a majority decision of the provincial government on 27/02/2017, and discussed in the provincial parliament in May 2017. In order to position Upper Austria as a leading region in the field of energy efficiency, the goal is to achieve technology leadership in this area, as well as in selected core areas of energy and environmental technology.

The National Water Management Plan II (NGP 2015) was published at the end of August 2017. It entered into force at the same time as the National Water Management Plan Ordinance 2015 and originates from the implementation of the EU Water Framework Directive. The aim is the sustainable management of bodies of water and, in accordance with the legal definition, achieving a "good condition" for all bodies of water by ensuring continuity and sufficient residual water flow. For the power generation industry, these requirements mean an increased need for investment in fish ladders and the associated production losses.

The "Small Green Electricity Amendment" was approved by Parliament with a two-thirds majority in the summer of 2017. It mainly makes technical and administrative adjustments within the framework of the existing subsidy regime of the Green Electricity Act. The complete redesign of the subsidy system, based on the new EU guidelines on state aid for environmental protection and energy, which came into force in 2014, thus remains to be produced.

As part of the "Small Green Electricity Amendment", a number of changes have also been made to other laws (Electricity Industry and Organisation Act/ElWOG and Gas Industry Act/GWG). One important practical innovation is the creation of a legal basis for community power generation plants in the ElWOG (Federal Electricity Management and Organisation Act). This created the legal basis for the construction of renewable power generation plants, in particular photovoltaic (PV) systems on multi-party buildings.

Separate Price Zones for Austria and Germany

In the discussion on the separation of the previously common electricity price zone, the German Federal Network Agency and Austria's E-Control reached an agreement in mid-May 2017 to restrict bilateral electricity trading as of 01/01/2018. The long-term capacities were defined at 4,900 MW when introducing congestion management, which is equivalent to about half of Austria's peak power requirements. Experts anticipate a slight increase in electricity prices for Austria as a result of this shortage.

BUSINESS DEVELOPMENT IN THE GROUP

Net Assets, Financial Position and Results of Operations

Group Overview	Unit	2016/2017	2015/2016	Change
Sales revenues	EUR mill.	1,686.7	1,534.9	9.9 %
Operating result (EBIT)	EUR mill.	221.8	135.4	63.8 %
EBIT margin	%	13.1	8.8	48.9 %
Financial result	EUR mill.	- 19.4	-33.2	41.6 %
Earnings before taxes	EUR mill.	202.5	102.2	98.1 %
Balance sheet total	EUR mill.	3,079.2	2,990.6	3.0 %
Equity	EUR mill.	1,279.4	1,126.7	13.6 %
Equity ratio	%	41.6	37.7	10.3 %
Net debt	EUR mill.	371.3	436.8	- 15.0 %
Net gearing	%	29.0	38.8	- 25.3 %
Investments in property, plant and equipment and intangible assets	EUR mill.	189.5	159.5	18.8 %
Cash flow from operating activities	EUR mill.	278.8	245.8	13.4 %
Cash flow from investing activities	EUR mill.	- 161.7	- 125.4	- 28.9 %
Cash flow from financing activities	EUR mill.	- 120.1	- 134.7	10.8 %
ROCE	%	9.4	6.3	49.2 %
WACC	%	4.9	4.7	4.3 %

Sales Increase in all Segments

In the fiscal year 2016/2017, Energie AG generated sales revenues in the amount of EUR 1,686.7 million (previous year: EUR 1,534.9 million). Sales revenues increased in all segments compared with the previous year. Sales revenues in the Energy Segment rose from EUR 879.7 million by EUR 110.7 million to EUR 990.4 million. The increase is mainly attributable to an increase in gas sales to consumers and increased gas deliveries to the proportionally consolidated „Gas- und Dampfkraftwerk Timelkam GmbH“. Sales revenues in the Grid Segment rose from EUR 331.5 million by EUR 32.4 million to EUR 363.9 million. The increase in sales revenue is mainly due to higher volumes transported on the basis of the regulatory grid utilisation fees.

Strong 63.8% Rise in Group EBIT to EUR 221.8 million

The Group EBIT rose by EUR 86.4 million, from EUR 135.5 million in the previous year to EUR 221.8 million.

The increase in earnings in the Energy Segment by EUR 31.8 million, from EUR 78.0 million to EUR 109.8 million, includes the appreciation of the Timelkam CCGT (combined cycle gas-turbine) power plant in the amount of EUR 20.9 million, which is attributable in particular to a changed evaluation of the future use of the power plant. The significantly higher earnings contribution of the at-equity consolidated subsidiaries also had a positive effect. By contrast, earnings were adversely affected by impairment of the investment in the 7Fields gas storage facility in the amount of EUR 6.6 million, which resulted from a change in the evaluation of the future summer/winter spread.

In the Grid Segment, EBIT increased from EUR 44.1 million to EUR 99.8 million. The electricity grid is measured annually on the basis of fair value less costs of disposal, using a multiplier method. While this resulted in an impairment of EUR 17.4 million in the previous year, an appreciation in the amount of EUR 16.5 million was recorded in the year under review, due to an increase in the multiplier determined on the basis of market transactions, and a higher valuation-relevant EBITDA. In addition, EBIT improved due to higher gas volumes transported and a change in the regulatory grid utilisation fees.

The Waste Management Segment generated an EBIT of EUR 7.0 million, which was slightly down from the previous year (EUR 8.1 million). Increased asset disposals at incineration plants, an increase in the balance sheet provisions for landfill sites and the short-term negative impact of a long-term contract with the Austrian municipalities, were largely offset by the overall positive development in operational business.

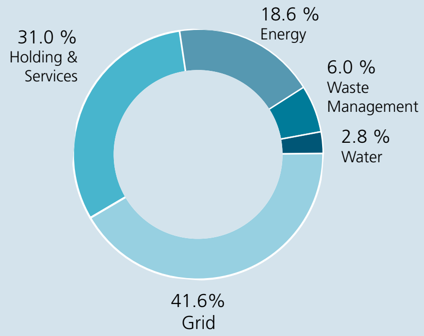
In fiscal year 2016/2017, EBIT in the Water Segment was burdened in particular by an impairment of the facilities in Austria in the amount of EUR 15.4 million, which led to a decrease from EUR 10.3 million in the previous year to EUR -8.1 million in fiscal year 2016/2017. The impairment resulted from the lower cash inflows anticipated for the future.

The EBIT of the Holding & Services Segment rose from EUR -5.1 million to EUR 13.3 million. The increase includes higher earnings from the at-equity consolidated shares in Salzburg AG für Energie, Verkehr und Telekommunikation. In addition, the investment in Wels Strom GmbH was impaired in the previous year.

In fiscal year 2016/2017, investments in intangible assets and property, plant and equipment amounted to EUR 189.5 million, and were thus EUR 30.0 million or 18.8% above the previous year's level. The Grid Segment accounted with 41.6% for the most part. Investments in the Holding & Services Segment include expanding the fibre-optic cable network and the smart meter rollout.

Investments in Intangible Assets and Property, Plant and Equipment

by Segments 2016/2017



Net debt (non-current and current financial liabilities minus cash and cash equivalents) dropped by EUR -65.5 million, from EUR 436.8 million in the previous year to EUR 371.3 million. This drop was mainly the result of a reduction in financial liabilities and positive effects resulting from an increase in operating cash flow. Moreover, there was no new debt in fiscal year 2016/2017. Cash flow from operations increased by EUR 33.0 million, from EUR 245.8 million to EUR 278.8 million in fiscal year 2016/2017.

The financial result improved from EUR -33.2 million in the previous year to EUR -19.4 million in fiscal year 2016/2017, in part due to gains from the sale of securities and impairments of investments in the previous year.

Financing and Investment Strategy

While the central banks had to react with drastic interventions in response to the global financial crisis ten years ago, they are now called upon to initiate a return to monetary normality, as a result of the continuing positive development of the economy. In contrast to the US Federal Reserve, which has already increased the prime interest rate several times, the European Central Bank delayed monetary tightening in view of the low inflation in the Euro zone in 2017.

The international financial and capital markets benefited significantly from the low interest rate environment in the period under review, and were largely unaffected by the continuing geopolitical tensions. The versatile use of new blockchain-based technologies in the financial sector, such as Bitcoin, and the increasing dangers of cybercrime pose major challenges for all market participants and regulators.

In view of these developments, Energie AG maintained its proven strategy of sound and stable financial management in the past fiscal year. In addition to maintaining future-proof finances, the focus was also on intensive risk management efforts and measures to increase security in Group-wide payment transactions.

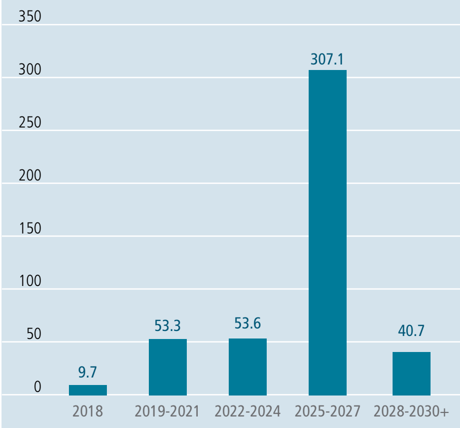
Rating Upgrade Confirms Successful Course

In February 2017, Standard & Poor's (S&P) upgraded the creditworthiness of the Energie AG Group to an excellent "A" rating with a stable outlook. With this excellent credit rating, Energie AG is now among the leading Austrian utilities, and occupies an absolute top position internationally. The strong investment-grade rating assures the company excellent flexibility in financing issues in the future, as well as unhindered access to the financial and capital markets at cost-efficient terms.

Financial Flexibility and Reduced Debt

Maturity Profile of Financial Liabilities

as of 30/09/2017, Nominal Values in EUR Mill.



Significant Decline in Financial Liabilities

Compared with the previous year's figure of EUR 532.4 million on the reporting date, financial liabilities were reduced significantly to EUR 464.4 million as of 30/09/2017. The Group's financial profile is characterised by long-term loans repayable upon maturity.

The assessment of operational and strategic liquidity reserves is based on strict, risk-aware assessment guidelines. As of the balance sheet date, open and partially committed credit lines in the amount of EUR 243.4 million were available, thus guaranteeing Energie AG's high level of financial flexibility.

Central Group Financing

In fiscal year 2016/2017, intra-Group funding and liquidity management was again managed centrally in the holding company. The short-term liquidity management among the 25 Austrian Group companies (as of 30/09/2017) was assured by cash pooling operations.

Value-Based Management and Capital Costs

Value-based enterprise management is firmly anchored in all of Energie AG's management processes. The central objective is sustainably ensuring corporate value by increasing potential benefits and generating returns for the owners on a capital market-oriented returns basis.

Group WACC 2016/2017: 4.9%

Group ROCE 2016/2017: 9.4%

The weighted average cost of capital (WACC) is of central importance for the assessment of a company's value enhancement. The WACC complies with the minimum yield requirements of Group management and thus serves as a yardstick for the creation of company value. It is calculated on the basis of the weighted average cost of equity and debt. The capital costs of the non-regulated business units are determined using the reporting-date principle and based on market conditions. In a second step, the bottom-up method is used to aggregate these costs into the Segment and Group capital costs. For regulated businesses, the interest rates permitted by the regulatory authority are used.

Energie AG's cost of capital calculation is subjected to ongoing evaluation, and adapted as needed in the light of the volatile financial market environment, taking current publications and expert opinions into consideration. The Group WACC for fiscal year 2016/2017 was 4.9% (previous year: 4.7%).

The value-oriented Group targets are broken down to the individual segments and business units, taking into account the strategy pursued and the business-specific general conditions, continually monitored and reported periodically by the Group's managerial accounting and governed by the management.

The central key indicator for operational Group management during the fiscal year is the Return on Capital Employed (ROCE), which shows how efficiently and profitably the available capital is used. To calculate this key indicator, the Net Operating Profit After Tax (NOPAT) is divided by the average Capital Employed. NOPAT corresponds to EBIT less related taxes in the amount of EUR -50.1 million and other items in the amount of EUR -20.6 million. For information on the calculation of capital employed, please refer to the notes to the Consolidated Financial Statements, page 67.

By comparing ROCE or long-term Internal Rate of Return (IRR) and WACC, business units and projects are evaluated with regard to the generation of value added. Apart from strategic considerations, resources for future investments and acquisitions are allocated by prioritising projects exclusively on the basis of value-oriented criteria and methods (e.g. project-specific risk surcharges).

In fiscal year 2016/2017, the ROCE of the Energie AG Group was 3.1 percentage points above the previous year's value (6.3%) at 9.4%.

Treasury Stocks

In certain cases, the Energie AG employee stock option plan provides for the right or the obligation to purchase Energie AG employee shares. In fiscal year 2016/2017, the following movements in treasury stock resulted from this security:

Treasury stocks	Treasury stocks in items	Share capital quota in %	Share capital quota in EUR 1,000
Treasury stock as of 30/09/2016	305,631	0.3	305.6
Additions 2016/2017	2,464	0.0	2.5
Disposals 2016/2017	0	0.0	0.0
Treasury Stock as of 30/09/2017	**308,095**	**0.3**	**308.1**

Related Party Disclosures

For Energie AG's transactions with related parties in the reporting period, please refer to the disclosures in the Consolidated Financial Statements, page 101.

Change in the Management Board of the Company

After 22 years at the helm of Energie AG, Dr. Leo Windtner retired as CEO on 28/02/2017.

At the Supervisory Board meeting on 19/12/2016, the previous Chief Technology Officer, DDr. Werner Steinecker, MBA, was appointed as his successor and was subsequently appointed Chairman of the Management Board.

At the Supervisory Board meeting on 28/02/2017, Dipl.-Ing. Stefan Stallinger, MBA, previously Managing Director of Energie AG Oberösterreich Tech Services GmbH, was appointed as the new Chief Technology Officer. Dr. Andreas Kolar will remain in his position as Chief Financial Officer.

In this new constellation, the far-reaching corporate and industry knowledge of the Management Board will ensure the continuous further development of the Group.

Environmental, Social and Communal Responsibility

In its mission statement, Energie AG expresses its commitment to sustainability, not only in its economic activities, but also with regard to environmental, social and communal society.

Providing assured and high-quality services to the customer is an important contribution to the development of the quality of life and the economy in the regions served by our Group. To this end, Energie AG invests in a modern infrastructure and is at the forefront of the development and introduction of future-oriented technologies. Responsible use of the environment and available resources is a key factor in its actions.

The implementation of sustainability goals requires committed and satisfied employees. As an important employer in the supply regions, Energie AG offers attractive and secure jobs to more than 4,800 people. The company invests in the future with training programs, especially for young employees.

Independently of achieving business objectives, Energie AG supports institutions and projects with economic relevance, charitable and non-profit organisations, as well as sports activities, which are bundled in the Sports Family sports funding program.

Quality Management

Focus on Sustainable Trading and Consistent Quality Management

The high level of quality, safety and environmental protection is ensured by an integrated QSE management system. Using modern instruments and methods, this system is integrated into the Group's management systems with a focus on sustainability and maximum efficiency.

The application of the ISO 9001 standard for quality management systems as a Group-wide standard contributes towards effective and efficient design, continuous improvement and transparent presentation of operational processes and procedures. This also strengthens confidence in the company's own business processes.

Continual Improvement is a Permanent Objective of Management

The integrated management system ensures the continuous improvement of Energie AG's performance through the active involvement of executives, employees and customers.

Conservation of Resources in Production of Thermal Electricity and Heat

Since the last coal was incinerated at the Riedersbach power plant in 2016, Energie AG has used only natural gas and biomass to generate electricity and district heating at its sites in Riedersbach and Timelkam. The Timelkam natural gas-fired, highly efficient and flexible combined-cycle gas-turbine power plant is currently being increasingly contracted by Austrian and German transmission system operators to maintain the stability of the European electricity grids. Unlike in the past, schedules are announced only a few hours in advance and short-term changes, both in usage and load conditions, are the rule rather than the exception.

Deployment of the Timelkam Combined Cycle Power Plant as a Major Contribution to the Stability of the Power Grid

After the contract for the Timelkam biomass power plant as an eco-electricity plant had expired in November 2015, it was used purely as a heating plant to cover the district heating requirements. Due to extensive modernisation work on the turbine, cooling water system and control technology, among other things, it was possible to reconnect the plant to the grid as an eco-electricity plant in February 2017; since then, in addition to district heating, it has been generating green electricity from forestry and straw-type biomass as well as from waste with a high biogenic content.

Ressource Efficiency in Electricity and Heat Production

Following the successful conversion of the turbine of the biomass power plant to rotary vane operation, all thermal power and heat generation plants now have a very high degree of fuel utilisation. In connection with regular fuel analyses and continuous monitoring of emissions from the plants, this leads to efficient and economical fuel purchase from both ecological and economic points of view.

In order to avoid unnecessary emissions from truck transport, the option of landfilling fly ash from the biomass power plant in Timelkam is currently being investigated at the company's own landfill site.

In addition to the regions surrounding the thermal power plant stations in Timelkam and Riedersbach, Energie AG supplies customers in Upper Austria and the Czech Republic with environmentally friendly and sustainable district heating, either directly or through its shareholdings in numerous other grids. Increasing energy efficiency in heat production, distribution grids and heat consumption by customers is a permanent focus of efforts to achieve sustainability. The increased use of biomass, geothermal energy and industrial waste heat will promote regional and renewable energies in the production of heat.

The construction of a data centre on a closed area of the company's own waste disposal site in Riedersbach can be seen as a further contribution towards the conservation of resources. Due to this subsequent use of the site, it was possible to avoid the sealing of previously vacant areas and to use existing infrastructure.

Expansion of Renewable Electricity Production

Steady Expansion of Renewable Energies

In fiscal year 2016/2017, approximately 71.8% of Energie AG's own electricity generation came from renewable sources. Of this figure, around 93.7% came from hydroelectric power, the remainder from photovoltaics, wind, biomass and waste incineration.

With the acquisition of five power plants on the Mittlere Traun River, Energie AG was able to further expand its commitment in the hydropower sector. At the end of July 2017, the plants were integrated into the central control system of the hydroelectric power control centre and the marketing of around 30 GWh of electricity production was taken over. Energie AG thus operates a total of 35 run-of-river and 9 storage power plants with a total output of around 280 MW and a standard production capacity of 1,160 GWh.

In the area of new renewable energies, there are investments in three wind parks and one approved project with a total output of 13 MW; a total of 32 photovoltaic plants with a total output of 7.0 MW_p are operated in Austria and Italy. In the past year, electricity generated from wind power reached a volume of 34 GWh. The amount of electricity generated from photovoltaic systems was 6 GWh.

Ensuring Supply Reliability and Supply Quality

Netz Oberösterreich GmbH (Netz OÖ), a wholly-owned subsidiary of Energie AG, uses a modern and reliable electricity and natural gas grid to secure the energy supply of its customers. Forming the basis for the quality of everyday life as well as for the provision of services to trade and industry, it is thus a major driver of the international competitiveness of Upper Austria as a business location. The availability of the electricity grid was 99.9757% in the 2016/2017 fiscal year (previous year 99.9845%) and 99.9995% for the gas grid (previous year 99.9997%). Maintaining high quality and availability is one of the strategic goals of Netz OÖ.

Netz OÖ is a leader in the introduction of smart electricity meters in Austria. By the end of fiscal year 2016/2017, around 422,000 and thus 65% of the old Ferraris meters had been replaced by modern smart meters. This means that Netz OÖ is likely to be the first and only Austrian provincial energy utility to meet the statutory quota currently in force of 95% in 2019. Netz OÖ plans full expansion to 99.5% by that point, going beyond the legal obligation. The new meters provide customers with a better overview of their electricity consumption and, in addition to reducing consumption through targeted control of electrical appliances, they can also save electricity costs in combination with a suitable electricity rate.

Promoting Energy Efficiency on the Part of Customers

Research and innovation in the area of energy efficiency are a central field of action for Energie AG. For example, "PEAKApp" was developed together with the Energy Institute at the Johannes Kepler University of Linz and with funds from the European Union to research an "IT ecosystem". Private customers receive continuous information on varying electricity prices via smartphones and are encouraged to shift household consumption to times when electricity access is particularly favourable. The aim is to evaluate how much money this saves and discover whether raising awareness can also help to reduce electricity consumption. As a smart meter is a prerequisite for such flexible electricity tariffs, tests are only performed in households that are already equipped with intelligent digital electricity meters.

E-mobility means climate protection, sustainability and a sense of responsibility: in order to take a further step into the future, customers are offered four years of mobility in an attractive all-inclusive rental model in the form of the product "E-Mobil Super-Deal".

In addition to supplying all private and commercial customers with environmentally friendly electricity from hydroelectric power, ENAMO Ökostrom GmbH, a joint venture between Energie AG and Linz AG, is one of nine electricity distribution companies that also offers "Green Electricity" certified according to the UZ46 environmental label throughout Austria.

In the area of gas sales, the energy-saving package, which supports the installation, renewal and conversion of heating systems to condensing boiler technology for household customers, was successfully continued. In the period under review, around 450 heaters were converted to natural gas or replaced. In addition, efficient heating systems were promoted as part of the contracting solutions.

Taking part in the funding program of the Austrian Climate and Energy Fund referred to as "Vorzeigeregionen Energie" (flagship regions for energy), Energie AG participated in the exploratory projects "OÖ4Industry" (Upper Austria for Industry) and "EnLeit" for the evaluation of energy efficiency and waste heat potentials in industry and trade. Projects using industrial waste heat and increasing energy efficiency will be developed from this.

The expansion of the energy-related services portfolio continued in the period under review and new products were launched. In addition, products such as energy audits are used to strengthen customer relationships and support customers in their energy efficiency considerations.

Energy Efficiency for Customers and Within the Company

In fiscal year 2016/2017, it was again possible to meet or exceed supplier obligations arising from the Federal Energy Efficiency Act (EEffG). The national monitoring agency has successfully completed its review of the measures taken and reported to date for the 2015/2016 fiscal year, confirming the quality of the implementation of the act. The review of the measures taken from the year under review has not yet been completed.

Energy Audit in Accordance with Section 9 EEffG

In the scope of the obligation of the Group under the EEffG, a Group-wide external energy audit of Energie AG was performed in the previous fiscal year 2015/2016. In terms of the continuous improvement process, the defined measures are continuously analysed and implemented if economically and technically feasible. The next energy audit is planned for the 2019/2020 fiscal year.

Ecological and Sustainable Waste Management for Customers

Environmentally and Economically Sustainable Disposal Services

In its activities in the Waste Management Segment, Energie AG strives to achieve ecological and sustainable solutions for its customers and future generations. In addition to ensuring that waste is disposed of and recycled in an environmentally friendly and legally compliant manner, providing indirect environmental services also contributes towards achieving this goal. This includes the creation of tailor-made location, logistics and waste management concepts, employee and customer training courses as well as participation in specialist committees and working groups of interested parties.

When providing waste disposal services, care is taken to ensure the best possible resource conservation. Central concerns are the reduction of CO_2 emissions thanks to a modern fleet of trucks, entry into e-business, increasing energy efficiency and reducing overall energy consumption.

Legal compliance is assured, among other ways, by ensuring that all legally required officers are on-board, through the annual assessment and evaluation of all environmental aspects of all sites in the course of internal audits, and by consolidating notifications. To date, the Waste Management Segment of Energie AG is the first and only qualified waste management operator in Austria to have been certified in accordance with the internationally recognised EMAS (Eco Management and Audit Scheme) at all 24 sites, setting new standards in the waste management industry through innovative and sustainable environmental management.

Reduction of Leaks in Water and Sewage Pipes

Efficient Utilisation of Water

Leaky pipelines in the water and waste water network pose a problem in several respects. In addition to the increased charges for the purchase and treatment of water and pump energy, leakages are an enormous hygienic risk and lead to inefficient use of what are often scarce water resources.

With its investments in the Water Segment, Energie AG has been committed to reducing water losses and network damage for years. This requires a package of measures – from reporting and benchmarking of water losses to leak detection and sustainable sanitation of pipelines. In recent years, investments have been made in modern hardware and software for hydraulic network modelling and measurement as well as in employee training. During a group-wide meeting of pipe inspectors in Bohemia in fiscal year 2016/2017, experience with regard to various technical equipment was exchanged and the accuracy of measurements was tested in practice on simulated faults. The efficiency of the measures to reduce water losses can be clearly demonstrated with the success in the city of Tábor: Since 2005, losses have been reduced from 25% to 10%.

Digitalisation in Water Supply Business

In the field of digitalisation, the Water Segment has been testing smart meters for several years. Based on the so-called drive-by technology, the data can be read by a passing car and transferred to the accounting system. Solutions are currently being worked on to efficiently process the different signals and data interfaces of various meter manufacturers. In a further pilot project in 2016, the readout data of the smart meters was transferred to the control centre via signal amplifiers on the public street lighting poles. This data is not only used for customer billing, but also for the analysis of water consumption and the detection of pipe bursts or water losses.

Open Communication with All Stakeholders

In the year under review, communication activities were intensified to support interaction with customers, stakeholders and the population living in the supply area. In addition to addressing existing customers digitally, the project "Communication in the online sector" aims to reach new sectors of the population via the various social media channels. Energie AG thus not only communicates via existing channels, such as customer magazines, folders or corporate presentations on the internet, but also drives forward "social sharing" and the integration of users into the communication. The main channel for this is the Facebook site "We care about tomorrow", which will act as a communication hub in the future.

With a view to open communication based on the democratic policy principles of Energie AG, a proactive dialogue with local authorities, neighbours and citizens' initiatives is the focus of project communication. A prime example of sustainable cooperation is the model of citizen participation relating to Welser Abfallverwertung (WAV), which celebrated its 25th anniversary in fiscal year 2016/2017. The central element of this model is the Environmental Commission, which acts as a link between Energie AG as the operator and the neighbouring communities. The model has enabled us to continuously develop mutual understanding over the past 25 years. Prior to construction, Energie AG was confronted with around 3,000 objections to the project. In open and sustainable communication, the company was able to invalidate most of these and put the plant into op-eration in 1993. Citizens' participation was also maintained in the following years, thus creating a lasting relationship of trust.

Anchoring of Compliance Guidelines in the Group

Compliance at Energie AG is based on a mutual understanding of values which is expressed in the Code of Conduct "This is how we think; this is how we act" and published for all stakeholders on the website. To establish compliance effectively throughout the enterprise, a compliance management system was established, appropriate guidelines were authored and numerous face-to-face training sessions were held in recent years. Thanks to an interactive e-Learning tool, staff has the ability to optimally harmonise its need for information with its daily working life.

Antitrust Compliance

Energie AG unconditionally declares its commitment to fair competition with its competitors, business partners and other market participants. For this reason, Group-wide training courses on antitrust law were held and the existing antitrust manual was updated. With its comments on the necessary market behaviour, the manual is primarily aimed at the sales-oriented divisions and is also available to all employees in the Group via the intranet.

Compliance Awareness Established for all Group Managers and Employees

Attractive Jobs for Motivated and Committed Employees

Slight Fall in Staffing Level

The average consolidated staff level in the Group amounted to 4,340 FTE in fiscal year 2016/2017, a slight decrease of -0.5% compared to the average for fiscal year 2015/2016 (4,362 FTE).

On the reporting date of 30/09/2017, the Energie AG Group employed 4,817 staff (FTE) in four countries.

Workforce Metrics	Unit	2016/2017	2015/2016	Change
Staff level [1]				
Energy Segment	FTE	435	477	- 8.8 %
Grid Segment	FTE	544	552	- 1.4 %
Waste Management Segment	FTE	793	795	- 0.3 %
Water Segment	FTE	1,575	1,566	0.6 %
Holding & Services Segment	FTE	993	972	2.2 %
Group total	**FTE**	**4,340**	**4,362**	**- 0.5 %**
Workplace				
FTEs as of 30/09/2017	FTE	4,356	4,382	- 0.6 %
Staff as of 30/09/2017	Persons	4,817	4,809	0.2 %
Diversity				
Of which female	%	21.9	21.7	0.9 %
Of which male	%	78.1	78.3	- 0.3 %
Fluctuation rate	%	6.8	6.9	- 1.4 %
Average age	Years	43.8	43.6	0.5 %
Apprentices	Persons	61	63	- 3.2 %
Apprentices with employment contracts after completed training	Persons	20	12	66.7 %

[1] Yearly average of the fully-consolidated and proportionately-consolidated Group companies

Personnel and Management Development

Further Education of Employees as an Important Investment in the Future

The dynamic development in the energy sector and the constantly changing environment were also taken into account in the past fiscal year by providing numerous advanced training measures. In addition to ongoing personnel and management development, the challenges posed by digitalisation and innovation were also taken into account.

In fiscal year 2016/2017, 506 internal and external training events were held with a total of 2,449 participants.

Apprenticeships

In-house and company-specific apprenticeship training has proved to be a significant competitive advantage in meeting the demand for qualified specialists. Of the 1,458 apprentices who have been successfully trained as top specialists in the Group over the past seven decades, around half are still employed in the company today.

The subject of digitalisation is also accorded particular importance in apprentice training. From basic knowledge of digital technology through CNC technology, PLC programming and 3-D printer-based design to the Loxone smart home control on the tablet, apprentices are familiarised with digitalisation as a matter of course.

Employer Branding Campaign

Promotion of Women as Technicians in the Group

In the spring of 2017, a programme was launched to position Energie AG as an attractive employer for the target group of female engineers. This employer branding campaign was presented to the public in September 2017 as part of a panel discussion at the Johannes Kepler University in Linz. Concrete measures within this campaign are a fellowship, which will be awarded for the first time in the summer semester of 2018 to female technology students, a trainee programme for female engineers, which will be launched in October 2018, and the FORWARD programme. Within the scope of this programme, women are trained for one year by experienced mentors and an accompanying seminar programme for a specific management position in the Group.

Work and Life at Energie AG

Energie AG attaches great importance to ensuring a balance between work and family life. The company was certified under the "berufundfamilie" (job and family) audit in 2012. In this context, Energie AG offers its employees a comprehensive package of measures. "Active maternity leave management" offers support in the planning of time-outs, for which two discussion guidelines have been developed for managers.

In addition to existing offers for parents, an extensive nursing care platform offers comprehensive information and service links for employees who care for and support dependents. To make holiday planning easier, Energie AG supports employees in the first two weeks of August with a varied holiday programme for children between the ages of six and twelve. Kids-Day on Easter Tuesday also helps to relieve the parents on one day of the school holidays. Energie AG congratulates young parents on the birth of a newborn with a baby package.

In fiscal year 2016/2017, 38 of the Group's workplaces were equipped with defibrillators in the interests of health and safety. In order to provide support in the event of psychological problems or conflicts, a "Work Psychology Service Line" has been set up for the Group's employees. The network for workplace health promotion (BGF) awarded the seal of approval for promoting workplace health to Energie AG for the years 2017 to 2019.

Safety and Health at the Workplace

Energie AG ensures that the specifications of the Employee Protection Act and the associated regulations are consistently complied with throughout the Group, and that appropriate preventive measures are adopted. Company rules adopted by the Safety Management Regulations and Policy Committee, which are binding for all Group companies, were updated in conformity with the legal basis and adapted for the various organisations in the 2016/2017 fiscal year. Reducing the number of accidents at work remains a top priority for prevention officers.

High Standards of Workplace Safety

The successful path of training on hazards, safety and health as well as on measures for hazard prevention was consistently pursued. To this end, numerous general and specific training courses were held in the individual Group companies. In the course of the fiscal year, around 80 in-situ workplace inspections were carried out by safety officers and occupational health physicians in cooperation with the local authorities, in order to ensure that the working hours were complied with in accordance with the Employee Protection Act. Implementation of the Ordinance on Personal Protection Equipment (PSA-V) was one of the focal points involving the establishment of modified skin protection solutions and the selection and distribution of the associated products.

INTERNAL CONTROL SYSTEM

In Austria, monitoring and control duties for corporations within the framework of corporate governance are above all regulated by the Austrian Stock Exchange Act and thus form the legal framework for the design of the control systems. In the Energie AG Group, the entirety of all process-related monitoring measures is reflected in the Internal Control System (ICS) in line with the "Three Lines of Defence Model". As part of the company's internal monitoring system, this includes all the measures and precautions in the enterprise intended to ensure the preservation of assets, the reliability of accounting, improve the efficiency of business processes, and compliance with corporate policy. The objective of the ICS is therefore to continuously improve processes and controls and thus avoid risks inherent in the processes.

The ICS of Energie AG is embedded in an appropriate organisational structure taking into account ethical values, the vision and mission statement, which guarantees that an efficient and effective implementation is practised throughout the Group.

Regular training enhances staff awareness and hones staff understanding of risk assessment. In this way, suitable control measures can be implemented that include both automated and manual control steps. The control design is individually adapted to the processes and places particular emphasis on compliance with the principle of dual control.

Ongoing auditing by the Group's internal audit department provided the necessary monitoring and structured reporting to the Management Board and supervisory bodies in fiscal year 2016/2017. The operational units exhibited great control awareness in this context. Process optimization as an indispensable component of the Group's objectives was implemented with great commitment. The audit of the ICS was a material part of the Group's audit plan. This ensures that the documentation in the control manuals is also kept up to date cyclically and promptly.

Equal treatment of all customers prescribed by the Electricity Industry and Organisation Act (ElWOG) and the Gas Industry Act (GWG) is monitored by controls in the ICS. Monitoring of these measures is implemented by the Equal Treatment Officer.

ICS Firmly Established in Operational Processes

In the year under review, the ICS was thus also well established as one of the supporting pillars of corporate management throughout the Energie AG Group and firmly anchored in the operational processes.

RISKS AND OPPORTUNITIES

Opportunities and Risks for 2016/2017

To a considerable extent, Energie AG's risks and opportunities depend on the energy policy and general regulatory conditions. In addition, competition in the liberalised markets is constantly intensifying. Energie AG is meeting these challenges with comprehensive efficiency-enhancing measures and value-based investment management. At the same time, Energie AG seeks to exploit the earnings potential resulting from the future development of the energy system and changing customer needs. Despite the volatile environment, no risks have been identified that could endanger Energie AG's existing business.

See page 99 of the Consolidated Financial Statements for more details on the risks and opportunities.

RESEARCH, DEVELOPMENT AND INNOVATION

Additional Opportunities and Risks through Digitalisation

Energie AG has always attached great importance to research, development and innovation. In times when energy supply and other infrastructural services are undergoing dynamic change, and additional opportunities and risks are emerging as a result of digitalisation, targeted innovation and research are becoming even more important. Close cooperation and an intensive exchange with external partners from science and industry enable high cost efficiency and valuable mutual stimulants.

In the period under review, intra-Group projects also focused on adapting the distribution grids to the challenge of decentralising electricity generation, providing energy from renewable sources and developing new business models. In addition, numerous projects in the Waste Management and Water Segments were implemented, along with expanding smart meter expertise.

Key Performance Indicators R&D&I	Unit	2016/2017	2015/2016	Change
Number of R&D&I projects in the Group	Number	98	95	3.2%
Staff involved in R&D&I projects	Number	314	254	23.6%
R&D&I expenses in the Group	EUR mill.	3.2	3.5	- 8.6%

In fiscal year 2016/2017, research, development and innovation were carried out in the following projects (non-exhaustive list):

"e-bit" Digitalisation Project

Digitalisation is changing the competitive environment in almost all industries. Customers' expectations in terms of digital communication channels, individualisation of offers and speed are increasing. New competitors with digital business models are entering the traditional supply market. Technologies are becoming increasingly powerful and cheaper, and knowledge of customers based on targeted data analysis is also improving. This is why Energie AG has launched a digitalisation offensive based on its "PowerStrategy 2020". Market needs and available technologies were analysed, a clear vision and a digital mission statement were drawn up, digitalisation potentials were concretised, and numerous implementation measures were developed.

"synERGIS" Cybersecurity Project

Cyber physical systems (CPS) are an essential part of the modernisation of the economy, enabling the networking of resources, information and objects in the physical and virtual world. In particular, they form the basis for Industry 4.0, i.e. networking among machines, products, producers and consumers.

Extract from Current R&D&I Projects

However, the resulting high volume of information creates demand for increasingly complex and intelligent communications solutions, which massively increases both the number of possible errors and the attack vectors for cyber attacks. Since not all critical incidents can be prevented in advance, even if established proactive security measures are used, and existing products are predominantly not built for the field of industrial control systems, the intent of the "synERGIS" project is to develop new methods, techniques and algorithms for anomaly detection, in order to identify both cyber attacks and physical attacks at an early stage.

Renewable Energies - "PVgoSmart" Project

Weather-dependent volatility of photovoltaic generation poses a major challenge for electricity traders, distribution grid operators and consumers seeking to optimise their own consumption. Through the combined use of data from networks of PV systems, weather stations, Sky cams and satellite data, this project provides the basis for new analyses and forecasting methods, such as an improved short-term PV forecast, which will generate significant benefits in the form of new business models for the user groups mentioned above. The data collection quality, data fusion methods and forecasting and analysis methods based on them are being elaborated, potential users identified and the economic added value quantified within the scope of business models.

Smart Meter Projects "Automation of Assembly and Operational Processes" and "AMIS WLAN Scanning Head"

The increasing complexity of intelligent electricity meters and of the processes underlying them made it impossible to carry out conventional assembly and operating processes with a sufficient level of efficiency. For this reason, the processes were automated and a tool for mobile order management was developed to support the employees in the field. Furthermore, a prototype was developed for a WLAN scanning head that can be mounted on the Smart Meter. The consumption data that the Smart Meter outputs on the customer interface can be received, decrypted and displayed graphically on a webserver. Online reading and transmission systems, which are suitable for all types of meters and allow customers to monitor their consumption behaviour via a web platform, have also been developed in the Water Segment.

"P2H-Pot" Power-to-Heat Project

The "P2H-Pot" project identifies the competitive potential for power-to-heat (P2H) in the urban environment. The suitability of different technical P2H system configurations is investigated by means of thermodynamic simulations and the results are combined with practical experience from Scandinavia. P2H's short-, medium- and long-term relevance and economic viability is evaluated by simulating model-based scenarios of the Austrian and German electricity and heat markets up to 2050, using three of the Group's typical grids.

Technical Pilot Project "Fuel Cell Heating"

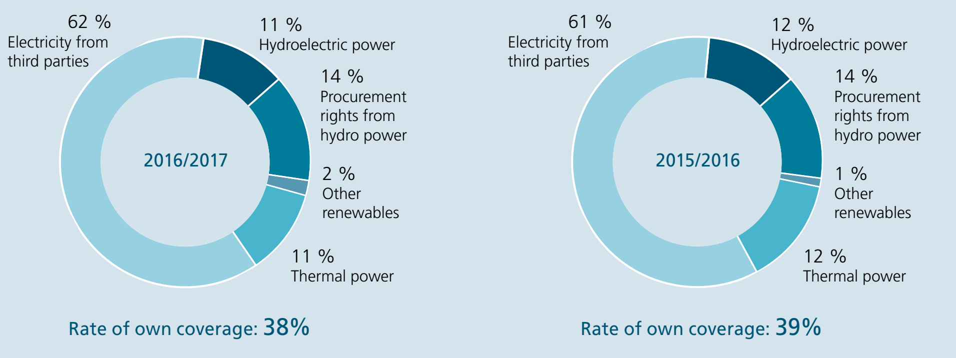
In the course of the "ene.field" European research project, the latest generation fuel cell is being tested in a single-family home near Steyr, funded by the European Commission. The innovation project is operated jointly with a partner from the heating technology sector. Among other things, it is investigating the achievable efficiency improvements as well as the potential to reduce pollutant emissions and save CO_2, while the fuel cell converts natural gas into electricity and heat for domestic consumption in a single-family home. The production and consumption data will be collected and evaluated here for a total of three years. The heat is used for heating, hot water and a pool; the electricity generated is also used to charge two electrically powered cars.

KEY PERFORMANCE INDICATORS

Group Overview	Unit	2016/2017	2015/2016	Change
Electricity procurement [1]	GWh	16,900	16,780	0.7%
Electricity procured from third parties	GWh	13,425	13,199	1.7%
Proprietary electricity procurement [1, 2]	GWh	3,474	3,582	- 3.0%
Thermal power stations [1]	GWh	981	1,077	- 8.9%
Renewable Energy	GWh	2,493	2,505	- 0.5%
Own hydropower plants	GWh	1,055	1,111	- 5.0%
Procurement rights from hydroelectric power	GWh	1,281	1,276	0.4%
Other renewable energy [1] (photovoltaics, wind, biomass)	GWh	157	118	33.1%
Electricity grid distribution volume to consumers	GWh	8,210	8,022	2.3%
Electricity sales volume [3]	GWh	7,968	8,135	- 2.1%
Natural gas grid distribution volume to consumers	GWh	20,436	18,193	12.3%
Natural gas sales volume	GWh	5,247	3,770	39.2%
Heat procurement	GWh	1,507	1,407	7.1%
Heat sales volume	GWh	1,345	1,268	6.1%
Total waste volume handled	1,000 to	1,755	1,729	1.5%
Thermally processed waste volume	1,000 to	630	628	0.3%
Invoiced drinking water volume	mill. m³	52.8	51.8	1.9%
Invoiced waste water volume	m³ mill.	43.5	43.8	- 0.7%
Length of fibre-optic network	km	5,100	4,830	5.6%

[1] Previous year's figure restated due to change in calculation method
[2] Thereof 3,473 GWh in Austria in the 2016/2017 fiscal year
[3] Thereof 6,364 GWh supplied to consumers in Austria in the 2016/2017 fiscal year

Electricity Procurement Structure (without Electricity Trading) [1]



[1] Previous year's figures restated due to change in calculation method

DEFINITION OF SEGMENTS

In accordance with internal reporting and pursuant to IFRS 8 "Operating Segments", the Energy, Grid, Waste Management, Water and Holding & Services Segments will be reported on in the Consolidated Financial Statements.

Segment Name	Activities Included
Energy	Production, trade and sales of electricity, gas and heat
Grid	Construction and operation of the electricity and gas grid
Waste Management	Acceptance, sorting, incineration and landfilling of waste
Water	Supplying drinking water as well as disposal of waste water
Holding & Services	Telecommunications and Metering Services, service companies and management functions; associated at-equity companies which are not allocated to other Segments

ENERGY SEGMENT

Energy Segment Overview	Unit	2016/2017	2015/2016	Change
Total sales	EUR mill.	990.4	879.7	12.6%
EBIT	EUR mill.	109.8	78.0	40.8%
Investments in property, plant and equipment and intangible assets	EUR mill.	35.2	27.5	28.0%
Employees (on average)	FTE	435	477	- 8.8%
Electricity procurement [1]	GWh	16,700	16,587	0.7%
Proprietary electricity procurement [1]	GWh	3,275	3,388	- 3.3%
Electricity sales volume	GWh	7,968	8,135	- 2.1%
Natural gas sales volume	GWh	5,247	3,770	39.2%
Heat procurement	GWh	1,315	1,209	8.8%
Heat sales volume	GWh	1,154	1,070	7.9%

[1] Previous year's figures restated due to change in calculation method

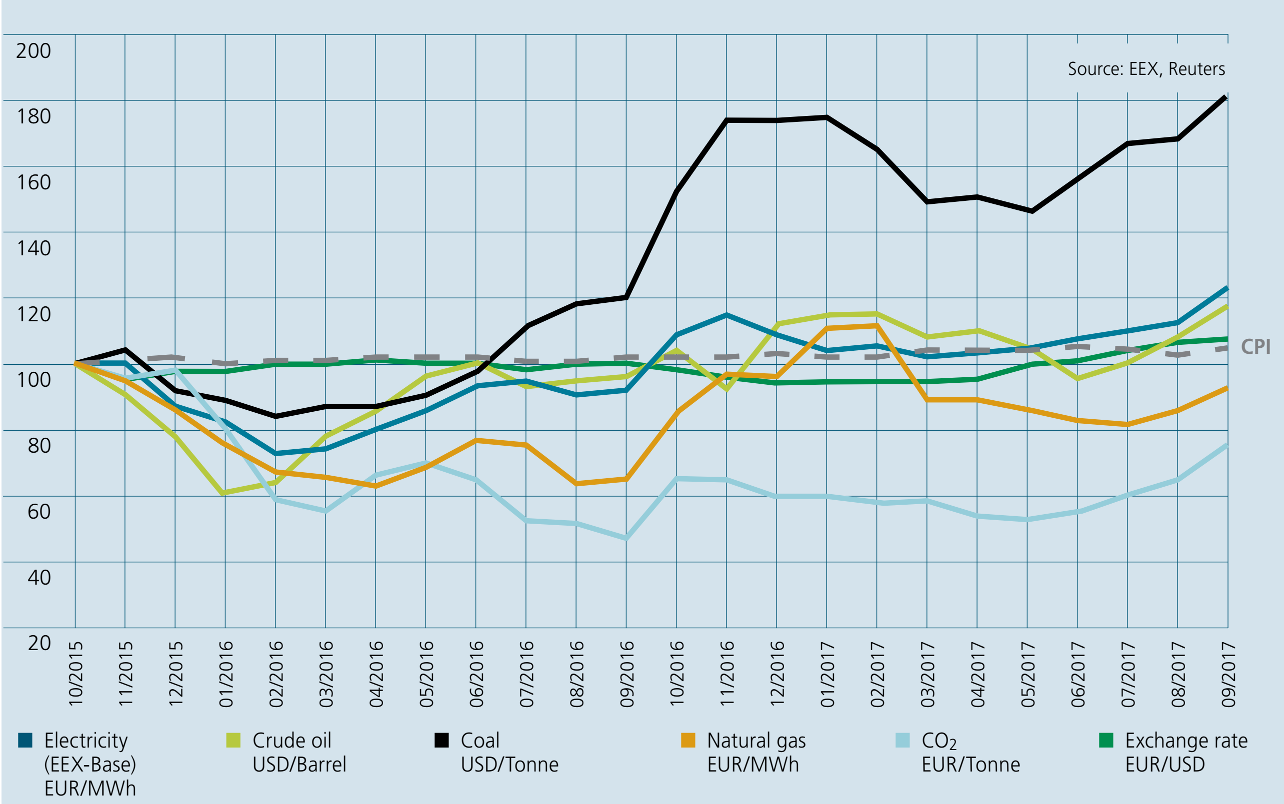
The Energy Segment of Energie AG includes the production, trade and sales of electricity, gas and heat.

The Economic Environment of the Energy Industry

Increase in Wholesale Energy Prices Accompanied by Greater Volatility on Commodities Markets

The 2016/2017 fiscal year was characterised by an increase in wholesale energy prices. The availability of raw materials and geopolitical uncertainties contributed significantly to increased volatility on the trading markets. Particularly during the winter months, prices on commodity exchanges were significantly higher than in the previous year. Although the upward trend weakened somewhat over the summer, it picked up again towards the end of the 2016/2017 fiscal year.

Price Index Development on International Energy Markets



Wholesale prices of crude oil averaged USD 51.2/barrel. Natural gas was also up an average of 20.4% year-on-year. The consistently high demand for hard coal caused significant price increases for this energy source, which is still important for European electricity generation. At an average of USD 81.9/t, hard coal prices were 60.3% higher than in the previous year. Only CO_2 emission certificates were below the previous year's level (EUR 6.1/t CO_2) at an average of EUR 5.5/t CO_2.

The EUR/USD exchange rate is relevant for all energy sources invoiced in dollars and averaged 1.11 over the year, while the consumer price index rose by around 2% on the previous fiscal year.

In electricity trading, prices in the baseload product averaged EUR 31.2/MWh for the front year, 20.7% higher than in the previous reporting period. Prices for day-ahead spot quotes averaged EUR 35.3/MWh for the year, in a bandwidth between EUR -24.2/MWh and EUR 101.9/MWh.

Business Development in the Energy Segment

In the Energy Segment, sales revenues in the amount of EUR 990.4 million were generated in the reporting period. This represents an increase of 12.6% compared to the previous year's sales revenues in the amount of EUR 879.7 million. This was mainly due to increased gas sales to key account customers as well as increased gas deliveries to the proportionately consolidated Gas- und Dampfkraftwerk Timelkam GmbH. In addition, customer demand for gas and district heating supplies increased because of cold weather.

Significant Increase in Sales Revenues and EBIT in the Energy Segment

The operating result of the Energy Segment increased significantly by 40.8%, rising from EUR 78.0 million in the 2015/2016 fiscal year to EUR 109.8 million in the reporting period. This was mainly due to higher sales volumes in district heating and gas sales due to cold weather, higher earnings contributions from electricity trading and electricity sales as well as the increased use of the Timelkam CCGT (combined cycle gas turbine) power plant for grid reserve and congestion management in the short term. Negative influences on the operating result were due to the water level, which was below the long-term average.

While the EBIT of the previous year was burdened by impairments in the amount of EUR 22.4 million for the Timelkam CCGT power plant, there was an appreciation for the Timelkam CCGT power plant in the amount of EUR 20.9 million in the reporting period, due to increased earnings expectations and the prospect of a slight stabilisation of the market.

In the reporting period, an impairment in the amount of EUR 6.6 million for the 7Fields gas storage facility as well as further smaller impairments were recorded, as compared to the additional impairments of EUR 6.1 million made in the previous year.

Good Economic Development Despite Declining Volumes in Electricity Generated

In fiscal year 2016/2017, electricity procurement in the Energy Segment totalled 16,700 GWh. It was thus 0.7% higher than in the previous year (16,587 GWh). As a result of the decline in thermal electricity production, the segment's proprietary electricity procurement also declined during the period under review. Compared with the same period of the previous year (3,388 GWh), it fell by 3.3% to 3,275 GWh.

Electricity production from thermal capacities in the Energy Segment fell by 10.6% to 852 GWh, compared with the previous year's figure of 953 GWh. This development is partly due to the end of coal-fired power generation at the Riedersbach site at the end of March 2016. This decline was partially offset by the increased use of the Timelkam CCGT power plant for grid reserve and congestion management. In addition, the resumption of electricity production at the Timelkam biomass power plant as from February 2017 also made a positive contribution to the development of the segment's proprietary power generation.

Due to the colder weather this year, the supply of district heating at the power plant stations in Riedersbach and Timelkam increased by 11.0% to 253 GWh compared to the same period of the previous year (228 GWh).

With regard to the further development of the Riedersbach site, a concept for joint use by data centre operators was developed. In the reporting period, a contract was signed with a

German group of companies, relating to the establishment of a data centre with an optimal connection to the Energie AG grid and data network, and including a cooling water option. The operational start of the data centre is planned for fiscal year 2018/2019. Acquisition negotiations with other potential contract partners are in preparation or are already underway.

In the 2016/2017 fiscal year, the water level in rivers, which is decisive for the Group's proprietary electricity procurement from hydraulic power plants, was 4% lower than in the previous year. In relation to the long-term average, the hydro coefficient of the Group's own power plants and procurement rights in the period under review was 0.94.

Ennskraftwerke AG, in which Energie AG holds a 50% stake, also reported electricity production below the long-term average in the 2016/2017 fiscal year, with a hydro coefficient of 0.97.

The Reißeck II pumped-storage power plant, in which Energie AG holds 10% procurement rights, was commissioned in October 2016. Together with the Group's other power plants capable of producing control reserve, the Malta-Reißeck pumped storage power plant group is an important pillar for stable and secure electricity generation.

At the end of March 2017, Energie AG acquired five hydropower plants on the Traun River from UPM Kymmene Austria GmbH. The power plants complement the existing production structure of Energie AG, which already included nine hydropower plants on the Traun. The transaction was completed in the summer of 2017. The resulting integration into Energie AG's central control system enables operational synergies to be exploited and optimisations in the management of power plants to be ensured.

In January 2017, the newly constructed power plant in Bad Goisern started trial operation as planned.

Energie AG's wind power portfolio in Austria includes investments in three wind parks, with a pro rata basis performance of nearly 13 MW and electricity production of 34 GWh in fiscal year 2016/2017.

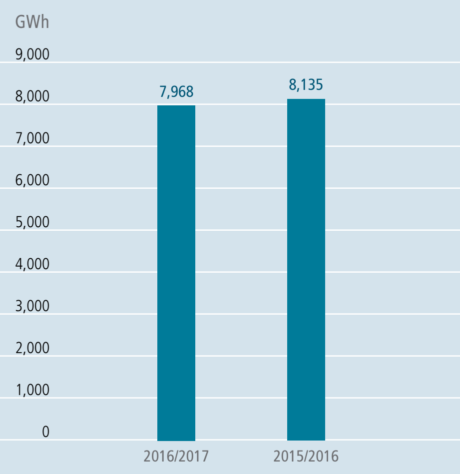
Customer Loyalty in Electricity Sales Despite Strong Competition

The electricity sales of Energie AG are bundled in ENAMO, the joint sales company of Energie AG and Linz AG. The ENAMO group of companies encompasses the companies ENAMO GmbH, ENAMO Ökostrom GmbH, Energie AG Oberösterreich Vertrieb GmbH & Co KG and Linz Strom Vertrieb GmbH & Co KG.

Slight Fall in Electricity Sales Volume

The consolidated electricity sales volume in the Group amounted to 7,968 GWh (2015/2016: 8,135 GWh) in fiscal year 2016/2017 and thus fell by 167 GWh (2.1%) compared to the previous fiscal year, despite the very cold winter. The decline is mainly attributable to consolidation effects in the large corporate customer business and a slight decline in volumes in the private customer business due to switching quotas.

Electricity Sales Volume



Focus on Innovative Electricity Products and Personal Customer Support

Competition in the consumer electricity market in Austria was again very intense in the past fiscal year. In particular in the private and business customer segments, a number of new competitors with extremely aggressive pricing, and increasingly also brokers, entered the market. Together, these two factors created a challenging market environment, which ENAMO faced with proven and new innovative electricity products and tailor-made tariffs. In addition, competent advice and personal customer service contributed to the continued loyalty of business customers, in particular, to the ENAMO group of companies and to gaining the confidence of new customers.

New Pricing Models and Electricity Products

In February 2017, a large-scale energy-saving campaign was launched as a customer loyalty action, in which 750,000 LED lamps were distributed to customers. With the introduction of new "smart time" pricing models and new electricity products that are only available online, the trend of increasing digitalisation was successfully met. Tried-and-tested household appliance replacement as a measure under the terms of the Energy Efficiency Act was again carried out in cooperation with Fair Energy partners. In addition to the previously offered purchase model, a rental model is available for the first time.

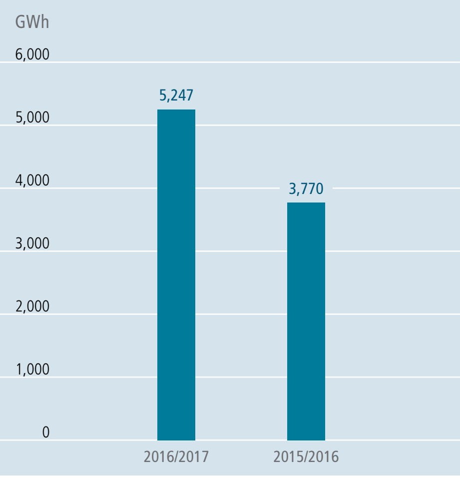
In the spring of 2017, the "E-Mobil Super-Deal" product was put together as an all-in-one package which was previously unavailable on the market. Customers can rent an electric car for four years at a fixed monthly price without additional costs. The successful deals confirm the need for new mobility solutions. In the future, the model will also be continued in a modified form for business customers.

Increased Sales of Gas, Heat and Energy Services

Rise in Gas Sales Volume of 39.2%

In the 2016/2017 fiscal year, the Energie AG Group's natural gas sales volumes were 5,247 GWh, which is up by 39.2% on the previous year's figure of 3,770 GWh. The main reason for this is the volume growth in the key account segment, which clearly achieved the targets set in the "PowerStrategy 2020". The colder winter compared with the previous year also significantly increased the room heating driven sales volumes of the business and private customer segments. During the year under review, the total number of heating degree days in Upper Austria was 6.9% higher than the average for the past five years and 12.4% higher than the previous year's figure.

Natural Gas Sales Volume



On average, the switching rates in the business and private customer segment in Austria and Upper Austria continued to rise. By maintaining active customer service with measures such as a loyalty program in the first half of 2016/2017, the customer base was largely secured and the switching rate stabilised below the average rate. Attractive new products and sales channels as well as the digitalisation of sales processes were the main focus in the year under review.

In the energy contracting business area, heat is supplied to customers in public institutions, the housing industry and trade and commerce segments via modern energy centres. In the 2016/2017 fiscal year, the heat sales volume from contracting plants amounted to 141 GWh and was 7.6% above the previous year's figure of 131 GWh, due to continuous asset growth and low temperatures. In addition, six photovoltaic contracting projects with 930 kWp were implemented in the 2016/2017 fiscal year, and three PV systems with a total output of 250 kWp were implemented as general contractor for customers.

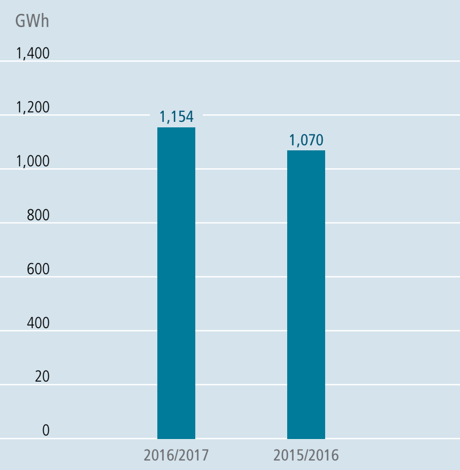
Innovative energy services were successfully launched, such as the "WärmeBox" (heat box), a comprehensive range of services for the housing industry, covering all aspects of the refurbishment of heating systems in homes and the offer of an app-controlled heating management system for natural gas customers. In the facility management market, the new "facility safety check" product was successfully launched.

Cogeneration-Kraftwerke Management Oberösterreich GmbH supplies a key account customer in Laakirchen with electricity and process heat through a CCGT power plant, as well as several adjacent companies with district heating. The volume of process and district heating sold to customers in the 2016/2017 fiscal year was 479 GWh (previous year: 451 GWh).

The sustainability of measures in the modernisation- and efficiency-enhancement areas implemented by the Heat business unit in recent years was demonstrated in the 2016/2017 fiscal year. The colder than average winter required a high degree of reliability, which was ensured by the highly efficient and modern generation plants. Particularly noteworthy here are the technical optimisations at the Steyr and Kirchdorf locations, as well as the additional boiler plant in Braunau. This expansion of the Braunau/Simbach geothermal project, in which Energie AG holds a 40% investment, has significantly improved supply reliability and coverage of peak consumption during the winter months.

The total heat sales volume in the Energy Segment in the 2016/2017 fiscal year was 1.154 GWh. Colder than average temperatures in Austria and abroad as well as successful customer acquisitions led to an increase of 84 GWh, or 7.9% compared with the previous year (1,070 GWh).

Heat Sales Volume



In the Czech supply area, modernisation and optimisation measures have been implemented on an ongoing basis. In addition to consolidation in the existing district heating networks of the individual locations, a major project in Kolín was launched during the reporting period. Once parts of the previous supplier's district heating network have been taken over, they are replaced, which will result in a considerable increase in the efficiency of the entire value-added chain at the site.

Significant Efficiency Increase Through Renovation of District Heating Network in Kolín

DÉMOS, spol. s.r.o. and DÉMOS - správa, s.r.o., which were fully acquired at the end of the previous fiscal year, were successfully integrated into the Heat business area in the past fiscal year.

Development of Public Charging Stations for E-Mobility

In the 2016/2017 fiscal year, the focus in the electric mobility business was again on products for safe charging at home and at company locations. Parallel to this, the targeted installation of public charging stations, including their operational management, was continued. Currently, 21 fast charging stations (22 kW / 11 kW) are available for Energie AG's customers. In addition, the construction and operation of charging stations for municipalities and companies was undertaken. Grid construction was closely tied in with preparations for digital billing for public charging of electric vehicles.

It was possible to connect the charging stations of the 11 members in all provinces through cooperation in the Federal Association for Electric Mobility Austria (BEÖ); this created the prerequisites for joint use of all charging points, which total some 1,700. The market launch of a corresponding charging card is in preparation.

Cooperation on Joint Usage of Charging Stations in Austria

GRID SEGMENT

Grid Segment Overview	Unit	2016/2017	2015/2016	Change
Total sales	EUR mill.	363.9	331.5	9.8 %
EBIT	EUR mill.	99.8	44.1	126.3 %
Investments in property, plant and equipment and intangible assets	EUR mill.	78.9	73.4	7.5 %
Employees (on average)	FTE	544	552	- 1.4 %
Electricity grid distribution volume to end customers	GWh	8,210	8,022	2.3 %
Natural gas grid distribution volume to end customers	GWh	20,436	18,193	12.3 %

The Grid Segment of Energie AG encompasses the construction and operation of the Netz Oberösterreich GmbH electricity and gas grid.

General Legal and Regulatory Conditions

Regulatory Increase in Grid Utilisation Fees as of 01.01.2017

As a consequence of continued investing activities in the area of smart metering for the electricity grid and natural gas high-pressure pipelines, the grid utilisation fees for the Upper Austrian electricity and natural gas grid were again raised slightly by the regulatory authority, effective 01/01/2017. Given the higher increases in other Austrian grid fee regions, the gas grid fees for the Upper Austrian grid are again among the lowest in the industry.

Netz OÖ 100% Efficient Benchmark Leader

In the year under review, the general regulatory conditions were basically stable due to the ongoing regulatory periods up to the end of 2017 for natural gas, respectively 2018 for electricity. In the course of this fiscal year, a comprehensive audit of costs was carried out in the natural gas sector by the regulatory authority to determine the basis for the distribution system operator benchmark and the new costing boundary. Fortunately, the gas grid operator benchmark confirmed Netz OÖ (the successor to OÖ Ferngas Netz GmbH) as the 100% efficient benchmark leader. This audit of costs is planned for the Electricity Segment in the next fiscal year, 2017/2018.

Electricity Grid Master Plan for Upper Austria

The completion of the electricity grid master plan for the development and expansion of the Upper Austrian high-voltage grid was of particular importance to the company. The master plan was agreed among the grid operators concerned and unanimously approved by the Upper Austrian provincial government in April 2017. In addition to the statutory mandate to secure the supply of electricity, this unique political commitment can be used to derive concrete expansion requirements for the Upper Austrian high-voltage grid.

Business Development in the Grid Segment

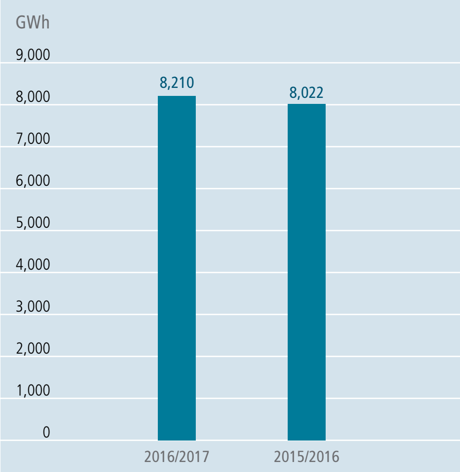
Sales revenues in the reporting period amounted to EUR 363.9 million. This represents an increase of 9.8% over the previous year's figure of EUR 331.5 million. In addition to higher sales volumes in the electricity grid and, in particular, in the natural gas grid, the regulatory adjustment of grid fees for electricity and gas had a positive impact.

In fiscal year 2016/2017, the EBIT of the Grid Segment amounted to EUR 99.8 million and thus more than doubled compared to the previous year (44.1 EUR million). The main reasons for this were the volume increases described above and the regulatory adjustments to system usage fees due to capital purchases and an appreciation of grid facilities. While the electricity grid was burdened by an impairment of EUR 17.4 million in the previous year, the impairment test in the reporting period resulted in an appreciation in the amount of EUR 16.5 million due to increased fair market values.

Electricity and Gas Grid as the Backbone of the Upper Austrian Supply Infrastructure

In the 2016/2017 fiscal year, 8,210 GWh of electricity was distributed to consumers. This represents an increase of 188 GWh (2.3%) compared with the previous year. The increase in volume resulted from the cold weather in the period under review and from the favourable economic development. As of 30/09/2017, Netz OÖ supplied approx. 495,000 active customer installations.

Electricity Grid Distribution Volume



One unexpected challenge in the year under review was the violent storm on the night of 18 to 19/08/2017. Approximately 200 employees were deployed to restore the power supply after numerous lightning strikes and line interruptions caused by fallen trees. Apart from this regionally exceptional event and measured in terms of the ASIDI (Average System Interruption Duration Index), the availability of the electricity grid was roughly at the previous year's level. Unavailability due to planned shutdowns for power connection and maintenance activities was higher than in the previous year.

Current Electricity Grid Projects

In addition to regular grid upgrading and extension measures, the particular focus was on project planning and approval procedures for several high-voltage power lines in fiscal year 2016/2017. This mainly concerned the power supply in Almtal and Kremstal, the South Pramtal power supply and the general refurbishment of the 110 kV Partenstein-Ranna line.

In order to ensure supply reliability for the upper Mühlviertel region during the construction phases of the 110 kV-projects Jochenstein-Ranna and the general refurbishment of Partenstein-Ranna, a 110-kV line section in Germany was taken over from Bayernwerk AG in September 2017.

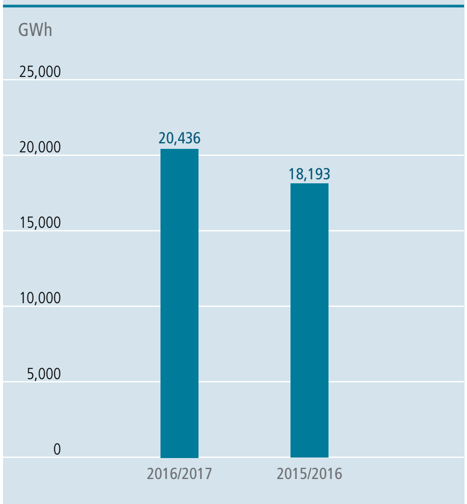
In the reporting period, the programme to replace overhead medium-voltage lines, which are particularly susceptible to disruption, with underground cable, proceeded according to plan. In the ninth year of this priority programme, a further 31 kilometres of overhead power lines were replaced by underground cables.

Due to the ongoing integration of local electricity generation facilities, ensuring voltage quality for grid customers on the low-voltage grid remains a challenge. The installed capacity from photovoltaics is already around 161 MW (previous year: 135 MW) with around 16,600 connected systems (previous year: 14,900 systems). Lessons learned from research and development projects are being successfully adopted for efficient grid integration.

Clear Increase in Gas Grid Distribution Volume to End Customers

In the 2016/2017 fiscal year, distribution volumes to customers from the natural gas grid amounted to 20,436 GWh (previous year: 18,193 GWh) and were thus up 12.3% on the previous year. The increase in volume in the high-pressure sector is attributable to additional natural gas volumes for thermal electricity generation. Household and commercial volumes rose year-on-year due to the significantly colder winter.

Natural Gas Grid Distribution Volume



In the year under review, the natural gas grid was expanded by the construction of a new 6.5 km pipeline (DA225, 4 bar) from Bad Leonfelden to Reichenthal, which primarily serves to supply a significant new gas grid customer and to develop former off-grid areas.

Eight gas pressure regulating stations were adapted and their performance increased to meet additional capacity requirements for boosting pressure on the Upper Austrian high-pressure grid. In addition, six high-pressure natural gas pipelines over a total length of 127 km were investigated using intelligent pigging. At two river crossings (Ager, Krems) the shortfalls were remedied by building a new culvert. Continuation of the cyclic CCP (cathodic corrosion protection) fault location measurements and the expansion of the LCP (local corrosion protection) facilities proceeded according to plan.

In order to remain efficient and flexible for the future, an organisational adjustment was planned at Netz OÖ in the year under review. The implementation of the new organisation started on 01/10/2017.

WASTE MANAGEMENT SEGMENT

Waste Management Segment Overview	Unit	2016/2017	2015/2016	Change
Total sales	EUR mill.	**215.5**	206.8	4.2 %
EBIT	EUR mill.	**7.0**	8.1	- 13.6 %
Investments in property, plant and equipment and intangible assets	EUR mill.	**11.3**	14.8	- 23.6 %
Employees (on average)	FTE	**793**	795	- 0.3 %
Total waste volume handled	1,000 to	**1,755**	1,729	1.5 %
Thermally processed waste volume	1,000 to	**630**	628	0.3 %

The Waste Management Segment of Energie AG encompasses the collection, acceptance, sorting, treatment and incineration of domestic and commercial waste and recyclables, and includes the activities in Austria and South Tyrol, the slag treatment company AMR Austrian Metal Recovery GmbH, and the non-operative Heves Régió Kft. in Hungary.

General Economic Conditions of the Waste Management Sector

Concerning the general economic conditions on the waste disposal markets, the trend towards easing of the markets continued in fiscal year 2016/2017. Resource preservation and secondary substance recovery continue to be priority topics, both nationally and internationally. Through new legal requirements and general conditions, the European Commission is looking to ensure compliance with waste-relevant regulations throughout Europe and to penalise any violations. This would result in positive impetus and an upgrading of the secondary raw materials market and the entire recycling industry.

In the reporting period, a slight increase in residual waste volumes was observed on the Austrian waste disposal market. This was due, on the one hand, to the generally positive economic trend, combined with what is still a high level of waste separation in the core market of Austria, and on the other hand, to the positive impact of the pan-European situation on the available volumes. The lack of waste disposal capacities in southern and western Europe, which were further strengthened by the implementation of the Landfill Ordinance in Great Britain, continues to lead to a shift in volumes to central Europe. Based on this endogenous and exogenously driven increase in waste volumes, a high level of plant utilisation and an increase in the disposal prices for the thermal fractions was achieved.

Further Recovery in Prices of Recyclables with Volatile Development

Throughout the fiscal year as a whole, the recovery in prices for recyclable materials, especially for steel scrap, aluminium and copper, which began in the autumn of 2016, continued on a positive course, despite volatile developments. Fuel prices also fluctuated, but at an overall satisfactory level. While the waste paper sector showed a solid and slightly rising price level with volumes dropping at the same time, both volumes and prices declined in the waste wood sector.

Business Development in the Waste Management Segment

Sales Increase and EBIT Fall Owing to One-time Effects With Positive Operational Business Development

In the 2016/2017 fiscal year, sales revenues in the Waste Management Segment amounted to EUR 215.5 million, which is 8.7 EUR million higher than the previous year's level of EUR 206.8 million. The EBIT of EUR 7.0 million was EUR 1.1 million lower than in the previous year (EUR 8.1 million).

Increased asset disposals at the incineration plants, an increase in the balance sheet provisions for landfills and provisions in connection with customer contracts were largely offset by the overall positive development in operational business.

Disposals of around EUR 4.8 million occurred in the course of the scheduled overhaul of the Wels incineration plant in September 2017. Impairments of EUR 4.0 million were recognised in the previous year. An increase in the amount of precipitation and stricter statutory inspection regulations by the Ministry of the Environment for landfills in the after-care phase, will have a cost-increasing effect in the future, thus prompting an increase in provisions.

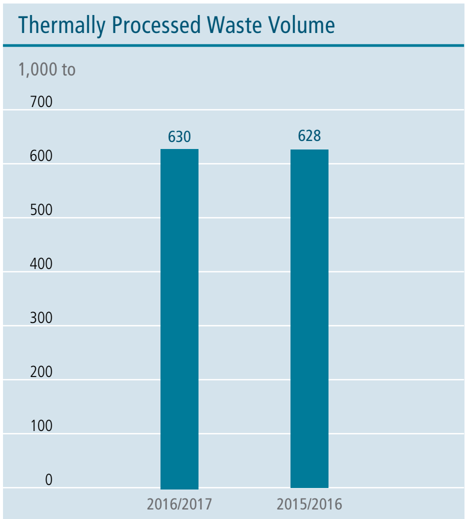
Contracts With Upper Austrian Municipalities Successfully Extended

The successful extension of the thermal recycling contract with Upper Austrian municipalities led to short-term price reductions. In return, this ensured plant utilisation in the long term for the Waste Management Segment. Higher prices for recyclable materials, higher disposal prices for the thermal fractions and cost optimisation measures also made a positive contribution to earnings.

Optimal Utilisation of Incineration Plants in Austria

Slight Increase in Volume of Thermally Processed Waste

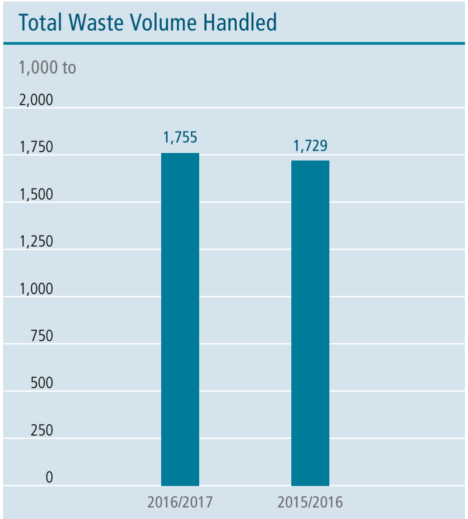
In fiscal year 2016/2017, the availability of the incineration plants in Wels and Lenzing was further optimised by technological improvements, which, together with professional materials-flow management, ensured full utilisation. Despite unplanned downtimes due to contaminant input and higher heating values, a throughput volume of 629,800 metric tons was achieved.



In the reporting period, the waste incineration plant in Wels distributed 192 GWh of heat (previous year: 198 GWh) to the district heating network of the town of Wels and to one other key account customer. Electricity procurement in the Waste Management Segment totalled 200 GWh (previous year: 193 GWh).

The hazardous waste treatment plant in Steyr exhibited a high level of utilisation in fiscal year 2016/2017. The refurbishment of the CPA (chemical-physical treatment plant for non-organic waste) and the rebuilding work that accompanied it, have been completed; the plant was successfully recommissioned at the beginning of the reporting period.

In comparison with the previous year, the total volume handled in Austria and South Tyrol increased slightly to 1,755,000 metric tons (2015/2016 fiscal year: 1,729,000 metric tons).



The Waste Management Segment focused its market activities in particular on concluding long-term indexed contracts with fixed delivery volumes and prices. Cooperation with the public sector was also intensified, and it is above all the municipalities which continue to represent a significant target group for the company's range of services. Strategically anchored cost management was consistently pursued, and the ongoing optimisation projects were continued.

However, the positive price trend on the waste disposal market led to increased competition with operators of pre-treatment plants and industrial co-incinerators, and to stronger remunicipalisation efforts by communal waste management associations that seek to establish an obligation to tender commercial waste to public waste disposal organisations.

Structural Optimisation in Progress in South Tyrol

Since the new central facility in Neumarkt was inaugurated in September 2016, significant synergies have already been leveraged. After the finalisation of work in progress planned for the 2017/2018 fiscal year, further efficiency gains shall be achieved.

WATER SEGMENT

Water Segment Overview	Unit	2016/2017	2015/2016	Change
Total sales	EUR mill.	135.9	129.8	4.7%
EBIT	EUR mill.	- 8.1	10.3	—
Investments in property, plant and equipment and intangible assets	EUR mill.	5.4	9.8	- 44.9%
Employees (on average)	FTE	1,575	1,566	0.6%
Invoiced drinking water volume	m^3 mill.	52.8	51.8	1.9%
Invoiced waste water volume	m^3 mill.	43.5	43.8	- 0.7%

The Water Segment of Energie AG comprises supplying drinking water as well as collecting and treating waste water. In the main markets of the Czech Republic and Austria, this takes place within the framework of water supply, concession, operator and service contracts. Comprehensive individual services along the entire operational value creation chain, which are also provided in Slovenia, complete the portfolio.

General Conditions in the Water Sector

The Czech Republic recorded high economic growth in fiscal year 2016/2017. The particularly important automotive and construction industries are currently experiencing a boom. In the Czech Republic, which has one of the lowest unemployment rates in Europe amounting to around 3.6%, there is de facto full employment. For many companies in the water management sector, this means increased competition for new employees in the labour market. This applies in particular to investments near urban centres such as Prague. The disproportionately high average age of the workforce is also challenging.

In the period under review, a new pricing regime came into force in the Czech Republic, by which the legislator is setting a ceiling for reasonable profit of infrastructure owners and private operators. Thus far, there were no negative effects on Energie AG's contract portfolio.

At a political level, remunicipalisation of drinking water and sewage services was also discussed in the period under review. In Energie AG's operational area, this was implemented in one case only, with Energie AG now acting in the market role as a service provider. However, numerous tenders for concessions are still a sign of acceptance of the operator model.

Following the end of the Czech National Bank's foreign exchange intervention policy, the Czech koruna gained value against the euro in the second half of 2016/2017, as expected. This had a positive impact on the EBIT in the Water Segment.

Stable general conditions prevailed in Austria during the reporting period. Slovenia experienced a slight easing of the previously difficult economic situation.

Business Development in the Water Segment

Sales Increase and EBIT Fall Owing to Impairments With Positive Operational Business Development

In the Water Segment, the 2016/2017 fiscal year closed with sales revenues of EUR 135.9 million. This is equivalent to an increase of 4.7% on the previous year's sales revenues in the amount of EUR 129.8 million.

The EBIT of this segment declined from EUR 10.3 million in the previous year to EUR -8.1 million. Impairment of the customer base of ČEVAK a.s. (ČEVAK) in the amount of EUR 2.8 million and impairment of WDL-Wasserdienstleistungs-GmbH (WDL) in the amount of EUR 15.4 million had a significant impact on the segment's result. The reason for the write-down was primarily the higher investment requirement expected for future periods. To a lesser extent, the assessment of future earnings contributions also contributed to the value adjustment.

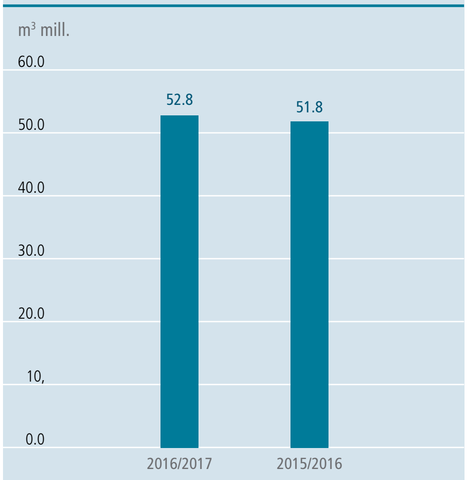
When corrected for these and other one-time effects, both sales revenues and the operating result increased compared with the previous year. Growth was achieved in both the drinking water and waste water business, despite declining sales volumes of waste water.

A positive development was also noted in the service business. Above all, it proved possible to boost construction assembly services in the Czech Republic, not least due to the good economic development, which was also reflected in the macroeconomic data.

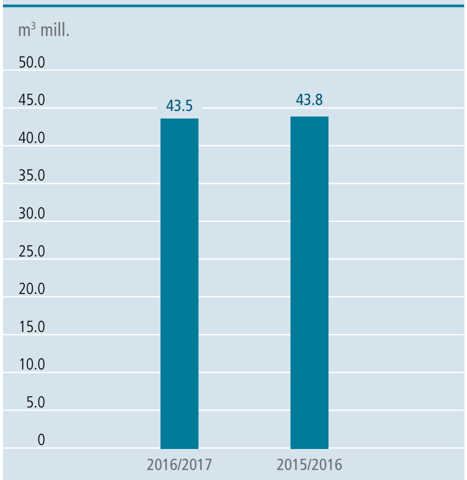
Drinking Water and Waste Water Volumes Mostly Stable

In fiscal year 2016/2017, a total of 52.8 million m³ drinking water and 43.5 million m³ of wastewater were invoiced in the Water Segment. While sales of drinking water rose by approx. 1.9%, volumes of waste water declined by 0.7%. Consumption in the supplied areas is generally within the range of past years.

Invoiced Drinking Water Volume



Invoiced Waste Water Volume



The Water Segment supplied drinking water to 1,040,000 inhabitants as at 30/09/2017; wastewater disposal was performed for around 699,000 customers.

Concession for České Budějovice and Acquisition in the Czech Republic

Since 1997, today's ČEVAK has been operating the drinking and waste water infrastructure of České Budějovice, a chartered city in South Bohemia. As the operating agreement expires in 2018, the city issued a new invitation to tender for the concession in a two-stage procedure in fiscal year 2016/2017. In terms of sales revenues, this is the largest single contract in the Water Segment, with corresponding strategic and economic significance. ČEVAK emerged as the best bidder from this tender and the new 10-year concession contract was approved by the Czech Ministry of Finance and the City Council immediately after the end of the fiscal year. In addition to this significant contract extension, all companies in the Water Segment successfully participated in various concession tenders to secure or increase their market shares.

Towards the end of the fiscal year, the Energie AG Group acquired VODOSPOL s.r.o. As an operating company, it supplies drinking water to about 53,000 inhabitants in 34 municipalities in West Bohemia and handles the wastewater disposal for about 6,000 inhabitants in two municipalities. A sales revenue of approx. EUR 3.3 million is generated by 44 employees. Since VODOSPOL s.r.o. is active in the area of operation adjacent to that of ČEVAK, it is expected that synergy potentials will be exploited in the future.

The optimisation programmes were continued in all business units of the Water Segment in the period under review. They included reducing drinking water supply interruptions to customers caused by malfunctions, and ensuring drinking water quality. On the cost side, the focus is on reducing drinking water losses, modernising the fleet and equipment, merging operating sites and the cost-efficient operation of sewer and sewage treatment plants. In fiscal year 2016/2017, a further focus was placed on the introduction of smart water metering.

Stable Drinking Water Supplies in Austria

In Austria, WDL supplies drinking water to 47 towns, municipalities and cooperatives, and provides services in the drinking water and waste water sector. The portfolio currently includes water services such as water loss analysis, hydrant servicing and container cleaning, sewer services such as sewer TV and pressure testing, and the operation of water and waste water plants. Besides water authority management, also responsibility for operational management in six water authorities is taken over. The Group company's sales activities focus on Austria as a whole and southern Bavaria.

Drinking water supplies remained stable in the 2016/2017 fiscal year. In the area of sewer services, a special order in Steyr was successfully completed. Pressure tests were carried out on trunking sections with diameters of up to three metres for a newly constructed relief channel.

Conclusion of Contracts in Slovenia

In Slovenia, Varinger d.o.o., which is headquartered in Maribor, took over the management of the waste water infrastructure in the municipality of Selnica ob Dravi, with approx. 4,500 inhabitants, on 01/01/2017. In addition, the municipality of Cankova has signed a service agreement for the takeover of management of its wastewater operations. The newly adopted operational management tasks and the company's other business units, such as the ODTOK home connection service, sewer cleaning, sewer TV and the cleaning of grease and oil separators, proceeded according to plan.

HOLDING & SERVICES SEGMENT

Holding & Services Segment Overview	Unit	2016/2017	2015/2016	Change
Total sales	EUR mill.	218.2	206.6	5.6 %
EBIT	EUR mill.	13.3	- 5.1	—
Investments in property, plant and equipment and intangible assets	EUR mill.	58.7	34.0	72.6 %
Employees (on average)	FTE	993	972	2.2 %
Length of fibre-optic network	km	5,100	4,830	5.6 %

The Holding & Services Segment of Energie AG comprises the telecommunications and metering service business, the management and control functions of the holding company, commercial and technical services as well as the consolidated at-equity investments, Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG) and Wels Strom GmbH.

Business Development in the Holding & Services Segment

Growth in Sales Revenues and Results in the Holding & Services Segment

In the Holding & Services Segment, sales revenues rose slightly by 5.6% to EUR 218.2 million in the reporting period. This development is mainly attributable to higher sales revenues in the Telecommunications business area and in plant engineering and construction.

The operating result amounted to EUR 13.3 million in the 2016/2017 fiscal year, following EUR -5.1 million in the previous year. The high at-equity result of EUR 20.6 million (previous year: EUR 2.0 million) had a positive impact on the EBIT of the Holding & Services Segment, which was partly attributable to the absence of an impairment loss of EUR 8.9 million from the previous year and partly to a positive development of investments. EBIT was negatively impacted by higher expenses for an early retirement model, which were partially offset by lower provisions due to the higher calculation interest rate for social capital.

Positive Operational Business Development in Telecom Business Area

The Telecom business area recorded a good operating performance in the reporting period. The development of the service companies was largely stable.

Expansion of Fibre Network Gathers Momentum

The Group's telecom offerings are becoming increasingly important in the external market, as a result of growing digitalisation and the constantly increasing demand for reliable and ultra-fast broadband internet access. The increasing momentum in the expansion of the Group's own fibre-optic network seen in the first half of 2016/2017 continued in the second half of the year. At the end of the 2016/2017 fiscal year, Energie AG's fibre-optic backbone network had reached a length of approximately 5,100 km (end of 2015/2016: 4,830 km).

The product portfolio comprises offerings for both business and private customers under the "powerSPEED" brand, including internet connectivity and products based on it (HD TV, Voice over IP, server housing, etc.). In order to supplement the range of services offered, service provider mieX GmbH was acquired in the second half of the reporting period.

The ongoing allocation of high subsidies from the "Broadband Austria 2020" and "ELER-Access" programmes drove further acceleration in the FTTH (Fibre To The Home) expansion for private customers in the period under review. Additionally, in the business customer sector, small and medium-sized enterprises (SMEs) and an increasing number of compulsory school locations were connected to the fibre-optic network with the aid of state and federal subsidies.

The Group company Netz OÖ commissioned the Metering Services business area to work intensively on implementing the legal requirements of the IME (Intelligent Meter Implementation) Ordinance. The smart meter roll-out required to achieve the statutory replacement rate of 70% of electricity meters by the end of 2017, and 95% by the end of 2019, is progressing on schedule. By the end of the reporting period, more than 420,000 smart meters had already been installed in the Group (previous year: ca. 300,000).

The high proportion of smart meters, compared with the industry as a whole, allows the grid operator to use various smart grid functions. In addition to a transparent overview of electricity consumption, customers who already use a smart meter have access to suitable electricity products and services from energy suppliers.

Strategic Investments

The at-equity consolidated companies Wels Strom GmbH and Salzburg AG, as well as further minority holdings complete the business portfolio of Energie AG.

Wels Strom GmbH is the integrated power supply company of the city of Wels. Other business areas include heat generation for the municipal district heating network and energy systems for key account customers. Energie AG holds a 49% stake in the company.

In the last completed fiscal year (01/01/2016 to 31/12/2016) a decision was taken to build a new hydropower plant in Traunleiten, which already covered up to two thirds of electricity production from hydroelectric power. By the end of 2019, a new plant with an investment volume of EUR 48.0 million will be built downstream of the existing power plant built in 1901, thus increasing output from currently around 10 MW to 18 MW.

At 653 GWh, the electricity sales volume to customers was slightly above the previous year's level; 15.4% of this was covered by in-house generation, of which 78.8% came from hydroelectric power. More than one third of the electricity sales volume is marketed under the VOLTINO brand outside the Wels Strom GmbH grid area.

Salzburg AG für Energie, Verkehr und Telekommunikation (Salzburg AG) is a regional infrastructure company with activities in the fields of electricity, natural gas, district heating, water, mobility and telecommunications. Energie AG holds a 26.13% stake in the company.

In the last completed fiscal year (01/01/2016 to 31/12/2016) the organisation was streamlined in the course of a strategy project and the topics of digitalisation and innovation were identified as future focal points. At the Salzburg AG Innovation Summit in October 2016, external experts were also invited to collaborate and share their thoughts. Further expansion of the broadband network will make a significant contribution to the digitalisation of the coverage area. In the existing business, the intent is to consolidate the sales units and thus underscore the Group's position as a full-service provider. Salzburg AG supports the energy transition and the expansion of renewable energies by developing intelligent grids and increasing the output of existing and new hydropower plants, among other activities. In addition, the expansion of photovoltaics in the supply area is being accelerated; excess electricity will be stored as heat, thanks to an additional power-to-heat plant, thus reducing CO_2 emissions during heat generation.

Rising Sales Figures at Strategic Investment Salzburg AG

Business in the 2016 fiscal year was largely stable from a financial point of view, with growth in sales volumes. At 3,289 GWh, the electricity sales volume to customers was 1.7% up on the previous year; just over half of this figure was covered by in-house generation, 82.7% of which came from renewable sources. Gas sales rose by 9.0% to 1,735 GWh and district heating sales by 1.9% to 785 GWh. The number of customers increased both in telecommunications services and mobility.

Shared Services

The four Group-wide service companies
- Energie AG Oberösterreich Business Services GmbH (Business Services GmbH),
- Energie AG Oberösterreich Customer Services GmbH (Customer Services GmbH),
- Energie AG Oberösterreich Personalmanagement GmbH (Personalmanagement GmbH) and
- Energie AG Oberösterreich Tech Services GmbH (Tech Services GmbH)

are bundled in the Holding & Services Segment.

These service companies provide commercial and technical services for the entire Group on the common basis of precisely defined quality and safety standards. These services are guided by external market conditions for similar products and services.

Essential activities in **Business Services GmbH**, which offers services in purchasing and logistics, real estate management, information technology, financial accounting, and insurance and law, included cooperation in the "e-bit" digitalisation project and the subsequent launch of the first implementation projects. In addition, a Group-wide project to adapt the SAP system architecture for billing and customer services was continued in fiscal year 2016/2017. Other focal points were completion of the reorganisation of the Group archive and initialisation of a concept for the important Gmunden location.

Customer services in the Group, billing, provider switch management, receivables management and handling customer payments are all bundled in **Customer Services GmbH**. The year under review was characterised by several projects such as the start of implementation of the General Data Protection Regulation by internal clients and the establishment of the receivables repayment model in the electricity division between supplier and grid operator. In the 2016/2017 fiscal year, employees provided services for around 1.58 million customer contracts.

The focus of **Personalmanagement GmbH** is both on governing matters related to human relations policy for the Group, and on all agendas relating to personnel management, personnel accounting, training services and apprentice training. In the 2016/2017 fiscal year, the emphasis was on an employer branding campaign, preparations for a scholarship and trainee programme specifically for women, and preparing to establish a temporary employment agency.

The technical services of Energie AG are bundled in **Tech Services GmbH**. In addition to planning, implementing and maintaining plants and grids for the affiliated companies in the Group, Tech Services GmbH also provides many of these services to external customers. In this way, optimum capacity utilisation can be ensured at competitive prices along with rapid troubleshooting with high-quality service. In the year under review, Tech Services GmbH's smooth cooperation with the Group companies was demonstrated notably in the rapid restoration of the electricity grid following the unforeseen severe storm in August 2017.

OUTLOOK

Situation Remains Challenging Despite Tangible Economic Upturn

Despite the economic easing in the reporting period, which is also noticeable on the energy markets, a further challenging situation can be expected for fiscal year 2017/2018.

Due to the revision of the electricity price zone, which has hitherto been managed jointly with Germany, as of 1 October 2018 and the associated limitation of the until then largely free import to Austria to a maximum capacity of 4.9 GW, changes to market processes are already being established in advance. Energy traders have already reacted with the introduction of separate electricity products. The provision of the requested energy volumes in Austria is therefore a particular challenge, especially in times of high demand.

With the economic upturn, gas procurement prices are expected to move sideways or slightly upwards in the 2017/2018 fiscal year, with the severity of the coming winter also playing a decisive role. The strategic positioning of competing producers is expected to continue in the natural gas market. Competition between pipeline-based import volumes and new LNG capacities is of particular importance for the price situation on the international energy markets. In this context, the fundamental shortage of gas storage facilities due to market concentration processes and supply reduction is notable; an increase in the significance of existing flexibility options can thus be assumed.

Particularly in natural gas sales, new products will be more strongly positioned in the future to expand the range of services and extend the value chain in the market. The newly established relationships with key accounts will be intensified here in order to maintain the market shares gained and to consolidate the volumes achieved. In addition, work is in progress on further process and structure optimisations.

Digitalisation of the sales processes and customer service processes continues to be a key focus in both gas and electricity sales and is a prerequisite for the establishment of new sales channels and the development of cooperation in order to continue sustainable successful business relations with customers. The strategic realignment of the Electricity Sales business unit, which was elaborated in the year under review, envisages focused processing of customer areas in particular for the 2017/2018 fiscal year.

In addition to winning new customers in the existing supply area, the District Heating business unit continues to rely on its core competencies as a heat supplier and to consolidate its pioneering role in heat generation on the basis of renewable energy sources such as biomass and geothermal energy and in the use of industrial waste heat.

Business activities in the Grid Segment in the coming fiscal year will be characterised by the advancement of major projects, in particular those of the Electricity Grid Master Plan for Upper Austria in 2026, the consistent continuation of priority programmes and the detailed implementation of organisational streamlining. The smart meter rollout will continue on schedule in order to comply with legal requirements. In addition, preparations for the forthcoming regulatory period for electricity starting in 2019 will be decisive in the next fiscal year.

In the Waste Management Segment, increasing or volatile heating values, contaminant inputs and carbon fibres will be a constant challenge for thermal recycling in the coming fiscal year. The safeguarding of plants and searching for new, innovative disposal solutions for these contaminants therefore remain central issues. Due to the positive overall European volume situation, Energie AG expects full utilisation of the thermal incineration facilities for the coming 2017/2018 fiscal year.

The integration of the Austrian water service provider WDL-Wasserdienstleistungs-GmbH and Varinger d.o.o. from Slovenia with the Waste Management Segment will take place with retroactive effect as of 01/10/2017, thus bundling municipal services such as waste disposal and waste management under Energie AG Oberösterreich Umwelt Service GmbH as the parent company. Expanding the service portfolio is intended to intensify cooperation with municipalities and water authorities.

The operating activities of the Water Segment will thus be focused on the market in the Czech Republic in the future. In the forthcoming fiscal year, the focus will continue to be on increasing efficiency and digitalisation. In addition, the Group companies will tender for several smaller concessions in the drinking water and waste water sectors. In the first few months of the new fiscal year, the new company, VODOSPOL s.r.o., will also be integrated into the Water Segment. In wholesale business, organisational optimisation starting on 01/10/2017 will result in greater room for manoeuvre and more development opportunities on the market.

In the Telecom business area, attractive subsidies for fibre-optic expansion are also expected to be allocated in the 2017/2018 fiscal year. For the further expansion and consolidation of the fibre-optic network, Energie AG intends to apply for future calls for current subsidy programmes at the EU, state and federal level. In the business customer area, the focus is on fibre-optic connections for mobile phone stations, small and medium-sized enterprises and compulsory schools. The intent is also to leverage existing funding opportunities in this segment to best effect.

Focus in 2017/2018 on Customers, Implementation of Digitalisation Strategy and Consistent Cost Management

With the economic recovery and intensified competition in liberalised markets, Energie AG's focus for the 2017/2018 fiscal year will be on further increasing its customer orientation, for example through new distribution channels and innovative product and service offerings. Following the excellent result in the reporting year, a swift implementation of the digitalisation strategy in combination with a continued vigorous cost management across the entire Group is pursued to deliver another very good result for the 2017/2018 fiscal year, which is expected to be on par with the performance levels achieved in past years.

Linz, 29 November 2017
The Management Board of Energie AG Oberösterreich

Chief Executive Officer DDr. Werner Steinecker MBA Chair of the Management Board	Dr. Andreas Kolar Member of the Management Board	Dipl.-Ing. Stefan Stallinger MBA Member of the Management Board

Consolidated Income Statement
01 October 2016 to 30 September 2017

			2016/2017 EUR 1,000	2015/2016 EUR 1,000
1.	Sales revenues	(6)	1,686,662.9	1,534,906.9
	Procurement costs for proprietary electricity and gas trading	(6)	- 91,884.1	- 95,667.6
	Net sales revenues	(6)	1,594,778.8	1,439,239.3
2.	Change in inventories of finished goods and work in progress		- 311.6	- 511.5
3.	Other capitalised company services		37,396.9	34,427.4
4.	Share in result of companies consolidated at equity	(17)	73,461.2	53,002.1
5.	Other operating revenues (thereof reversals of impairment EUR 37,328.4 thousand [previous year: EUR 0.0 thousand])	(8)	55,635.0	20,962.5
6.	Expenses for material and other purchased production services	(9)	- 934,076.2	- 798,607.1
7.	Personnel expense	(10)	- 269,654.9	- 262,931.4
8.	Depreciation, amortisation, and impairments	(11)	- 170,033.4	- 183,431.0
9.	Other operating expenses	(12)	- 165,385.1	- 166,721.9
10.	**Operating result**		**221,810.7**	**135,428.4**
11.	Financing expenses	(13)	- 29,795.3	- 29,177.6
12.	Other interest income	(13)	3,122.4	1,138.3
13.	Other financial result	(14)	7,315.1	- 5,169.7
14.	**Financial result**		**- 19,357.8**	**- 33,209.0**
15.	**Earnings before taxes**		**202,452.9**	**102,219.4**
16.	Income taxes	(15)	-45,779.0	- 20,994.0
17.	**Consolidated net result**		**156,673.9**	**81,225.4**
	Thereof attributable to non-controlling interests		- 300.3	1,280.3
	Thereof attributable to investors in the parent company			
	Consolidated net profit		**156,974.2**	**79,945.1**

Consolidated Statement of Comprehensive Income
01 October 2016 to 30 September 2017

		2016/2017 EUR 1,000	2015/2016 EUR 1,000
1.	**Consolidated net result**	**156,673.9**	**81,225.4**
2.	**Other comprehensive income**		
	Items that will not be reclassified subsequently to the income statement:		
	Revaluation of the defined benefit obligation	19,615.1	- 17,133.6
	Changes in value of at-equity companies recognised in equity	671.9	- 842.4
	Deferred taxes	- 4,903.7	4,281.3
	Items that may be reclassified subsequently to the income statement:		
	Changes in value of investments and available-for-sale securities	2,088.9	842.4
	Changes in value of at-equity companies recognised in equity	- 31.5	9.2
	Hedge accounting	39,147.8	3,425.4
	Exchange differences	3,752.1	725.5
	Deferred taxes	- 10,309.1	- 1,075.6
	Total expenses and revenues recognised in other comprehensive income	**50,031.5**	**- 9,767.8**
3.	**Total comprehensive income after taxes**	**206,705.4**	**71,457.6**
4.	Thereof attributable to non-controlling interests	341.4	1,300.4
5.	**Thereof attributable to parent company**	**206,364.0**	**70,157.2**

Consolidated Balance Sheet
as of 30 September 2017

ASSETS		30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
A. Non-current assets			
I. Intangible assets and goodwill	(16)	193,312.2	206,164.7
II. Property, plant and equipment	(16)	1,948,116.1	1,883,196.8
III. Investments (thereof at-equity companies:			
EUR 296,072.2 thousand [previous year: EUR 277,152.6 thousand])	(17)	309,629.1	292,235.5
IV. Other financial assets	(18)	78,310.8	82,069.5
		2,529,368.2	2,463,666.5
V. Other non-current assets	(19)	13,218.4	11,831.9
VI. Deferred tax assets	(15)	10,450.9	16,878.1
		2,553,037.5	**2,492,376.5**
B. Current assets			
I. Inventories	(20)	48,085.9	44,966.7
II. Receivables and other assets	(21)	235,087.6	238,616.7
III. Fixed term deposits	(5.9)	150,000.0	119,000.0
IV. Cash and cash equivalents	(22)	93,030.3	95,605.0
		526,203.8	**498,188.4**
		3,079,241.3	**2,990,564.9**

LIABILITIES		30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
A. Equity			
I. Share capital	(23)	89,087.5	89,087.5
II. Capital reserves	(23)	214,809.5	214,809.5
III. Retained earnings	(23)	980,105.8	876,445.1
IV. Other reserves	(23)	-18,269.1	- 67,608.9
V. Non-controlling interests	(23)	13,691.7	13,946.0
		1,279,425.4	**1,126,679.2**
B. Non-current liabilities			
I. Financial liabilities	(24)	454,638.9	515,693.5
II. Non-current provisions	(25)	280,847.2	311,488.0
III. Deferred tax liabilities	(15)	62,307.7	41,446.7
IV. Construction cost subsidies	(26)	362,075.5	358,392.1
V. Advances received	(27)	37,550.5	47,189.0
VI. Other non-current liabilities	(28)	72,263.9	74,999.6
		1,269,683.7	**1,349,208.9**
C. Current liabilities			
I. Financial liabilities	(24)	9,737.8	16,713.7
II. Current provisions	(29)	14,975.3	11,137.2
III. Tax provisions	(30)	142.7	519.6
IV. Trade payables	(24)	156,515.4	144,270.9
V. Other current liabilities	(31)	348,761.0	342,035.4
		530,132.2	**514,676.8**
		3,079,241.3	**2,990,564.9**

Statement of Changes in Equity

	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Other reserves Reservesr under IAS 39 EUR 1,000	Reserves under IAS 19 EUR 1,000
Balance as of 30/09/2016	**89,087.5**	**214,809.5**	**876,445.1**	**- 23,146.5**	**- 77,704.1**
Items that will not be reclassified subsequently to the income statement:					
Revaluation of the defined benefit obligation	—	—	—	—	19,521.0
Changes in value of at-equity companies recognised in equity	—	—	—	—	671.9
Deferred taxes	—	—	—	—	- 4,880.2
Items that may be reclassified subsequently to the income statement:					
Changes in value of investments and available-for-sale securities	—	—	—	2,089.5	—
Changes in value of at-equity companies recognised in equity	—	—	—	- 31.5	—
Hedge accounting	—	—	—	39,012.7	—
Exchange differences	—	—	—	—	—
Deferred taxes	—	—	—	- 10,275.5	—
Other comprehensive income	—	—	—	30,795.2	15,312.7
Consolidated net result	—	—	156,974.2	—	—
Total comprehensive income for the period	**—**	**—**	**156,974.2**	**30,795.2**	**15,312.7**
Dividend distribution	—	—	- 53,269.3	—	—
Treasury stocks	—	—	—	—	—
Other	—	—	- 44.2	—	—
Transactions with shareholders	**—**	**—**	**- 53,313.5**	**—**	**—**
Balance as of 30/09/2017	**89,087.5**	**214,809.5**	**980,105.8**	**7,648.7**	**- 62,391.4**

Other reserves				Equity of investors in parent company EUR 1,000	Non-controlling interests EUR 1,000	**Total EUR 1,000**	
Revaluation reserve EUR 1,000	Treasury stocks EUR 1,000	Exchange differences EUR 1,000	Total EUR 1,000				
37,541.1	**- 6,490.8**	**2,191.4**	**- 67,608.9**	**1,112,733.2**	**13,946.0**	**1,126,679.2**	
—	—	—	19,521.0	19,521.0	94.1	19,615.1	
—	—	—	671.9	671.9	—	671.9	
—	—	—	- 4,880.2	- 4,880.2	- 23.5	- 4,903.7	
—	—	—	2,089.5	2,089.5	- 0.6	2,088.9	(23)
—	—	—	-31.5	-31.5	—	-31.5	
—	—	—	39,012.7	39,012.7	135.1	39,147.8	(23)
—	—	3,281.9	3,281.9	3,281.9	470.2	3,752.1	(5)
—	—		- 10,275.5	- 10,275.5	- 33.6	- 10,309.1	
—	—	3,281.9	49,389.8	49,389.8	641.7	50,031.5	
—	—	—	—	156,974.2	- 300.3	156,673.9	
—	**—**	**3,281.9**	**49,389.8**	**206,364.0**	**341.4**	**206,705.4**	
—	—	—	—	- 53,269.3	- 574.6	- 53,843.9	
—	- 50.0	—	- 50.0	- 50.0	—	- 50.0	(23)
—	—	—	—	- 44.2	- 21.2	- 65.4	
—	**- 50.0**	**—**	**- 50.0**	**- 53,363.4**	**- 595.8**	**- 53,959.2**	
37,541.1	**- 6,540.8**	**5,473.3**	**- 18,269.1**	**1,265,733.7**	**13,691.7**	**1,279,425.4**	

Statement of Changes in Equity

				Other reserves	
	Share capital EUR 1,000	Capital reserves EUR 1,000	Retained earnings EUR 1,000	Reserves under IAS 39 EUR 1,000	Reserves under IAS 19 EUR 1,000
Balance as of 30/09/2015	**89,087.5**	**214,809.5**	**849,754.5**	**- 26,214.5**	**- 64,205.2**
Items that will not be reclassified subsequently to the income statement:					
Revaluation of the defined benefit obligation	—	—	—	—	- 16,875.4
Changes in value of at-equity companies recognised in equity	—	—	—	—	- 842.4
Deferred taxes	—	—	—	—	4,218.9
Items that may be reclassified subsequently to the income statement:					
Changes in value of investments and available-for-sale securities	—	—	—	849.4	—
Changes in value of at-equity companies recognised in equity	—	—	—	9.2	—
Hedge accounting	—	—	—	3,240.6	—
Exchange differences	—	—	—	—	—
Deferred taxes	—	—	—	- 1,031.2	—
Other comprehensive income	—	—	—	3,068.0	- 13,498.9
Consolidated net result	—	—	79,945.1	—	—
Total comprehensive income for the period	—	—	**79,945.1**	**3,068.0**	**- 13,498.9**
Dividend distribution	—	—	- 53,271.0	—	—
Treasury stocks	—	—	—	—	—
Other	—	—	16.5	—	—
Transactions with shareholders	—	—	**- 53,254.5**	—	—
Balance as of 30/09/2016	**89,087.5**	**214,809.5**	**876,445.1**	**- 23,146.5**	**- 77,704.1**

Other reserves				Equity of	Non-		
Revaluation reserve EUR 1,000	Treasury stocks EUR 1,000	Exchange differences EUR 1,000	Total EUR 1,000	investors in parent company EUR 1,000	controlling interests EUR 1,000	**Total EUR 1,000**	
37,541.1	**- 6,434.4**	**1,548.4**	**- 57,764.6**	**1,095,886.9**	**12,090.0**	**1,107,976.9**	
—	—	—	- 16,875.4	- 16,875.4	- 258.2	- 17,133.6	
—	—	—	- 842.4	- 842.4	—	- 842.4	
—	—	—	4,218.9	4,218.9	62.4	4,281.3	
—	—	—	849.4	849.4	-7.0	842.4	(23)
—	—	—	9.2	9.2	—	9.2	
—	—	—	3,240.6	3,240.6	184.8	3,425.4	(23)
—	—	643.0	643.0	643.0	82.5	725.5	(5)
—	—		- 1,031.2	- 1,031.2	- 44.4	- 1,075.6	
—	—	643.0	- 9,787.9	- 9,787.9	20.1	- 9,767.8	
—	—	—	—	79,945.1	1,280.3	81,225.4	
—	**—**	**643.0**	**- 9,787.9**	**70,157.2**	**1,300.4**	**71,457.6**	
—	—	—	—	- 53,271.0	- 581.8	- 53,852.8	
—	- 56.4	—	- 56.4	- 56.4	—	- 56.4	(23)
—	—	—	—	16.5	1,137.4	1,153.9	
—	**- 56.4**	**—**	**- 56.4**	**- 53,310.9**	**555.6**	**- 52,755.3**	
37,541.1	**- 6,490.8**	**2,191.4**	**- 67,608.9**	**1,112,733.2**	**13,946.0**	**1,126,679.2**	

Cash Flow Statement

	2016/2017 EUR 1,000	2015/2016 EUR 1,000	
Earnings before income taxes	**202,452.9**	**102,219.4**	
Tax payments	- 26,084.6	- 12,331.8	
Earnings after income tax payments	**176,368.3**	**89,887.6**	
Depreciation/reversals of non-current assets	132,742.2	190,898.7	
Change in non-current provisions	- 11,025.7	- 14,217.0	
Change in other non-current assets	- 790.0	- 362.5	
Change in other non-current liabilities	- 5,133.2	- 11,899.4	
Retained earnings of equity companies	- 15,079.0	- 39,950.9	
Construction cost subsidies received	28,668.0	28,975.7	(26)
Revenues from the reversal of construction cost subsidies	- 24,984.6	- 24,325.6	(26)
Losses from the disposal of assets	5,101.5	3,284.2	
Profits from the disposal of assets	- 9,329.7	- 4,006.8	
Other non-cash expenses and revenues	15,506.0	21,928.3	
	292,043.8	**240,212.3**	
Change in inventories and current receivables	- 35,571.9	11,907.2	
Payments from hedging transactions	21,483.6	- 16,286.6	
Change in current liabilities	- 2,946.4	14,822.8	
Change in current provisions	3,802.9	- 4,900.3	
CASH FLOW FROM OPERATING ACTIVITIES	**278,812.0**	**245,755.4**	
Inflow from the disposal of property, plant and equipment, and intangible assets	6,560.4	8,218.8	
Outflow for additions to property, plant, equipment and intangible assets	- 178,268.1	- 148,572.2	
Inflow from the disposal of financial assets	45,839.8	32,887.5	
Change in scope of consolidation	- 1,915.0	- 2,582.3	(3)
Outflow for additions to financial assets and other financial investments	- 33,961.8	-15,344.4	
CASH FLOW FROM INVESTMENTS	**- 161,744.7**	**- 125,392.6**	
Dividend distribution	- 53,843.9	- 53,852.8	(34)
Acquisition of own shares and non-controlling interests	- 120.3	- 56.4	
Repayment of bond (private placement) 2009-2016	—	- 50,000.0	
Repayment of borrower's note loan	—	- 14,500.0	
Repayment of loan for Gas- und Dampfkraftwerk Timelkam GmbH	- 39,143.7	—	
Repayment of non-current liabilities to banks	- 20,000.0	—	
Other changes in financial liabilities	- 6,950.3	- 16,334.8	
CASH FLOW FROM FINANCING ACTIVITIES	**- 120,058.2**	**- 134,744.0**	
TOTAL CASH FLOW	**- 2,990.9**	**- 14,381.2**	
Cash funds at beginning of period	95,605.0	109,896.1	(22)
Cash flow	- 2,990.9	- 14,381.2	
Exchange rate effects	416.2	90.1	
Cash funds at end of period	93,030.3	95,605.0	(22)
The following is included in the cash flow from operating activities:			
Interest received	801.6	1,520.3	
Interest paid	26,456.2	25,917.7	
Dividends received	59,150.6	14,122.8	(17)

Notes to the Consolidated Financial Statements 2016/2017

1. GENERAL INFORMATION

Energie AG Oberösterreich is a modern and competitive energy and service provider in the Energy, Grid, Waste Management, Water and Holding & Services Segments.

The parent company of the Group is Energie AG Oberösterreich with registered office at Böhmerwaldstraße 3, Linz, Austria.

The consolidated financial statements of Energie AG Oberösterreich for the 2016/2017 fiscal year were drawn up in accordance with the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB), as they were required to be applied as of the balance sheet date, as well as in accordance with the interpretations of the International Financial Reporting Committee (IFRIC) as adopted by the European Union.

The present consolidated financial statements according to the IFRS releases the company from its obligation under § 245 a of the Austrian Commercial Law Code to prepare a consolidated annual financial statement 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 figures in the consolidated financial statements are reported thousands of euros (EUR 1,000). The use of automated calculation systems may give rise to rounding differences when adding up rounded figures and percentages.

2. CHANGE OF ACCOUNTING METHODS

2.1. Standards and Interpretations Applied or Amended and Adopted by the EU for the First Time

New applicable amended standards and interpretations adopted by the EU, taking effect on 1 January 2016 or later:

- IAS 1 (Amendments: Disclosure Initiative)
- Annual Improvements to IFRS Standards 2012-2014 Cycle
- IAS 27 (Amendment: Equity Method in Separate Financial Statements)
- IAS 16 and IAS 41 (Amendments: Bearer Plants)
- IAS 16 und IAS 38 (Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation)
- IFRS 11 (Amendment: Accounting for Acquisition of Interests in Joint Operations)
- IFRS 10, IFRS 12 und IAS 28 (Amendments: Investment Entities: Applying the Consolidation Exception)

The initial application does not result in any material changes.

2.2. Standards and Interpretations that Have Not Been Applied Early

In the 2016/2017 consolidated financial statements, the following amendments adopted by the EU were not applied early:

Entry into force in the EU on 1 January 2017:

- IAS 12 (Amendments: Recognition of Deferred Tax Assets for Unrealised Losses)
- IAS 7 (Amendments: Disclosure Initiative)

Entry into force in the EU on 1 January 2018 or later:

- IFRS 9 (Financial Instruments)
- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 4 (Amendments: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)
- IFRS 15 (Clarifications: Revenue from Contracts with Customers)

Entry into force in the EU on 1 January 2019:

- IFRS 16 (Leases)

The following standards and interpretations, amendments and improvements of standards enter into force on 1 January 2017 or later, although they have not yet been adopted by the European Union at this time:

- IFRS 17 (Insurance Contracts)
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)
- IFRIC 23 (Uncertainty over Income Tax Treatments)

- IFRS 2 (Amendments: Classification and Measurement of Share-based Payments Transactions)
- IFRS 9 (Amendments: Prepayment Features with Negative Compentsations)
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IAS 40 (Amendments: Transfer of Investment Property)
- IAS 28 (Amendments: Long-Term Interests in Associates and Joint Ventures)

These standards are expected to be applied on their date of entry into force.

Entry into force on 1 January 2016, adopted by the European Union but postponed for an indefinite time:

- IFRS 10 und IAS 28 (Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

IFRS 9 (Financial Instruments)

IFRS 9, issued in July 2014, replaces the existing guidelines in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 contains guidelines for the classification and measurement of financial instruments, including a new Expected Credit Losses Model to calculate the impairment of financial assets, as well as the new general reporting requirements for hedge transactions. It also incorporates the guidelines for the recognition and charging off of financial instruments from IAS 39. IFRS 9 is to be used for the first time in the 2018/19 fiscal year, although early use is permitted.

Lendings (LaR; carrying amount EUR 19.7 mill.) will in the future be valued at their amortised costs. The contractual terms of the (available for sale) securities reported with a carrying amount of EUR 29.4 mill. do not provide for predetermined payment streams. They will in the future be measured at their fair value, with recognition permissible in either the other comprehensive income or the income statement. The securities (fair value option, carrying amount of EUR 29.2 mill.) will in the future be recognised through profit or loss at their respective fair values. Trade receivables (LaR, carrying amount EUR 160.6 mill.) will in the future be measured at their amortised costs. Due to the recognition of impairment based on the Expected Credit Losses Model, increased risk provisions are expected. Fixed term deposits (LaR, carrying amount EUR 150.0 mill.) will in the future be measured at their amortised costs.

Bonds (FLAC, carrying amount EUR 302.4 mill.), liabilities to banks (FLAC, EUR 34.9 mill.), other financial liabilities (FLAC, carrying amount EUR 75.5 mill.) and liabilities to joint arrangements and associated companies (FLAC, carrying amount EUR 91.7 mill.) will in the future be measured at their amortised costs. IFRS 9 offers the option of provisionally maintaining the rules of IAS 39 for the accounting of hedging transactions. At this point in time, a decision with regard to this option has not been made.

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15, issued in May 2014, replaces the existing guidelines in IAS 18 (Revenue). In the future, new qualitative and quantitative information will be required that is designed to make it possible for the target audience of the financial statements to understand the type, amount, time and uncertainty of sales revenues and cash flows from contracts with customers. Using a five-step model, companies must determine at what time (or over what period) and what amount sales revenues are recognised. The model specifies that sales revenues must be reported at the time (or over the period) of the transfer of control over goods or services from the company to the customer with the amount which the company is expected to be entitled to. Depending on the fulfilment of various criteria, sales revenues are recognised as follows:

- Over a period of time in such a way that the service provision of the company is reflected; or
- At a point in time at which the control over the good or services is transferred to the customer.

IFRS 15 is to be used for the first time in the 2018/2019 fiscal year, although early use is permitted.

Major components of the sales revenues were analysed with regard to potential implications from the initial application of IFRS 15. This analysis concerns in particular:

- Sales revenues from the delivery of electricity
- Sales revenues from the sale of natural gas
- Sales revenues from the electricity and gas grid
- Sales revenues from the waste management services
- Sales revenues from the delivery and disposal of waste water

Contracts exist within the Group that provide for contractual obligations consisting of discrete and distinct goods or services. As the different components are already being factored in, recorded and billed separately, no significant changes are expected to result from these circumstances.

The overall result of the analysis showed that, based on the currently available information, no significant changes are expected from the initial application of IFRS 15. There are currently uncertainties pertaining to the accurate recognition of construction cost subsidies (also see item 5.15.). Revenues from construction cost subsidies in the amount of EUR 25.0 million are currently recognised under the IFRIC 18 rules. IFRS 15 stipulates no detailed rules that would be applicable in these circumstances.

IFRS 16 (Leases)

IFRS 16, published in January 2016, replaces IAS 17, IFRIC 4, SIC-15 and SIC-27. The new standard provides that in future all leases and the contractual rights and obligations associated with these must be reported on the balance sheet of the lessee. This resolves the current differences in the recognition of operating and finance leases under IAS 17. The lessee will recognise a right-of-use asset representing its right to use an underlying asset and a lease liability in the amount of the lease's present value. The right of use asset must then be amortised and the lease liability carried forward using the effective interest method. There are exemptions possible for short-term leases and leased properties of low value. The most material change concerns the Group's head office in Linz. The use of the Group's head office is currently arranged on the basis of an operating lease. Under the current conditions, it is expected that a right-of-use asset and a lease liability in the amount of EUR 40.2 million (estimated lease liability as per 01 October 2019) will be recognised.

Current finance leases will be continued; there will only be a reclassification of the asset as a right-of-use asset.

IFRS 16 is to be used for the first time in the 2019/2020 fiscal year, although early use is permitted.

3. SCOPE OF CONSOLIDATION

3.1. Principles

Subsidiaries

All material entities that are directly or indirectly controlled by Energie AG Oberösterreich (subsidiaries) are fully consolidated according to IFRS 10 and included in the consolidated financial statements. Control exists when the investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to influence the amount of the investor’s returns. In all cases, the control results from the equity instruments that are held (shares in the company).

Joint Arrangements

IFRS 11 outlines accounting by entities that jointly control an arrangement. Joint control involves the contractually agreed sharing of control. If the controlling parties have rights to the net assets of the arrangement (joint venture), the equity method is used for financial reporting. If the controlling parties have rights to the assets, and obligations for the liabilities, relating to the agreement (joint operations), the assets and liabilities, as well as the revenues and expenses, are recognised using proportionate consolidation.

Joint operations

Ennskraftwerke Aktiengesellschaft produces electricity with hydropower plants. Gas- und Dampfkraftwerk Timelkam GmbH supplies electricity from the operation of a combined cycle gas-turbine power plant.

The Group holds a strategic share of 50% in both Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH. The entities are not controlled by any party. Under the existing electricity supply contracts, the investors purchase the electric energy produced by the entities, where the internal price is calculated on a pro-rata basis of the production costs, plus a corresponding profit margin. Due to the electricity supply contracts, the parties have rights to the assets attributable to the arrangements. As the arrangements' liabilities can only be settled with these cash flows, the parties have obligations for the liabilities relating to the joint arrangment. Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH are therefore classified as a joint operation according to IFRS 11.

The share of the assets and liabilities, as well as the revenues and expenses are reported in the consolidated financial statements. The average share of the electricity supply (38%) is used to determine the share for the pro rata recognition of Ennskraftwerke Aktiengesellschaft. The share of the electricity procured from Gas- und Dampfkraftwerk Timelkam GmbH, amounting to 70%, is used for the consolidation of the company.

Joint ventures

Due to special agreements under company law, no control exists for ENAMO GmbH, ENAMO Ökostrom GmbH, Energie AG Oberösterreich Vertrieb GmbH & Co KG, "Papyrus" Altpapierservice Handelsgesellschaft m.b.H. (Salzburg), Papyrus Wertstoff Service GmbH (Bad Reichenhall, Germany) or for Fernwärme Steyr GmbH, despite holding a majority of the voting rights. These companies are controlled jointly with other investors and are therefore accounted for using the equity method.

ENAMO GmbH delivers electric energy to large customers, Energie AG Oberösterreich Vertrieb GmbH & Co KG delivers electricity to private and industrial customers.

Energie AG Oberösterreich is the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. ENAMO GmbH, a joint venture between Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH and LINZ STROM GmbH, is general partner.

In line with IFRS 11, ENAMO GmbH, with the subsidiaries Energie AG Oberösterreich Vertrieb GmbH & Co KG and LINZ STROM Vertrieb GmbH & Co KG controlled by it, represents a joint arrangement or joint venture, as these companies are controlled jointly by Energie AG Oberösterreich and LINZ AG. These entities are to be accounted for at equity in the consolidated financial statements in line with IFRS 11 in conjunction with IAS 28. Due to the contractually agreed shares of the revenues, this amounts to 80% for ENAMO GmbH, 100% for Energie AG Oberösterreich Vertrieb GmbH & Co KG, and 0% for LINZ STROM Vertrieb GmbH & Co KG.

Associated Companies

Companies in which Energie AG Oberösterreich exercises a significant influence (associated companies) are consolidated using the equity method. Material influence exists due to holdings of the entity's share capital. Salzburg AG für Energie, Verkehr und Telekommunikation is an infrastructure provider for energy, transport and telecommunication. Wels Strom GmbH is an energy utility and service company.

Structured Entities

The Group has been leasing the property at Böhmerwaldstraße 3, Linz, where Group headquartes is located, from Power Tower GmbH since the year 2008. The Group holds a 1% share in the company.

The company is not financed by the Group. The leasing contract is for an indefinite period, cancellation by the lessee is only possible 20 years after the start of the contract at the earliest, under certain circumstances only after 23 years. The Group has the unilateral right, but no obligation, to acquire Power Tower GmbH 10, 15 or 20 years after the begin of the leasing contract. Leasing payments are linked to interest rate developments. The Group is required to perform the ongoing maintenance of the property and fulfill all legal requirements that could also apply to the owner. There are no other additional risks. The leasing contract has been classified as an operating lease contract in line with IAS 17. Power Tower GmbH is to be considered a structured entity according to IFRS 12, but is not to be included as a subsidiary in the consolidated financial statements. The rental and leasing expenses include contingent leasing payments in the amount of EUR -1,946.7 thousand (previous year: EUR -1,882.7 thousand) calculated on the basis of variable interest rates.

Other Investments

Shares in subsidiaries, joint ventures, or associated companies that are of subordinate importance from the Group perspective are classified as "available for sale". If there is no quoted price in an active market available, and the fair value cannot be measured reliably, the value is recognised at cost. The companies which are not consolidated because of their subordinate importance are also insignificant in the total sum.

The changes in the scope of consolidation are as follows:

	Full consolidation	Proportionate consolidation	Equity consolidation
30/09/2016	48	2	11
Included for the first time in the reporting year	1	—	1
Disposed of during the reporting year	- 1	—	—
30/09/2017	**48**	**2**	**12**

All shares in Finadvice Fair Energy Wind Development sp.zo.o. were sold during the reporting year. IfEA Institut für Energieausweis GmbH was included in the consolidated financial statements as a fully consolidated company for the first time, while Energie Ries Wärme GmbH was for the first time included in the consolidated financial statements using the equity method. The share in result of companies consolidated at equity has thus decreased by EUR 3.2 million. The other implications resulting from the changed scope of consolidation are deemed negligible.

Joint ventures	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	30/09/2017 EUR mill.	30/09/2016 EUR mill.	**30/09/2017 EUR mill.**	30/09/2016 EUR mill.	**30/09/2017 EUR mill.**	30/09/2016 EUR mill.
Non-current assets	2.4	2.8	0.1	0.1	72.8	77.5
Current assets	136.8	133.4	33.4	40.1	13.1	12.7
	139.2	**136.2**	**33.5**	**40.2**	**85.9**	**90.2**
Equity	96.4	91.8	11.2	13.7	17.7	14.5
Non-current liabilities	12.7	14.4	0.1	0.1	56.6	65.4
Current liabilities	30.1	30.0	22.2	26.4	11.6	10.3
	139.2	**136.2**	**33.5**	**40.2**	**85.9**	**90.2**
Cash and cash equivalents	0.5	0.4	0.6	8.9	5.3	5.6
Non-current financial liabilities	—	—	—	—	45.7	52.2

Joint ventures	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	2016/2017 EUR mill.	2015/2016 EUR mill.	**2016/2017 EUR mill.**	2015/2016 EUR mill.	**2016/2017 EUR mill.**	2015/2016 EUR mill.
Sales revenues	240.2	250.0	215.9	235.1	58.6	52.2
Depreciation, amortisation, and impairments	—	—	—	—	- 5.8	- 5.4
Interest income	0.1	0.1	—	—	0.8	0.1
Interest expense	- 0.2	- 0.3	—	- 0.1	- 1.4	- 1.4
Taxes	- 0.1	- 0.1	- 1.0	- 1.7	- 1.0	- 0.3
Earnings after taxes	52.0	46.0	2.9	5.0	4.1	2.1
Share in net assets as of 1 October	91.8	49.0	9.7	8.9	3.4	2.2
Profit for the period	52.5	44.8	2.6	4.1	1.6	1.2
Dividends	- 48.0	- 2.0	- 4.4	- 3.3	- 0.3	—
Share in net assets as of 30 September	96.3	91.8	7.9	9.7	4.7	3.4
Goodwill	—	—	—	—	4.2	4.2
Carrying amount as of 30/09	**96.3**	**91.8**	**7.9**	**9.7**	**8.9**	**7.6**

Associated companies	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	30/09/2017 EUR mill.	30/09/2016 EUR mill.	30/09/2017 EUR mill.	30/09/2016 EUR mill.	30/09/2017 EUR mill.	30/09/2016 EUR mill.
Non-current assets	1,368.8	1,281.9	52.2	49.7	19.1	—
Current assets	71.5	87.9	11.8	11.7	8.2	—
	1,440.3	1,369.8	64.0	61.4	27.3	—
Equity	515.2	455.8	23.9	21.3	4.8	—
Non-current liabilities	639.7	642.1	26.5	26.0	5.2	—
Current liabilities	285.4	271.9	13.6	14.1	17.3	—
	1,440.3	1,369.8	64.0	61.4	27.3	—

Associated companies	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	2016/2017 EUR mill.	2015/2016 EUR mill.	2016/2017 EUR mill.	2015/2016 EUR mill.	2016/2017 EUR mill.	2015/2016 EUR mill.
Sales revenues	1,259.7	1,043.3	78.5	74.5	1.7	—
Earnings after taxes	77.3	35.9	4.8	2.9	- 0.1	—
Dividends	- 17.6	- 27.2	- 2.2	- 1.3	—	—
Share in net assets as of 1 October	119.2	116.8	10.5	9.6	—	—
Inclusion for the first time	—	—	—	—	3.2	—
Profit for the period	20.2	9.5	2.4	1.5	- 1.3	—
Impairment	—	—	—	—	- 1.9	—
Dividends	- 4.6	- 7.1	- 1.1	- 0.6	—	—
Share in net assets as of 30 September	134.8	119.2	11.8	10.5	—	—
Goodwill	19.7	19.7	18.7	18.7	—	—
Impairment	-1.0	—	- 1.0	—	—	—
Carrying amount as of 30 September	153.5	138.9	29.5	29.2	—	—

3.2 Group Companies

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
AUSTRIA			
Energie AG Oberösterreich	Linz	Parent company	
Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Business Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Customer Services GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerk Ennshafen GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerke GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kraftwerk Labenbach GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Personalmanagement GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Trading GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Telekom GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Tech Services GmbH	Linz	100.00 (100.00)	FC (FC)
Netz Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie-Contracting Steyr GmbH	Steyr	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Wärme GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Fair Energy Renewable Power GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Group Treasury GmbH	Linz	100.00 (100.00)	FC (FC)
Cogeneration-Kraftwerke Management Oberösterreich GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Power Solutions GmbH	Linz	100.00 (100.00)	FC (FC)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
IfEA Institut für Energieausweis GmbH	Linz	100.00 (100.00)	FC (OC)
Energie AG Oberösterreich Umwelt Holding GmbH	Linz	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Umwelt Service GmbH	Hörsching	100.00 (100.00)	FC (FC)
ASPG Altlastensanierungsprojekte GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Kommunalservice GmbH	Hörsching	100.00 (100.00)	FC (FC)
Abfall-Aufbereitungs-GmbH	Hörsching	100.00 (100.00)	FC (FC)
Energie AG Oberösterreich Wasser GmbH	Linz	100.00 (100.00)	FC (FC)
MA Restabfallverwertung GmbH	Hörsching	99.00 (99.00)	FC (FC)
WDL-WasserdienstleistungsGmbH	Linz	90.00 (90.00)	FC (FC)
Market Calling Marketing GesmbH	Linz	60.00 (60.00)	FC (FC)
Gas- und Dampfkraftwerk Timelkam GmbH	Linz	50.00 (50.00)	JO (JO)
Ennskraftwerke Aktiengesellschaft	Steyr	50.00 (50.00)	JO (JO)
Energie AG Oberösterreich Vertrieb GmbH & Co KG	Linz	100.00 (100.00)	JV (JV)
ENAMO GmbH	Linz	80.00 (80.00)	JV (JV)
ENAMO Ökostrom GmbH	Linz	80.00 (80.00)	JV (JV)
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Salzburg	63.33 (63.33)	JV (JV)
Fernwärme Steyr GmbH	Steyr	51.00 (51.00)	JV (JV)
AMR Austrian Metal Recovery GmbH	Linz	50.00 (50.00)	JV (JV)
Windpower EP GmbH	Parndorf	50.00 (50.00)	JV (JV)
Bioenergie Steyr GmbH	Behamberg	49.00 (49.00)	JV (JV)
Wels Strom GmbH	Wels	49.00 (49.00)	EC (EC)
Energie Ried Wärme GmbH	Ried im Innkreis	40.00 (40.00)	EC (OC)
Salzburg AG für Energie, Verkehr und Telekommunikation	Salzburg	26.13 (26.13)	EC (EC)
Wärme Oberösterreich GmbH	Linz	- (100.00)	— (OC)
Energie AG Oberösterreich Bohemia GmbH	Linz	100.00 (100.00)	OC (OC)
Oberösterreichische Gemeinnützige Bau- und Wohngesellschaft mit beschränkter Haftung	Linz	100.00 (100.00)	OC (OC)
mieX GmbH	Peilstein	100.00 (-)	OC (—)
Energy IT Service GmbH	Linz	66.67 (66.67)	OC (OC)
BBI Breitbandinfrastruktur GmbH	Linz	55.00 (55.00)	OC (OC)
RVL Reststoffverwertung Lenzing GmbH	Lenzing	50.00 (50.00)	OC (OC)
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00 (40.00)	OC (OC)
WDL Infrastruktur GmbH	Linz	49.00 (49.00)	OC (OC)
OÖ Science-Center Wels Errichtungs-GmbH	Wels	47.67 (47.67)	OC (OC)
GRB Geothermie Ried Bohrung GmbH	Ried im Innkreis	40.00 (40.00)	OC (OC)
Recycling Innsbruck GmbH	Innsbruck	25.00 (25.00)	OC (OC)
ELG Liegenschaftsverwertung GmbH	Wallern	20.00 (20.00)	OC (OC)
CZECH REPUBLIC			
Energie AG Bohemia s.r.o.	Praha	100.00 (100.00)	FC (FC)
CEVAK a.s.	České Budějovice	100.00 (100.00)	FC (FC)
Vodáreská společnost Beroun s.r.o.	Beroun	100.00 (100.00)	FC (FC)
VODOS s.r.o.	Kolín	100.00 (100.00)	FC (FC)
Energie AG Teplo Bohemia s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
Energie AG Teplo Vimperk s.r.o.	České Budějovice	100.00 (100.00)	FC (FC)
Energie AG Teplo Rokycany s.r.o.	Rokycany	100.00 (100.00)	FC (FC)
Tepelne zasobovani Rakovník spol. s.r.o.	Rakovník	100.00 (100.00)	FC (FC)
Městské tepelné hospodářství Kolín, spol. s r.o	Kolín	95.00 (95.00)	FC (FC)
Vodáreská spolecnost Chrudim a.s.	Chrudim	95.00 (95.00)	FC (FC)
VHOS a.s.	Moravská Třebová	93.87 (93.31)	FC (FC)
SATEZA a.s.	Šumperk	91.67 (91.67)	FC (FC)
Aqua Servis a.s.	Rychnov nad Kněžnou	66.00 (66.00)	FC (FC)
Vodovody a kanalizace Beroun a.s.	Beroun	59.20 (59.20)	FC (FC)
VODOS Velkoobchod s.r.o. (formerly Energie AG Bohemia Service s.r.o.)	České Budějovice	100.00 (100.00)	OC (OC)
VODOSPOL s.r.o.	Klatovy	100.00 (-)	OC (—)
1. Jihočeská vodohospodářská spol. s r.o.	České Budějovice	100.00 (100.00)	OC (OC)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
CZECH REPUBLIC			
DÉMOS, spol. s r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
DÉMOS - správa, s.r.o.	Ústí nad Orlicí	100.00 (100.00)	OC (OC)
ENAMO s.r.o.	České Budějovice	- (65.00)	— (OC)
ITALY			
ECOFE S.R.L.	Meran	100.00 (100.00)	FC (FC)
Salvatonica Energia S.R.L.	Meran	100.00 (100.00)	FC (FC)
Energie AG Südtirol Umwelt Service GmbH	Neumarkt	100.00 (100.00)	FC (FC)
GERMANY			
Erdgas Oberösterreich Vertriebs GmbH	Tittling	100.00 (100.00)	FC (FC)
Papyrus Wertstoff Service GmbH	Bad Reichenhall	63.33 (63.33)	JV (JV)
Geothermie-Fördergesellschaft Simbach-Braunau mbH	Simbach	40.00 (40.00)	OC (OC)
POLAND			
Finadvice Fair Energy Wind Development sp.zo.o.	Warszawa	- (100.00)	— (FC)
Finadvice Fair Energy Wind Development 1 Sp. z o.o.	Warszawa	- (100.00)	— (OC)
Finadvice Fair Energy Wind Development 2 Sp. z o.o.	Warszawa	- (100.00)	— (OC)
Finadvice Fair Energy Wind Development 3 Sp. z o.o.	Warszawa	- (100.00)	— (OC)
Finadvice Fair Energy Wind Development 5 Sp. z o.o.	Warszawa	- (100.00)	— (OC)
HUNGARY			
Energie AG Heves Régió Környezetvédelmi és Hulladékgazdálkodási Korlátolt Felelősségű Társaság	Hejöpapi	100.00 (100.00)	FC (FC)
SLOVENIA			
VARINGER d.o.o.	Maribor	100.00 (100.00)	FC (FC)

FC fully consolidated company
EC associated company consolidated at equity
OC companies not consolidated due to immateriality
JV Joint venture consolidated at equity
JO Joint operation, proportionate consolidation of assets and liabilities, as well as expenses and revenues

4. CONSOLIDATION METHODS

Capital consolidation uses the purchase method of accounting, under which the fair value of the consideration paid for the acquired company is offset from the proportionate revaluated equity of the subsidiaries at the acquisition date. The non-controlling interests are measured at the fair value of the attributable assets and liabilities of the acquiree (partial goodwill method).

Goodwill from business combinations is measured according to IFRS 3. The acquired goodwill is essentially based on expected future revenues and synergy effects. The impairment of goodwill is tested at least once each year in accordance with IAS 36. Negative differences are recognised immediately in accordance with IFRS 3. Incidental acquisition costs from acquiring interests in the amount of EUR 0.0 thousand (previous year: EUR 0.0 thousand) are recognised as other operating expenses.

The financial statements of the entities fully or proportionally consolidated in the consolidated financial statements are reported according to uniform accounting and measurement principles. The separate financial statements of the fully consolidated entities, joint operations and joint ventures, as well as the entities accounted for using the equity method, are reported at the date of the consolidated financial statements, or interim reports are prepared.

Intragroup receivables and liabilities, expenses and revenues, as well as interim results are eliminated.

5. ACCOUNTING AND VALUATION PRINCIPLES

5.1. Estimates

Compiling the consolidated financial statements required estimates to be made that influence the assets, liabilities and equity, revenues, and expenses, as well as the figures disclosed in the notes.

In particular, estimates and assumptions are made in calculating provisions and in testing asset impairment.

Estimates and assumptions in the area of personnel provisions primarily involve interest rates, wage and salary trends and fluctuation.

The salary trend used to determine the provisions for pensions consists of the expected future increase of salaries and wages under collective agreements (ECB long-term inflation target plus a surcharge) and the average increases of salaries and wages.

The interest rate for discounting the provisions for pensions is determined by an external service provider on the basis of "high quality corporate bonds" and adjusted for the company's internal duration.

The interest rate for discounting the other non-current provisions is based on a no-risk interest rate determined on the basis of AAA-rated treasury bills.

In the course of testing the impairment of assets and goodwill, estimates are made concerning future cash flows and interest rates (see item 5.4 and following items).

To determine the useful lives of non-current assets, an estimate is made of the probable duration of the useful life of the assets for the company.

The Group holds procurement rights to power plants owned by third parties. The useful life of these procurement rights is based on the useful life of the power plants. A recently conducted detail analysis resulted in a prolongation of the useful life periods, which resulted in amortisation expenses that were EUR 3.2 million lower than in the previous year.

The estimates made may differ from the figures that actually result in the future and influence subsequent consolidated financial statements. In respect to the possible effects of changes in estimates, please refer to the sensitivity analyses concerning impairment testing and actuarial parameters.

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Goodwill	**65,887.3**	69,283.0
Property, plant and equipment	**1,948,116.1**	1,883,196.8
Investments	**309,629.1**	292,235.5
Non-current provisions	**280,847.2**	311,488.0
Current provisions	**14,975.3**	11,137.2

5.2. Intangible Assets

The goodwill resulting from the acquisition of subsidiaries is reported under intangible assets. Goodwill is recognised at cost less accumulated impairment losses.

Other assets acquired by the Group that have limited useful lives are recognised at cost less accumulated depreciation, and accumulated impairment losses.

Under certain circumstances according to IAS 38 (Intangible Assets), development costs are to be capitalised as self-created intangible assets and subsequently amortised over their useful lives.

With the exception of goodwill, intangible assets are amortised over the period of the following estimated useful lives:

	Useful life in years
Intangible assets	
Procurement rights	15 - 99
Other rights	4 - 50
Customer base	8 - 26
Dumping rights and landfills	depending on utilisation

Costs for research activities with the prospect of providing new scientific or technical insights are recognised as expenses.

5.3. Property, Plant and Equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The costs include expenses that are directly attributable to the acquisition of the asset. The costs for self-constructed assets include:

- material costs and production wages, including material and production overhead. General administrative expenses are not capitalised
- all other costs directly attributable to bringing the asset into working condition for its intended use
- the estimated costs of dismantling and removing the item and restoring the site on which it is located
- capitalised borrowing costs

Finance costs are capitalised according to IAS 23 using an interest rate of 4.6% (previous year 4.3%).

Subsequent expenses are only capitalised when it is probable that the future economic benefit associated with these expenses will flow to the Group. Ongoing repairs and maintenance are immediately recognised as expenses.

Property, plant and equipment are depreciated from the date on which they are available for use, or in the case of self-constructed assets, from the date the asset is completed and ready for use.

As far as different useful lives are to be applied for material non-current assets, these are recognised according to the component approach (IAS 16.43).

The depreciation of significant property, plant and equipment is recognised according to the following, Group-wide uniform useful lives:

	Useful life in years
Constructions	
Buildings	50
Other structures	10 – 50
Water engineering structures	50 – 75
Technical equipment and machinery	
Power plants	10 – 50
Electricity grid	15 – 40
Waste disposal systems	6 – 20
Telecommunications facilities	7 – 20
Manufacturing plant and equipment	3 – 10

5.4. Impairment of Goodwill

In the fourth quarter of each fiscal year, or during the course of the year when an impairment indicator arises, any potentially incurred impairment losses are determined by subjecting the goodwill to an impairment test. For this, goodwill is allocated to units that are expected to benefit from the synergies of the combination. As a rule, the individual Group companies are identified as cash-generating units. In the Waste Management Segment, the Group companies are combined by country due to the existing management and reporting structures.

An impairment loss is recognised when the carrying amount of a cash generating unit exceeds its recoverable amount. The recoverable amount corresponds to the larger amount resulting from the fair value less the costs of disposal or the value in use. The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. The planning figures are based both on past experience and on external sources of information. The assumptions concerning cash flows beyond the period of detailed planning are based on analyses of the past as well as on forecasts for the future. Future restructuring and expansion investments are not included. A growth rate of 1.0% to 1.5% is assumed for the time after period of detailed planning. The growth rate is derived from electricity prices and forecasts for future GDP growth, as well as expected increases in expenses. The assumptions concerning future GDP growth are based on European Commission publications. The testing of goodwill impairment is based on the goodwill's value in use.

The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

5.4.1. Planning Assumptions in the Waste Management Segment

Planning in the Waste Management Segment is based on the Group-wide central planning assumptions concerning economic growth, inflation and the development of interest rates and exchange rates during the planning period.

Sales planning is based on detailed planning for the individual products and services of each location. In the area of incineration plants and major customers, single-customer planning based on contractual parameters was also used. For waste and recyclables, a price development was used for the planning period that was realistic to assume at the time of planning. For the other products and services, an expected course of business development was projected and the sales revenues from electricity and district heating were determined on the basis of contracts or prospective forecasting.

The recycling and throughput volumes were planned for the major waste disposal systems based on expected market developments, based on an expected throughput of 305,000 tons for the Wels waste incineration plant and 315,000 tons for the Lenzing waste recycling plant.

The material expense items such as personnel expenses, vehicle fleet costs, maintenance and taxes were planned in line with the sales and plant planning.

5.4.2. Planning Assumptions for the Water Segment

Planning for the Water Segment is based on centrally defined, country-specific planning parameters like the development of the inflation rate and economic growth, as well as interest rates and exchange rates.

Sales planning in the area of drinking water and waste water is based on a quantity and price structure which in turn is based on a trend for sales planning that is extrapolated from historical consumption data and the planning parameters. The planned drinking water and waste water prices have been determined by each planning unit, taking into consideration the existing contract data and estimates of the future development of expenses, and in compliance with any applicable general regulatory conditions.

For the planning of material expense items in the Water Segment, country-specific planning parameters were determined using the estimates of external analysts. In particular, this includes price developments for untreated water, chemicals, and fuels, as well as prices for electricity and gas.

A major planning assumption is that existing contracts for drinking water and waste water with the municipal bodies and water authorities are maintained.

5.5. Impairment of Other Intangible Assets and Property, Plant and Equipment

According to IAS 36 (Impairment of Assets), intangible assets and property, plant and equipment are to be subjected to an impairment test when there is evidence that an asset or cash-generating unit might be impaired or a previously recognised impairment needs to be reversed. An impairment is recognised when the carrying amount exceeds the recoverable amount of the asset or cash generating unit. The recoverable amount is the larger amount resulting from the fair value less the costs of disposal or the value in use.

The value in use is determined by discounting future cash flows that are expected to be derived from a cash-generating unit. The cash flows used to determine the value in use are based on the five-year mid-term planning approved by the management board. For the subsequent period, a perpetual annuity or a calculation up to the expected end of the useful life of the object is recognised. The planning figures are based both on past experience and on external sources of information. Future restructuring and expansion investments are not included. The discount interest rate is an interest rate after taxes that reflects the current market estimates and the specific risks of the cash-generating unit.

The fair value less cost of disposal is assessed from an external perspective, the value in use is assessed from the internal perspective of the company.

5.6. Investments

The valuation of an interest in companies accounted for according to the equity method is increased or decreased according to the changes in equity in keeping with the capital share that is held.

5.7. Inventories

The valuation of inventories is recognised at average cost (moving average cost method) or at the lower net realisable value. Costs include directly allocatable costs as well as proportionate material and production overhead costs.

Impairments due to reduced realisable value are recognised using write-downs.

5.8. Emission Certificates

The CO_2 certificates issued free of charge according to the Austrian Gas Emissions Certificate Act are measured at fair value at the date of allocation and recognised both under current receivables and under current liabilities. Fluctuations in fair value are recognised in the income statement. In the course of using the emission certificates, corresponding provisions are built up and the reduction of the liability from their allocation is recognised in the income statement. Upon delivery of the emission certificates to the registration office, the provision is netted against the asset.

Certificates purchased on the market are recognised under current receivables. Fluctuations in fair value are recognised in the income statement. In the course of using the emission certificates, corresponding provisions are built up. Upon delivery of the emission certificates to the registration office, the provision is netted against the asset.

5.9. Fixed Term Deposits

The line item 'fixed term deposits' includes highly liquid fixed term deposits with an original maturity of more than three months up to one year, provided that they are not subject to limitations on availability. They are recognised at amortised costs under the category 'Loans and Receivables'.

5.10. Cash and Cash Equivalents

The item 'cash and cash equivalents' includes cash in hand and cheques received, as well as deposits at banks with an original maturity of up to three months, provided that they are not subject to limitations on availability. They are recognised at amortised costs under the category 'Loans and Receivables'.

5.11. Financial Instruments

Purchases and sales of primary financial instruments are recognised at the settlement date. Purchases and sales of derivative financial instruments are recognised at the trade date. Recognition of the financial instruments is done at the time of acquisition, always at fair value under consideration of the transaction costs. Financial instruments are derecognised when the rights to payments from the investment have lapsed or been assigned and once the Group has relinquished all substantial risks and rewards of ownership.

5.11.1. Primary Financial Instruments

Non-consolidated investments and securities are recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Energie AG Oberösterreich utilises instruments in the categories 'At Fair Value through Profit or Loss', 'Held to Maturity', 'Loans and Receivables', 'Available for Sale' and 'Financial Liabilities measured at Amortised Cost'.

The category 'At Fair Value through Profit or Loss' is used for derivatives 'Held for Trading', as well as for financial assets that are managed in accordance with a documented risk management or investment strategy and whose performance is assessed on the basis of fair value.

Securities are classified in the category 'Held to Maturity'. Financial assets in this category are primary financial assets with fixed or determinable payments for which the company has the positive intention and ability to hold to maturity. They are recognised at amortised costs in the course of subsequent measurements.

The category 'Loans and Receivables' includes borrowings at market rates and trade receivables, as well as other financial receivables and assets. 'Loans and Receivables' are primary financial assets with fixed or determinable payments that are not quoted in an active market. The financial instruments of the 'Loans and Receivables' category are subsequently measured at amortised costs.

For the categories 'Held to Maturity' and 'Loans and Receivables', allowances have been recognised for identifiable risks at the time an impairment is indicated. The following are considered criteria for the need for a write-down: financial difficulties of the issuer or debtor, late payment, increased probability of insolvency, a measurable reduction in expected future cash flows, and a material decline in the fair value of the financial instrument. Financial assets are only written down in their full carrying amount once the contractual rights to payments from the financial assets have expired (in particular in the event of insolvency). If the reasons for impairment cease to apply, the impairment is reversed up to amortised cost.

Shares in non-consolidated affiliated companies, other investments and securities are classified in the 'Available for Sale' category. These are continuously reported at fair value as far as this can be determined reliably. After deduction of deferred taxes, the resulting changes in value are recognised outside profit or loss until disposal, as far as no material or lasting impairment exists. If there is objective evidence for impairment, losses previously reported in other comprehensive income are recognised in the financial result. When estimating a possible impairment loss, all available information is taken into consideration, including credit rating, market conditions, and length and extent of the impairment. Reversals of impairments are recognised directly in equity for equity instruments, and recognised in profit or loss for debt instruments.

Non-consolidated investments and other investments are presented as 'Available for Sale at Cost'. For these investments, there is no price listed on an active market and the fair value cannot be reliably determined. They are reported at cost under consideration of amortised cost and impairments. Recognising reversals of impairment losses is not permitted.

Financial liabilities, trade payables and other financial liabilities are classified as 'Financial Liabilities Measured at Amortised Cost' and are recognised at amortised costs using the effective interest method. The initial recognition is measured at fair value plus transaction costs. Premiums, discounts or other costs of issue are distributed across the financing term and disclosed in the financial result.

5.11.2. Derivative Financial Instruments and Hedging Transactions

In the Group, derivative financial instruments are used above all to hedge the risks of fluctuations in interest rates and electricity and gas prices.

The requirements for hedge accounting according to IAS 39 specifically include documentation of the hedging relationship, the hedging strategy and the ongoing retrospective and prospective assessment of effectiveness. All components of changes in fair value of derivatives are included in effectivity assessment. Hedge accounting is considered to be effective when the fair value change of the hedging instrument is within a range of 80% to 125% of the corresponding fair value change of the hedged item.

If a derivative financial instrument according to IAS 39 is used for hedge accounting in a cash flow hedge, the effective portion of the gain or loss on the hedging instrument's fair value is recognised in equity in other comprehensive income. This is reclassified in the income statement in the same period in which the cash flows of the hedged item are recognised in profit or loss. If the hedged item ceases to exist, the hedging result is recognised in the income statement. The ineffective portion of the change in fair value of a hedging instrument for which a cash flow hedge has been created is recognised in the income statement to the extent required.

In fair value hedge accounting, both the fair value change of the derivative, and the corresponding fair value change of the hedged item, as far as it is attributable to the hedged risk, are recognised through profit or loss.

Changes in fair value of derivatives not designated as hedging instruments are recognised in the operating result or financial result. Gains and losses from interest-rate derivatives are balanced for each contract and recognised in interest results. The balanced net results of derivative proprietary trading instruments are recognised under sales revenues or material costs.

Contracts that were entered into and that continue to be held for the receipt or delivery of non-financial items in accordance with expected purchase, sale or usage requirements are not recognised as derivative financial instruments at fair value according to IAS 39, but rather as executory contracts according to the regulations of IAS 37.

5.12. Provisions Under IAS 19

Provisions for pensions, severance, stepped pension/early retirement benefits and anniversary bonuses are calculated according to the projected unit credit method in accordance with IAS 19 (Employee Benefits). Expected increases in wages, salaries and pensions are taken into account. Actuarial gains and losses for pension and severance provisions are recognised in other comprehensive income, and they are recognised as income for jubilee, stepped pension and early retirement provisions. Interest costs are recognised in the financial results.

5.13. Other Provisions

Other provisions include all recognisable obligations as at the balance sheet date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised at the amount that is most likely to be incurred. Discounted costs for obligations resulting from dismantling and removing property, plant and equipment assets and restoring the site are estimated, capitalised at the date the plant is added, and recognised as a provision.

5.14. Deferred Taxes

Deferred tax liabilities are recognised for all temporary differences between the amounts recognised in the consolidated balance sheet and the amounts recognised in the tax balance sheets of the individual Group companies. Future tax benefits resulting from tax losses that are carried forward are also taken into account. Values are adjusted if it is no longer probable that they can be offset.

5.15. Construction Cost Subsidies

This item primarily includes financing contributions received from electricity, gas and district heating customers. Following IFRIC 18, construction cost subsidies carried as liabilities are reversed as income in accordance with the depreciation procedure for the corresponding asset.

5.16. Investment Subsidies

Government grants for asset acquisition are recognised as investment subsidies and reversed in other operating revenues according to the useful life of the asset.

5.17. Contingent Liabilities

Potential or existing obligations (resulting from past events) for which an outflow of resources is not probable are recognised under contingent liabilities.

5.18. Foreign Currency Translations

Foreign currency translation is carried out according to the functional currency principle. The functional currency for all consolidated companies is the respective national currency. Accordingly, balance sheet items are translated at the mean exchange rate on the balance sheet date, and income statement items are translated at the mean exchange rate for the statement period. Differences arising from the currency translation of shares in equity are recognised in other comprehensive income. Differences from currency translation of minority interests are recognised under the line item 'non-controlling interest in equity'. On 30/09/2017, the exchange rate for the Czech koruna was 25.9975 (previous year: 27.02310), for the Hungarian forint 311.188 (previous year: 308.2945), for the Swiss franc 1.14457 (previous year: 1.08805), for the Polish zloty 4.31156 (previous year: 4.30177), for the US dollar 1.18021 (previous year: 1.12225). Currency translation differences from long-term intra-Group corporate loans for which repayment is neither planned nor likely are recognised outside profit or loss in exchange differences.

5.19. Revenue Recognition

In general, revenues are recognised at the time the goods or services are delivered, as long as the receivable value has been determined or can be determined and its collection is likely. Receivables from gas and water supplies that have not been invoiced as at the balance sheet date, as well as grid services, are accrued and recognised in the line item 'trade receivables'.

Interest income is accrued on a pro-rata basis depending on the effective interest rate. Dividends are recognised at the time when the right to received payment was established.

NOTES TO THE INCOME STATEMENT

6. SALES REVENUES

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Energy Segment	989,161.6	877,423.5
Grid Segment	310,163.7	287,519.4
Waste Management Segment	208,382.1	200,438.1
Water Segment	135,543.1	129,358.4
Holding & Services Segment	43,412.4	40,167.5
Sales revenues	**1,686,662.9**	**1,534,906.9**
Procurement costs for proprietary electricity and gas trading	- 91,884.1	- 95,667.6
Net sales revenues	**1,594,778.8**	**1,439,239.3**

Sales revenues include revenues from proprietary trading of electricity and gas. Net sales revenues (after deducting procurement costs for proprietary electricity and gas trading) include the realised margin. Procurement costs for proprietary energy and gas trading pertain to quantities of electricity and gas that have been purchased solely for the purpose of reselling at the wholesale level while achieving an appropriate margin.

7. SEGMENT REPORTING

Segment Reporting by Business Units

In the Energie AG Group, identification of reportable segments according to IFRS 8 is done according to internal reporting and internal control (Management Approach).

The segment reporting includes the Energy, Grid, Waste Management, and Water and Holding & Services Segments.

The accounting policies of the reported segments are the same as those used throughout the Group. The operating result is the net profit or loss for the period that is monitored regularly by the chief operating decision-makers and used as the primary basis for assessing success and for allocating resources.

The sales transactions carried out between the Grid Segment and the other segments primarily involve grid services for which the prices are based on regulatory stipulations. Intra-Group sales transactions in the Holding & Services Segment primarily involve delivery of goods and services that are charged at prices corresponding to market conditions, as well as sales in the area of grid services (metering) which are charged at prices based on regulatory stipulations. 'Capital employed' is the key figure relating to assets and liabilities in the Group that are reported to the chief operating decision makers on a regular basis. Capital employed includes above all equity and interest-bearing liabilities, less cash and cash equivalents, fixed term deposits, and certain financial assets.

Energy

The Energy Segment figures include the production, trade and sales of electrical energy. Electrical energy is primarily generated using hydraulic and thermal power generation plants. In addition, electrical energy is also obtained from third-party power plants via procurement rights, as well as on the electricity market. The Electricity Segment also includes Energie AG Oberösterreich Trading GmbH as a central electricity and gas trading company, as well as the 7-Fields gas reservoir. The trade with and distribution of natural gas, the heating business unit, as well as Energie AG Oberösterreich Vertrieb GmbH & Co KG (measured at equity), ENAMO GmbH, ENAMO Ökostrom GmbH and Energie Wärme Ried GmbH are allocated to the Energy Segment.

Grid

The Grid Segment includes the construction and operation of the electricity and gas grids.

Waste Management

The Waste Management Segment primarily includes the acceptance, sorting, incineration and landfilling of domestic and industrial waste. 'Papyrus' Altpapierservice Handelsgesellschaft m.b.H. (valued at equity), Papyrus Wertstoff Service GmbH and Austrian Metal Recovery GmbH are allocated to the Waste Management Segment.

Water

The Water Segment primarily includes supplying drinking water, as well as disposing of wastewater.

Holding & Services

The Holding & Services Segment comprises the management and control functions of the segment, commercial and technical services, and the telecommunications business unit, as well as the two consolidated at-equity investments Salzburg AG für Energie, Verkehr und Telekommunikation and Wels Strom GmbH.

Segment reporting by business units is as follows:

2016/2017	Energy EUR mill.	Grid EUR mill.	Waste Management EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Reconciliation /elimination EUR mill.	Group EUR mill.
Sales to third parties	989.2	310.2	208.4	135.5	43.4		1,686.7
Intra-company sales	1.2	53.7	7.1	0.4	174.8	- 237.2	—
Total sales	**990.4**	**363.9**	**215.5**	**135.9**	**218.2**	**- 237.2**	**1,686.7**
Result from investments in equity companies	52.5	—	0.4	—	20.6	—	73.5
Depreciation, amortisation and impairments	- 36.3	- 65.9	- 18.3	- 25.7	- 23.8	—	- 170.0
Thereof impairments	- 13.2	—	- 2.5	- 18.2	- 3.3	—	- 37.2
Operating result	109.8	99.8	7.0	- 8.1	13.3	—	221.8
Carrying amount of investments in equity companies	110.1	—	3.1	—	182.9	—	296.1
Goodwill	1.1	—	45.3	19.3	0.2	—	65.9
Investments in intangible assets and property, plant and equipment	35.2	78.9	11.3	5.4	58.7	—	189.5
Capital employed	596.6	651.2	168.1	91.2	102.4	—	1,609.5

	EUR mill.
Capital employed	1,609.5
Assets not used in the service production and sales process	517.9
Non-interest bearing liabilities, provisions	951.8
Balance sheet total	**3,079.2**

2015/2016	Energy EUR mill.	Grid EUR mill.	Waste Management EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Reconciliation /elimination EUR mill.	Group EUR mill.
Sales to third parties	877.4	287.5	200.4	129.4	40.2	—	1,534.9
Intra-company sales	2.3	44.0	6.4	0.4	166.4	- 219.5	—
Total sales	**879.7**	**331.5**	**206.8**	**129.8**	**206.6**	**- 219.5**	**1,534.9**
Result from investments in equity companies	50.2	—	0.8	—	2.0	—	53.0
Depreciation, amortisation and impairments	- 53.9	- 81.8	- 21.5	- 7.6	- 18.6	—	- 183.4
Thereof impairments	- 28.5	- 17.4	- 4.0	—	—	—	- 49.9
Operating result	78.0	44.1	8.1	10.3	- 5.1	—	135.4
Carrying amount of investments in equity companies	106.4	—	2.8	—	168.0	—	277.2
Goodwill	1.1	—	45.3	22.8	0.1	—	69.3
Investments in intangible assets and property, plant and equipment	27.5	73.4	14.8	9.8	34.0		159.5
Capital employed	621.4	628.5	176.1	108.9	75.4	—	1,610.3

	EUR mill.
Capital employed	1,610.3
Assets not used in the service production and sales process	479.7
Non-interest bearing liabilities, provisions	900.6
Balance sheet total	**2,990.6**

Revenues from the reversal of construction cost subsidies of EUR 24.1 million (previous year: EUR 23.4 million) pertain to the Grid Segment, while reversals of impairments in the amount of EUR 20.9 million pertain to the Energy Segment and EUR 16.5 million to the Grid Segment. Non-cash line items in connection with derivatives in the amount of EUR -15.7 mill. (previous year: EUR -22.3 mill.) pertain to the Energy Segment.

Segment Reporting by Geographical Segments

The Energie AG Oberösterreich Group operates primarily in the regions 'Austria' and 'Czech Republic'. Business operations in other countries (Italy, Germany, Slovenia, Hungary, Poland) are combined in the geographical segment 'Other Countries'.

2016/2017	Austria EUR mill.	Czech Republic EUR mill.	Other countries EUR mill.	Group EUR mill.
Sales to third parties	1,533.8	141.8	11.1	**1,686.7**
Capital employed	1,508.6	83.4	17.5	**1,609.5**

2015/2016	Austria EUR mill.	Czech Republic EUR mill.	Other countries EUR mill.	Group EUR mill.
Sales to third parties	1,389.5	135.4	10.0	**1,534.9**
Capital employed	1,508.5	85.2	16.6	**1,610.3**

8. OTHER OPERATING REVENUES

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Revenues from the disposal of intangible assets and property, plant and equipment	3,371.7	3,736.8
Reversals of impairment	37,328.4	-
Capitalised production costs	761.5	704.4
Rental and lease income	3,352.3	3,307.7
Revenues from the reversal of investment subsidies	3,165.5	2,658.6
Revenues from CO_2 certificates	1,928.8	3,801.8
Other revenues	5,726.8	6,753.2
	55,635.0	**20,962.5**

9. EXPENSES FOR MATERIAL AND OTHER PURCHASED PRODUCTION SERVICES

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Electricity purchased from third parties	422,095.4	453,503.7
Grid purchases	65,033.9	63,596.5
Fuel purchase	29,123.1	32,537.7
Other purchased goods	386,154.1	226,265.9
Expenses for purchased services	123,553.8	118,370.9
	1,025,960.3	**894,274.7**
Procurement costs for proprietary electricity and gas trading	- 91,884.1	- 95,667.6
	934,076.2	**798,607.1**

10. PERSONNEL EXPENSE

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Wages and salaries	199,623.1	199,466.6
Severance payments and contributions to company pension funds	5,421.6	4,293.2
Pension payments	8,615.7	14,476.1
Statutory social security contributions and payroll related Taxes and statutory contributions	51,061.8	51,511.9
Other benefit expenses	4,932.7	- 6,816.4
	269,654.9	**262,931.4**

The expenses for defined contribution pension plans are EUR 5,764.2 thousand (previous year: EUR 6,586.7 thousand). Expenses for severance payments of EUR 15.4 thousand (previous year: EUR 13.8 thousand), as well as expenses for pension payments of EUR 227.6 thousand (previous year: EUR 347.5 thousand), pertain to members of the Board of Management.

The salaries paid to the Management Board and the Supervisory Board of Energie AG Oberösterreich amount to:

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Management Board	828.9	859.0
Former Management Board members and their survivors	748.5	745.0
Supervisory Board	101.0	102.0
	1,678.4	**1,706.0**

The average number of employees in this fiscal year amounts to 4,340 (previous year: 4,362). Part-time employees are included on a proportional basis.

11. DEPRECIATION, AMORTISATION, AND IMPAIRMENTS

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Depreciation and amortisation	132,839.0	133,503.3
Impairments	37,194.4	49,927.7
	170,033.4	**183,431.0**

12. OTHER OPERATING EXPENSES

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Taxes	8,125.5	7,761.1
Outside services	52,032.2	56,109.6
Travel expenses	8,512.3	8,311.9
Insurance premiums	4,856.9	5,608.5
Postage and telecommunication	5,647.7	5,501.7
Rental and leasing expenses	7,804.6	7,714.7
Impairment of receivables	1,305.2	958.0
Allocation to allowances for doubtful receivables	4,005.4	2,297.1
Vehicle expense	18,080.7	17,753.9
Losses from the disposal of intangible assets and property, plant and equipment	5,099.6	3,249.1
Repairs	22,675.7	23,757.9
Other expenses	27,239.3	27,698.4
	165,385.1	**166,721.9**

Taxes mainly include property tax, dumpsite levy and electricity levy, as well as the Austrian landfill tax. 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 665.6 thousand (previous year: EUR 687.8 thousand). In addition, the Group auditor provided other consulting services for the Energie AG Oberösterreich Group totaling EUR 103.0 thousand (previous year: EUR 211.9 thousand). In the 2016/2017 fiscal year, the fees charged by foreign members of the KPMG network for audit services amount to EUR 14.3 mill. In addition to this, other members of the KPMG network in Austria and other countries performed approved tax advisory or valuation services and other consultancy services as stipulated in Article 5 Section 3 EU Regulation for the audited company and companies in EU member states controlled by it. These services only had indirect effects on the present consolidated financial statements. The professional fees invoiced for services rendered in fiscal year 2016/17 amount to EUR 210.0 thousand.

13. INTEREST INCOME

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Financing expenses		
Interest and similar expenses	- 26,413.1	- 23,777.0
Interest on provisions for pensions	- 3,285.9	- 5,171.9
Foreign exchange losses	- 96.3	- 228.7
	- 29,795.3	**- 29,177.6**
Other interest result		
Interest and similar revenues	1,055.5	1,734.7
Foreign exchange profit	2,032.9	176.8
Valuation of interest rate derivatives	34.0	- 773.2
	3,122.4	**1,138.3**
	- 26,672.9	**- 28,039.3**

14. OTHER FINANCIAL RESULT

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Result from investments		
Non-consolidated affiliated companies	24.3	24.3
Revenues from other investments	744.1	1,047.3
Gains from the disposal of other investments	—	46.8
Impairment of investments	- 133.0	- 7,245.6
	635.4	**- 6,127.2**
Securities and borrowings		
Losses from the disposal of borrowings	-2.0	—
Gains from the disposal of borrowings	138.7	—
Revenues from securities	706.4	983.3
Impairment of securities	-83.5	- 233.8
Addition to securities	100.8	20.0
Losses from the disposal of securities	—	- 34.7
Gains from the disposal of securities	5,819.3	222.7
	6,679.7	**957.5**
	7,315.1	**- 5,169.7**

15. INCOME TAXES

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Current income taxes	33,876.6	24,992.2
Adjustment of deferred taxes	11,902.4	- 3,998.2
	45,779.0	**20,994.0**

Expenses for taxes on income are EUR 5,175.4 thousand lower (previous year: EUR 4,497.8 thousand lower) than the calculated expenses for taxes on income that result from applying the respective tax rates to the earnings before taxes on income.

The reasons for the difference between the calculated and reported income tax expenses are as follows:

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Earnings before taxes	202,452.9	102,219.4
Calculated tax expense	50,954.4	25,491.8
Tax effects from		
results from at equity companies and investments	- 6,781.4	- 3,668.6
Other items	1,606.0	- 829.2
Effective tax expense	**45,779.0**	**20,994.0**
Effective tax rate in %	**22.6**	**20.5**

Temporary differences between the amounts recognised in the consolidated financial statements and the respective taxable amounts have the following effects on the reported deferred taxes:

	Assets		Liabilities		Net	
	2017 EUR 1,000	2016 EUR 1,000	2017 EUR 1,000	2016 EUR 1,000	2017 EUR 1,000	2016 EUR 1,000
Intangible assets	—	—	- 14,354.2	- 14,947.2	- 14,354.2	- 14,947.2
Property, plant and equipment	14,916.1	20,396.3	- 85,053.7	- 80,183.1	- 70,137.6	- 59,786.8
Financial assets	4,125.4	4,125.4	- 8,566.5	- 8,171.8	- 4,441.1	- 4,046.4
Other non-current assets	—	—	- 690.9	- 842.3	- 690.9	- 842.3
Provisions	29,921.7	42,417.2	- 4,389.8	- 9,786.7	25,531.9	32,630.5
Untaxed reserves	—	—	- 16,850.6	- 17,931.4	- 16,850.6	- 17,931.4
Construction cost subsidies	21,701.8	21,488.4	- 3,138.6	- 3,415.6	18,563.2	18,072.8
Other non-current liabilities	1,859.5	1,927.9	—	—	1,859.5	1,927.9
Hedge accounting	2,026.1	12,028.4	—	—	2,026.1	12,028.4
Outstanding write-downs to net present value	6,171.7	8,034.8	—	—	6,171.7	8,034.8
Other	860.6	493.2	- 395.4	- 202.1	465.2	291.1
Deferred tax assets/liabilities before offsetting	**81,582.9**	**110,911.6**	**- 133,439.7**	**- 135,480.2**	**- 51,856.8**	**- 24,568.6**

	Balance as of 30/09/2017 EUR 1,000	Change in the scope of consolidation EUR 1,000	Currency translation items EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance as of 01/10/2016 EUR 1,000
Intangible assets	- 14,354.2	—	- 59.0	—	652.0	- 14,947.2
Property, plant and equipment	- 70,137.6	—	- 137.6	—	- 10,213.2	- 59,786.8
Financial assets	- 4,441.1	—	—	- 522.1	127.4	- 4,046.4
Other non-current assets	- 690.9	—	—	—	151.4	-842.3
Provisions	25,531.9	—	7.8	- 4,903.7	- 2,202.7	32,630.5
Untaxed reserves	- 16,850.6	—	—	—	1,080.8	- 17,931.4
Construction cost subsidies	18,563.2	—	11.1	—	479.3	18,072.8
Other non-current liabilities	1,859.5	—	—	—	-68.4	1,927.9
Hedge accounting	2,026.1	—	—	- 9,787.0	-215.3	12,028.4
Outstanding write-downs to net present value	6,171.7	—	—	—	- 1,863.1	8,034.8
Other	465.2	—	4.7	—	169.4	291.1
	- 51,856.8	**—**	**- 173.0**	**- 15,212.8**	**- 11,902.4**	**- 24,568.6**

	Balance as of 30/09/2016 EUR 1,000	Change in the scope of consolidation EUR 1,000	Currency translation items EUR 1,000	Recognised in equity EUR 1,000	Recognised in profit or loss EUR 1,000	Balance as of 01/10/2015 EUR 1,000
Intangible assets	- 14,947.2	—	- 15.7	—	301.1	- 15,232.6
Property, plant and equipment	- 59,786.8	—	- 24.6	—	10,618.8	- 70,381.0
Financial assets	- 4,046.4	—	—	- 219.2	436.5	- 4,263.7
Other non-current assets	- 842.3	—	—	—	12.8	-855.1
Provisions	32,630.5	—	3.4	4,281.3	- 7,146.9	35,492.7
Untaxed reserves	- 17,931.4	—	—	—	538.2	- 18,469.6
Construction cost subsidies	18,072.8	—	—	—	191.4	17,881.4
Other non-current liabilities	1,927.9	—	—	—	- 64.7	1,992.6
Hedge accounting	12,028.4	—	—	- 856.4	215.4	12,669.4
Outstanding write-downs to net present value	8,034.8	—	—	—	- 668.0	8,702.8
Other	291.1	—	80.7	—	- 436.4	646.8
	- 24,568.6	**—**	**43.8**	**3,205.7**	**3,998.2**	**- 31,816.3**

No deferred tax liabilities were recognised for temporary differences associated with fully consolidated subsidiaries, joint arrangements, or associated companies in the amount of EUR 338,413.5 thousand (previous year: EUR 244,528.3 thousand).

Deferred taxes in the amount of EUR -522.1 thousand (previous year: EUR -219.2 thousand) pertain to changes in value of investments and securities available for sale; deferred taxes in the amount of EUR -9,787.0 thousand (previous year: EUR -856.4 thousand) pertain to changes in value from hedge accounting recognised in equity.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

16. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Changes in intangible assets and goodwill:

2016/2017	Procurement rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under construction EUR 1,000	**Total EUR 1,000**
Costs						
01/10/2016	247,256.7	106,970.1	76,171.0	42,529.3	49.3	472,976.4
Exchange differences	—	150.2	739.2	870.9	2.8	1,763.1
Additions	600.2	7,038.5	—	—	139.5	7,778.2
Disposals	—	- 392.4	—	- 352.8	—	- 745.2
Transfers	—	- 1,205.4	—	—	- 104.4	- 1,309.8
30/09/2017	**247,856.9**	**112,561.0**	**76,910.2**	**43,047.4**	**87.2**	**480,462.7**
Accumulated amortisation and impairment						
01/10/2016	165,364.5	72,751.4	6,888.0	21,807.8	—	266,811.7
Exchange differences	—	135.0	—	444.8	—	579.8
Amortisation	1,069.5	3,237.3	—	2,564.8	—	6,871.6
Impairment	—	6,639.7	4,134.9	2,813.1	—	13,587.7
Disposals	—	- 347.5	—	- 352.8	—	- 700.3
Transfers	—	—	—	—	—	—
30/09/2017	**166,434.0**	**82,415.9**	**11,022.9**	**27,277.7**	**—**	**287,150.5**
Carrying amount as of 01/10/2016	81,892.2	34,218.7	69,283.0	20,721.5	49.3	206,164.7
Carrying amount as of 30/09/2017	**81,422.9**	**30,145.1**	**65,887.3**	**15,769.7**	**87.2**	**193,312.2**

2015/2016	Procurement rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under construction EUR 1,000	**Total EUR 1,000**
Costs						
01/10/2015	241,886.7	101,877.9	76,033.4	49,380.1	97.8	469,275.9
Exchange differences	—	26.4	137.6	165.2	0.7	329.9
Additions	5,370.0	5,520.2	—	—	129.0	11,019.2
Disposals	—	- 671.7	—	- 7,016.0	- 2.8	- 7,690.5
Transfers	—	217.3	—	—	- 175.4	41.9
30/09/2016	**247,256.7**	**106,970.1**	**76,171.0**	**42,529.3**	**49.3**	**472,976.4**
Accumulated amortisation and impairment						
01/10/2015	161,690.9	68,416.6	6,888.0	25,491.1	—	262,486.6
Exchange differences	—	23.1	—	57.9	—	81.0
Amortisation	3,673.6	3,042.6	—	2,596.1	—	9,312.3
Impairment	—	1,489.4	—	678.7	—	2,168.1
Disposals	—	- 118.6	—	- 7,016.0	—	- 7,134.6
Transfers	—	- 101.7	—	—	—	- 101.7
30/09/2016	**165,364.5**	**72,751.4**	**6,888.0**	**21,807.8**	**—**	**266,811.7**
Carrying amount as of 01/10/2015	80,195.8	33,461.3	69,145.4	23,889.0	97.8	206,789.3
Carrying amount as of 30/09/2016	**81,892.2**	**34,218.7**	**69,283.0**	**20,721.5**	**49.3**	**206,164.7**

Changes in property, plant and equipment

2016/2017	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manufacturing plant and equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01/10/2016	1,042,160.0	3,562,568.6	192,300.0	47,743.4	4,844,772.0
Exchange differences	2,973.6	1,455.1	467.4	140.4	5,036.5
Additions	15,944.9	115,195.9	10,843.7	39,689.2	181,673.7
Disposals	- 2,972.5	- 20,981.8	- 4,502.8	- 848.4	- 29,305.5
Transfers	7,239.8	22,159.7	1,345.0	- 29,434.7	1,309.8
30/09/2017	**1,065,345.8**	**3,680,397.5**	**200,453.3**	**57,289.9**	**5,003,486.5**
Accumulated depreciation and impairment					
01/10/2016	565,667.1	2,234,959.4	157,200.7	3,748.0	2,961,575.2
Exchange differences	1,323.1	961.1	332.6	- 5.2	2,611.6
Depreciation	17,240.5	96,957.3	11,484.8	284.8	125,967.4
Reversals of impairment	—	- 37,328.4	—	—	- 37,328.4
Impairment	10,436.9	13,126.0	43.8	—	23,606.7
Disposals	- 746.8	- 15,843.1	- 4,472.2	—	- 21,062.1
Transfers	107.8	- 284.3	139.9	36.6	—
30/09/2017	**594,028.6**	**2,292,548.0**	**164,729.6**	**4,064.2**	**3,055,370.4**
Carrying amount as of 01/10/2016	476,492.9	1,327,609.2	35,099.3	43,995.4	1,883,196.8
Carrying amount as of 30/09/2017	**471,317.2**	**1,387,849.5**	**35,723.7**	**53,225.7**	**1,948,116.1**

2015/2016	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manufacturing plant and equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01/10/2015	1,030,439.5	3,451,693.8	185,231.3	43,754.6	4,711,119.2
Exchange differences	509.0	248.0	77.3	28.4	862.7
Additions	5,061.7	98,202.9	9,783.5	35,390.4	148,438.5
Disposals	- 4,004.5	- 6,520.9	- 4,807.0	- 274.1	- 15,606.5
Transfers	10,154.3	18,944.8	2,014.9	- 31,155.9	- 41.9
30/09/2016	**1,042,160.0**	**3,562,568.6**	**192,300.0**	**47,743.4**	**4,844,772.0**
Accumulated depreciation and impairment					
01/10/2015	543,214.5	2,100,542.2	149,896.5	3,863.5	2,797,516.7
Exchange differences	226.3	158.6	53.3	- 0.9	437.3
Depreciation	21,524.2	90,740.8	11,926.0	—	124,191.0
Impairment	1,269.6	46,490.0	—	—	47,759.6
Disposals	- 567.6	- 3,188.4	- 4,675.1	—	- 8,431.1
Transfers	0.1	216.2		- 114.6	101.7
30/09/2016	**565,667.1**	**2,234,959.4**	**157,200.7**	**3,748.0**	**2,961,575.2**
Carrying amount as of 01/10/2015	487,225.0	1,351,151.6	35,334.8	39,891.1	1,913,602.5
Carrying amount as of 30/09/2016	**476,492.9**	**1,327,609.2**	**35,099.3**	**43,995.4**	**1,883,196.8**

For the purposes of impairment testing, goodwill is allocated to the following cash-generating units and the cash flows of these cash-generating units are discounted at the following discount rates:

	Goodwill in EUR mill.		Discount rate in %	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Waste Management Segment				
Austria	43.1	43.1	5.1	4.8
Italy	2.2	2.2	5.9	5.3
	45.3	45.3		
Water Segment				
CEVAK a.s.	15.0	14.5	4.5	4.3
WDL Wasserdienstleistungs GmbH	–-	4.1	4.2	4.3
Other companies	4.3	4.2	4.5 – 4.9	4.3 – 5.2
	19.3	22.8		
Other	**1.3**	1.2	5.0 – 5.3	4.4 – 4.7
Total	**65.9**	69.3		

The recoverable amount of the "Waste Management Segment/Austria" cash-generating unit exceeds the carrying amount by EUR 21.4 mill., while the recoverable amount of CEVAK a.s. exceeds the carrying amount by EUR 98.5 mill. In the event of a decrease in future cash flows by 10.1%, or an increase in the interest rate by 0.45%, the carrying amount of the "Waste Management Segment/Austria" cash-generating unit corresponds to the present value of the future cash flows.

Due to the increased utilisation of the power plant for grid reserve management and redispatch, impairment testing was performed for the Timelkam combined cycle gas-turbine power plant (Energy Segment). The maximum output of the power plants amounts to 422 MW, maximum district heating supply is 100 MW. Efficiency was estimated at 55.7%. Annual electricity generation was recognised at up to 1,383 GWh per year (previous year: 1,443 GWh). The assumptions for the future electricity and gas prices are based, where available, on market data; if no market data were available, estimates were made based on market studies. The estimated electricity price is 28.77 to 78.08 EUR/MWh (previous year: 22.1 to 69.1 EUR/MWh). Expenses for maintenance and repair were recognised according to maintenance plans and contracts. Other material expense items such as personnel costs, insurance and infrastructure costs are annually increased by an estimated increase rate. The discount rate is 5.0% (previous year: 4.4%). The planning period ends in the 2037/2038 financial year. A reversal in the amount of EUR 20.9 mill. (previous year: impairment in the amount of EUR 22.4 mill.) was recognised, in particular due to the expected increased utilisation of the power plant. The recoverable amount determined using the DCF method corresponds to the value in use in the amount of EUR 53.6 mill. (previous year: EUR 35.9 mill.). Fluctuations in cash flows of 20% resulted in a change of EUR 10.7 mill. in the recoverable amount. The increase in the interest rate of 0.5% resulted in a decrease of EUR 2.0 mill. in the recoverable amount.

The impairment of the "Price Authority Heating Distribution" cash-generating unit (Energy Segment) was also tested in the past fiscal year. This unit includes the Timelkam/Vöcklabruck, Riedersbach and Kirchdorf heating plants, for which the sales prices are jointly set by a price authority. Future revenue is based on an annual output of 236.4 GWh and was planned under the assumption that negative results can be compensated for in the medium-term with increased heating prices. Prices approved in the past by the price authority support this assumption. Using a discount rate of 5.0%, the recoverable amount (value in use) was determined as EUR 8.9 mill. The impairment amounts to EUR 3.7 mill.

The impairment of the cash-generating unit "Gas storage 7-Fields" mainly depends on the expected gas prices on the trading markets during the summer and winter months (summer-winter-spread), as well as the interest rate used for discounting the payment streams. A reassessment of the future spreads has resulted in reduced future cash flows. Combined with a discounting rate increase from 4.8% to 5.2%, this resulted in an impairment of EUR 6.6 mill., with the recoverable amount (value in use) recognised at EUR 12.0 mill.

The impairment of the electricity grid (Grid Segment) was also tested, in particular due to market transactions that resulted in higher proceeds on disposal. The fair value less disposal costs was recognised as the recoverable amount. The fair value was determined using an EBITDA multiplier (8.98 x; 30 Sept 2016: 7.87 x) calculated on the basis of available market transactions. The EBITDA was recognised at EUR 62.9 mill. (previous year: EUR 59.4 mill.). The disposal costs were estimated at 1% of the transaction value. The recoverable amount is EUR 559.3 million (previous year: EUR 463.1 million), resulting in an appreciation in the amount of EUR 16.5 mill. (previous year: impairment EUR 17.4 mill.) and a carrying amount of EUR 467.8, which is equivalent to the amortised cost. A reduction of the EBITDA multiplier by 0.5 results in the recoverable amount being reduced by EUR 31.1 mill. and, thus, not in an impairment.

A reassessment of the market situation and market opportunities for WDL Wasserdienstleistungs GmbH confirmed that a lower profit contribution has to be expected for new contracts. Combined with higher future capital purchases, this resulted in an impairment of EUR 15.4 mill. based on a discount rate of 4.2%. The recoverable amount (value in use) is EUR 36.9 million.

In the Waste Management Segment, an impairment in the amount of EUR 4.0 mill. was recognised for incineration plants in the previous year. The recoverable amount (value in use) was EUR 93.5 mill. The discount rate was 4.8%. The planning figures are based on an assumed throughput of 315,000 tons/year.

Research costs in the amount of EUR 3.2 mill. (previous year: EUR 3.5 mill.) were recognised as expenses.

In the 2016/2017 fiscal year, interest on borrowed capital in the amount of EUR 473.5 thousand (previous year: EUR 2,079.0 thousand) was capitalised.

Additions to assets under construction led to outflows of payment instruments in the amount of EUR 35,385.6 thousand (previous year: EUR 26,118.2 thousand). Obligations for the acquisition of property, plant and equipment amount to EUR 24,567.6 thousand (previous year: EUR 18,111.6 thousand).

In the 2007/2008 fiscal year, property, plant and equipment assets in the Waste Management Segment were sold and leased back for a period of 15 years „sale and lease back"). The assets of this financing lease relationship continue to be capitalised in the balance sheet. The present value of the minimum lease payments is recognised in the same amount on the liabilities side. During and at the end of the contract term, there are options to terminate at certain points against repayment of the outstanding loan amount. At the end of the lease term, the lessor has the right to sell the asset to the lessee at the outstanding loan amount. During the leasing term, subleasing to third parties is not permitted. The carrying amount as of 30/09/2017 is EUR 25,725.1 thousand (previous year: EUR 31,520.9 thousand). The future minimum lease payments for the following year are EUR 2,496.4 thousand (previous year: EUR 2,457.8 thousand), for terms between one and five years EUR 11,275.6 thousand (previous year: EUR 11,019.7 thousand), for terms in excess of five years EUR 37,285.8 thousand (previous year: EUR 40,387.8 thousand). Leasing payments calculated on the basis of a variable interest rate were recognised as expenses in the amount of EUR -2,671.3 thousand (previous year: EUR -2,533.5 thousand).

The present value of the minimum lease payments is as follows:

	Minimum lease payments EUR 1,000	Discount EUR 1,000	Present value of minimum lease payments EUR 1,000
Due within one year	2,496.4	- 2.5	2,498.9
Due between one and five years	11,275.6	- 69.6	11,345.2
Due after five years	37,285.8	- 467.6	37,753.4
	51,057.8	**- 539.7**	**51,597.5**

17. INVESTMENTS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Shares in affiliated companies	2,992.6	1,573.2
Shares in companies consolidated at equity	296,072.2	277,152.6
Available for sale investments	435.9	324.5
Other investments	10,128.4	13,185.2
	309,629.1	292,235.5

Due to decreased anticipated payment surpluses, an impairment was recognised for Energie Ried Wärme GmbH (valued at equity) in the amount of EUR 1,909.0. In addition, Wels Strom GmbH was impaired in the amount of EUR 958.0 mill., and Salzburg AG für Energie, Verkehr und Telekom in the amount of EUR 970.0 mill.

Due to new legislation coming into force in the 2015/2016 fiscal year that brought significant changes to the general conditions for project development and investors for wind power facilities in Poland, investments in wind power projects were impaired to zero in the previous year. The impairment amounted to EUR 7.2 mill.

Decreased anticipated payment surpluses led to an impairment of the at-equity consolidated investment in Wels Strom GmbH in the amount of EUR 8.9 mill in the previous year. The discount rate is 4.4%, the recoverable amount is the fair value less disposal costs, which results in a value of EUR 29.2 mill. The impairment is recognised in the share in result from companies consolidated at-equity.

A 20% decrease in future cash flows would result in impairments for companies valued using the equity method in the amount of EUR 48.6 mill. The recoverable amount for the respective shares exceeds the carrying amount by EUR 0.1 mill.

Shares in losses from the equity-valued companies in the amount of EUR 0.0 thousand (previous year: EUR 233.1 thousand) were not recognised. The Cash Flow Statement includes dividends of at-equity consolidated companies in the amount of EUR 58,382.2 (previous year: EUR 13,051.2 mill.).

18. OTHER FINANCIAL ASSETS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Loans to affiliated companies and companies in which an interest is held	4,236.2	5,602.2
Other borrowings	15,469.4	17,729.0
Available-for-sale securities	29,405.2	58,737.3
Securities at fair value through profit or loss	29,199.0	-
Other securities	1.0	1.0
	78,310.8	**82,069.5**

19. OTHER NON-CURRENT ASSETS

Other non-current assets result from the positive fair value of derivative financial instruments and from other receiveables.

20. INVENTORIES

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Primary energy	28,746.7	27,817.8
Raw materials and supplies	16,778.5	14,901.3
Work in progress	1,086.6	1,049.4
Finished goods	1,474.1	1,198.2
	48,085.9	**44,966.7**

21. RECEIVABLES AND OTHER ASSETS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Trade receivables	160,184.8	164,195.0
Receivables from non-consolidated affiliated companies	681.7	318.5
Receivables from joint arrangements and associated companies	26,774.8	31,960.4
Accruals and deferrals of interest	2,263.0	2,401.0
Market value of derivatives	10,132.1	6,633.0
Other	35,051.2	33,108.8
	235,087.6	**238,616.7**

Receivables from gas and water deliveries that have not been invoiced as of the balance sheet date are accrued and recognised in the line item „Trade receivables".

22. CASH AND CASH EQUIVALENTS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Cash in hand	191.1	184.1
Cash in bank	92,839.2	95,420.9
	93,030.3	**95,605.0**

23. EQUITY

The nominal capital of Energie AG Oberösterreich consists of 89,087,750 individual share certificates (previous year: 89,087,750), of which 88,600,000 are ordinary shares (previous year: 88,600,000), and 487,750 are preferred shares without voting rights (previous year: 487,750). The nominal capital has been fully paid in.

The Management Board of Energie AG Oberösterreich is authorised, up to 15 January 2018, 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 in the 2006/2007 fiscal year, and from shares issued to staff in the 2012/2013 fiscal year.

In the 2007/2008 fiscal year, 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 the 2007/2008 fiscal year. The benefit per staff member amounted to the maximum tax-exempt sum pursuant to section 3 (1) item 15 letter b of the Austrian Income Tax Act.

In the 2012/2013 fiscal year, 87,750 shares were issued to employees of the Group at discounted prices. The capital increase took effect with entry in the Register of Companies on 29 October 2013.

The retained earnings result from the profits that the Group generated but did not distribute.

Other reserves include IAS 39 reserves, IAS 19 reserves, revaluation reserves, and reserves for treasury stock, as well as reserves from exchange differences.

The reserves under IAS 39 include changes in the market value of investments and securities available for sale, and changes in the market value of cash-flow hedges, as well as changes in equity recognised outside profit or loss from associated companies measured at equity.

As of 30/09/2017, the cash flow hedge reserve amounts to EUR -8,104.4 thousand (previous year: EUR -47,252.2 thousand). The effective share of the fair value changes concerning cash-flow hedges is recognised in the other comprehensive income in the cash-flow hedge reserve. The ineffective portion of the fair-value changes from cash flow hedges in the amount of EUR -575.3 thousand (previous year: EUR 825.2 thousand) was recognised as income through profit or loss. Fair value changes in the amount of EUR 20,909.2 thousand (previous year: EUR -18,295.1 thousand) are recognised as other comprehensive income. During the fiscal year, EUR 18,238.6 thousand (previous year: EUR 21,720.5 thousand) were withdrawn from the cash-flow hedge reserve and recognised as an expense through profit or loss. Of this amount, EUR 1,991.9 thousand (previous year: EUR 1,946.2 thousand) were recognised in the financial result while EUR 16,246.7 thousand (previous year: EUR 19,774.3 thousand) were recognised in the operating result.

The AFS reserve, which is contained in the IAS 39 reserves, includes changes in value of investments and securities classified as available for sale, which are recognised in other comprehensive income. As of 30/09/2017, the AFS reserve amounted to EUR 18,679.0 thousand (previous year: EUR 16,590.1 thousand). Changes in market value in the amount of EUR 6,146.7 thousand (previous year: EUR 924.7 thousand) were recognised as equity, and EUR -4,057.8 thousand (previous year: EUR -82.3 thousand) were withdrawn from the AFS reserve and recognised as income through profit or loss in the financial year.

The IAS 19 reserves result from the actuarial valuation of pension and severance provisions recognised in other comprehensive income.

The revaluation reserve results from first-time consolidations in previous years.

As of 30/09/2017, the company held 308,095 treasury shares (previous year: 305,631).

Capital Management

It is the objective of the Group's capital management to preserve a strong capital base so that the company can continue to generate adequate returns for the shareholders corresponding with the risk situation of the company, promote the future development of the company, and also provide benefits for other interest groups. Value based management is firmly entrenched in the management systems and in management processes. The equity in the books according to IFRS is what the management considers to be capital. As at the balance sheet date, the equity ratio amounted to 41.6% (previous year: 37.7%). For purposes of internal reporting and management, the return on capital employed (ROCE) is also used. The capital employed includes the assets attributable to a unit, with the exception of the assets not used in the process of creating and utilising goods and services, less non-interest bearing liabilities and certain reserves.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

24.1. Derivative Financial Instruments and Hedging

The use of derivative financial instruments in the Group is subject to corresponding authorisation and control procedures. It is mandatory for use to be connected with a hedged item. Proprietary trading is only carried out within very tightly defined limits.

Interest rate swaps are used for hedging future variable interest payments on funding and leasing contracts.

Futures and swaps are used to hedge price-related risks from electricity and gas procurement and electricity and gas sales.

To a small extent, futures are used to hedge procurement and sales of CO_2 certificates.

Beyond that, gas-oil futures in US dollars and the corresponding foreign exchange contracts are also concluded to hedge the price risks of purchasing fuel.

The Group holds fair value hedges for firm commitments relating to transactions for procuring and supplying electricity.

Cash flow hedges are used to protect future cash flows. The Group also uses electricity, gas, CO_2, and gas-oil futures, as well as gas swaps, to hedge price risks; interest rate swaps are used to hedge the cash flow risks of variable-interest liabilities, and foreign exchange contracts for US dollar hedging.

The derivative financial instruments in the area of financing are composed as follows:

	30/09/2017			30/09/2016		
	Nominal value	Positive market values EUR 1,000	Negative market values EUR 1,000	Nominal value	Positive market values EUR 1,000	Negative market values EUR 1,000
Derivatives designated as cash flow hedging instruments						
Interest rate swaps	**95.9 EUR mill.**	**—**	**- 14,970.8**	102.1 EUR mill.	—	- 20,815.6
Foreign exchange contracts	**1.4 USD mill.**	**26.9**	**- 77.4**	2.6 USD mill.	48.1	- 10.9
Derivatives not designated as hedging instruments						
Interest rate swaps bond 2005-2025 *)	**75.0 EUR mill.**	**2,589.9**	**—**	75.0 EUR mill.	3,175.8	—
Interest futures	**0.0 EUR mill.**	**—**	**—**	4.5 EUR mill.	—	- 27.5

*) In connection with the 2005–2025 bond, fixed interest rate payments were converted into variable interest payments. The variable interest rate payments were subsequently swapped back in fixed interest rate payments using derivative instruments. No risks for future cash flows result from this item.

The derivative financial instruments in the area of energy are composed as follows:

30/09/2017	Nominal value		Positive market values EUR 1,000	Negative market values EUR 1,000
	Purchase	Sale		
Derivatives designated as cash flow hedging instruments				
Electricity futures	79.0 EUR mill.	5.8 EUR mill.	15,301.1	- 1,681.7
Gas futures	0.0 EUR mill.	0.0 EUR mill.	—	—
CO_2 futures	0.0 EUR mill.	1.6 EUR mill.	—	- 571.3
Gas oil futures	1.6 USD mill.	0.0 USD mill.	210.9	—
Gas swaps	8.9 EUR mill.	0.6 EUR mill.	112.7	- 264.3
Aluminium/copper swaps	0.0 EUR mill.	1.8 EUR mill.	—	- 51.4
Derivatives designated as fair value hedging instruments				
Electricity futures	1.2 EUR mill.	0.0 EUR mill.	37.1	- 168.4
Gas futures	33.6 EUR mill.	12.5 EUR mill.	1,142.5	- 660.8
Derivatives not designated as hedging instruments				
Electricity forwards	54.8 EUR mill.	54.8 EUR mill.	10,285.2	- 10,240.7
Gas forwards	0.0 EUR mill.	0.0 EUR mill.	—	—
Gas futures	0.0 EUR mill.	0.0 EUR mill.	—	—

30/09/2016	Nominal value		Positive market values EUR 1,000	Negative market values EUR 1,000
	Purchase	Sale		
Derivatives designated as cash flow hedging instruments				
Electricity futures	76.5 EUR mill.	4.3 EUR mill.	3,538.5	- 7,297.5
Gas futures	1.7 EUR mill.	0.0 EUR mill.	158.1	- 47.6
CO_2 futures	0.0 EUR mill.	1.4 EUR mill.	139.0	- 74.0
Gas oil futures	2.6 USD mill.	0.0 USD mill.	183.6	- 51.7
Gas swaps	1.9 EUR mill.	0.0 EUR mill.	145.8	- 30.6
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	—	—
Derivatives designated as fair value hedging instruments				
Electricity futures	1.4 EUR mill.	0.0 EUR mill.	1.5	- 51.7
Derivatives not designated as hedging instruments				
Electricity forwards	47.3 EUR mill.	47.5 EUR mill.	6,714.1	- 6,526.9
Gas forwards	1.2 EUR mill.	1.2 EUR mill.	466.9	- 462.6
Gas futures	1.8 EUR mill.	0.0 EUR mill.	49.8	- 124.9

Positive market values are reported under other long-term and current assets, and negative market values are reported under other long-term and current liabilities.

The electricity and gas hedging instruments are designated as fair value hedging instruments as illustrated above. In the 2016/2017 fiscal year, carrying amount adjustments for hedged items resulted in losses in the amount of EUR 400.6 thousand (previous year: profit of EUR 50.2 thousand) that are recognised in the operating result. Profits of EUR 400.6 thousand (previous year: losses of EUR 50.2 thousand) resulting from changes in the fair value of the hedging instruments are recognised in the operating result.

The following table shows the contractual maturities of payments (nominal values) from the hedged items to the cash flow hedges:

	Nominal value		
30/09/2017	Purchase	Sale	Maturity
Hedge accounting			
Interest rate swaps	**95.9 EUR mill.**	**0.0 EUR mill.**	**2017-2028**
Foreign exchange contracts	**1.4 USD mill.**	**0.0 USD mill.**	**2017-2018**
Electricity futures	**79.0 EUR mill.**	**5.8 EUR mill.**	**2017-2021**
Gas futures	**0.0 EUR mill.**	**0.0 EUR mill.**	**—**
CO_2 futures	**0.0 EUR mill.**	**1.6 EUR mill.**	**2017-2018**
Gas oil futures	**1.6 USD mill.**	**0.0 USD mill.**	**2017-2018**
Gas swaps	**8.9 EUR mill.**	**0.6 EUR mill.**	**2017-2021**
Aluminium/copper swaps	**0.0 EUR mill.**	**1.8 EUR mill.**	**2017-2018**

	Nominal value		
30/09/2016	Purchase	Sale	Maturity
Hedge accounting			
Interest rate swaps	102.1 EUR mill.	0.0 EUR mill.	2016 - 2028
Foreign exchange contracts	2.6 USD mill.	0.0 USD mill.	2016 - 2018
Electricity futures	76.5 EUR mill.	4.3 EUR mill.	2016 - 2020
Gas futures	1.7 EUR mill.	0.0 EUR mill.	2016 - 2017
CO_2 futures	0.0 EUR mill.	1.4 EUR mill.	2016 - 2017
Gas oil futures	2.6 USD mill.	0.0 USD mill.	2016 - 2018
Gas swaps	1.9 EUR mill.	0.0 EUR mill.	2016 - 2019
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	—

24.2. Carrying Amounts According to IAS 39

The carrying amounts of financial assets and liabilities are grouped to classes or measurement categories according to IAS 39 or IAS 17 as follows:

	Category according to IAS 39	Carrying amount 30/09/2017 EUR 1,000	Carrying amount 30/09/2016 EUR 1,000
Investments		**13,556.9**	**15,082.9**
Shares in affiliated companies	AfS (at cost)	2,992.6	1,573.2
Available for sale investments	AfS	435.9	324.5
Other investments	AfS (at cost)	10,128.4	13,185.2
Other financial assets		**78,310.8**	**82,069.5**
Loans to affiliated companies	LaR	38.5	—
Loans to companies in which an interest is held	LaR	4,197.7	5,602.2
Other borrowings	LaR	15,469.4	17,729.0
Securities (held to maturity)	HtM	1.0	1.0
Securities (available for sale)	AfS	29,405.2	58,737.3
Securities (fair value option)	AtFVP&L (FV Option)	29,199.0	—
Receivables and other assets			
(non-current and current) according to the balance sheet		**248,306.0**	**250,448.6**
thereof non-financial assets		**29,964.7**	**24,408.7**
thereof financial assets		**218,341.3**	**226,039.9**
Trade receivables	LaR	160,603.2	164,618.6
Receivables from affiliated companies	LaR	681.7	318.5
Receivables from joint arrangements and associated companies	LaR	26,774.8	31,960.4
Derivatives designated as hedging instruments (cash flow hedges)	n/a	139.6	193.9
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	12,875.1	10,356.8
Other financial assets	LaR	17,266.9	18,591.7
Fixed term deposits	LaR	**150,000.0**	**119,000.0**
Cash and cash equivalents	LaR	**93,030.3**	**95,605.0**
Total financial assets		**553,239.3**	**537,797.3**

AfS Available for Sale
LaR Loans and Receivables
HtM Held to Maturity
FLAC Financial Liability Measured at Amortised Cost
AtFVP&L At Fair Value through Profit or Loss

	Category according to IAS 39	Carrying amount 30/09/2017 EUR 1,000	Carrying amount 30/09/2016 EUR 1,000
Financial liabilities (non-current and current)		**464,376.7**	**532,407.2**
Bonds	FLAC	302,387.5	302,633.4
Liabilities to banks	FLAC	34,927.1	58,372.8
Liabilities from finance leases	IAS 17	51,578.2	54,050.2
Other financial liabilities	FLAC	75,483.9	117,350.8
Trade payables (current)	FLAC	**156,515.4**	**144,270.9**
Other liabilities (non-current and current) according to the balance sheet		**421,024.9**	**417,035.0**
thereof non-financial liabilities		**225,033.4**	**222,344.0**
thereof financial liabilities		**195,991.5**	**194,691.0**
Liabilities to affiliated companies	FLAC	21,989.6	14,489.1
Liabilities to joint arrangements and associated companies	FLAC	91,666.1	100,084.0
Derivatives designated as hedging instruments (cash flow hedges)	n/a	15,363.9	20,857.1
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	10,240.7	6,989.5
Other financial liabilities (non-current and current)	FLAC	56,731.2	52,271.3
Total financial liabilities		**816,883.6**	**871,369.1**

	Category according to IAS 39	Carrying amount 30/09/2017 EUR 1,000	Carrying amount 30/09/2016 EUR 1,000
Carrying amounts in measurement categories acc. to IAS 39			
Loans and Receivables	(LaR)	468,062.5	453,425.4
Held to Maturity Investments	(HtM)	1.0	1.0
Available for Sale Financial Assets	(AFS)	42,962.1	73,820.2
Financial Assets at Fair Value through Profit or Loss	(AtFVP&L (Trading))	12,875.1	10,356.8
Financial Assets at Fair Value through Profit or Loss	(AtFVP&L (FV Option))	29,199.0	—
Financial Liabilities Measured at Amortised Cost	(FLAC)	739,700.8	789,472.3
Financial Liabilities at Fair Value through Profit or Loss	(AtFVP&L (Trading))	10,240.7	6,989.5

Shares in non-consolidated affiliated companies and other investments are recognised as "Available for Sale at Cost". No price is quoted on any active market for these investments and their fair value can therefore not be determined with adequate certainty. In the 2016/2017 fiscal year, a disposal of other investments (at cost) was recognised in the amount of EUR 165.4 thousand (previous year: EUR 827.0 thousand).

24.3. Offsetting of Financial Assets and Liabilities

The following table shows the effect of netting agreements:

	30/09/2017			30/09/2016		
	Recognised financial assets/ liabilities (net) EUR 1,000	Related amounts not set off in the statement of financial position EUR 1,000	Net amounts EUR 1,000	Recognised financial assets/ liabilities (net) EUR 1,000	Related amounts not set off in the statement of financial position EUR 1,000	Net amounts EUR 1,000
Financial assets						
Trade receivables	160,603.2	- 15,899.4	144,703.8	164,618.6	- 18,720.7	145,897.9
Receivables from joint arrangements and associated companies	26,774.8	- 4,868.2	21,906.6	31,960.4	- 384.6	31,575.8
Positive fair value of derivatives	13,014.7	- 5,963.7	7,051.0	10,550.7	- 6,736.9	3,813.8
Total	**200,392.7**	**- 26,731.3**	**173,661.4**	**207,129.7**	**- 25,842.2**	**181,287.5**
Financial liabilities						
Trade payables	156,515.4	- 15,899.4	140,616.0	144,270.9	- 18,720.7	125,550.2
Liabilities to joint arrangements and associated companies	91,666.1	- 4,868.2	86,797.9	100,084.0	- 384.6	99,699.4
Negative fair value of derivatives	25,604.6	- 5,963.7	19,640.9	27,846.6	- 6,736.9	21,109.7
Total	**273,786.1**	**- 26,731.3**	**247,054.8**	**272,201.5**	**- 25,842.2**	**246,359.3**

At the Energie AG Oberösterreich Group, the derivative financial instruments and receivables/payables presented above are concluded on the basis of standard agreements (e.g. ISDA, EFET, German Master Agreement for Financial Derivative Transactions), which, in the event of insolvency of a business partner, permit the offsetting of outstanding transactions. The criteria for netting in the balance sheet are not met, because either no net payments are being made or the legal enforceability of the netting agreements is uncertain.

24.4. Measurement at Fair Value

24.4.1. Fair Value of Financial Assets and Liabilities that Are Measured Regularly at Fair Value

Pursuant to IFRS 13, financial instruments that are measured at fair value are classified within a fair value hierarchy. In view of possible uncertainties relating to possible estimates of the fair values, a distinction is made between three levels:

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

Level 2: Measurement on the basis of inputs that are observable either directly or indirectly in the market and measurements based on prices quoted in inactive markets.

Level 3: Measurement on the basis inputs not observable in the market.

If the inputs used to determine the fair value of an asset or liability are attributable to different levels of the fair value hierarchy, the measurement at fair value is wholly assigned to the the fair value hierarchy level that corresponds to the lowest input which, in the aggregate, is material for the measurement.

The financial instruments measured at fair value are assigned to levels 1 to 2 as follows:

30/09/2017	Carrying amount EUR 1,000	Measurement at market prices Level 1 EUR 1,000	Measurement based on inputs observable in the market Level 2 EUR 1,000	**Total fair value EUR 1,000**
Assets				
Investments (available for sale)	435.9	435.9	—	435.9
Securities (available for sale)	29,405.2	23,526.0	5,879.2	29,405.2
Securities (fair value option)	29,199.0	29,199.0	—	29,199.0
Derivatives designated as hedging instruments (cash flow hedges)	139.6	—	139.6	139.6
Derivatives not designated as hedging instruments	12,875.1	—	12,875.1	12,875.1
Total	**72,054.8**	**53,160.9**	**18,893.9**	**72,054.8**
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	15,363.9	—	15,363.9	15,363.9
Derivatives not designated as hedging instruments	10,240.7	—	10,240.7	10,240.7
Total	**25,604.6**	**—**	**25,604.6**	**25,604.6**

30/09/2016	Carrying amount EUR 1,000	Measurement at market prices Level 1 EUR 1,000	Measurement based on inputs observable in the market Level 2 EUR 1,000	**Total fair value EUR 1,000**
Assets				
Investments (available for sale)	324.5	324.5	—	324.5
Securities (available for sale)	58,737.3	52,889.6	5,847.7	58,737.3
Securities (fair value option)	—	—	—	—
Derivatives designated as hedging instruments (cash flow hedges)	193.9	—	193.9	193.9
Derivatives not designated as hedging instruments	10,356.8	—	10,356.8	10,356.8
Total	**69,612.5**	**53,214.1**	**16,398.4**	**69,612.5**
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	20,857.1	—	20,857.1	20,857.1
Derivatives not designated as hedging instruments	6,989.5	—	6,989.5	6,989.5
Total	**27,846.6**	**—**	**27,846.6**	**27,846.6**

24.4.2. Valuation Techniques and Input Used in Measuring Fair Values

In general, the fair values of the financial assets and liabilities correspond to the market prices as of the balance sheet date. If active market prices are not directly available, then – if they are not of minor significance – they are calculated using recognised actuarial measurement models and current market parameters (in particular interest rates, exchange rates and the credit rating of contractual partners). This is done by discounting the cash flows from the financial instruments to the balance sheet date.

The following valuation parameters and inputs were used:

Financial instruments	Level	Valuation techniques	in the market
Listed securities	1	Market value-oriented	Nominal values, stock market price
Other securities	2	Capital value-oriented	Payments connected to financial instruments, interest rate curve, credit risk of the contractual partners (credit default swaps or credit spread curves)
Foreign exchange contracts	2	Capital value-oriented	Exchange rates, interest rates, credit risk of the contractual partners
Listed energy futures	1	Market value-oriented	Settlement price determined at stock exchange
Non-listed energy forwards	2	Capital value-oriented	Forward price curve derived from stock exchange prices, interest rate curve, credit risk of contractual partners on a net basis
Interest rate swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners
Gas/aluminium/copper swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners

24.4.3. Fair Values of Financial Assets and Liabilities that Are Not Measured Regularly at Fair Value, However for which the Fair Value Must Be Disclosed

The items trade receivables, receivables from affiliated companies, receivables from joint arrangements and associated companies, other financial assets, as well as fixed term deposits are characterised by predominantly short remaining terms. Therefore, their carrying amounts as of the balance sheet date correspond approximately to the fair value. If they are material and do not have a variable interest rate, then the fair value of non-current borrowings corresponds to the present value of the payments associated with the assets, taking into consideration the current market parameters in each case (interest rates, credit spreads).

Trade payables, liabilities to affiliated companies, liabilities to joint arrangements and associated companies and other financial liabilities mainly have short remaining maturities. The values on the balance sheet are approximately the fair values. If they are material and do not have a variable interest rate, then the fair value of financial liabilities is determined using the present value of the payments associated with the liabilities, taking into consideration the applicable market parameters in each case (interest rates, credit spreads).

The following financial assets and liabilities have a fair value different from the carrying amount:

	Category according to IAS 39	Carrying amount 30/09/2017 EUR 1,000	Fair value 30/09/2017 EUR 1,000	Carrying amount 30/09/2016 EUR 1,000	Fair value 30/09/2016 EUR 1,000	Level
Assets						
Other financial assets		**19,667.1**	**22,379.7**	**23,331.2**	**27,192.7**	
Loans to companies in which an interest is held	LaR	4,197.7	4,690.4	5,602.2	6,473.0	Level 3
Other borrowings	LaR	15,469.4	17,689.3	17,729.0	20,719.7	Level 3
Liabilities						
Financial liabilities		**412,798.5**	**498,897.4**	**478,357.0**	**591,152.8**	
Bonds	FLAC	302,387.5	377,643.0	302,633.4	392,691.0	Level 1
Liabilities to banks	FLAC	34,927.1	36,396.9	58,372.8	63,374.8	Level 3
Other financial liabilities	FLAC	75,483.9	84,857.5	117,350.8	135,087.0	Level 3

The fair value of the Level 3 financial assets given above were determined in agreement with generally accepted valuation techniques based on discounted cash flow analyses. The material input is the discount rate, which takes into account the default risk of the counterparty.

24.5. Net Result

The net Result from financial instruments is grouped in the different classes of financial instruments as follows:

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Loans and Receivables	- 4,133.0	- 999.2
Available for Sale Financial Assets	8,720.6	2,146.3
Financial Assets At Fair Value through Profit or Loss (FV Option)	118.9	—
Financial Assets/Liabilities at Fair Value through Profit or Loss (Trading)	145.3	- 2,238.0
Financial Liabilities Measured at Amortised Cost	- 20,169.1	- 20,281.8
Net result	**- 15,317.3**	**- 21,372.7**
Interest income and expenses from financial instruments that are measured at amortised costs:		
Total interest income	817.4	1,046.6
Total interest expense	- 20,169.1	- 20,281.8

The net result for the category loans and receivables mainly includes interest income from invested money and borrowings and is recognised in the financial result. In addition, this item includes revenues from the reversal of changes in value and revenues from the receipt of receivables that had previously been written off, and expenses from impairments and write-offs for trade receivables recognised in operating income.

The net result of the financial assets available for sale shows the valuation result of investments and securities without recognised outside profit or loss, as well as results from disposals and impairments shown in other financial results.

The net result of the financial assets at Fair Value through Profit or Loss (FV Option) mainly includes measurement results and results from disposals, as well as dividends from securities, and is shown in other financial results.

The net result of financial liabilities measured at amortised cost mainly includes interest expenses from financial liabilities and is part of the financial result.

The net result of financial assets and liabilities at Fair Value through Profit or Loss (held for trading) results mainly from the derivative instruments used by Energie AG Oberösterreich. The measured value of derivative instruments in the Energy Segment is recognised in the operating result, while those of the interest rate derivative instruments are recognised in the financial result.

24.6. Financial Risk Management

24.6.1. Principles of Financial Risk Management

Due to its business activities and the financial transactions it conducts, the Energie AG Group is exposed to various risks. These risks primarily include currency and interest rate risks, liquidity risks, default risks, price risks from securities, and price risks in the commodity sector (energy sector price risks).

Energy sector risks are managed by Energie AG Oberösterreich Trading GmbH, and financial risks are managed centrally by Group Treasury, which is also responsible for any hedging measures for all Group companies. Hedging against energy sector risks is handled on the basis of an internal policy on conducting energy sector hedging transactions. A financial management guideline for the Group (Treasury Policy), in which the main goals, principles and distribution of duties in the Group are set out, serves as a basis for the management of financial risks.

Hedging against energy sector and financial risks is also handled using derivative financial instruments. Transactions of this type are on principle only carried out with counterparties with very good credit ratings in order to minimise the risk of default.

24.6.2. Currency Risk

Currency risks in the Energie AG Group result from funding in foreign currencies and the translation risk from the conversion of foreign Group companies into the Group currency (Czech Republic, Poland and Hungary).

For the currency risk of financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in exchange rates on result (after taxes) and equity. The affected holdings as of the balance sheet date were used as a basis (CZK 419.1 mill., CHF 0 mill., HUF 2.7 bill., USD 2.7 mill.; previous year: CZK 643.9 mill., CHF 44.8 mill., HUF 2.7 bill., USD 3.4 mill.). Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular interest rates, remain constant. In the analysis, the currency risks for financial instruments that are denominated in a currency different from the functional currency and are of a monetary nature were included. Differences resulting from the exchange rate in translating financial statements into the Group currency were not taken into consideration.

Following the aforementioned assumptions, an upward revaluation of the Euro by 10% against all other currencies on the balance sheet date would result in lower earnings (after taxes) by EUR 672.8 thousand (previous year: increase of EUR 2,015.4 thousand) and a reduction in equity by EUR 1,934.9 thousand (previous year: increase of EUR 333.4 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 1,262.1 thousand (previous year: EUR 1,682.0 thousand).

Following the aforementioned assumptions, a downward revaluation of the Euro by 10% against all other currencies on the balance sheet date would result in increased earnings (after taxes) by EUR 822.3 thousand (previous year: reduction by EUR 2,463.6 thousand) and an increase in equity by EUR 2,364.8 thousand (previous year: increase by EUR 407.8 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the currency-related translation effects of net investments and hedge accounting in the amount of EUR 1,542.5 thousand (previous year: EUR 2,055.8 thousand).

24.6.3. Interest Rate Risk

The Energie AG Group holds interest rate-sensitive financial instruments in order to meet the requirements of operational and strategic liquidity management. Interest rate change risks mainly result from financial instruments with variable interest rates (cash flow risk). Interest rate risks result in particular from:

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Cash in bank	92,839.2	95,420.1
Variable rate loans	3,185.7	4,520.2
Variable rate loans	- 189,567.8	- 204,623.2
Net risk before hedge accounting	**- 93,542.9**	**- 104,682.9**
Hedge accounting and interest rate derivatives	64,329.2	70,467.4
Net risk after hedge accounting and interest rate derivatives	**- 29,213.7**	**- 34,215.5**

For the interest rate risks of these financial instruments, sensitivity analyses were carried out which show the effects of hypothetical changes in market interest rates on result (after taxes) and equity. The affected holdings as of the balance sheet date were used as a basis. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant.

Following the aforementioned assumptions, an increase in the market interest rate by 50 basis points on the balance sheet date would result in lower earnings (after taxes) by EUR 109.6 thousand (previous year: EUR 128.3 thousand) and an increase in equity in the amount of EUR 2,392.1 thousand (previous year: EUR 2,967.3 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 2,501.7 thousand (previous year: EUR 3,095.6 thousand).

Following the aforementioned assumptions, a decrease in the market interest rate by 50 basis points on the balance sheet date would result in increased earnings (after taxes) by EUR 109.6 thousand (previous year: decrease by EUR 128.3 thousand) and a reduction in equity in the amount of EUR 2,516.7 thousand (previous year: EUR 3,132.0 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the interest rate-related cash flow hedge reserve in the amount of EUR 2,626.3 thousand (previous year: EUR 3,260.3 thousand).

24.6.4. Commodity Price Risk

Commodity price risks arise primarily through the procurement and sale of electricity and gas. Beyond that price risks arise for Energie AG Oberösterreich due to speculative positions taken in proprietary trading. Proprietary trading is only carried out within very tightly defined limits. and the risk can therefore be considered immaterial.

Hedging instruments are used for electrical energy and gas to hedge against energy industry risks.

For the commodity price risks, sensitivity analyses were carried out which show the effect of hypothetical changes in the fair value level on result (after taxes) and equity. The affected derivative holdings in the area of energy as of the balance sheet date were used as a basis. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other variables, in particular exchange rates, remain constant. Not taken into consideration are contracts which are for the purpose of the receipt or delivery of non-financial items according to the expected purchase, sale and use requirements of the company (own use) and which therefore are not to be reported according to IAS 39, with the exception of onerous contacts.

Sensitivity of derivative contracts regarding the electricity price:

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the balance sheet date would result in a decrease (increase) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 5.0 thousand) and an increase (decrease) in equity by EUR 9,760.2 thousand (previous year: EUR 7,696.8 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the electricity-price-related cash flow hedge reserve in the amount of EUR 9,760.2 thousand (previous year: EUR 7,701.8 thousand).

Sensitivity of derivative contracts regarding the gas and gas-oil price:

Following the aforementioned assumptions, a 25% increase (decrease) in the fair value level as of the balance sheet date would result in an increase (decrease) in profit (after taxes) by EUR 0.0 thousand (previous year: EUR 332.2 thousand) and an increase (decrease) in equity by EUR 2,149.6 thousand (previous year: EUR 1,506.3 thousand). The sensitivity of equity, as well as the sensitivity of earnings (after taxes), were in this case affected by the sensitivity of the gas-price-related cash flow hedge reserve in the amount of EUR 2,149.6 thousand (previous year: EUR 1,174.1 thousand).

24.6.5. Market Risk from Securities Measured at Fair Value

The Energie AG Oberösterreich Group holds securities and funds that result in price change risks for the company. The fluctuation risk of the securities held is limited by a conservative investment policy and ongoing monitoring, as well as ongoing quantification of the risk potential.

A sensitivity analysis carried out for the price risks from securities established the effect of hypothetical changes in the market price level on earnings (after taxes) and equity. This was based on the corresponding financial instruments "available-for-sale" and "at fair value through profit or loss" (fair value option) held on the balance sheet. Here it was assumed that the risk on the balance sheet date basically represents the risk during the fiscal year. The Group tax rate of 25% was used as the tax rate. In addition, it was assumed for the analysis that all other inputs, such as the currency, remain constant.

Following the aforementioned assumptions, a 15% increase (decrease) in the fair value level as of the balance sheet date would result in an increase (decrease) in profit (after taxes) in the amount of EUR 3,284.9 thousand (previous year: EUR 0.0 thousand) and in equity in the amount of EUR 6,642.0 thousand (previous year: EUR 6,644.5 thousand). Here, the sensitivity of equity, as well as the sensitivity of profit (after taxes), were affected by the sensitivity of the market-price-level-related available for sale reserve in the amount of EUR 3,357.1 thousand (previous year: EUR 6,644.5 thousand).

24.6.6. Credit Risk

Credit risks arise for the Energie AG Group due to non-fulfilment of contractual agreements by counterparties.

The credit risk is limited by performing regular credit assessments of the customer portfolio. In the area of financial and energy trading, transactions are only conducted with counterparties with a first-class credit rating. In addition, the risks are mitigated by limit systems and monitoring.

At Energie AG Oberösterreich, the maximum credit risk corresponds to the carrying amount of the reported financial assets plus the contingent liabilities listed in section 32.

The carrying amounts of the financial assets are composed as follows:

	Carrying amount 30/09/2017 EUR 1,000	Thereof: impaired nor past due as of the balance sheet date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges				Thereof: impaired as of the balance sheet date EUR 1,000
			Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	
Receivables and other financial assets (non-current and current)	**205,326.6**	**191,499.7**	**5,448.3**	**1,126.1**	**715.1**	**1,160.3**	**5,377.1**
Trade receivables	160,603.2	150,655.4	5,384.1	1,126.1	701.3	1,160.3	1,576.0
Receivables from affiliated companies	681.7	681.7	—	—	—	—	—
Receivables from joint arrangements and associated companies	26,774.8	26,715.6	59.2	—	—	—	—
Other financial assets	17,266.9	13,447.0	5.0	—	13.8	—	3,801.1
Total	**205,326.6**	**191,499.7**	**5,448.3**	**1,126.1**	**715.1**	**1,160.3**	**5,377.1**

	Carrying amount 30/09/2016 EUR 1,000	Thereof: impaired nor past due as of the balance sheet date EUR 1,000	Thereof: neither impaired nor past due in the following maturity ranges				Thereof: impaired as of the balance sheet date EUR 1,000
			Less than 30 days EUR 1,000	Between 30 and 60 days EUR 1,000	Between 60 and 90 days EUR 1,000	More than 90 days EUR 1,000	
Receivables and other financial assets (non-current and current)	**215,489.2**	**191,305.5**	**4,148.2**	**2,782.4**	**776.5**	**8,648.9**	**7,827.7**
Trade receivables	164,618.6	144,365.4	4,079.4	2,782.4	776.5	8,645.7	3,969.2
Receivables from affiliated companies	318.5	318.5	—	—	—	—	—
Receivables from joint arrangements and associated companies	31,960.4	31,894.6	65.8	—	—	—	—
Other financial assets	18,591.7	14,727.0	3.0	—	—	3.2	3,858.5
Total	**215,489.2**	**191,305.5**	**4,148.2**	**2,782.4**	**776.5**	**8,648.9**	**7,827.7**

The changes in impairments of financial assets were as follows:

	Balance as of 01/10/2016 EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency translation EUR 1,000	**Balance as of 30/09/2017 EUR 1,000**
Other financial assets	**385.9**	**37.5**	—	—	**1.0**	**424.4**
Loans to affiliated companies	—	37.5	—	—	1.0	38.5
Securities (available for sale)	385.9	—	—	—	—	385.9
Receivables and other financial assets (non-current and current)	**5,496.6**	**4,011.7**	**- 122.1**	**- 103.9**	**45.1**	**9,327.4**
Trade receivables	5,414.0	4,003.7	- 122.1	- 103.9	41.8	9,233.5
Other financial assets	82.6	8.0	—	—	3.3	93.9
Total	**5,882.5**	**4,049.2**	**- 122.1**	**- 103.9**	**46.1**	**9,751.8**

	Balance as of 01/10/2015 EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency translation EUR 1,000	**Balance as of 30/09/2016 EUR 1,000**
Other financial assets	**541.1**	—	**- 155.2**	—	—	**385.9**
Securities (available for sale)	541.1	—	- 155.2	—	—	385.9
Receivables and other financial assets (non-current and current)	**4,412.2**	**2,297.1**	**- 48.7**	**- 1,176.1**	**12.1**	**5,496.6**
Trade receivables	4,201.6	2,260.9	- 48.7	- 1,011.5	11.7	5,414.0
Other financial assets	210.6	36.2	—	- 164.6	0.4	82.6
Total	**4,953.3**	**2,297.1**	**- 203.9**	**- 1,176.1**	**12.1**	**5,882.5**

The expenses for complete derecognition of receivables amount to EUR 1,305.2 thousand (previous year: EUR 958.0 thousand). The revenue from the receipt of derecognised receivables amount to EUR 32.5 thousand (previous year: EUR 32.7 thousand). In the fiscal year, the accumulated impairment losses amount to EUR 3,945.3 thousand (previous year: EUR 1,121.0 thousand) for financial assets in the category "loans and receivables", and EUR 0.0 thousand (previous year: EUR 0.0 thousand) for financial assets in the category "available for sale".

With regard to the holdings of financial trade and other receivables that are neither impaired nor in default, there are no indications as of the balance sheet date that the debtors will not meet their payment obligations. For the financial assets not listed in the above table, there are no material delinquencies or impairments, and there are no indications that the debtors will not meet their payment obligations.

Individual impairments are made up of a number of individual items, of which none is material when considered by itself. In addition, impairments graduated by risk groups are recognised to provide for general credit risks.

24.6.7. Liquidity Risk

A liquidity risk would exist when liquidity reserves or debt capacity were insufficient to meet financial obligations on time. Due to anticipatory liquidity planning and the liquidity reserves that are held, the liquidity risk is considered very low for the Energie AG Group. In addition, open lines of bank credit and on the capital market are also drawn on as sources for financing. Measures aimed at assuring an appropriate capital structure and a conservative financial profile assist the company in maintaining its current "A" rating.

	Carrying amount 30/09/2017 EUR 1,000	Cash flows 2017/2018		Cash flows 2018/2019 to 2021/2022		Cash flows in and after 2022/2023	
		Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000
Financial liabilities (non-current and current)	**464,376.7**	**16,401.8**	**9,737.8**	**64,163.6**	**66,003.9**	**48,035.8**	**390,785.7**
Bonds	302,387.5	13,500.0	0.2	54,000.0	-	32,625.0	303,711.2
Liabilities to banks	34,927.1	680.7	6,178.9	1,771.7	27,086.0	218.3	2,489.0
Liabilities from finance leases	51,578.2	-101.7	2,605.4	-351.8	11,648.1	-19.1	37,324.7
Other financial liabilities	75,483.9	2,322.8	953.3	8,743.7	27,269.8	15,211.6	47,260.8
Trade payables (current)	**156,515.4**	**—**	**156,515.4**	**—**	**—**	**—**	**—**
Other liabilities (non-current and current) acc. to the balance sheet	**421,024.9**						
thereof non-financial liabilities	**225,033.4**						
thereof financial liabilities	**195,991.5**	**3,310.0**	**170,314.4**	**10,895.0**	**8,201.6**	**9,307.7**	**2,367.6**
Liabilities to affiliated companies	21,989.6	—	21,989.6	—	—	—	—
Liabilities to joint arrangements and associated companies	91,666.1	—	91,666.1	—	—	—	—
Derivatives designated as cash flow hedging instruments	15,363.9	3,310.0	256.0	10,895.0	—	9,307.7	—
Derivatives not designated as hedging instruments	10,240.7	—	7,823.7	—	2,417.1	—	—
Other financial liabilities (non-current and current)	56,731.2	—	48,579.0	—	5,784.5	—	2,367.6
Total	**816,883.6**	**19,711.8**	**336,567.6**	**75,058.6**	**74,205.5**	**57,343.5**	**393,153.3**

	Carrying amount 30/09/2016 EUR 1,000	Cash flows 2016/2017		Cash flows 2017/2018 to 2020/2021		Cash flows in and after 2021/2022	
		Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000	Interest EUR 1,000	Repayments EUR 1,000
Financial liabilities (non-current and current)	**532,407.2**	**18,422.0**	**16,713.7**	**71,259.3**	**83,009.6**	**69,269.0**	**435,079.5**
Bonds	302,633.4	13,500.0	0.3	54,000.0	—	46,125.0	304,135.3
Liabilities to banks	58,372.8	1,479.2	5,679.3	4,028.1	51,960.8	117.7	1,626.1
Liabilities from finance leases	54,050.2	- 54.0	2,486.0	- 185.3	11,136.2	- 49.3	40,428.0
Other financial liabilities	117,350.8	3,496.8	8,548.1	13,416.5	19,912.6	23,075.6	88,890.1
Trade payables (current)	**144,270.9**	**—**	**144,270.9**	**—**	**—**	**—**	**—**
Other liabilities (non-current and current) acc. to the balance sheet	**417,035.0**						
thereof non-financial liabilities	**222,344.0**						
thereof financial liabilities	**194,691.0**	**3,463.0**	**164,213.1**	**11,391.7**	**6,589.4**	**11,580.0**	**3,063.5**
Liabilities to affiliated companies	14,489.1	—	14,489.1	—	—	—	—
Liabilities to companies in which an interest is held	100,084.0	—	100,084.0	—	—	—	—
Derivatives designated as cash flow hedging instruments	20,857.1	3,463.0	32.1	11,391.7	—	11,580.0	—
Derivatives not designated as hedging instruments	6,989.5	—	5,751.2	—	1,238.3	—	—
Other financial liabilities (non-current and current)	52,271.3	—	43,856.7	—	5,351.1	—	3,063.5
Total	**871,369.1**	**21,885.0**	**325,197.7**	**82,651.0**	**89,599.0**	**80,849.0**	**438,143.0**

All financial instruments held on the balance sheet date and for which payments are contractually agreed upon are consolidated. Plan figures for new, future financial liabilities are not included. An average remaining term of 12 months is assumed for the current operating loans; the loan terms are however extended regularly and are, from a commercial prospective, available for longer than the stated periods. Foreign currency amounts are translated at the spot rate as of the balance sheet date. Variable interest payments from financial instruments are determined based on the last interest rates set before the balance sheet date. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity range.

Collateral was provided for financial liabilities in the amount of EUR 18,486.2 (previous year: EUR 20,455.4).

24.7. Terms for the Most Material Financial Instruments

Energie AG Oberösterreich:

4,5% Energie AG OOe. Bond 2005-25 ISIN: XS0213737702 Volume: EUR 300,000,000 Coupon: March 4

Registered bond 2010-2030, 4.75%, Volume: EUR 40,000,000

25. NON-CURRENT PROVISIONS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Provisions for pensions	102,979.6	120,633.8
Provisions for severance payments	84,927.0	90,464.4
Provisions for anniversary bonuses	17,990.8	18,956.3
Provisions for stepped pension and early retirement benefits	44,789.4	53,114.6
Other provisions	30,160.4	28,318.9
	280,847.2	**311,488.0**

For the most part, the provisions for pensions, severance payments and anniversary bonuses have a term that is more than five years. The provision for stepped pension and early retirement benefits will lead to payment outflows within the next five fiscal years, for the most part.

The calculation was based on the following inputs:

	2016/2017 %	2015/2016 %
Discount rate	1.9 %	1.2 %
Salary trend	3.0 %	3.0 %
Pension trend	2.0 %	2.0 %
Expected return on plan assets	1.9 %	1.2 %

Biometric calculations were based on Pagler & Pagler's calculation principles for pension funds from the Actuarial Association of Austria "AVÖ 2008-P". The statutory retirement age was used as a basis.

A fluctuation ranging from 0% to 11.87% (previous year: 0% to 12.24%) is assumed, staggered according to length of service with the company.

25.1. Provisions for Pensions and Similar Provisions

Company agreements and commitments under individual contracts have incurred an obligation to pay pensions upon retirement to certain staff members who joined the company prior to 30 September 1996 and have accepted neither full nor partial compensation of their claims to direct payments. Beyond that, there is an obligation to pay pensions to certain staff members who retired before 1 July 1998.

For this group of people, a pension provision has been created in line with IAS 19 (Employee Benefits) using the projected unit credit method of actuarial valuation.

The Group has an obligation to make additional contributions for defined retirement benefit plan obligations that were transferred to the Group's pension fund.

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Present value of retirement benefit obligations (DBO) as of 01/10	136,132.2	129,603.6
+ Current service costs	703.9	664.3
+ Past service costs	—	—
+ Interest expense	1,623.4	2,506.6
- Pension payments	- 7,523.2	- 7,389.2
(-)/+ Revaluation – actuarial (gains)/losses:		
due to experience-based adjustments	- 2,693.5	- 1,167.5
due to changes in demographic assumptions	5.2	56.4
due to changes in financial assumptions	-9,613.3	11,858.0
Present value of retirement benefit obligations (DBO) as of 30/09	**118,634.7**	**136,132.2**
- Fair value of fund assets	-15,655.1	- 15,498.4
Recognised pension provisions as of 30/09	**102,979.6**	**120,633.8**

Change in fund assets

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Plan assets as of 1/10	15,498.4	15,295.0
+/(-) Interest income (expense) of plan assets	203.4	306.5
+ Contributions to fund	59.4	496.9
- Payments from fund	-868.4	-839.4
+/(-) Asset gain/(loss)	762.3	239.4
Plan assets as of 30/09	**15,655.1**	**15,498.4**

Actual return on plan assets amounts to EUR 691.6 thousand (previous year: EUR 465.7 thousand).

The fund assets break down as follows:

	30/09/2017 %	30/09/2016 %
Shares	35.4	35.9
Bonds	41.9	42.0
Money market	14.8	14.7
Other investments	7.9	7.4
Total	**100.0**	**100.0**

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Service costs	703.9	664.3
Net interest expense	1,420.0	2,200.1
Pension expense (recognised in profit or loss for the period)	**2,123.9**	**2,864.4**
Revaluations of retirement benefit obligations	- 13,063.9	10,507.5
Pension expense (recognised in other comprehensive income)	**- 10,940.0**	**13,371.9**

The present value of the defined retirement benefit plan obligations is distributed over the individual groups of employees entitled to pension benefits as follows:

	30/09/2017 %	30/09/2016 %
Active	19.7	24.7
Vested	0.0	4.0
Retired	80.3	71.3
	100.0	**100.0**

As of 30/09/2017, the weighted average remaining term of the defined benefit plan obligations was 12.5 years (previous year: 13.6 years).

Pension payments for the 2017/2018 fiscal year are expected to amount to EUR 7,367.5 thousand.

An increase or decrease in the material actuarial assumptions would have the following effects on the present value of the pension obligations:

Sensitivity analyses	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Remaining life expectancy		
Increase by 1 year	6,902.5	8,319.5
Decrease by 1 year	- 7,213.7	- 8,591.6
Discount rate	—	
Increase by 0.5 %	- 6,595.3	- 8,231.5
Decrease by 0.5 %	6,820.1	9,205.8
Future pension increase		
Increase by 0.5 %	6,944.0	8,449.4
Decrease by 0.5 %	- 6,360.0	- 7,702.7

25.2. Provisions for Severance Payments

Based on obligations according to Austrian law and collective bargaining agreements, severance payments were paid to employees who took up service by 31/12/2002. Benefits due at the time of retirement or severance are calculated on the basis of the last salary, as well as the number of years of employment.

Based on these regulations according to labour law and collective bargaining agreements, a provision is created which is calculated according to the projected unit credit method.

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Present value of severence payment obligations (DBO) as of 1/10	90,464.4	84,709.0
+ Current service costs	3,455.8	3,260.4
+ Past service costs	277.8	25.6
+ Interest expense	1,085.6	1,647.7
- Severance payments	- 3,805.4	- 5,804.3
(-)/+ Revaluation – actuarial (gains)/losses:		
due to experience-based adjustments	- 591.6	47.1
due to changes in demographic assumptions	- 20.9	- 20.7
due to changes in financial assumptions	- 5,938.7	6,599.6
Present value of severance payment obligations (DBO) as of 30/09 = Recognised severance provisions as of 30/09	**84,927.0**	**90,464.4**

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Service costs	3,733.6	3,286.0
Net interest expense	1,085.6	1,647.7
Severance expense (recognised in profit or loss for the period)	**4,819.2**	**4,933.7**
Revaluations of the severance benefit obligation	- 6,551.2	6,626.0
Severance expense (recognised in other comprehensive income)	**- 1,732.0**	**11,559.7**

As of 30/09/2017, the weighted average remaining term of the defined benefit plan obligations amounted to 9.8 years (previous year: 10.6 years).

Severance payments for the 2017/2018 fiscal year are expected to amount to EUR 4,558.1 thousand.

An increase or decrease in the significant actuarial assumptions would have the following effects on the present value of the severance payment obligations:

Sensitivity analyses	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Discount rate		
Increase by 0.5 %	- 3,942.10	- 4,737.60
Decrease by 0.5 %	4,262.70	4,804.40
Future salary increase		
Increase by 0.5 %	4,263.40	4,765.50
Decrease by 0.5 %	- 3,982.80	- 4,750.90

For employment relationships starting in Austria as of 1 January 2013, the employer must pay 1.53% of the gross salary to an employee pension fund. This form of severance payment is recognised as a contribution-oriented plan according to IAS 19 (Employee Benefits).

25.3. Provisions for Anniversary Bonuses

Based on collective bargaining agreements, a provision for anniversary bonuses is created which is calculated according to the projected unit credit method.

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Present value of anniversary bonus obligations (DBO) as of 1/10	18,956.3	17,562.9
+ Current service costs	1,151.2	717.4
+ Interest expense	222.3	342.2
- Anniversary bonus payments	- 1,077.0	- 1,153.1
(-)/+ Revaluations – actuarial (gains)/losses:	- 1,262.0	1,486.9
Present value of anniversary bonus obligations (DBO) as of 30/09 = Recognised provisions for anniversary bonuses as of 30/09	**17,990.8**	**18,956.3**

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Service costs	1,151.2	717.4
Net interest expense	222.3	342.2
Revaluations	- 1,262.0	1,486.9
Expenses for anniversary bonuses (recognised in profit or loss for the period)	**111.5**	**2,546.5**

25.4. Provisions for Stepped Pensions and Early Retirement Benefits

A stepped pension (early retirement model) has been agreed upon with certain employees. This is a transitional payment for the period between the early termination of the employment relationship and the time when a claim to legal pension benefits is reached. The transitional payments for this period correspond to a previously determined percentage of the previous salary.

For the resulting obligations, a provision is created according to IAS 19 (Employee Benefits).

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Present value of early retirement benefit obligations (DBO) as of 01/10	53,114.6	55,269.3
+ Interest expense	557.9	982.0
+ Allocation due to new obligations	5,753.6	9,686.2
- Early retirement benefit payments	- 11,745.6	- 11,332.0
+ Net transfer	—	—
(-)/+ Revaluations – actuarial (gains)/losses:	- 2,891.1	- 1,490.9
Present value of early retirement benefit obligations (DBO) as of 30/09 = Provisions for early retirement benefit obligations (DBO) recognised as of 30/09	**44,789.4**	**53,114.6**

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Service costs	5,753.6	9,686.2
Net interest expense	557.9	982.0
Revaluations	- 2,891.1	- 1,490.9
Expenses for stepped pension and early retirement benefits (recognised in profit or loss for the period)	**3,420.4**	**9,177.3**

25.5. Other Non-Current Provisions

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Carrying amount as of 01/10	28,318.9	36,721.6
Use	- 921.2	- 11,351.6
Reversal	- 128.7	- 57.3
Allocation	2,884.6	3,004.9
Exchange differences	6.8	1.3
	30,160.4	**28,318.9**

26. CONSTRUCTION COST SUBSIDIES

This item primarily includes financing contributions received from electricity, gas and district heating customers. Following IFRIC 18, they are reversed as income over the average amortisation period for the corresponding equipment (up to 40 years).

27. ADVANCES RECEIVED

This item essentially consists of deferred items from the sale of claims resulting from minimum waste volume rights. Due to a contractual agreement, the Group is obligated to accept a certain volume of waste. It provides for the Group to be paid for a pre-determined minimum waste volume, irrespective of the actual volume delivered. The claims from this minimum waste volume through 30 September 2021 were sold, and an interest rate of 4.2868% was agreed upon with the contract partner. This amount was recognised as a liability under advances received.

28. OTHER NON-CURRENT LIABILITIES

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Investment subsidies	26,193.8	28,941.4
Other liabilities	46,070.1	46,058.2
	72,263.9	**74,999.6**

29. CURRENT PROVISIONS

Current provisions developed as follows during this fiscal year:

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Carrying amount as of 1/10	11,137.2	16,037.5
Use	- 3,536.9	- 4,747.6
Reversal	- 133.3	- 434.2
Allocation	7,492.9	279.0
Exchange differences	15.4	2.5
	14,975.3	**11,137.2**

30. TAX PROVISIONS

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Corporate tax for the reporting period	**142.7**	**519.6**

31. OTHER CURRENT LIABILITIES

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Liabilities to non-consolidated affiliated companies	21,957.0	14,475.4
Liabilities to joint arrangements and associated companies	91,666.1	100,084.0
Tax liabilities	62,272.7	59,051.4
Social-security liabilities	6,206.0	5,959.6
Advances received	51,474.9	59,091.8
Fair value of derivatives	9,656.7	5,784.8
Liabilities to employees	45,367.8	43,706.7
Other liabilities	60,159.8	53,881.7
	348,761.0	**342,035.4**

32. CONTINGENT LIABILITIES

	30/09/2017 EUR 1,000	30/09/2016 EUR 1,000
Others	**5,295.6**	**5,022.0**

Contingent liabilities include liabilities for which an outflow of resources is unlikely.

33. OTHER OBLIGATIONS

Pursuant to an energy supply agreement between Energie AG Oberösterreich Trading GmbH and VERBUND AG, the Group procures a certain annual amount of electricity on the basis of standard market products. The cost of the delivered electricity is recognised under material costs.

There is an obligation for the next fiscal year in the amount of EUR 7,615.6 thousand (previous year: EUR 6,587.9 thousand) resulting from long-term rental, lease and occupancy contracts for the use of property, plant and equipment not shown in the balance sheet. The total amount of these obligations for the next five years is EUR 31,574.9 thousand (previous year: EUR 27,534.0 thousand), for terms in excess of five years, EUR 18,089.4 thousand (previous year: EUR 25,146.9 thousand).

34. PROPOSAL FOR THE APPROPRIATION OF PROFIT

The Management Board of Energie AG Oberösterreich proposes to the annual general meeting a dividend of EUR 0.6 (previous year: EUR 0.6) per share, amounting to a total of EUR 53,267.8 thousand (previous year: EUR 53,269.3 thousand).

35. RISK MANAGEMENT

Risk and Opportunity Situation

The general conditions with regard to the government's energy policy and the regulatory framework as well as intense competitive pressure present great challenges for Energie AG. While the company is exposed to certain business risks, new markets and business models also offer opportunities for the company. This is where the pro-active management of risks and opportunities plays an important role.

The objective of the Group-wide risk management is to ascertain, evaluate and control risks early in the process, and to identify and exploit opportunities presenting to the company. Risk assessments are an integral part of the management and control system and flow into the strategic decision making process to support the management.

The responsible business units follow a structured process to identify and evaluate risks, opportunities and measures each quarter and record them in a central software tool. The data collected is then analysed on Group-level and incorporated into the Group's overall risk position. Reporting to the Group's management board is done quarterly and ad hoc as needed. The risk management report is an integral part of reporting to the Supervisory Board and is, in accordance with the requirements of the Austrian Company Law Amendment Act (URÄG), also reported to the audit committee regarding the efficiency and validity of the process. Proper documentation and verifiability are also guaranteed by historisation of the data as at the measurement dates.

Risk Profile and Development Trends

Market Risks

Market price risks, such as the development of wholesale prices for electricity and gas or the prices for biomass and certificates have a significant impact on the profitability and recoverability of the group's assets, procurement rights and investments. The expertise in the management of commodity price risks bundled in Energie AG Trading GmbH makes it possible to utilise intra-Group synergies by employing risk strategies geared to the market environment.

In light of increasingly volatile markets, the stabilisation of the electricity grid is becoming an increasingly dominant challenge for transmission system operators. The use of CCGT (combined cycle gas-turbine) power plants in the area of grid services and grid stabilisation amplifies the Group's earnings volatility.

Weather conditions are another important parameter affecting the development of the Group's business. Varying water levels of rivers result in fluctuating electricity generation from hydroelectric power plants, while temperatures have a significant effect on the demand for district heating, gas and electricity during the heating season. In the first half of the 2016/2017 fiscal year, electricity procurement experienced a moderate negative effect due to water levels falling slightly below the long-term average. The colder than average temperatures during the 2016/17 winter months have resulted in significantly higher sales due to the increased heating of buildings.

The sustained fierce competition on the consumer market may have a negative effect on the number of active customers, sales quantities and price levels. The year under review was characterised by an increased willingness of consumers to switch utility provider and a sustained pressure on prices. Energie AG responds to this challenging market environment with new innovative products, a focused development of customer segments and by digitalising its (sales) processes.

In the Waste Management Segment, the trend that started in the previous year is continuing towards a relaxation in the general economic conditions - with rising disposal prices for the thermal fractions and rising commodity prices. The positive price development has however resulted in increased competition, which the Group addresses by targeted market activities and increased cooperation with the public sector. Technical plant optimisation measures, intensified inspections of incoming materials and a continuous optimisation of the input volume flows are implemented to provide the incineration plants with the best possible protection against contaminants. The Group continues the systematic implementation of the cost management and optimisation projects initiated in previous years.

The Water Segment reports a steady development in sales revenue and earnings. Ongoing optimisation campaigns in all business areas as well as the participation in (concession) tenders are the most prominent measures for securing and growing the Group's market share.

Due to the progressing digitalisation and continually growing demand for reliable ultra-fast broadband internet, telecommunication services delivered via the group's own fibre optic network are continuing to gain significance. The resultant opportunities are seized by offering individual solutions for industrial and commercial customers and the selective expansion of a fibre-to-the-home network for private customers.

The Group's comparably high proportion of smart meters allows the grid operator the use of various smart grid functions. These expansions to the business model also offer new opportunities and threats, particularly in terms of IT protection regulations for end customers.

Operational Risks

The systems used for the generation and distribution of energy involve highly complex technologies. These systems are exposed to risks from technical failures or other damage events (natural disasters, sabotage, etc.), which may also affect their availability.

Severe weather events with numerous lightning strikes and lines disrupted by falling trees presented challenges for the electricity grid in the year under review. As a pro-active measure, the programme to replace medium-voltage overhead lines, which are particularly susceptible to disruption, with underground cables is being continued. In the environmental business, there is also the risk of malfunctions and interruptions at waste incineration plants and in water supply and waste water systems.

These asset risks are handled by Energie AG through maintenance and quality inspections, as well as an optimised maintenance strategy. Energie AG operates an adequate incident management system to handle any damages incurred despite these measures and insures these risks to the extent commercially viable at economically acceptable insurance excesses.

The business processes of Energie AG are supported by information and communication systems, which depend on a secure and reliable information technology. Energie AG addresses the increasing risks associated with information security as well as risks in cyber space by employing a comprehensive information security management on group level.

Political, Regulatory and Legal Risks

Energy supply is a business model requiring a long-term perspective, which renders it highly dependent on the prevailing political, regulatory and legal framework conditions. Efforts are made to counter these risks with intensive and constructive dialogue with government agencies and policymakers.

As the regulatory periods are still current until 2017 for natural gas and 2018 for electricity, the principal regulatory conditions remained unchanged in the past fiscal year. The regulatory authority conducted a comprehensive cost review in the natural gas area during fiscal year 2016/17. A cost review in the electricity area is planned for the upcoming fiscal year 2017/18. Netz Oberösterreich GmbH is already preparing for the challenges presenting in the coming regulatory periods, which will commence in 2018 for gas and in 2019 for electricity.

Risks from Investments

Investment risks lie in the fluctuations of revenues from investments, in the payment of dividends and the distribution of profits, and in changes in the impairment of investments. Risk optimisation primarily takes place through ongoing monitoring of existing investments.

Investment Project Risks

Projects in energy generation and distribution companies with higher and more long-term capital purchases entail a higher complexity and interdependencies between numerous input parameters. For this reason, deviations from project planning (also with ensuing delays and cost increases) cannot be completely ruled out. The main decision-making criterion is the expected return on the invested capital, taking into account risks and opportunities over the entire project term. Whether or not projects are realised will depend on market expectations and on whether the (energy) political environment can afford adequate investment security. Risk management methods are integrated in the entire project cycle to evaluate any potential financial deviations as early as possible and prepare adequate counter-measures.

Financial Risks

Financial risks, such as the interest rate risk, currency and liquidity risks as well as the market price risk from financial investments, are managed and monitored centrally by the Group Treasury unit of Energie AG Oberösterreich.

The interest rate risk can continue to be classified as very low due to the unchanged high fixed interest rate share of approx. 95% of outstanding interest-bearing financial liabilities within the Energie AG Group. Interest hedging measures were not taken in fiscal year 2016/17.

The currency risk was mainly limited to investments denominated in Czech koruna. The Group monitors currency risks continuously and mitigates these risks by taking adequate hedging measures.

An anticipatory financial planning provides the basis for managing and monitoring the liquidity risk. Thanks to sufficient liquidity reserves and available, partially drawn lines of credit, the solvency of Energie AG Oberösterreich and its Group companies is ensured at all times. The liquidity risk has not changed and is assessed as very low.

Energie AG Group employs a conservative investment policy to mitigate any fluctuation risk its financial assets (securities, investment funds) may be exposed to. A stringent monitoring and continual quantification of exchange risks ensures the Group's strategic liquidity reserves are invested in a risk-optimised way.

Counterparty Risks

The Group uses credit rating monitoring, credit limit systems, hedging instruments and a targeted strategy of diversifying its business partners to address any counterparty risks it may be exposed to.

Rating

In February 2017, Standard & Poor's lifted the already very good credit rating of Energie AG one rating notch higher to "A/outlook stable". This improvement in credit standing is the result of intensive optimisation and rationalisation measures which are now reflected in the substantially improved operating and financial performance of the Group. The management team of Energie AG continues with the goal of maintaining the single A rating in the long term.

36. RELATED PARTY DISCLOSURES

Related parties include OÖ Landesholding GmbH as majority shareholder as well as its subsidiaries, the Province of Upper Austria as sole investor of OÖ Landesholding GmbH, the joint ventures, the associated companies as well as members of the Management Board and the Supervisory Board of Energie AG Oberösterreich and their close relations.

		Revenues EUR 1,000	Expenses EUR 1,000	Receivables EUR 1,000	Liabilities EUR 1,000
Province of Upper Austria	**2016/2017**	**917.5**	**685.9**	**588.1**	**6.5**
	2015/2016	480.3	2,400.5	24.8	7.8
OÖ Landesholding and subsidiaries	**2016/2017**	**3,529.8**	**112.3**	**318.0**	**21,919.4**
	2015/2016	3,355.9	124.0	319.6	13,732.3
Associated companies	**2016/2017**	**8,427.4**	**1,777.1**	**736.7**	**596.3**
	2015/2016	5,311.0	3,383.0	579.9	372.5
Joint ventures	**2016/2017**	**260,916.4**	**16,315.8**	**26,907.5**	**86,553.8**
	2015/2016	303,477.2	16,438.0	32,329.5	92,237.6

Province of Upper Austria

The State of Upper Austria is the sole investor of OÖ Landesholding GmbH. OÖ Landesholding GmbH is the majority shareholder of Energie AG Oberösterreich.

The State of Upper Austria subscribed a bond in the 2008/2009 fiscal year (private placement). The bond was fully repaid in the 2015/2016 fiscal year.

OÖ Landesholding GmbH

Energie AG Oberösterreich and selected Group companies are members of the OÖ Landesholding GmbH tax group. The provisions of the OÖ Landesholding GmbH tax group contract apply in the relationship of Energie AG Oberösterreich with the tax group parent, whereas Energie AG Oberösterreich calculates its taxable income taking into account the taxable income of its subordinate Group companies. In the case of positive tax income, any positive tax allocations are offset. Negative tax results are carried forward. The tax allocations amount to EUR 32,104.5 thousand (previous year: EUR 10,030.0 thousand).

Associated companies

Salzburg AG
Gas deliveries are made between the Group and Salzburg AG. The sales revenues amount to EUR 4,028.1 thousand (previous year: EUR 3,561.3 thousand), while expenses are EUR 913.4 thousand (previous year: EUR 3,044.1 thousand).

Wels Strom GmbH
In addition to grid services, heat and electricity deliveries took place between the Group and Wels Strom GmbH. The sales revenues amount to EUR 4,244.2 thousand (previous year: EUR 1,705.4 thousand), while expenses are EUR 279.6 thousand (previous year: EUR 338.9 thousand).

Joint ventures

ENAMO GmbH
ENAMO GmbH was established between Energie AG Oberösterreich and LINZ AG für Energie, Telekommunikation, Verkehr und Kommunale Dienste (LINZ AG) as a joint venture for electricity sales.

A business share of 35% is held by LINZ STROM GmbH für Energieerzeugung, -verteilung und Telekommunikation, a subsidiary of LINZ AG. There is an obligation to proportionally assume negative results. Electricity and other services are delivered between the Group and ENAMO GmbH as company consolidated at equity. The sales revenues amount to EUR 107,618.2 thousand (previous year: EUR 122,153.4 thousand), while services in the amount of EUR 8,194.3 thousand (previous year: EUR 8,704.2 thousand) were purchased. Furthermore, electricity and other services are delivered between the Group and ENAMO Ökostrom GmbH, a 100% subsidiary of ENAMO GmbH. The sales revenues amount to EUR 14,322.6 thousand (previous year: EUR 16,629.9 thousand), while services in the amount of EUR 2,362.0 thousand (previous year: EUR 2,342.6 thousand) were purchased.

Energie AG Oberösterreich Vertrieb GmbH & Co KG
Energie AG Oberösterreich is the sole limited partner of Energie AG Oberösterreich Vertrieb GmbH & Co KG. Enamo GmbH is that company's general partner without an equity interest. Electricity and other services are delivered between the Group and the company. The sales revenues amount to EUR 136,116.5 thousand (previous year: EUR 162,615.9 thousand), while services in the amount of EUR 3,693.4 thousand (previous year: EUR 3,391.9 thousand) were purchased. There is also a cash-pooling agreement between the Group and Energie AG Oberösterreich Vertrieb GmbH & Co KG resulting in liabilities in the amount of EUR 85,605.5 thousand (previous year: EUR 91,800.2 thousand). Furthermore, there are contingent liabilities in the amount of EUR 1,871.7 (previous year: EUR 1,308.1 thousand).

There are guarantees in the amount of EUR 8.6 thousand (previous year: EUR 124.0 thousand) given for liabilities from Geothermie-Wärmegesellschaft Braunau-Simbach mbH and Geothermie-Fördergesellschaft Simbach-Braunau mbH.

Members of the management in key positions

Members of the management in key positions include the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich, and the Management Board and the Supervisory Board of OÖ Landesholding GmbH. Regarding the salaries of the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich, please refer to Item 10. There are no other material benefits received.

Other disclosures

Shareholder agreements exist between Energie AG Oberösterreich and the non-controlling investors, with the exception of employees. This affects the Energie AG Oberösterreich Group in particular concerning dividend arrangements, rights to appoint members of the Supervisory Board, and special minority rights.

Other transactions with non-consolidated companies are not recognised due to their subordinate importance.

37. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

No material events occurred after the balance sheet date.

38. DISCLOSURES ON GROUP MANAGEMENT BODIES

In this fiscal year, the members of the Management Board of Energie AG Oberösterreich were:

KommR Ing. DDr. Werner Steinecker MBA (CEO, Chairman of the Management Board from 01/03/2017;
Member of the Management Board until 28/02/2017, Kirchschlag);
Dkfm. Dr. Leo Windtner (CEO, Chairman of the Management Board until 28/02/2017, St. Florian);
KommR Mag. Dr. Andreas Kolar (Member of the Management Board, Steyr)
Dipl.-Ing. Stefan Stallinger MBA (Member of the Management Board, from 01/03/2017, Linz).

The Supervisory Board of Energie AG Oberösterreich had the following members in the 2016/2017 fiscal year:

KommR Dipl-Ing. Gerhard Falch (Chairman); Mag. Stefan Lang PLL.M (First Vice Chairman); Dr. Heinrich Schaller (Second Vice Chairman); Dipl.-Ing. Wolfgang Dopf MBA; Dr. Miriam Eder MBA; Mag. Dr. Erich Entstrasser; Mag. Florian Hagenauer MBA; Mag. Anna-Maria Hochhauser; Thomas Peter Karbiner MSc MBA MPA; Mag. Michaela Keplinger-Mitterlehner; Ing. Herwig Mahr; Mag. Kathrin Renate Kühtreiber-Leitner MBA; Mag. Dr. Michael Strugl MBA; Josef Walch.

Works Council Representatives:

Ing. Mag. Leopold Hofinger (from 1 May 2017); Mag. Regina Krenn (from 1 May 2017); Ing. Robert Gierlinger MSc (until 30 April 2017); Isidor Hofbauer (until 30 April 2017); Ing. Peter Neißl MBA MSc; Friedrich Scheiterbauer; Ing. Bernhard Steiner; Gerhard Störinger; Egon Thalmair.

Linz, 29 November 2017
The Management Board of Energie AG Oberösterreich

Chief Executive Officer
DDr. Werner Steinecker MBA
Chair of the Management Board

Dr. Andreas Kolar
Member of the Management Board

Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board

Auditor's Certificate

3. Auditor's Certificate

Report on the Consolidated

Financial Statements Audit Opinion

We have audited the consolidated financial statements of

Energie AG Oberösterreich,
Linz,

and its subsidiaries (the Group) comprising the consolidated balance sheet as at 30 September 2017, the consolidated income statement/consolidated statement of comprehensive income, the consolidated cash-flow statement and the statement of changes in consolidated equity for the fiscal year ending on 30 September 2017, as well as the notes to the consolidated accounts.

It is our opinion that the consolidated financial statements comply with the statutory requirements and offer an adequately accurate representation of the assets, liabilities and financial position of the Group as at 30 September 2017, as well as the Group's earnings position and cash flows during the fiscal year ending as of that date, in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU and the additional requirements stipulated in § 245a of the Austrian Corporate Code.

Basis for Forming the Audit Opinion

We have conducted our audit in accordance with the EU Directive No. 537/2014 (EU Directive hereinafter) and the Austrian Principles of Proper Auditing of Financial Statements. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are set out in more details in Section "Responsibilities of the Auditor in Auditing the Consolidated Financial Statements" of our audit certificate. We are independent from the Group in compliance with the Austrian corporate law and professional regulation and have discharged our other professional duties in accordance with these requirements. We are of the opinion that the audit evidence we have obtained is sufficient and suitable for acting as a basis for our audit assessment.

Audit findings bearing special significance

Audit findings bearing special significance are findings concerning circumstances that, in our professional judgement, were the most significant for our audit of the consolidated financial statements for the fiscal year. These findings were considered in the context of our audit of the consolidated financial statements in their entirety as well as in forming our audit opinion, which we do not present separately for these findings.

Impairment of goodwill assets

Please refer to the Notes, Section 5.4 "Impairment of Goodwill Assets" and Section 16 "Intangible Assets and Property, Plant and Equipment"

Risks Inherent in the Financial Statements

As at 30 September 2017, the consolidated balance sheet of Energie AG Oberösterreich reports goodwill assets with a carrying amount of EUR 65.9 mill. (previous year: EUR 69.3 mill.).

Goodwill assets are subjected to impairment testing at least once in each fiscal year. This requires the Management to make material estimates and assumptions on future profits and capital cost rates, which in the case of deviations may significantly change the results of impairment testing. This affects the cash generation unit "Waste Management Austria" in particular.

The risk for the consolidated financial statements is based on the uncertainty of whether goodwill assets might turn out to be overvalued if any or all of the underlying assumptions change in an unfavourable way.

Our Audit Approach

We have evaluated all impairment testing carried out by the company for material goodwill assets in consultation with our valuation experts.

To form an opinion about the adequacy of the underlying internal planning, we have examined the planning process and verified the planning data, on which the valuations are based, against the current budget figures approved by the Supervisory Board as well as the mid-term planning approved by the Management Board.

Additionally, we discussed the assumptions made for growth rates and operational results of material goodwill assets with the company's respective managers and ascertained to what degree the historical experiences influence the Management's planning process, and whether external factors were given adequate consideration. We have assessed adherence to the budget by comparing the budgets of previous years with the reported actual figures.

We furthermore assessed the methodology used for impairment testing and determination of the capital cost rates. Our valuation experts assessed the appropriateness of the assumptions, on which the determination of capital cost rates were based, against market- and industry-specific reference values. We have also verified the arithmetic accuracy of the calculation method used for these purposes.

Impairment of property, plant and equipment, procurement rights and other rights

Please refer to the Notes, Section 5.5 "Impairment of Intangible Assets, Property, Plant and Equipment" and Section 16 "Intangible Assets and Property, Plant and Equipment"

Risks Inherent in the Financial Statements

Property, plant and equipment at a carrying amount of EUR 1,948.1 mill., procurement rights at a carrying amount of EUR 81.4 mill. and other rights at a carrying amount of EUR 30.1 mill. represent approx. 66.9 % of the assets reported in the consolidated balance sheet of Energie AG Oberösterreich. During the 2016/2017 fiscal year, impairments in the amount of EUR 30.2 mill. and appreciations in the amount of EUR 37.3 mill. were recognised through profit or loss.

In preparing the financial statements, Energie AG Oberösterreich assesses all material cash generating units (CGUs) on the presence of indications for a material change in their respective recoverable amount. In as far as such indicators are present, the concerned assets and cash generating units (CGUs) are measured on the basis of their discounted net cash inflows. The electricity grid is measured on the basis of transaction multiples observed in the market.

The risk inherent in the consolidated financial statements results from the fact that some of the valuation calculations are of a complex nature and that the valuations are to a significant degree based on assumptions and estimates, which naturally entail estimation uncertainties with regard to the impairment of plant, property and equipment as well as intangible assets. Changes in the underlying assumptions may have a significant impact on the results of impairment testing carried out. This is particularly the case for the estimated medium and long-term development of prices on the energy markets.

Our Audit Approach

Our approach in auditing the material assumptions on which impairment testing for plant, property and equipment was based is generally the same as our approach to auditing the impairment of a company's goodwill. We refer to the audit activities explained in the previous section.

We have discussed the material impairment-critical assumptions in detail with the responsible staff members and have verified the expectations for future price developments on the energy markets against the external market appraisals used by the company.

In cases where an asset was recognised at fair value less disposal costs, due to the latter exceeding the value in use (grid in the Electricity Segment), we compared the transaction-based multiple used in the calculation of an asset value against the transaction multiple assessed in the external expert report, and verified the arithmetic accuracy as well as the adjustments made by management to the basis (EBITDA) on which the multiple was assessed.

We further assessed whether the information with regard to impairment testing as presented in the Notes is adequate and complete.

Responsibilities of the Legal Representatives and the Audit Committee for the Consolidated Financial Statements

The legal representatives are responsible for compiling the consolidated financial statements and their compliance with the IFRS rules applicable in the EU and the additional requirements stipulated in § 245a of the Austrian Commercial Code, which requires a reasonably accurate representation of the Group's assets, financial and earnings position. The Group's legal representatives are further responsible for the internal controls deemed necessary by them for preparing consolidated financial statements that are free from significant intentional or unintentional misrepresentations.

In compiling the consolidated financial statements, the legal representatives are responsible for forming an opinion on the Group's ability to continue its business operations, for disclosing any relevant circumstances relating to the continuation of the business operations and to base their considerations on the principle of continued business operations, unless the representatives intend to liquidate the Group, cease business operations or find themselves in lack of any viable alternative to such action.

The Audit Committee is responsible for supervising the Group's accounting processes.

Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

Our objective is to assure an adequate degree of certainty on whether the consolidated financial statements are entirely free from significant intentional or unintentional misrepresentations and to issue an audit certificate reflecting our audit findings. An adequate degree of certainty means a high degree of certainty, but is not an absolute guarantee that the audit conducted in accordance with the EU Directive and the Austrian Principles of Proper Auditing, which require application of ISA, has in fact identified all significant misrepresentations that may be contained in the audited financial statements. Misrepresentations may result from malicious acts or misconceptions and are deemed significant if they could, individually or collectively, have a potential influence on the economic decisions made by their readers on the basis of these consolidated financial statements.

In conducting our audit in accordance with the EU Directive and the Austrian Principles of Proper Auditing, which require application of ISA, we form our opinions on the basis of our professional judgement and maintain a critical view of the circumstances presented to us throughout the entire course of the audit.

Additionally, we adhere to the following:

We identify and assess the risks stemming from any significant intentional and unintentional misrepresentations in the financial statements, plan our audit activities as a response to these risks, perform our audit activities and gain sufficient and suitable audit evidence to serve as the basis for our audit findings. The risk of significant misrepresentations resulting from malicious acts remaining undetected is higher than the risk resulting from misconceptions, because malicious acts may include fraudulent acts, forgery, intentional omissions, deceiving representations or the circumvention of internal controls.

- In order to plan audit activities that adequately address the prevailing circumstances, we gain an understanding of the system of internal controls bearing relevance for our audit, but without the objective of forming an audit opinion on its effectiveness.
- We evaluate the appropriateness of the accounting methods applied by the legal representatives, as well as the tenability of values estimated by the legal representatives and represented in the accounts and the disclosures associated with such estimates.
- We draw inferences about the appropriateness of the legal representatives operating under the accounting principle of continued business operations, as well as, on the basis of the evidence presented to us for our audit, whether any events or circumstances are subject to a material uncertainty that would give rise to doubts about the viability of the Group continuing its business operations. If we arrive at the conclusion that a material uncertainty exists, we are obliged to draw attention to the associated disclosures contained in the consolidated financial statements in our audit certificate, or to modify our audit certificate if these disclosures are inappropriate. We form our opinion on the basis of the audit evidence gathered by the date of our audit certificate. Future events or circumstances may however result in the Group resolving to discontinue its business operations.
- We form an opinion on the overall presentation, structure and contents of the consolidated financial statements including the disclosures therein, as well as on whether they are an adequately accurate representation of the underlying business transactions and events.
- We issue our audit opinion on the consolidated financial statements on the basis of sufficient and suitable audit evidence for the financial information of the business units or the business activities of the Group. We are responsible for managing, supervising and performing the audit of the consolidated financial statements. We bear the sole responsibility for our audit opinion.
- We consult with the Audit Committee on matters such as the planned scope and timing of the audit as well as significant audit findings, including any significant defects in the system of internal controls detected during our audit.
- We also issue a statement to the Audit Committee, which confirms that we have adhered to the relevant professional requirements pertaining to our independence and exchange information with the Audit Committee on all relationships and other circumstances that may reasonably be expected to affect our independence and, if applicable, any protective measures associated with it.
- From the circumstances discussed with the Audit Committee, we determine those that had the highest significance for the audit of the consolidated financial statements for the fiscal year and are therefore the circumstances bearing special audit significance. We describe these circumstances in our audit certificate, unless public disclosure of a certain circumstance is prohibited by law or other legal requirement, or determine in very rare cases that certain circumstances should not be disclosed in our audit certificate because the negative implications of disclosing them could reasonably be expected to exceed the benefits for the public interest.

KPMG

Energie AG Oberösterreich, Linz
Report on the Audit of the Consolidated Financial Statements as at 30 September 2017
29 November 2017

Other Statutory and Legal Requirements

Report on the Group Management Report

Austrian corporate law requires an assessment of whether the Group Management Report reconciles with the consolidated financial statements and whether it has been compiled in compliance with the applicable legal requirements.

The legal representatives are responsible for compiling the Group Management Report in compliance with the requirements under Austrian corporate law.

We have conducted our audit on the basis of the professional principles for the auditing of Group's Management Report.

Audit Opinion

We have formed the opinion that the Group Management Report was compiled in compliance with the applicable legal requirements and that it reconciles with the consolidated financial statements.

Explanation

Our audit of the consolidated financial statements and the knowledge gained about the Group and its business environment has not identified any material misrepresentations in the Group Management Report.

Other Disclosures

The legal representatives are responsible for the other required disclosures. Such other disclosures encompass all information presented in the annual report, except the (consolidated) financial statements, the management report respectively the Group management report and the audit certificates issued for them.

These other disclosures are not included in our audit opinion for the consolidated financial statements and we give no assurance for their accuracy.

We are obliged to read these other disclosures during the course of our audit of the consolidated financial statements and to consider whether there are material inconsistencies between the other disclosures and the consolidated financial statements or our audit findings, and whether such other disclosures appear to be material misrepresentations in any other way. We are obliged to report any material misrepresentations established on the basis of the audit activities performed by us. Our audit has not resulted in any reportable circumstances.

Additional Information Pursuant to Article 10 of the EU Directive

Our firm has been elected auditors of the financial statements by the General Meeting held on 20 December 2016. The Supervisory Board issued its engagement letter on 10 March 2017. Our firm has been providing financial auditing services for more than 25 years.

We hereby declare that our audit opinion presented in Section "Report on the Consolidated Financial Statements" reconciles with the additional report to the Audit Committee pursuant to Article 11 of the EU Directive.

We hereby declare that we have not performed any prohibited non-audit services and that we have maintained our independence from the Group companies during the conduct of our audit of the financial statements.

Auditor in Charge of the Assignment

Mr Michael Ahammer is the auditor in charge of the audit of the financial statements.

Linz, 29 November 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Michael Ahammer
Auditor

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 complete German version of the consolidated financial statements including the Group management report. The provisions of Section 281 para. 2 UGB must be observed for any other versions.

Report of the Supervisory Board
in accordance with Section 96 of the Austrian Stock Exchange Act

During the 2016/2017 fiscal year, the Management Board informed the Supervisory Board and the Supervisory Board Audit Committee about the activities of the Group and its subsidiaries in writing and orally on a regular basis, and it discussed all important business events with these bodies. In the 2016/2017 fiscal year, the plenum of the Supervisory Board convened regularly in a total of four ordinary and one extraordinary meetings, while the Audit Committee convened in two meetings. The management bodies gave their approval to all business events, which is mandatory in specific cases. No objections were raised in the course of the general supervisory activities or the audit.

The financial statement of Energie AG Oberösterreich as at 30 September 2017, drawn up according to the Austrian accounting regulations, together with the accounts and the management report, were audited by KPMG Austria GmbH, Chartered Accountants and Tax Consultants, Linz. The auditors submitted a written report on their audit findings and assessed that the accounts and financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position, and that the management report complies with the legal requirements and reconciles with the financial statements. The auditing firm therefore issued its unrestricted audit certificate.

It was established that – in accordance with section 243c of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with section 243d UGB, there is also no obligation to prepare a report on payments to government agencies.

The Supervisory Board examined the financial statements as at 30 September 2017, together with the notes and the management report, as well as the proposal for the appropriation of the profit. The Supervisory Board Audit Committee also examined the financial statement as at 30 September 2017, together with the notes and the management report, as well as the proposal for the appropriation of the profit. It drew up a written report and recommended to the Supervisory Board to approve the auditor's report, together with the auditor's unrestricted certificate, as well as to authorise the present financial statement as at 30 September 2017, together with the notes and the management report, and thus to adopt the financial statement as at 30 September 2017. The Audit Committee also recommended that the Supervisory Board approves the proposal for the appropriation of the profit. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and established that the Supervisory Board, in turn, has no objections regarding the statements. The Supervisory Board states that it is in agreement with the management report, presented in accordance with section 96 of the Austrian Stock Exchange Act, and with the proposal for the appropriation of the profit, and that it adopts the financial statement as at 30 September 2017, which is thus established.

The consolidated financial statements for the 2016/2017 fiscal year (01/10/2016 to 30/09/2017), 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 auditors submitted a written report on their audit findings and assessed that the financial statements comply with the statutory requirements, give a reasonably accurate representation of the assets, financial and earnings position as well as the Group's cash flows, and that the management report complies with the legal requirements and reconciles with the financial statements. The auditing firm therefore issued its unrestricted audit certificate. The Supervisory Board examined the consolidated financial statements and the Group's management report in detail. The Audit Committee also examined the consolidated financial statements and the Group's management report in detail. It drew up a written report and recommended that the Supervisory Board approves the auditor's report, together with the auditor's unrestricted audit certificate, as well as the present consolidated financial statements as at 30 September 2017, together with the notes and management report. The Supervisory Board noted with approval the outcome of the review conducted by the Audit Committee and of the audit conducted by the firm of chartered accountants, and 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 financial statements in accordance with Austrian commercial law provisions.

The Supervisory Board would like to express its thanks to the Management Board and all company staff members for their successful work during the 2016/2017 fiscal year.

Linz, December 2017

On behalf of the Supervisory Board
The deputy Chairman of the Supervisory Board

RA Mag. Stefan Lang, LL.M.

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

The Management Board of Energie AG Oberösterreich confirms to the best of its knowledge that the consolidated financial statements of Energie AG Oberösterreich give a true and fair view of the assets, liabilities, and financial and earnings position of the Group as required by the applicable accounting standards, and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, 29 November 2017

The Management Board of Energie AG

Chief Executive Officer **DDr. Werner Steinecker MBA** Chair of the Management Board C.E.O.	**Dr. Andreas Kolar** Member of the Management Board C.F.O.	**Dipl. Ing. Stefan Stallinger MBA** Member of the Management Board C.O.O.

When "Energie AG" is referred to in the financial statement, Energie AG Oberösterreich is meant.

This report contains forward-looking statements subject to risks and uncertainties that could cause actual results to differ substantially from those predicted. Terms used such as "presumed", "assumed", "estimated", "expected", "intended", "may", "planned", "projected", "should" and comparable expressions serve to characterise forward-looking statements. No guarantees can therefore be given that the forecasts and planned values will actually materialise regarding economic, currency-related, technical, competition-related and several other important factors that could cause actual results to differ from those anticipated in the forward-looking statements. Energie AG does not intend to update such forward-looking statements and refuses any responsibility for any such updates. We have exercised utmost diligence in the preparation of this report and checked the data contained therein. The present English version is a translation of the German report. The German version of the report is the only authentic version.

LEGAL NOTICE

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Subject to errors and misprints.
Linz, December 2017

MMS

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ENERGIE AG Oberösterreich

We care about tomorrow