

SEMI-ANNUAL FINANCIAL REPORT

2008
2009

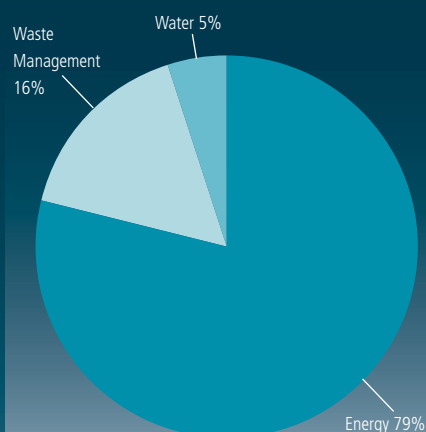
ENERGIE AG
Oberösterreich

Full of Energy

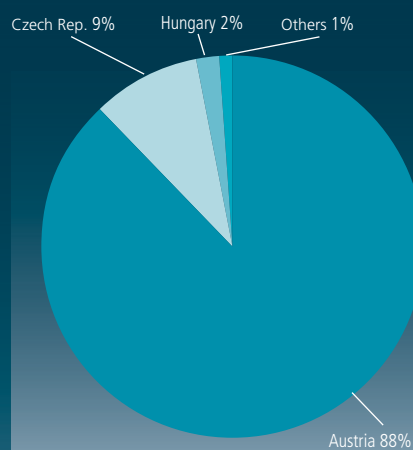
The Energie AG Group at a Glance

	in	2008/2009 half year	Change	2007/2008 half year	2006/2007 half year
Sales					
Energy Segment	EUR mill.	781.5	44.7%	540.0	371.6
Waste Management Segment	EUR mill.	158.0	10.8%	142.6	121.6
Water Segment	EUR mill.	53.4	42.4%	37.5	32.7
Group Sales	EUR mill.	992.9	37.9%	720.1	525.9
Result					
EBITDA	EUR mill.	134.9	- 16.1%	160.8	130.4
EBITDA margin	%	13.6	- 39.1%	22.3	24.8
Result of operations (EBIT)	EUR mill.	62.7	- 38.8%	102.5	75.5
EBIT margin	%	6.3	- 55.6%	14.2	14.4
Result before taxes (EBT)	EUR mill.	59.2	- 36.5%	93.3	73.6
Consolidated net profit	EUR mill.	39.3	-45.9%	72.7	57.4
Cash Flow from the result					
	EUR mill.	78.8	- 35.7%	122.6	207.2
Staff (average)					
Energy Segment	FTE	2,137	13.6%	1,881	1,825
Waste Management Segment	FTE	3,327	30.9%	2,541	2,123
Water Segment	FTE	1,484	32.3%	1,122	1,201
Group	FTE	6,948	25.3%	5,544	5,149

SALES PER SEGMENT



SALES PER COUNTRY



Contents

Semi-annual financial report 2008/2009

	Page
• The Energie AG Group at a Glance.....	2
• Statement by the Chairman	4
• Management Report of the Energie AG Group	6
Energy Segment	8
Waste Management Segment	13
Water Segment	16
• Consolidated Financial Statement	20
Consolidated Income Statement.....	20
Consolidated Balance Sheet	21
Notes	22
Cash-Flow Statement	26
Development of Group Equity	26
• Statement by the Board of Management pursuant to § 87 (1) item 3 of the Austrian Stock Exchange Act.....	25

Statement by the Chairman



ROLAND PUMBERGER,
MEMBER OF THE BOARD
OF MANAGEMENT

LEO WINDTNER,
CHAIRMAN OF THE BOARD
OF MANAGEMENT

WERNER STEINECKER,
MEMBER OF THE BOARD
OF MANAGEMENT

THE FINANCIAL CRISIS HAS REACHED THE REAL ECONOMY.

4 For the Energie AG Group the first six months of the 2008/2009 business year were also marked by the effects of the international financial and economic crisis. As an infrastructure group with several operating footholds and sound business models we are being less affected by the worst slump in post-war years than many industrial enterprises; yet, we cannot completely disengage ourselves from the worldwide developments, on account of our close ties to customers.

While in the energy segment we are affected by falling energy prices and clearly decreased demand, due to production stops and/or reductions in the energy-intensive industry, the lower prices for primary and recycling materials also have an effect on the result of the waste management segment. In addition, the water levels of rivers were clearly below the multi-year average during the first half of the business year and thus led to less electricity generation at our own hydro power stations and under our procurement rights. The result was positively influenced by the termination of the cross-border leasing transaction for the electricity grid, which it was possible to terminate with a clearly positive overall success in financial terms.

COPING WITH CHALLENGES AND IDENTIFYING OPPORTUNITIES

After years with a continuous improvement of the result, the 2007/2008 business year was the best in the Group's history, marked by extremely positive overall conditions, sound business activities and one-off effects.

While the Group's result decreased in comparison to the first six months of the previous year, one cannot speak of a threatening scenario when an Result before taxes of 59 million is achieved. The Management and the staff have no doubt as to the basic stability of the business model; nevertheless, the dramatic effects of the crisis need to be faced. Bearing that in mind they are focusing on the challenges and opportunities arising from this situation. Targeted cost-reduction measures, consistent analyses and increasing synergy potentials are the most important measures.

FULL OF ENERGY – THE STAFF AND THE OWNERS

In the past few years the Energie AG Group coped with a period of great dynamism. The re-organization to set up a strategic management holding company, the value-based growth course with record results year after year, the private placement of company shares and the Group's internationalization have required a great deal of effort and much input. Today, we need just as much commitment and plenty of energy in order to cope successfully with the challenges of the current economic situation and emerge from it with renewed vigor; for this mission we rely on the commitment of our staff and the support, as well as on the confidence of our owners. At the same time we thank our staff for their performance to date, as well as our shareholders for their approach as our partners.

Together we will work with full energy to make the 2008/2009 business year to a successful year for the Energie AG Group.



Leo Windtner
Chairman of the Board of Management

Management Report of the Energie AG Group on the First Six Months of the 2008/2009 Business Year

Economic Environment

The economic crisis, which first became noticeable a few months ago, has developed into the biggest slump of the post-war period.

Since the beginning of the business year of the Energie AG Group on 01 October 2008, almost all industrialized countries have had to accept a pronounced economic setback. All key economic indicators such as investments, industrial production, world trade or unemployment rate deteriorated dramatically. In spite of the governments' packages of measures to stimulate economic activities, no trend reversal is to be seen, as of yet.

According to its updated forecast dated 26 March 2009 for the year 2009, the Institute for Higher Studies (IHS) expects a decline of 2.7% (GDP in real terms). As a matter of principle, however, major uncertainties continue to attach to any assessment concerning the intensity and duration of the current cyclical crisis. Since the beginning of the business year, economic forecasts have continuously been revised downwards. At the end of April, for example, IHS experts already expected a decline in economic activity in Austria of up to 4.0%.

A smaller recession is expected for the new EU member states in Central and Eastern Europe.

Business in the Group

Although the business models of partly regulated utility networks and the Group's position as an integrated energy supplier group have proven to have a stabilizing effect on the Group's development, also in times of volatility, the development of business activities during the first six months of the 2008/2009 business year have been marked considerably by exogenous influences.

In the wake of the global economic crisis there has been a clear reduction in electricity demand by industrial customers since the end of the year 2008. Parts of these electricity volumes, which were contracted as part of our long-term procurement strategy on the basis of delivery agreements and customer forecasts, must now be sold on futures and spot markets at unfavorable conditions.

The economic setback also resulted in a drop in prices to historical lows for recycling materials such as waste paper and used metals. Moreover, persisting legal and illegal waste-material exports from Austria and restrictions of production by SMEs and industrial enterprises have led to intensive competition over the declining waste-material volumes.

During the period under review, i.e. October 2008 to March 2009, the water level of rivers was down by about 12%, compared to multi-year mean values, as a result of which electricity generation at our own hydro power stations and in connection with procurement rights decreased.

Given this external environment, an EBIT of EUR 62.7 million was generated with sales of EUR 992.9 million during the first six months of the 2008/2009 business year (01 October 2008 to 31 March 2009).

Compared to the same period of the previous year (EUR 720.1 million), we succeeded in raising sales by EUR 272.8 million or 37.9%. This development is mainly due to the first-time full consolidation of OÖ. Ferngas AG and CMOÖ GmbH, which had previously been associated at equity, as well as to acquisitions and organic growth in the segments waste management and water, and a further expansion of the proprietary electricity trading activities.

In comparison to the first six months of the previous business year (EUR 102.5 million), the Group's result from operations (EBIT) went down by EUR 39.8 million or 38.8%.

RATING

Standard & Poor's, the international rating agency, once again reviewed Energie AG in detail during the current business year and issued a very good "A" rating, outlook stable. This rating is one notch below the previous "A+" (outlook negative) and was issued primarily against the background of an altogether tight economic situation, the impact of which is also noticeable on the markets where Energie AG operates. Energie AG succeeded in reaching its goal, namely to maintain a stable A rating, also in times of difficult economic conditions. The rating, which also compares favorably within the industry, is a basic prerequisite for maintaining structural liquidity and securing optimum conditions when procuring funds on credit and capital markets.

CROSS-BORDER LEASING

On 27 March 2009 the cross-border leasing transaction dating back to the 2000/2001 business year for the electricity grid was ended prematurely. Termination of the agreement, which originally would have ended in 2026, became possible when the US investor made an offer to this effect. The termination resulted in a balance-sheet contraction, as the deposit and swap items on the asset side were re-transferred, while the credit amounts, swaps, as well as the corresponding

differentials under liabilities for the cash-value advantage of the grid were taken out of the books.

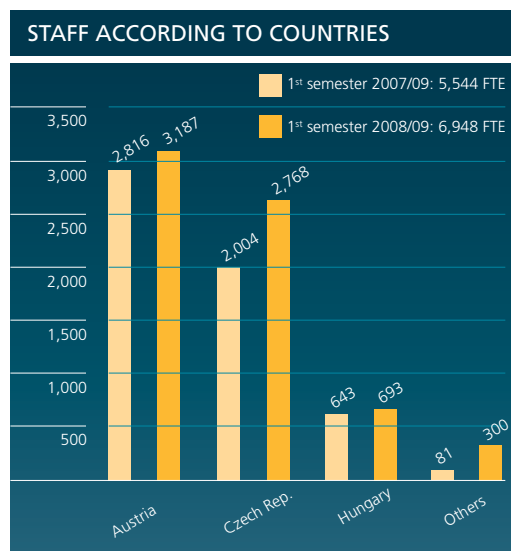
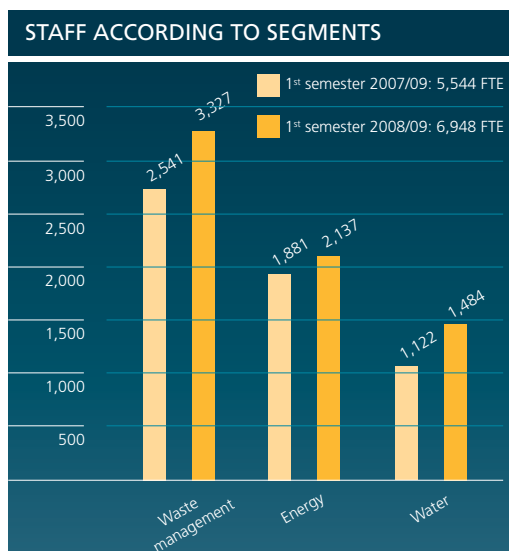
The termination of the transaction made it possible to obtain a positive net contribution of about EUR 10 million to the financial result of the current business year.

The contingent liabilities have decreased from EUR 1,416 Mio. at the end of the last business year to EUR 653.4 Mio. as at 31.03.2009.

On account of the international financial crisis, a "Letter of Credit" had already been provided in November 2008 in order to secure the long-term lease-and-lease-back transaction covering some of the hydro power stations, which will make it possible to continue to ensure the stable structure of the transaction.

HUMAN RESOURCES

The mean consolidated personnel level (full-time equivalents) of the Group went up from 5,544 in the first six months of the 2007/2008 business year to 6,948 staff members. The main reason for this increase is the further expansion of the waste management and water segments, as well as the first consolidation of OÖ. Ferngas AG in the energy segment.



Energy Segment

The Energy Segment - Overview	unit	half year 2008/2009	half year 2007/2008	change
Total electricity procured	GWh	6,633	6,152	7.8%
Own electricity generation	GWh	1,939	2,192	- 11.5%
Electricity distribution volumes	GWh	3,402	3,452	- 1.4%
Electricity supply volumes	GWh	3,400	3,502	- 2.9%
Natural-gas transports	mill. m ³	970	980	- 1.0%
Heat sold	GWh	642	573	12%
Total sales	EUR mill.	786.3	544,5	44,4%
EBITDA	EUR mill.	101.9	126.6	- 19.5%
EBIT	EUR mill.	55,7	89.7	- 37.9%
Employees – average for the year	FTE	2,137	1,881	13.6%

The Energy Market Environment

Since the summer 2008, international energy markets have been characterized by a decrease of prices. Since that date some of the wholesale prices for primary energy have gone down to about one third. The price for crude oil of the Brent type sank from USD 150 per barrel to sometimes less than USD 40 per barrel in February 2009. Similar price decreases were also observed for the other energy sources. The AP12 quotation for hard coal, for example, dropped from USD 211 per ton to below USD 45 per ton.

At present, oscillating movements on a slightly higher price level can be observed on international primary energy markets. The price for crude oil, for example, has settled at about USD 50 per barrel and that for hard coal at USD 85 per ton. The uncertainties of the economic development thus also have repercussions and result in a restrained demand on spot and futures markets for energy.

Prices on the futures market for electricity hit their lowest to date at the end of February 2009, when the base quotation for the year 2010 amounted to less than EUR 43 per MWh. The highest price, by comparison, quoted in early July 2008 was approximately EUR 90 per MWh. The mean value for the base price for the

year 2010 on the EEX amounted to about EUR 56.7 per MWh during the period 01 October 2008 to 31 March 2009. This corresponds to a decrease of 6.6% against the comparable period of the previous year.

As a result of the worldwide economic crisis, electricity prices on the spot market also dropped below the level recorded six months ago. They currently oscillate around EUR 35 per MWh, which is considerably lower than the price level on futures markets. This price development is due, inter alia, to the fact that many industrial customers secured their long-term electricity volumes at the high production level of last year, which results in surpluses now, at times of shrinking production figures.

The economic crisis also has an impact on the prices for CO₂ certificates, which have also clearly gone down since last summer. The price dropped from EUR 30 per ton of CO₂ to EUR 8 per ton of CO₂ in February. Since then, CO₂ prices have recovered slightly and now oscillate at a level of EUR 14 per ton of CO₂. The production cuts in industry and the energy sector also play a role in this context.

Business Development in the Energy Segment

During the first six months of the 2008/2009 business year the energy segment generated total sales of EUR 786.3 million, as well as an EBIT of EUR 55.7.

Compared to the same period of the previous year, sales increased by EUR 241.8 million or 44.4%, which is primarily due to the fact that OÖ. Ferngas AG and CMOÖ GmbH have become fully consolidated and that proprietary electricity trading has been expanded noticeably.

The EBIT of the energy segment decreased by EUR 34.0 million or 37.9% against the first six months of the previous year. The main reasons for this development are a lower electricity demand from industrial customers, on the one hand, which makes it necessary to market some of the excess quantities at unfavorable market conditions, and the low water levels of rivers, on the other hand, which results in a lower electricity generation by the Group's hydro power stations and under its procurement rights.

Low Prices on Electricity Markets and Below-Average Water Levels

The Group's hydro power stations and procurement rights accounted for an electricity procurement of 1,939 GWh, which is about 12% less than for the comparable period of the previous year (2,192 GWh).

As snow coverings remained in place for a long time during the first six months of the 2008/2009 business year, the Group's hydro power stations only generated about 820 GWh of electricity, which is 12% below the multi-year average. The decrease compared to the same period of the previous year, where the water levels of rivers were above average, amounted to about 28%. In March 2009 the melting snow facilitated a production coefficient of 1.22 so that electricity generation from hydro power yielded a gratifying result. As more snow will melt in the coming months, positive water levels are therefore expected.

A clear structural change occurred in the electricity generation at the Group's thermal power stations, as the combined-cycle gas-turbine plant at Timelkam went into operation, while the old coal-facilities were shut down at the same time. Operational constraints during the startup of the combined-cycle gas-turbine plant and low spot market prices led to a lower utilization than planned of the power station. Nevertheless, production rose by 6% to about 1,120 GWh against the value for the comparable period.

Altogether, the consolidated electricity generation, including third-party sources and proprietary electricity trading, went up by about 8%, compared to the same period of the previous year, and amounted to 6,633 GWh.

Shrinking Electricity Consumption by Industrial Customers

As a consequence of the economic crisis, the electricity sold to industrial customers went down by 8.3%, compared to the year before, during the first six months of the current business year. A cold winter, causing private customers to buy more electricity, made it possible to partly compensate this decrease in sales. Altogether, the electricity sold to customers during the period under review amounted to 3,399.8 GWh, which is a decrease against the previous year (3,501.7 GWh) of 101.9 GWh or 2.9%.

The reduced demand for electricity by industrial customers has repercussions on the value of electricity

procurement measures undertaken in previous years. Electricity volumes that were contracted in the course of a long-term procurement strategy must now be partly sold on futures and spot markets at unfavorable conditions.

In the present semi-annual financial statements provisions were made in the balance sheet for the losses expected from marketing the surplus quantities. The provision covers both the second half of the current business years and the quantities already obtained for the subsequent business year 2009/2010.

Successful Startup of the 400 MW Combined-Cycle Gas-Turbine Power Station

With a total investment of more than EUR 200 million, this is the biggest single investment in the history of the Energie AG Group. With a bottleneck output of 405 MW, the power station can produce up to 2,500 GWh of electric energy per year. The plant is a joint-venture power station with Groupe E from Switzerland, which is operated by Energie AG.

The fuel supply of the combined-cycle power plant has been secured by long-term gas delivery contracts. The fuel costs and the electricity proceeds of the new facility have been secured for the coming operating years by hedging measures in compliance with the Group's risk strategy.

In the field of renewable energies, the expansion of existing and the construction of new power stations are being pursued further. Currently, 4 hydro power station projects with a bottleneck output of about 11 MW and a standard production capacity of about 49 GWh are being studied. The projects have all reached the stage of approval proceedings or submission to the authorities.

During the period under review, the photovoltaic plant constructed at the Group's head office in Linz was also taken into operation. This plant is integrated into the building shell, has a peak output of 66 kW and supplies about 42 MWh of electric energy per year.



The First Period of Incentive-Based Regulation of the Electricity Grid Ended in 2009

As part of the currently applied incentive-based regulations system, the tariffs of Energie AG Oberösterreich Netz GmbH (Netz GmbH) were lowered by E-Control, the regulatory authority, at the beginning of January 2009. After a reduction of 1.1% in the previous year, the decrease of the tariffs for system use as of 01 January 2009 amounted to 0.01%, without adjustment for inflation. This value results from the pre-set cost reduction in the amount of nearly 1.8%, with higher upstream grid costs on the other side, which Netz GmbH must pay to the transmission grid operator.

As a follow-up to the previous years, when the distribution grid of Netz GmbH was massively affected by the impact of winter storms, a program to put medium-

voltage overland lines in forest areas into underground cables was started during the current business year. The goal is to further improve the reliability of supplies from the electricity grid, as well as to consistently reduce cutoff times and the substantial costs for damage repairs.

During the first six months of the current business year, the electricity distribution volumes decreased by about 1.5% to 3,452 GWh, as compared to the year before. This reduction results mainly from the lower electricity volumes transported to industrial and SME customers in the wake of the economic crisis. On the other hand, the electricity transported to private customers increased, primarily because of the cold winter months.

Successful Implementation of Data Networks in Upper Austria

After the successful implementation of a large-scale order to set up a fiber optic network for 440 bank outlets, the Group succeeded in taking one further step in the direction of creating a data network in Upper Austria during the first six months of the current business year.

A fiber optic network has been designed by Breitbandinfrastruktur GmbH (BBI GmbH), a 55% subsidiary, which will link up all 444 municipalities in Upper Austria. Agreement has been reached to implement the project during the coming business year.

Reliable Supplies to Natural-Gas Customers

After taking over a majority stake of 65% in OÖ. Ferngas AG, this company has become fully associated as of 01 July 2008. During the comparable period of the previous year, the 50% share had been associated at equity in the Group's financial statements.

During the first six months of the current business year, about 970 m³ of natural gas were transported in Upper Austria through the more than 5,000 km of natural-gas pipelines of OÖ. Ferngas AG. This corresponds more or less to the value of the year before.

Due to the massive increase in crude-oil prices last year prices for customers of erdgas oö. (a 100% subsidiary of OÖ. Ferngas AG) had to be adjusted accordingly as of 01 November 2008. However, immediately after announcing the price hike, there was a major reduction in oil prices, as a result of the economic crisis. In the meantime, the lower purchase price for natural gas, linked to this development, has been passed on to customers in three stages of price reduction.

During the first six months of the 2008/2009 business year, Austria's natural-gas market was substantially marked by two events: first, the political conflict between Ukraine and Russia, which affected deliveries of Russian natural gas in January 2009 and, second, the volatile development of crude-oil prices in the wake of the economic crisis.

With its procurement strategy erdgas oö. is committed to long-term delivery contracts, a diversified supplier structure, extraction from natural-gas fields in Upper Austria and the use of domestic natural-gas storage

facilities. With this proven and sustainable business policy it was possible to ensure reliably supplies, with natural-gas customers not being affected in any way.

Business with new customers picked up again in March 2009, after concerns of consumers in connection with the reduced deliveries of Russian natural gas had subsided. Moreover, the Group succeeded in signing on first customers in Germany during the current business year. The sales of natural gas used as fuel are also developing very positively.

Stable Development of Heat Supplies

On account of the large number of household customers, the deliveries of district heating during the first six months of the 2008/2009 business year experienced only very small reductions in the wake of the economic crisis. In fact, the colder winter months, compared to the year before, led to higher sales volumes as of the end of December 2008. Sales of district heating received additional positive effects from the current public subsidy scheme which facilitates the recruitment of new customers.

The district-heating networks in Upper Austria and the Czech Republic generated sales of 391.2 GWh, which is 81.1 GWh or 26.2% above the figure for the previous year. In this connection, two network operators in the Czech Republic are being consolidated for the first time during the current business year. When discounting this first consolidation, the increase in sales amounts to 6.1%.

As a consequence of the massive rise in primary-energy prices last summer, the price-regulating authorities implemented a price increase between 1.5% and 3.0% for the supply networks in Upper Austria as of 01 November 2008.

The Cogeneration-Kraftwerke Management Oberösterreich GmbH (CMOÖ) operates a co-generation plant at the site of Laakirchen, which delivers process heat to an industrial partner, as well as district heating to several other industrial and SME enterprises. After the complete take-over of CMOÖ GmbH by Energie AG as of 01 July 2008, the company is now being fully consolidated. During the comparable period of the previous year it was associated at equity in the consolidated financial statements with a stake of 50%.

During the six months under review, CMOÖ GmbH delivered 250.8 GWh of heat to customers, which is a slight decrease compared to the year before (263.2 GWh).

Contribution to the Result of At-Equity Consolidated Companies

The contribution of at-equity associated companies to the result amounts to EUR 5.1 million for the first six months of the 2008/2009 business year, as compared to EUR 15.6 million for the same period of the year before.

The change results primarily from the fact the OÖ. Ferngas AG and CMOÖ GmbH have now become fully consolidated. They were associated at equity during the first semester of the previous year.

THE WASTE MANAGEMENT SEGMENT

The Waste Management Segment - Overview	unit	half year 2008/2009	half year 2007/2008	change
Thermally processed waste	1.000 t	301	301	–
Total sales	EUR mill.	165.1	149.0	10.8%
EBITDA	EUR mill.	27.8	30.9	- 10.0%
EBIT	EUR mill.	5.0	12.0	- 58.3%
Employees – average for the year	FTE	3,327	2,541	30.9%

The Business Environment in the Waste Management Market

For the approximately 400,000 tons of recycling materials that were handled under the AVE label during the first six months of the current business year, the market prices dropped to a historic low, as a result of the global economic crisis. Compared to the year before, the prices for waste paper and cardboard fell by nearly 80%, for scrap steel and recycling plastic materials by up to 95%. At present, they are oscillating at a low level.

Continuing legal and illegal waste-material exports from Austria to low-price landfills in neighboring countries, combined with a decline in quantities, due to reduced production in industrial and SME enterprises, resulted in additional pressure on waste-management prices in these customer segments. The large share of municipal customers in Eastern-European markets currently creates a stabilizing effect for the AVE group.

Business Development in the Waste Management Segment

During the first six months of the 2008/2009 business year, the waste management segment generated sales of EUR 165.1 million and an EBIT of 5.0 million. The consolidated semi-annual financial statements comprised Austria, the Czech Republic, Hungary, Slovakia and Bavaria.

The increase in sales, compared to the first six months of the year before (EUR 149.0 million), by 10.8% is primarily due to acquisitions in the Czech Republic,

implemented in the previous business year, as well as the first consolidation of the country organizations in Slovakia and Bavaria.

The EBIT development from EUR 12.0 million for the comparable period of the previous year to EUR 5.0 million was mainly influenced by the effects of the economic crisis in Austria and Germany, which could not be compensated by the positive development of the result in the CEE countries.

The large share of municipal customers in Eastern-European markets currently creates a stabilizing effect for the AVE group.



Challenging Market Environment in Austria, Bavaria and South Tyrol

AUSTRIA

The business activities of AVE Austria during the first six months of the 2008/2009 business year were marked by clear decreases in sales in the field of waste and recycling materials, as well as with the classical waste-material volumes, but also with hazardous waste materials. There were increases of sales, though, primarily with waste timber, due to a positive price development, and in the area associated with construction, where several large-scale orders were placed.

In addition to the massive price setbacks among recycling materials, there were also decreases in accumulated quantities and temporary acceptance stops of the waste-management industry. As AVE operates primarily as a collector and intermediary trader, these price losses have a direct impact both on sales and on the margins that can be achieved in these business sectors. This development leads to intensive competition over the available waste-material volumes in order to utilize the capacities of thermal treatment plants.

Both the thermal processing plant at Lenzing and the waste incineration facility at Wels are operating at satisfactory rates. From a full year's perspective they are likely to reach, or even exceed, the planned quantities of 300,000 tons each.

At the pelletizing plant at Wels, where high-caloric waste materials are being processed into substitute fuels for the steel industry, the lower demand caused by the economic crisis has led to a clear decrease in delivered quantities.

After the aggressive growth course during the previous year, the focus of AVE Austria during the first six months of the 2008/2009 business year was on consolidating the existing company structure. This especially includes optimizing the utilization rates of plants and streamlining sites.

A program to enhance efficiency was initiated in order to sustainably secure the earning power of the company. Work on its implementation has begun.

BAVARIA

The business development of AVE in Bavaria during the first six months of the 2008/2009 business year was marked by a dramatic crumbling of prices for recycling materials and by fiercer competition in the area of waste materials from SMEs, which led to a clear lowering of prices.

AVE succeeded in maintaining its share in the competition over available market shares, as well as in partly compensating price decreases by increases in quantities, as a result of stepping up acquisition activities. Municipal activities were further expanded by successful participation in the waste-collection tender of the Augsburg district.

The consolidation and optimization course pursued was continued by way of further mergers.

SOUTH TYROL

At the end of December 2008, AVE entered the market of South Tyrol by purchasing a company near Bolzano. The company manages, inter alia, the collection of waste materials and recycling materials for the city of Bolzano and the surrounding municipalities and obtains waste quantities for processing in the large-scale facilities in Austria.

Stable Development in CEE Countries with Business Activities Focusing on Municipalities

CZECH REPUBLIC

The business volume of the AVE group in the Czech Republic continued to grow significantly. In addition to the positive development of the winter service revenues, there were price increases on the municipal level throughout the country as of 01 January 2009 by an average of more than 10%. Furthermore, good results were achieved with old deposits of toxic wastes. After taking over the Remondis activities in the summer of 2008, the first six months of the 2008/2009 business year were marked by integration.

Further acquisitions were implemented in the area of services for municipalities; the market position especially in the district town of Ústí nad Labem was strengthened.

Altogether, it was possible to largely balance the negative influences of the economic crisis on primary material prices and the utilization of production capacities among industrial customers. Before currency effects, the result of the AVE group in the Czech Republic for the first six months of the 2008/2009 business year was higher than the year before.

HUNGARY

The Hungarian AVE companies, too, succeeded in delivering stable contributions to the result during the expired first half of the business year, in spite of the difficult economic situation. It was possible to compensate the decreasing prices for recycling materials and waste volumes in connection with SMEs and industrial enterprises by price hikes for municipal services, winter service and one-off business deals.

With an acquisition in December 2008, AVE further strengthened its position in the Heves district and thus created a sound basis for a further expansion in this region.

AVE Miskolc succeeded in winning an anticipated tender for the operation of waste management facilities in the Borsod district, as well as in further strengthening its position on a long term basis for the next 26 years.

SLOVAKIA

During the first half of the business year, municipal operations in eastern Slovakia were further expanded with consistency, and the focus in western Slovakia was put on the area of municipal material collections and recycling materials. In this connection, the further expansion of two landfills was a major milestone. Moreover, it was possible to successfully implement a program promoting the collecting of used tires throughout Slovakia. In spite of a decrease in the economic development, also affecting Slovakia, AVE succeeded in stabilizing the positive development of its result, on the basis of measures that are part of an efficiency enhancement and cost-leadership program.

ROMANIA, UKRAINE, MOLDOVA

The effects of the worldwide recession were hardly noticeable in the waste management business of AVE in Romania, which is due to the large share of municipal activities and on account of the agricultural structure of the country. The AVE operating companies showed a positive development – for example, they succeeded in expanding the market share in the Salaj district by winning further municipal customers, as well as in taking into operation the most modern regional landfill of Romania at Harghita. It complies with EU standards. A separate company, which will be responsible for waste collections in the Hunedoara district, was set up. It will supplement the marketing side of the landfill project planned by AVE, together with a partner from the construction industry. The AVE group expanded its operations in Ukraine, starting out from the Trans-Carpathian region (1.3 million inhabitants), spreading to the neighboring regions of Lviv (2.6 million) and Ivano-Frankivsk (1.4 million), as well as by starting and intensifying the collection of household waste in selected municipalities (Vinogradovo, Snyatin, Kolyomyja). A joint venture was set up near the border in the town of Ungheri (40,000 inhabitants) in August 2008 in order to enter the Moldavian market. In the meantime, operations to collect household waste have begun, and after setting up new containers, it has been possible to sign up 3,200 households and SMEs as customers.

The Water Segment

The Water Segment - Overview	unit	half year 2008/2009	half year 2007/2008	change
Invoiced drinking water quantities	m ³ mill.	23.9	24.2	- 1.2%
Invoiced waste water quantities	m ³ mill.	20.5	13.8	48.6%
Total sales	EUR mill.	53.8	37.9	42.0%
EBITDA	EUR mill.	5.3	3.4	55.9%
EBIT	EUR mill.	2.0	0.8	150.0%
Employees – average for the year	FTE	1,484	1,122	32.3%

The Business Environment of the Water Market

Given the volatile developments of recent months, the water segment activities are providing proof of its stable basic orientation. Decreases in the water and waste-water quantities of industrial and SME enterprises, where water is an essential production factor, are compensated by a slightly higher demand from private customers.

As a consequence of the effects of the general economic crisis on municipalities, more privatization trends are expected in the Czech Republic and Slovakia.

Business Development in the Water Segment

With total sales of EUR 53.8 million for the first half of the 2008/2009 business year, an EBIT of EUR 2.0 million was generated.

The increase – both in terms of sales (EUR 37.9 million) and EBIT (EUR 0.8 million) – over the previous year is due primarily to the acquisition of 1. JVS a.s. in southern Bohemia during the previous business year. The company was consolidated for the first time in the result of the present semi-annual financial statements.

Adjustments of the water and waste-water prices and restructuring effects were additional positive factors, while the expenses for further market and project developments, as well as the integration costs for the companies obtained in southern Bohemia affected the result negatively.

Altogether, the water segment invoiced 23.9 million m³ of drinking water (previous year: 24.2 mill. m³) and 20.5 million m³ of waste water (previous year: 13.8 mill. m³) during the expired six months.

The drinking water quantities, which are more or less the same as the year before, result from the fact that, in the past, 1. JVS a.s. obtained almost all of the drinking water sold to customers from VaK JČ, which is a member of the Energie AG Group. It was possible to increase the treated waste-water quantities by almost 50%, compared to the year before.

In recent months, a decreasing demand for water quantities was recorded for industrial customers and by the foodstuff producers, which is an effect of the economic crisis. However, it is possible to partly compensate lower proceeds due to decreases in quantities by way of operating agreements that have been signed. They often comprise offsetting arrangements concerning the annual rental payments, paid to the municipal contract partners for use of the infrastructure, in case of lower proceeds caused by slacker sales.

Business Expansion in Southern Bohemia

With the acquisition of 1. JVS a.s. at České Budějovice, the Group succeeded in clearly obtaining market leadership in southern Bohemia and in becoming Number 3 on the total Czech water market. With its staff of 300 employees and its more than 80 operating agreements, the company generates sales of about EUR 30 million.

The number of inhabitants supplied with drinking water went up from 716,000 at the end of the previous business year to the current figure of 950,000. The Group operates the waste-water management for about 650,000 inhabitants, which is also a clear increase over the previous year (412,000).

Expansion of the Sewage-Services

In Austria, the water services activities are managed by WDL-Wasserdienstleistungs GmbH (WDL). The range of services comprises the areas of water supplies, water service, as well as sewage service and plant management.

In December 2008 a stake of 74% was acquired of a company with headquarters at Maribor, which specializes in sewage services. The operational management and thus the use of technical-operational synergies come from the nearby WDL location in Styria. It is therefore now also possible to engage in the cross-bordering marketing of WDL products in Slovenia.

Expansion of the sewage-services



Outlook

Energie AG is an integrated infrastructure group and as such it is well prepared to meet the challenges of the economic crisis. The development of the business activities during the first half of the 2008/2009 business year was, however, marked to a considerable extent by exogenous influences and unfavorable overall conditions in the energy and waste management industries. With the provisions comprised in the present semi-annual financial statements and the measures already launched to counter the situation, one can expect a stabilizing development of the result for the second half of the 2008/2009 business year.

For the energy segment we expect favorable water levels for the production of electricity at our hydro power stations during the coming months, due to the melting snow. Reliable supplies also continue to be secured in any event, on the basis of long-term electricity procurement and hedging measures.

As to the regulatory framework conditions for the electricity grid, the recent months were marked by intensive negotiations between the industry and E-Control concerning the adaptations of the regulatory system for the 2nd regulatory period (2010 to 2013). While regulatory pressure on the costs of distribution system operators will continue unchanged, the investment climate should improve, though, as investments into grid systems are receiving recognition and compensation.

We continue to expect that electricity sales to industrial customers in the second half of the business year will be lower than in the year before. As provisions are already included in the present semi-annual financial statements, there should be sufficient precautions to ensure a stable development of the result in the second half of the year. Stable sales volumes, as compared to the year before, are expected for the private customer sector.

Under the agreement of the owners of OÖ. Ferngas AG with the federal anti-trust authority, the federal anti-trust attorney and E-Control, the grid operations must be divested into a subsidiary company. The goal is to render that grid company operational by 01 October 2009.

The 2008/2009 business year constitutes a challenge for the waste management segment. A recovery of prices for recycling materials and a capacity utilization of the manufacturing SMEs are not in sight. On the other hand, thermal processing capacities and export permits for municipal, industrial and SME waste materials are growing. As a result of its large share of municipalities and the sound basis of private-public partnership models, the CEE region should also be able to make above-average contributions to the result in the coming months.

The medium-term priority activities of AVE will be to consistently continue the consolidation course launched in Austria and Germany, to pursue a risk-optimized expansion focusing on municipalities in CEE and to utilize market opportunities in the environment of the economic crisis. In this connection, the structure of the group is being optimized continuously. On the basis of these priority activities, the AVE group will be able to consolidate and further expand its position as a fully integrated waste-management enterprises in Central Europe.

A stable development of sales and of result is expected for the water segment during the second half of the year. Activities in the Czech Republic will focus on the merger of VaK JČ and 1. JVS, the two neighboring enterprises, in southern Bohemia and the divesting of the technical services in a separate service company. Since we have now achieved our position as market leader in Austria with regard to sewage services, we are currently pursuing the expansion of the water service sector.

With its stable business model and the measures to counter the effect of the economic crisis, which have been implemented or are being launched, the Energie AG Group will continue to pursue its medium-term objective of value-based growth, in spite of the current challenges. A consistent cost management, an adapted investment policy, sound financial strength and a committed staff will support us in reaching this goal.

Linz, 28 May 2009

The Board of Management of Energie AG Oberösterreich

Leo Windtner

Werner Steinecker

Roland Pumberger

Consolidated Income Statement

01 October 2008 to 31 March 2009

	01/10/08 bis 31/03/09	01/10/07 bis 31/03/08
	EUR 1,000	EUR 1,000
1. Sales	992,932.2	720,086.4
2. Change in inventories of finished and unfinished products	488.4	1,162.2
3. Other capitalized costs of self-constructed items	12,978.6	9,078.0
4. Share in result of companies associated at equity	5,137.5	15,638.4
5. Other operating income	16,455.0	12,923.4
6. Cost of materials and other purchased manufacturing services	- 655,625.4	- 397,944.7
7. Personnel expenses	- 149,332.6	- 121,117.0
8. Depreciation	- 72,212.6	- 58,318.0
9. Other operating expenses	- 88,092.1	- 78,994.9
10. Result of operations	62,729.0	102,513.8
11. Income from interest	- 7,450.1	- 12,098.7
12. Other financial results	3,893.2	2,930.8
13. Financial result	- 3,556.9	- 9,167.9
14. Result from ordinary business activities	59,172.1	93,345.9
15. Taxes on income	- 14,131.2	- 19,823.2
16. Consolidated net result	45,040.9	73,522.7
attributable to minority interests	5,707.8	783.9
attributable to shareholders of parent company		
Consolidated net profit	39,333.1	72,738.8
	EUR	EUR
diluted result per share = undiluted result per share	4.42	9.09

Consolidated Balance Sheet as at 31 March 2009

ASSETS	31 March 2009 EUR 1,000	30/09/2008 EUR 1,000
A. Long-term assets		
I. Intangible assets and goodwill	279,078.0	271,839.8
II. Tangible fixed assets	1,870,532.8	1,876,684.1
III. Investments (of these companies associated at equity: EUR 241,176.9 thousand; previous year: EUR 238,741.1)	291,679.8	305,382.7
IV. Financial assets from cross-border leasing	-	87,217.8
V. Other financial assets	416,849.7	370,840.5
	2,858,140.3	2,911,964.9
VI. Other long-term assets from cross-border leasing	-	16,287.2
VII. Other long-term assets	113,261.1	85,752.6
VIII. Deferred taxes	22,246.0	7,715.7
	2,993,647.4	3,021,720.4
B. Short-term assets		
I. Inventories	53,597.7	82,427.7
II. Accounts receivable and other assets	418,430.1	365,998.5
III. Cash in hand, checks and bank balances	69,903.3	223,786.8
	541,931.1	672,213.0
	3,535,578.5	3,693,933.4

LIABILITIES	31/03/2009 EUR 1,000	30/09/2008 EUR 1,000
A. Equity		
I. Equity of shareholders of parent company	1,168,450.5	1,288,857.1
II. Minority interests in equity	72,924.9	69,025.2
	1,241,375.4	1,357,882.3
B. Long-term debt		
I. Financial liabilities	547,835.0	482,074.2
II. Liabilities from cross-border leasing	-	93,237.1
III. Long-term provisions	192,326.2	201,397.3
IV. Deferred tax liabilities	103,190.8	117,879.7
V. Contributions to construction costs	321,959.0	322,518.4
VI. Deferred credit from cross-border leasing	37,199.2	79,519.2
VII. Advances from customers	86,555.2	89,284.2
VIII. Other long-term debt	115,480.3	94,921.6
	1,404,545.7	1,480,831.7
C. Short-term debt		
I. Financial liabilities	446,259.5	368,812.6
II. Short-term provisions	54,318.7	36,203.3
III. Tax provisions	3,991.9	13,080.9
IV. Accounts payable	124,546.1	179,601.2
V. Deferred credit from cross-border leasing	1,253.0	3,817.3
VI. Other short-term debt	259,288.2	253,704.1
	889,657.4	855,219.4
	3,535,578.5	3,693,933.4

Notes

The condensed semi-annual report of Energie AG Oberösterreich as at 31 March 2009 was prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations, published by the International Accounting Standards Board (IASB) and adopted by European Union, as they were required to be applied on the balance-sheet date, also applying IAS 34 (Interim Reporting). The semi-annual report was neither subjected to a full audit, nor to an auditing review by a chartered accountant.

The reporting and valuation methods, applied to the previous financial statements, were maintained unchanged, with one exception, i.e.: The change in IAS 23 (Borrowing Costs) was applied in advance. Interest in the amount of EUR 0.9 million were entered as assets. Differences in foreign-currency translations from long-term intra-group shareholder loans are shown under foreign-currency differences without effect on the result.

The following companies were fully consolidated for the first time in the consolidated financial statements for the first six months of 2008/2009:

	location	share (in %)
ENERGY		
Energie AG Oberösterreich Wasserkraft GmbH	Linz	100.00
Energie AG Finance B.V.	Amsterdam (Netherlands)	100.00
SATEZA a.s.	Sumperk (Czech Republic)	91.67
Tepelné zásobování Rakovník, spol. s r.o.	Rakovník (Czech Republic)	66.00
Erdgas Oberösterreich Vertrieb GmbH	Tittling (Germany)	65.00
WASTE MANAGEMENT		
Abfall-Aufbereitungs GmbH	Hörsching	50.00
AVE komunální služby s.r.o.	Praha (Czech Republic)	100.00
WATER		
VARINGER d.o.o.	Maribor (Slovenia)	74.00

With 1 October 2008 as the effective date, AVE Recycling GmbH (Rotthalmünster, Germany) and TSH Abfallwirtschaft Niederbayern GmbH (Offenberg/Neuhasen, Germany) were merged with AVE Abfallwirtschaft GmbH, while Johann Spiehs & Co GmbH was merged with AVE Österreich GmbH.

The main changes in the consolidated group are shown below:

	2008/2009 EUR 1,000	2007/2008 EUR 1,000
Long-term assets	14,961.8	18,758.2
Short-term assets	12,130.6	4,404.1
Long-term provisions and liabilities	- 3,889.6	- 5,073.3
Short-term provisions and liabilities	- 13,288.5	- 9,149.0
Net assets	9,914.3	8,940.0
Goodwill	6,600.4	2,446.7
Liquid funds	- 1,976.6	- 260.4
Changes in minority interests	- 1,288.1	- 2,237.8
Acquisition of unconsolidated associated companies	3,560.0	5,323.8
Purchase price paid in previous periods	- 14,434.6	- 3,914.2
Net outflow of cash	2,375.4	10,298.1

The segment report according to business segments is shown below:

01/10/2008 to 31/03/2009	Energy in EUR mill.	Waste management in EUR mill.	Water in EUR mill.	transition/ elimination in EUR mill.	Group in EUR mill.
External sales	781.5	158.0	53.4	—	992.9
Intra-group sales	4.8	7.1	0.4	- 12.3	—
Total sales	786.3	165.1	53.8	- 12.3	992.9
Result of operations	55.7	5.0	2.0	—	62.7

01/10/2007 to 31/03/2008	Energy in EUR mill.	Waste management in EUR mill.	Water in EUR mill.	transition/ elimination in EUR mill.	Group in EUR mill.
External sales	540.0	142.6	37.5	—	720.1
Intra-group sales	4.5	6.4	0.4	- 11.3	—
Total sales	544.5	149.0	37.9	- 11.3	720.1
Result of operations	89.7	12.0	0.8	—	102.5

The development of sales in the energy segment is characterized primarily by the integration of Oberösterreichischen Ferngas Aktiengesellschaft and Cogeneration Kraftwerke Management Oberösterreich GmbH, as well as sales from electricity trading. The decline in the operating result is mainly due to lower water levels, provisions for imminent losses from pending transactions, as well as unfavorable overall conditions in the energy sector. The production coefficient amounted to 0.88 for the first six months of the business year (previous year: 1.22). Cash flow from operations includes cash flow negative collateral payments in the context of hedging measures as well as seasonalities in the Energy segment.

On 27 March 2009 the cross-border leasing transaction for the electricity grid was ended prematurely. The balance-sheet items under assets and liabilities, linked to this transaction, were taken out of the books (especially financial assets, as well as other long-term receivables, liabilities and differentials from cross-border leasing). The termination results in an increase of revenues- from the re-transfer of the cash-value advantage from cross-border leasing (EUR 9.8 mill.; previous year: EUR 1.9 mill.). A Letter of Credit was provided in order to secure the cross-border leasing transaction in connection with the hydro power stations.

Energie AG Finance B.V. in the Netherlands sold obligations in the amount of EUR 250.0 mill., with a term of 4 and 7 years, respectively. The funds were received in April 2009.

Additions to tangible fixed assets during the first half of the 2008/2009 business year amounted to EUR 74.4 mill. (previous year: EUR 48.8 mill.), book-value disposals amounted to EUR 6.6 mill. (previous year: EUR 1.9 mio).

The income statement comprises sales to affiliated companies in the amount of EUR 68.8 mill. (previous year: EUR 17.5 mill.), as well as costs of material in the amount of EUR 45.7 mill. Performances are received at customary market conditions.

During the first half of the 2008/2009 business year, dividends in the amount of EUR 53,399.6 thousand (previous year: EUR 38,145.3 thousand) were paid out to shareholders of Energie AG Oberösterreich.

The decline of the real economy, triggered by the financial crisis, has an impact on the risk position of the Energie AG Group. Major changes result from the reduced demand for electricity by industrial customers, on the one hand, and, on the other hand, from price slumps for waste and recycling materials. The decrease in contingent liabilities is essentially due to the termination of the cross-border leasing transaction concerning the electricity grid. Intensive monitoring and risk-management measures are continued with consistency.

Contingent liabilities amounted to EUR 689.0 mill. (previous year: EUR 1,542.7 mill.).

Linz, 28 May 2009

The Board of Management of Energie AG Oberösterreich

Leo Windtner

Werner Steinecker

Roland Pumberger

Statement of all Members of the Board of Management pursuant to § 87 (1) item 3 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the International Financial Reporting Standards (IFS) and that the group management report gives a true and

fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Linz, 28 May 2009

The Management Board of Energie AG Oberösterreich

Leo Windtner

Werner Steinecker

Roland Pumberger

Cash-Flow Statement

	01/10/08 – 31/03/09 EUR 1,000	01/10/07 – 31/03/08 EUR 1,000
Result before taxes on income	59,172.1	93,345.8
Result after taxes on income	35,043.1	86,919.1
Cash flow from the result	78,768.1	122,567.1
Cash flow from operating activities	- 14,987.6	63,343.4
Cash flow from investments	- 125,631.1	- 117,314.5
Cash flow from financing activities	- 13,264.8	44,413.9
Total cash flow	- 153,883.5	- 9,557.2
Funds at the beginning of the period	223,786.8	150,353.1
Funds at the end of the period	69,903.3	140,795.9

Development of Group Equity

	30/09/08 – 31/03/09 EUR 1,000	30/09/07 – 30/09/08 EUR 1,000
Status at beginning of period	1,357,882.3	956,122.6
Changes in equity interests and available-for-sale securities	- 9,113.3	- 25,055.3
Changes in value, without effect on the result, of companies associated at equity	15.4	230.8
Hedge accounting	- 106,150.7	28,319.1
Currency differences	- 29,559.9	13,661.2
Deferred taxes	36,455.6	- 6,460.0
Changes in value without effect on the result	- 108,352.9	10,695.8
Group result	45,040.9	116,575.2
Total revenues for the period	- 63,312.0	127,271.0
Dividend payment	- 54,466.3	- 38,955.1
Changes in consolidated group	1,288.2	91,341.1
Capital increase	-	214,228.1
Own shares	- 16.8	7,874.6
Status at end of period	1,241,375.4	1,357,882.3

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

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Linz, May 2009

Energie AG Oberösterreich
Böhmerwaldstraße 3
A-4020 Linz, Austria
www.energieag.at

 **ENERGIE AG**
Oberösterreich

Full of Energy