

Consolidated Financial Statements 2017/2018

of Energie AG Oberösterreich

CONSOLIDATED INCOME STATEMENT

01 OCTOBER 2017 TO 30 SEPTEMBER 2018

		2017/2018 EUR 1,000	2016/2017 EUR 1,000
1. Sales revenues	(6)	1,625,848.7	1,686,662.9
Procurement costs for electricity and gas trading	(6)	-93,177.6	-91,884.1
Net sales revenues	(6)	1,532,671.1	1,594,778.8
2. Change in inventories of finished goods and work in progress		-214.3	-311.6
3. Other capitalised corporate services		41,819.0	37,396.9
4. Share in result of companies consolidated at equity	(17)	64,200.2	73,461.2
5. Other operating revenues (thereof reversals of impairment EUR 2.1 thousand (previous year: EUR 37,328.4 thousand))	(8)	22,364.8	55,635.0
6. Expenses for materials	(9)	-900,497.8	-934,076.2
7. Personnel expense	(10)	-274,584.9	-269,654.9
8. Depreciation, amortisation, and impairments (Thereof impairments EUR 9,360.5 thousand (previous year: EUR 37,194.4 thousand))	(11; 16)	-148,131.8	-170,033.4
9. Other operating expenses	(12)	-165,782.6	-165,385.1
10. Operating result		171,843.7	221,810.7
11. Financing expenses	(13)	-23,182.7	-29,795.3
12. Other interest income	(13)	908.1	3,122.4
13. Other financial income	(14)	8,548.0	7,315.1
14. Financial result		-13,726.6	-19,357.8
15. Earnings before taxes		158,117.1	202,452.9
16. Income taxes	(15)	-33,493.4	-45,779.0
17. Consolidated net earnings		124,623.7	156,673.9
Thereof attributable to non-controlling interests		990.5	-300.3
Thereof attributable to investors in the parent company			
Consolidated net profit		123,633.2	156,974.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

01 OCTOBER 2017 TO 30 SEPTEMBER 2018

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
1. Consolidated net earnings	124,623.7	156,673.9
2. Other comprehensive income		
Items that will not be subsequently reclassified to the income statement:		
Revaluation of the defined benefit obligation	-6,794.9	19,615.1
Changes in value of at-equity companies recognised in equity	-258.5	671.9
Deferred taxes	1,698.7	-4,903.7
Items that may be subsequently reclassified to the income statement:		
Changes in value of investments and available-for-sale securities	-6,405.1	2,088.9
Changes in value of at-equity companies recognised in equity	–	-31.5
Hedge accounting	55,484.5	39,147.8
Currency translation differences	980.6	3,752.1
Deferred taxes	-12,269.6	-10,309.1
Total expenses and revenues recognised in other comprehensive income	32,435.7	50,031.5
3. Total comprehensive income after taxes	157,059.4	206,705.4
4. Thereof attributable to non-controlling interests	1,402.0	341.4
5. Thereof attributable to parent company	155,657.4	206,364.0

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2018

ASSETS		30 September 2018 EUR 1,000	30 September 2017 EUR 1,000
A. Non-current assets			
I. Intangible assets and goodwill	(16)	187,150.0	193,312.2
II. Property, plant and equipment	(16)	2,009,145.7	1,948,116.1
III. Investments (thereof at-equity companies: EUR 313,604.3 thousand (previous year: EUR 296,072.2 thousand))	(17)	325,163.0	309,629.1
IV. Other financial assets	(18)	65,318.8	78,310.8
		2,586,777.5	2,529,368.2
V. Other non-current assets	(19)	15,950.7	13,218.4
VI. Deferred tax assets	(15)	10,589.2	10,450.9
		2,613,317.4	2,553,037.5
B. Current assets			
I. Inventories	(20)	50,508.0	48,085.9
II. Receivables and other assets	(21)	276,370.3	235,087.6
III. Fixed term deposits	(5.9)	181,070.1	150,000.0
IV. Cash and cash equivalents	(22)	101,436.6	93,030.3
		609,385.0	526,203.8
		3,222,702.4	3,079,241.3
LIABILITIES		30 September 2018 EUR 1,000	30 September 2017 EUR 1,000
A. Equity			
I. Share capital	(23)	88,779.7	89,087.5
II. Capital reserves	(23)	214,809.5	214,809.5
III. Retained earnings	(23)	1,050,716.6	980,105.8
IV. Other reserves	(23)	12,651.0	-18,269.1
V. Non-controlling interests	(23)	14,483.2	13,691.7
		1,381,440.0	1,279,425.4
B. Non-current liabilities			
I. Financial liabilities	(24)	428,882.8	454,638.9
II. Non-current provisions	(25)	278,920.4	280,847.2
III. Deferred tax liabilities	(15)	75,297.8	62,307.7
IV. Construction cost subsidies	(26)	370,656.1	362,075.5
V. Advances received	(27)	27,457.0	37,550.5
VI. Other non-current liabilities	(28)	76,030.3	72,263.9
		1,257,244.4	1,269,683.7
C. Current liabilities			
I. Financial liabilities	(24)	26,229.8	9,737.8
II. Current provisions	(29)	17,994.4	14,975.3
III. Tax provisions	(30)	165.0	142.7
IV. Trade payables	(24)	157,632.7	156,515.4
V. Other current liabilities	(31)	381,996.1	348,761.0
		584,018.0	530,132.2
		3,222,702.4	3,079,241.3

STATEMENT OF CHANGES IN EQUITY

AS OF 30 SEPTEMBER 2018

	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 30/09/2017	89,087.5	214,809.5	980,105.8	7,648.7	-62,391.4
Items that will not be subsequently reclassified to the income statement:					
Revaluation of the defined benefit obligation	–	–	–	–	-7,061.7
Changes in value of at-equity companies recognised in equity	–	–	–	–	-258.5
Deferred taxes	–	–	–	–	1,765.4
Items that may be subsequently reclassified to the income statement:					
Changes in value of investments and available-for-sale securities	–	–	–	-6,401.3	–
Changes in value of at-equity companies recognised in equity	–	–	–	–	–
Hedge accounting	–	–	–	55,350.2	–
Currency translation differences	–	–	–	–	–
Deferred taxes	–	–	–	-12,237.0	–
Other comprehensive income	–	–	–	36,711.9	-5,554.8
Consolidated net result	–	–	123,633.2	–	–
Total comprehensive income for the period	–	–	123,633.2	36,711.9	-5,554.8
Dividend distribution	–	–	-53,267.8	–	–
Treasury stocks	-307.8	–	307.8	–	–
Other	–	–	-62.4	–	–
Transactions with shareholders	-307.8	–	-53,022.4	–	–
Balance as of 30/09/2018	88,779.7	214,809.5	1,050,716.6	44,360.6	-67,946.2

Other reserves							Total EUR 1,000	
Revaluation reserve EUR 1,000	Treasury stocks EUR 1,000	Currency translation differences EUR 1,000	Total EUR 1,000	Equity of investors in parent company EUR 1,000	Non-controlling interests EUR 1,000			
37,541.1	-6,540.8	5,473.3	-18,269.1	1,265,733.7	13,691.7		1,279,425.4	
–	–	–	-7,061.7	-7,061.7	266.8		-6,794.9	
–	–	–	-258.5	-258.5	–		-258.5	
–	–	–	1,765.4	1,765.4	-66.7		1,698.7	
–	–	–	-6,401.3	-6,401.3	-3.8		-6,405.1	(23)
–	–	–	–	–	–		–	
–	–	–	55,350.2	55,350.2	134.3		55,484.5	(23)
–	–	867.1	867.1	867.1	113.5		980.6	(5.18)
–	–	–	-12,237.0	-12,237.0	-32.6		-12,269.6	
–	–	867.1	32,024.2	32,024.2	411.5		32,435.7	
–	–	–	–	123,633.2	990.5		124,623.7	
–	–	867.1	32,024.2	155,657.4	1,402.0		157,059.4	
–	–	–	–	-53,267.8	-578.6		-53,846.4	
–	-1,104.1	–	-1,104.1	-1,104.1	–		-1,104.1	(23)
–	–	–	–	-62.4	-31.9		-94.3	
–	-1,104.1	–	-1,104.1	-54,434.3	-610.5		-55,044.8	
37,541.1	-7,644.9	6,340.4	12,651.0	1,366,956.8	14,483.2		1,381,440.0	

STATEMENT OF CHANGES IN EQUITY

AS OF 30 SEPTEMBER 2017

	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 30/09/2016	89,087.5	214,809.5	876,445.1	-23,146.5	-77,704.1
Items that will not be subsequently reclassified 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 subsequently reclassified 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	–
Currency translation 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							Total EUR 1,000	
Revaluation reserve EUR 1,000	Treasury stocks EUR 1,000	Currency translation differences EUR 1,000	Total EUR 1,000	Equity of investors in parent company EUR 1,000	Non-controlling interests 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	(5.18)
–	–	–	-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	

CASH FLOW STATEMENT

	2017/2018 EUR 1,000	2016/2017 EUR 1,000	
Earnings before income taxes	158,117.1	202,452.9	
Tax payments	-34,905.8	-26,084.6	
Earnings after taxes	123,211.3	176,368.3	
Depreciation/reversals of non-current assets	146,174.8	132,742.2	
Change in non-current provisions	-8,736.1	-11,025.7	
Change in other non-current assets	1,942.6	-790.0	
Change in other non-current liabilities	-8,558.0	-5,133.2	
Retained earnings of equity companies	-16,426.9	-15,079.0	
Construction cost subsidies received	34,386.5	28,668.0	(26)
Revenues from the reversal of construction cost subsidies	-25,805.9	-24,984.6	(26)
Losses from the disposal of assets	3,418.4	5,101.5	
Profits from the disposal of assets	-7,935.2	-9,329.7	
Other non-cash expenses and revenues	-7,023.7	15,506.0	
	234,647.8	292,043.8	
Change in inventories and current receivables	-55,842.4	-35,571.9	
Payments from hedging transactions	68,306.4	21,483.6	
Change in current liabilities	7,866.9	-2,946.4	
Change in current provisions	3,019.1	3,802.9	
CASH FLOW FROM OPERATING ACTIVITIES	257,997.8	278,812.0	
Inflow from the disposal of property, plant and equipment, and intangible assets	3,764.6	6,560.4	
Outflow for additions to property, plant, equipment and intangible assets	-201,766.9	-178,268.1	
Inflow from the disposal of financial assets	18,463.3	45,839.8	
Change in scope of consolidation	66.7	-1,915.0	(3)
Outflow for additions to financial assets and other financial investments	-5,905.2	-33,961.8	
CASH FLOW FROM INVESTMENTS	-185,377.5	-161,744.7	
Dividend distribution	-53,846.4	-53,843.9	(34)
Acquisition of own shares and non-controlling interests	-1,198.4	-120.3	
Principal repayment of loan for Gas- und Dampfkraftwerk Timelkam GmbH	-5,250.0	-39,143.7	(24.7)
Principal repayment of non-current liabilities to banks	–	-20,000.0	
Other changes in financial liabilities	-4,014.1	-6,950.3	(24.7)
CASH FLOW FROM FINANCING ACTIVITIES	-64,308.9	-120,058.2	
TOTAL CASH FLOW	8,311.4	-2,990.9	

	2017/2018 EUR 1,000	2016/2017 EUR 1,000	
Cash funds at beginning of period	93,030.3	95,605.0	(22)
Cash flow	8,311.4	-2,990.9	
Exchange rate effects	94.9	416.2	
Cash funds at end of period	101,436.6	93,030.3	(22)
The cash flow from operating activities includes:			
Interest received	1,014.9	801.6	
Interest paid	17,542.4	26,456.2	
Dividends received	49,374.2	59,150.6	(17)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017/2018 OF ENERGIE AG OBERÖSTERREICH

I GENERAL NOTES

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 in Linz, Austria.

The consolidated financial statements of Energie AG Oberösterreich for the 2017/2018 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 release the company from its obligation under section 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 2017 or later:

- IAS 7 (Amendments: Disclosure Initiative)
- IAS 12 (Amendments: Recognition of Deferred Tax Assets for Unrealised Losses)
- Annual Improvements to IFRS Standards 2014-2016 Cycle

The initial application does not result in any material changes.

2.2. Standards and Interpretations that Have Not Been Applied Early

In the 2017/2018 consolidated financial statements, the following amendments adopted by the EU were not applied early:

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

- IFRS 9 (Financial Instruments)
- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 15 (Clarifications: Revenue from Contracts with Customers)
- IFRS 2 (Amendments: Classification and Measurement of Share-based Payments Transactions)
- IAS 40 (Amendments: Transfer of Investment Property)
- IFRS 4 (Amendments: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)

Entry into force in the EU on 1 January 2019:

- IFRS 16 (Leases)
- IFRS 9 (Amendments: Prepayment Features with Negative Compensations)
- IFRIC 23 (Uncertainty over Income Tax Treatments)

The following standards and interpretations, amendments and improvements of standards enter into force on 1 January 2018 or later, although they have not yet been adopted by the European Union at this time:

- IFRS 17 (Insurance Contracts)
- IAS 28 (Amendments: Long-Term Interests in Associates and Joint Ventures)
- IAS 19 (Amendments: Plan Amendment, Curtailment or Settlement)
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments References to the Conceptual Framework in IFRS Standards
- IFRS 3 (Amendments: Definition of business plan)
- IAS 1 (Amendments), IAS 8 (Amendments: Definition of material)

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 and 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 revised 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 accounting. It also incorporates the guidelines for the recognition and the derecognition of financial instruments from IAS 39. IFRS 9 is to be used for the first time in the 2018/2019 fiscal year, although early use is permitted.

IFRS 9 is applied for the first time in fiscal year 2018/2019. The option to provisionally maintain the guidelines of IAS 39 for the accounting of hedging transactions is not exercised. IFRS 9 is applied prospectively, where applicable.

In accordance with IAS 39, unlisted equity instruments classified as available for sale did not have to be measured at their fair value if the value cannot be reliably ascertained. IFRS 9 does however strictly require their measurement at fair value. This results in an increase in value of a participating interest recognised in the item Other investments (previously AFS (at cost), now FVOCI) by EUR 4.7 million. The other effects are insignificant.

IFRS 9 no longer permits the reclassification of accumulated profits or losses from equity instruments recognised in the other comprehensive income to profit or loss.

An impairment for expected credit losses must be recognised for financial assets measured in accordance with IFRS 9.4.1.2 or IFRS 9.4.1.2.A. If the credit risk has increased since the initial recognition, or where trade receivables are concerned, the impairment will correspond to the amount of credit losses expected over the term. If the credit risk has not increased since the initial recognition, an impairment in the amount of the credit losses expected over a period of 12 months must be recognised. In the Energie AG Group, this rule particularly concerns the items "Trade receivables", "Fixed term deposits" and "Cash and cash equivalents". Impairments in the amount of EUR 0.3 million were recognised for previously unimpaired trade receivables.

Derivatives with a cash flow-hedge relationship and derivatives with a fair value-hedge relationship are also classified effective hedging transactions under IFRS 9.

	Category according to IAS 39	Category according to IFRS 9	Carrying amount IAS 39 30/09/2018 EUR 1,000
Investments			11,558.7
Shares in affiliated companies	AfS (at cost)	FVOCI	2,097.1
Available for sale investments	AfS	FVOCI	927.1
Other investments	AfS (at cost)	FVOCI	8,534.5
Other financial assets			65,318.8
Loans to affiliated companies	LaR	AC	37.0
Loans to companies in which an interest is held	LaR	AC	12,618.4
Other lendings	LaR	AC	6,307.6
Securities (held to maturity)	HtM	AC	1.0
Securities (available for sale)	AfS	FVOCI	14,892.1
Securities (available for sale)	AfS	FVPL	3,080.7
Securities (fair value option)	AtFVP&L (FV option)	FVPL	28,382.0
Receivables and other assets (non-current and current) according to the balance sheet			292,321.0
Thereof non-financial assets			31,140.5
Thereof financial assets			261,180.5
Trade receivables	LaR	AC	171,895.5
Receivables from affiliated companies	LaR	AC	295.7
Receivables from joint arrangements and associated companies	LaR	AC	23,517.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	n/a	2,268.1
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	FVPL	33,806.4
Other financial assets	LaR	AC	29,397.0
Fixed term deposits	LaR	AC	141,152.5
Fixed term deposits	AtFVP&L (FV option)	FVPL	39,917.6
Cash and cash equivalents	LaR	AC	101,436.6
Total financial assets			620,564.7

	Category according to IAS 39	Category according to IFRS 9	Carrying amount IAS 39 30/09/2018 EUR 1,000
Financial liabilities (non-current and current)			455,112.6
Bonds	FLAC	FLAC	302,125.1
Liabilities to banks	FLAC	FLAC	29,266.0
Liabilities from finance leases	IAS 17	IAS 17	48,972.8
Other financial liabilities	FLAC	FLAC	74,748.7
Trade payables (current)	FLAC	FLAC	157,632.7
Other liabilities (non-current and current) according to the balance sheet			458,026.4
Thereof non-financial liabilities			241,629.5
Thereof financial liabilities			216,396.9
Liabilities to affiliated companies	FLAC	FLAC	18,219.1
Liabilities to joint arrangements and associated companies	FLAC	FLAC	92,821.3
Derivatives designated as hedging instruments (cash flow hedges)	n/a	n/a	14,287.1
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	FVPL	33,361.9
Other financial liabilities (non-current and current)	FLAC	FLAC	57,707.5
Total financial liabilities			829,142.2

AFS	Available for Sale
LaR	Loans and Receivables
HtM	Held to Maturity
FLAC	Financial Liabilities at Amortized Cost
AtFVP&L	At Fair Value through Profit or Loss
FVOCI	Measurement at fair value through other comprehensive income.
AC	At Cost (At amortised cost)
FVPL	Measurement at fair value through profit or loss

IFRS 15 (Revenue from Contracts with Customers)

IFRS 15 was published in May 2014 and replaces the previous rules set out in IAS 18, IAS 11, IFRIC 13, IFRIC 15 and IFRIC 18. In the future, new qualitative and quantitative information will be required to allow 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 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, revenues are recognised as follows:

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

IFRS 15 is applied for the first time in fiscal year 2018/2019. Its first-time application had retrospective effect, with any accumulated adjustment amounts from the initial application being recognised at the time of the initial application (modified retrospective application).

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 Segment
- 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. In accordance with IFRIC 18, revenues from construction cost subsidies in the amount of EUR 25.8 million are currently recognised as sales revenues over the respective useful life of the asset. In the future, construction cost subsidies will be recognised in accordance with IFRS 15. This will not result in any changes to the recognition and measurement of construction cost subsidies under IFRIC 18.

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. IFRS 16 will have to be applied for the first time in fiscal year 2019/2020. Early application is permitted, but not intended by Energie AG.

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 1 October 2019) will have to be recognised. In addition, portfolio contracts regarding property were localised in the Waste Management Segment resulting, based on the currently available information, in the recognition of a right of use asset and a corresponding liability in the amount of EUR 17.4 million.

Current finance leases (carrying amount as of 30 September 2018: EUR 22.3 million) will be continued; there will only be a reclassification of the asset as a right-of-use asset.

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 (participating interests in the company and shares).

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 interest 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 Group companies, 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 arrangement. Ennskraftwerke Aktiengesellschaft and Gas- und Dampfkraftwerk Timelkam GmbH are therefore classified as joint operations 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 key account customers, Energie AG Oberösterreich Vertrieb GmbH & Co KG delivers electricity to private and business 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. Significant 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 headquarters 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 15 or 20 years after the commencement of the lease. 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 pursuant to IFRS 12, but the lack of control means that it 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 -1,965.7 thousand (previous year: EUR -1,946.7 thousand) calculated on the basis of variable interest rates.

Other Investments

Interests 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
30/09/2017	48	2	12
Included for the first time in the reporting year	3	0	2
30/09/2018	51	2	14

Energie AG Oberösterreich Personal Power GmbH (Holding & Services Segment, Austria), VODOS Velkoobchod s.r.o. (Water Segment, Czech Republic) and VODOSPOL s.r.o. (Water Segment, Czech Republic) were included in the consolidated financial statements as fully consolidated entities for the first time in the reporting period. The effects on the consolidated financial statements are insignificant.

The companies Geothermie-Wärmegesellschaft Braunau-Simbach GmbH (Energy Segment, Austria) and Geothermie-Fördergesellschaft Simbach-Braunau GmbH (Energy Segment, Germany) were for the first time included in the consolidated statements as companies consolidated at equity. The earnings contribution of both companies amounts to EUR 0.8 million.

Joint Ventures

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.
Non-current assets	2.6	2.4	0.1	0.1	68.3	72.8
Current assets	140.1	136.8	36.7	33.4	12.1	13.1
	142.7	139.2	36.8	33.5	80.4	85.9
Equity	101.5	96.4	12.6	11.2	20.3	17.7
Non-current liabilities	13.1	12.7	0.1	0.1	51.6	56.6
Current liabilities	28.1	30.1	24.1	22.2	8.5	11.6
	142.7	139.2	36.8	33.5	80.4	85.9
Cash and cash equivalents	0.4	0.5	4.7	0.6	5.5	5.3
Non-current financial liabilities	–	–	–	–	40.7	45.7

	Energie AG Oberösterreich Vertrieb GmbH & Co KG		ENAMO GmbH		Other joint ventures	
	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.
Sales revenues	224.2	240.2	203.4	215.9	57.3	58.6
Depreciation, amortisation, and impairments	–	–	–	–	-5.7	-5.8
Interest income	0.1	0.1	–	–	–	0.8
Interest expense	-0.2	-0.2	–	–	-1.2	-1.4
Taxes	0.1	-0.1	-0.9	-1.0	-0.9	-1.0
Earnings after taxes	43.9	52.0	4.5	2.9	2.8	4.1
Share in net assets as of 1 October	96.3	91.8	7.9	9.7	4.7	3.4
Profit for the period	45.2	52.5	3.5	2.6	1.6	1.6
Dividends	-40.0	-48.0	–	-4.4	–	-0.3
Share in net assets as of 30 September	101.5	96.3	11.4	7.9	6.3	4.7
Goodwill	–	–	–	–	4.2	4.2
Carrying amount as of 30 September	101.5	96.3	11.4	7.9	10.5	8.9

Associated Companies

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 EUR mill.	30/09/2017 EUR mill.
Non-current assets	1,326.2	1,368.8	68.4	52.2	28.0	19.1
Current assets	133.2	71.5	11.9	11.8	10.8	8.2
	1,459.4	1,440.3	80.3	64.0	38.8	27.3
Equity	532.0	515.2	23.6	23.9	9.6	4.8
Non-current liabilities	655.2	639.7	25.7	26.5	9.4	5.2
Current liabilities	272.2	285.4	31.0	13.6	19.8	17.3
	1,459.4	1,440.3	80.3	64.0	38.8	27.3

	Salzburg AG für Energie, Verkehr und Telekommunikation		Wels Strom GmbH		Other associated companies	
	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.	2017/2018 EUR mill.	2016/2017 EUR mill.
Sales revenues	1,411.8	1,259.7	75.3	78.5	5.8	1.7
Earnings after taxes	41.2	77.3	2.3	4.8	-0.1	-0.1
Dividends	-6.4	-17.6	-1.3	-2.2	–	–
Share in net assets as of 1 October	134.8	119.2	11.8	10.5	–	–
Inclusion for the first time	–	–	–	–	1.4	3.2
Profit for the period	11.7	20.2	1.1	2.4	0.8	-1.3
Impairment	–	–	–	–	–	-1.9
Dividends	-6.5	-4.6	-1.3	-1.1	–	–
Carrying amount as of 30 September	140.0	134.8	11.6	11.8	2.2	–
Goodwill	18.7	19.7	17.7	18.7	–	–
Impairment	–	-1.0	–	-1.0	–	–
Carrying amount as of 30 September	158.7	153.5	29.3	29.5	2.2	–

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 Personal Power GmbH	Linz	100.00 (-)	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 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)
IfEA Institut für Energieausweis GmbH	Linz	100.00 (100.00)	FC (FC)
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)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
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 (EC)
Salzburg AG für Energie, Verkehr und Telekommunikation	Salzburg	26.13 (26.13)	EC (EC)
Geothermie-Wärmegesellschaft Braunau-Simbach mbH	Braunau	40.00 (40.00)	EC (OC)
baulounge GmbH (former 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 (100.00)	OC (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)
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 společnost Chrudim a.s.	Chrudim	95.00 (95.00)	FC (FC)
VHOS a.s.	Moravská Třebová	94.58 (93.87)	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)

	Domicile	Interest held in % (previous year)	Consolidation method (previous year)
Vodovody a kanalizace Beroun a.s.	Beroun	59.20 (59.20)	FC (FC)
VODOS Velkoobchod s.r.o.	České Budějovice	100.00 (100.00)	FC (OC)
VODOSPOL s.r.o.	Klatovy	100.00 (100.00)	FC (OC)
1. Jihočeská vodohospodářská spol. s r.o.	České Budějovice	100.00 (100.00)	OC (OC)
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)
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)	EC (OC)
Poland			
Finadvice Fair Energy Wind Development sp.zo.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	Hejőpapi	100.00 (100.00)	FC (FC)
Slovenia			
Komunalna ODOK d.o.o. (formerly VARINGER d.o.o.)	Maribor	100.00 (100.00)	FC (FC)

FC fully consolidated company

JV joint venture consolidated at equity

JO joint operation, proportionate consolidation of assets and liabilities, as well as expenses and revenues

EC associated company consolidated at equity

OC companies not consolidated due to immateriality

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.

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 › page 94 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 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.

Carrying Amounts	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Goodwill	66,063.4	65,887.3
Property, plant and equipment	2,009,145.7	1,948,116.1
Investments	325,163.0	309,629.1
Non-current provisions	278,920.4	280,847.2
Current provisions	17,994.4	14,975.3

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 utilization

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 overheads. General administrative expenses are not capitalised
- all other costs directly attributable to bringing the assets into working condition for their intended use
- the estimated costs of dismantling and removing the objects and restoring the site
- capitalised borrowing costs

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% (previous year: 1.0% to 1.5%) is assumed for the time after the detailed planning period. 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 tonnes for the Wels waste incineration plant and 315,000 tonnes 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 measurement of investments in companies accounted for according to the equity method is increased or decreased according to the changes in equity and impairments/reversal of impairments in proportion to the capital share held.

5.7. Inventories

Inventories are measured at average historical cost (moving average cost method) or at the lower net realisable value. Costs include direct costs as well as proportionate material and production overhead.

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

5.8. Emission Allowances

The CO₂ emissions allowances issued free of charge according to the Austrian Gas Emissions Allowances 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 allowances, 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 allowances to the registration office, the provision is netted against the asset.

Allowances 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 allowances, corresponding provisions are built up. Upon delivery of the emission allowances to the registration office, the provision is netted against the asset.

5.9. Fixed Term Deposits and Current Investments

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". This item also recognises investments in money market funds (AtFVP&L(FV option)).

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 derecognised 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.

Interests 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 measured with reliability. 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 recognised 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 measured. 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 pursuant 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 the interest income. 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 result.

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 from translating the pro-rata 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". The exchange rate applied on 30 September 2018 for the Czech koruna was 25.76425 (previous year: 25.9975), for the Hungarian forint 323.368 (previous year: 311.188), for the Swiss franc 1.1393 (previous year: 1.14457), for the Polish zloty 4.28115 (previous year: 4.31156), for the US dollar 1.16042 (previous year: 1.18021). 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 currency translation 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 receive payment was established.

I NOTES TO THE INCOME STATEMENT

6. Sales Revenues

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Energy Segment	893,166.6	989,161.6
Grid Segment	327,649.7	310,163.7
Waste Management Segment	222,590.8	208,382.1
Water Segment	137,416.0	135,543.1
Holding & Services Segment	45,025.6	43,412.4
Sales revenues	1,625,848.7	1,686,662.9
Procurement costs for proprietary electricity and gas trading	-93,177.6	-91,884.1
Net sales revenues	1,532,671.1	1,594,778.8

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, Bioenergie Steyr GmbH, Fernwärme Steyr GmbH, Windpower EP GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach GmbH, Geothermie-Fördergesellschaft Simbach-Braunau 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. (measured 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:

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste Manage- ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon- ciliation/ elimina- tion EUR mill.	Group EUR mill.
Sales to third parties	893.2	327.6	222.6	137.4	45.0	–	1,625.8
Intersegment sales	2.8	42.6	7.0	0.4	197.1	-249.9	–
Total sales	896.0	370.2	229.6	137.8	242.1	-249.9	1,625.8
Result from investments in equity companies	50.8	–	0.5	–	12.9	–	64.2
Depreciation, amortisation and impairments	-34.7	-68.1	-16.5	-5.7	-23.1	–	-148.1
Thereof impairments	-9.4	–	–	–	–	–	-9.4
Operating result	81.7	57.7	17.4	9.3	5.7	–	171.8
Carrying amount of investments in equity companies	121.9	–	3.6	–	188.1	–	313.6
Goodwill	1.1	–	45.9	18.9	0.2	–	66.1
Investments in intangible assets and property, plant and equipment	27.5	92.4	12.6	5.9	66.7	–	205.1
Capital employed	610.7	693.9	186.3	74.8	97.8	–	1,663.5
							EUR mill.
Capital employed							1,663.5
Assets not used in the service production and sales process							547.4
Non-interest bearing liabilities, provisions							1,011.8
Balance sheet total							3,222.7

The composition of the Waste Management Segment and the Water Segment was changed as of 1 October 2017. WDL-Wasserdienstleistungs GmbH and Komunalna ODTOK d.o.o were transferred from the Water Segment to the Waste Management Segment. The image below shows the segment information for 2017/2018 according to the old segment structure:

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste Manage- ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon- ciliation/ elimination EUR mill.	Group EUR mill.
Sales to third parties	893.2	327.6	212.7	147.3	45.0	–	1,625.8
Intersegment sales	2.8	42.6	7.0	0.4	197.1	-249.9	–
Total sales	896.0	370.2	219.7	147.7	242.1	-249.9	1,625.8
Result from investments in equity companies	50.8	–	0.5	–	12.9	–	64.2
Depreciation, amortisation and impairments	-34.7	-68.1	-15.5	-6.7	-23.1	–	-148.1
Thereof impairments	-9.4	–	–	–	–	–	-9.4
Operating result	81.7	57.7	15.6	11.1	5.7	–	171.8
Carrying amount of investments in equity companies	121.9	–	3.6	–	188.1	–	313.6
Goodwill	1.1	–	45.3	19.5	0.2	–	66.1
Investments in intangible assets and property, plant and equipment	27.5	92.4	11.9	6.6	66.7	–	205.1
Capital employed	610.7	693.9	169.2	91.9	97.8	–	1,663.5

	EUR mill.
Capital employed	1,663.5
Assets not used in the service production and sales process	547.4
Non-interest bearing liabilities, provisions	1,011.8
Balance sheet total	3,222.7

2016/2017	Energy EUR mill.	Grid EUR mill.	Waste Manage- ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon- ciliation/ elimination EUR mill.	Group EUR mill.
Sales to third parties	989.2	310.2	208.4	135.5	43.4	–	1,686.7
Intersegment 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 companys	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

Revenues from the reversal of construction cost subsidies of EUR 24.8 million (previous year: EUR 24.1 million) pertain to the Grid Segment, while reversals of impairments in the amount of EUR 2.1 million (previous year: EUR 20.9 million) pertain to the Energy Segment and EUR 0.0 million (previous year: EUR 16.5 million) to the Grid Segment. Non-cash line items in connection with derivatives in the amount of EUR 5.0 million (previous year: EUR -15.7 million) pertain to the Energy Segment.

Segment Reporting by Geographical Segments

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".

2017/2018	Austria EUR mill.	Czech Republic EUR mill.	Other countries EUR mill.	Group EUR mill.
Sales to third parties	1,462.3	152.8	10.7	1,625.8
Capital employed	1,563.0	84.1	16.4	1,663.5

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

8. Other Operating Revenues

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Income from the disposal of intangible assets and property, plant and equipment	1,201.4	3,371.7
Impairment reversals	2,093.6	37,328.4
Capitalised production costs	600.0	761.5
Rental and lease income	3,549.0	3,352.3
Income from the reversal of investment subsidies	3,202.5	3,165.5
Income from CO ₂ allowances	1,784.2	1,928.8
Other income	9,934.1	5,726.8
	22,364.8	55,635.0

9. Expenses for Material and Other Purchased Production Services

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Electricity purchased from third parties	407,476.6	422,095.4
Grid purchases	92,639.5	65,033.9
Fuel purchase	28,787.7	29,123.1
Other purchased goods	334,929.4	386,154.1
Expenses for purchased services	129,842.2	123,553.8
	993,675.4	1,025,960.3
Procurement costs for proprietary electricity and gas trading	-93,177.6	-91,884.1
	900,497.8	934,076.2

10. Personnel Expense

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Wages and salaries	209,055.9	199,623.1
Severance payments and contributions to company pension funds	5,798.5	5,421.6
Pension payments	5,799.7	8,615.7
Expenses for statutory social security contributions and payroll-related levies and statutory contributions	53,104.8	51,061.8
Other benefit expenses	826.0	4,932.7
	274,584.9	269,654.9

The expenses for defined contribution pension plans are EUR 6,593.6 thousand (previous year: EUR 5,764.2 thousand). Expenses for severance payments of EUR 18.2 thousand (previous year: EUR 15.4 thousand), as well as expenses for pension payments of EUR 302.0 thousand (previous year: EUR 227.6 thousand), pertain to members of the Board of Management.

The remunerations of the Management Board and of the Supervisory Board of Energie AG Oberösterreich are as follows:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Management Board	790.7	828.9
Former Management Board members and their survivors	750.4	748.5
Supervisory Board	103.0	101.0
	1,644.1	1,678.4

The average number of employees in this fiscal year amounts to 4,389 (previous year: 4,340). Part-time employees are included on a proportional basis.

11. Depreciation, Amortisation and Impairments

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Depreciation and amortisation	138,771.3	132,839.0
Impairments	9,360.5	37,194.4
	148,131.8	170,033.4

12. Other Operating Expenses

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Taxes	8,376.8	8,125.5
External services	52,460.3	52,032.2
Travel expenses	8,803.5	8,512.3
Insurance premiums	5,059.6	4,856.9
Postage and telecommunication	5,549.6	5,647.7
Rental and leasing expenses	7,864.8	7,804.6
Impairment of receivables	1,402.6	1,305.2
Allocation to allowances for doubtful receivables	486.2	4,005.4
Vehicle expense	18,890.0	18,080.7
Losses from the disposal of intangible assets and property, plant and equipment	3,418.4	5,099.6
Repairs	23,947.7	22,675.7
Other expenses	29,523.1	27,239.3
	165,782.6	165,385.1

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 693.0 thousand (previous year: EUR 665.6 thousand). In addition, the Group auditor provided other consulting services for the Energie AG Oberösterreich Group totalling EUR 107.0 thousand (previous year: EUR 103.0 thousand). In the 2017/2018 fiscal year, the fees charged by foreign members of the KPMG network for audit services amount to EUR 24.1 thousand. In addition to this, other members of the KPMG network in Austria and other countries performed approved tax advisory or measurement 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 2017/18 amount to EUR 291.0 thousand.

13. Interest Income

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Financing expenses		
Interest and similar expenses	-18,341.3	-26,413.1
Interest on provisions for pensions	-4,492.9	-3,285.9
Foreign exchange losses	-348.5	-96.3
	-23,182.7	-29,795.3
Other interest income		
Interest and similar revenues	1,033.2	1,055.5
Foreign exchange gains	2.8	2,032.9
Measurement of interest rate derivatives	-127.9	34.0
	908.1	3,122.4
	-22,274.6	-26,672.9

14. Other Financial Result

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Result from investments		
Non-consolidated affiliated companies	124.3	24.3
Revenues from other investments	1,476.6	744.1
Other expenses incurred for participating interests	-110.8	-133.0
	1,490.1	635.4
Securities and lendings		
Losses from the disposal of lendings	–	-2.0
Gains from the disposal of lendings	13.5	138.7
Income from securities	742.7	706.4
Impairment of securities	-147.6	-83.5
Imputed capital gains from securities	10.0	100.8
Gains from the disposal of securities	6,720.3	5,819.3
Income from the measurement of investment funds	56.6	–
Losses from the measurement of investment funds	-337.6	–
	7,057.9	6,679.7
	8,548.0	7,315.1

15. Income Taxes

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Current income taxes	31,317.1	33,876.6
Adjustment for deferred taxes	2,176.3	11,902.4
	33,493.4	45,779.0

Expenses for taxes on income are EUR 5,364.2 thousand lower (previous year: EUR 5,175.4 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:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Earnings before taxes	158,117.1	202,452.9
Calculated tax expense	38,857.6	50,954.4
Tax effects from		
Earnings from at equity companies and investments	-5,442.2	-6,781.4
Other items	78.0	1,606.0
Effective tax expense	33,493.4	45,779.0
Effective tax rate in %	21.2	22.6

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	
	2018 EUR 1,000	2017 EUR 1,000	2018 EUR 1,000	2017 EUR 1,000	2018 EUR 1,000	2017 EUR 1,000
Intangible assets	–	–	-13,994.4	-14,354.2	-13,994.4	-14,354.2
Property, plant and equipment	15,227.4	14,916.1	-86,656.6	-85,053.7	-71,429.2	-70,137.6
Financial assets	3,981.7	4,125.4	-6,853.7	-8,566.5	-2,872.0	-4,441.1
Other non-current assets	–	–	-568.1	-690.9	-568.1	-690.9
Provisions	33,607.6	29,921.7	-6,496.0	-4,389.8	27,111.6	25,531.9
Untaxed reserves	–	–	-15,973.2	-16,850.6	-15,973.2	-16,850.6
Construction cost subsidies	21,259.4	21,701.8	-2,861.7	-3,138.6	18,397.7	18,563.2
Other non-current liabilities	1,699.9	1,859.5	–	–	1,699.9	1,859.5
Hedge accounting	–	2,026.1	-11,845.0	–	-11,845.0	2,026.1
Outstanding write-downs to attributable fair value	4,105.4	6,171.7	–	–	4,105.4	6,171.7
Other	974.0	860.6	-315.3	-395.4	658.7	465.2
Deferred tax assets/ liabilities before offsetting	80,855.4	81,582.9	-145,564.0	-133,439.7	-64,708.6	-51,856.8

	Balance as of 30/09/ 2018 EUR 1,000	Change in the scope of consoli- dation 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/ 2017 EUR 1,000
Intangible assets	-13,994.4	–	-12.8	–	372.6	-14,354.2
Property, plant and equipment	-71,429.2	-72.9	-34.0	–	-1,184.7	-70,137.6
Financial assets	-2,872.0	–	–	1,601.5	-32.4	-4,441.1
Other non-current assets	-568.1	–	–	–	122.8	-690.9
Provisions	27,111.6	–	7.1	1,698.7	-126.1	25,531.9
Untaxed reserves	-15,973.2	–	–	–	877.4	-16,850.6
Construction cost subsidies	18,397.7	–	-0.1	–	-165.4	18,563.2
Other non-current liabilities	1,699.9	–	–	–	-159.6	1,859.5
Hedge accounting	-11,845.0	–	–	-13,871.1	–	2,026.1
Outstanding write-downs to attributable fair value	4,105.4	–	–	–	-2,066.3	6,171.7
Other	658.7	–	8.1	–	185.4	465.2
	-64,708.6	-72.9	-31.7	-10,570.9	-2,176.3	-51,856.8

	Balance as of 30/09/ 2017 EUR 1,000	Change in the scope of consoli- dation 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 attributable fair 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

No deferred tax liabilities were recognised for temporary differences associated with fully consolidated subsidiaries, joint arrangements, or associated companies in the amount of EUR 442,239.4 thousand (previous year: EUR 338,413.5 thousand).

Deferred taxes in the amount of EUR 1,601.5 thousand (previous year: EUR -522.1 thousand) pertain to changes in value of investments and securities available for sale; deferred taxes in the amount of EUR -13,871.1 thousand (previous year: EUR -9,787.0 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

	Procure- ment rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under con- struction EUR 1,000	Total EUR 1,000
2017/2018						
Costs						
01/10/2017	247,856.9	112,561.0	76,910.2	43,047.4	87.2	480,462.7
Change in scope of consolidation	–	1.6	–	–	–	1.6
Currency translation differences	–	35.5	176.1	204.0	0.8	416.4
Additions	500.0	3,046.6	–	–	212.1	3,758.7
Disposals	–	-101.9	–	–	–	-101.9
Transfers	–	55.4	–	–	-217.2	-161.8
30/09/2018	248,356.9	115,598.2	77,086.3	43,251.4	82.9	484,375.7
Accumulated depreciation and impairment						
01/10/2017	166,434.0	82,415.9	11,022.9	27,277.7	–	287,150.5
Currency translation differences	–	32.3	–	108.6	–	140.9
Depreciation	1,169.6	3,256.6	–	2,381.9	–	6,808.1
Impairment	–	3,387.3	–	–	–	3,387.3
Disposals	–	-91.5	–	–	–	-91.5
Transfers	–	-169.6	–	–	–	-169.6
30/09/2018	167,603.6	88,831.0	11,022.9	29,768.2	–	297,225.7
Carrying amount 01/10/2017	81,422.9	30,145.1	65,887.3	15,769.7	87.2	193,312.2
Carrying amount 30/09/2018	80,753.3	26,767.2	66,063.4	13,483.2	82.9	187,150.0

2016/2017	Procure- ment rights EUR 1,000	Other rights EUR 1,000	Goodwill EUR 1,000	Customer base EUR 1,000	Assets under con- struction 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
Currency translation 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 depreciation and impairment						
01/10/2016	165,364.5	72,751.4	6,888.0	21,807.8	–	266,811.7
Currency translation differences	–	135.0	–	444.8	–	579.8
Depreciation	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
30/09/2017	166,434.0	82,415.9	11,022.9	27,277.7	–	287,150.5
Carrying amount 01/10/2016	81,892.2	34,218.7	69,283.0	20,721.5	49.3	206,164.7
Carrying amount 30/09/ 2017	81,422.9	30,145.1	65,887.3	15,769.7	87.2	193,312.2

Changes in Property, Plant and Equipment

2017/2018	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manu- facturing plant and equipment EUR 1,000	Assets under construction EUR 1,000	Total EUR 1,000
Costs					
01/10/2017	1,065,345.8	3,680,397.5	200,453.3	57,289.9	5,003,486.5
Change in scope of consolidation	662.0	319.9	3.3	34.9	1,020.1
Currency translation differences	682.0	331.8	103.9	19.2	1,136.9
Additions	5,038.6	118,773.8	11,587.5	65,902.5	201,302.4
Disposals	-3,094.8	-15,313.1	-4,592.4	-469.1	-23,469.4
Transfers	5,232.8	37,198.4	2,362.8	-44,632.2	161.8
30/09/2018	1,073,866.4	3,821,708.3	209,918.4	78,145.2	5,183,638.3
Accumulated depreciation and impairment					
01/10/2017	594,028.6	2,292,548.0	164,729.6	4,064.2	3,055,370.4
Currency translation differences	307.8	226.5	75.6	-1.5	608.4
Depreciation	17,496.0	102,752.6	11,681.5	33.1	131,963.2
Impairment reversals	–	-2,093.6	–	–	-2,093.6
Impairment	472.5	5,500.7	–	–	5,973.2
Disposals	-332.8	-12,832.5	-4,333.3	–	-17,498.6
Transfers	-0.6	131.4	265.6	-226.8	169.6
30/09/2018	611,971.5	2,386,233.1	172,419.0	3,869.0	3,174,492.6
Carrying amount 01/10/2017	471,317.2	1,387,849.5	35,723.7	53,225.7	1,948,116.1
Carrying amount 30/09/2018	461,894.9	1,435,475.2	37,499.4	74,276.2	2,009,145.7

2016/2017	Land and buildings EUR 1,000	Technical equipment and machinery EUR 1,000	Manu- facturing 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
Currency translation 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
Currency translation 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
Impairment reversals	–	-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 01/10/2016	476,492.9	1,327,609.2	35,099.3	43,995.4	1,883,196.8
Carrying amount 30/09/2017	471,317.2	1,387,849.5	35,723.7	53,225.7	1,948,116.1

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		Discount rate	
	30/09/2018 EUR mill.	30/09/2017 EUR mill.	30/09/2018 %	30/09/2017 %
Waste Management Segment				
Waste Management Austria	43.1	43.1	5.2	5.1
Others	2.8	2.2	4.0-6.4	5.9
	45.9	45.3		
Water Segment				
CEVAK a.s.	15.1	15.0	4.4	4.5
Other companies	3.8	4.3	4.4	4.5-4.9
	18.9	19.3		
Other	1.3	1.3	4.9-5.4	5.0-5.3
	66.1	65.9		

The recoverable amount of the "Waste Management Segment/Austria" cash-generating unit exceeds the carrying amount by EUR 20.3 million (previous year: EUR 21.4 million), while the recoverable amount of CEVAK a.s. exceeds the carrying amount by EUR 114.8 million (previous year: EUR 98.5 million). In the event of a decrease in future cash flows by 9.9%, or an increase in the interest rate by 0.53%, the carrying amount of the "Waste Management Segment/Austria" cash-generating unit corresponds to the present value of the future cash flows. A decrease in CEVAK a.s.' future cash flows by 10% would not result in an impairment.

Due to the current situation on the market for 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 1,442 GWh per year (previous year: 1,383 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 EUR 36.82 to EUR 77.45/MWh (previous year: EUR 28.77 to EUR 78.08/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 4.9% (previous year: 5%). The planning period ends in the 2037/2038 fiscal year. An impairment in the amount of EUR 2.5 million (previous year: impairment reversal in the amount of EUR 20.9 million) was recognised, in particular due to the new contract for grid reserve management, which provides for compensation limited to economic disadvantages. The recoverable amount determined using the DCF method corresponds to the value in use in the amount of EUR 47.3 million (previous year: EUR 53.6 million). Fluctuations in cash flows of 20% resulted in a change of EUR 9.46 million in the recoverable amount. An increase in the interest rate by 0.5% results in a reduction of the recoverable amount by EUR 1.98 million.

The impairment of the "Price Authority Heat Sales" cash-generating unit (Energy Segment) was also tested in the past fiscal year. This unit includes the Timelkam/Vöcklabruck, Riedersbach and Kirchdorf thermal plants, for which the sales prices are jointly set by a price authority. Future revenues are based on an annual output of 236.4 GWh and were planned under the assumption that cost components can be compensated by a higher price for heat over the medium term. Past price approvals by the price authority support this assumption. Using a discount rate of 4.9% (previous year: 5.0%), the recoverable amount (value in use) was assessed at EUR 8.1 million. The impairment amounts to EUR 3.0 million (previous year: EUR 3.7 million).

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 5.2% to 5.5%, this resulted in an impairment of EUR 3.2 million (previous year: EUR 6.6 million), with the recoverable amount (value in use) recognised at EUR 8.8 million. A decrease in the future cash flows by 10% would result in a reduction of the recoverable amount by EUR 3.3 million. The increase in the interest rate by 0.5% results in a reduction of the recoverable amount by EUR 1.7 million.

The impairment of the electricity grid (Grid Segment) was also tested in financial year 2016/2017, 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 (8.98x; 30 September 2016: 7.87x) calculated on the basis of available market transactions. The EBITDA was recognised at EUR 62.9 million (previous year: EUR 59.4 million). The disposal costs were estimated at 1% of the transaction value. The recoverable amount was EUR 559.3 million. In fiscal year 2016/2017, this resulted in impairment reversals in the amount of EUR 16.5 million and a carrying amount of EUR 484.7 million, which corresponds to the amortised cost. A reduction of the EBITDA multiplier by 0.5 would in financial year 2016/2017 have resulted in the recoverable amount being reduced by EUR 31.1 million and therefore not have required the recognition of an impairment. Due to changed regulatory framework conditions from 1 January 2019 (IVth Electricity Regulatory Period), the electricity grid CGU was also subjected to impairment testing as of 30 September 2018. The recoverable amount was determined in analogous application of the method used in the previous year and assessed to exceed the carrying amount of the CGU. As of 30 September 2018, a reduction of the multiplier by 0.5 would result in a reduction of the recoverable amount by EUR 28.5 million and an impairment in the amount of EUR 18.9 million.

A reassessment of the market situation and market opportunities for WDL Wasserdienstleistungs GmbH carried out in financial year 2016/2017 confirmed that a lower profit contribution must be expected for new contracts. Combined with higher future capital expenditure, this resulted in the recognition of an impairment of EUR 15.4 million in the previous year, which was based on a discount rate of 4.2%. The recoverable amount (value in use) was EUR 36.9 million.

Research costs in the amount of EUR 3.7 million (previous year: EUR 3.2 million) were recognised as expenses.

In the 2017/2018 fiscal year, interest on borrowed capital in the amount of EUR 1,537.5 thousand (previous year: EUR 473.5 thousand) was capitalised.

Additions to assets under construction led to outflows of payment instruments in the amount of EUR 59,370.5 thousand (previous year: EUR 35,385.6 thousand). Obligations for the acquisition of property, plant and equipment amount to EUR 32,318.3 thousand (previous year: EUR 24,567.6 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 September 2017 is EUR 22,287.5 thousand (previous year: EUR 25,725.1 thousand). The future minimum lease payments for the following year are EUR 2,618.3 thousand (previous year: EUR 2,496.4 thousand), for terms between one and five years EUR 45,929.6 thousand (previous year: EUR 11,275.6 thousand), for terms in excess of five years EUR 0.0 thousand (previous year: EUR 37,285.8 thousand). Leasing payments calculated on the basis of a variable interest rate were recognised as expenses in the amount of EUR -2,387.8 thousand (previous year: EUR -2,671.3 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	2,618.3	-5.8	2,624.1
Due between one and five years	45,929.6	-193.1	46,122.7
	48,547.9	-198.9	48,746.8

17. Investments

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Shares in affiliated companies	2,097.1	2,992.6
Shares in companies consolidated at equity	313,604.3	296,072.2
Available for sale investments	927.1	435.9
Other Investments	8,534.5	10,128.4
	325,163.0	309,629.1

Due to decreased anticipated payment surpluses, the previous year's accounts recognised an impairment for Energie Ried Wärme GmbH (measured at equity) in the amount of EUR 1,909.0 thousand. In addition, the previous year saw Wels Strom GmbH impaired in the amount of EUR 958.0 thousand, and Salzburg AG für Energie, Verkehr und Telekommunikation in the amount of EUR 970.0 thousand.

A 20.0% decrease in future cash flows would result in impairments for companies valued using the equity method in the amount of EUR 36.4 million. The recoverable amount for the respective shares exceeds the carrying amount by EUR 26.1 million.

The Cash Flow Statement includes distributions from companies consolidated at-equity in the amount of EUR 47,773.3 thousand (previous year: EUR 58,382.2 thousand).

18. Other Financial Assets

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Loans to affiliated companies and companies in which an interest is held	12,655.4	4,236.2
Other lendings	6,307.6	15,469.4
Available-for-sale securities	17,972.8	29,405.2
Securities at fair value through profit or loss	28,382.0	29,199.0
Other securities	1.0	1.0
	65,318.8	78,310.8

19. Other Non-Current Assets

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

20. Inventories

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Primary energy	29,633.0	28,746.7
Raw materials and supplies	16,008.5	16,778.5
Work in progress	3,400.2	1,086.6
Finished goods	1,466.3	1,474.1
	50,508.0	48,085.9

21. Receivables and Other Assets

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Trade receivables	171,624.6	160,184.8
Receivables from non-consolidated affiliated companies	295.7	681.7
Receivables from joint arrangements and associated companies	23,517.8	26,774.8
Accruals and deferrals of interest	2,091.4	2,263.0
Market value of derivatives	26,441.0	10,132.1
Other	52,399.8	35,051.2
	276,370.3	235,087.6

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

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Cash in hand	237.8	191.1
Cash in bank	101,198.8	92,839.2
	101,436.6	93,030.3

23. Equity

The share capital of Energie AG Oberösterreich consists of 88,779,655 individual share certificates (previous year: 89,087,750), of which 88,600,000 are ordinary shares (previous year: 88,600,000), and 179,655 are preferred shares without voting rights (previous year: 487,750). The share capital has been fully paid in.

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 2007/08 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 2007/08 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.

Fiscal year 2017/2018 saw a reduction of the share capital due to the redemption of 308,095 treasury shares (preference shares without voting rights).

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 currency translation 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 September 2018, the cash flow hedge reserve amounts to EUR 47,380.1 thousand (previous year: EUR -8,104.4 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 -244.6 thousand (previous year: EUR -575.3 thousand) was recognised as income through profit or loss. Fair value changes in the amount of EUR 54,354.8 thousand (previous year: EUR 20,909.2 thousand) are recognised as other comprehensive income. During the fiscal year, EUR 1,129.7 thousand (previous year: EUR 18,238.6 thousand) were withdrawn from the cash-flow hedge reserve and recognised as an expense through profit or loss. Of this amount, EUR 1,775.8 thousand (previous year: EUR 1,991.9 thousand) were recognised in the financial result while EUR -646.1 thousand (previous year: EUR 16,246.7 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 September 2018, the AFS reserve amounted to EUR 12,273.9 thousand (previous year: EUR 18,679.0 thousand). Changes in market value in the amount of EUR -543.8 thousand (previous year: EUR 6,146.7 thousand) were recognised as equity, and EUR -5,861.3 thousand (previous year: EUR -4,057.8 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 September 2018, the company held 50,449 treasury shares (previous year: 308,095).

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 42.9% (previous year: 41.6%). 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 CO₂ allowances.

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, CO₂, 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:

	30/09/2018			30/09/2017		
	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	89.7 EUR mill.	—	-14,246.0	95.9 EUR mill.	—	-14,970.8
Foreign exchange contracts	0.2 USD mill.	6.4	-2.5	1.4 USD mill.	26.9	-77.4
Derivatives not designated as hedging instruments						
Interest rate swaps bond 2005-2025 ¹⁾	75.0 EUR mill.	2,272.5	—	75.0 EUR mill.	2,589.9	—

1) 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:

	Nominal value		Positive market values	Negative market values
30/09/2018	Purchase	Sale	EUR 1,000	EUR 1,000
Derivatives designated as cash flow hedging instruments				
Electricity futures	117.3 EUR mill.	2.4 EUR mill.	49,551.8	-2,754.2
Gas futures	3.0 EUR mill.	0.0 EUR mill.	1,032.1	–
CO ₂ -futures	0.0 EUR mill.	2.9 EUR mill.	9.0	-3,501.9
Gas oil futures	0.2 USD mill.	0.0 USD mill.	58.7	–
Gas swaps	6.6 EUR mill.	0.0 EUR mill.	2,261.7	-38.5
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	–	–
Derivatives designated as fair value hedging instruments				
Electricity futures	0.7 EUR mill.	0.1 EUR mill.	18.4	-37.5
Gas futures	3.6 EUR mill.	0.0 EUR mill.	538.4	-20.0
Derivatives not designated as hedging instruments				
Electricity forwards	68.7 EUR mill.	68.7 EUR mill.	31,533.9	-31,522.0
Gas forwards	0.0 EUR mill.	3.6 EUR mill.	–	-1,840.0
Gas futures	5.6 EUR mill.	0.0 EUR mill.	–	-203.4

	Nominal value		Positive market values	Negative market values
30/09/2017	Purchase	Sale	EUR 1,000	EUR 1,000
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.	–	–

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 2017/2018 fiscal year, carrying amount adjustments for hedged items resulted in losses in the amount of EUR 148.8 thousand (previous year: profit of EUR 400.6 thousand) that are recognised in the operating result. Profits of EUR 148.8 thousand (previous year: losses of EUR 400.6 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:

30/09/2018	Nominal value		Maturity
	Purchase	Sale	
Hedge accounting			
Interest rate swaps	89.7 EUR mill.	0.0 EUR mill.	2018-2028
Foreign exchange contracts	0.2 USD mill.	0.0 USD mill.	2018
Electricity futures	117.3 EUR mill.	2.4 EUR mill.	2018-2022
Gas futures	3.0 EUR mill.	0.0 EUR mill.	2018-2020
CO ₂ -futures	0.0 EUR mill.	2.9 EUR mill.	2018-2019
Gas oil futures	0.2 USD mill.	0.0 USD mill.	2018
Gas swaps	6.6 EUR mill.	0.0 EUR mill.	2018-2021
Aluminium/copper swaps	0.0 EUR mill.	0.0 EUR mill.	–

30/09/2017	Nominal value		Maturity
	Purchase	Sale	
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

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 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000
Investments		11,558.7	13,556.9
Shares in affiliated companies	AfS (at cost)	2,097.1	2,992.6
Available for sale investments	AfS	927.1	435.9
Other Investments	AfS (at cost)	8,534.5	10,128.4
Other financial assets		65,318.8	78,310.8
Loans to affiliated companies	LaR	37.0	38.5
Loans to companies in which an interest is held	LaR	12,618.4	4,197.7
Other lendings	LaR	6,307.6	15,469.4
Securities (held to maturity)	HtM	1.0	1.0
Securities (available for sale)	AfS	17,972.8	29,405.2
Securities (fair value option)	AtFVP&L (FV Option)	28,382.0	29,199.0
Receivables and other assets (non-current and current) according to the balance sheet		292,321.0	248,306.0
Thereof non-financial assets		31,140.5	29,964.7
Thereof financial assets		261,180.5	218,341.3
Trade receivables	LaR	171,895.5	160,603.2
Receivables from affiliated companies	LaR	295.7	681.7
Receivables from joint arrangements and associated companies	LaR	23,517.8	26,774.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	2,268.1	139.6
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	33,806.4	12,875.1
Other financial assets	LaR	29,397.0	17,266.9
Fixed term deposits and current investments	LaR	141,152.5	150,000.0
Fixed term deposits and current investments	AtFVP&L (FV Option)	39,917.6	–
Cash and cash equivalents	LaR	101,436.6	93,030.3
Total financial assets		620,564.7	553,239.3

	Category according to IAS 39	Carrying amount 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000
Financial liabilities (non-current and current)		455,112.6	464,376.7
Bonds	FLAC	302,125.1	302,387.5
Liabilities to banks	FLAC	29,266.0	34,927.1
Liabilities from finance leases	IAS 17	48,972.8	51,578.2
Other financial liabilities	FLAC	74,748.7	75,483.9
Trade payables (current)	FLAC	157,632.7	156,515.4
Other liabilities (non-current and current) according to the balance sheet		458,026.4	421,024.9
Thereof non-financial liabilities		241,629.5	225,033.4
Thereof financial liabilities		216,396.9	195,991.5
Liabilities to affiliated companies	FLAC	18,219.1	21,989.6
Liabilities to joint arrangements and associated companies	FLAC	92,821.3	91,666.1
Derivatives designated as hedging instruments (cash flow hedges)	n/a	14,287.1	15,363.9
Derivatives not designated as hedging instruments	AtFVP&L (Trading)	33,361.9	10,240.7
Other financial liabilities (non-current and current)	FLAC	57,707.5	56,731.2
Total financial liabilities		829,142.2	816,883.6
Carrying amounts in measurement categories acc. to IAS 39			
Loans and Receivables	LaR	486,658.1	468,062.5
Held to Maturity Investments	HtM	1.0	1.0
Available for Sale Financial Assets	AfS	29,531.5	42,962.1
Financial Assets at Fair Value through Profit or Loss	AtFVP&L (Trading)	33,806.4	12,875.1
Financial Assets at Fair Value through Profit or Loss	AtFVP&L (FV option)	68,299.6	29,199.0
Financial Liabilities Measured at Amortised Cost	FLAC	732,520.4	739,700.8
Financial Liabilities at Fair Value through Profit or Loss	AtFVP&L (Trading)	33,361.9	10,240.7
AfS	Available for Sale		
LaR	Loans and Receivables		
HtM	Held to Maturity		
FLAC	Financial Liabilities at Amortized Cost		
AtFVP&L	At Fair Value through Profit or Loss		

Interests 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 measured with reliability. In the 2017/2018 fiscal year, a disposal of other investments (at cost) was recognised in the amount of EUR 163.1 thousand (previous year: EUR 165.4 thousand). The loss from the disposal of these assets amounted to EUR 108.0 thousand (previous year: EUR 9.6 thousand).

24.3. Offsetting of Financial Assets and Liabilities

The following table shows the effect of netting agreements:

	30/09/2018			30/09/2017		
	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	171,895.5	-18,207.8	153,687.7	160,603.2	-15,899.4	144,703.8
Receivables from joint arrangements and associated companies	23,517.8	-333.8	23,184.0	26,774.8	-4,868.2	21,906.6
Positive market value of derivatives	36,074.5	-20,337.8	15,736.7	13,014.7	-5,963.7	7,051.0
Total	231,487.8	-38,879.4	192,608.4	200,392.7	-26,731.3	173,661.4
Financial liabilities						
Trade payables	157,632.7	-18,207.8	139,424.9	156,515.4	-15,899.4	140,616.0
Liabilities to joint arrangements and associated companies	92,821.3	-333.8	92,487.5	91,666.1	-4,868.2	86,797.9
Negative market value of derivatives	47,649.0	-20,337.8	27,311.2	25,604.6	-5,963.7	19,640.9
Total	298,103.0	-38,879.4	259,223.6	273,786.1	-26,731.3	247,054.8

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:

30/09/2018	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)	927.1	927.1	–	927.1
Securities (available for sale)	17,972.8	15,656.9	2,315.9	17,972.8
Securities (fair value option)	28,382.0	28,382.0	–	28,382.0
Fixed term deposits and current investments	39,917.6	39,917.6	–	39,917.6
Derivatives designated as hedging instruments (cash flow hedges)	2,268.1	–	2,268.1	2,268.1
Derivatives not designated as hedging instruments	33,806.4	–	33,806.4	33,806.4
Total	123,274.0	84,883.6	38,390.4	123,274.0
Liabilities				
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	–	14,287.1	14,287.1
Derivatives not designated as hedging instruments	33,361.9	–	33,361.9	33,361.9
Total	47,649.0	–	47,649.0	47,649.0

		Measurement at market prices level 1	Measurement based on inputs observable in the market level 2	Total fair value
30/09/2017	Carrying amount EUR 1,000	EUR 1,000	EUR 1,000	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
Fixed term deposits and current investments	–	–	–	–
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

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	Inputs
Listed securities, mutual funds	1	Market value-oriented	Nominal values, stock market price, net asset value
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 and current investments 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 30/09/2018 EUR 1,000	Fair value 30/09/2018 EUR 1,000	Carrying amount 30/09/2017 EUR 1,000	Fair value 30/09/2017 EUR 1,000	Level
Assets						
Other financial assets		18,926.0	20,939.4	19,667.1	22,379.7	
Loans to companies in which an interest is held	LaR	12,618.4	14,516.1	4,197.7	4,690.4	Level 3
Other lendings	LaR	6,307.6	6,423.3	15,469.4	17,689.3	Level 3
Liabilities						
Financial liabilities		406,139.8	484,270.5	412,798.5	498,897.4	
Bonds	FLAC	302,125.1	366,000.0	302,387.5	377,643.0	Level 1
Liabilities to banks	FLAC	29,266.0	30,856.5	34,927.1	36,396.9	Level 3
Other financial liabilities	FLAC	74,748.7	87,414.0	75,483.9	84,857.5	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:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Loans and Receivables	226.2	-4,133.0
Available for Sale Financial Assets	6,651.7	8,720.6
Financial Assets At Fair Value through Profit or Loss (FV Option)	-146.0	118.9
Financial Assets/Liabilities at Fair Value through Profit or Loss (Trading)	-844.2	145.3
Financial Liabilities Measured at Amortised Cost	-16,167.9	-20,169.1
Net result	-10,280.2	-15,317.3
Interest income and expenses from financial instruments that are measured at amortised costs:		
Total interest income	1,000.6	817.4
Total interest expense	-16,167.9	-20,169.1

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 measurement result of investments and securities without recognised outside profit or loss, as well as results from disposals and impairments shown in other financial result.

The net income of the financial assets at fair value through profit or loss (FV Option) mainly includes earnings from remeasurement and earnings from disposals, as well as dividends from securities and income from the remeasurement of money market funds and is shown in other financial income.

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

The currency risks Energie AG Group is exposed to result from financing provided in foreign currencies and the translation risk from the conversion of foreign Group companies into the Group currency (Czech Republic 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 439.0 million, HUF 2.7 billion, USD 0.6 million, previous year: CZK 419.1 million, HUF 2.7 billion, USD 2.7 million). 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 668.7 thousand (previous year: EUR 672.8 thousand) and a reduction in equity by EUR 1,767.8 thousand (previous year: EUR 1,934.9 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 1,099.1 thousand (previous year: EUR 1,262.1 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 817.3 thousand (previous year: EUR 822.3 thousand) and an increase in equity by EUR 2,160.7 thousand (previous year: EUR 2,364.8 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 1,343.3 thousand (previous year: EUR 1,542.5 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:

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Cash in bank	101,436.6	92,839.2
Variable rate lendings	4,159.1	3,185.7
Variable rate loans	-183,349.5	-189,567.8
Net risk before hedge accounting	-77,753.8	-93,542.9
Hedge accounting and interest rate derivatives	58,078.2	64,329.2
Net risk after hedge accounting and interest rate derivatives	-19,675.6	-29,213.7

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 73.8 thousand (previous year: EUR 109.6 thousand) and an increase in equity in the amount of EUR 2,059.1 thousand (previous year: EUR 2,392.1 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 2,132.9 thousand (previous year: EUR 2,501.7 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 73.8 thousand (previous year: decrease by EUR 109.6 thousand) and a reduction in equity in the amount of EUR 2,157.5 thousand (previous year: EUR 2,516.7 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 2,231.3 thousand (previous year: EUR 2,626.3 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 contracts.

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 0.0 thousand) and an increase (decrease) in equity by EUR 18,189.6 thousand (previous year: EUR 9,760.2 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 18,189.6 thousand (previous year: EUR 9,760.2 thousand).

Sensitivity of derivative contracts with regard to the prices for gas and diesel (gas-oil):

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 0.0 thousand) and an increase (decrease) in equity by EUR 2,457.5 thousand (previous year: EUR 2,149.6 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 2,457.5 thousand (previous year: EUR 2,149.6 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 3,193.0 thousand (previous year: EUR 3,284.9 thousand) and in equity in the amount of EUR 5,319.2 thousand (previous year: EUR 6,642.0 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 2,126.2 thousand (previous year: EUR 3,357.1 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 › page 150](#).

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

	Carrying amount 30/09/2018 EUR 1,000	Thereof: neither 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)	225,106.0	211,647.2	5,798.4	898.0	382.3	1,039.5	5,340.6
Trade receivables	171,895.5	162,240.5	5,797.3	679.3	382.3	1,039.5	1,756.6
Receivables from affiliated companies	295.7	295.7	–	–	–	–	–
Receivables from joint arrangements and associated companies	23,517.8	23,517.8	–	–	–	–	–
Other financial assets	29,397.0	25,593.2	1.1	218.7	–	–	3,584.0
Total	225,106.0	211,647.2	5,798.4	898.0	382.3	1,039.5	5,340.6

	Carrying amount 30/09/2017 EUR 1,000	Thereof: neither 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

The changes in impairments of financial assets were as follows:

	Balance as of 01/ 10/2017 EUR 1,000	Change in scope of con- solidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency trans- lation EUR 1,000	Balance as of 30/ 09/2018 EUR 1,000
Other financial assets	424.4	–	–	-2.6	–	0.4	422.2
Loans to affiliated companies	38.5	–	–	-2.6	–	0.4	36.3
Securities (available for sale)	385.9	–	–	–	–	–	385.9
Receivables and other financial assets (non-current and current)	9,327.4	21.6	486.9	-96.7	-1,079.5	5.0	8,664.7
Trade receivables	9,233.5	21.6	486.2	-96.7	-1,071.5	4.2	8,577.3
Other financial assets	93.9	–	0.7	–	-8.0	0.8	87.4
Total	9,751.8	21.6	486.9	-99.3	-1,079.5	5.4	9,086.9

	Balance as of 01/ 10/2016 EUR 1,000	Change in scope of con- solidation EUR 1,000	Additions EUR 1,000	Use EUR 1,000	Reversal EUR 1,000	Currency trans- lation 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

The expenses for complete derecognition of receivables amount to EUR 1,402.6 thousand (previous year: EUR 1,305.2 thousand). The revenue from the receipt of derecognised receivables amount to EUR 21.4 thousand (previous year: EUR 32.5 thousand). The income from impairment reversals in the fiscal year amounts to EUR -592.6 thousand (previous year: accumulated impairment loss of EUR 3,945.3 thousand) for financial assets classified as “loans and receivables”, and EUR 0.0 thousand (previous year: EUR 0.0 thousand) for financial assets classified as “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/ 2018 EUR 1,000	Cash flows 2018/2019		Cash flows 2019/2020 to 2022/ 2023		Cash flows in and after 2023/2024	
		Interest EUR 1,000	Repay- ments EUR 1,000	Interest EUR 1,000	Repay- ments EUR 1,000	Interest EUR 1,000	Repay- ments EUR 1,000
Financial liabilities (non-current and current)	455,112.6	16,261.3	26,229.8	62,833.4	83,832.5	32,637.6	346,951.1
Bonds	302,125.1	13,500.0	0.2	54,000.0	–	19,125.0	303,270.5
Liabilities to banks	29,266.0	626.9	5,627.6	740.6	21,803.7	212.5	2,589.9
Liabilities from finance leases	48,972.8	-96.4	2,723.4	-274.5	46,249.4	–	–
Other financial liabilities	74,748.7	2,230.8	17,878.6	8,367.3	15,779.4	13,300.1	41,090.7
Trade payables (current)	157,632.7	–	157,632.7	–	–	–	–
Other liabilities (non-current and current) according to the balance sheet	458,026.4						
Thereof non-financial liabilities	241,629.5						
Thereof financial liabilities	216,396.9	3,051.6	186,903.2	9,577.4	12,488.1	7,576.4	2,759.5
Liabilities to affiliated companies	18,219.1	–	18,219.1	–	–	–	–
Liabilities to joint arrangements and associated companies	92,821.3	–	92,821.3	–	–	–	–
Derivatives designated as hedging instruments (cash flow hedges)	14,287.1	3,051.6	41.0	9,577.4	–	7,576.4	–
Derivatives not designated as hedging instruments	33,361.9	–	26,936.4	–	6,425.5	–	–
Other financial liabilities (non-current and current)	57,707.5	–	48,885.4	–	6,062.6	–	2,759.5
Total	829,142.2	19,312.9	370,765.7	72,410.8	96,320.6	40,214.0	349,710.6

	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	Repay- ments EUR 1,000	Interest EUR 1,000	Repay- ments EUR 1,000	Interest EUR 1,000	Repay- ments 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) according 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 hedging instruments (cash flow hedges)	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

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.

24.7. Development and Terms of the Most Significant Financial Liabilities

	EUR 1,000	EUR 1,000
Financial liabilities 30/09/2017		
Non-current	454,638.9	
Current	9,737.8	
		464,376.7
Principal repayment of bank loan Gas- und Dampfkraftwerk Timelkam GmbH		-5,250.0
Other movements		-4,014.1
Financial liabilities 30/09/2018		
Non-current	428,882.8	
Current	26,229.8	
		455,112.6

Energie AG Oberösterreich:

4.5% Energie AG OOe. Bond 2005-25 ISIN: XS0213737702 volume: EUR 300,000,000 matures: 4 March.

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

25. Non-Current Provisions

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Provisions for pensions	106,567.0	102,979.6
Provisions for severance payments	86,958.2	84,927.0
Provisions for anniversary bonuses	20,004.9	17,990.8
Provisions for stepped pension and early retirement benefits	33,904.2	44,789.4
Other provisions	31,486.1	30,160.4
	278,920.4	280,847.2

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 following assumptions were made in calculating the personnel provisions:

	2017/2018 %	2016/2017 %
Discount rate	1.8	1.9
Salary trend	3.0	3.0
Pension trend	2.0	2.0
Expected return on plan assets	1.8	1.9

Biometric calculations were based on the AVÖ 2018 P (previous year: AVÖ 2008 P) calculation principles for pension funds from the Actuarial Association of Austria. The statutory retirement age was used as a basis.

A fluctuation ranging from 0% to 11.69% (previous year: 0% to 11.87%) 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.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of retirement benefit obligations (DBO) as of 01/10	118,634.7	136,132.2
+ Current service costs	527.6	703.9
+ Interest expense	2,147.8	1,623.4
- Pension payments	-7,351.1	-7,523.2
(-)/+ Revaluation – actuarial (gains)/losses:		
Due to experience-based adjustments	-2,212.9	-2,693.5
Due to changes in demographic assumptions	7,533.0	5.2
Due to changes in financial assumptions	2,395.3	-9,613.3
Present value of retirement benefit obligations (DBO) as of 30/09	121,674.4	118,634.7
- Fair value of fund assets	-15,107.4	-15,655.1
Recognised pension provisions as of 30/09	106,567.0	102,979.6

Changes in Fund Assets

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Plan assets as of 01/10	15,655.1	15,498.4
+ / (-) Interest income (expense) of plan assets	276.6	203.4
+ Contributions to fund	–	59.4
- Payments from fund	-1,474.0	-868.4
+ / (-) Asset gain/(loss)	649.7	762.3
Plan assets as of 30/09	15,107.4	15,655.1

Actual return on plan assets amounts to EUR 586.4 thousand (previous year: EUR 691.6 thousand).

The fund assets break down as follows:

	30/09/2018 %	30/09/2017 %
Shares	38.8	35.4
Bonds	42.1	41.9
Money market	12.1	14.8
Other investments	7.0	7.9
Total	100.0	100.0

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	527.6	703.9
Net interest expenses	1,871.2	1,420.0
Pension expense (recognised in profit or loss for the period)	2,398.8	2,123.9
Revaluations of retirement benefit obligations	7,065.7	-13,063.9
Pension expense (recognised in other comprehensive income)	9,464.5	-10,940.0

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

	30/09/2018 %	30/09/2017 %
Active	17.3	19.7
Vested	3.2	0.0
Retired	79.5	80.3
	100.0	100.0

As of 30 September 2018, the weighted average remaining term of the defined benefit plan obligations was 12.7 years (previous year: 12.5 years).

Pension payments for the 2018/2019 fiscal year are expected to amount to EUR 7,157.4 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

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Remaining life expectancy		
Increase by 1 year	6,954.9	6,902.5
Decrease by 1 year	-7,286.4	-7,213.7
Discount rate		
Increase by 0.5%	-7,130.1	-6,595.3
Decrease by 0.5%	7,918.3	6,820.1
Future pension increase		
Increase by 0.5%	7,246.8	6,944.0
Decrease by 0.5%	-6,633.0	-6,360.0

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 December 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.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of severance payment obligations (DBO) as of 01/10	84,927.0	90,464.4
+ Current service costs	3,141.8	3,455.8
+/- Net result from past service costs	-145.2	277.8
+ Interest expense	1,560.3	1,085.6
- Severance payments	-2,254.9	-3,805.4
(-)/+ Revaluation – actuarial (gains)/losses:		
Due to experience-based adjustments	-534.2	-591.6
Due to changes in demographic assumptions	-617.0	-20.9
Due to changes in financial assumptions	880.4	-5,938.7
Present value of severance payment obligations (DBO) as of 30/09 = recognised severance provisions as of 30/09	86,958.2	84,927.0

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	2,996.6	3,733.6
Net interest expenses	1,560.3	1,085.6
Severance expenses (recognised in profit or loss for the period)	4,556.9	4,819.2
Revaluations of the severance benefit obligation	-270.8	-6,551.2
Severance expenses (recognised in other comprehensive income)	4,286.1	-1,732.0

As of 30 September 2018, the weighted average remaining term of the defined benefit plan obligations amounted to 9.7 years (previous year: 9.8 years).

Severance payments for the 2017/2018 fiscal year are expected to amount to EUR 4,616.5 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

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Discount rate		
Increase by 0.5%	-4,021.30	-3,942.10
Decrease by 0.5%	4,347.40	4,262.70
Future salary increase		
Increase by 0.5%	4,342.10	4,263.40
Decrease by 0.5%	-3,428.30	-3,982.80

For employment relationships in Austria commencing on or after 1 January 2003, the employer is liable to remit 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.

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of anniversary bonus obligations (DBO) as of 01/10	17,990.8	18,956.3
+ Current service costs	1,655.8	1,151.2
+ Interest expense	332.1	222.3
- Anniversary bonus payments	-1,250.1	-1,077.0
(-)/+ Revaluation – actuarial (gains)/losses	1,276.3	-1,262.0
Present value of anniversary bonus obligations (DBO) as of 30/09 = recognised provisions for anniversary bonuses as of 30/09	20,004.9	17,990.8

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	1,655.8	1,151.2
Net interest expenses	332.1	222.3
Revaluations	1,276.3	-1,262.0
Expenses for anniversary bonuses (recognised in profit or loss for the period)	3,264.2	111.5

25.4. Provisions for Stepped Pension 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).

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Present value of early retirement benefit obligations (DBO) as of 01/10	44,789.4	53,114.6
+ Interest expense	729.8	557.9
+ Allocation due to new obligations	1,902.0	5,753.6
- Early retirement benefit payments	-11,232.3	-11,745.6
-(+/-) Income/(losses) from settlements	-374.2	–
- Payments in relation to settlements	-179.9	–
(-)/+ Revaluation – actuarial (gains)/losses	-1,730.6	-2,891.1
Present value of early retirement benefit obligations (DBO) as of 30/09 = recognised early retirement benefit provisions as of 30/09	33,904.2	44,789.4

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Service costs	1,902.0	5,753.6
Net interest expenses	729.8	557.9
Revaluations	-1,730.6	-2,891.1
Expenses for stepped pension and early retirement benefits (recognised in profit or loss for the period)	901.2	3,420.4

25.5. Other Non-Current Provisions

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Carrying amount as of 01/10	30,160.4	28,318.9
Change in scope of consolidation	15.9	–
Use	-995.0	-921.2
Reversal	-134.2	-128.7
Allocation	2,438.2	2,884.6
Currency translation differences	0.8	6.8
	31,486.1	30,160.4

This item predominantly contains provisions for landfills.

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

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Investment subsidies	24,931.4	26,193.8
Other liabilities	51,098.9	46,070.1
	76,030.3	72,263.9

29. Current Provisions

Current provisions developed as follows during this fiscal year:

	2017/2018 EUR 1,000	2016/2017 EUR 1,000
Carrying amount as of 01/10	14,975.3	11,137.2
Use	-3,159.7	-3,536.9
Reversal	-1,026.2	-133.3
Allocation	7,199.4	7,492.9
Currency translation differences	5.6	15.4
	17,994.4	14,975.3

30. Tax Provisions

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Corporate tax for the reporting period	165.0	142.7

31. Other Current Liabilities

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Liabilities to non-consolidated affiliated companies	18,217.3	21,957.0
Liabilities to joint arrangements and associated companies	92,821.3	91,666.1
Tax liabilities	67,185.5	62,272.7
Social-security liabilities	6,262.1	6,206.0
Advances received	59,987.2	51,474.9
Market value of derivatives	27,593.4	9,656.7
Liabilities to employees	47,317.9	45,367.8
Other liabilities	62,611.4	60,159.8
	381,996.1	348,761.0

OTHER EXPLANATORY NOTES

32. Contingent Liabilities

	30/09/2018 EUR 1,000	30/09/2017 EUR 1,000
Others	5,643.6	5,295.6

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 10,170.0 thousand (previous year: EUR 7,615.6 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 31,537.4 thousand (previous year: EUR 31,574.9 thousand), for terms in excess of five years, EUR 11,224.0 thousand (previous year: EUR 18,089.4 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 0.88 (previous year: EUR 0.6) per share, amounting to a total of EUR 78,081.7 thousand (previous year: EUR 53,267.8 thousand).

35. Risk Management

Risks and Opportunities

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, business models and technologies 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 presented to the company. Risk assessments are an integral part of the management and control system and an integral part of the strategic and operational decision making process and provide support for 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 historicization of the data as at the measurement dates.

Risk Profile and Development Trends

Risks from Operating Activities

The efficiency and intrinsic value of the assets, procurement rights and investments of the Energie AG Group are significantly influenced by **market price risks** (prices for electricity, gas, biomass, allowance pricing etc.). The expertise in the management of commodity price risks bundled in Energie AG Oberösterreich 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. Energie AG's production capacities from Group-owned thermal power plants continue to be highly significant for the supply of grid reserves. The CCGT power plants of Energie AG will continue to be available to the transmission system operators for grid support in the 2017/2018 fiscal year.

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, natural gas and electricity during the heating season. The electricity procurement experienced a moderate negative effect in the reporting period due to water levels falling below the long-term average. The higher than average temperatures during the 2017/2018 winter months have resulted in significantly lower sales due to the reduced heating of buildings.

The **competitive situation on the electricity and end-customer market** is having an impact on the number of active customers, sales quantities and price levels. The private customer segment is strongly in the focus of competition and saw, contrary to the overall development of the industry, electricity sales of Energie AG to its customers experiencing a slight inverse trend in the 2017/2018 financial year with declining switching rates. The measures taken in this customer segment to improve customer loyalty, service and subsidies/incentive programmes, as well as the focus on digitalisation in product development resulted in a positive effect.

Concerning the general economic conditions on the waste management markets, the trend towards easing of the markets is continuing in the **Waste Management Segment**. However, the positive price trend on the waste management 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. These developments are being addressed by targeted market activities and more intensive cooperation with the public sector. Strategically anchored cost management is also being consistently pursued, and the implementation of ongoing optimisation projects is continuing.

The **Water Segment** reports a steady development in sales revenues 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.

Thanks to rapidly advancing digitalisation, the expansion of **Fibre To The Home** (FTTH) and the fitting of **smart meters** is gaining in importance. The dynamic nature of FTTH expansion has been able to be significantly increased thanks to high customer requirements and the allocation of considerable funds from the subsidy programmes in the scope of “Breitband Austria 2020” (Broadband Austria 2020), as well as follow-up support for small and medium-sized enterprises (SMEs) and compulsory schools on the part of the Province of Upper Austria.

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.

Systems involving highly complex technologies are used at times within the various business units of Energie AG. These **systems are exposed to risks** from technical failures or other damage events (natural disasters, sabotage, etc.), which may also affect their availability. Energie AG responds to these asset risks by carrying out maintenance and quality inspections, as well as implementing 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 system at 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 an intensive and constructive dialogue with government agencies and policymakers.

The **regulatory environment** for the current fiscal year can be judged in principle to be stable. General Conditions of IV. The regulatory periods for electricity (from 01/01/2019) have, to the largest extent, been clarified. Despite pending appeals against decisions in the field of natural gas, a stable regulatory system in Austria is still expected.

The **EU General Data Protection Regulation (GDPR)** entered into force on 25 May 2018. Precisely defined work packages resulted in the implementation of all relevant GDPR requirements in a timely manner throughout the Energie AG Group.

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 crucial 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 implemented depends on market expectations and on whether the (energy) political environment can offer an adequate level of 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, 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.

Energie AG Group's exposure to **interest rate risk** can continue to be classified as very low due to the unchanged high fixed interest rate share of close to 94% of outstanding interest-bearing financial liabilities.

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). 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 methods, 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 March 2018, the excellent creditworthiness of Energie AG was again confirmed with the credit rating of "A/stable outlook" awarded by the international rating agency Standard & Poor's. This makes Energie AG once again one of Europe's best rated utilities with the highest creditworthiness. The annual planning process includes the continuous evaluation of significant investment projects on the basis of rating-relevant key figures with the objective of ensuring that the target credit rating remains within the single-A area.

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 of 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
State of Upper Austria	2017/2018	364.3	595.3	56.8	4,123.1
	2016/2017	917.5	685.9	588.1	4,684.8
OÖ Landesholding and subsidiaries	2017/2018	3,475.4	202.3	189.6	18,183.6
	2016/2017	3,529.8	112.3	318.0	21,919.4
Associated companies	2017/2018	14,596.0	869.5	1,088.7	13.9
	2016/2017	8,427.4	1,777.1	736.7	596.3
Joint ventures	2017/2018	245,011.8	14,531.3	23,597.2	90,045.2
	2016/2017	260,916.4	16,315.8	26,907.5	86,553.8

State 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.

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 27,615.7 thousand (previous year: EUR 32,104.5 thousand).

Associated Companies

Salzburg AG für Energie, Verkehr und Telekommunikation

Gas and electricity deliveries at standard market terms take place between the Group and Salzburg AG. The sales revenues amount to EUR 4,888.6 thousand (previous year: EUR 4,028.1 thousand), while expenses are EUR 442.4 thousand (previous year: EUR 913.4 thousand).

Wels Strom GmbH

In addition to grid services, heat and electricity deliveries at standard market terms took place between the Group and Wels Strom GmbH. The sales revenues amount to EUR 9,250.3 thousand (previous year: EUR 4,244.2 thousand), while expenses are EUR 302.3 thousand (previous year: EUR 279.6 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. Deliveries of electricity and other services take place at standard market terms between the Group and ENAMO GmbH, which is consolidated at equity. The sales revenues amount to EUR 102,978.9 thousand (previous year: EUR 107,618.2 thousand), while services in the amount of EUR 6,146.9 thousand (previous year: EUR 8,194.3 thousand) were procured. 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 13,175.4 thousand (previous year: EUR 14,322.6 thousand), while services in the amount of EUR 1,790.1 thousand (previous year: EUR 2,342.6 thousand) were procured.

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 the general partner without an equity interest. Deliveries of electricity and other services take place at standard market terms between the Group and the company. The sales revenues amount to EUR 126,208.6 thousand (previous year: EUR 136,116.5 thousand), while services in the amount of EUR 4,705.9 thousand (previous year: EUR 3,693.4 thousand) were procured. 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 89,433.6 thousand (previous year: EUR 85,605.5 thousand). Furthermore, there are contingent liabilities in the amount of EUR 2,170.7 thousand (previous year: EUR 1,871.7 thousand).

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. Please refer to Item 10 with regard to the remuneration of the members of the Management Board and the Supervisory Board of Energie AG Oberösterreich. Additional disclosable transactions included revenues of EUR 8.5 thousand (previous year: EUR 6.8 thousand) and benefits in the amount of EUR 11.0 thousand (previous year: EUR 15.8 thousand). This item also includes receivables in the amount of EUR 0.3 thousand (previous year: EUR 0.0 thousand).

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

Negotiations about the acquisition of a participating interest of 35% in ENAMO GmbH are ongoing. Measures aimed at restructuring the sales activities and activities in the area of energy generation are also planned. The acquisition process and planning of the restructuring measures are currently ongoing.

38. Disclosures on Group Management Bodies

In this fiscal year, the members of the management board of Energie AG Oberösterreich were:

KommR Prof. Ing. DDr. Werner Steinecker MBA (CEO, Kirchschlag); KommR Mag. Dr. Andreas Kolar (Member of the Management Board, Steyr); Dipl.-Ing. Stefan Stallinger MBA (Member of the Management Board, Linz).

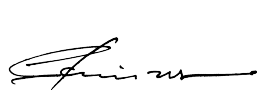
The Supervisory Board of Energie AG Oberösterreich had the following members in the 2017/2018 fiscal year:

Mag. Dr. Michael Strugl MBA (Chairman); KommR Dipl.-Ing. Gerhard Falch (Chairman until 06/02/2018); 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. Dr. Christine Frauscher (from 22/03/2018); Mag. Florian Hagenauer MBA; Mag. Anna-Maria Hochhauser; Thomas Peter Karbiner MSc MBA MPA; Mag. Michaela Keplinger-Mitterlehner; Mag. Kathrin Renate Kühtreiber-Leitner MBA; Ing. Herwig Mahr; Josef Walch.

Appointed by the Works Council: Ing. Mag. Leopold Hofinger; Mag. Regina Krenn; Ing. Peter Neißl MBA MSc; Christine Pötler (from 12/02/2018); Friedrich Scheiterbauer (until 12/02/2018); Ing. Bernhard Steiner; Gerhard Störinger; Mag. Helmut Lehner (from 13/08/2018); Egon Thalmer (until 13/08/2018).

Linz, 30 November 2018

The Board of Management of Energie AG Oberösterreich



Chief Executive Officer
DDr. Werner Steinecker MBA
Chairman 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

I 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 2018, 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 2018, 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 asset and financial position of the Group as at 30 September 2018, 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 section 245a of the Austrian Commercial Code (UGB).

Basis for Forming the Audit Opinion

We have conducted our audit in accordance with the EU Directive No. 537/2014 (AP 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 2018, the consolidated balance sheet of Energie AG Oberösterreich reports goodwill assets with a carrying amount of EUR 66.1 million (previous year: EUR 65.9 million).

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 adjustments may significantly change the results of impairment testing. This affects the cash-generating 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 as follows.

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 measurement is 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 operating results 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 examined the methodology used for impairment testing and determination of the capital cost rates on its compliance with the applicable standard. 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 and verified the arithmetic accuracy of the calculation procedure.

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 2,009.2 million, procurement rights at a carrying amount of EUR 80.8 million and other rights at a carrying amount of EUR 26.8 million represent approx. 65.7% of the assets reported in the consolidated balance sheet of Energie AG Oberösterreich. During the 2017/2018 fiscal year, impairments in the amount of EUR 9.4 million and reversals of impairment in the amount of EUR 2.1 million 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 external or internal indications for a material change in their respective recoverable amount. Where such indicators are present, the recoverable amount for the affected cash-generating units is determined and the CGU's carrying value is impaired/appreciated accordingly to reflect the recoverable amount. With exception of the electricity grid, which is measured at the higher fair value less disposal costs (on the basis of transaction multiples observable on the market), the recoverable amount corresponds to the value in use of the cash-generating unit.

The measurement of the recoverable amount of cash-generating units under IAS 36 requires estimates and discretionary decisions, such as the estimated future cash inflows surpluses, as well as the determination of the applicable discount rate. The consolidated financial statements are therefore exposed to the risk of inadequate estimates and discretionary

decisions having a significant impact on the recoverable amount and therefore the recognised value of the cash-generating units reported in the consolidated statement of financial position, as well as the operating result in the consolidated income statement.

Our Audit Approach

We have examined the Group's analysis of external and internal indicators for an impairment or recovery in value for all material cash-generating units. Where we detected an indicator for a potential impairment of cash-generating units, for which a realistic change in the measurement assumptions results in a material effect on the consolidated financial statements, we assessed the measurement carried out by the company in consultation with our valuation experts.

Our approach in auditing the material assumptions made for determining the value in use, on which the important impairment testing of cash-generating units is based, is generally identical to our approach in auditing the impairment of the 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.

With regard to the electricity grid measured at the higher fair value less disposal costs, 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 section 245a of the Austrian Commercial Code (UGB), which requires a reasonably accurate representation of the Group's asset, 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 AP 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 AP 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 considerable 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.

I 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 the Group 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. We expect to be provided with the Annual Report after the date of this auditor's certificate.

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

The audit of the consolidated financial statements requires us to read these other disclosures as soon as they are made available and to decide whether, considering our understanding formed during the audit, they represent a material inconsistency to the consolidated financial statements or are otherwise misrepresented in a significant way.

Additional Information Pursuant to Article 10 of the AP Directive

Our firm has been elected auditors of the financial statements by the General Meeting held on 20 December 2017. The Supervisory Board issued its engagement letter on 26 March 2018. 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 AP Directive.

We hereby declare that we have not performed any prohibited non-audit services (Article 5 para. 1 AP-VO) 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

Mag. Gabriele Lehner is the auditor in charge of the audit of the financial statements.

Linz, 30 November 2018

KPMG Austria GmbH
Chartered Accountants and Tax Consultants



Mag. Gabriele Lehner
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 STOCK CORPORATION ACT [AKTIENGESETZ (AKTG)]

During the 2017/2018 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 2017/18 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 statements of Energie AG Oberösterreich as of 30 September 2018, 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.

The Supervisory Board examined the financial statements as of 30 September 2018, 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 of 30 September 2018, 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 that the Supervisory Board approve the auditor's report, together with the auditor's unrestricted certificate, as well as the present financial statement as of 30 September 2018, together with the notes and the management report, so as to thus adopt the financial statement as of 30 September 2018. The Audit Committee also recommended that the Supervisory Board adopt the proposal by the Management Board 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 Corporation Act, and with the proposal for the appropriation of the profit, and that it adopts the financial statement as of 30 September 2018, which is thus established.

The consolidated financial statements for the 2017/2018 fiscal year from 1 October 2017 to 30 September 2018 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 consolidated 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 consolidated 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 approve the auditor's report, together with the auditor's unrestricted audit certificate, as well as the present consolidated financial statements as of 30 September 2018, 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 consolidated non-financial report, which has become compulsory under Sections 243b and 267a of the Austrian Commercial Code (UGB) for the first time for the reporting period and is published as a separate part of the Annual Report, was prepared by the Management Board (with the assistance of KPMG Advisory GmbH as external consultants) in compliance with the statutory requirements. The internal audit unit of Energie AG Oberösterreich has reviewed the non-financial report on behalf of the Supervisory Board and formed the opinion that the non-financial report was prepared in compliance with the statutory requirements. The Supervisory Board agrees with the findings of the review conducted by the internal audit unit and confirmed that it holds no objections against them. It was established that – in accordance with section 243b of the Austrian Commercial Code (Unternehmensgesetzbuch, or UGB) – there is no obligation to prepare a corporate governance report, and that in accordance with section 243c UGB, there is also no obligation to prepare a report on payments to government agencies.

The Supervisory Board would like to express its thanks to the Management Board and all company staff members for their successful work during the 2017/2018 fiscal year.

Linz, December 2018

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



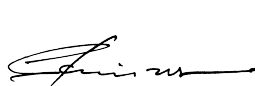
Deputy Governor Mag. Dr. Michael Strugl, MBA

STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO SECTION 124 (1) 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, as well as the 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 faced by the Group.

Linz, 30 November 2018

The Board of Management of Energie AG Oberösterreich



Chief Executive Officer

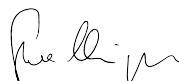
DDr. Werner Steinecker MBA

Chairman 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.