

Semi-Annual Consolidated Financial Statements

2018/2019 of Energie AG Oberösterreich

CONSOLIDATED INCOME STATEMENT

1 OCTOBER 2018 TO 31 MARCH 2019

	01.10.2018-31.03.2019 EUR 1,000	01.10.2017-31.03.2018 EUR 1,000
1. Sales revenues	981,965.6	913,230.3
Procurement costs for electricity and gas trading	-56,501.8	-45,136.8
Net sales revenues	925,463.8	868,093.5
2. Change in inventories of finished goods and work in progress	-331.3	-547.8
3. Other capitalised corporate services	15,869.2	13,814.9
4. Share in result of companies consolidated at equity	29,475.0	28,159.7
5. Other Operating Revenues (thereof reversals of impairment TEUR 6,608.2 (previous year: TEUR 6,832.0))	21,298.7	16,587.2
6. Expenses for materials	-595,920.9	-517,785.4
7. Personnel expense	-141,652.3	-134,987.9
8. Depreciation, amortisation and impairments	-71,110.7	-68,346.1
9. Other operating expenses	-75,767.1	-77,674.8
10. Operating result	107,324.4	127,313.3
11. Financing expenses	-11,343.9	-11,788.5
12. Other interest income	-30.0	405.4
13. Other financial income	494.7	6,919.0
14. Financial result	-10,879.2	-4,464.1
15. Earnings before taxes	96,445.2	122,849.2
16. Income taxes	-20,653.5	-29,202.0
17. Consolidated net earnings	75,791.7	93,647.2
Thereof attributable to non-controlling interests	1,014.8	988.1
Thereof attributable to investors in the parent company		
Consolidated net profit	74,776.9	92,659.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 OCTOBER 2018 TO 31 MARCH 2019

	01.10.2018-31.03.2019 EUR 1,000	01.10.2017-31.03.2018 EUR 1,000
1. Consolidated net earnings	75,791.7	93,647.2
2. Other comprehensive income		
Items that will not be subsequently reclassified to the income statement:		
Revaluation of the defined benefit obligation	-11,316.2	232.4
Changes in value of at-equity companies recognised in equity	-414.0	-0.8
Changes in value of investments and securities	3,077.3	-5,825.9
Deferred taxes	2,059.3	-58.3
Items that may be subsequently reclassified to the income statement:		
Hedge accounting	-39,619.3	9,414.0
Hedge accounting of at-equity companies	-163.9	–
Currency translation differences	-229.4	2,684.1
Deferred taxes	9,888.6	-897.0
Total expenses and revenues recognised in other comprehensive income	-36,717.6	5,548.5
3. Total comprehensive income after taxes	39,074.1	99,195.7
4. Thereof attributable to non-controlling interests	976.6	1,351.7
5. Thereof attributable to parent company	38,097.5	97,844.0

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2019

ASSETS		31 March 2019 EUR 1,000	30 September 2018 EUR 1,000
A. Non-current assets			
I. Intangible assets and goodwill		185,192.7	187,150.0
II. Property, plant and equipment		2,013,069.6	2,009,145.7
III. Investments (thereof at-equity companies: EUR 300,038.8 thousand (previous year: EUR 313,604.3 thousand))		323,196.8	325,163.0
IV. Other financial assets		58,118.9	65,318.8
		2,579,578.0	2,586,777.5
V. Other non-current assets		9,570.2	15,950.7
VI. Deferred tax assets		8,436.8	10,589.2
		2,597,585.0	2,613,317.4
B. Current assets			
I. Inventories		44,141.3	50,508.0
II. Receivables and other assets		296,748.7	276,370.3
III. Fixed term deposits		119,955.1	181,070.1
IV. Cash and cash equivalents		24,771.1	101,436.6
		485,616.2	609,385.0
		3,083,201.2	3,222,702.4
LIABILITIES		31 March 2019 EUR 1,000	30 September 2018 EUR 1,000
A. Equity			
I. Share capital		88,729.2	88,779.7
II. Capital reserves		214,859.8	214,809.5
III. Retained earnings		1,046,711.3	1,050,716.6
IV. Other reserves		-20,365.9	12,651.0
V. Non-controlling interests		14,671.3	14,483.2
		1,344,605.7	1,381,440.0
B. Non-current liabilities			
I. Financial liabilities		443,418.1	428,882.8
II. Non-current provisions		284,800.3	278,920.4
III. Deferred tax liabilities		64,638.4	75,297.8
IV. Construction cost subsidies		372,281.6	370,656.1
V. Advances received		16,886.7	27,457.0
VI. Other non-current liabilities		72,054.9	76,030.3
		1,254,080.0	1,257,244.4
C. Current liabilities			
I. Financial liabilities		18,985.1	26,229.8
II. Current provisions		20,246.1	17,994.4
III. Tax provisions		24.2	165.0
IV. Trade payables		139,950.7	157,632.7
V. Other current liabilities		305,309.4	381,996.1
		484,515.5	584,018.0
		3,083,201.2	3,222,702.4

STATEMENT OF CHANGES IN EQUITY (CONDENSED)

	Equity attributable to shareholders in the parent company EUR 1,000	Non-controlling interests in equity EUR 1,000	Total EUR 1,000
Balance 30.09.2017	1,265,733.7	13,691.7	1,279,425.4
Comprehensive income	97,844.0	1,351.7	99,195.7
Dividends	-53,267.8	-578.6	-53,846.4
Change in scope of consolidation	-42.6	-36.7	-79.3
Balance 31.03.2018	1,310,267.3	14,428.1	1,324,695.4
Balance 30.09.2018	1,366,956.8	14,483.2	1,381,440.0
Adjustments from the initial application of IFRS 9, after taxes	2,961.8	15.6	2,977.4
Comprehensive income	38,097.5	976.6	39,074.1
Dividends	-78,081.7	-804.1	-78,885.8
Balance 31.03.2019	1,329,934.4	14,671.3	1,344,605.7

CASH FLOW STATEMENT (CONDENSED)

	01.10.2018-31.03.2019 EUR 1,000	01.10.2017-31.03.2018 EUR 1,000
Earnings before income taxes	96,445.2	122,849.2
Earnings after taxes	87,507.3	115,247.1
Depreciation/Appreciation of non-current assets	64,502.5	61,597.8
Retained earnings of equity companies	19,764.3	11,911.7
Other items	-26,857.7	-18,636.1
CASH FLOW FROM EARNINGS	144,916.4	170,120.5
Payments from hedging transactions	-40,185.5	2,890.9
Change in fixed term deposits and short-term investments	61,115.0	-102.1
Change in inventories and current receivables	-28,246.6	-38,381.5
Other change in working capital	-39,868.5	-17,063.9
CASH FLOW FROM OPERATING ACTIVITIES	97,730.8	117,463.9
Outflow for additions to property, plant, equipment and intangible assets	-112,946.8	-96,752.4
Other items	10,186.1	4,538.7
CASH FLOW FROM INVESTMENTS	-102,760.7	-92,213.7
Dividend distribution	-78,885.8	-53,846.4
Other items	7,283.1	-4,267.6
CASH FLOW FROM FINANCING ACTIVITIES	-71,602.7	-58,114.0
TOTAL CASH FLOW	-76,632.6	-32,863.8
Cash funds at beginning of period	101,436.6	93,030.3
Cash flow	-76,632.6	-32,863.8
Exchange rate effects on cash funds	-32.9	272.8
Cash funds at end of period	24,771.1	60,439.3

NOTES TO THE SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2018/2019 OF ENERGIE AG OBERÖSTERREICH

1. General disclosures

The condensed Semi-Annual Financial Statements of Energie AG Oberösterreich as of 31 March 2019 were drawn up in accordance with IAS 34 (interim financial reporting), the International Financial Reporting Standards (IFRS) for interim financial reporting as applicable on the balance sheet date together with the applicable interpretations as published by the International Accounting Standards Board (IASB) and adopted by the European Union. The interim report provides an update to the consolidated financial statements as of 30 September 2018. The Semi-Annual Financial Statements were not subjected to a complete review or a review by a public auditor.

The accounting policies current as of 30 September 2018 were applied without changes, with the exception of the changes disclosed in this report.

2. Change of accounting methods

2.1. Standards and interpretations applied or amended and adopted by the EU for the first time

Newly applicable amended standards and interpretations adopted by the EU that take effect on 1 January 2018 or later:

- IFRS 9 (Financial Instruments)
- IFRS 15 (Revenue from Contracts with Customers)
- IFRS 2 (Amendments: Classification and Measurement of Share-based Payment 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 (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 (Foreign Currency Transactions and Advance Consideration)

IFRS 9 (Financial Instruments)

IFRS 9 (Financial Instruments) will be used (for the first time) in the 2018/19 fiscal year, replacing the existing rules stipulated in IAS 39 (Financial Instruments: Recognition and Measurement). 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.

Other investments classified as AFS (at cost) under IAS 39 (carrying amount as of 30 September 2018: EUR 8,534.4 thousand) will now be classified as FVOCI. As of 1 October 2018, this resulted in an upward revaluation of EUR 4,702.0 thousand.

Securities that were classified as AFS under IAS 39 (carrying amount as of 30 September 2018: EUR 17,972.8 thousand) will now be allocated to the FVOCI category (equity instruments) in the amount of EUR 14,892.1 thousand and to the FVPL category (debt instruments) in the amount of EUR 3,080.7 thousand.

The financial assets in the LaR category were classified as "measured at amortised costs" (AC) in accordance with IFRS 9. A loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since the initial recognition, an allowance in the amount of the credit losses expected over a period of 12 months will be recognised. An allowance for accounts receivables is, differently to what was explained above, recognised in the amount of the credit losses expected over the full term. If the credit risk has increased significantly since the initial recognition, the allowance amount will correspond to the amount of credit losses expected over the full term. The expected credit risk is determined on the basis of historical information about payment defaults, or on the basis of credit loss probabilities determined internally or procured from external financial service providers.

Recognition of impairments for these financial assets on 1 October 2018 has resulted in a reduction of the carrying amounts for loans to companies in which a participating interest is held (EUR -120.5 thousand), other lendings (EUR -23.2 thousand), accounts receivables (EUR -266.7 thousand) and fixed term deposits (EUR -242.2 thousand).

The following table shows the previous measurement category and carrying amount determined in accordance with IAS 39, as well as the new measurement category and carrying amount determined in accordance with IFRS 9 at the time of the initial application of IFRS 9:

	Categories acc. to IFRS 9	Carrying amount IFRS 9 01.10.2018 EUR 1,000	Categories acc. to IAS 39	Carrying amount 30.09.2018 EUR 1,000
Investments		16,260.7		11,558.7
Shares in affiliated companies	FVOCI	2,097.1	AfS (at cost)	2,097.1
Available for sale investments	FVOCI	–	AfS	927.1
Other investments	FVOCI	14,163.6	AfS (at cost)	8,534.5
Other financial assets		65,174.1		65,318.8
Loans to affiliated companies	AC	37.0	LaR	37.0
Loans to companies in which an interest is held	AC	12,497.9	LaR	12,618.4
Other lendings	AC	6,284.4	LaR	6,307.6
Securities	AC	–	HtM	1.0
Securities	FVOCI	14,892.1	AfS	17,972.8
Securities	FVPL	31,462.7	AtFVP&L (FV Option)	28,382.0
Receivables and other financial assets (non-current and current) as per balance sheet		292,055.3		292,321.0
Thereof non-financial assets		31,140.5		31,140.5
Thereof financial assets		260,914.8		261,180.5
Trade receivables	AC	171,628.8	LaR	171,895.5
Receivables from affiliated companies	AC	295.7	LaR	295.7
Receivables from joint arrangements and associated companies	AC	23,517.8	LaR	23,517.8
Derivatives designated as hedging instruments (cash flow hedges)	n/a	2,268.1	n/a	2,268.1
Derivatives not designated as hedging instruments	FVTPL	33,806.4	AtFVP&L (Trading)	33,806.4
Other financial assets	AC	29,398.0	LaR	29,397.0
Fixed term deposits	AC	140,910.3	LaR	141,152.5
Fixed term deposits	FVPL	39,917.6	AtFVP&L (FV Option)	39,917.6
Cash and cash equivalents	AC	101,436.6	LaR	101,436.6
Total financial assets		624,614.1		620,564.7

	Categories acc. to IFRS 9	Carrying amount IFRS 9 01.10.2018 EUR 1,000	Categories acc. to IAS 39	Carrying amount 30.09.2018 EUR 1,000
Financial liabilities (non-current and current)		455,112.6		455,112.6
Bonds	FLAC	302,125.1	FLAC	302,125.1
Liabilities to banks	FLAC	29,266.0	FLAC	29,266.0
Liabilities from finance leases	IAS 17	48,972.8	IAS 17	48,972.8
Other financial liabilities	FLAC	74,748.7	FLAC	74,748.7
Trade payables (current)	FLAC	157,632.7	FLAC	157,632.7
Other liabilities (non-current and current) according to the balance sheet		458,026.4		458,026.4
Thereof non-financial liabilities		241,629.5		241,629.5
Thereof financial liabilities		216,396.9		216,396.9
Liabilities to affiliated companies	FLAC	18,219.1	FLAC	18,219.1
Liabilities to joint arrangements and associated companies	FLAC	92,821.3	FLAC	92,821.3
Derivatives designated as hedging instruments (cash flow hedges)	n/a	14,287.1	n/a	14,287.1
Derivatives not designated as hedging instruments	FVTPL	33,361.9	AtFVP&L (Trading)	33,361.9
Other financial liabilities (non-current and current)	FLAC	57,707.5	FLAC	57,707.5
Total financial liabilities		829,142.2		829,142.2

Carrying amounts grouped to measurement categories

	acc. to IFRS 9		acc. to IAS 39
Financial Assets at Amortised Cost (AC)	486,006.5	Loans and Receivables (LaR)	486,658.1
		Held to Maturity Investments (HtM)	1.0
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	31,152.8	Available for Sale Financial Assets (AFS)	29,531.5
Financial Assets at Fair Value Trading through Profit or Loss (FVTPL)	33,806.4	Financial Assets at Fair Value through Profit or Loss (AtFVP&L (Trading))	33,806.4
Financial Assets at Fair Value through Profit or Loss (FVPL)	71,380.3	Financial Assets at Fair Value through Profit or Loss (AtFVP&L (FV Option))	68,299.6
Financial Liabilities at Amortised Cost (FLAC)	732,520.4	Financial Liabilities Measured at Amortised Cost (FLAC)	732,520.4
Financial Liabilities at Fair Value Trading through Profit or Loss (FVTPL)	33,361.9	Financial Liabilities at Fair Value through Profit or Loss (AtFVP&L (Trading))	33,361.9

In accordance with IFRS 9, financial instruments that were classified as AtFVP&L (FV option) on 30 September 2018 will have to be classified as FVPL.

IFRS 15 (Revenue from Contracts with Customers)

We refer to the Consolidated Financial Statements as of 30 September 2018 for an analysis of the effects of IFRS 15 on the Consolidated Financial Statements. Application of IFRS 15 does not result in any significant effects on the Consolidated Financial Statements. The initial application of IFRS 15 will require additional disclosures to be made in the Notes to the Consolidated Financial Statements as of 30 September 2019.

Other changes

The other changes to standards and interpretations are without any significant effects on the Consolidated Financial Statements.

2.2. Standards and interpretations that have not been applied early

In the 2018/2019 Semi-Annual Financial Statements, the following amendments adopted by the EU were not applied ahead of their effective date:

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 a later date, although they have not yet been adopted by the European Union at this time:

- 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)
- IFRS 17 (Insurance Contracts)

These standards are expected to be applied on the effective date promulgated by the EU.

Entry into force on 1 January 2016, but adoption by the European Union 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 14 (Regulatory Deferral Accounts)

IFRS 16 (Leases)

IFRS 16 was published in January 2016 and 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 them must be reported on the lessee's statement of financial position. 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, at the same time, a lease liability in the amount of the present value of the lease payments. 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.

An IT solution to support the calculation is currently being implemented. The relevant contracts will be analysed with regard to accounting in accordance with IFRS 16 and captured in the calculation tool.

The most important change concerns the Group's head office in Linz, which is currently used 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 will have to be recognised. In addition, the Waste Management Segment (Austria) comprises portfolio contracts concerning properties which, based on the currently available information, will result in the recognition of a right-of-use asset and a corresponding liability in the amount of EUR 17.4 million. From today's perspective, the remaining leases are of subordinate importance, both individually as well as in their entirety.

Current finance leases will be continued; the assets will merely be reclassified as right-of-use assets. This predominantly relates to assets in the Waste Management Segment, which were sold in the 2007/2008 fiscal year and leased back for a term of 15 years ("sale and leaseback"). The carrying amount of these assets was EUR 22.3 million as of 30 September 2018.

IFRS 16 is not applied to short-term leases and leases concerning an underlying asset of minor value. In accordance with IFRS 16.4, the company has opted out of voluntary application of IFRS 16 for intangible assets. Application takes place with retrospective effect by recognising the accumulated effect at the time of initial application. The initial application will take place in the fiscal year 2019/2020.

3. Scope of consolidation

Energie AG Oberösterreich Vertrieb GmbH (formerly: EAG WSGT GmbH) was established on 7 December 2018 as a sales company for electricity, gas, heat and telecommunication services. This company is fully consolidated in the consolidated financial statements (Energy Segment).

4. Accounting policies

Impairment of property, plant and equipment

The current market conditions are characterised by rising electricity prices and stable gas prices, which resulted in improved framework conditions for the CCGT power plant in Timelkam.

The resulting optimistic appraisal of future cash inflow surpluses in the Energy Segment resulted in an upward revaluation of the CCGT power plant in Timelkam in an amount of EUR 6.6 million (31 March 2018: upward revaluation: EUR 5.0 million).

The recoverable amount (value in use) is EUR 52.2 million (30 September 2018: EUR 56.7 million). 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 1,785 GWh per year. 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. 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% (30 September 2018: 4.9%).

Impairment of investments

As of 31 March 2018, the share in the profits of Salzburg AG (recognised at equity) for energy, traffic and telecommunication in the amount of EUR 9.1 million was not recognised as this would have resulted in exceeding the value in use of EUR 153.5 million.

5. Segment reporting

Energie AG Group identifies the reportable segments according to IFRS 8 on the basis of internal reporting and internal control (Management Approach).

Segment reporting covers the Energy, Grid, Waste Management, Water and Holding & Services Segments.

The accounting policies applied to the reported segments are the same as those applied throughout the Group. Sales transactions between the segments (internal sales) are billed at market prices, or on the basis of costs incurred. The operating result is the profit or loss for the period that is monitored regularly by the chief decision-makers and used as the primary basis for assessing success and allocating resources.

2018/2019	Energy EUR mill.	Grid EUR mill.	Waste Manage- ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon- ciliation EUR mill.	Group EUR mill.
Sales to third parties	581.4	194.6	111.5	71.3	23.2	–	982.0
Intersegment sales	1.2	6.8	2.8	0.2	83.6	-94.6	–
Total sales	582.6	201.4	114.3	71.5	106.8	-94.6	982.0
Operating result	51.4	34.7	7.7	6.1	7.4	–	107.3

2017/2018	Energy EUR mill.	Grid EUR mill.	Waste Manage- ment EUR mill.	Water EUR mill.	Holding & Services EUR mill.	Recon- ciliation EUR mill.	Group EUR mill.
Sales to third parties	537.7	176.9	109.5	67.8	21.3	–	913.2
Intersegment sales	1.3	26.9	3.8	0.2	74.5	-106.7	–
Total sales	539.0	203.8	113.3	68.0	95.8	-106.7	913.2
Operating result	70.0	54.0	8.3	4.6	-9.6	–	127.3

The operating result in the totals column corresponds to the result stated in the Consolidated Income Statement. The reconciliation statement with earnings before income taxes can be obtained from the consolidated income statement.

6. Financial instruments

6.1. Carrying amounts in accordance with IFRS 9

In accordance with IAS 9 or IAS 17, the carrying amounts of financial assets and liabilities are grouped into classes or measurement categories as follows:

	Categories acc. to IFRS 9	Carrying amount 31.03.2019 EUR 1,000
Investments		23,158.0
Shares in affiliated companies	FVOCI	2,131.3
Other investments	FVOCI	21,026.7
Other financial assets		58,118.9
Loans to affiliated companies	AC	36.2
Loans to companies in which an interest is held	AC	11,886.7
Other lendings	AC	5,978.4
Securities FVOCI	FVOCI	11,103.6
Securities FVPL	FVPL	29,114.0
Receivables and other financial assets (non-current and current) as per balance sheet		306,318.9
Thereof non-financial assets		36,465.1
Thereof financial assets		269,853.8
Trade receivables	AC	204,458.6
Receivables from affiliated companies	AC	708.4
Receivables from joint arrangements and associated companies	AC	16,528.1
Derivatives designated as hedging instruments (cash flow hedge)	n/a	370.4
Derivatives not designated as hedging instruments	FVTPL	10,597.7
Other financial assets	AC	37,190.6
Fixed term deposits	AC	99,905.1
Fixed term deposits	FVPL	20,050.0
Cash and cash equivalents	AC	24,771.1
Total financial assets		495,856.9

	Categories acc. to IFRS 9	Carrying amount 31.03.2019 EUR 1,000
Financial liabilities (non-current and current)		462,403.2
Bonds	FLAC	302,079.0
Liabilities to banks	FLAC	36,263.1
Liabilities from finance leases	IAS 17	47,635.8
Other financial liabilities	FLAC	76,425.3
Trade payables (current)	FLAC	139,950.7
Other liabilities (non-current and current) according to the balance sheet		377,364.3
Thereof non-financial liabilities		238,972.1
Thereof financial liabilities		138,392.2
Liabilities to affiliated companies	FLAC	29,212.7
Liabilities to joint arrangements and associated companies	FLAC	56,610.4
Derivatives designated as hedging instruments (cash flow hedge)	n/a	16,524.5
Derivatives not designated as hedging instruments	FVTPL	10,616.3
Other financial liabilities (non-current and current)	FLAC	25,428.3
Total financial liabilities		740,746.1
Carrying amounts grouped to measurement categories according to IFRS 9		
Financial Assets at Amortised Cost (AC)		401,463.2
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)		34,261.6
Financial Assets at Fair Value Trading through Profit or Loss (FVTPL)		10,597.7
Financial Assets at Fair Value through Profit or Loss (FVPL)		49,164.0
Financial Liabilities at Amortised Cost (FLAC)		665,969.5
Financial Liabilities at Fair Value Trading through Profit or Loss (FVTPL)		10,616.3

We refer to section [2.1 › page 33](#) for the carrying amounts of financial assets and liabilities as of 30 September 2018, grouped to classes or measurement categories in accordance with IAS 39 or IAS 17.

6.2. Measurement at fair value

6.2.1. 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 of 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 3 as follows:

			Measurement on the basis of inputs observable on the market Level 2	Other valuation methods Level 3	
31.03.2019	Carrying amount acc. to IFRS 9 EUR 1,000	Measurement at market prices Level 1 EUR 1,000	EUR 1,000	EUR 1,000	Total fair value EUR 1,000
Assets					
Shares in affiliated companies (FVOCI)	2,131.3	–	–	2,131.3	2,131.3
Other investments (FVOCI)	21,026.7	935.0	–	20,091.7	21,026.7
Securities (FVOCI)	11,103.6	11,103.6	–	–	11,103.6
Securities (FVPL)	29,114.0	28,828.7	285.3	–	29,114.0
Derivatives designated as hedging instruments (cash flow hedge)	370.4	–	370.4	–	370.4
Derivatives not designated as hedging instruments (FVTPL)	10,597.7	–	10,597.7	–	10,597.7
Fixed term deposits and short-term investments (FVPL)	20,050.0	20,050.0	–	–	20,050.0
Total	94,393.7	60,917.3	11,253.4	22,223.0	94,393.7
Liabilities					
Derivatives designated as hedging instruments (cash flow hedge)	16,524.5	–	16,524.5	–	16,524.5
Derivatives not designated as hedging instruments (FVTPL)	10,616.3	–	10,616.3	–	10,616.3
Total	27,140.8	–	27,140.8	–	27,140.8

Level 3 financial instruments have developed as follows:

	2018/2019 EUR 1,000
Carrying amount as of 01.10.	10,631.6
Initial application IFRS 9	4,702.0
Gains (losses) – not recognised in profit or loss	6,857.9
Additions	35.0
Currency translation	-3.5
Carrying amount 30.09.	22,223.0

The upward revaluation resulting from the initial application of IFRS 9 in the amount of EUR 4,702.0 thousand and the appreciation in the amount of EUR 6,857.9 thousand concern the most important one of Other Investments (FVOCI). The fair value of this other investment is determined using a measurement method based on capitalisation of earnings. Essential input factors are the cash flow assumptions from mid-term planning and the discount rate. The appreciation was recognised as other comprehensive income in the item "Change in value of investments and securities".

An increase (reduction) of the cash flow assumptions by 25% would have resulted in an increase (reduction) of the OCI in the amount of EUR 3,081.5 thousand (EUR -3,081.5 thousand). An increase (reduction) of the discount rate by 50 basis points would have resulted in a reduction (increase) of the OCI in the amount of EUR -784.1 thousand (EUR 898.4 thousand).

	Carrying amount acc. to IAS 39 EUR 1,000	Measurement at market prices Level 1 EUR 1,000	Measurement on the basis of inputs observable on the market Level 2 EUR 1,000	Total fair value EUR 1,000
30.09.2018				
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 (fair value option)	39,917.6	39,917.6	–	39,917.6
Derivatives designated as hedging instruments (cash flow hedge)	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 hedge)	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

6.2.2. Valuation techniques and input used in measuring fair values

In general, the fair values of the financial assets and liabilities correspond to their market prices on the balance sheet date. If active market prices are not directly available, fair values that are not of minor significance are calculated using recognised actuarial measurement models and current market parameters (particularly including interest rates, foreign exchange rates and credit ratings of contractual partners). This is done by discounting the cash flows from the financial instruments to the balance sheet date.

The following valuation techniques and inputs were used:

Financial instruments	Level	Valuation techniques	Inputs
Other investment	3	Capital value-oriented	Assumptions concerning cash flows, interest rates, mid-term planning
Listed securities, mutual funds	1	Market value-oriented	Nominal values, stock market price, net asset value
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 swaps	2	Capital value-oriented	Cash flows already fixed or determined using forward rates, interest rate curve, credit risk of contractual partners

6.2.3. 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 accounts 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. This means that their carrying amounts as of the balance sheet date roughly represent their fair value. If they are material and do not have a variable interest rate, then the fair value of non-current lendings 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 usually have short remaining terms. The values on the balance sheet are approximately the fair values. If they are material and do not bear interest at a variable rate, the fair value of financial liabilities is determined using the present value of the payments associated with the liabilities, taking into consideration the respectively applicable market parameters (interest rates, credit spreads).

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

	Categories acc. to IFRS 9	Carrying amount 31.03.2019 EUR 1,000	Fair value 31.03.2019 EUR 1,000	Level
Assets				
Other financial assets		17,865.1	19,890.5	
Loans to companies in which an interest is held	AC	11,886.7	13,757.9	Level 3
Other lendings	AC	5,978.4	6,132.6	Level 3
Liabilities				
Financial liabilities		414,767.4	498,495.5	
Bonds	FLAC	302,079.0	369,960.0	Level 1
Liabilities to banks	FLAC	36,263.1	37,609.3	Level 3
Other financial liabilities	FLAC	76,425.3	90,926.2	Level 3

	Categories acc. to IAS 39	Carrying amount 30.09.2018 EUR 1,000	Fair value 30.09.2018 EUR 1,000	Level
Assets				
Other financial assets		18,926.0	20,939.4	
Loans to companies in which an interest is held	LaR	12,618.4	14,516.1	Level 3
Other lendings	LaR	6,307.6	6,423.3	Level 3
Liabilities				
Financial liabilities		406,139.8	484,270.5	
Bonds	FLAC	302,125.1	366,000.0	Level 1
Liabilities to banks	FLAC	29,266.0	30,856.5	Level 3
Other financial liabilities	FLAC	74,748.7	87,414.0	Level 3

The fair values of the level 3 financial liabilities disclosed above were determined in accordance with generally accepted valuation techniques that are based on discounted cash flow analyses. Material input is the discount rate, which takes into account the default risk of the counterparty.

7. Risk management

7.1. Risk management process

The objective of the risk management system employed by Energie AG is to collect information about future developments as early as possible, identify the resultant risks and opportunities and actively control them. As an established part of the management and controlling system, risk management plays a role in strategic management, investment/project management and the operational activities.

Based on the operational risk management in the decentral business units, the risk management process is controlled by the central risk management unit. Risks, opportunities and measures are updated on a quarterly basis and recorded in a group-wide implemented software tool. The identified opportunities and risks are analysed on group level and aggregated to form the Group's total risk position. Reporting to the Group's Management Board is done on a quarterly basis and ad hoc if required.

Risk management is an integral part of the reporting to the Supervisory Board and, as required under the Austrian Company Law Amendment Act (URÄG), is also reported to the audit committee with respect to the efficiency and validity of the risk management process.

Proper documentation and verifiability are also guaranteed by historicisation of the data as at the measurement dates.

7.2. Risk profile and development trends

In addition to the risks that are customary for the industry sector, the risk and opportunities position of Energie AG is first and foremost characterised by an intensifying petition as well as regulatory and energy policy challenges.

7.3. Risks from operational activities

The operating efficiency and intrinsic value of assets, procurement rights and participating interests held by Energie AG Group are significantly influenced by **market price risks** (prices for electricity, gas, biomass, and certificates). 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 that are geared to the market environment.

In light of increasingly volatile markets, the **stabilisation of the electricity grid** is a challenge for transmission system operators. The earnings volatility is increased by the use of CCGT power plants in the area of network services and stabilisation.

Weather conditions are another important parameter affecting the earnings development of Energie AG. Varying water levels of rivers result in fluctuating electricity generation from hydraulic power plants, while temperatures have a significant effect on the demand for district heating, gas and electricity during the heating season. Water levels were 12.9% higher than the long-term average in the first half year of 2018/2019, but still 9.5% below the previous year's level. In the first half of the 2018/2019 fiscal year, the total number of heating degree days was 9% lower than the 10-year average and 5% lower than in the previous year.

The **competitive situation on the end-user market** is having an impact on the number of active customers, sales volumes and price levels. Competitors are in particular focusing their efforts on the private customer segment. Numerous measures, such as price guarantees, service offers and incentive programmes, as well as the focus on digitalisation in product

development have started to show positive effects, which will be amplified by the planned consolidation of the sales channels.

In the **Waste Management Segment**, the positive trend from the previous year continues. Due to the large volumes available on the recycling market, we expect sustained high demand for thermal power plants. Because we also expect continued positive price developments on the waste management markets, it will be important to follow the market developments and respond in an appropriate manner.

The **Water Segment** continues to enjoy a steady development of sales revenues and earnings. The restructuring of the Water Segment included the start of a synergy project. This project and the ongoing participation in (concession) tenders are the most important measures aimed at securing and increasing our market share.

Thanks to the rapidly progressing digitalisation of Upper Austria as a business location in combination with the positive economic development, the expansion of **Fibre To The Home (FTTH)** and the fitting of smart meters is gaining importance. Energie AG intends to actively pursue the opportunities resulting from the planned Federal Broadband Strategy 2030.

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

The various business units of Energie AG use systems that at times involve highly complex technologies. These **systems are exposed to risks** from technical failures or other damage events (natural disasters, sabotage, etc.), which may also affect their availability.

Energie AG Oberösterreich controls these asset risks by maintenance and quality inspections, as well as implementing an optimised maintenance strategy. We continue to proactively continue the strategic programmes to replace overhead low-voltage lines and overhead medium-voltage lines that are particularly susceptible to disruption with underground cable as planned. Energie AG operates an adequate incident management system to handle any damages incurred despite these measures and also 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 cyber space risks by employing a comprehensive information security management system at Group level.

7.4. Political, regulatory and legal risks

The business model of Energie AG takes a long-term approach, which renders it highly dependent on the prevailing political, regulatory and legal framework conditions. Efforts are made to counter these risks by engaging in an intensive and constructive dialogue with government agencies and political stakeholders.

The **general regulatory conditions** for grid operators continue to be regarded as stable. The economic environment for the natural gas grid have been defined for the 3rd regulatory period since 1 January 2018, but the Austrian Federal Economic Chamber and the Federal Chamber of Labour have objected against the stipulations made by the regulatory authority. A decision on how to respond to these objections is still outstanding. The details pertaining to the 4th regulatory period for the electricity grid were finalised in the current year without objections, the parameters will become effective for a period of five years on 1/1/2019, which means that we can continue to operate on the assumption of stable economic framework conditions for grid operators.

7.5. Investment project risks

The implementation of investment projects is characterised by high complexity, the interplay of numerous input factors and a low degree of planning certainty. Risk management is integrated in the entire project cycle, evaluating the potential financial risks and measures aimed at controlling them during the course of the project.

7.6. Financial risks

Financial risks, such as the interest rate risk, currency and liquidity risks as well as the market price risk from financial investments, are managed and monitored centrally by the holding-unit Group Treasury of Energie AG Oberösterreich. The management of risks concerning the most important counterparties of Energie AG is carried out in close consultation with Group Treasury at holding level.

8. Related party disclosures

Related parties include OÖ Landesholding GmbH as majority shareholder as well as its subsidiaries, the State 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 relatives.

		Revenues EUR 1,000	Expenses EUR 1,000	Receivables EUR 1,000	Liabilities EUR 1,000
State of Upper Austria	2018/2019	166.9	292.4	1.8	5.8
	2017/2018	249.4	293.1	1.6	3.2
OÖ Landesholding and subsidiaries	2018/2019	1,566.3	32.2	168.7	29,070.4
	2017/2018	1,592.7	122.5	188.4	41,087.3
Associated companies	2018/2019	8,515.4	594.5	1,407.7	0.2
	2017/2018	7,495.9	333.6	976.3	32.4
Joint ventures	2018/2019	137,553.5	12,403.2	8,740.4	51,065.5
	2017/2018	127,235.8	7,714.3	14,106.8	51,296.2

Performances are rendered on the basis of market terms and conditions or costs incurred.

9. Other disclosures

Acquisition of shares from ENAMO GmbH

As of 31 March 2019, ENAMO GmbH, ENAMO Ökostrom GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG (Energy Segment) are joint ventures attributable to Energie AG Group and will be recognised in the accounts on the basis of the equity method. In the first half year of the 2018/19 financial year, we have signed a purchase contract for the acquisition of a participating interest stake of 35.0% in ENAMO GmbH against payment of a purchase price of EUR 6.9 million. By acquiring all shares in the company with effect on 1 April 2019, the Group gained control over ENAMO GmbH and ENAMO Ökostrom GmbH (a subsidiary of ENAMO GmbH). ENAMO GmbH is also the limited partner of Energie AG

Oberösterreich Vertrieb GmbH & Co KG. On 1 April 2019, the Group also gained control over Energie AG Oberösterreich Vertrieb GmbH & Co KG by acquiring all shares in ENAMO GmbH.

As a result of the successive merger on 1 April 2019, the previously held equity stakes in ENAMO GmbH and Energie AG Oberösterreich Vertrieb GmbH & Co KG will be re-measured at their fair value in accordance with IFRS 3. Any resulting profits or losses will be recognised in profit or loss or in other comprehensive income. As a consequence, the existing carrying amounts of the acquired identifiable assets and the assumed liabilities of the three newly controlled companies measured in accordance with IFRS 3 will be fully consolidated in the consolidated financial statements. A goodwill position will be recognised if the total of consideration plus measurement outcome from the successive business combination exceeds the balance of assets and liabilities on the accounts at the acquisition date. The effects of the business combination on the consolidated financial statements are still unknown as of today's date.

	Balance sheet total 31.03.2019 EUR 1,000	Sales revenues 1st HY 2018/2019 EUR 1,000	Operating result 1st HY 2018/2019 EUR 1,000
ENAMO GmbH	34,334.2	113,231.8	24.5
ENAMO Ökostrom GmbH	3,646.0	12,667.8	702.1
Energie AG Oberösterreich Vertrieb GmbH & Co KG	105,026.2	131,429.3	18,154.4

Internal restructuring

Restructuring measures took place in the second half year of the 2018/19 fiscal year. The restructuring measures aim at consolidating the sales activities (electricity, gas, heat, telecommunications) in Energie AG Oberösterreich Vertrieb GmbH. The electricity and heat generation segments will be consolidated in Energie AG Oberösterreich Erzeugung GmbH (previously: Energie AG Oberösterreich Kraftwerke GmbH). The heating companies in the Czech Republic will merge with the Water Segment companies in the Czech Republic and then form the Czech Republic Segment.

The 65% participating interest stake in ENAMO GmbH held by Energie AG Oberösterreich Service- und Beteiligungsverwaltungs-GmbH will be transferred to Energie AG Oberösterreich, which will then fully own ENAMO GmbH. The general partner's interest in Energie AG Oberösterreich Vertrieb GmbH & Co KG held by ENAMO GmbH is transferred to Energie AG Oberösterreich Vertrieb GmbH. The subsequent contribution of Energie AG's limited partner stake in Energie AG Oberösterreich Vertrieb GmbH & Co KG to Energie AG Oberösterreich Vertrieb GmbH will terminate Energie AG Oberösterreich Vertrieb GmbH & Co KG and the company's assets will transfer to Energie AG Oberösterreich Vertrieb GmbH. The Sales business unit of Energie AG Oberösterreich Telekom GmbH is spun off to Energie AG Oberösterreich Vertrieb GmbH with retrospective effect on 1 October 2018. The participating interests in Energie AG Renewable Power GmbH, Windpower EP GmbH, ECOFE S.R.L. and Salvatonica Energia S.R.L. held by Energie AG Oberösterreich Power Solutions GmbH are spun off to Energie AG Oberösterreich Kraftwerke GmbH. This is followed by merging Energie AG Oberösterreich Power Solutions GmbH with Energie AG Oberösterreich Vertrieb GmbH. The participating interest in Energie AG Teplo Bohemia s.r.o. (Energy segment, Czech Republic) held by Energie AG Oberösterreich Wärme GmbH (Energy Segment) is spun off to Energie AG

Oberösterreich Wärme GmbH (Water Segment). As the Water Segment will in the future include heat generation in the Czech Republic, it is renamed Czech Republic Segment. The participating interests in Energie-Contracting-Steyr GmbH, Fernwärme Steyr GmbH, Bioenergie Steyr GmbH, Geothermie-Wärmegesellschaft Braunau-Simbach mbH, Geothermie-Fördergesellschaft Simbach-Braunau mbH and Energie Ried Wärme GmbH held by Energie AG Oberösterreich Wärme GmbH are spun off to Energie AG Oberösterreich Kraftwerke GmbH (now: Energie AG Oberösterreich Erzeugung GmbH). Following the spin-off of the Heat Generation and Heating Grids business unit to Energie AG Oberösterreich, Energie AG Oberösterreich Wärme GmbH is merged with Energie AG Oberösterreich Vertrieb GmbH. This is followed by spinning off the Heat Generation and Heating Grids business unit to Energie AG Oberösterreich Kraftwerke GmbH. The non-current assets are retained. Energie AG Oberösterreich Kraftwerk Labenbach GmbH is merged with Energie AG Oberösterreich.

Other disclosures

Weather-related fluctuations in revenues and earnings during the fiscal year are particularly noticeable in electricity generation as well as electricity and gas sales. For the Energy Segment, this means that the earnings in the first half year are frequently higher than in the second half year. Due to subdued construction activity in the autumn and winter months, investment in property, plant and equipment is generally lower in the first half year than in the second. In the first six months of the year, the hydro coefficient was 1.13 (previous year: 1.24).

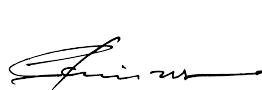
In the first six months of the 2018/19 fiscal year, additions to property plant and equipment amounted to EUR 73.1 million (previous year: EUR 62.9 million), while the carrying amount of disposals was EUR 8.5 million (previous year: EUR 2.3 million). Obligations for the acquisition of property, plant and equipment amount to EUR 50.5 million (previous year: EUR 50.9 million). The Holding & Services Segment includes gains from the disposal of real property not required for business operations in the amount of EUR 5.7 million.

In the first six months of the 2018/19 fiscal year dividends of EUR 78.1 million (previous year: EUR 53.3 million) were distributed to the shareholders of Energie AG Oberösterreich.

Contingent liabilities amounted to EUR 6.5 million (previous year: EUR 5.3 million).

Linz, 29 May 2019

The Management Board of Energie AG Oberösterreich



Chief Executive Officer
Dr. Werner Steinecker MBA
Chairman of the Management Board
C.E.O.



Dr. Andreas Kolar
Member of the Management Board
C.F.O.



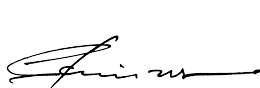
Dipl.-Ing. Stefan Stallinger MBA
Member of the Management Board
C.T.O.

STATEMENT BY THE MANAGEMENT BOARD PURSUANT TO § 125 SEC. 1 ITEM 3 OF THE STOCK EXCHANGE ACT [BÖRSEGESETZ (BÖRSEG)]

We hereby confirm that, to the best of our knowledge, the condensed semi-annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) convey a true representation of the Group's financial position and performance, and that the Semi-Annual Management Report of the Group conveys a true representation of the Group's financial position and performance with respect to significant events that occurred during the first six months of the fiscal year and their effects on the condensed interim consolidated financial statements in terms of the significant risks and uncertainties in the remaining six months of the fiscal year.

Linz, 29 May 2019

The Management Board 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.T.O.