

The 20

08

Financial Year

08

Financial Year

# Management Report

## 1. Legal and economic background

### 1.1. ÖIAG assignments – legal framework

The assignments of ÖIAG are regulated by the ÖIAG Act 2000 (Federal Law Gazette I No. 24/2000) in the amended versions from 2003 (Federal Law Gazette I No. 71/2003), 2005 (Federal Law Gazette I No. 103/2005), 2006 (Federal Law Gazette I No. 73/2006) and 2008 (Federal Law Gazette I No. 136/2008). These tasks largely consist of privatisation and investment management with regard to those companies in which ÖIAG has been, or will be, allocated a holding by federal law or legal transaction. Under certain circumstances, ÖIAG is entitled to purchase additional shares in its investments, or to participate in capital increases. During the 2008 financial year, the tasks relating to the implementation of measures under the terms of the Financial Market Stability Act, which were aimed at the recapitalisation of banks and insurance companies, were transferred to the FIMBAG Finanzmarktbeitiligung Aktiengesellschaft des Bundes, a company newly founded by ÖIAG.

ÖIAG privatisation activities take place on the basis of the privatisation mandate from the federal government, which in line with the ÖIAG Act, is allocated for one legislative period. At the extraordinary Annual General Meeting held on September 5, 2008, ÖIAG was allotted a mandate for the privatisation of its 41.56% participation in Austrian Airlines AG on the basis of a resolution agreed by the federal government on August 12, 2008. This mandate was then extended until December 31, 2008, through a federal government resolution from October 29, 2008. The legal basis for the provision of financial support to Austrian Airlines AG amounting to EUR 500.00 million was created by an amendment to the federal law concerning the transfer of federal government investments to the ownership of ÖIAG (AUA Act), Federal Law Gazette I No. 18/2009. This statutory change came into force with backdated effect as per December 31, 2008.

### 1.2. Economic conditions

In 2008, the financial market and real estate crisis, which originated in the USA, led to a worldwide downturn in the real economy. Global economic expansion slowed to 2.5%, while Austria growth fell to a real plus of 1.8%. Nonetheless, this was still higher than that in Europe (EU 27) with 0.9%, or the USA with 1.1%.<sup>1</sup> The econ-

omies in the USA, Japan and the European Union already demonstrated signs of recession in 2008 and states such as Iceland and Hungary received loans from the International Monetary Fund in order to overcome the effects of the financial crisis.

In particular, 2008 was characterised by the onset of a serious banking crisis, which prompted governments around the world to introduce extensive, state support measures. In Austria a bank assistance package totalling EUR 100.00 billion was approved, which apart from shoring up the inter-bank market, is intended to serve bank recapitalisation. In addition to the bank assistance packages, massive key interest rate cuts have been made by the central banks in both Europe and the USA with the aim of bolstering the economy.

The enormous loss of investor confidence led to major slumps in the international share and raw materials markets. The German share index (DAX) lost around 40% of its value, the Austrian ATX, some 61%. Moreover, following a steep rise, the price of oil, as exemplified by Brent crude, dropped from approximately USD 144/bbl in July to roughly 35/bbl at the end of 2008.

## 2. Report concerning the course of business and the economic situation

### 2.1. Course of business

At its meeting on December 5, 2008, the ÖIAG Supervisory Board approved the sale of 36,626,875 Austrian Airlines AG shares to Deutsche Lufthansa at a price of EUR 366,268.75 (EUR 0.01 per share). In addition, ÖIAG received a warrant, the maximum payout amount of which is limited to the offer price on free float stock for reasons of takeover law.

Owing to the high level of Austrian Airlines Group debt, as part of the takeover, Deutsche Lufthansa AG demanded a grant of EUR 500.00 million for restructuring, in order to reduce the level of Austrian Airlines' external financial liabilities and hence the future burdens derived from debt servicing. Following the closing of the sale, Deutsche Lufthansa AG has undertaken to employ this amount for a capital increase at Austrian Airlines AG. In addition, as cover for the liquidity requirement of the Austrian

<sup>1</sup> GDP statistics according to the WIFO economic forecast from March 25, 2009

Airlines Group between the signing of the sales contract and its implementation, particularly with regard to the subsequent funding of expiring aircraft financing, a bridge financing of EUR 200.00 million was required. The EU Commission was notified of both the bridge financing and the grant for restructuring on December 19 and 21 respectively and the bridge financing already received approval in January 2009.

During the 2008 financial year, ÖIAG examined the organisational, statutory and financial prerequisites for the creation of a personnel agency for civil servants from Telekom Austria Aktiengesellschaft and Österreichische Post Aktiengesellschaft and, if required, is available to support the development of such an organisation.

## 2.2. Branch report

ÖIAG has no branches in Austria.

## 2.3. Financial performance indicators

### Assets and income situation

The most important items in 2008 were:

- Income from investments of EUR 301.05 million, which as a result of the increased dividends from OMV Aktiengesellschaft and Österreichische Post Aktiengesellschaft, was around 30% above the level of the preceding year.
- Interest on income and securities of EUR 19.13 million, which was counterbalanced by interest expenses of EUR 10.06 million.
- Expenses pursuant to §14 para 5 of the ÖIAG Act amounting to EUR 136.27 million. These expenses correspond with the expiry of refunding claims against the federal government in connection with the payment of refunding liabilities to the same amount, completed during the year under report.
- Expenses relating to investments of EUR 773.80 million, which are structured as follows:
  - Allocation to the provision for Austrian Airlines AG grant for restructuring: EUR 500.00 million
  - Write-down of the Austrian Airlines AG participation: EUR 261.80 million
  - Write-down of the IMIB Immobilien und Industriebeteiligungen GmbH participation: EUR 12.00 million
- Release of committed capital reserves totalling EUR 136.27 million pursuant to §14 para 5 ÖIAG Act. This release was completed as stipulated by the ÖIAG Act in connection with the aforementioned, obligatory repayment of refunding liabilities to an identical amount.

- Release of committed capital reserves pursuant to §4 AUA Act. Through the application of this legal empowerment, in addition to the release in accordance with §14 para 5 ÖIAG Act, a further EUR 761.80 million in committed capital reserves were released. This amount derives from the compensation of the loss derived from the implementation of the Austrian Airlines AG privatisation mandate, amounting to EUR 500.00 million plus the write-down on the Austrian Airlines AG participation of EUR 261.80 million.
- During the period under review, the average ÖIAG workforce numbered 26, which was one person less than in the preceding year. As at the closing date of December 31, 2008, the workforce numbered 25, which corresponded with a full-time equivalent of around 22 employees.

The ÖIAG financial statements as at December 31, 2008, show a loss for the year of EUR 632.51 million. In addition to the release of committed capital reserves pursuant to §14 para 5 of the ÖIAG Act and §4 of the AUA Act, in accordance with §14 para 6 of the ÖIAG Act, a further EUR 154.36 million were released from the capital reserves. Pursuant to §14 para 6 of the ÖIAG Act, the Managing Board is permitted to release committed capital reserves during the preparation of the annual financial statements, if the distribution of profits does not cause lasting impairment to the assets and financial situation of ÖIAG. Following the release of the committed capital reserves, a profit for the year of EUR 419.92 million results. Including the profit carry forward of EUR 153.13 million, the net profit amounts to EUR 573.05 million.

As at December 31, 2008, total ÖIAG assets stood at EUR 2,516.31 million, which was some 2% higher than the figure for 2007 (December 31, 2007: EUR 2,455.21 million). As at December 31, 2008, refunding liabilities bearing a refunding obligation of the Austrian Republic amounted to EUR 53.10 million (December 31, 2007: EUR 189.37 million). The other provisions contain the allocation for the grant of EUR 500.00 million for the restructuring of Austrian Airlines AG.

As at December 31, 2008, equity totalled EUR 1,854.09 million (December 31, 2007: EUR 2,186.60 million). The equity ratio on the balance sheet date stood at 73.7% (December 31, 2007: 89.1%). Against the background of the ongoing privatisation of Austrian Airlines AG, in order to strengthen the company's liquidity situation, on December 22, 2008, ÖIAG received a capital import of EUR 500.00 million from the federal government, which in accordance with §229 para 2 item 5 of the Austrian Commercial Code was allocated as a shareholder's grant to the non-committed capital reserves.

### ÖIAG portfolio value and net liquidity

As at December 31, 2008, the ÖIAG portfolio had a value of around EUR 4.00 billion. This fall as compared to December 31, 2007 (EUR 8.75 billion) can be traced primarily to negative share performance during 2008.

As at December 31, 2008, cash and cash equivalents provided surplus financial debt coverage of EUR 0.77 billion (net liquidity).

### 2.4. Events after the balance sheet date

In the opinion of the executive management, no major events of special significance occurred after the balance sheet date.

## 3. Report concerning probable company development and risks

### 3.1. Probable company development

The agreements concluded with Deutsche Lufthansa following the completion of the bidding process relating to the sale of the 41.56% interest in Austrian Airlines AG not only include the aforementioned sales price, but also a warrant. The maximum payout amount is limited to the offer price on free float stock (EUR 4.49 per share) for reasons of takeover law. The warrant relates to the development of Austrian Airlines results for the period 2009 to 2011, as well as the relative development of the Lufthansa share in comparison with similar companies during the same period.

The successful conclusion of the privatisation of Austrian Airlines AG is dependent upon a number of conditions, especially the approval of the grant of EUR 500.00 million by the European Commission and the anti-trust law approval. The fulfilment of all the conditions precedent is anticipated by the end of July 2009.

On the basis of the positive business development in 2008, at the next Annual General Meeting on May 6, 2009, the Managing Board of Österreichische Post Aktiengesellschaft will propose the payment of a special dividend in addition to the basis dividend.

### 3.2. Main risks and uncertainties

On the balance sheet date, ÖIAG was not running any derivative transactions or positions in foreign currency.

A default risk exists regarding monetary deposits at banks. This risk is monitored by a credit limit system for all banking partners. As in previous years, the investment of cash and cash equivalents in 2008 was completed in line with credit rating principles regarding the selection of the banking partner and the attainment of a best rate that conforms with the market and corresponds with the investment instrument and investment period. During the selection of the investment instruments, the greatest attention is paid to the liquidity of the invested amounts at any time. The bulk of the cash and cash equivalents as at December 31, 2008, was invested in money market investments in the form of fixed-term deposits at Austrian banks. Against the background of the banking crisis, during the first few months of 2009, cash and cash equivalents were used largely for short-term investments with the federal government via the Österreichische Bundesfinanzierungsagentur (ÖBFA).

The liquidity risk is managed according the statutory framework provided by Article III of the ÖIAG Act regarding financing and debt repayments, and takes the form of periodic reporting and the utilisation of planning instruments.

## 4. Report concerning research and development

ÖIAG does not carry out any research and development.

Vienna, April 15, 2009

Managing Director

Peter Michaelis m.p.

## Balance Sheet as at December 31, 2008

Assets	EUR	EUR	As at 31.12.2008 EUR	As at 31.12.2007 TEUR
<b>A. Fixed assets</b>				
<b>I. Intangible assets</b>				
Licences, rights		68,557.59		32
<b>II. Tangible assets</b>				
1. Land, rights equivalent to real property and buildings, including buildings on third-party land	2,364,136.18			2,409
2. Other plant, factory and office equipment	142,406.66			194
		<b>2,506,542.84</b>		<b>2,603</b>
<b>III. Financial assets</b>				
1. Investments	1,540,465,975.31			1,802,200
2. Investment securities	26,492,814.42			24,805
		<b>1,566,958,789.73</b>		<b>1,827,005</b>
			<b>1,569,533,890.16</b>	<b>1,829,640</b>
<b>B. Current assets</b>				
<b>I. Receivables and other assets</b>				
1. Trade accounts receivable	225,733.58			20
2. Receivables from associated companies	25,759.61			23
3. Other receivables and assets	68,306,914.40			832
		<b>68,558,407.59</b>		<b>875</b>
<b>II. Other securities and interests</b>		0.00		33,700
<b>III. Cash and credit balances at banks</b>		825,074,341.02		401,598
			<b>893,632,748.61</b>	<b>436,173</b>
<b>C. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria</b>			<b>53,096,165.79</b>	<b>189,369</b>
<b>D. Prepaid expenses</b>			<b>48,506.32</b>	<b>28</b>
			<b>2,516,311,310.88</b>	<b>2,455,210</b>

Equity and Liabilities	EUR	As at 31.12.2008 EUR	As at 31.12.2007 TEUR
<b>A. Equity</b>			
<b>I. Share capital</b>	363,365,000.00		363,365
<b>II. Capital reserves</b>			
1. Committed	381,334,527.95		1,433,764
2. Non-committed	500,000,000.00		0
<b>III. Retained earnings</b>			
Statutory reserve	36,336,417.08		36,336
<b>IV. Net profit</b>			
thereof profit carryforward of EUR 153,133,109.85 (2007: TEUR 123,052)	573,051,782.26		353,133
		<b>1,854,087,727.29</b>	<b>2,186,598</b>
<b>B. Provisions</b>			
1. Provisions for severance payments	847,822.00		885
2. Provisions for pensions	2,310,959.54		2,270
3. Other provisions	583,907,987.80		64,247
		<b>587,066,769.34</b>	<b>67,402</b>
<b>C. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria</b>		<b>53,096,165.79</b>	<b>189,369</b>
<b>D. Liabilities</b>			
1. Trade accounts payable	454,471.57		605
2. Liabilities to associated companies	21,320,895.66		10,876
3. Other liabilities			
thereof relating to taxes EUR 187,398.16 (2007: TEUR 110)			
thereof relating to social security EUR 39,474.95 (2007: TEUR 40)	285,281.23		360
		<b>22,060,648.46</b>	<b>11,841</b>
		<b>2,516,311,310.88</b>	<b>2,455,210</b>

## Schedule of fixed assets

pursuant to §226 para 1 of the Austrian Commercial Code as at December 31, 2008

	Acquisition/Production costs			
	As at 1.1.2008	Additions	Disposals	As at 31.12.2008
	EUR	EUR	EUR	EUR
<b>I. Intangible assets</b>				
Licences, rights	<b>783,215.26</b>	<b>76,064.48</b>	<b>13,442.76</b>	<b>845,836.98</b>
<b>II. Tangible assets</b>				
1. Land, rights equivalent to real property and buildings, including buildings on third-party land				
a) Developed land				
Value of buildings	60,906.17	0.00	0.00	60,906.17
b) Undeveloped land	2,423,648.88	0.00	55,214.62	2,368,434.26
	<b>2,484,555.05</b>	<b>0.00</b>	<b>55,214.62</b>	<b>2,429,340.43</b>
2. Other plant, factory and office equipment <sup>1</sup>	1,333,515.71	77,155.71	87,414.78	1,323,256.64
	<b>3,818,070.76</b>	<b>77,155.71</b>	<b>142,629.40</b>	<b>3,752,597.07</b>
<b>III. Financial assets</b>				
1. Investments	2,320,924,766.19	12,070,000.00	0.00	2,332,994,766.19
2. Investment securities	25,947,694.60	7,440,977.50	6,860,857.68	26,527,814.42
	<b>2,346,872,460.79</b>	<b>19,510,977.50</b>	<b>6,860,857.68</b>	<b>2,359,522,580.61</b>
<b>Total</b>	<b>2,351,473,746.81</b>	<b>19,664,197.69</b>	<b>7,016,929.84</b>	<b>2,364,121,014.66</b>
<sup>1</sup> thereof low-value assets pursuant to §13 of the Austrian Income Tax Act		14,165.27	14,165.27	

Accumulated depreciation	Book values		Depreciation in the year under review	Write-ups in the year under review
	As at 31.12.2008	As at 31.12.2007		
EUR	EUR	EUR	EUR	EUR
<b>777,279.39</b>	<b>68,557.59</b>	<b>32,200.11</b>	<b>39,707.00</b>	<b>0.00</b>
60,906.17	0.00	0.00	0.00	0.00
4,298.08	2,364,136.18	2,408,805.69	0.00	0.00
<b>65,204.25</b>	<b>2,364,136.18</b>	<b>2,408,805.69</b>	<b>0.00</b>	<b>0.00</b>
1,180,849.98	142,406.66	193,956.21	128,705.26	0.00
<b>1,246,054.23</b>	<b>2,506,542.84</b>	<b>2,602,761.90</b>	<b>128,705.26</b>	<b>0.00</b>
792,528,790.88	1,540,465,975.31	1,802,200,254.61	273,804,279.30	0.00
35,000.00	26,492,814.42	24,805,297.80	0.00	1,107,396.80
<b>792,563,790.88</b>	<b>1,566,958,789.73</b>	<b>1,827,005,552.41</b>	<b>273,804,279.30</b>	<b>1,107,396.80</b>
<b>794,587,124.50</b>	<b>1,569,533,890.16</b>	<b>1,829,640,514.42</b>	<b>273,972,691.56</b>	<b>1,107,396.80</b>

14,165.27

## Income statement

for the period from January 1, 2008 to December 31, 2008

	2008		2007	
	EUR	EUR	TEUR	TEUR
1. Revenues		29,069.16		29
2. Other operating income				
a) Gains on the disposal of assets other than financial assets	138,235.49		11	
b) Gains on the release of provisions	808,656.41		2,385	
c) Other	344,254.60		306	
		1,291,146.50		2,702
3. Personnel expenses				
a) Salaries	3,430,912.99		2,757	
b) Expenses for severance payments	154,919.30		-110	
c) Expenses for contributions to employee pension funds	6,766.66		5	
d) Expenses for pensions	20,288,021.24		1,336	
e) Expenses for compulsory social security contributions and payroll taxes	493,631.92		457	
f) Other social expenditure	120,221.96		120	
		-24,494,474.07		-4,565
4. Depreciation of intangible and tangible fixed assets		-168,412.26		-163
5. Other operating expenses				
a) Taxes not included in Item 16	12,456.02		15	
b) Other	11,606,446.28		4,023	
		-11,618,902.30		-4,038
<b>6. Sub-total of Items 1–5 (operating result)</b>		<b>-34,961,572.97</b>		<b>-6,035</b>
7. Income from investments		301,054,298.96		231,969
8. Income from other securities and financial asset loans		1,047,652.05		1,001
9. Other interest and similar income		18,087,020.28		15,360
10. Gains on the disposal and write-up of financial assets and current asset securities		2,401,596.05		2,523
11. Expenses relating to §14 (5) ÖIAG Act		-136,273,100.76		-17,663
12. Expenses relating to financial assets and current asset securities, thereof				
a) Depreciation	0.00		583	
b) Expenses relating to investments, thereof from depreciation and amortisation EUR 273,804,279.30 (2007: TEUR 0)	773,804,279.30		0	
c) Expenses relating to current asset securities	0.00		1,509	
		-773,804,279.30		-2,092

	2008		2007	
	EUR	EUR	TEUR	TEUR
13. Interest and similar expenses		-10,058,475.01		-12,641
<b>14. Sub-total of Items 7–13 (financial result)</b>		<b>-597,545,287.73</b>		<b>218,457</b>
<b>15. Ordinary business result</b>		<b>-632,506,860.70</b>		<b>212,422</b>
16. Income taxes		-3,500.00		-4
<b>17. Loss/profit for the year</b>		<b>-632,510,360.70</b>		<b>212,418</b>
18. Release of capital reserves				
a) Pursuant to §14 (5) ÖIAG Act	136,273,100.76		17,663	
b) Pursuant to §4 AUA Act	761,804,279.30		0	
c) Pursuant to §14 (6) ÖIAG Act	154,351,653.05		0	
		1,052,429,033.11		17,663
<b>Profit for the year</b>		<b>419,918,672.41</b>		<b>230,081</b>
19. Profit carryforward from the previous year		153,133,109.85		123,052
<b>20. Net profit</b>		<b>573,051,782.26</b>		<b>353,133</b>

# Notes to the Financial Statements

## A. General remarks

The company is under the sole ownership of the Republic of Austria.

The company was formed in accordance with the ÖIG Act, published in the Federal Law Gazette No. 23/1967, as amended in the Federal Law Gazette No. 439/1984. There followed several legislative changes that affected the legal basis of the company.

The company received a changed statutory basis through a new federal law concerning the revised legal relationship between Österreichische Industrieholding Aktiengesellschaft and Post und Telekombeteiligungsverwaltungsgesellschaft (ÖIAG Act 2000), published in the Federal Law Gazette I No. 24/2000.

The annual financial statements are based on the amended ÖIAG Act 2000 contained in the Federal Law Gazette I No. 71/2003, Federal Law Gazette I No. 103/2005, Federal Law Gazette I No. 73/2006 and Federal Law Gazette I No. 136/2008, as well as the federal law concerning the transfer of federal government investments to the ownership of ÖIAG (AUA Act) in the Federal Law Gazette I No. 18/2009 version.

Pursuant to §1 para 2 of the ÖIAG Act 2000, the principal tasks of the company involve the disposal of shares (privatisation management), the holding, administration and exercise of ownership interests (investment management) in companies in which ÖIAG has investments, or in which such ownership interests are to be transferred by federal law, or legal transaction (holdings), and the acquisition of ownership interests in accordance with §9 para 3 and 4 of the ÖIAG Act 2000. As a result of the amendment to the ÖIAG Act pursuant to the Federal Law Gazette I No. 136/2008 from October 26, 2008, ÖIAG was assigned the task of completing the realisation of measures in line with §2 para 1 items 1-3 and 6 of the Financial Market Stability Act (FinStaG) as the authorised agent of the federal government, and purchasing investments in legal entities pursuant to §1 of the FinStaG in accordance with §2 para 1 items 4 and 5 of the FinStaG. These new responsibilities were allotted to the FIMBAG Finanzmarktbeteiligung Aktiengesellschaft des Bundes founded by ÖIAG in line with §1 para 2a.

The federal government's existing guarantee for ÖIAG liabilities will remain in effect until all such liabilities have been honoured.

On December 5, 2008, a sales contract was signed for the disposal of the 41.56% participation in Austrian Airlines AG to Deutsche Lufthansa. In particular, the coming into effect of the concluded contracts is subject to the conditions precedent of anti-trust law approval and the approval of the EUR 500.00 million grant for restructuring by the European Commission.

### Accounting and valuation principles

#### General principles

The financial statements as at December 31, 2008 have been prepared in accordance with the financial reporting requirements of the Austrian Commercial Code as amended.

The financial statements, prepared under the accounting principles generally accepted in Austria, present a true and fair view of the assets and liabilities, the financial situation of the company as at December 31, 2008, as well as of the results of its operations for the year then ended (§222 para 2 Austrian Commercial Code).

Accounting and valuation methods are based on generally accepted accounting principles. §201 para 2 Austrian Commercial Code was adhered to, as were the provisions on classification and valuation of the balance sheet and income statement items under §§195 to 211 and 222 to 235 of the Austrian Commercial Code. The income statement was prepared using the total cost format.

Otherwise, the preparation of the financial statements took place in accordance with the ÖIAG Act 2000.

## Fixed assets

**Intangible assets** are generally reported at acquisition cost and subjected to scheduled, straight-line depreciation using rates of 33.3%.

**Tangible assets** are reported at the acquisition/production cost less scheduled depreciation, which is principally determined using the straight-line method. Extraordinary depreciation is applied in cases where lasting value impairment is probable.

**Low value assets** (cost of acquisition/production of up to EUR 400.00) are written off entirely during the year of purchase and reported as a disposal.

The following rates are applied to the scheduled depreciation of tangible fixed assets:

Plant and equipment	10 – 33.3%
---------------------	------------

**Corporate investments** are generally reported at the cost of acquisition. Permanent value impairments are taken into account through extraordinary depreciation.

**Investment securities** are reported at the cost of acquisition, or in the case of value impairment, at the lower value quoted on the closing date.

## Current assets

**Receivables and other assets** are capitalised at nominal value, funds at the acquisition value. Recognisable risks are accounted for through the creation of appropriate provisions.

## Provisions and liabilities

**Provisions for severance payments** as at the balance sheet date are reported according to the amount calculated using actuarial methods. The discount value method is employed at an interest rate of 3.0%. The amount of the **provisions for pensions** is established using actuarial principles bearing an interest rate of 3.0% and the discount value method. The AVÖ 2008-P (salaried staff) tables are utilised as a basis for this calculation. A notional retirement age of 62 is assumed for both men and women for the calculation of the provisions for severance payments and pensions.

**Other provisions** take into account all identifiable risks on the balance sheet date, as well as uncertain liabilities.

**Liabilities** are reported at the amount repayable.

Amounts in foreign currencies are reported according to the lowest or highest value method.

## B. Notes to the Balance Sheet

### a. Intangible and tangible assets

Movements in the intangible and tangible assets are shown in the schedule of fixed assets (enclosure to the Notes).

Obligations arising from the use of tangible assets not reported in the balance sheet amount to EUR 0.36 million in the following financial year (2007: EUR 0.30 million). The total amount for the following five years adds up to EUR 1.88 million (2007: EUR 1.87 million).

### b. Financial assets

Movements in the financial assets are presented in detail in the schedule of fixed assets (enclosure to the Notes).

During the 2008 financial year, the investment in Austrian Airlines AG was written off in its entirety (amount: EUR 261.80 million, 2007: EUR 0.00 million). As compared to the preceding year, the ÖIAG shareholding fell from 42.7% to 41.6%, as ÖIAG did not participate in a capital increase, which took place in September 2008.

The addition to investments can be traced to the paying in of share capital of EUR 70 k to the FIMBAG Finanzmarkt-beteiligung Aktiengesellschaft des Bundes. In addition, ÖIAG undertook to provide a shareholder's grant for IMIB Immobilien und Industrieeteiligungen GmbH. The required amount of EUR 12.00 million was capitalised on the shareholding and written off in full as at December 31, 2008.

Securities include shares in investment funds as statutory security cover for provisions for pensions. During the 2008 financial year, the investment in a special Raiffeisen bank fund was sold and the resulting proceeds employed for an increase in the participation in a government bond fund. Therefore, as at December 31, 2008, the stock of securities consisted entirely of investments in an Austrian government bond fund. In view of a positive price trend, a write-up was undertaken pursuant to §208 of the Austrian Commercial Code (amount: EUR 1.11 million).

In accordance with the fair value principle, an audit of the value of listed investments showed a positive difference between the

book values and the investments valued at the market prices as at December 30, 2008, amounting to EUR 2.42 billion (2007: EUR 6.95 billion).

The value of unlisted investments, as well as of fixed asset securities, corresponds with the book values reported as at December 31, 2008, as laid down by the fair value principle. The same applies to the rights contained in the fixed assets.

### c. Receivables and other assets

Items	Balance sheet value EUR m
Trade accounts receivable (previous year)	0.23 (0.02)
Receivables from associated companies (previous year)	0.02 (0.02)
Other receivables and assets (previous year)	68.31 (0.83)
<b>Total (Total previous year)</b>	<b>68.56 (0.87)</b>

Reported among the "Other receivables and assets" is an ÖIAG loan of EUR 67.20 million to Austrian Airlines Lease and Finance Company Ltd., a fully owned subsidiary of Austrian Airlines AG. Following the receipt on January 19, 2009 of EU legal approval for the Austrian Airlines bridge financing, this loan was completed and the financing altered to a bank loan (borrower: Austrian Airlines Lease and Finance Company Ltd.) with a maximum limit of EUR 200.00 million. An ÖIAG account with a credit of EUR 200.00 million, which has been pledged to the bank, serves as collateral for this loan.

All receivables are short-term.

The item, "Receivables from associated companies" is largely comprised by services charged to IMIB Immobilien und Industrieeteiligungen GmbH, VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu., SCHOELLER-BLECKMANN Gesellschaft m.b.H. and Österreichische Post Aktiengesellschaft.

The item, "Other receivables and assets" contains income of EUR 1.10 million (2007: EUR 0.83 million) first recognised after the balance sheet date.

#### **d. Other securities and interests**

The securities reported as at December 31, 2007, consist of an investment in a special Constantia Privatbank fund, which due to limited price performance was sold off during the 2008 financial year.

#### **e. Cash and credit balances at banks**

The amount reported under this item refers primarily to fixed-term deposits at Austrian banks.

#### **f. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria**

Pursuant to §14 para 5 of the ÖIAG Act 2000, the refunding obligation of the federal government expires, insofar as following the complete repayment of those obligations derived from the merger that were transferred to ÖIAG (liabilities from PTBG and PTA) in accordance with Article II, ÖIAG disposes over liquid assets (cash and cash equivalents) derived from privatisation revenues that can be employed for the repayment of liabilities for which the federal government is obliged to refund interest and repayments. The reduction in the counterclaims of the federal government in 2008 can be traced to the scheduled repayment of refunding liabilities amounting to some EUR 92.62 million (2007: EUR 0.0) and the premature repayment of EUR 43.65 million (2007: EUR 17.66 million), which were completed on the basis of §14 para 5 of the ÖIAG Act 2000.

#### **g. Prepaid expenses and accrued income**

The reported prepaid expenses relate to amounts paid prior to December 31, 2008, insofar as they represent expenses for a particular period after this date.

#### **h. Equity**

The share capital of EUR 363,365,000 is composed of 5,000 shares. In line with a resolution passed by the Annual General Meeting on April 11, 2008, a dividend of EUR 200.00 million was paid to the federal government from the net profit for 2007 and an amount of EUR 153.13 million was carried forward to new account.

The change in committed capital reserves is explained in detail under item C. h. (Release of capital reserves). Against the background of the ongoing privatisation of Austrian Airlines AG, in order to strengthen the company's liquidity situation, on December 22, 2008, ÖIAG received a capital import of EUR 500.00 million from the federal government, which in accordance with §229 para 2 item 5 of the Austrian Commercial Code was allocated as a shareholder's grant to the non-committed capital reserves.

#### **i. Provisions**

The "Other provisions" include the provision of EUR 500.00 million for the grant for the restructuring of Austrian Airlines AG. ÖIAG has undertaken a contractual obligation to provide this amount when the closing of the sale of the shares in Austrian Airlines AG is completed in 2009.

The "Other provisions" also largely consist of provisions for the topping-up of obligations for pensions and provisions for unconsumed leave, long-service bonuses and other personnel expenses totalling EUR 43.80 million (2007: EUR 27.41 million) and other provisions (especially for investments) of EUR 33.99 million (2007: EUR 35.12 million).

#### j. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria

On the balance sheet date, these liabilities amounted to EUR 53.10 million (2007: EUR 189.37 million). The reduction as compared to December 31, 2007 resulted from the aforementioned repayments.

(Liabilities maturing < 1 year: EUR 30.58 million (2007: 92.63 million); maturing in 1–5 years: EUR 22.51 million (2007: EUR 96.74 million); due > 5 years: EUR 0.00 million (2007: EUR 0.00 million)).

#### k. Liabilities

Items	With a residual term of less than one year EUR m	With a residual term of more than one year EUR m	Balance sheet value EUR m
Trade accounts payable (previous year)	0.45 (0.60)	0.00 (0.00)	0.45 (0.60)
Liabilities to associated companies (previous year)	21.32 (10.88)	0.00 (0.00)	21.32 (10.88)
Other liabilities (previous year)	0.23 (0.36)	0.06 (0.00)	0.29 (0.36)
<b>Total (Total previous year)</b>	<b>22.00 (11.84)</b>	<b>0.06 (0.00)</b>	<b>22.06 (11.84)</b>

Liabilities to associated companies of EUR 12.00 million resulted from the shareholder's grant made to IMIB Immobilien und Industriebeteiligungen GmbH during the 2008 financial year. This item also contains shareholder's grants already made to IMIB Immobilien und Industriebeteiligungen GmbH and VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu.

The item "Liabilities to associated companies" consists of trade accounts payable (EUR 0.37 million GKB-Bergbau GmbH), liabilities from investments with ÖIAG by associated companies

(EUR 6.21 million, thereof mainly IMIB Immobilien und Industriebeteiligungen GmbH with EUR 5.80 million and SCHOELLER-BLECKMANN Gesellschaft m.b.H. with EUR 0.23 million), and liabilities from shareholder's grants (EUR 14.74 million, largely derived from IMIB Immobilien und Industriebeteiligungen GmbH with EUR 13.81 million).

The item "Other liabilities" contains expenses of EUR 0.28 million (2007: EUR 0.36 million) first recognised after the balance sheet date.

## C. Notes to the Income statement

### a. Other operating income

	2008 EUR m	2007 EUR m
Gains on the disposal of fixed assets other than financial assets	0.14	0.01
Gains on the release of provisions	0.81	2.39
Other	0.34	0.30
<b>Total</b>	<b>1.29</b>	<b>2.70</b>

As in the past year, the remaining other operating income largely consists of various cost repayments and rent earnings.

### b. Personnel expenses

	2008 EUR m	2007 EUR m
Salaries	3.43	2.76
Expenses for severance payments and contributions to employee pension funds	0.16	-0.11
Expenses for pensions	20.29	1.34
Expenses for compulsory social security contributions and payroll taxes	0.49	0.46
Other social expenditure	0.12	0.12
<b>Total</b>	<b>24.49</b>	<b>4.57</b>

The expenses for pensions consist mainly of allocations to the provision for the pension obligations outsourced to the APK-Pensionskasse Aktiengesellschaft.

### c. Other operating expenses

	2008 EUR m	2007 EUR m
Taxes, excluding income taxes	0.01	0.02
Other	11.61	4.02
<b>Total</b>	<b>11.62</b>	<b>4.04</b>

In the 2008 financial year, apart from expenses relating to the privatisation of Austrian Airlines AG, "Other operating expenses" included operating and administrative costs for real estate, rents, fees and consulting.

### d. Interest income and expenditure

	2008 EUR m	2007 EUR m
Dividends	18.09	15.36
Expenditure relating to investments	-10.06	-12.64
<b>Total</b>	<b>8.03</b>	<b>2.72</b>

### e. Gains on the disposal and write-up of financial assets and current asset securities

In addition to the write-up on a government bond fund (amount: EUR 1.11 million), this item consists primarily of the book gains emanating from the sale of two special funds (amount: EUR 1.23 million) completed as a consequence of the financial market crisis.

### f. Expenses relating to §14 para 5 ÖIAG Act

The amount reported, totalling EUR 136.27 million (2007: EUR 17.66 million) relates to the deletion of refunding claims against the federal government in connection with the repayment of liabilities, for which the Austrian Republic is liable to ÖIAG for refunding interest and repayment. In accordance with §14 para 5 of the ÖIAG Act, committed capital reserves had to be released to the same amount.

### g. Expenses relating to investments

The expenses relating to investments are structured as follows:

Allocation to the provision for Austrian Airlines AG grant for restructuring (2007: EUR 0.00 m)	EUR 500.00 m
Write-down of Austrian Airlines AG investment (2007: EUR 0.00 m)	EUR 261.80 m
Write-down of IMIB Immobilien und Industriebeteiligungen GmbH investment (2007: EUR 0.00 m)	EUR 12.00 m

### h. Release of capital reserves

Pursuant to §14 para 5 ÖIAG Act, committed capital reserves of EUR 136.27 million (2007: EUR 17.66 million) required release. This amount corresponded to the deletion of claims against the federal government in connection with the obligatory repayment of refunding liabilities and interest.

During the meeting of the Austrian federal parliament on February 26, 2009, an amendment to the federal law concerning the transfer of federal government investments to the ownership of ÖIAG was approved with backdated effect to December 31, 2008, Federal Law Gazette I No. 87/1998 (AUA Act). This change in the law entitles ÖIAG to supply financial support to Austrian Airlines amounting to EUR 500.00 million as assistance for the realisation of the privatisation mandate granted by the federal government pursuant to §7 para 1 ÖIAG Act 2000. Should ÖIAG suffer losses during the realisation of such measures, pursuant to §4 of this Act, committed capital reserves can be released to the same amount as compensation. This possibility for the release of reserves also applies to the write-down of the investment in Austrian Airlines AG.

Following the application of this legal empowerment, in addition to the release pursuant to §14 para 5 ÖIAG Act, EUR 761.80 million (2007: EUR 0.00 million) were released from the committed capital reserves. This amount derives from compensation for the loss emanating from the privatisation mandate for Austrian Airlines AG of EUR 500.00 million (2007: EUR 0.00 million), plus the write-down on the investment in Austrian Airlines AG of EUR 261.80 million (2007: EUR 0.00 million).

Pursuant to §14 para 6 of the ÖIAG Act, during the preparation of the financial statements the Managing Board is entitled to release committed capital reserves if the asset and financial position of ÖIAG is not subject to permanent damage through the profit distribution. Employing this legal empowerment, EUR 154.36 million were released from the committed capital reserves (2007: EUR 0.00 million).

### i. Net profit

Including the release of reserves and the profit carryforward from the preceding year, the net profit amounts to EUR 573.05 million (2007: EUR 353.13 million). This includes part of the profit carryforward from the preceding year, which was unsuitable for distribution as a dividend, amounting to EUR 123.05 million (2007: EUR 123.05 million), which has to be carried forward.

## D. Corporate bodies, employees

a. In 2008, ÖIAG had an average of 26 employees (2007: 27).

### b. Severance payments and pensions

Expenses for severance payments and contributions to employee severance payment funds	2008 EUR m	2007 EUR m
Managing Board and senior executives	0.13	-0.01
Other employees	0.03	-0.10
<b>Total</b>	<b>0.16</b>	<b>-0.11</b>

Expenses for pensions	2008 EUR m	2007 EUR m
Managing Board and senior executives	-0.37	-0.36
Other employees	20.66	1.70
<b>Total</b>	<b>20.29</b>	<b>1.34</b>

The amount reported under the expenses for pensions resulted primarily from the allocation to the provision for the topping-up of requirements for pensions, the management of which, has been transferred to APK-Pensionskasse Aktiengesellschaft.

The liability side topping-up obligations arose from the cover required according to actuarial calculations, minus the probable ÖIAG credits at APK-Pensionskasse Aktiengesellschaft on its balance sheet date of December 31, 2008. The final calculation of ÖIAG assets will be completed by APK-Pensionskasse Aktiengesellschaft with the accounts for the year 2008. The pension obligations (315 recipients as at December 31, 2008, 2007: 321 recipients) derived mainly from the previous mergers of companies (Vereinigte Edelmetallwerke AG/Austrian Industries AG) with ÖIAG.

Expenses for contributions to the employee severance payment fund within the framework of the BMVG ("betriebliches Mitarbeitervorsorgegesetz") are reported separately in the income statement.

c. Emoluments to the Supervisory Board amounted to EUR 0.24 million (2007: EUR 0.29 million).

### d. Managing Board

Peter MICHAELIS

The remuneration<sup>1</sup> paid to Mr. Michaelis during the 2008 financial year amounted to EUR 0.70 million (comprised of a fixed amount for 2008 of EUR 0.35 million and a variable, partial amount from 2007 of EUR 0.35 million).

### e. Supervisory Board

Peter MITTERBAUER

*Chairman*  
CEO, Miba AG

Siegfried WOLF

*First Vice-Chairman*  
(from April 11, 2008)  
CEO, Magna International Europe AG

Jürgen HUBBERT

*First Vice-Chairman*  
Former member of the Managing Board, Daimler Chrysler AG  
(until April 11, 2008)

Klaus STURANY

*Second Vice-Chairman*  
(from April 11, 2008)  
Former member of the Managing Board, RWE AG

Wolfgang BERNHARD

Brigitte EDERER

CEO, Siemens AG Österreich  
(from April 11, 2008)

Michael ENZINGER

Lawyer

Wolfgang PFARL

President, Austropapier

<sup>1</sup> Excluding any expenses in kind and social expenses

**Alexander RIKLIN**

Managing Director, Alcar Holding GmbH

**Maria-Elisabeth SCHAEFFLER**

Partner, INA-Holding Schaeffler KG

*(from April 11, 2008)*

**Erich WIESNER**

Managing Partner, WIEHAG Holding GmbH

*(until April 11, 2008)*

**Stefan K. ZAPOTOCKY**

Member of the Managing Board and co-owner,  
BAST AG Value & Invest Development

**Leopold ABRAHAM**

Chairman of the Group Staff Council, OMV AG

**Gerhard FRITZ**

Chairman of the Central Employees' Committee,  
Österreichische Post AG

**Alfred JUNGHANS**

Chairman of the Salaried Commercial and Technical Staff  
Council, Austrian Airlines AG

**Michael KOLEK**

Chairman of the Central Employees' Committee,  
Telekom Austria AG

**Markus SIMONOVSKY**

Chairman of the Works Council,  
OMV Austria Exploration & Production GmbH

## E. Investments

The information concerning equity and the profit (loss) for the year relates to the individual financial statements of the companies.

Company	Reg. office	Year of equity total or result	Equity	Equity holding	Profit (loss) for the year
			EUR m	%	EUR m
APK Pensionskasse Aktiengesellschaft	Vienna	2007	23.71	27.6	2.76
Austrian Airlines AG	Vienna	2008	140.29	41.6	-211.23
FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes	Vienna	2008	0.07	100.0	0.00 <sup>1</sup>
IMIB Immobilien und Industriebeteiligungen GmbH	Vienna	2007	6.66	100.0	1.05
GKB-Bergbau GmbH	Bärnbach	2008	29.72	100.0	0.36
Österreichische Post Aktiengesellschaft	Vienna	2008	675.11	51.0	113.30
OMV Aktiengesellschaft	Vienna	2008	6,379.02	31.5	583.05
SCHOELLER-BLECKMANN Gesellschaft m.b.H.	Ternitz	2008	4.57	100.0	0.25
Telekom Austria Aktiengesellschaft	Vienna	2008	3,151.82	27.4	222.43
VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu.	Vienna	2007	1.09	100.0	0.02

<sup>1</sup> Amount in EUR: 56.47

The financial statements of Austrian Airlines AG as at December 31, 2008, were prepared subject to the premise of a positive going concern forecast. This application of the going concern principle is largely based on the realisation of the contracts for the privatisation of Austrian Airlines AG concluded on December 5, 2008 and the related, planned contribution of the grant of EUR 500.00 million for restructuring.

The federal law from April 26, 2000, which came into force on May 17, 2000 (ÖIAG Act 2000), expressly forbids the consolidation of ÖIAG with its investments.

Vienna, April 15, 2009

Managing Director

Peter Michaelis m.p.

# Auditor's Report

“We have audited the accompanying financial statements including the accounting system of Österreichische Industrieholding Aktiengesellschaft, Vienna, for the fiscal year from January 1, 2008 to December 31, 2008. The Company's management is responsible for the accounting, the preparation and content of these financial statements and of the management report in accordance with Austrian regulations as well as in accordance with the legal requirements of the ÖIAG Act 2000. Our responsibility is to express an opinion on these financial statements based on our audit and to state whether the management report corresponds with the financial statements.

We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement and whether we can state that the management report corresponds with the financial statements. In determining the audit procedures we considered our knowledge of the business, the economic and legal environment as well as the expected occurrence of errors. An audit involves procedures to obtain evidence about amounts and other disclosures in the financial statements predominantly on a sample basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and the results of its operations for the fiscal year from January 1, 2008 to December 31, 2008 in accordance with Austrian Generally Accepted Accounting Principles. The management report corresponds with the financial statements.”

Vienna, April 15, 2009

**PwC PricewaterhouseCoopers GmbH**  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

Signed:  
**Gerhard Prachner**  
Certified Public Accountant

Disclosure, publication and reproduction that, pursuant to §281 para 20 of the Austrian Commercial Code, deviates from the legal regulations and in a form that differs from the approved version, but uses our opinion, is not permissible. Even the mere reference to our audit requires our prior written consent.

# Supervisory Board Report

## Report of the Supervisory Board to the Annual General Meeting on the 2008 financial year

In meeting its legal commitments, the Supervisory Board held seven plenary meetings, six meetings of the privatisation committee and two meetings of the auditing committee during the 2008 financial year. The focal points of Supervisory Board activities consisted of consulting and resolutions relating to the privatisation mandate for Austrian Airlines AG and investment management.

As in past financial years, during 2008 the Supervisory Board was reported to by members of the managing boards of subsidiaries and investments, especially those of listed companies, concerning the situation in their respective companies.

The Managing Board of ÖIAG informed the Supervisory Board both verbally and in writing on the progress of business and the status of the company, as well as with regard to the investments and the ÖIAG Group as a whole, and obtained the approval of the Supervisory Board for business decisions where this was required in accordance with the articles of association or the company's rules of procedure.

The annual financial statements and the management report were audited by PwC PricewaterhouseCoopers GmbH.

The Supervisory Board declares its approval of the financial statements for 2008, which were thereby adopted under the terms of §125 para 2 of the Austrian Stock Corporation Act. The Supervisory Board also concurs with the Managing Board's proposal to pay a dividend of EUR 450,000,000 from the net profit of EUR 573,051,782.26 and to carry forward the remainder of EUR 123,051,782.26 to new account.

In accordance with §270 para 1 of the Austrian Commercial Code, the Supervisory Board proposes to the Annual General Meeting that PwC PricewaterhouseCoopers GmbH be appointed as the auditors of the financial statements for 2009.

The Supervisory Board would like to express its gratitude to the Managing Board and the company's employees for their endeavours during the past financial year.

Vienna, May 27, 2009

**Peter Mitterbauer m.p.**  
Chairman of the Supervisory Board



## Contact

Österreichische Industrieholding AG  
Dresdner Strasse 87  
A-1201 Vienna  
Phone +43/1/711 14-0  
Fax +43/1/711 14-245  
E-Mail [oiag@oiag.at](mailto:oiag@oiag.at)  
[www.oiag.at](http://www.oiag.at)

## Communications

Anita Bauer-Hübel  
Phone +43/1/711 14-240  
Fax +43/1/711 14-241  
E-Mail [anita.bauer@oiag.at](mailto:anita.bauer@oiag.at)

## Imprint

Published by  
ÖIAG Österreichische Industrieholding AG, Dresdner Strasse 87, A-1201 Vienna  
Responsible for the contents:  
Wolfgang Trisko

Design and text concept  
luffup GesmbH  
be.public Werbung Finanzkommunikation GmbH

Photo  
Andreas Riedmann

This Annual Report was prepared with the greatest possible care and the data presented thoroughly checked. However, errors relating to rounding, transmission, typesetting, translation or printing cannot be excluded.





