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Financial Year

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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 the 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 Finanzmarkteteiligung Aktiengesellschaft des Bundes, a company newly founded by ÖIAG.

ÖIAG privatisation activities take place on the basis of a 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 per cent 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.

The closing of the sale of the shares in Austrian Airlines AG held by ÖIAG to Deutsche Lufthansa took place on September 3, 2009 following the receipt of a positive decision from the European Commission after a financial support and merger control process.

1.2. Economic conditions

2009 was characterised by serious economic slumps in the USA, Japan and the European Union, as well as a rapid increase in unemployment. This downward spiral could be stopped in the middle of the year by massive fiscal policy measures, an expansive monetary policy and reductions in key interest rates by the central banks. On a yearly basis, real economic performance fell worldwide by 1.0 per cent. Austria saw a decline in GDP of 3.6 per cent, while in Europe (EU 27) the real fall was 4.2 per cent and in the USA around 2.4 per cent.¹ Accordingly, this economic environment posed a special challenge to ÖIAG's corporate investments.

The state support measures resulted in a stabilisation of the banking sector and a calming of the financial markets. However, governments were forced to resort to the nationalisation instrument and in Austria, in addition to the Kommunalkredit Austria, the Hypo Group Alpe-Adria was also taken over by the Austrian Republic.

The recovery in the global economy in the second half of 2009 was mirrored by the trend in the international stock markets. On a yearly basis, the German index (DAX) gained some 24 per cent and the ATX roughly 43 per cent. The price for Brent oil rose from approximately USD 35/bbl at the end of 2008 to around USD 76/bbl at the close of 2009.

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

2.1. Course of business

On the basis of the contracts agreed with Deutsche Lufthansa on December 5, 2008, the full privatisation of Austrian Airlines AG was concluded with the completion of the transaction on September 3, 2009. This required the fulfilment of numerous conditions, which were successfully dealt with during the 2009 financial year.

¹ GDP figures pursuant to the WIFO economic forecast from March 24, 2010

In particular, these included:

- The approval of the rescue aid of EUR 200.00 million by the EU Commission (January 19, 2009)
- The legal empowerment of ÖIAG to provide a shareholder's grant for restructuring of EUR 500.00 million (March 25, 2009)
- The acceptance of the Deutsche Lufthansa takeover bid by more than 75 per cent of Austrian Airlines AG shareholders (May 11, 2009)
- A positive decision on the part of the European Commission with regard to the financial support process (approval of the provision for the shareholder's grant for restructuring) and the merger control process (August 28, 2009)

The sale of 36,626,875 Austrian Airlines AG shares to Deutsche Lufthansa took place at a price of EUR 366,268.75 (EUR 0.01 per share) on September 3, 2009. In addition, ÖIAG received a warrant under which, for legal reasons relating to the takeover, the maximum amount to be paid per share is limited by the free float offer price.

In order to cover the liquidity needs of the Austrian Airlines Group in the period between the contractual signing and the completion of the sale, above all with regard to the ongoing financing of expiring aircraft finance agreements, a credit line of EUR 200.00 million was required as a bridge financing. As collateral for this loan an account with a credit of EUR 200.00 million was pledged to the bank providing the loan. The obligation derived from this pledge expired with the conclusion of the transaction.

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. ÖIAG provided the grant for restructuring on September 3, 2009.

2.2. Branch report

ÖIAG has no branches in Austria.

2.3. Financial performance indicators

Assets and income situation

The most important earnings and expense items in 2009 were:

- Income from investments of EUR 278.19 million, which was lower than in the previous year due mainly to a cut in the OMV Aktiengesellschaft dividend.
- Interest on income and securities of EUR 9.50 million, which was counterbalanced by interest expenses of EUR 2.44 million.
- Other operating expenses amounting to EUR 40.01 million.
- Expenses pursuant to §14 para 5 of the ÖIAG Act amounting to EUR 30.58 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.
- The release of committed capital reserves totalling EUR 30.58 million pursuant to §14 para 5 ÖIAG Act. This release was completed as stipulated in the ÖIAG Act in connection with the aforementioned, obligatory repayment of refunding liabilities to an identical amount.
- During the period under review, the average ÖIAG workforce numbered 23, which was three people less than in the preceding year. As at the closing date of December 31, 2009, the workforce numbered 22, which corresponded with a full-time equivalent of around 20 employees.

The ÖIAG financial statements as at December 31, 2009, show a profit for the year of EUR 213.5 million. Following the release of committed capital reserves pursuant to §14 para 5 of the ÖIAG Act and including the profit carryforward from the previous year, a net profit of EUR 367.2 million results.

As at December 31, 2009, total ÖIAG assets totalled EUR 1,712.47 million, which was some 32 per cent lower than the figure for 2008 (December 31, 2008: EUR 2,516.31 million). Apart from the marked increase in the dividend paid to the federal government, this decline was due mainly to the provision of a shareholder's grant for restructuring for Austrian Airlines AG.

The provision of EUR 500.00 million formed last year for the grant for restructuring was used accordingly during the period under review and as a consequence, the result for 2009 was not negatively affected. As at December 31, 2009, refunding liabilities bearing a refunding obligation of the Austrian Republic amounted to EUR 22.51 million (December 31, 2008: EUR 53.10 million).

As at December 31, 2009, equity amounted to EUR 1,617.61 million (December 31, 2008: EUR 1,854.09 million). The equity ratio on the balance sheet date stood at 94.5 per cent (December 31, 2008: 73.7 per cent).

ÖIAG portfolio value and net liquidity

As at December 31, 2009, the ÖIAG portfolio had a value of around EUR 4.86 billion. The increase as compared to December 31, 2008 (EUR 3.96 billion) can be traced primarily to the positive stock market trend during 2009.

As at December 31, 2009, cash and cash equivalents provided surplus financial debt coverage of around EUR 0.10 billion (net liquidity).

2.4. Events after the balance sheet date

The reduction in the investment portfolio, especially as a result of the privatisation of Austrian Airlines AG, resulted in a marked reduction in the range of ÖIAG activities. In 2009, the owner did not offer the company the prospect of an allocation of new assignments. For these reasons, the Managing Director initiated restructuring measures, which as in the past will result in an efficient adjustment to capacity.

3. Report concerning probable company development and risks

3.1. Probable company development

In addition to the aforementioned sales price, the agreements signed with Deutsche Lufthansa concerning the sale of the 41.56 per cent holding in Austrian Airlines also contain a warrant under which, for legal reasons relating to the takeover, the maximum amount to be paid per share is limited by the free float offer price (EUR 4.49 per share), less the purchasing price for ÖIAG. The warrant relates to the accumulated development of the results of Austrian Airlines for 2009–2011, as well as the relative development of the Lufthansa share in comparison with those of similar companies during the same period.

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 2009 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. 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). As at December 31, 2009 cash and cash equivalents were deposited at Austrian banks in the form of fixed-term deposits.

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 7, 2010

Managing Director

Peter Michaelis m.p.

Balance Sheet as at December 31, 2009

Assets	EUR	EUR	As at 31.12.2009 EUR	As at 31.12.2008 TEUR
A. Fixed assets				
I. Intangible assets				
Licences, rights		65,807.75		69
II. Tangible assets				
1. Land, rights equivalent to real property and buildings, including buildings on third-party land	2,364,136.18			2,364
2. Other plant, factory and office equipment	162,330.53			143
		2,526,466.71		2,507
III. Financial assets				
1. Investments	1,540,465,975.24			1,540,466
2. Investment securities	26,492,814.42			26,492
		1,566,958,789.66		1,566,958
			1,569,551,064.12	1,569,534
B. Current assets				
I. Receivables and other assets				
1. Trade accounts receivable	27,257.04			226
2. Receivables from associated companies	19,568.91			26
3. Other receivables and assets	38,709.15			68,307
		85,535.10		68,559
II. Cash and credit balances at banks		120,304,498.02		825,074
			120,390,033.12	893,633
C. Counterclaims related to liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria			22,512,923.80	53,096
D. Prepaid expenses			13,935.94	48
			1,712,467,956.98	2,516,311

Equity and Liabilities	EUR	As at 31.12.2009 EUR	As at 31.12.2008 TEUR
A. Equity			
I. Share capital	363,365,000.00		363,365
II. Capital reserves			
1. Committed	350,751,285.96		381,335
2. Non-committed	500,000,000.00		500,000
III. Retained earnings			
Statutory reserve	36,336,417.08		36,336
IV. Net profit			
thereof profit carryforward of EUR 123,051,782.26 (2008: TEUR 153,133)	367,157,418.57		573,052
		1,617,610,121.61	1,854,088
B. Provisions			
1. Provisions for severance payments	929,099.00		848
2. Provisions for pensions	2,329,395.00		2,311
3. Other provisions	59,822,117.76		583,908
		63,080,611.76	587,067
C. Liabilities for which interest and repayments are refunded to ÖIAG by the Republic of Austria		22,512,923.80	53,096
D. Liabilities			
1. Trade accounts payable	158,282.24		454
2. Liabilities to associated companies	8,943,199.59		21,321
3. Other liabilities thereof relating to taxes EUR 120,597.41 (2008: TEUR 187), thereof relating to social security EUR 36,464.03 (2008: TEUR 39)	162,817.98		285
		9,264,299.81	22,060
		1,712,467,956.98	2,516,311

Schedule of fixed assets

pursuant to §226 para 1 of the Austrian Commercial Code as at December 31, 2009

	Acquisition/Production costs			
	As at 1.1.2009	Additions	Disposals	As at 31.12.2009
	EUR	EUR	EUR	EUR
I. Intangible assets				
Licences, rights ¹	845,836.98	42,254.87	1,585.73	886,506.12
II. Tangible assets				
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	2,368,434.26	0.00	0.00	2,368,434.26
	2,429,340.43	0.00	0.00	2,429,340.43
2. Other plant, factory and office equipment ²	1,323,256.64	147,666.06	83,516.04	1,387,406.66
	3,752,597.07	147,666.06	83,516.04	3,816,747.09
III. Financial assets				
1. Investments	2,332,994,766.19	0.00	350,711,548.99	1,982,283,217.20
2. Investment securities	26,527,814.42	0.00	0.00	26,527,814.42
	2,359,522,580.61	0.00	350,711,548.99	2,008,811,031.62
Total	2,364,121,014.66	189,920.93	350,796,650.76	2,013,514,284.83
¹ thereof low-value assets		1,585.73	1,585.73	
² thereof low-value assets pursuant to §13 of the Austrian Income Tax Act		3,427.99	3,427.99	

Accumulated depreciation	Book values		Depreciation in the year under review
	As at 31.12.2009	As at 31.12.2008	
EUR	EUR	EUR	EUR
820,698.37	65,807.75	68,557.59	45,004.71
60,906.17	0.00	0.00	0.00
4,298.08	2,364,136.18	2,364,136.18	0.00
65,204.25	2,364,136.18	2,364,136.18	0.00
1,225,076.13	162,330.53	142,406.66	125,496.36
1,290,280.38	2,526,466.71	2,506,542.84	125,496.36
441,817,241.96	1,540,465,975.24	1,540,465,975.31	0.00
35,000.00	26,492,814.42	26,492,814.42	0.00
441,852,241.96	1,566,958,789.66	1,566,958,789.73	0.00
443,963,220.71	1,569,551,064.12	1,569,533,890.16	170,501.07
			1,585.73
			3,427.99

Income statement

for the period from January 1, 2009 to December 31, 2009

	2009		2008	
	EUR	EUR	TEUR	TEUR
1. Revenues		28,533.61		29
2. Other operating income				
a) Gains on the disposal of assets other than financial assets	9,600.00		138	
b) Gains on the release of provisions	210,371.00		809	
c) Other	911,431.83		344	
		1,131,402.83		1,291
3. Personnel expenses				
a) Salaries	2,851,906.64		3,431	
b) Expenses for severance payments	101,605.63		155	
c) Expenses for contributions to employee pension funds	9,769.28		7	
d) Expenses for pensions	128,562.09		20,288	
e) Expenses for compulsory social security contributions and payroll taxes	459,767.95		494	
f) Other social expenditure	115,823.61		120	
		-3,667,435.20		-24,495
4. Depreciation of intangible and tangible fixed assets		-170,501.07		-168
5. Other operating expenses				
a) Taxes not included in Item 16	13,651.45		12	
b) Other	39,994,258.43		11,607	
		-40,007,909.88		-11,619
6. Sub-total of Items 1–5 (operating result)		-42,685,909.71		-34,962
7. Income from investments		278,188,291.25		301,054
8. Income from other securities and financial asset loans		1,007,602.53		1,048
9. Other interest and similar income		8,495,880.19		18,087
10. Gains on the disposal and write-up of financial assets and current asset securities		1,547,587.22		2,401
11. Expenses relating to §14 (5) ÖIAG Act		-30,583,241.99		-136,273
12. Expenses relating to financial assets and current asset securities				
Expenses relating to investments, thereof from depreciation and amortisation EUR 0.00 (2008: EUR 274 m)		0.00		-773,804

	2009		2008	
	EUR	EUR	TEUR	TEUR
13. Interest and similar expenses		-2,444,315.17		-10,058
14. Sub-total of Items 7-13 (financial result)		256,211,804.03		-597,545
15. Ordinary business result		213,525,894.32		-632,507
16. Income taxes		-3,500.00		-3
17. Profit/Loss for the year		213,522,394.32		-632,510
18. Release of capital reserves				
a) Pursuant to §14 (5) ÖIAG Act	30,583,241.99		136,273	
b) Pursuant to §4 AUA Act	0.00		761,804	
c) Pursuant to §14 (6) ÖIAG Act	0.00		154,352	
		30,583,241.99		1,052,429
Profit for the year		244,105,636.31		419,919
19. Profit carryforward from the previous year		123,051,782.26		153,133
20. Net profit		367,157,418.57		573,052

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. In 2008, in line with §1 para 2a, these responsibilities were allotted to the FIMBAG

Finanzmarktbeteiligung Aktiengesellschaft des Bundes, which was newly founded by ÖIAG.

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

Accounting and valuation principles

General principles

The financial statements as at December 31, 2009 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 well as of the results of its operations (§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 per cent.

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) are written off entirely during the year of purchase and reported as an addition and disposal.

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

Plant and equipment	10–33.3 per cent
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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 per cent. The amount of the **provisions for pensions** is established using actuarial principles bearing an interest rate of 3.0 per cent 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 0.37 million in the following financial year (2008: EUR 0.36 million). The total amount for the following five years adds up to EUR 1.91 million (2008: EUR 1.88 million).

b. Financial assets

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

The disposals among the investments relate to the sale of the 41.56 per cent holding in Austrian Airlines AG to Deutsche Lufthansa with closing on September 3, 2009, and VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu., which was erased from the commercial register in the year under review. The agreements signed with Deutsche Lufthansa concerning the sale of shares in Austrian Airlines also contain a warrant. This relates to the accumulated results of Austrian Airlines for 2009–2011, as well as the relative development of the Lufthansa share as compared to those of similar companies during the same period.

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, 2009, amounting to EUR 3.32 billion (2008: EUR 2.42 billion).

The value of unlisted investments, as well as of fixed asset securities, corresponds with the book values reported as at December 31, 2009, 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)	0.03 (0.23)
Receivables from associated companies (previous year)	0.02 (0.02)
Other receivables and assets (previous year)	0.04 (68.31)
Total (Total previous year)	0.09 (68.56)

The fall in “Other receivables and assets” as compared to December 31, 2008, can be traced primarily to the ÖIAG loan reported last year in connection with the bridge financing of Austrian Airlines. Following the receipt on January 19, 2009 of EU legal approval for the Austrian Airlines bridge financing, this loan of EUR 67.20 million was recovered 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 account with a credit of EUR 200.00 million, which until the closing of the transaction on September 3, 2009, was pledged to the bank, served as collateral for this loan.

The item “Receivables from associated companies” consists largely of services charged to IMIB Immobilien und Industriebeteiligungen GmbH, SHOELLER-BLECKMANN Gesellschaft m.b.H. and Österreichische Post Aktiengesellschaft.

The item “Other receivables and assets” contains income of EUR 0.04 million (2008: EUR 1.10 million), which were first recognised after the balance sheet date.

All receivables are short-term.

d. Cash and credit balances at banks

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

In addition to the marked increase in the dividend paid to the federal government as compared to previous years, the fall in comparison with December 31, 2008 relates in particular to the closing of the AUA privatisation and the connected payment of the shareholder's grant of EUR 500.00 million for restructuring.

e. 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 2009 can be traced to the scheduled repayment of refunding liabilities amounting to EUR 30.58 million completed on the basis of §14 para 5 of the ÖIAG Act (2008: scheduled repayments of EUR 92.62 million and premature repayments of EUR 43.65 million).

f. Prepaid expenses and accrued income

The reported prepaid expenses relate to amounts paid prior to December 31, 2009, insofar as they represent expenses for a particular period after this date.

g. 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 May 27, 2009, a dividend of EUR 450.00 million was paid to the federal government from the net profit for 2008 and an amount of EUR 123.05 million was carried forward to new account.

The change in committed capital reserves relates to §14 para 5 of the ÖIAG Act. Committed capital reserves totalling EUR 30.58 million (2008: EUR 136.27 million) were released. This amount corresponds to the deletion of claims against the federal government in connection with the obligatory repayment of refunding liabilities and interest.

h. Provisions

The fall in "Other provisions" as compared to December 31, 2008, derives mainly from the closing of the sale of the 41.56 per cent holding in Austrian Airlines AG on September 3, 2009. The provision of EUR 500.00 million for the shareholder's grant for restructuring was used accordingly during the period under review. Within the scope of its contractual obligations, ÖIAG provided this shareholder's grant for restructuring to Deutsche Lufthansa on the date of the closing.

The item "Other provisions" largely consists of provisions for the topping-up of obligations for pensions and provisions for unconsumed leave, long-service bonuses and other personnel expenses totalling EUR 25.13 million (2008: EUR 43.80 million) and other provisions (especially for investments) of EUR 33.25 million (2008: EUR 33.99 million).

i. 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 22.51 million (2008: EUR 53.10 million). The reduction as compared to December 31, 2008 resulted from the aforementioned repayments.

(Liabilities maturing < 1 year: EUR 9.14 million (2008: 30.58 million); maturing in 1-5 years: EUR 13.37 million (2008: EUR 22.51 million); due > 5 years: EUR 0.00 million (2008: EUR 0.00 million).

j. 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)	0.16 (0.45)	0.00 (0.00)	0.16 (0.45)
Liabilities to associated companies (previous year)	8.94 (21.32)	0.00 (0.00)	8.94 (21.32)
Other liabilities (previous year)	0.16 (0.23)	0.00 (0.06)	0.16 (0.29)
Total (Total previous year)	9.26 (22.00)	0.00 (0.06)	9.26 (22.06)

The item "Liabilities to associated companies" consists of trade accounts payable (EUR 0.62 million GKB-Bergbau GmbH), liabilities from investments with ÖIAG by associated companies (EUR 3.36 million, thereof mainly IMIB Immobilien und Industriebeteiligungen GmbH with EUR 3.30 million and SCHOELLER-BLECKMANN Gesellschaft m.b.H. with EUR 0.06 million), and liabilities from shareholder's grants (EUR 4.96 million from IMIB Immobilien und Industriebeteiligungen GmbH).

The fall as compared to the preceding year was due primarily to the use of the shareholder's grant (EUR 12.00 million) allotted to IMIB Immobilien und Industriebeteiligungen GmbH during the previous year amounting to EUR 9.00 million and the reduction of the investments by associated companies.

The item "Other liabilities" contains expenses of EUR 0.16 million (2008: EUR 0.28 million) first recognised after the balance sheet date.

C. Notes to the income statement

a. Other operating income

	2009 EUR m	2008 EUR m
Gains on the disposal of fixed assets other than financial assets	0.01	0.14
Gains on the release of provisions	0.21	0.81
Other	0.91	0.34
Total	1.13	1.29

As in the past year, the remaining other operating income includes, amongst others, various cost repayments and rent earnings.

b. Personnel expenses

	2009 EUR m	2008 EUR m
Salaries	2.85	3.43
Expenses for severance payments and contributions to employee pension funds	0.11	0.16
Expenses for pensions	0.13	20.29
Expenses for compulsory social security contributions and payroll taxes	0.46	0.49
Other social expenditure	0.12	0.12
Total	3.67	24.49

The expenses for pensions include the changes of the provision for the pension obligations outsourced to the APK-Pensionskasse Aktiengesellschaft.

c. Other operating expenses

	2009 EUR m	2008 EUR m
Taxes, excluding income taxes	0.01	0.01
Other	40.00	11.61
Total	40.01	11.62

Apart from expenses relating to privatisation, "Other operating expenses" include operating and administrative costs for real estate, rents, fees, consulting and other expenditures.

d. Interest income and expenditure

	2009 EUR m	2008 EUR m
Dividends	8.50	18.09
Expenditure relating to investments	-2.44	-10.06
Total	6.06	8.03

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

In addition to the book gain derived from the liquidation of VOEST-ALPINE STEINEL Gesellschaft m.b.H. in Liqu. (EUR 1.11 million), the income from the sale of the 41.56 per cent holding in Austrian Airlines AG is also reported under this item with EUR 0.37 million.

f. Expenses relating to §14 para 5 ÖIAG Act

The amount reported, totalling EUR 30.58 million (2008: EUR 136.27 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 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. Release of capital reserves

Pursuant to §14 para 5 of the ÖIAG Act, committed capital reserves totalling EUR 30.58 million (2008: EUR 136.27 million) were released. This amount corresponded to the deletion of claims against the federal government in connection with the obligatory repayment of refunding liabilities and interest.

h. Net profit

Including the release of reserves and the profit carryforward from the preceding year, the net profit amounts to EUR 367.2 million (2008: EUR 573.1 million). This includes an amount of EUR 123.1 million, which derives from the write-up of the holding in Österreichische Post AG dating from the 2006 financial year and was unsuitable for distribution as a dividend.

D. Corporate bodies, employees

a. In 2009, ÖIAG had an average of 23 employees (2008: 26).

b. Severance payments and pensions

Expenses for severance payments and contributions to employee severance payment funds	2009 EUR m	2008 EUR m
Managing Board and senior executives	0.06	0.13
Other employees	0.05	0.03
Total	0.11	0.16

Expenses for pensions	2009 EUR m	2008 EUR m
Managing Board and senior executives	-0.92	-0.37
Other employees	1.05	20.66
Total	0.13	20.29

The decline in the amount reported under the expenses for pensions results primarily from the changes 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, 2009. APK Pensionskasse Aktiengesellschaft will complete the final calculation of ÖIAG assets with the accounts for the year 2009. The pension obligations (300 recipients as at December 31, 2009, 2008: 315 recipients) derived mainly from the previous mergers of companies (Vereinigte Edelstahlwerke 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 0.23 million (2008: EUR 0.24 million).

d. Managing Board**Peter MICHAELIS**

The remuneration¹ paid to the Managing Director during the 2009 financial year amounted to EUR 0.35 million and a variable, partial amount from 2008 of EUR 0.26 million, together with EUR 0.09 million from previous years.

The ÖIAG Managing Director has renounced in favour of Österreichische Industrieholding AG all claims to payment and other financial advantages derived from his membership of the APK Pensionskasse AG, Austrian Airlines AG, OMV AG, Österreichische Post AG and Telekom Austria AG Supervisory Boards.

e. Supervisory Board**Peter MITTERBAUER**

Chairman

CEO, Miba AG

Siegfried WOLF

First Vice-Chairman

CEO, Magna International Europe AG

Klaus STURANY

Second Vice-Chairman

Member of various Supervisory Boards

Wolfgang BERNHARD

Member of the Board of Management Daimler AG

Brigitte EDERER

CEO, Siemens AG Österreich

Michael ENZINGER

Lawyer

Wolfgang PFARL

President, Austropapier

Alexander RIKLIN

Managing Director, Alcar Holding GmbH

Maria-Elisabeth SCHAEFFLER

Partner, Schaeffler Holding GmbH & CO. KG

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

Markus HINKER

Chairman of the Central Employees' Committee,
Telekom Austria AG
(since March 19, 2010)

Alfred JUNGHANS

Chairman of the Salaried Commercial and
Technical Staff Council, Austrian Airlines AG
(until September 3, 2009)

Michael KOLEK

Chairman of the Central Employees' Committee,
Telekom Austria AG
(until February 10, 2010)

Werner LUKSCH

Chairman of the Central Employees' Committee,
mobilkom austria AG
(since September 11, 2009)

Markus SIMONOVSKY

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

¹ Excluding any expenses in kind and social expenses

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	2008	25.88	27.6	2.59
FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes	Vienna	2009	0.25	100.0	0.18
IMIB Immobilien und Industriebeteiligungen GmbH	Vienna	2008	2.81	100.0	-15.85
GKB-Bergbau GmbH	Bärnbach	2009	31.62	100.0	1.87
Österreichische Post Aktiengesellschaft	Vienna	2009	624.06	52.9	119.96
OMV Aktiengesellschaft	Vienna	2009	6,098.74	31.5	18.48
SCHOELLER-BLECKMANN Gesellschaft m.b.H.	Ternitz	2009	5.40	100.0	0.83
Telekom Austria Aktiengesellschaft	Vienna	2009	2,991.62	28.4	356.91

The increase in the percentage of the ÖIAG holding in Österreichische Post Aktiengesellschaft and Telekom Austria Aktiengesellschaft as compared to the preceding year relates to a withdrawal of own shares during the 2009 financial year.

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 7, 2010

Managing Director

Peter Michaelis m.p.

Auditor's Report

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Report on the Financial Statements

We have audited the accompanying financial statements including the accounting system of Österreichische Industrieholding Aktiengesellschaft, Vienna, for the fiscal year from January 1 to December 31, 2009. These financial statements comprise the balance sheet as of December 31, 2009, the income statement for the fiscal year ended December 31, 2009, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles as well as in accordance with the legal framework of the ÖIAG Act 2000. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 comply with legal requirements and give a true and fair view of the financial position of the Company as of December 31, 2009 and of its financial performance for the fiscal year from January 1 to December 31, 2009 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements.

In our opinion, the management report is consistent with the financial statements.

Vienna, April 7, 2010

PwC PricewaterhouseCoopers GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Gerhard Prachner
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Supervisory Board Report

In meeting its legal commitments, the Supervisory Board held four plenary meetings and three meetings of the auditing committee during the 2009 financial year. The focal points of Supervisory Board activities consisted of consulting and resolutions relating to the fulfilment of the conditions for the completion of the sale of Austrian Airlines AG to Deutsche Lufthansa AG, and investment management. The main topics with regard to the latter related to the preparation of Österreichische Post for liberalisation and the strategic orientation of both OMV and Telekom Austria.

As in past financial years, during 2009 members of the managing boards of subsidiaries and investments, especially those of listed companies, provided the Supervisory Board with reports concerning the current 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.

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

The Supervisory Board declares its approval of the financial statements for 2009, which were thereby adopted under the terms of §96 para 4 of the Austrian Stock Corporation Act. The Supervisory Board also concurs with the Managing Board's proposal to pay a dividend of EUR 200,000,000.00 from the net profit of EUR 367,157,418.57 and to carry forward the remainder of EUR 167,157,418.57 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 2010.

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 12, 2010

Peter Mitterbauer m.p.
Chairman of the Supervisory Board

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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.

