

ANNUAL FINANCIAL REPORT  
2007/08

A photograph of a large, vibrant yellow sunflower in full bloom, set against a blue sky with scattered white clouds. The sunflower's head is the central focus, with its dark brown center and numerous bright yellow petals. Green leaves are visible at the bottom and sides of the flower.

# RATIOS

## BURGENLAND HOLDING AG

		2007/08	2006/07	2005/06	2004/05
Balance sheet total	EUR m	76.6	75.9	75.6	72.7
Equity	EUR m	76.6	75.8	75.4	72.5
Investment income	EUR m	6.5	6.1	6.0	3.3
Net income	EUR m	6.5	6.0	5.9	3.2

## BEWAG GROUP

		2007/08 Preview	2006/07	2005/06
Electricity sales	GWh	1,330.0	1,172.9	1,217.7
Revenues	EUR m	276.0	242.8	216.3
Pre-tax profit	EUR m	15.0	27.5	31.6
Balance sheet total	EUR m	714.7	700.8	604.5
Shareholders' equity <sup>1)</sup>	EUR m	232.3	237.2	229.5

<sup>1)</sup> incl. untaxed reserves

## BEGAS GROUP

		2007/08 <sup>1)</sup> Preview	2006/07	2005/06
Natural gas sales	m <sup>3</sup> m	190.5	164.4	198.4
Revenues	EUR m	66.4	54.9	63.0
Pre-tax profit	EUR m	6.2	7.9	10.0
Balance sheet total	EUR m	209.8	227.1	219.4
Shareholders' equity <sup>2)</sup>	EUR m	123.0	125.4	121.3

<sup>1)</sup> forecasted unaudited consolidated figures

<sup>2)</sup> incl. untaxed reserves/and construction cost subsidies

## ENERGISING THE BURGENLAND BURGENLAND HOLDING AG

Burgenland Holding AG was set up on January 25, 1990, as a holding company in the partial privatisation process of Burgenländische Erdgasversorgungs-AG (BEGAS) and Burgenländische Elektrizitätswirtschafts-AG (BEWAG).

Burgenland Holding AG continues to hold a 49% interest in the share capital of BEWAG in the amount of EUR 34.88m. The remaining 51% of the shares are held by the Province of Burgenland. Burgenland Holding AG also continues to hold a 49% stake in the share capital of BEGAS amounting to EUR 7.44m. The remaining shares are held by BEGAS-Gemeindeanteilsverwaltung AG (GAV). The shareholders in GAV are exclusively the municipalities in the Burgenland supplied with natural gas.

EVN AG holds a stake of 72.27% of the share capital stock of Burgenland Holding AG, while Verbund Austrian Hydro Power AG holds more than 10%. Wiener Stadtwerke Holding AG holds between 5% and 10%, and no other shareholder holds more than 5%.

# ANNUAL REPORT 2007/08

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# FOREWORD OF THE MANAGEMENT BOARD

## VERY FAVOURABLE DEVELOPMENT

Dear Sir or Madam, dear shareholders,

Thanks to comparatively lower temperatures than last year as well as an increase in the number of customers, the associated companies of Burgenland Holding AG performed well. In the previous business year, both BEWAG and BEGAS increased their electricity and gas sales, respectively, and distributed higher dividends to their shareholders. Thus, the Management Board of Burgenland Holding AG can recommend to the AGM an increased dividend of EUR 2.15 (+13.1%) per share for the 2007/08 business year.

Against the background of high supply costs for electricity and gas and the decrease in grid rates due to rationalisation requirements, there is clearly noticeable pressure on profit development which can be offset only in part by increasing investment income, in particular in the field of electricity and heat generation on the basis of biomass and wind power as well as continuing cost management.

BEWAG's corporate strategy provides for the disposal of investments outside the core business, especially abroad, in order to focus on the areas of electricity sales, electricity grid operations and electricity production. Among other things, a special focus is to be placed on the further expansion of electricity generation from alternative power sources.

The performance of the associated companies overall suggests that no significant changes in the performance of Burgenland Holding AG are to be expected and that the Company's dividend policy will thus again allow a distribution of dividends for the following business year at this year's level at the least.

In the light of the challenges in the energy markets, BEWAG and BEGAS are faced with the task to adapt to the competitive situation as best they can and to align their business portfolios with the requirements. More than anything else, the integration in EnergieAllianz, in which BEWAG and BEGAS hold 7% and 3%, respectively, offers a sound foundation for a successful future.



Günther Ofner



Nikolaus Sauer

Günther Ofner

Nikolaus Sauer

# CORPORATE BODIES

## SUPERVISORY BOARD

### Chairman

Leopold Buchmayer  
Vice CEO  
Raiffeisenlandesbank Burgenland

### Vice Chairman

Peter Layr  
Director EVN AG

### Members

Michael Amerer  
Director VERBUND-Austrian  
Hydro Power AG

Burkhard Hofer  
CEO EVN AG

Josef Kaltenbacher  
Branch manager BAWAG Eisenstadt

Michael Obentraut  
Director Wiener Stadtwerke Holding AG,  
retired

Werner Perz  
Managing Director EnergieAllianz Austria  
GmbH

Felix Sawerthal  
Head of Secretariat General and  
Corporate Affairs, EVN AG

Gerold Stagl  
Province Manager Wiener Städtische  
Versicherung AG

## MANAGEMENT BOARD

Günther Ofner  
Nikolaus Sauer

# CORPORATE GOVERNANCE

Burgenland Holding is an Austrian public limited company. Thus, corporate governance can be defined within the framework of the Austrian Code of Corporate Governance, in addition to the regulations of Austrian law, in particular the Companies Act and Capital Markets Act, regulations on employee co-determination, as well as the by-laws of Burgenland Holding AG.

The Management and Supervisory Boards of Burgenland Holding are bound by the Principles of Good Corporate Governance. Investors expect responsible and transparent corporate governance and management control with a long-term perspective. To this end, Burgenland Holding AG fully subscribed to the Austrian Code of Corporate Governance as of October 1, 2006. Even prior to that date, however, the Company had explicitly embraced the objective of the Code and acknowledged a large part of its regulations.

The standards of the Austrian Code of Corporate Governance are subdivided into three groups: The first category (Legal Requirement) – based exclusively on mandatory legal provisions – has to be applied by all listed Austrian companies and is also fulfilled to the letter by Burgenland Holding. Concerning C-regulations (Comply-or-Explain), listed companies are obliged to provide statements on compliance at regular intervals, while R-regulations are of purely recommendatory character and leave companies a choice to deviate from such regulations without a need for explanation. Mostly because of industry peculiarities of the Austrian energy sector, Burgenland Holding is unable to comply with the following C-regulations of the Austrian Code of Corporate Governance:

**Regulations 4 and 5:** Disclosure of motions and all documents including motions and counter-motions of shareholders on the Company's website including a download option does not appear to be conducive, as such information is not open to the general public, but public only to shareholders. This means that only shareholders may inspect these documents. Filing shareholders also have a right to confidentiality.

**Regulation 16:** Given the Company's holding function and the resulting collegial decision-making, which has always resulted in unanimous resolutions, it is considered unnecessary to appoint a chairperson of the Management Board.

**Regulation 27:** In view of the size of the Company, the Management Board's remuneration is based on an hourly lump sum; thus, it does not include any fixed or performance-based components.

**Regulation 37:** compare Regulation 16; any discussion on strategy, business performance and risk management is effected by the entire Management Board.

**Regulations 38 and 41:** The Company is subject to the mandatory provisions of the Staffing Act. The last sentence is not complied with, as the qualification of candidates is always given precedence over any age limit.

**Regulations 64, 66, 67 and 74:** As there is no obligation to prepare consolidated group accounts, IFRS are not applied. Reporting is effected pursuant to applicable Austrian financial reporting requirements.

# BURGENLAND HOLDING AG

## INVESTMENTS AS OF SEPTEMBER 30, 2008

### 49% BURGENLÄNDISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AG (BEWAG)

#### GF Strom

- 100% BEWAG Netz GmbH
- 100% BEWAG Energievertrieb GmbH & Co KG
- 100% EZH-Energiezentrale Heiligenkreuz Ges.m.b.H.
- 7% ENERGIEALLIANZ Austria GmbH
- 7% e&t Energie Handelsgesellschaft m.b.H.

#### GF Ökoenergie

- 100% Austrian Wind Power GmbH
  - 55.2% EPZ Energieprojekt Zurndorf GmbH
  - 50% PAMA-GOLS Windkraftanlagenbetriebs GmbH
  - 50% PAMA-GOLS Windkraftanlagenbetriebs GmbH & Co KG
- 100% International Wind Power GmbH
  - 100% PWP Pannon Szél-erő Szolgáltató Kft. (Budapest, Hungary)
  - 76% Ventus Polska Sp.z o.o.
  - 74% RENERWIND – Renerwind Energetikai Kft. (Janossomorja, Hungary)
  - 50% VEHL – Větrná energie HL s.r.o. (Brno, Czech Republic)
  - 50% VEM – Větrná energie Morava s.r.o. (Brno, Czech Republic)
  - 50% SWP – Slovakian Wind Power s.r.o. (Bratislava, Slovakia)
  - 50% PSW – Polska Sila Wiatru Sp. z o.o. Warsaw, Poland)
  - 50% CEMP – Čista Energija Mediterana I Panonije d.o.o. (Zagreb, Croatia)
  - 50% BWP – Bystrický Wind Power s.r.o. (Bratislava, Slovakia)
  - 50% WSW – Warminska Sila Wiatru Sp. z o.o. (Warsaw, Poland)
  - 25% TWP – Torremaggiore Wind Power s.r.l. (Milan, Italy)

- 100% BEWAG Biogasanlage Frauenkirchen GmbH
- 100% Austrian Biomass Power GmbH
- 50% Biomassekraftwerk Heiligenkreuz Betriebs GmbH
- 99% Biomassekraftwerk Heiligenkreuz Errichtungs GmbH
- 50% Best Energy GmbH

#### GF Services

- 100% BEWAG Geoservice GmbH
- 100% PEW Pinkafelder Elektrizitäts-Werke GmbH
- 100% BEWAG Licht & Service GmbH
- 33.33% EBRZ Erstes Burgenländisches Rechenzentrum GmbH
- 2.52% APCS Power Clearing and Settlement AG
- 1.26% CISMO Clearing Integrated Services and Market Operations GmbH

#### GF Telekom

- 100% B.net Burgenland Telekom GmbH
  - 100% B.net Hungária Kft. (Sopron, Hungary)
  - 100% B.net Hungária Projekt Kft. (Sopron, Hungary)
- 100% Dataservice GmbH
- 100% B.net Hrvatska d.o.o.
  - 4.57% Vereinigte Telekom Österreich Beteiligungs GmbH

#### GF Electronic Manufacturing

- 100% BECOM Electronics GmbH
- 100% BECOM Electronics Hungary Kft.

#### Konzernclearing, BKF

- 100% BEWAG Konzernclearing GmbH
- 100% BKF Das Burgenland Fernsehen GmbH

### 49% BURGENLÄNDISCHE ERDGASVERSORGUNGS-AG (BEGAS)

- 100% IGM Industrie- und Gewerbepark Mittelburgenland Erwerbs-, Erschließungs- und Errichtungs-Gesellschaft m.b.H.
- 100% BEGAS Kraftwerk G.m.b.H.
  - 50% Biomassekraftwerk Heiligenkreuz Betriebs G.m.b.H.
  - 99.43% Biomassekraftwerk Oberpullendorf Errichtungs- und Betriebs GmbH
- 100% RVH Reststoffverwertungs GmbH
- 100% BEGAS Handel G.m.b.H.
- 100% BEGAS Energievertriebs G.m.b.H. & Co. KG
- 100% BEGAS Wärme & Service G.m.b.H.
- 49% Energiewerk G.m.b.H.

- 50% Best Energy GmbH
- 3.0% EnergieAllianz Austria G.m.b.H.
- 3.0% e&t Energie Handelsgesellschaften m.b.H.
- 2.6% EconGas G.m.b.H.
- 1% Biomasse Kraftwerk Güssing G.m.b.H. u. Co. KG
- 1% Austria Ferngas Gesellschaft m.b.H. in liquidation
- 0.88% Wiener Börse AG
- 0.44% AGCS Gas Clearing and Settlement AG
- 0.22% CISMO GmbH



# BEWAG 2007/08 BUSINESS YEAR – PREVIEW

## OCTOBER 1, 2007 – SEPTEMBER 30, 2008

### HIGHLIGHTS

- Spin-off of overseas project development operations and foreign investments from Austrian Wind Power GmbH to International Wind Power GmbH
- Initiation of the disposal process of investments in the business areas of Electronic Manufacturing Services, Telecom and Eco-friendly Energy (overseas) to focus on the core business

### Electricity sales and supply

In the 2007/08 business year, BEWAG's electricity supply will amount to 1,403.3GWh, and electricity sales to final customers by BEWAG Energievertrieb GmbH & Co KG will be 1,329.6GWh, around 13.4% above the volume in the corresponding period of the previous year (October 1, 2006 – September 30, 2007). Compared to the previous business year, grid sales will increase by approximately 4.3% to 1,526.0GWh. This can be put down mainly to the climate situation as well as the acquisition of a major distribution customer.

### Income situation

The revenues of the BEWAG Group will amount to about EUR 276.0m, resulting in an increase of 13.7% compared to the previous year. This increase can mainly be attributed to an increase in sales revenues at BEWAG Energievertrieb GmbH & Co KG, BEWAG Netz GmbH and Austrian Wind Power GmbH, as well as the initial consolidation of B.net Hrvatska d.o.o. in the previous period.

Pre-tax profit will amount to EUR 15.0m, which is 45.5% less than in the previous year. This is due mainly to lower financial results and higher depreciation.

### Financial situation

The operating cash flow of EUR 51.6m will be 13.0% lower than last year. This is primarily the result of a lower pre-tax profit.

### Balance sheet and capital structure

As of September 30, 2007, the balance sheet total will amount to EUR 714.7m, with fixed assets (EUR 612.8m) accounting for 85.7% of total assets. Shareholder's equity

including untaxed reserves will amount to EUR 192.0m, resulting in an equity ratio of 32.5%.

### Outlook

At the time of printing, the final statements of BEWAG as of September 30, 2008 (2007/08 business year) were not available. We are therefore presenting data based on forecasts referring to the interim accounts as of March 31, 2008.

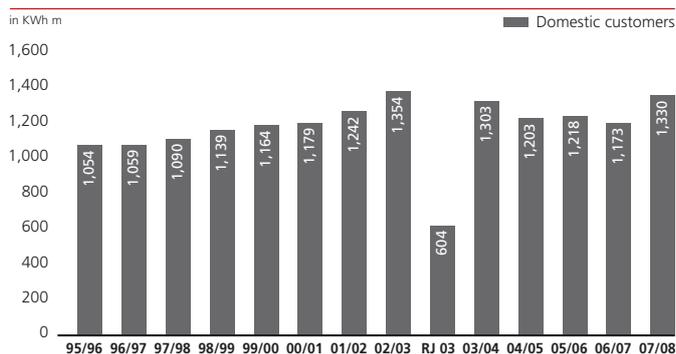
In the fourth quarter of the 2007/08 business year and in the following business year, efforts concerning the disposal of investments outside BEWAG's core business will be further increased. These transactions are expected to be completed in the course of the 2008/09 business year.

### BEWAG GROUP

		2007/08 Preview	2006/07
Electricity sales	GWh	1,330.0	1,172.9
Grid sales	GWh	1,526.0	1,463.1
Revenues	EUR m	276.0	242.8
Pre-tax profit	EUR m	15.0	27.5
Balance sheet total	EUR m	714.7	700.8
Shareholder' equity <sup>1)</sup>	EUR m	232.3	237.2
Operating cash flow	EUR m	51.6	59.3

<sup>1)</sup> Equity incl. untaxed reserves

### DEVELOPMENT OF ELECTRICITY SALES IN GWH



Information on performance refers to a preview of BEWAG's group accounts for the 2007/08 business year as of September 30, 2008, based on the interim accounts as of March 31, 2008 (6 months of actual figures and 6 months of budget figures). For comparison, we present the figures from the group accounts as of September 30, 2007.

Comparability of the figures is limited to the extent that the consolidation circle has changed as a result of the initial consolidation of B.net Hrvatska d.o.o. in the third quarter of the preceding period, of Austrian Biomass Power GmbH and of International Wind Power GmbH.



# BEGAS IN THE 200/08 BUSINESS YEAR

## OCTOBER 1, 2007 – SEPTEMBER 30, 2008

### Natural gas sales volume

In total, 190.5m<sup>3</sup> of natural gas was sold from October 2007 to September 2008. This represents an increase in the natural gas sales volume of 15.9% compared to the same period of the previous year and can be put down mainly to the extremely mild temperatures during the 2006/07 business year.

### Income situation

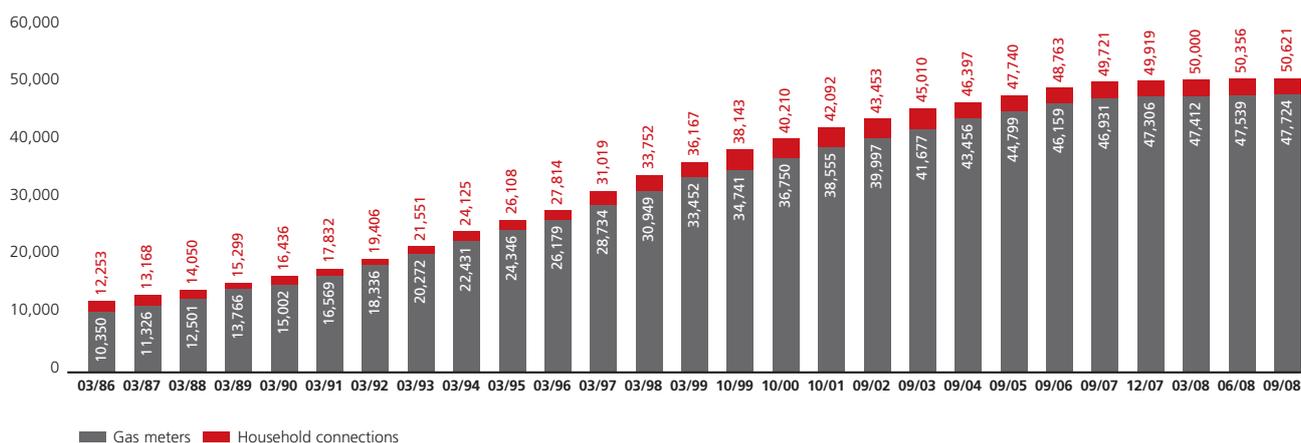
The BEGAS Group generated revenues of EUR 66.4m in the reporting period for the 2007/08 business year. The increase compared to the previous business year is primarily due to the very warm weather in the corresponding period. Furthermore, the 2007/08 business year, for the first time, includes revenues from the new biomass business area in the amount of EUR 3.4m.

### BEGAS GROUP

		2007/08 <sup>1)</sup>	2006/07	Change +/-%
Total natural gas sales volume grid	m <sup>3</sup> m	190.5	164.4	+15.9
Revenues	EUR m	66.4	54.9	+20.9
Pre-tax profit	EUR m	6.2	7.9	-21.5

<sup>1)</sup> forecasted unaudited consolidated figures

### CUSTOMER DEVELOPMENT



Information on performance refers to the preliminary financial statements of BEGAS, BEGAS Energievertrieb GmbH & Co KG, BEGAS – Wärme & Service GmbH, BEGAS Kraftwerk GmbH and IGM – Industrie- u. Gewerbepark Mittelbgld. Erwerbs-, Erschließungs- und Errichtungs- Gesellschaft m.b.H. and Biomassekraftwerk Oberpullendorf Errichtungs- und Betriebs GmbH, RVH Reststoffverwertungs GmbH consolidated by management (no consolidation under the Commercial Code).

# MANAGEMENT REPORT

## THE COMPANY'S ENVIRONMENT

### The legal environment

The system of incentive regulation was introduced for electricity grids and gas grids in early 2006 and early 2008, respectively. For the electricity grid, it will apply to the first regulation period up to 2009, and for the gas grid, it will be effective up to 2012. The incentive regulation models were established on a uniform basis. They provide for a compensation of inflation, reduced by an increase in productivity expected of all grid operators as well as an increase in efficiency specific to each company. The core element of both models is a national benchmarking of Austrian grid operators.

In the area of gas grids, two bargaining rounds had an effect on grid prices and thus on grid sales in the 2007/08 business year. As of January 2007, grid prices for gas were lowered by a decree of the regulator by an average 4.8%. That procedure was still based on the system of annual cost review. As of February 1, 2008, the new incentive regulation system in the gas area led to a rate reduction for using the gas grid of about 2.0% for household customers with an average annual consumption of 15,000kWh.

### Economic environment

The global economy showed a marked decline in 2008. The high prices of energy, raw materials and food had already slightly slowed down global economic growth in 2007. The international financial crisis, which was triggered by the mortgage and financial crisis in the US starting in mid-2007, further exacerbated the negative effects of the acceleration in prices. The financial turmoil in the US continued unabated and had a significant effect on the European banking sector. This was reflected in highly volatile financial markets and a sharp increase in the cost of refinancing for companies and banks in particular, which had to write down – sometimes massively – their credit portfolios in the last few months. While the boom period from 2004–2007 is over, the global economy is not expected to stagnate for an extended period of time.

In the euro area, the economic situation deteriorated in the course of the year as a result of the recession in the US, the sharp appreciation of the euro vis-à-vis the US dollar and the massive increase in the cost of raw materials. Economic forecasts for 2008 were lowered to 1.0% to 1.5%, with a decrease to 1.0% considered likely for 2009.

This international decline also slowed down economic growth in Austria. Following an increase of 3.2% in 2007, GDP is expected to grow by 2.0% and 0.9%–1.2% in 2008 and 2009, respectively. The dampening of foreign demand and the unfavourable exchange rate vis-à-vis the US dollar had a particularly negative effect on exports. Private consumption showed a weak development and the international slowdown put a damper on the investment climate. Driven by the strong increase in the prices of food and energy, annual inflation is expected to average about 3.4% for 2008. The weak economy should lead to reduced inflation, which is expected to reach 2.3% next year. In the course of 2008, the labour market showed its first signs of the economic slowdown, and a slight increase in the unemployment rate is expected for 2009.

### The energy sector

The conditions in the energy sector have a major impact on the performance of the associated companies BEWAG and BEGAS. The most important factors with sometimes contrary effects are outlined below:

Temperatures in the Burgenland measured in terms of heating degree days were 2% below the long-time average. The weather had an effect mainly on the energy consumption of households.

The price of Brent North Sea Oil, which is considered the reference value for Europe, rose by 61.9% to USD 106.2 a barrel in the 2007/08 business year. At the same time, the euro appreciated sharply vis-à-vis the US dollar, which resulted in an overall increase in the price of crude oil in terms of euros of no more than 43.0% to EUR 70.41. The purchasing price for gas, which is linked to the price of crude oil, rose 29.8 % in the reporting period.

At EUR 17.92 per tonne, the price of CO<sub>2</sub>-emissions certificates for 2007/08 was significantly higher than the corresponding figure of EUR 3.06 per tonne in the previous year. This price difference can be put down to the turbulences in the prices of emission certificates in 2006 and the expiry of the first CO<sub>2</sub> trading period in 2007. After it became known that the actual CO<sub>2</sub>-emissions in most EU countries would be far lower than expected, prices started to drop sharply in April 2006, and for 2007, prices remained at a level of EUR 0.1 to EUR 1.0 per tonne in the final year of the first CO<sub>2</sub> regulation period. In contrast, the price of CO<sub>2</sub> emissions for the second regulation period (2008 to 2012) settled within a range of 15 to 25 euros per tonne.

The increase in the price of bituminous coal was the highest among primary energy prices, and, at EUR 98.83 per tonne, the average price for 2007/08 was 77.8% higher than in the previous year. The price of bituminous coal has risen sharply since October 2007 and reached a record high of 125 euros per tonne in the last quarter. The robust development of the Asian economic region and the increasing demand from China and India were considered to be the major drivers behind this development.

In the 2007/08 business year, the spot market prices for electricity were 82.2% (base load) and 74.2% (peak load) above last year's level. In the 2006/07 business year, the reference year, wholesale prices for electricity fell sharply due to falling primary energy prices resulting from the mild weather and the marked decline in the price of CO<sub>2</sub>-emissions certificates.

On average, forward market prices for base-load electricity rose 4.5%, while the average price of peak-load electricity remained unchanged from the previous year. In the course of the year, however, prices showed a robust development. While in the first half of the business year (October–March) forward prices were about 7% below the prices of the previous year, the second half of the business year saw an increase in the forward prices for electricity of almost 25%.

# BURGENLAND HOLDING AG

## OCTOBER 1, 2007 – SEPTEMBER 30, 2008

### HIGHLIGHTS

- **Markedly higher dividend income from BEWAG, BEGAS and the Vienna Stock Exchange**
- **Recommendation to the AGM: dividend payout of EUR 2.15/share**

### Very favourable income situation

The performance of Burgenland Holding is determined mainly by the dividends of the two associated companies BEWAG and BEGAS.

In the 2007/08 business year, Burgenland Holding received investment income amounting to EUR 6.48m (2006/07: 6.08m), which was composed of the BEWAG dividend of EUR 5.39m and the BEGAS distribution in the amount of EUR 0.91m, both for the 2006/07 business year. In addition, Burgenland Holding received a dividend of EUR 0.18m from Wiener Börse AG, in which Burgenland Holding continues to hold 0.88%. In total, investment income was 6.6% above the corresponding value for the previous year.

Burgenland Holding AG does not engage in operations itself and employs no personnel. Research and development activities are not carried out within the company but in its associated enterprises.

Based on the net profit for 2007/08, a dividend in the amount of EUR 2.15 per share, totalling EUR 6.45m, is to be distributed to the shareholders.

### Stable balance sheet and capital structure.

Burgenland Holding's sound capital structure remained basically unchanged compared to the 2006/07 business year. The balance sheet total stood at EUR 76.6m, an increase of EUR 0.78m on the previous year. As of September 30, 2008, the equity ratio amounts to 99.9%.

The Company's share capital amounts to EUR 21.81m, broken down into 3 million individual bearer shares. The shares of Burgenland Holding are listed in the "standard market auction" segment of the Vienna Stock Exchange.

EVN AG holds 72.27% of the shares of Burgenland Holding AG. Verbund Austrian Hydro Power AG holds 10%, WIENER STADTWERKE Holding AG has 5%, and all other shares are free float.

There are no restrictions on the share capital with regard to voting rights or the transfer of shares.

The members of the Management Board have no extended authority regarding the possibility to issue or buy back shares.

There are no provisions in which the Company has a part and that become effective, change or end upon a change in control of the Company as a result of a takeover bid.

### BURGENLAND HOLDING AG

		2007/08	2006/07	+/-%
<b>Investment income</b>	EUR m	6.5	6.1	6.6
<b>Net income</b>	EUR m	6.5	6.0	8.3
<b>Dividend/share</b>	EUR m	2.15 <sup>1)</sup>	1.90 <sup>1)</sup>	13.1
<b>Balance sheet total</b>	EUR m	76.6	75.9	1.0
<b>Fixed assets</b>	EUR m	70.5	70.5	–
<b>Current assets, prepaid expenses and deferred changes</b>	EUR m	6.2	5.4	12.5
<b>Equity</b>	EUR m	76.6	75.8	1.1
<b>Debt capital</b>	EUR m	0.0	0.1	–

<sup>1)</sup> Recommendation to the AGM

# THE 2007/2008 BUSINESS YEAR

## INCOME RATIOS

		2007/08 in TEUR	2006/07 in TEUR	+/- in TEUR	+/-%
<b>EBIT</b>	Pre-tax profit + interest and similar expenses pursuant to § 231 (2) Z 15 UGB	6,530	6,048	482	7.4

Since the business activities of Burgenland Holding AG are confined to holding and managing investments, Burgenland Holding AG again did not generate any revenues in the past 2007/08 business year.

		2007/08	2006/07	+/-	+/-%
<b>Return on capital</b>					
<b>Return on equity</b>	Pre-tax profit/average shareholders' equity	8.6%	8.0%	–	– 0.6
<b>Return on assets</b>	EBIT / Pre-tax profit / average total assets	8.6%	8.0%	–	– 0.6

## BALANCE SHEET AND FINANCIAL RATIOS

		2007/08 in TEUR	2006/07 in TEUR	+/- in TEUR	+/-%
<b>Working capital</b>	Current assets – Long-term current assets = short-term current assets – short-term debt capital = Working capital	6,178	5,341	828	13.4
<b>Equity ratio</b>	Shareholders' equity / Total assets	99.9%	99.9%	–	0.1

Burgenland Holding AG does not show any liabilities vis-à-vis credit institutions either as of September 30, 2008, or in the corresponding period. The working capital increased due to higher investments in the Group (cash pooling). Like last year, net gearing (net debt / shareholders' equity) amounts to 0.00%.

## CASH FLOW STATEMENT

		2007/08 in TEUR	2006/07 in TEUR	+/- in TEUR	+/-%
<b>Net operating cash flow</b>		6,442	5,985	457	7.1
<b>Net investment cash flow</b>		0	0	–	–
<b>Net financing cash flow</b>		–5,700	–5,700	0	–
<b>Change in cash and cash equivalents affecting cash flow</b>		742	285	457	61.6

Based on a net income of EUR 6.5m, it was possible to achieve an operating cash flow of almost EUR 6.4m. The high net income was determined to a large extent by the distributions of the associated companies. Despite the distribution from the net profit for the 2006/07 business year, the cash flow of Burgenland Holding AG increased to EUR 0.742m.

# THE BURGENLAND HOLDING SHARE

The international mortgage and financial crisis triggered in the summer of 2007 is still keeping the international capital markets on its toes. The financial markets are still subject to very strong fluctuations, and this is especially true for stock markets, where some titles have now lost more than half their value within a few months. The current crisis has a major negative impact also on the refinancing cost of companies, and especially of banks; this means that the cost of financing acquisitions and projects has increased massively.

For months now, and even more so in the last few weeks, the central banks and governments on a national and an international level have tried to stabilise the financial system by agreeing on various measures and providing generous bail-out packages.

The Federal Reserve reacted to the crisis very quickly by lowering interest rates aggressively. Most recently, the Fed lowered its key interest rate by 50 basis points to currently 1.50% in early October, with the ECB now joining this move for the first time by also cutting its key interest rate by 50 basis points.

The stock markets, as was mentioned before, extended their losses across the board. While the Dow Jones index lost 21.9% in the reporting period, the German DAX dropped 25.3%. Once again, the Japanese Nikkei stock index formed the bottom of the league of the major stock indices, falling 32.9%.

Vienna's leading ATX index suffered even more strongly, plunging 38.9%. One of the arguments put forward for this development is the significant exposure to eastern Europe of the companies listed in Vienna. By comparison, the 22.2% decrease in the DOW JONES EURO STOXX UTILITIES industry index, relevant for Burgenland Holding, was less pronounced.

Unfortunately, the shares of Burgenland Holding AG were unable to buck the turbulent development on an international level. At 52.90 euros as of the end of September 2008, it dropped 21.8% in the reporting period. This corresponds to a market capitalisation of currently EUR 159m. At the end of the reporting period, its weighting in the WBI was 0.19%.

## INVESTOR INFORMATION

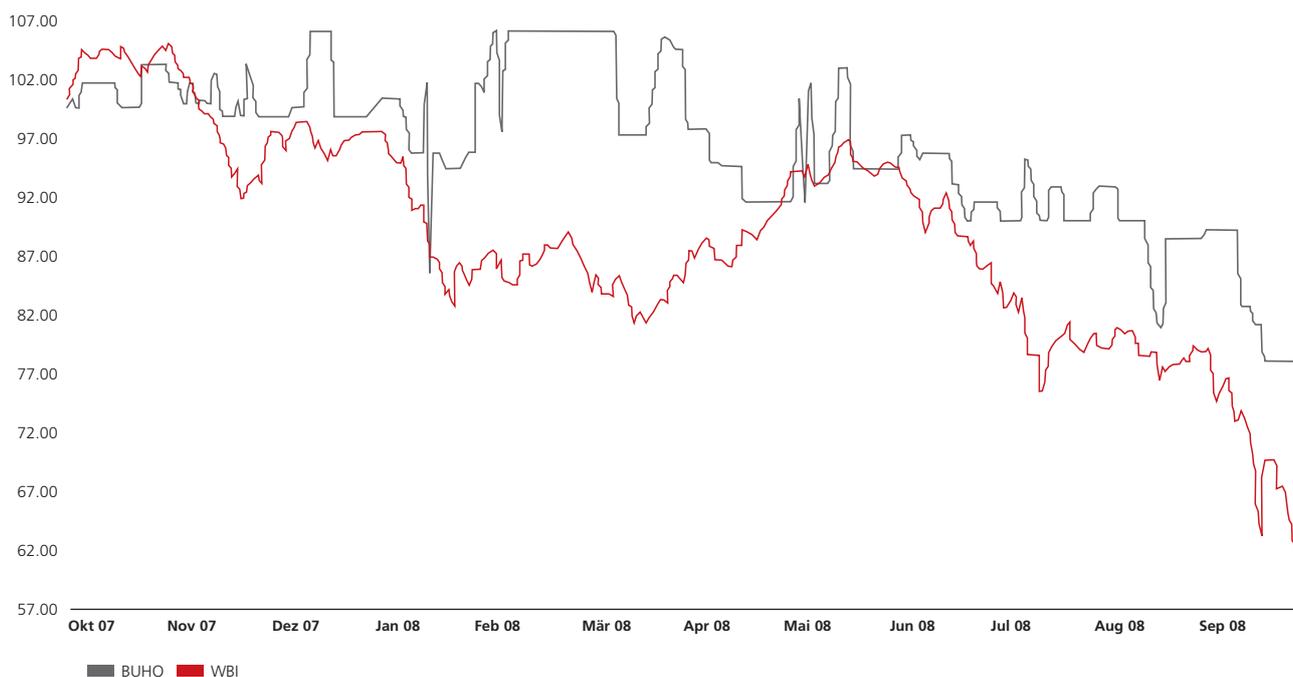
<b>Performance</b>		<b>2007/08</b>	<b>2006/07</b>	<b>2005/06</b>
<b>Average daily volume</b>	No.	37	55	93
<b>Total share volume</b>	EUR m	0.61	0.94	1.34
<b>Share price high</b>	EUR	72.00	72.00	70.00
<b>Share price low</b>	EUR	52.90	59.60	45.05
<b>Share price as of the last trading day in September</b>	EUR	52.90	67.61	67.98
<b>Market capitalisation as of the last trading day in September</b>	EUR m	159	203	204
<b>Weighting in the WBI index as of the last trading day in September</b>	%	0.19	0.13	0.16

## BASIC INFORMATION

<b>Share capital, denomination</b>	EUR 21.81m, 3 individual no-par shares
<b>Majority shareholder</b>	EVN AG
<b>ISIN securities identification number</b>	AT0000640552
<b>Ticker Symbols</b>	BHAV.VI (Reuters); BURG AV (Bloomberg); AT; BHD (Dow Jones)
<b>Listed</b>	Vienna

## SHARE PRICE BURGENLAND HOLDING/WBI (%)

On the basis of September 2007



### Environmental protection

Early on, EVN Group installed a comprehensive environmental management system in order to take into account environmental protection in all its management decisions; Burgenland Holding AG is also integrated in this system. Environmental activities are not conducted within the Company itself, but are carried out by the associated companies BEWAG and BEGAS on the one hand, and EVN Group on the other.

### Branch offices

Burgenland Holding AG does not have any branch offices.

### Risk profile

Due the constant growth of its investments, Burgenland Holding AG continues to keep an increased focus on equity risk. In organising the Group's risk management, management accounting for investments is thus given a special role.

### CORPORATE CALENDAR 2008/09<sup>1)</sup>

<b>Results 1st quarter</b>	February 26, 2009
<b>AGM</b>	March 2, 2009
<b>Ex-dividend date</b>	March 12, 2009
<b>Dividend payout</b>	March 20, 2009
<b>Results first six months</b>	May 29, 2009
<b>Results 3rd quarter</b>	August 28, 2009
<b>Financial Statements 2008/09</b>	December 16, 2009

<sup>1)</sup> preliminary

### Research and development

Like last year, there were no R&D activities at Burgenland Holding AG.

### Outlook

The Company expects the positive performance of our investments to continue and anticipates a similar increase in dividend income.



# 2007/08 FINANCIAL STATEMENTS

## BALANCE SHEET AS OF SEPTEMBER 30, 2008

### ASSETS (COMPARED TO THE PREVIOUS YEAR AS OF SEPTEMBER 30, 2007)

	Sep 30, 2008 EUR	Sep 30, 2007 TEUR
<b>A. Fixed assets</b>		
I. Financial assets		
1. Investments	70,451.755.80	70,451.8
	<b>70,451,755.80</b>	<b>70,451.8</b>
<b>B. Current assets</b>		
I. Accounts receivable and other assets		
1. Receivables from affiliated companies	6,090,000.00	5,350.0
2. Other receivables	64,852.96	30.4
	<b>6,154,852.96</b>	<b>5,380.4</b>
II. Cash at hand and with banks		
1. Cash at banks	29,908.35	27.7
	<b>6,184,761.31</b>	<b>5,408.0</b>
<b>C. Prepaid expenses and deferred charges</b>	<b>1,571.64</b>	<b>1.6</b>
	<b>76,638,088.75</b>	<b>75,861.4</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY (COMPARED TO THE PREVIOUS YEAR AS OF SEPTEMBER 30, 2007)

	Sep 30, 2008 EUR	Sep 30, 2007 TEUR
<b>A. Shareholders' equity</b>		
I. Share capital	<b>21,810,000.00</b>	<b>21,810.0</b>
II. Capital reserves		
1. Committed reserves	<b>43,676,373.33</b>	<b>43,676.4</b>
III. Retained earnings		
1. Other reserves (free reserves)	<b>4,680,000.00</b>	<b>4,600.0</b>
IV. Net profit	6,455,250.22	5,708.6
Thereof profit carry-forward	8,623.72	4.4
	<b>76,621,623.55</b>	<b>75,795.0</b>
<b>B. Provisions</b>		
I. Tax provisions	875.00	0.9
II. Other provisions	14,375.17	14.5
	<b>15,250.17</b>	<b>15.4</b>
<b>C. Liabilities</b>		
I. Trade accounts payable	0.00	0.4
II. Liabilities to affiliated companies	1,215.03	50.6
	<b>1,215.03</b>	<b>51.0</b>
	<b>76,638,088.75</b>	<b>75,861.4</b>

## DEVELOPMENT OF FIXED ASSETS

### FIXED ASSET SCHEDULE

EUR	Acquisition cost Oct 1, 2007	Additions	Disposals	Reclassification
<b>I. Financial assets</b>				
Investments	70,451,755.80	0.00	0.00	0.00
<b>Total I</b>	<b>70,451,755.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Fixed assets – total</b>	<b>70,451,755.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## INCOME STATEMENT

### OCTOBER 1, 2007 TO SEPTEMBER 30, 2008

(PERIOD OF COMPARISON: OCTOBER 1, 2006 TO SEPTEMBER 30, 2007)

	2007/08 EUR	2006/07 TEUR
1. Other operating income:		
a) Others	71.12	0.1
2. Other operating expenses:		
a) Taxes	-614.00	-0.4
b) Others	-205,425.84	-209.9
	<b>-206,039.84</b>	<b>-210.2</b>
<b>3. Total 1 to 2 (operating result)</b>	<b>-205,968.72</b>	<b>-210.1</b>
4. Investment income	6,484,520.46	6,083.4
From affiliated companies EUR 0.00; prev.yr. TEUR 0)		
5. Other interest and similar income	251,574.76	174.5
From affiliated companies EUR 249,313.50; prev.yr. TEUR 173.8)		
<b>6. Total 4 to 6 (financial result)</b>	<b>6,736,095.22</b>	<b>6,257.9</b>
<b>7. Pre-tax profit</b>	<b>6,530,126.50</b>	<b>6,047.7</b>
8. Taxes on income	-3,500.00	-3.5
<b>9. Net income</b>	<b>6,526,626.50</b>	<b>6,044.2</b>
10. Transfer to retained earnings	-80,000.00	-340.0
11. Profit carry-forward	8,623.72	4.4
<b>12. Net profit</b>	<b>6,455,250.22</b>	<b>5,708.6</b>

Acquisition cost Sep 30, 2008	Value adjustments Sep 30, 2008	Net book value Sep 30, 2008	Net book value Sep 30, 2007	Depreciation 2006/07
70,451,755.80	0.00	70,451,755.80	70,451,755.80	0.00
<b>70,451,755.80</b>	<b>0.00</b>	<b>70,451,755.80</b>	<b>70,451,755.80</b>	<b>0.00</b>
<b>70,451,755.80</b>	<b>0.00</b>	<b>70,451,755.80</b>	<b>70,451,755.80</b>	<b>0.00</b>

## NOTES

### GENERAL REMARKS

#### General accounting principles

The financial statements were prepared in accordance with GAAP as well as the general principle of presenting a true and fair view of the company's asset, financial, and income situations. In preparing the financial statements, the principle of completeness was observed. Individual valuation and going-concern principles were applied in valuing individual assets and liabilities. The principle of conservatism was taken into account by showing only those profits which had been realized as of the balance-sheet date. All potential risks and impending losses were duly recognized. The Company is a group company under § 15 AktG (Austrian Corporation Act), and as an affiliated company belongs to the reporting entity of EVN AG, Maria Enzersdorf, pursuant to § 244 UGB (Austrian Commercial Code).

#### Fixed assets

The financial assets were valued at acquisition cost.

#### Receivables and other assets

Receivables and other assets were valued at face value. Foreign exchange receivables were valued at the lower of exchange rate on the date they accrued or exchange rate on the balance-sheet date. In case individual risks were recognized, the lower value was entered.

#### Provisions

In accordance with the principle of conservatism, the provisions contain all risks recognized at the time of preparing the balance sheet as well as all contingent liabilities at those amounts which are required under due diligence.

#### Liabilities

Liabilities were valued at the amount to be repaid.

# NOTES TO THE BALANCE SHEET

## FIXED ASSETS

### Development

The development of the individual items under fixed assets and the breakdown of annual depreciation by individual items are shown in the fixed-asset schedule as an attachment to the notes.

### INVESTMENTS

<b>Name and Registered Office</b>	<b>Total Stake %</b>	<b>Shareholders' equity (under § 224 (3) UGB) TEUR</b>	<b>Net income TEUR</b>	<b>As of</b>
<b>BEWAG</b> RO: Eisenstadt	49.00	201,067.2	21,416.7	Sep 30, 07
<b>BEGAS</b> RO: Eisenstadt	49.00	72,140.2	5,494.4	Sep 30, 07
<b>Wiener Börse AG</b> RO: Vienna	0.88	98,300.2	40,006.0	Dec 31, 07

### RECEIVABLES AND OTHER ASSETS

<b>Breakdown</b> (Figures for previous year in parentheses)	<b>According to balance sheet TEUR</b>	<b>Those with remaining maturity of 1 year TEUR</b>	<b>Those evidenced by b/e TEUR</b>	<b>Lump-sum adjustment TEUR</b>
<b>Receivables from affiliated companies</b>	6,090.0 (5,350.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
<b>Other receivables and assets</b>	64.8 (30.4)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
<b>Current year – total</b>	6,154.8	0.0	0.0	0.0
<b>Previous year – total</b>	(5,380.4)	(0.0)	(0.0)	(0.0)

The receivables from affiliated companies cover exclusively receivables from finance activities.

The accruals amounting to EUR 1,571.64 (prev.yr. TEUR 1.6) are made up exclusively of other deferred charges.

# MANDATORY DISCLOSURE FOR STOCK CORPORATIONS

The Company's share capital was reorganized following a resolution of the Tenth Annual General Meeting on July 7, 1999, and now amounts to EUR 21.81m, broken down into 3 million individual bearer shares..

## Provisions

Other provisions are composed as follows:

Item	As of Sep 30, 2008 TEUR	As of Sep 30, 2007 TEUR
Supervisory board reimbursement	8.8	9.4
Audit and legal counsel	5.6	5.1

## LIABILITIES

Breakdown (Figures for previous year in parentheses)	According to balance sheet TEUR	Those with remaining maturity of 1 year TEUR	Those with remaining more than 1 year TEUR
Trade accounts payable	0.0 (0.4)	0.0 (0.4)	0.0 (0.0)
Payables due to affiliated companies	1.2 (50.6)	1.2 (50.6)	0.0 (0.0)
Current year – total	1.2	1.2	0.0
Previous year – total	(51.0)	(51.0)	(0.0)

The payables due to affiliated companies are made up exclusively of trade accounts payable.

## NOTES TO THE INCOME STATEMENT

The income statement was prepared in accordance with the total expenditure format.

### Investment income

Income investment comprises dividend payouts of BEWAG for the 2006/07 business year in the amount of EUR 5,394,593.46 (previous year: TEUR 5,298.5), of BEGAS for the 2006/07 business year 7 in the amount of EUR 912,157.00 (py: TEUR 729.7), and of Wiener Börse AG for the 2006 business year in the amount of EUR 177,770.00 (py: TEUR 55.2).

### Taxes on income

The item "Income taxes" shows the minimum corporation tax of EUR 3,500.00 (prev. yr: TEUR 3.5).



## OTHER INFORMATION

### Corporate bodies and employees

In the business year under review, the following persons were members of the management board:

Günther Ofner, Eisenstadt  
Michael Gerbavits, Sulz (until February 25, 2008)  
Nikolaus Sauer, Eisenstadt (from February 25, 2008)

Expenses for the members of the management board amounted to EUR 2,834.26 for the reporting period (prev.yr.: TEUR 0.8).

In the business year under review, the following persons were members of the supervisory board:

Leopold Buchmayer (Chairman)  
Peter Layr (Vice Chairman)  
Michael Amerer  
Burkhard Hofer  
Josef Kaltenbacher  
Michael Obentraut  
Werner Perz  
Felix Sawerthal  
Gerold Stagl

The members of the supervisory board received compensation in the amount of TEUR 12.9 (prev.yr.: TEUR 12.5). The Company does not have employees.

### Other remarks

The Company is a group company under §15 AktG (Austrian Corporation Act), and as an affiliated company belongs to the reporting entity of EVN AG, Maria Enzersdorf, pursuant to §244 UGB (Austrian Commercial Code).

Eisenstadt, October 12, 2008

Management Board



Günther Ofner



Nikolaus Sauer

## REPORT OF THE SUPERVISORY BOARD

The supervisory board has fulfilled all relevant obligations by law and under the Company's by-laws.

The management board provided continuous information on the state of affairs and the Company's economic situation.

The financial statements including the relevant notes were audited by KPMG Burgenland Wirtschaftstreuhand Gesellschaft mbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, which provided a written report of the audit and conferred its unqualified opinion.

The supervisory board has approved the financial statements and relevant notes presented by the management board and has agreed to the management board's recom-

mendation concerning the application of profits. Therefore, the financial statements as of September 30, 2008, are deemed completed pursuant to §125 para 2 Corporation Act (AktG).

In conclusion, the supervisory board would like to express its gratefulness to the management board for its efforts in the 2007/08 business year.

Eisenstadt, December 15, 2008

On behalf of the supervisory board

The Chairman  
Leopold Buchmayer





## EXTRACT FROM THE AUDITOR'S REPORT

We have audited the enclosed annual financial statements of Burgenland Holding Aktiengesellschaft, Eisenstadt, for the business year from October 1, 2007, to September 30, 2008, including accounting procedures. Accounting procedures, preparation and content of these financial statements as well as the management report in accordance with the regulations of the Austrian Commercial Code are the responsibility of the duly authorized representatives of the company. Our responsibility is to express an opinion on these financial statements based on our audits and a statement as to whether the management report is in accordance with the financial statements.

We conducted our audits in accordance with applicable Austrian law and generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misrepresentation and whether it is possible to determine if the management report is in accordance with the financial statements. In determining auditing procedures, familiarity with business activities and the economic and the legal environment of the company as well as expectations concerning possible errors are taken into account. The audit includes evaluating, on the basis of random sampling, evidence supporting the amounts and disclosures in accounting procedures and the financial statements. It further includes assessing the accounting princi-

ples used and the significant estimates made by the duly authorized representatives, as well as evaluating the overall financial statement presentation. We are satisfied that our audit represents a sufficiently sound basis for our audit opinion.

Our audit has not resulted in any objections. Based on the findings of the audit, we conclude that the financial statements are in compliance with legal regulations and present a true and fair view of the company's assets, liabilities, financial position, and profit or loss in conformity with generally accepted accounting principles. The Management Report is consistent with the Financial Statements.

Vienna, October 15, 2008

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Rainer Hassler  
ppa MMag. Angelika Vogler  
Auditor and Tax Consultant

## PROPOSED DISTRIBUTION OF PROFITS

The management board proposes the distribution of a dividend of EUR 2.15 per share, totalling EUR 6,450,000.00,

from the net profit amounting to EUR 6,455,250.22 and carrying forward the remainder of EUR 5,250.22.

## STATEMENT OF THE MANAGEMENT BOARD ON THE ANNUAL FINANCIAL REPORT

pursuant to §82 para (4) fig 3 Stock Market Act

The Management Board of Burgenland Holding AG confirms

that the Financial Statements drawn up in conformity with the relevant accounting standards present a true and fair view of the company's assets, liabilities, financial position, and profit or loss;

that the Management Report represents the Company's performance, profit and situation in such a manner as to create a true and fair view of the company's asset, financial, and income situations, and that the major risks and uncertainties are described.

Eisenstadt, December 16, 2008  
Burgenland Holding AG

Management Board



Günther Ofner  
Member of the Management Board



Nikolaus Sauer  
Member of the Management Board

**BURGENLAND HOLDING AG**

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