

# FACTS & FIGURES

FOR THE 2011 FINANCIAL YEAR





# Facts & Figures

## Forest/timber

The Forest/Timber business division developed well during 2011. Despite difficult general conditions at first, demand rose during the first half-year followed by the timber prices. This positive price trend led to higher total output of € 156.2 million than in the previous year (2010: € 150.2 million) despite the lower volume of timber harvested (= felling). Felling during 2011 amounted to 1,520,000 solid cubic metres (2010: 1,704,000 solid cubic metres). The additional utilisation of recent years due to windfall necessitates a continuous reduction in the quantities harvested in order to regain the sustainable harvesting target. The proportion of damaged wood has diminished steeply and, at a total volume of 749 harvested solid cubic metres reduced from 1,520 harvested solid cubic metres, the proportion in 2011 again dropped below 50% after 10 years. The new timber harvesting system must be praised. The objective was to optimize the procedures, structures and costs of timber harvesting. Despite adverse production conditions, the costs of timber harvesting came to € 24.8/solid cubic metre, a reduction of € 2.3/solid cubic metre from the previous year's value. This is mainly due to improvements in almost all the technologies involved.



PHOTO: ÖBf/J. GRÖBER

## Forest management

The intensive programme of afforestation during the past two years has continued in order to restock the open spaces which have arisen due to windfall and bark beetle damage. In total, 3.2 million trees were planted using 34 different species. The main coniferous species were spruce, larch, Douglas fir and pine. Larch made up 34% as it is particularly good at withstanding high winds. The main deciduous species planted were maple and alder. Beech, as the commonest deciduous species in Austria, is found to be regenerating naturally and does not need to be planted. In many places the young trees need protection against browsing. For this reason measures were taken to provide protection from browsing on 5,469 hectares. It mainly involves protecting the young terminal shoots. In several

The newly assigned timber harvesting specialists and managers ensured that knowledge was exchanged throughout the operation and in close collaboration with the teams of forest rangers facilitated a central build-up of skills. The new timber sales structure developed well: as of 1st January 2011 sales throughout the enterprise were combined and put in the hands of central timber salespeople. The portfolio of customers was increased while taking account of regions and ensuring short transport distances, and as well as the existing regular and major customers of many years' standing, the clientele now includes regional small and medium-sized enterprises as well. Forestry work was also affected by change: the two forestry work and technology companies at Steinkogl and St. Johann merged as of 1st January 2011. During the first year of operation a total of 98 km of forest roads were built, around 1,200 km roads and tracks were maintained, 612,000 solid cubic metres of timber were harvested and 561,000 tipped cubic metres of biomass was logged for the Wien Energie Bundesforste Biomasse power station in the Simmering district of Vienna. The forestry work and technology unit of Bundesforste is located at the Ebensee/Steinkogl site and employs an average of 250 staff throughout the year.

cases, entire areas were fenced in to enable afforestation measures to be carried out. To ensure the further development of stability and quality among the forests, care of young stands and first thinning are particularly important - these were carried out on 3,459 and 3,006 hectares respectively during 2011. These activities reduced the number of trees per area and the growth increment was concentrated on high-quality trunks. This should significantly improve the value production and stability of forests.

Forest management measures 2011	Costs in million €	Area in ha
Planting	3.2	1,758
Care of young trees (= young stand tending)	1.2	2,692
Protection against game	0.9	5,598
Protection from grazing cattle	0.2	1,982
Management of young forest (= care of saplings)	2.6	3,459
Preventing beetle infestation	4.4	-
Other <sup>1</sup>	0.7	749
Initial thinning	-	3,006
<b>Total expenditure</b>	<b>13.2</b>	

1) Combating old man's bear (*Clematis vitalba*), pruning, fertilizing etc

## Exploitation of ÖBf timber 2011

Solid wood<sup>1</sup>, measured, in 1,000 harvested solid cubic metres

	Deciduous	Coniferous	Total
Saw logs	25	785	810
Industrial timber	113	306	419
Energy wood <sup>2</sup>	22	74	96
Other <sup>3</sup>	106	89	195
<b>Total</b>	<b>266</b>	<b>1,254</b>	<b>1,520</b>

1) Solid wood = timber of more than 7 cm diameter

2) Timber biomass

3) Other logs, fuelwood and mixed lots

## Development of the harvested timber volume 2001 – 2011

Solid wood<sup>1</sup>, measured, in 1,000 harvested solid cubic metres

Year	Thinning	Harvesting of mature timber	Total harvested volume	Of which, damaged wood
2001	569	1,279	1,848	415
2002	587	1,344	1,931	438
2003	504	1,984	2,488	1,987
2004	449	1,570	2,019	1,229
2005	406	1,532	1,938	1,212
2006	477	1,308	1,785	1,138
2007	519	1,831	2,350	2,044
2008	594	1,917	2,511	2,322
2009	496	1,658	2,154	1,861
2010	426	1,278	1,704	1,279
<b>2011</b>	<b>467</b>	<b>1,054</b>	<b>1,520<sup>2</sup></b>	<b>749</b>

1) Timber of more than 7 cm diameter

2) Excl. other timber 105,000 harvested solid cubic metres

## Composition of the timber harvest volumes (= felling)

Measured by various criteria, solid wood, in 1,000 harvested solid cubic metres

	2010	Change in %	2011
<b>Type of sale/production</b>			
Direct labour <sup>1</sup>	1,328	-10.7	1,186
Stumpage sales	112	-8.9	102
Levy to beneficiaries of forest utilisation rights	218	-9.6	197
Other <sup>2</sup>	46	-21.7	36
<b>Type of timber</b>			
Deciduous	218	22.0	266
Coniferous	1,486	-15.6	1,254
<b>Type of use</b>			
Thinning operations (= previous use)	426	9.6	467
Harvesting of mature timber (= end use)	1,278	-17.5	1,054
<b>Operating class</b>			
Commercial forest	1,455	-12.9	1,267
Protected forest	247	-36.0	158
<b>Total volume</b>	<b>1,704</b>	<b>-10.7</b>	<b>1,520</b>

1) Production by ÖBf employees, forestry work and technology, logging companies and farmers

2) Remaining at the woodland site, free allowances in kind etc.

## Hunting

With a total operating performance of € 17.6 million, the business area of hunting developed as planned during 2011. In total there are around 1,700 hunting licences (shooting, stalking and lease) on 857,000 hectares of ÖBf hunting area. In Lower Austria and Carinthia the 2011 lease period came to an end and the hunting grounds were put out to tender again, with two-thirds again being allocated to regular customers. The impact of game on the forest remained under close scrutiny. It is assessed by observing terminal bud browsing (= browsing by deer on the leading shoots of young trees) and monitoring bark peeling (= peeling of tree bark by deer). According to the Austrian forest inventory (ÖWI) by the Bundesforschungszentrum für Wald, Naturgefahren und Landschaft (BFW), the proportion of freshly peeled trees in the ÖBf forests has risen from 10.4% to 11.3%. ÖBf's own investigations reveal major differences between

individual regions. Terminal bud browsing also increased slightly in 2011. Sustainable game management is therefore still the focus. Bundesforste related its experience of the impact of lead-free ammunition at a meeting of the Carinthian hunting group held at Schloss Mageregg with a paper enquiring whether the future was lead-free (entitled "Bleifrei ist die Zukunft?").

On this question ÖBf carried out practical tests during 2011 with scientific support from the institute of game biology and hunting management of the University of Applied Life Sciences and Natural Resources at test shooting areas with roe-deer, red deer and wild boar. In the Pinzgau the habitat networking project for the protection of the capercaillie continued and an additional study was made to assess habitats for which there are no forest data. Experts in the field and representatives of interest groups met for the "ÖBf hunting forum" in Purkersdorf and discussed the issue of hunting ethics and their fitness for the



PHOTO: ÖBf/W. GALLBERGER

future ("Zukunftsfähige Jagdethik") against the background of sustainable utilisation for hunting and the claims of an urbanized society. At internal seminars, not just numerous employees but also ÖBf hunting customers received further training and increased their knowledge of hunting and ecology by reference to issues of forest and game management, game feeding, game diseases and damage caused by game.

## Fisheries

The Vorderer Lahngangsee, a natural jewel of a lake which is located in the midst of the Styrian Salzkammergut, is after decades once again under Bundesforste management. The present fish stocks of char, lake trout and minnows are maintained carefully and sustainably and only those quantities are taken which will be replenished through natural regeneration. For a person who wants to experience the impressive backdrop of mountain lakes it is now for the first time possible to go on guided fishing tours with overnight stays in the fishing lodge located right by the lake – a unique experience of nature and fishing in the Alps. For several years, originality and top quality have been a successful recipe for the "WILDFANG" brand of wild, unfed edible fish from natural ÖBf waters. As demand for the original natural fish far exceeds the available natural resources, Bundesforste has developed a new product line: "WILDKULTUR", a high-quality edible fish which comes very close to the quality of the wild fish, but can be supplied in larger quantities. Those who love eating fish will enjoy the newly built restaurant "Zur Fischerin" which is located directly adjacent to the ÖBf fish farm in Pichl-Kainisch. Bundesforste has built a modern wooden structure

to accommodate about 25 people on ÖBf land, which was executed by the ÖBf forestry work and technology unit Forsttechnik Steinkogl. This location has a (fishing) tradition: even as early as 2001, when Bundesforste took over the existing fish farming operation, there was a successful fish restaurant on the top floor of the main building. After a construction period of only two and a half months the "Zur Fischerin" opened for business just before Christmas. The development of the fish stocks in running waters was highly restricted by rapidly spreading fish-eating mammals such as the common otter and birds (goosander and cormorant). In some streams and small rivers the stocks of indigenous river trout and grayling were sharply reduced. A lack of natural aquatic structures and shelters for fish is likely to increase this effect.



PHOTO: ÖBf



PHOTO: ÖBf/W. SIMLINGER

## Real estate

Contributing a 16% share of total output, equivalent to € 35.6 million, Real Estate is the second most important pillar after the core Forest/Timber business division. Adjusted to allow for one-off effects, total output increased in 2011 and despite the loss of a major customer and a decrease in the mineral resources business area, a positive result was achieved during the second half of the year. In addition to rental and leasing, the building lease strategy has proven a guarantee of success: revenue from building rights rose once again by almost 20% from the previous year and 332 building rights will be in place by the end of the year. Most holders of such leases are builders of private housing and the largest customers are housing cooperatives, for which the capital-protecting building lease ideally suits the construction of social housing. The company Salzburg Wohnbau GmbH will itself be constructing 70 dwellings with subterranean garages

on a leased Bundesforste plot in Schwarzach. The Red Cross as well is exploiting a lease granted by ÖBf to construct a new control centre with dwellings in Saalbach-Hinterglemm. For the first time a leasing agreement has also been issued to a hotel operator. The company recorded growth of 10% on almost € 6.0 million revenue in its lakes management – Bundesforste manages 74 larger Austrian lakes and is therefore the largest lake management operation. The transfer of two Tyrolean mountain peaks from Bundesimmobiliengesellschaft (BIG) to ÖBf caused newspaper headlines. They are to remain in the Republic's ownership and stay open to the public like the two bathing areas on the Wörthersee which Asfinag transferred to the management of Bundesforste. In collaboration with local authorities, associations and tourism associations, ÖBf looks after numerous other recreational areas. In 2011, these areas included 14,000 km of hiking paths, 2,100 km of mountain bike routes and 600 km of horse-riding paths. In Upper Austria the mountain biking network was extended to 636 km. Increasing investments were also made in 2011 to maintain buildings and improve energy efficiency. As part of an energy conservation programme, the former headquarters of Bundesforste, an office building in Marxergasse, Vienna, were fitted with thermal insulation windows suitable for installation in listed buildings.





PHOTO: ÖBF/W. VOGLHUBER

## Forestry Services

For the Forestry Services profit centres the year 2011 was a year of growth and the newly created “forest management” unit developed superbly. Three new “European Tree Workers”, certified according to international standards, were taken on and have now increased the forest management team. Two further specialists completed a training to be tree surveyors, in order to allow the high demand in this area to be covered. In the first year over 20,000 trees were surveyed for various clients such as local authorities, property managers, businesses and private individuals and measures were carried out in the residential sector for their care, maintenance or felling. In the case of forest management for private individuals, the forest area belong to around 30 customers with business sizes ranging from 1 to 2,500 hectares has risen to a total 11,500 hectares. For the first time an ÖBf forest ranger has been tasked exclusively to deal with areas of forest owned by private individuals. In the “forestry consultancy” segment there was strong demand for forestry facilities complying with ÖBf standards revealing a clear acknowledgement of a technically sound and practice-oriented method of working. Technical and ecological know-how are also demanded in the planning of tourism projects in the natural environment and forest infrastructure. About 20 major projects in the tourism industry alone within Salzburg and over 60 forest access projects throughout Austria

require work of the highest standard and a dense network of experts and decision-makers. To construct the new “Superpipe” – an attraction for freestyle specialists in Flachauwinkl and, at around 160 metres in length, one of the largest of its kind in Europe – the ÖBf service providers did the technical planning and together with ÖBf’s ecosystem management took charge of supervising the ecological construction aspects. In numerous ski areas such as Gastein, Wagrain, Saalbach, Hochkönig or Kleinarl-Flachauwinkl ÖBf plays a significant role in the planning and implementation of ski piste extensions, improving convenience and constructing climbing aids and storage ponds. The planning of an access route for the Alpine Centre in Kitzsteinhorn presented a special challenge: a 3.6 km long route suitable for carrying trucks routed through the most difficult high-alpine terrain from 1,900 to 2,500 metres above sea level.

## Protection of nature & ecosystem management

In addition to cooperating with nature conservation agencies and contractual conservation in protected areas, ÖBf undertook over 830 further voluntary nature conservation measures in 2011 to preserve rare or endangered species and habitats. The biggest share of measures, at 31%, fell to the species and habitat protection segment, including for example the maintenance of ecologically valuable meadows or bird protection measures. Just 200 activities (24%) are found in the forest and dead timber management segment such as the leaving of biotope, old and dead wood in the forest as irreplaceable habitat for animal and plant species. The activities within the management of bodies of water and wetlands segment, above all the renaturalization of moors and wetland biotopes, just as the segment “nature adventure projects/environmental education” (21%) with numerous forest and nature guided tours in all operations, above all in the protected areas were built up more strongly than in the previous year with 115 measures (14%). A further 10% fell to project work and research. The company-wide ecosystem management was expanded as part of the “Horizon 2020” sustainability concept. In federal provinces with a high proportion of ÖBf districts, additional ecosystem management specialists are strengthening the operations. Numerous natural environment projects were implemented, two of which were as a “rural development project”: the development of an alien species strategy in the Biosphärenpark Wienerwald, together with the

Austrian Environment Agency and the company Biosphärenpark Wienerwald Gesellschaft, and the renaturalization of upland moor in the Salzkammergut in collaboration with the province of Upper Austria. The state of over 70 upland moors, situated between 600 and 2,000 metres above sea level, was surveyed, analysed and measures were developed for renaturalization. In “Wild.Live!”, a company-wide nature and environmental training programme was developed which sets uniform training standards for ÖBf nature walks. The number of ÖBf guided trips was increased by 20% to 13,000 individuals. Collaboration with nature conservation organisations such as the WWF, Naturschutzbund, Naturfreunde or Birdlife on focal issues such as “wilderness”, “ecologically-oriented agricultural management” or “habitat networking” also continued during 2011.



PHOTO: ÖBF/W. SIMLINGER

## Consultancy work

The consultancy business area which is oriented to international consultancy work has grown steadily during recent years and also shows welcome results for 2011. In recent years ÖBf advisers have gained an excellent reputation on protected area projects, development or organisations and in particular on global climate protection projects. ÖBf together with project partners is thus leading a project to reform the forestry sector in Kosovo. Ranging from the development of forestry institutions via forest infrastructure to the management of protected areas and hunting tourism, the forestry sector is to be brought up to EU standards. The project volume is € 3 million and is set to run for two years, while the ÖBf consultants were booked for a total of 1,400 man-days in Kosovo. Cross-border coordination is at the core of the Kavango Zambezi Transfrontier Conservation Area (KAZA), a cross-border protected area of the countries Angola, Zambia, Zimbabwe, Botswana and Namibia, which is being developed into a shared tourist region and is being advised by ÖBf consultants. A unique project has been created in conjunction with the Federal Ministry of Agriculture, Forestry, Environment and Water Management, the WWF and the Zotter chocolate factory proprietor who created the “Piece of Forest” chocolate for the Year of the Tree. This REDD project (“Reducing Emissions from Deforestation and Degradation”) is providing support to the Xe Pian National Park in Laos. The aim is to maintain valuable forests and avoid CO<sub>2</sub> emissions caused by deforestation. Forest know-how and forest management plans comes from Bundesforsten. In Mexico and Indonesia ÖBf is working on two climate protection projects and is responsible for the forestry portion. Other projects are being handled in Belarus, Ukraine, Romania, Bulgaria, Turkey and Montenegro as well as in Costa Rica, Uganda and the Philippines.

## Renewable Energy

As of 1st January 2011, the Renewable Energy business area was removed from the previous business area of “real estate-tourism-water” and became established alongside Forest/Timber, Real Estate and Services as the fourth business pillar of Bundesforste. As a nature conservation and sustainability company, Bundesforste supports the recovery of energy from natural resources and is strengthening its commitment to ecological electricity generation. Building up on the previous operations, one focal point is the development of small hydroelectric power plants. With the power plant constructed jointly by Salzburg AG, Achen Kraftwerke AG and ÖBf AG in Dienten, the fourth small hydroelectric power plant of Bundesforste opened in August 2011. Unlike almost all other hydroelectricity operators, as an entity managing the natural environment and lakes Bundesforste is extremely familiar with aquatic ecosystems. Further ecologically sound small hydroelectric power plants are being planned. As regards wind energy, ÖBf intends to increase its commitment. Potential sites are continuously being checked and secured. Bundesforste commissioned a photovoltaics pilot project at the operating site of the forestry unit Oberinntal in Hall in Tyrol. The operating building was fitted with solar panels and the plant went into operation in November 2011. The power generated covers the annual demand of the office building

which accommodates about 20 workplaces, and the surplus is fed into the local grid. Special training in photovoltaics was given to all the real estate specialists of Bundesforste at the 1st Photovoltaics Day at the Solar Campus of Energie AG Oberösterreich. They spent a day being demonstrated the potentials and prospects of solar technology in specialist lectures and the potential applications for ÖBf buildings were discussed. The special training event was rounded off with a guided tour around the campus in Eberstalzell, which is currently the largest and most modern solar power plant in Austria.



PHOTO: ÖBf/WILDBILD

## Climate protection

The work on the strategic bundling of ÖBf activities in the area of climate protection progressed successfully during 2011. Relying on its in-house expertise, Bundesforste – for the first time in the Austrian forestry sector – set up a comprehensive climate protection strategy which is aligned to match the Kyoto commitment period 2013–2017 and whose implementation is set to commence during the current financial year. The targets which are formulated in qualitative as well as quantitative terms are to benefit from a broad range of measures which are spread between three main pillars: firstly, the continuation of sustainable forestry which is adapted to take account of climate change, secondly, the reduction of emissions from current business and, thirdly, the participation in international forestry climate protection projects. The basis of ÖBf climate protection strategy is taken from the climate protection audits for the years 2009 and 2010 which were prepared to international standards and verified externally. They involved recording CO<sub>2</sub> emissions and CO<sub>2</sub> sinks by carrying out the sustainable management of forests. For 2010, there were emissions of 26,900 tonnes CO<sub>2</sub>, produced in timber harvesting, timber transport, employee mobility and real estate energy supplies, which contrasted with a net sink of 1,372,100 tonnes CO<sub>2</sub> – some 50 times greater. Of

this quantity, 1,370,400 tonnes – the total of increment and logging – are accounted for by sustainable forest management and the remaining sink capacity is provided by non-forested areas and renaturalized moors. Using the annual updates of its climate protection audit, ÖBf is able to verify the level of goal achievement and identify possible needs for adjustment of the measures being applied.



PHOTO: ÖBf/F. PRITZ

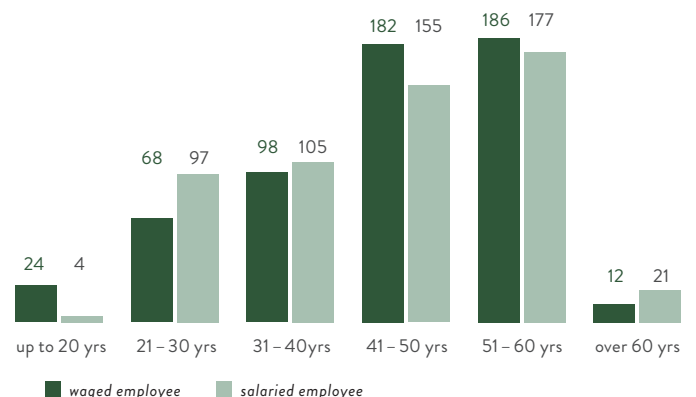
## Creative Industries

Last year the natural environment again offered a unique backdrop for films, photography or television. With around 180 filming and recording days and dozens of events taking place on ÖBf land, the new “creative industries” business area developed promisingly. The filming by Marlen Haushofer of “Die Wand” on Bundesforste land in the Salzkammergut was awarded a prize by the Ecumenical Jury at the 62nd Biennale. Glacier regions such as the Stubai or Hintertuxer Glaciers were again particularly popular for photo shoots by branded article manufacturers and such like during 2011. Cultural and sports events were held in numerous ÖBf areas and ranged from beach volleyball, mountain-biking and ski races to marathons and triathlons. A prominent example: the (in)famous steep slope of the Hahnenkamm race on the “Streif” in Kitzbühel is located in an ÖBf area.

## Employees

### Age pyramid

Total 570 waged employees and 559 salaried employees, not including employees in the leave-of-absence phase of progressive retirement, including 14 waged-employee and 4 salaried-employee apprentices.  
Data as of 31.12.2011.





## Company health initiatives

“ÖBfit”, the company health initiative programme, entered the fifth and final year of the project. The project which has run since 2007 concerned consciousness-building, motivation to adopt behaviour which promotes health and, above all, activities which support the improvement of work processes and collaboration between management personnel and employees and which make a positive contribution to the corporate culture. In total, 11 ÖBf operations have already received the quality seal of the Company Health Initiatives Network. The project is being promoted by funds from the Fonds Gesundes Österreich (FGÖ).



## Employee health and safety

Protective equipment, work clothing and regular safety training is indispensable for people who work in dangerous occupations. During the year under review, the main focus was on practical trials of functional shirts with good wearing characteristics and lightweight work jackets and high-visibility jackets with new, modern materials that ensure better visibility in the forest. Numerous details of the high-vis jackets have been improved and have formed part of the standard equipment of forestry workers since 2012. The expenditure on personal safety gear and work clothing totalled around € 307,000, or € 496 per employee, in 2011. Overall during 2011 there were 81 notifiable occupational accidents, one of which was unfortunately a fatal accident during road maintenance. The accident rate (accidents per 100 employees) is 6.88 and for the first time it is below 7. This represents the lowest figure since the start of systematic accident analysis in 1981. Accident frequency (accidents per million working hours) diminished during 2011 from 36.14 (2010) to 33.10 accidents per million working hours, corresponding to a reduction of around 9%. The seriousness of

accidents (absentee hours per accident) dropped from 191 to 171 hours, a fall of around 10%, and so is once again well below the long-term average of 199 hours. In this connection, the fall in forestry and technology accidents is notable. In this segment the absentee days through accidents decreased by over one third and their seriousness reduced by over 20%. The number of days off sick per person employed over a full year rose to 9.6 during 2011 (2010: 8.9).



PHOTO: ÖBf/F. PRITZ

## Equality report

Under the Equal Treatment Act an income report was prepared in 2011 for the first time. According to it, the collective pay agreements contain modern, requirements-oriented wage and salary clauses which represent a good prerequisite for the equal treatment of all employees. Women continue to be underrepresented in more senior roles, particularly the executive functions. Forestry college and studies are still dominated by male students, which proves disadvantageous in terms of recruiting young female employees. Traditionally, and typical of the sector, a high proportion of women tend to be in the lower-income function groups. The overall income of women is still lower than that of men, particularly because the proportion of women has increased in recent years, especially in the middle salaried employee roles, and so women's salaries tend to be starting salaries. This effect is reinforced again by the age structure and subsequent effects arising from earlier systems of pay. The results of the report are being channelled into the implementation of the findings of a company-wide project concerning equality of opportunities.

## Training and development

The ÖBf training programme for 2011 included more than 30 educational and training courses, mainly in the technical sector as well as a comprehensive offering for corporate and management culture. For example, the seminar on the experience of habitat management entitled “Gelebtes Naturraummanagement” offered a cross-company insight into the practical side of natural environment and nature conservation projects and provided the opportunity for an exchange of experiences. An extensive image of the timber harvesting process was offered to new assistant rangers, forest rangers and specialists as well as being depicted on the internal computerized systems. All

new employees who travel on business by car were given a training in driving techniques and all employees who operate out on the terrain are given basic training in safety when working out in the terrain. The content of this training ranged from responsible behaviour in general via the recognition of dangers and correct movement in the terrain, conduct in the case of accidents to first-aid measures. For further development and to foster the corporate and management culture, numerous seminars, coaching events, workshops and team-building measures were organised. The number of training days per employee during 2011 rose from 4.0 (2010) to 4.3.

## Crisis intervention

For the first time the Austrian Red Cross (ÖRK) is dealing with the psychosocial management of employees and their relatives after potentially traumatic events such as the most serious or fatal (occupational) accidents. This is performed in individual cases via a crisis intervention team from the relevant national federation in whose region the deployment becomes necessary.

# Consolidated management report

## Preliminary remarks

Consolidated financial statements have been prepared for Österreichische Bundesforste AG since financial year 2002. The Group's core business – timber production and business in real estate and services – is conducted by ÖBf AG (parent company). ÖBf AG also plays the principal role as regards the profit and loss contributions for the Group. Therefore the main focus of the direct activities of the parent is also presented. In sections of the text where it is not ÖBf AG itself but the subsidiaries and affiliates which are described, an explicit reference is included.

## Overview of the development of forestry and other areas relevant to ÖBf

The year 2011 was overall a satisfactory year for the forestry sector. The recovery of the general economy which started in 2010 following the difficult economic downturn of the preceding years continued to a large extent in 2011. Towards the end of the year, however, as a result of the debt crisis and the tense situation for public budgets, there were uncertainties concerning the further course of economic development. In this situation it has to be assumed that no lasting or sustainable solution has been found for the structural economic problems and the consequences of the recent years' global economic distortions have not yet been entirely eliminated. It is still not possible to conclude that there will be a lasting, sustainable, self-sustaining economic recovery.

From the viewpoint of ÖBf AG demand for the raw material wood (both in the case of saw logs and of paper, pulpwood and biomass) was satisfactory throughout the entire year. It was also evident that because of the rising price levels the producers, which were initially showing reservations, started harvesting more timber again. The increased level of felling, particularly during the third and fourth quarters of 2011, ensured there was a good supply for the timber industry.

The total felling of ÖBf AG was cut from 1,704,000 harvested solid cubic metres in 2010 to 1,520,000 harvested solid cubic metres in 2011 in the interests of sustainable forest management. Since there was no large-scale windfall damage or other serious natural disasters during the reporting period, the proportion of damaged timber, at 49%, was well below the figure for the previous year (75%) and is evidence of a continuing downward trend.

Renewable energy was a highly important issue for Österreichische Bundesforste AG, as it had been in previous years. Bundesforste are involved in the fields of biomass, small hydroelectric power plants, wind power and photovoltaics.

In the biomass area, a change of strategy took place during the year under review. Once the subsidiary SWH – Strom und Wärme aus Holz, Heizwerke Errichtungs-Betriebs GmbH – has been restructured, Bundesforste will concentrate to a greater extent on its role as a supplier of raw materials in this segment. The marketing of forest biomass in future will make an important contribution to maintaining forest health. Sensible utilisation of the raw material by way of thermal utilisation (energy and heat recovery) also contributes to reducing dependence on fossil energy resources and protecting the climate.

The activities concerning small hydroelectric power plants progressed further during the reporting period and there are now four such power plants in operation.

In the field of wind power an entry into the market is currently being investigated, partly with cooperation partners, and initial projects are present which have good prospects of being realised. Models are being considered in which Bundesforste will act as provider of the land for third parties, but other projects are also being examined in

which the company will act either by itself or with partners as the builder and operator.

In the area of photovoltaics, ÖBf AG has implemented a project in Tyrol. In addition, the company is playing the role of an observer due to the general economic conditions.

In the real estate segment, ÖBf AG was able to continue on a growth path during 2011 and recorded increases in its profits and operating revenue (adjusted to allow for one-off effects, no effect on profit or loss). Distortions of the economy in the Real Estate segment, which were noticeable in other countries ("property bubbles" or "property crises") were not perceived by Bundesforste. Mainly this was due to the fact that in the lease and rental segment of ÖBf AG most exploitable properties are allocated through long-term contracts and demand for the properties offered by Bundesforste remains relatively stable. One special positive aspect of this was that it was still possible to achieve growth, even in the tourism segment which is highly sensitive to the economic cycle.

Only the mineral resources segment suffered a slight setback in sales volume through the downturn in the construction industry.

## Development of the ÖBf Group

ÖBf AG deals with all its affiliate holdings through ÖBf Beteiligungs GmbH, which is a wholly owned subsidiary of ÖBf AG. The affiliates structure as at 31.12.2011 is shown on the following organisation chart:

Österreichische Bundesforste AG			
ÖBf Beteiligungs GmbH, Holding-Funktion, share of ÖBf: 100%			
Services	share of ÖBf in %	Renewable energy	share of ÖBf in %
Dachstein Tourismus AG (DAG)	4,15	WIEN ENERGIE Bundesforste Biomasse Kraftwerk GmbH & Co KG (WEBBK)	respectively 33,3
RegioZ – Regionale Zukunftsmanagement und Projektentwicklung Ausseerland Salzkammergut GmbH und GmbH & Co KG	20 8,55	SWH – Strom und Wärme aus Holz, Heizwerke Errichtungs-Betriebs GmbH	50
aquasilva Wasserversorgungs- und Abwasserentsorgungsbetriebs GmbH	100	Kraftwerk Tegesbach Errichtungs- und Betriebs GmbH	100
Added value of timber	share of ÖBf in %	Kraftwerk Dientenbach GmbH	33,3
Mayr-Melnhof Holz Holding AG	25,1	Wasserkraftwerk Forstaubach Gleiming GmbH	60
		Nahwärme Obertrum am See GmbH	11,5

## Earnings and income situation

Consolidated income/loss was again largely determined by the operating result of ÖBf AG during the financial year 2011. Sales of € 213.7 million (2010: € 209.9 million) were consolidated as well as a profit on ordinary activities of € 20.5 million (2010: € 16.7 million).



## Assets and capital structure

The balance sheet total of the ÖBf Group decreased slightly by around € 0.8 million compared with the previous year to a figure of € 395.9 million.

## Cash flow and finance

The cash flow from ongoing business activity was € 19.8 million which was below the previous year's figure (€ 32.1 million). This was mainly due to a build-up of stocks at ÖBf AG and the consumption of the reserves in connection with risks from affiliates in ÖBf Beteiligungs GmbH during the financial year 2011. The total borrowings have risen by around € 4.4 million from the figure at the start of the year to € 140.3 million.

## Financial performance indicators

ÖBf-Group	2007	2008	2009	2010	2011
Sales revenues (in million €)	247.9	257.5	222.6	209.9	213.7
EBIT (in million €)	29.2	28.5	18.1	18.1	25.4
EBIT margin (in %)	11.8	11.1	8.1	8.6	11.9
Earnings - equity ratio* (in %)	11.5	6.2	1.1	8.8	9.9
Equity capital (in million €)	207.1	205.3	187.4	182.3	180.9
Equity ratio (in %)	46.4	46.3	45.2	45.9	45.7
EBITDA (in million €)	39.3	38.5	28.3	28.7	36
Cash flow from ongoing business activity (in million €)	16.7	34.6	33.8	32.1	19.8

\*) In relation to the year's net earnings

## Development of ÖBf AG

In the financial year 2011, Österreichische Bundesforste AG achieved a result from ordinary business activity of € 23.7 million (2010: € 15.9 million), with an operating performance of € 226.1 million (2010: € 219.8 million). The sales volume of its own timber was around 1.18 million solid cubic metres and therefore 10.6% below the figure for the previous year. Taking account of the timber stumpage sales and the timber given free of charge to the beneficiaries of forest utilisation rights, the total felled was around 1.52 million solid cubic metres (2010: 1.70 million solid cubic metres). This reduction in felling is an important contribution towards achieving sustainable forest management. The stock of solid timber was increased during the 4th quarter by around 75,900 solid cubic metres to 151,900 solid cubic metres. This served to safeguard a contractual supply for the customers over the winter months. Real estate business in which the business areas of rental and leasing, tourism, water and mineral resources are combined also developed very well during the reporting period. Due to the new "Horizon 2020" corporate concept which came into effect on 1.1.2011, Renewable Energy was upgraded from the Real Estate business division to form the company's fourth strategic business area. Operating performance and contribution margin within the Real Estate segment – after adjustment for one-off effects – again exceeded the respective values of the previous year. The trend towards sustained increases in profits which has already been discernible for some years has therefore continued.

In the Services division, which has included ecosystem management, the inland services area and ÖBf-Consulting as well as forestry work and technology since the "Horizon 2020" corporate concept came into effect,

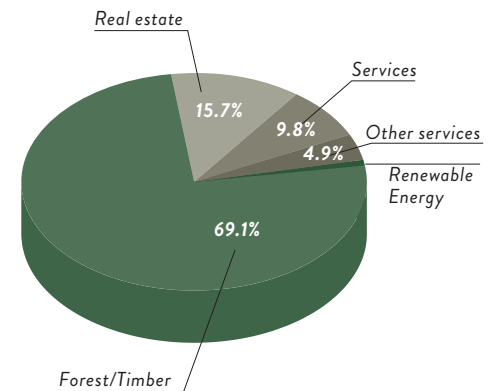
development varied depending on the segment involved. During the reporting year, operating performance amounted to € 22.2 million (2010: € 24.2 million).

Ecosystem management, whose activities, alongside a multiplicity of individual projects, include the management of the national parks Donau-Auen and Kalkalpen as well as the biosphere reserve Wienerwald, also makes a substantial contribution to maintaining the natural landscapes and ecological diversity of Austria.

### Operating performance by business areas\*

In million €	Actual 09	Actual 10	Actual 11
Raw timber production	121.8	95.7	101.4
Timber logistics	26.8	34.7	34.6
Hunting	17.1	17.3	17.6
Fishing	2.5	2.5	2.6
<b>Forest/Timber</b>	<b>168.2</b>	<b>150.2</b>	<b>156.2</b>
<b>Renewable Energy</b>	<b>0.6</b>	<b>0.9</b>	<b>1.0</b>
Leasing	7.0	7.2	7.1
Renting	6.9	7.0	7.2
Tourism	10.9	11.7	12.5
Water	0.5	0.6	0.6
Mineral resources	7.7	9.4	8.3
<b>Real estate</b>	<b>33.0</b>	<b>35.9</b>	<b>35.6</b>
Consulting	1.0	0.9	2.4
Inland services	1.4	1.5	1.6
Forestry work and technology	11.7	12.0	10.3
Ecosystem management	9.5	9.8	7.9
<b>Services</b>	<b>23.6</b>	<b>24.2</b>	<b>22.2</b>
Other services including stock changeover	-4.9	8.6	11.1
<b>Operating performance</b>	<b>220.4</b>	<b>219.8</b>	<b>226.1</b>

\*) The business areas are presented in accordance with the new corporate concept of "Horizon 2020".



## Earnings and income situation

The ordinary business result (EBIT) was recorded as € 26.1 million (2010: € 18.1 million). Taking account of the financial result, the result of ordinary business activity was € 23.7 million (2010: € 15.9 million).

The year's net earnings amounted to around € 21.0 million (2010: € 15.2 million). The usufruct fee for the owner - the Republic of Austria - set by law at 50% of the year's net earnings, was € 10.5 million compared with € 7.6 million in the year 2010.

New reserves in the amount of € 2.0 million were formed in the financial year which has just ended to cater for future expenses (above all in the area of forest management) which have arisen due to volumes of timber damaged by beetles and windfalls, both of which were higher than normal. Approximately € 7.0 million of the reserves set aside for this purpose in previous years were used in financial year 2011. In total, there are still € 4.9 million of reserves available for forest management and re-afforestation.

## Financial performance indicators

ÖBf AG	2007	2008	2009	2010	2011
Sales revenues (in million €)	247.9	257.5	222.6	209.9	213.7
EBIT (in million €)	29.1	28.5	18.2	18.1	26.1
EBIT margin (in %)	11.7	11.1	8.2	8.6	12.2
Earnings - equity ratio* (in %)	10.6	6.9	2.1	8.2	11.2
Equity capital (in million €)	208.0	207.8	191.8	185.9	187.6
Equity ratio (in %)	46.5	46.9	46.7	47.2	47.1
EBITDA (in million €)	39.2	38.6	28.4	28.8	36.7
Cashflow aus laufender Geschäftstätigkeit (in Mio. €)	15.3	33.5	32.6	34.1	27.2

\*) In relation to the year's net earnings

## Order situation

Mainly relevant for the business development of ÖBf AG is the demand for the raw material timber and for real property utilisation, e.g. the leasing and renting of land and buildings. Hunting and fishing and services are also important. The order situation in the timber division can be described as satisfactory, although already towards the end of 2011 the first signs became apparent that important customer segments (particularly the sawmill industry) were maintaining a waiting stance because of the volatile general economic situation.

From today's perspective, the current year is beset by uncertainty concerning the further development of the economy and the political framework. It cannot be excluded that the measures to rescue the public budgets which have been necessitated by the current debt crisis will affect the overall economic situation and therefore the most important customer segments of Bundesforste as well. There is also a limiting factor in that fact that due to the windfall disasters of 2007/2008 and the utilisation of timber stocks that ensued by necessity, the annual volume of timber harvested will continue to be intentionally reduced compared with the previous years in the interests of sustainable forest utilisation.

The Real Estate division developed positively in 2011 as well as in the first quarter of the current year. In this respect there are signs that the trend of recent years will continue. Hunting and fishing and the services segment all continued the positive trend of recent years.

## Cash flow and finance

At € 27.2 million, the cash flow from ongoing business activities was below the previous year's figure (€ 34.1 million). This is primarily due to the build-up of stock during financial year 2011. At € 136.5 million, total liabilities were approximately the same level as the previous year (€ 135.9 million).

## Investments

Investments, including assets reported as "buildings and plant under construction" and the "minor value assets" which were capitalised and written off again during the same year, amounted to € 7.0 million (2010: € 10.1 million) and were therefore a total of € 3.1 million lower than the previous year's level. The main reason for this was lower investment in the affiliates profit centre and renewable energy. During 2011, a total of € 0.5 million was invested in this profit centre and thus € 2.5 million less than in the year 2010.

## Assets and capital structure

Compared with the previous year, the balance sheet total of ÖBf AG rose by around € 5.0 million to € 398.7 million. The difference from the previous year is chiefly explained by the reduced investment requirements, the build-up of stocks, the rise in liquid assets and the improvement of the net result for the year.

## Risk management and risk structure

The management of risks and opportunities and an efficient internal control system are essential elements in management control at ÖBf AG. Ongoing improvements and adaptations as well as regular market comparisons with other enterprises play an important role in further development. The ÖBf risk inventory is analysed, updated and adapted if necessary by a risk management team every quarter in a structured process using a defined system. A complete revision, including a review of the system as a whole, is carried out annually and involves the entire second level of management. The results are reported directly to the Supervisory Board. During the year 2011 the reporting structure became more complex. The risks from the market/customers and from disasters continue to be in the foreground of the analysis due to the economic and climatic conditions.

### Timber market and customer risk

From today's viewpoint there is uncertainty as to the further course of overall economic development and thus also of those customer sectors which are important for the business of Bundesforste (sawmill, paper and board industries in particular).

### Risk of disasters

In the years 2007 and 2008 an extraordinary number of natural disasters took place, including windfalls, snow breakages and subsequently a massive infestation of timber pests. Although such adverse major events fortunately did not occur in 2010 or 2011, we must still expect that repeated extreme events will happen in the future. Although the occurrence of damaged wood has decreased during the past two years, systematic efforts within forest management remain necessary. Long-term strategies to counter disasters and their effects include in particular predictive forest management measures, diversification and the promotion of business areas which are less likely to be influenced by such extreme events, and the formation of appropriate precautionary reserves on the balance sheet. Research projects on climate change and its impact on all areas of business are continuously commissioned and some important projects have already been completed.

### Financial risk

The risk of default in the area of accounts receivable for goods and services is mainly secured through bank guarantees or other liabilities. There are no major receivables or liabilities in foreign currencies. A long-term bank loan to finance the transfer of pension liabilities to the Federal Government was secured for the whole term through an interest rate swap and in financial terms has been converted into a fixed-rate loan. Transactions with derivative financial instruments are not undertaken. Part of the financing volume was secured for the medium term by setting a cap.

### Employee and (working) process risk

The qualifications and motivation of employees and corresponding measures in the area of human resources and organisational development form the continuous focus of events in the company. Established procedures, the internal control system and regular internal audits guarantee the quality of performance and the security of the business processes.

### Risk from affiliates

Management and controlling of affiliates were further developed and concentrated within a separate division. Currently the focus of activities in the affiliates area is on the development of renewable energy and the management of the affiliate in the sawn timber and processing industry.



## Research and development

Österreichische Bundesforste AG also gave significant impetus in the reporting year to research both within and outside universities by a variety of activities. The company participated in 36 national and international research projects, the focus of which with respect to the share in the total research expenditure as in the year 2010 lay on the climate change subject area. Participation in projects was both by performance of our own services (primarily work done by our employees) and in the form of cash payments. Also included in the mix were long-term projects, such as changes in the ecology of lakes, the migration of tree species in subalpine regions or the optimisation of beech cultivation, as were short-term studies in which current issues, e.g. the presence of endangered species, are pursued with a bias towards the application concerned. Numerous scientific projects were also supported, primarily through the free provision of silvicultural and area data.

## Employees

### Development of the number of employees

ÖBf AG employed an average of 1,205 persons in 2011 (657 waged employees and 548 salaried employees). This compared with 1,198 employees in 2010 (680 waged employees and 518 salaried employees). Employees who are in the leave-of-absence phase of progressive retirement – three waged employees and 10 salaried employees in 2011 and eight waged employees and 16 salaried employees in 2010 – are not included in either figure.

### Age structure

The average age of the ÖBf employees in 2011, as in the previous year, was 43.4. The most widely represented age groups, at 30% and 32% respectively, are the 41 to 50 age group and the 51 to 60 age group.

### Equal opportunities

As at 31.12.2011, there were 37 female employees and 533 male waged employees and 131 female and 428 male salaried employees, of whom a total of 168 women and 961 men were

employed at ÖBf. At 23.4%, the proportion of women was therefore 0.6 percentage points lower than in the previous year among salaried employees.

In contrast, the proportion of female waged employees increased by 1.9 percentage points to 6.5%.

Under the Equal Treatment Act a report was prepared on employee income for the first time during the year 2011. The results of the report went into the implementation of the findings of the project completed during the reporting year in order to improve equality of opportunities.

### Training, education and development

Comprehensive measures were also put in place during 2011 for employee training and development. The ÖBf training programme includes more than 30 opportunities for training and further education, particularly in the technical area, as well as a wide range of corporate and management culture. Numerous seminars, coaching sessions, workshops and team-building measures were held on these subjects.

## Sustainability

In the cross-over area between sustainability, environmental and climate protection, an exemplary project was completed for the forest sector with the completion of the ÖBf climate protection strategy. The objectives and strategies which cover the fields of emissions and CO<sub>2</sub> sinks, are geared to the Kyoto commitment period 2013 to 2017. They were derived from the climate protection audits 2009 and 2010, which were produced to international standards and represent the CO<sub>2</sub> emissions and CO<sub>2</sub> sinks. Annual updates of the ÖBf climate protection audit serve to verify goal achievement.

## Forest utilisation rights

The levy of timber to beneficiaries of forest utilisation rights was around 197,000 harvested solid cubic metres in 2011 (2010: 218,000 harvested solid cubic metres). As well as the normal levy volumes, this also includes timber damaged by extreme weather events and timber which is given in kind as redemption instead of a fee. A compensation for the last year's advance emoluments and the noticeable decrease in disaster timber (wind-fall, snow breakages and beetle-damaged wood) were responsible for the reduction in the levy from the previous year. The value of the quantity levied in 2011 was approximately € 8.7 million.

The exercising of grazing rights has remained relatively constant. Thus, every year on Österreichische Bundesforste land nearly 80,000 livestock of different kinds are either kept over the summer on mountain pastures or grazed near their home farms.

## Incidence of damaged timber

The incidence of damaged timber was 49% of the total felled and reveals a decreasing tendency. This is primarily due to the absence of large-scale natural disasters and the consequent forest management efforts. With around 413,000 harvested solid cubic metres of timber damaged by bark beetle, this figure was 42% lower than in the previous year. The main focus of timber damaged by beetle was in Styria. Damage by windfalls was also lower, with 138,000 harvested solid cubic metres. Intensive work was also done in the financial year 2011 to combat the bark beetle by the use of catch trees and traps, whip traps, funnel traps and searching out infestation in standing trees.

## Corporate environmental protection

The results of a survey of environmental data carried out at all businesses were discussed at a workshop with the environmental protection contact persons and proposals for measures in 2012 derived. Investments during 2011 were mainly in building renovations and improving energy efficiency.

## Outlook for ÖBf AG

Timber production in 2012 will remain at a level comparable to that of the previous year paying account to sustainability. As a consequence of this and the economic uncertainties, great efforts will be required to carry on from the very good results of the year 2011. From today's perspective, however, it is to be expected for 2012 that the operating result (EBIT) and the profit on ordinary activities should at least keep to the level reached in 2010. The basis for this forecast is a stable timber market and lean cost structures and processes.

Continuation of the sustained growth in the Real Estate and Services divisions is still in evidence. The Renewable Energy division is in the process of formation and will therefore not yet make any significant contributions to the result during 2012. Over the medium term these investments will continue to support the company's development

and will stabilise its core business against market cycles. Although challenging framework conditions are also to be expected in 2012, the situation regarding investments in affiliates should continue to improve in comparison to previous financial years.

As in the previous year, in 2012 the emphasis of affiliate activities will be on the consolidation of the existing affiliates and the further expansion of renewable energy, above all through the construction and operation of small hydroelectric power plants and the pushing ahead of project development in the wind energy sector.

Purkersdorf, 24th April 2012  
The Managing Board:  
Dipl.-Ing. Dr. Georg Erlacher e.h.,  
Mag. Georg Schöppl e.h.

## Profit and loss account for the financial year 2011

	2011 EUR	2010 TEUR
1. Sales revenues	213,708,948.43	209,934
2. Change in the stock of finished and unfinished products and services not yet billable	4,186,183.48	-3,184
3. Other services on own account carried on the assets side	263,157.56	499
4. Other operating income		
a) Income from disposals from and allocations to the assets, with the exception of financial assets	1,031,928.34	2,014
b) Income from the writeback of reserves	194,047.41	580
c) Other	7,087,615.86	10,953
	<b>8,313,591.61</b>	<b>13,547</b>
5. Expenses for material and other related manufacturing		
a) Costs of materials	-33,039,466.99	-32,127
b) Expenses for bought-in services	-27,948,536.12	-34,556
	<b>-60,988,003.11</b>	<b>-66,683</b>
6. Personnel costs		
a) Wages	-22,638,133.41	-22,260
b) Salaries	-29,837,415.46	-27,564
c) Expenses for termination payments and payments to the company pension scheme for employees	-2,344,959.10	-1,081
d) Expenses for old age pensions	-449,629.48	-452
e) Expenses for statutory social security contributions and remuneration-dependent contributions and mandatory payments	-14,504,925.83	-13,774
f) Other social expenses	-763,629.40	-787
	<b>-70,538,692.68</b>	<b>-65,918</b>
7. Depreciation on intangible fixed assets and intangible fixed assets	-10,590,912.04	-10,667
8. Other operating expenses		
a) Taxes if not included under line 18	-3,125,810.02	-3,362
b) Usufruct fees	-10,513,543.68	-7,602
c) Other	-45,265,892.09	-48,489
	<b>-58,905,245.79</b>	<b>-59,453</b>
9. Interim total from line 1 to 8 (Operating result)	25,449,027.46	18,075
10. Income from associated companies	180,753.40	924
11. Income from other securities of the financial assets	0.00	0
12. Other interest and similar income	137,305.64	123
13. Income from disposals from and allocations to the financial assets	96,555.88	65
14. Expenses from financial investments, of which	-2,785,723.69	-133
a) Depreciations EUR 1,785,723.69 (Previous year: TEUR 65)		
b) Expenses from associated companies EUR 2,750,514.55 (Previous year: TEUR 68)		
15. Interest and similar expenses	-2,556,166.36	-2,324
16. Interim total from line 10 to 15 (financial result)	-4,927,275.13	-1,345
<b>17. Result of ordinary business activity</b>	<b>20,521,752.33</b>	<b>16,730</b>
18. Taxes on income and earnings	-2,675,911.18	-707
<b>19. Year's net earnings</b>	<b>17,845,841.15</b>	<b>16,023</b>
20. Writeback of untaxed reserves	126,272.21	107
21. Allocation to untaxed reserves	0,00	-1,294
22. Profit carryforward	-3,588,992.40	941
<b>23. Balance sheet profit</b>	<b>14,383,120.96</b>	<b>15,777</b>



## Balance Sheet

Assets	31.12.2011 EUR	31.12.2010 TEUR	Liabilities	31.12.2011 EUR	31.12.2010 TEUR
<b>A. FIXED ASSETS</b>			<b>A. EQUITY CAPITAL</b>		
<b>I. Intangible fixed assets</b>			I. Share capital I	150,000,000.00	150,000
1. Licences and similar rights	1,540,628.96	1,744	II. Capital reserves unallocated	1,493,463.07	1,493
2. Goodwill	48,062.11	59	III. Reserves retained from profits statutory reserve	15,000,000.00	15,000
3. Down payments made	60,108.75	82	IV. Balance sheet profit, of which profit carried forward EUR -3,588,992 (Previous year: TEUR 941)	14,383,120.96	15,777
	<b>1,648,799.82</b>	<b>1,885</b>		<b>180,876,584.03</b>	<b>182,270</b>
<b>II. Tangible fixed assets</b>			<b>B. UNTAXED RESERVES</b>		
1. Land	246,239,778.42	246,032	Reserve due to undervaluation on the basis of special depreciation	4,473,816.06	4,600
2. Buildings, including buildings on land owned by third parties	43,831,818.17	44,776	<b>C. INVESTMENT SUBSIDIES FOR THE FIXED ASSETS</b>		
3. Technical plant and machinery	15,785,608.09	18,295	Investment subsidies for the fixed assets	931,350.91	968
4. Other plant, operating and business equipment	10,847,265.73	11,920	<b>D. RESERVES</b>		
5. Down payments made and plant under construction	1,163,850.75	987	1. Reserves for termination payments	18,326,780.00	18,690
	<b>317,868,321.16</b>	<b>322,010</b>	2. Tax reserves	1,300,000.00	100
<b>III. Financial assets</b>			3. Other reserves	23,191,568.42	30,443
1. Shares in affiliated companies	316,981.22	21		<b>42,818,348.42</b>	<b>49,233</b>
2. Shares in associated companies	31,154,714.05	33,662	<b>E. LIABILITIES</b>		
3. Other loans	712,427.09	763	1. Liabilities to banks and other financing	140,294,270.69	135,909
	<b>32,184,122.36</b>	<b>34,446</b>	2. Down payments received on orders	1,504,232.84	1,930
	<b>351,701,243.34</b>	<b>358,341</b>	3. Accounts payable for goods and services	10,227,934.47	7,844
<b>B. CURRENT ASSETS</b>			4. Liabilities to associated companies	0.00	68
<b>I. Stocks</b>			5. Other liabilities of which from taxes EUR 1,665,814.69 (Previous year: TEUR 1,783), of which in the framework of social security EUR 1,459,102.12 (Previous year: TEUR 1,425)	8,391,268.95	7,864
1. Raw materials, auxiliary materials and fuels	1,498,112.58	1,246		<b>160,417,706.95</b>	<b>153,615</b>
2. finished and unfinished products	8,291,272.87	4,186	<b>F. INCOME RECEIVED IN ADVANCE AND EXPENSES ACCRUED</b>		
3. Services not yet billable	47,408.36	165		6,419,544.14	6,025
4. Down payments made	36,210.15	74		<b>395,937,350.51</b>	<b>396,711</b>
	<b>9,873,003.96</b>	<b>5,671</b>	<b>CONTINGENT LIABILITIES</b>		
<b>II. Receivables and other assets</b>				<b>2,290,000.00</b>	<b>0</b>
1. Accounts receivable from goods and services	25,938,437.88	22,090			
2. Receivables from affiliated companies	20,202.82	0			
3. Receivables from associated companies	2,063,491.84	2,688			
4. Receivables from companies in which there is a shareholding	0.00	13			
5. Other receivables and assets	1,410,341.60	3,853			
	<b>29,432,474.14</b>	<b>28,644</b>			
<b>III. Cash on hand, credit balances at banks</b>	3,653,515.15	3,526			
	<b>42,958,993.25</b>	<b>37,841</b>			
<b>C. EXPENSES PREPAID AND RECEIVABLES DEFERRED</b>					
	1,277,113.92	529			
	<b>395,937,350.51</b>	<b>396,711</b>			

## Development of the fixed assets

	Acquisition/manufacturing cost					Cumulative depreciation	Residual book values		Depreciation in the current financial year	Write-ups of the current financial year
	As at 1.1.2011	Additions	Disposals	Book transfers	As at 31.12.2011		As at 31.12.2011	As at 31.12.2010		
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Intangible fixed assets</b>										
1. Licences and similar rights	7,916,107.37	77,600.31	1,278.99	193,917.11	8,186,345.80	6,645,716.84	1,540,628.96	1,744,587.52	405,839.69	0.00
2. Goodwill	164,969.75	0.00	0.00	0.00	164,969.75	116,907.64	48,062.11	59,060.10	10,997.99	0.00
3. Payments on account	81,620.00	60,108.75	0.00	-81,620.00	60,108.75	0.00	60,108.75	81,620.00	0.00	0.00
	8,162,697.12	137,709.06	1,278.99	112,297.11	8,411,424.30	6,762,624.48	1,648,799.82	1,885,267.62	416,837.68	0.00
<b>II. Tangible fixed assets</b>										
1. Land	246,564,293.87	371,234.70	163,382.32	0.00	246,772,146.25	532,367.83	246,239,778.42	246,031,926.04	0.00	0.00
2. Buildings, including buildings on land owned by others	83,251,422.17	1,632,011.51	53,949.25	475,077.63	85,304,562.06	41,472,743.89	43,831,818.17	44,776,005.42	3,114,427.15	0.00
3. Plant and machinery	33,604,509.61	1,114,655.61	2,583,018.64	18,173.92	32,154,320.50	16,368,712.41	15,785,608.09	18,294,848.35	3,397,984.42	0.00
4. Other plant, operating and business equipment	32,408,449.44	2,770,341.67	2,121,998.64	0.00	33,056,792.47	22,209,526.74	10,847,265.73	11,919,946.45	3,661,662.79	0.00
5. Payments on account and assets in the course of construction	987,213.00	787,608.88	5,422.47	-605,548.66	1,163,850.75	0.00	1,163,850.75	987,213.00	0.00	0.00
	396,815,888.09	6,675,852.37	4,927,771.32	-112,297.11	398,451,672.03	80,583,350.87	317,868,321.16	322,009,939.26	10,174,074.36	0.00
<b>III. Investments</b>										
1. Shares in group undertakings	21,000.00	295,981.22	0.00	0.00	316,981.22	0.00	316,981.22	21,000.00	0.00	-45,000.00
2. Shares in associated undertakings	48,562,792.11	832.45	6,819,473.09	0.00	41,744,151.47	10,589,437.42	31,154,714.05	33,662,150.20	1,688,189.55	-179,920.95
3. Affiliates	81,105.19	0.00	45,000.00	0.00	36,105.19	36,105.19	0.00	0.00	0.00	0.00
4. Securities (rights) held as long-term investments	1,005,528.33	0.00	8,450.66	0.00	997,077.67	997,077.67	0.00	0.00	0.00	0.00
5. Other long-term loans	1,419,412.82	210,105.00	204,107.07	0.00	1,425,410.75	712,983.66	712,427.09	762,347.69	97,534.14	-41,615.61
	51,089,838.45	506,918.67	7,077,030.82	0.00	44,519,726.30	12,335,603.94	32,184,122.36	34,445,497.89	1,785,723.69	-266,536.56
	456,068,423.66	7,320,480.10	12,006,081.13	0.00	451,382,822.63	99,681,579.29	351,701,243.34	358,340,704.77	12,376,635.73	-266,536.56



# Notes to the consolidated financial statements

## I. GENERAL NOTES

The present consolidated financial statements were prepared in accordance with the provisions of § 250 (2) UGB (Austrian Commercial Code), giving due consideration to the principles of orderly accounting and the general requirement to provide as true and fair a view as possible of the Group's net assets, financial position and results of operations. The provisions introduced through the EU Company Law Amendment Act are applicable.

The annual financial statements of the affiliated companies included in the consolidated financial statements have been prepared on the basis of the UGB in accordance with the Group's uniform guidelines. The Group's balance sheet date is 31st December 2011.

The consolidated profit and loss statement was prepared applying the nature of expense method.

### 1. Scope of consolidation

The Group parent company is Österreichische Bundesforste AG. Consolidated financial statements were first prepared on 1st January 2002.

The consolidated accounts include the following companies:

#### a) Subsidiaries requiring consolidation – full consolidation

Name of company	Reg. office	Share of capital	Selected initial consolidation date
ÖBf Beteiligungs GmbH	Purkersdorf	100%	01.01.2002
aquasilva Wasserversorgungs- und Abwasserentsorgungsbetriebs GmbH	Purkersdorf	100%	01.01.2002

#### b) Affiliated undertakings – waiving inclusion in consolidation in accordance with § 249 (2) UGB

Name of company	Reg. office	Share of capital	Selected initial consolidation date
Wasserkraftwerk Forsttaubach Gleiming GmbH	Purkersdorf	60%	23.07.2010
Kraftwerk Tegesbach Errichtungs- und Betriebsgesellschaft m.b.H.	Purkersdorf	100%	05.07.2005

#### c) Associates

Name of company	Reg. office	Share of capital	Selected initial consolidation date
SWH – Strom und Wärme aus Holz, Heizwerke Errichtungs-Betriebs GmbH	Grödig	50%	24.01.2002
Mayr-Melnhof Holz Holding AG	Leoben	25,1%	01.01.2002
Wien Energie Bundesforste Biomasse Kraftwerk GmbH	Vienna	33,33%	19.05.2004
Wien Energie Bundesforste Biomasse Kraftwerk GmbH & Co KG	Vienna	33,33%	20.05.2004
Kraftwerk Dientenbach GmbH	Salzburg	33,33%	16.12.2009

#### Associates which were liquidated during the financial year

Name of company	Reg. office	Share of capital	Selected initial consolidation date
Foria Forstmanagement GmbH in Liqu.	Purkersdorf	50%	30.10.2002

#### d) Affiliates

Because of their subordinate importance (§ 263 (2) UGB), the affiliates RegioZ Regionale Zukunftsmanagement und Projektentwicklung

Ausseeerland Salzkammergut GmbH, Bad Aussee, RegioZ Regionale Zukunftsmanagement und Projektentwicklung Ausseeerland Salzkammergut GmbH & Co KG, Bad Aussee, and Hauserberg Mautstraße GesnBR, Mayrhofen, were included at cost, reduced by any depreciation applicable.

## 2. Consolidation principles

### Capital consolidation

Capital consolidation is applied by the book value method both in the case of full consolidation (§ 254 (1) line 1 UGB) and in accounting for at equity (§ 264 (1) line 1 UGB). Accordingly, the book values of the shares are offset against the proportionate equity capital of the subsidiaries at the time of acquisition or at the time of first-time consolidation.

Any differences resulting were offset against the profit brought forward as differences due to capital consolidation, provided it was impossible to allocate them to individual assets or liabilities.

### Debt consolidation

As part of debt consolidation, accounts receivable from goods and services and other receivables arising from relationships between the companies included in the consolidated financial statements are offset against the corresponding liabilities.

### Income and expenditure consolidation

All internal Group income and expenses are netted.

### Elimination of inter-company results

Inter-company results from internal Group transactions are eliminated.

## II. ACCOUNTING POLICIES

### Non-cash contribution - Österreichische Bundesforste AG

The assets of Österreichische Bundesforste AG taken over as part of the non-cash contribution of the economic entity "Österreichische Bundesforste" as at 1st January 1997 were applied in accordance with § 11 (2) Federal Forests Act 1996 (Fed. Law Gazette [BGBl.] 793/1996) at fair value pursuant to § 202 (1) UGB. These values take on the role of acquisition costs.

### Intangible fixed assets and tangible fixed assets

The intangible fixed assets and tangible fixed assets are valued at cost and depreciated on a straight-line basis. The normal annual depreciation amounts are applied over successive useful lives, whereby the assets taken over in the non-cash contribution are written down over the respective remaining useful life.

	2011	2010
Software	3 – 4 years	3 – 4 years
Goodwill	15 years	15 years
Other rights	15 years	15 years
Forest roads	15 years	15 years
Facilities on land	15 – 40 years	15 – 40 years
Buildings	15 – 50 years	15 – 50 years
Machinery	6 – 35 years	6 – 35 years
Tools	3 – 8 years	3 – 8 years
Vehicles	5 – 7 years	5 – 7 years
Operating and business equipment	2 – 10 years	2 – 10 years

These are the standard depreciation periods. Individual deviations are possible. Goodwill is written down over 15 years in line with the tax life.

## Financial assets

The equity approach is applied to (associated) undertakings which are not fully consolidated. Affiliates as well as investment securities (rights) are valued at cost. If this value is higher than the value attributed to them as of the balance sheet date, unscheduled depreciation will be applied.

## Current assets

Stocks were determined as of the balance sheet date by physical stocktaking. Raw materials, auxiliary materials and fuels are valued at cost and finished and unfinished products at manufacturing cost. The manufacturing costs include the unit costs as well as proportionate material and production overheads. Where the sales-side comparison figure was lower, this value was applied. Fixed values were mainly reported for the raw materials, auxiliary materials and fuels.

Receivables with a future due date of more than three months were discounted at a rate of 5% p.a. Receivables already more than three months' overdue were adjusted by 0.5% p.a. Specific valuation allowances were made to the extent necessary. A general valuation allowance of 2% was subtracted from accounts receivable from goods and services to which specific valuation allowances were not applied.

## Expenses prepaid and receivables deferred

Because of the legal form of part of the contracts of salaried employees it was necessary to treat salary payments for January 2012 on an accrual basis.

## Reserves and liabilities

Reserves were allocated on consideration of the principle of entrepreneurial prudence at the probable level in which they would be needed.

Reserves for termination payments and anniversary payments were determined in accordance with actuarial principles, applying an imputed interest rate of 3% and assuming a pensionable age for women of 55 to 65 and for men of 60 to 65 – corresponding to the statutory minimum pension age and/or the legal retirement age established by individual contract. No deduction was made for fluctuation. The calculation parameters have not been altered since the previous year.

Reserves for holidays not yet taken and time in lieu were calculated with the inclusion of pro rata indirect wage costs.

Liabilities are reported at the repayment amount.

## Income received in advance and expenses accrued

Long-term rental agreements and leases were treated correspondingly on an accrual basis.

## Currency translation

Receivables and bank balances, if in foreign currency, are generally valued at the middle rate at the time they are created, taking into account exchange losses arising from changes in the exchange rate as of the balance sheet date.

The foreign currency liabilities are valued at the rate prevailing at the time of purchase or sale or the middle rate, if higher, as of the balance sheet date.

## III. NOTES CONCERNING THE CONSOLIDATED BALANCE SHEET

### Fixed assets

The development of the individual asset items is presented in the appendix to the notes to the consolidated financial statements. Other loans mainly comprise loans to employees of the Group parent. Among the reported loans an amount of EUR 170,227 (previous year: TEUR 156) has a remaining term of up to one year.

### Current assets

With regard to the fact that it is not always possible to obtain an accurate delimitation between finished and unfinished products, particularly in the context of harvesting raw timber, these items were combined as one balance sheet item (timber stocks of EUR 7,954,259, with TEUR 4,022 in the previous year).

The following receivables have a residual term of over one year:

	31.12.2011 EUR	31.12.2010 TEUR
Accounts receivable from goods and services	144	51
Other receivables	222,612	223
	<b>222,756</b>	<b>274</b>

Other receivables amounting to EUR 221,544 have a remaining term of more than five years.

All the other receivables have a remaining term of less than one year. Valuation allowances were applied for discernible specific risks and deducted directly.

In the case of accounts receivable from goods and services a general valuation allowance of EUR 550,701 (previous year: TEUR 478) was applied.

The other receivables include the following significant income which only affects the cash balance after the balance sheet date:

	31.12.2011 EUR	31.12.2010 TEUR
Receivables, Federal Ministry of Finance	0	2,317
Deferrals on property management, building rights, consultancy work	669,363	821
	<b>669,363</b>	<b>3,138</b>

Receivables from associated companies include accounts receivable from goods and services with EUR 1,063,492 (previous year: TEUR 1,188) and other receivables with EUR 1,000,000 (previous year: TEUR 1,500).

### Information concerning the capital stock

Pursuant to § 2 (6) Federal Forests Act (as in BGBl. 136/2004) the capital stock is EUR 150,000,000 (previous year: TEUR 150,000). No shares were issued. The sole shareholder is the Federal Government. The shareholder rights are held by the Federal Ministry of Agriculture, Forestry, Environment and Water Management.

### Untaxed reserves

Valuation reserve § 12 EStG	As at 1.1.2011 in EUR	Release in EUR	As at 31.12.2011 in EUR
Land	2,399,196	0.0	2,399,196
Buildings	733,462	-37,653	695,809
Plant and machinery	173,124	-88,122	85,002
<b>Valuation reserve § 12 EStG, total</b>	<b>3,305,782</b>	<b>-125,775</b>	<b>3,180,007</b>



Valuation reserve § 7a EStG (early depreciation)	As at 1.1.2011 in EUR	Allocation in EUR	As at 31.12.2011 in EUR
Buildings	309,618	0	309,618
Plant and machinery	984,688	-497	984,191
<b>Valuation reserve § 7a EStG, total</b>	<b>1,294,306</b>	<b>-497</b>	<b>1,293,809</b>

### Investment subsidies

	As at 1.1.2011 in EUR	Allocation in EUR	Release in EUR	As at 31.12.2011 in EUR
Buildings	725,596	32,469	-44,246	713,818
Plant and machinery	91,684	0	-5,610	86,074
Other plant, operating and business equipment	150,821	0	-19,363	131,459
<b>Total</b>	<b>968,101</b>	<b>32,469</b>	<b>-69,219</b>	<b>931,351</b>

### Reserves

At EUR 11,397,723 (previous year: TEUR 10,346), the other reserves relate to human resources. The reserve for other prudential provisions amounted to EUR 11,793,745 (previous year: TEUR 20,097). The reserves for human resources include in particular reserves for leave not taken, time in lieu, anniversary payments and for migration in connection with the rules on collective agreements and, in the reserves for other prudential provisions, expenditure amounting to EUR 4,927,723 (previous year: TEUR 9,859) in connection with re-forestation, risk reserves for affiliates, the annual financial statements and similar.

### Liabilities as at 31.12.2011

	Liabilities as in balance sheet EUR	Remaining term up to 1 year EUR	Remaining term 1 year to 5 years EUR	Remaining term more than 5 years EUR
Liabilities to banks and other financing	140,294,271	09,997,449	30,222,618	74,204
Down-payments received on orders	1,504,233	1,504,233	0	0
Accounts payable for goods and services	10,227,934	10,227,934	0	0
Other liabilities	8,391,269	8,088,494	302,775	0
<b>Total</b>	<b>160,417,707</b>	<b>129,818,110</b>	<b>30,525,393</b>	<b>74,204</b>

### Liabilities as at 31.12.2010

	Liabilities as in balance sheet TEUR	Remaining term up to 1 year TEUR	Remaining term 1 year to 5 years TEUR	Remaining term more than 5 years TEUR
Liabilities to banks and other financing	135,909	95,558	40,222	129
Down-payments received on orders	1,930	1,930	0	0
Accounts payable for goods and services	7,844	7,844	0	0
Liabilities to associated companies	68	68	0	0
Other liabilities	7,864	7,189	675	0
<b>Total</b>	<b>153,615</b>	<b>112,589</b>	<b>40,897</b>	<b>129</b>

In liabilities to banks there is also an amount of EUR 40,000,000 (outstanding guarantee of residual loan) resulting from the transfer of pension obligations (BGBl. 136/2004) to the Republic of Austria. The item „liabilities to banks and other financing“ is composed as follows for the reporting year:

	31.12.2011 EUR	31.12.2010 TEUR
To banks	120,292,905	85,907
To the Republic of Austria	20,001,366	50,002

The other liabilities include the following important expenses which only affect the cash balance after the balance sheet date:

	31.12.2011 EUR	31.12.2010 TEUR
Usufructuary rights	2,513,544	1,602
Liabilities regarding social security	738,737	709
Other payroll taxes and contributions	281,978	262
Progressive retirement agreement	122,660	202
Other liabilities from the human resources area	1,079,656	131

### Other financial obligations

Obligations arising from the use of tangible fixed assets not reported on the balance sheet:

	EUR	TEUR
Obligations, 2012	1,321,558	1,263
Obligations 2012 – 2016	6,607,791	6,317

Financial obligations arising from instructions for investments in the fixed assets also exist as of the balance sheet date and amount to EUR 708,502 (previous year: TEUR 931).

### Derivative financial instruments

The transfer of the pension obligation to the Republic of Austria was financed externally. For this purpose a variable-interest loan of EUR 100,000,000 was obtained with a term of 10 years (repayment of EUR 10 million p.a.). To hedge the interest rate risk, an interest rate swap (IRS) was concluded. Through this IRS, the variable interest rate was converted to a fixed interest rate. As of 31st December 2011, a negative market value results from the valuation of the cash flows which encumbers Österreichische Bundesforste AG with EUR 1,345,366 (previous year: TEUR 1,592). Both transactions are treated as one valuation entity.

During financial year 2011 an interest cap was arranged: nominal EUR 40 million, term five years, interest cap 3.5% (3-month Euribor). The premium was paid up-front. The market value as of 31.12.2011 is EUR 210,446. It has not been reported on the balance sheet. No further derivative financial instruments are employed.

### Contingent liabilities

In handling consultancy contracts with consortium partners it became necessary to assume joint and several liability under the guidelines prescribed by the clients. These open contingent liabilities amount to EUR 2,290,000 as of the balance sheet date.

## IV. NOTES CONCERNING THE CONSOLIDATED PROFIT AND LOSS STATEMENT

The nature of expense method is applied in the consolidated profit and loss statement.

Of the sales revenues, EUR 4,650,095 relates to abroad and the remainder is domestic.

The sales revenues comprise:

	2011 EUR	2010 TEUR
Production of raw timber	101,626,424	95,759
Timber logistics	34,438,914	34,458
Hunting	17,198,808	16,965
Fisheries	2,541,370	2,508
<b>Forest/Timber</b>	<b>155,805,516</b>	<b>149,690</b>
Hydroelectricity and wind power as well as biomass	932,049	782
<b>Renewable Energy</b>	<b>932,049</b>	<b>782</b>
Leasing	6,823,353	7,044
Rental	6,462,334	6,300
Tourism	12,395,868	11,652
Water	560,056	528
Mineral resources	8,280,033	9,406
<b>Real Estate</b>	<b>34,521,644</b>	<b>34,930</b>
Consulting	2,378,596	879
Inland services	1,591,093	1,384
Forestry work and technology	10,284,351	11,945
Ecosystem management	7,380,232	9,466
<b>Services</b>	<b>21,634,272</b>	<b>23,674</b>
<b>Other activities</b>	<b>815,468</b>	<b>859</b>
<b>Sales revenue</b>	<b>213,708,948</b>	<b>209,934</b>

The expenses for termination payments and payments to the company pension funds include expenses for termination payments amounting to EUR 2,075,911 (previous year: TEUR 843). The expenses for the auditor include expenditure on auditing the annual financial statements and consolidated financial statements and amount to EUR 48,500 (previous year TEUR 48.5). The taxes on income relate entirely to corporation income tax. The tax on the results of ordinary business activities (including previous year change) is EUR 2,659,251 (previous year: TEUR 633) and on the change in untaxed reserves is EUR 16,660 (previous year: TEUR 74). The deferred taxes not recognised amount to approximately EUR 4,588,907 (previous year: TEUR 1,529) based on a rate of corporation income tax of 25%.

## V. OTHER INFORMATION

### Average number of employees (converted into full-time equivalents):

	2011	2010
Waged employees	620	647
Salaried employees	531	502
<b>Total</b>	<b>1,151</b>	<b>1,149</b>

### Expenses for termination payments and pensions for the Managing Board and for executive employees

With regard to termination payments, benefits payable to the employee pension funds and the employer's contributions to pension funds, the following expenditure was incurred in the year 2011:

	2011 EUR	2010 EUR
Members of the Managing Board and management staff	230,349	127
Other employees	2,564,239	1,406
<b>Total</b>	<b>2,794,588</b>	<b>1,533</b>

### Emoluments of the Managing Board and Supervisory Board

With regard to the breakdown pursuant to § 266 line 7 UGB the corresponding details are omitted by reference to § 266 line 7 (b). The members of the Supervisory Board received attendance fees and expense allowances amounting to a total of EUR 29,814 (previous year: TEUR 31) for the year 2011.

### Executive bodies of the parent company

#### Board members

Dipl.-Ing. Dr. Georg Erlacher  
Mag. Georg Schöppl

#### Supervisory Board

##### Elected members

Dipl.-Ing. Stefan Schenker (Chairman)  
Dr. Christian Kuhn (Deputy Chairman)  
Hans-Georg Kramer (Deputy Chairman until 29th February 2012)  
Mag. Michael Höllner (Deputy Chairman since 1st March 2012)  
Dipl.-Ing. Martin Burjan

##### Members delegated by the Central Works Council

Josef Reisenbichler  
Ing. Martin Schöngibl

Purkersdorf, 24th April 2012

The Managing Board:

Dipl.-Ing. Dr. Georg Erlacher e.h.

Mag. Georg Schöppl e.h.

### Events after the balance sheet date

No events of particular significance occurred after the balance sheet date which would have necessitated a change in the annual accounts.

## Audit certificate\*

### Reports concerning the consolidated financial statements

We have audited the attached consolidated financial statements of Österreichische Bundesforste AG for the financial year from 1st January 2011 to 31st December 2011. These consolidated financial statements are the consolidated balance sheet as at 31st December 2011, the consolidated profit and loss statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending 31st December 2011 and notes to the consolidated financial statements.

#### Responsibility of statutory representatives for the consolidated financial statements and for Group accounting

The Group's accounting and preparation of the consolidated financial statements to provide as true and fair a view as possible of the Group's net assets, financial position and results of operations in accordance with the Austrian rules of commercial law are the responsibility of the Company's legal representatives. This responsibility is to devise, implement and maintain an internal control system, provided it is of significance for the preparation of the consolidated financial statements and provision of as true and fair a view as possible of the Group's net assets, financial position and results of operations, so that it is free of material misrepresentations, whether as a result of intentional or unintentional errors, and also to select and apply appropriate accounting policies and



to make estimates which appear reasonable taking account of the given framework conditions.

#### **Responsibility of the auditor and description of the nature and extent of the statutory audit**

Our task is to deliver an audit opinion on these consolidated financial statements based on our audit. We have performed the audit taking account of the statutory provisions and principles of proper auditing as they apply in Austria. These principles require that we comply with the rules of the profession and plan and implement the audit so as to gain reasonable assurance for the formation of a view of whether the consolidated financial statements are free of material misrepresentation.

An audit includes the performance of audit activities to gain audit evidence regarding the amounts and other disclosures contained in the consolidated financial statements. The selection of the audit activities is made at the due discretion of the auditor, taking account of his or her estimate of the risk of an occurrence of material misrepresentation, whether on the basis of intentional or unintentional errors. In undertaking this assessment of the risk, the auditor takes account of the internal control system in so far as it is of significance for the preparation of the consolidated financial statements and provision of as true and fair a view as possible of the Group's net assets, financial position and results of operations, in order while taking account of the general conditions to define suitable audit activities but not to deliver an audit opinion on the effectiveness of the Group's internal controls. The audit furthermore includes an assessment of the appropriateness of the applied accounting policies and the material estimates made by the legal representatives as well as to appraise the overall presentation of the consolidated financial statements.

We believe that we have obtained adequate and suitable audit evidence so that our audit provides a sufficiently secure basis for our audit opinion.

#### **Audit opinion**

Our audit did not give rise to any reservations. Based on the knowledge gained during the audit, the consolidated financial statements in our view comply with the statutory provisions and provide as true and fair a view as possible of the net assets and financial position of the Group as at 31st December 2011 as well as the earnings position and the cash flows of the Group for the financial year from 1st January 2011 until 31st December 2011 in compliance with the Austrian principles of proper accounting.

#### **Statements concerning the consolidated management report**

The consolidated management report must be examined on the basis of the statutory provisions to establish whether it agrees with the consolidated financial statements and whether the other disclosures in the consolidated management report do not lead to a false impression of the Group's position. The audit opinion must also include a statement on whether the consolidated management report agrees with the consolidated financial statements. In our assessment, the consolidated management report agrees with the consolidated financial statements.

Vienna, 24th April 2012

Ernst & Young, Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Elfriede Baumann e.h., Auditor

Mag. Brigitte Frey e.h., Auditor

\* On publication or when passing on the consolidated financial statements in a form which differs from the audited (unabridged German language) version (e.g. abridged version or translation) the audit opinion must not be quoted without our approval and no reference should be made to our audit.

## Report of the Supervisory Board concerning financial year 2011

The Supervisory Board has regularly been kept fully informed by the Managing Board of the business events and the company's position and at six meetings has carried out the tasks to which it is obliged by law and the articles of association. It has complied with its duties of information and scrutiny. According to the final result of the review of the annual financial statements undertaken by the Supervisory Board and the examination of the management report of the Managing Board there is no cause for objection.

One particular focus of the Supervisory Board's activities during the year 2011 was again on the collaboration in the case of the transfer of properties. Rights of veto under the Federal Forests Act 1996 were not exercised.

In all meetings during 2011 the Supervisory Board has intensively debated the restructuring of the SWH Group which has now been completed, a 50% equity investment of Bundesforste which has been involved in power and heat generation from biomass. At the meetings held in May and September, the Supervisory Board granted approval to the formation of two companies to construct and operate small hydroelectric power plants.

At the meeting in September, the Supervisory Board furthermore discussed the strategy

submitted by the Managing Board concerning renewable energy, whose focal point during the next years will be on investments and project developments in the small hydroelectricity and wind energy fields. In the course of an inspection in the Salzkammergut the Supervisory Board was informed of forest management and re-forestation measures in situ.

In December 2011, the Supervisory Board extended the Managing Board mandate of Mag. Georg Schöppl for a further period of office. The audit committee of the Supervisory Board convened for two meetings in May and December 2011.

The annual financial statements prepared by the Managing Board as at 31.12.2011 including the management report have been granted an unqualified audit opinion by the auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Straße 19, 1220 Vienna. The auditor's report was submitted to the members of the Supervisory Board in accordance with § 273 (4) UGB.

The Supervisory Board approved the 2011 annual financial statements and management report after examining the auditor's report, which is hereby approved pursuant to § 96 (4) AktG (Stock Corporation Act). The consolidated financial statements are noted.



PHOTO: ÖBf/KAINERSTORFER

The Supervisory Board thanks the Managing Board and all employees for their efforts.

Purkersdorf, 10th May 2012  
Chairman of the Supervisory Board  
DI Stefan Schenker