



Financial Report 2014|15

Axpo Holding AG

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Financial Report

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Sound operating result before one-offs

During the 2014/15 financial year, the Axpo Group achieved a sound operating result before one-offs in a persistently difficult market environment. Sustained pressure on the price of electricity in Europe, the result of low prices for coal and CO₂ certificates, the sluggish economy in Europe as well as increasing feed-ins of subsidised energy, intensified even further due to the Swiss National Bank's decision to eliminate the EUR/CHF floor in mid-January 2015. Geared toward hedging the company against both medium-term electricity prices and exchange rates, Axpo's hedging strategy was able to compensate for some of the negative effects of the exchange rate and electricity price trends experienced during the 2014/15 financial year. The long-term impact of the low EUR/CHF exchange rate and the lower European wholesale prices expected in the future, as well, made CHF 1.5 billion in impairments and provisions necessary for power plants and energy procurement contracts. Lower depreciations and the use of provisions due to the impairment of the previous year in the amount of CHF 0.2 billion resulted in a net effect of CHF 1.3 billion. A significant portion of the deterioration was attributable to a currency-induced decline in revenue.

At CHF 575 million, operating profit before one-offs fell 14.8% short of the previous year (CHF 675 million) and is evidence of sound performance by the Axpo Group in a difficult environment. This result also reflects the Group's ongoing cost-cutting measures and efforts to expand its profitable business activities in Europe even further. Impairments of power plants and energy procurement rights had a negative impact of CHF 1.5 billion on earnings and led to a net loss of CHF 990 million (previous year: loss of CHF 730 million). Cash flow from operating activities dropped from CHF 765 million in the previous year to CHF 461 million. Net investments during the past business year amounted to CHF 699 million, which resulted in a negative free cash flow of CHF 238 million. This caused a decline in the Group's net financial assets from CHF 0.9 billion in the previous year to CHF 0.5 billion at the end of September 2015. The continued good liquidity situation and solid equity ratio of 32.1% are enabling the Axpo Group to successfully face its future challenges in a difficult environment.

Revenue

The Axpo Group generated total revenue of CHF 5,860 million during 2014/15 (previous year: CHF 6,705 million). The CHF 845 million or 12.6% decline is largely attributable to the effects of foreign currency translations and to the lower electricity prices. Compared to the previous year, electricity sales rose by 19.4% to 81.2 TWh due to larger amounts of energy generated in conventional thermal power plants in Italy and higher trading volumes. The higher volumes were more than neutralised by lower prices and exchange rates, however. Significantly higher gas sales driven by strong growth in the retail business in Italy were neutralised by a deterioration in the price of gas to such an extent that sales revenue from the gas business remained unchanged over the previous year. Axpo hedges itself against risks arising through foreign currencies, particularly the euro. A profit of CHF 121 million (previous year: CHF 33 million) was generated through currency hedging in the 2014/15 financial year, which has been included under other operating income.

Operating expenses

At CHF 4,076 million, costs related to energy procurement, grid usage and goods were CHF 699 million or 14.6% lower year-on-year. Of the CHF 1.5 billion in impairments and provisions required, CHF 193 million (previous year: CHF 325 million) are included under energy procurement expenses. Personnel and other operating expenses were down CHF 91 million or 8.5% from the previous year. This decline reflects the Group's ongoing efforts to adapt its cost base to a persistently difficult market environment. The number of employees fell further during the 2014/15 financial year to 4,284 FTEs at the end of September (previous year: 4,477). This reduction in staff is attributable to progress made on the pumped-storage power plant project in Linth-Limmern as well as additional downsizing in Switzerland. Outside Switzerland, on the other hand, the expansion of origination and retail activities prompted an increase in the headcount. At CHF 787 million, earnings before interest, tax, depreciation and amortisation (EBITDA) and one-offs were CHF 206 million below the prior-year figure of CHF 993 million.

Depreciation and impairments

Depreciation, amortisation and impairment of fixed assets amounted to CHF 1,523 million during the 2014/15 financial year (previous year: CHF 1,506 million). The future cash flows expected to be generated through use of the power plants and energy procurement rights deteriorated significantly once again. A significant proportion of the deterioration is attributable to a currency-induced decline in revenue and the rest to further declines in wholesale electricity prices. This led to impairment to the power plants in the amount of CHF 1,311 million (previous year: CHF 1,189 million). As in the past, the impairments concern domestic hydro and nuclear power plants as well as small-scale hydro and biomass plants. In other European countries, Axpo had to adjust the value of its gas-fired combined-cycle power plants and wind farms.

Negative earnings before interest and tax due to one-offs

The Axpo Group's reported earnings before interest and tax (EBIT) amounted to CHF -929 million in the 2014/15 financial year (previous year: CHF -838 million). Included in this figure are the above-mentioned one-offs of impairments in the amount of CHF 1.5 billion (previous year: CHF 1.5 billion). Excluding one-offs, the operating result came to CHF 575 million (previous year: CHF 675 million), thus showing that Axpo asserted itself well during the past business year, despite the persistently difficult market environment.

The negative EBIT posted by the Production and Grids segment was heavily impacted by the high impairment charges to power plants and procurement contracts. Moreover, the extended overhaul shutdown of the Beznau nuclear power plant put an additional strain on the EBIT of this segment. As in the previous year, the operating result from Trading & Sales was weighed down by the supply of energy to the cantonal utilities at market prices while various cross-segment cost transfer mechanisms based on production costs continued to be applied. The negative repercussions of the lower EUR/CHF exchange rate were more than offset by currency hedging transactions. Similar to Production and Grids, the result of the CKW Group was strained by high impairments. Excluding these one-offs, CKW achieved a good result and contributed significantly to the sound operating result of the Axpo Group.

Negative net result

Compared to the previous year, the financial result deteriorated by CHF 130 million to end the period at CHF – 156 million. At CHF 188 million, the return on the Decommissioning and Waste Disposal Fund measured at fair value for the Beznau nuclear power plant fell significantly short of the extraordinarily good prior-year figure and reduced the financial result year-on-year. This was offset by gains from the securities portfolio, however, which had generated some income as a result of portfolio restructuring. The elimination of the EUR/CHF floor led to exchange rate losses on monetary assets in foreign currencies, and interest income declined further as a result of the generally low interest rate level. Income taxes rose year-on-year. One reason for this can be found in the foreign subsidiaries' positive contribution to profit and another is the greatly diminished tax benefit of impairments taken to power plants in Switzerland due to deteriorating future prospects. Axpo closed the 2014/15 financial year with a net loss of CHF 990 million (previous year: loss of CHF 730 million).

Balance sheet

At CHF 18.9 billion as at 30 September 2015, the total assets of the Group were CHF 1.3 billion lower than the previous year. Year-on-year, impairments taken to power plants and goodwill reduced property, plant and equipment and intangible assets by around CHF 0.7 billion to CHF 5.1 billion at the end of September 2015. Cash and cash equivalents declined from CHF 2.0 billion in the previous year to CHF 1.9 billion. This reduction is attributable in part to the negative free cash flow of CHF 238 million as well as the fact that liquid funds were invested in short-term and long-term time deposits due to the negative interest rates currently applicable in Switzerland. Net financial assets declined from CHF 935 million as at 30 September 2014 to CHF 476 million at the end of the 2014/15 financial year. Despite the fact that renewed impairments, the negative currency translation effect and the revaluation of pension plans caused a reduction in the equity ratio to 32.1%, a comparison within the industry reveals that the Axpo Group still has a solid balance sheet structure.

Cash flow statement

Cash flow from operating activities came to CHF 461 million, thus falling CHF 304 million or 39.8% short of the previous year's figure. The decline in cash flow from operating activities is primarily due to the lower operating result, greater funds tied down in net current assets as well as higher outflows of cash from provisions and paid income tax. Investments in property, plant and equipment decreased by CHF 73 million to CHF 627 million compared to the previous year. The main investment projects during the past business year were two large-scale projects: the pumped-storage power plant project in Linth-Limmern where investments total around CHF 250 million and the Beznau nuclear power plant with some CHF 146 million in investments. The completion of Linth-Limmern will trigger a significant outflow of funds in the upcoming business year but substantially less thereafter. Other investment projects concerned the maintenance and expansion of the grid infrastructure (CHF 114 million) and other smaller projects. The cash flow from investing activities surpassed the cash flow from operating activities, which resulted in a free cash flow of CHF – 238 million in the 2014/15 financial year (previous year: CHF – 14 million).

Due to the net loss incurred during the 2014/15 financial year, the Board of Directors will propose to the Annual General Meeting that the dividend payout be waived.

Outlook

Ongoing subsidisation, low prices for CO₂ certificates and coal, the sluggish economy in Europe as well as the low EUR/CHF exchange rate do not present any indications that wholesale prices for electricity in Europe, and in Switzerland in particular, will rise again any time in the near future. The ongoing decline in positive medium-term hedges against electricity prices and exchange rates will also have a negative impact on profitability. This being the case, over the next few years Axpo must continue to focus on cutting costs, optimising the core business, setting even clearer investment management priorities and driving forward development and innovation in order to tap into new, profitable sources of revenue. In light of the challenging market environment, ensuring sustainable profitability, liquidity and capital market viability continue to be Axpo's top-most strategic objectives.

Consolidated income statement

CHF millions	Notes	2014/15	2013/14 restated ¹⁾
Revenues from sales of energy and grid usage	9	5 595.5	6 533.4
Changes in inventories		1.3	2.9
Capitalised production costs		103.2	99.8
Other operating income		159.9	68.8
Total income		5 859.9	6 704.9
Expenses for energy procurement, grid usage and goods purchased	10	-4 076.3	-4 775.2
Expenses for materials and third-party supplies		-204.3	-185.1
Personnel expenses	11	-628.3	-654.7
Other operating expenses	12	-357.2	-422.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)		593.8	667.9
Depreciation, amortisation and impairments	13	-1 522.6	-1 506.1
Earnings before interest and tax (EBIT)		-928.8	-838.2
Share of profit of partner plants and other associates	18	49.3	74.9
Financial income	14	223.2	287.6
Financial expense	14	-379.2	-313.3
Earnings before tax (EBT)		-1 035.5	-789.0
Income tax expense	15	45.6	59.5
Result for the period		-989.9	-729.5
Attributable to:			
Axpo Holding shareholders		-1 009.7	-745.6
Non-controlling interests		19.8	16.1

1) Currency hedging transactions entered into to hedge exchange differences on expected future energy procurement or sales contracts in a foreign currency in the amount of CHF 121.4 million (previous year: CHF 32.8 million) were reclassified from financial result to other operating income.

	2014/15	2013/14
Earnings per share		
Total average number of registered shares issued with a par value of CHF 10.–	37 000 000	37 000 000
Result for the period in CHF millions	-1 009.7	-745.6
Earnings per share in CHF	-27.3	-20.2

There are no circumstances that would lead to a dilution in earnings per share.

Consolidated statement of comprehensive income

CHF millions	Notes	2014/15	2013/14
Result for the period		-989.9	-729.5
Available-for-sale financial assets		-91.7	90.5
Fair value adjustments		-18.0	107.6
Result transferred to the income statement		-81.5	-9.5
Income taxes on fair value adjustments		7.8	-7.6
Cash flow hedges group companies		89.9	47.3
Fair value adjustments		344.4	71.3
Result transferred to the income statement		-234.9	-4.0
Income taxes on fair value adjustments		-19.6	-20.0
Cash flow hedges other associates		-8.9	0.0
Fair value adjustments		-12.5	0.0
Income taxes on fair value adjustments		3.6	0.0
Currency translation differences group companies		-105.5	-16.3
Currency translation differences for the year		-105.5	-16.3
Currency translation differences other associates		-6.4	0.0
Currency translation differences for the year		-6.4	0.0
Income and expenses to be reclassified subsequently to profit or loss, net after income tax		-122.6	121.5
Remeasurement of defined benefit plans group companies		-283.9	-110.6
Remeasurement of defined benefit plans		-343.8	-134.2
Income taxes		59.9	23.6
Remeasurement of defined benefit plans partner plants and other associates		-56.3	-35.8
Remeasurement of defined benefit plans		-70.4	-44.7
Income taxes		14.1	8.9
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax		-340.2	-146.4
Other comprehensive income, net after income tax		-462.8	-24.9
Total comprehensive income		-1 452.7	-754.4
Attributable to:			
Axpo Holding shareholders		-1 448.6	-759.5
Non-controlling interests		-4.1	5.1

Consolidated balance sheet

CHF millions	Notes	30.9.2015	30.9.2014
Assets			
Property, plant and equipment	16	4 569.8	5 090.7
Intangible assets	17	558.2	750.4
Investments in partner plants and other associates	18	1 381.4	1 559.1
Derivative financial instruments	6	876.5	926.2
Other financial assets	20	2 389.6	2 139.4
Investment properties	21	49.3	28.0
Other receivables	26	2 093.6	2 085.9
Deferred tax assets	15	58.1	64.7
Total non-current assets		11 976.5	12 644.4
Assets held for sale	22	7.8	17.9
Inventories	23	504.2	543.9
Trade receivables	24	863.1	742.6
Financial receivables	25	864.3	1 462.2
Current tax assets		67.2	49.9
Derivative financial instruments	6	1 093.9	777.1
Other receivables	26	1 673.2	1 969.8
Other financial assets	20	0.0	0.7
Cash and cash equivalents	27	1 857.5	2 010.1
Total current assets		6 931.2	7 574.2
Total assets		18 907.7	20 218.6
Equity and liabilities			
Share capital		370.0	370.0
Retained earnings		5 272.8	6 716.0
Total equity excluding non-controlling interests		5 642.8	7 086.0
Non-controlling interests		422.5	431.4
Total equity including non-controlling interests		6 065.3	7 517.4
Financial liabilities	29	3 973.6	4 329.5
Derivative financial instruments	6	562.5	516.4
Other liabilities	31	780.9	465.2
Deferred tax liabilities	15	156.9	292.1
Provisions	32	3 434.8	3 183.7
Total non-current liabilities		8 908.7	8 786.9
Trade payables		486.3	538.9
Financial liabilities		662.3	348.4
Current tax liabilities		52.4	127.4
Derivative financial instruments	6	692.8	569.1
Other liabilities	33	1 906.8	2 105.1
Provisions	32	133.1	225.4
Total current liabilities		3 933.7	3 914.3
Total liabilities		12 842.4	12 701.2
Total equity and liabilities		18 907.7	20 218.6

Consolidated statement of changes in equity

	Share capital	Reserves from hedge accounting ¹⁾	Unrealised gains and losses ¹⁾	Foreign currency translation reserve	Other retained earnings	Total retained earnings ²⁾	Total equity excluding non-controlling interests	Non-controlling interests	Total equity including non-controlling interests
Equity at 30.9.2013	370.0	259.7	158.5	-291.8	7 420.8	7 547.2	7 917.2	413.6	8 330.8
Change in available-for-sale financial assets			98.1			98.1	98.1	0.0	98.1
Change in cash flow hedges		68.4				68.4	68.4	-1.1	67.3
Foreign currency translation				-16.3		-16.3	-16.3	0.0	-16.3
Remeasurement of defined benefit plans					-167.4	-167.4	-167.4	-11.5	-178.9
Current and deferred taxes on other comprehensive income		-19.8	-7.6		30.7	3.3	3.3	1.6	4.9
Total other comprehensive income after income tax		48.6	90.5	-16.3	-136.7	-13.9	-13.9	-11.0	-24.9
Result for the period					-745.6	-745.6	-745.6	16.1	-729.5
Total comprehensive income		48.6	90.5	-16.3	-882.3	-759.5	-759.5	5.1	-754.4
Dividend					-74.0	-74.0	-74.0	-10.2	-84.2
Change in scope of consolidation					2.3	2.3	2.3	2.9	5.2
Increase in capital of non-controlling interests								20.0	20.0
Equity at 30.9.2014	370.0	308.3	249.0	-308.1	6 466.8	6 716.0	7 086.0	431.4	7 517.4
Change in available-for-sale in financial assets			-99.2			-99.2	-99.2	-0.3	-99.5
Change in cash flow hedges		95.0				95.0	95.0	2.0	97.0
Foreign currency translation				-109.9		-109.9	-109.9	-2.0	-111.9
Remeasurement of defined benefit plans					-387.1	-387.1	-387.1	-27.1	-414.2
Current and deferred taxes on other comprehensive income		-15.4	7.8		69.9	62.3	62.3	3.5	65.8
Total other comprehensive income after income tax		79.6	-91.4	-109.9	-317.2	-438.9	-438.9	-23.9	-462.8
Result for the period					-1 009.7	-1 009.7	-1 009.7	19.8	-989.9
Total comprehensive income		79.6	-91.4	-109.9	-1 326.9	-1 448.6	-1 448.6	-4.1	-1 452.7
Dividend					0.0	0.0	0.0	-6.8	-6.8
Change in scope of consolidation					5.4	5.4	5.4	-0.1	5.3
Increase and decrease in capital of non-controlling interests								2.1	2.1
Equity at 30.9.2015	370.0	387.9	157.6	-418.0	5 145.3	5 272.8	5 642.8	422.5	6 065.3

1) The change in unrealised gains and losses is explained in Note 28 "Equity – Changes in value of financial instruments recognised in equity according to IAS 39".

2) The statutory financial statements of Axpo Holding AG are the basis for measuring the maximum distributable portion of retained earnings.

The share capital is divided into 37,000,000 registered, fully paid-in shares with a par value of CHF 10 each.

Consolidated cash flow statement

CHF millions	Notes	2014/15	2013/14 restated ¹⁾
Earnings before tax (EBT)		-1 035.5	-789.0
Financial result		156.0	25.7
Share of profit of partner plants and other associates	18	-49.3	-74.9
Earnings before interest and tax (EBIT)		-928.8	-838.2
(Gains)/losses on disposal of non-current assets		-6.6	3.8
Adjustment of non-cash expenses and income:			
Depreciation, amortisation and impairments	13	1 522.6	1 506.1
Increase and release of provisions (excluding interest, net)	32	208.1	412.8
Unrealised result on derivatives		37.6	33.1
Increase and release of provisions on inventories and bad debt allowances		20.2	6.6
Other non-cash items		-17.2	-18.5
Change in net working capital:			
Change in inventories		-10.3	-31.4
Change in trade receivables		-172.0	-145.3
Change in other receivables		132.4	228.2
Change in trade payables		-22.1	46.5
Change in other liabilities (current)		15.2	-304.2
Change in derivative financial instruments		16.0	93.3
Use of provisions	32	-149.7	-94.9
Dividends received		40.4	42.2
Other financial result		-83.4	-49.1
Income taxes paid		-141.6	-125.8
Cash flow from operating activities		460.8	765.2
Property, plant and equipment:			
Investments net of capitalised borrowing costs	16	-627.3	-700.1
Disposals and cost contributions		8.5	29.7
Intangible assets:			
Investments (excluding goodwill)	17	-9.9	-17.0
Disposals		6.4	0.9
Investments in subsidiaries (net of cash transferred)	7	0.0	0.6
Disposals of subsidiaries (net of cash transferred)		0.0	0.8
Cash flow from non-current assets held for sale		8.1	0.0
Investments in partner plants and other associates:			
Investments	18	-34.8	-48.8
Disposals and capital repayments		2.9	8.1
Other financial assets:			
Investments		-1 622.6	-435.4
Disposals and repayments		472.5	45.6
Receivables from state funds		-52.8	-52.8
Investment properties:			
Investments	21	-0.2	0.0
Disposals		6.0	5.7
Financial receivables (current)		1 318.1	-826.1
Change in other financial assets (current assets)		0.0	-0.2
Interest received		48.9	58.2
Cash flow used in investing activities		-476.2	-1 930.8

CHF millions	Notes	2014/15	2013/14 restated ¹⁾
Financial liabilities (non-current):			
Proceeds		193.3	428.5
Repayment		-2.2	-5.3
Other liabilities (non-current):			
Proceeds		18.7	20.3
Repayment		-1.5	-0.1
Financial liabilities (current):			
Proceeds		1 299.7	461.9
Repayment		-1 475.5	-437.5
Increase in capital		-7.8	0.0
Changes in non-controlling interests		2.1	20.0
Dividend payments (incl. non-controlling interests)		-6.8	-84.2
Interest paid		-140.5	-139.8
Cash flow (used)/from financing activities		-120.5	263.8
Currency translation effect		-16.7	-13.1
Change in cash and cash equivalents		-152.6	-914.9
Cash and cash equivalents at the beginning of the reporting period		2 010.1	2 925.0
Cash and cash equivalents at the end of the reporting period	27	1 857.5	2 010.1

1) Currency hedging transactions entered into to hedge exchange differences on energy procurement or sales contracts in a foreign currency were reclassified from financial result to other operating income.

Notes to the consolidated financial statements

1 | General information

Axpo Holding AG is a public limited company incorporated under Swiss law and was established on 16 March 2001 with its registered office in Baden. Axpo Holding and its subsidiaries constitute the Axpo Group. An overview of the Group's principal ownership interests is provided in Note 40 "Investments". The Axpo Group owns and operates power-generating plants and distribution grids. The company also engages in international energy trading. The Axpo Group employed 4,284 staff as at 30 September 2015.

2 | Basis of accounting

General principles

The consolidated financial statements for the 2014/15 financial year provide a true and fair view of the assets, financial position and results of operations of the Axpo Group in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. The consolidated financial statements were approved by the Board of Directors of Axpo Holding AG on 15 December 2015 and are still to be approved by the Annual General Meeting on 11 March 2016.

Measurement bases

The consolidated financial statements are based on the historic cost principle. Exceptions are described in Note "Accounting policies".

Significant changes in accounting policies

All standards and interpretations effective at the end of the reporting period were applied when preparing the consolidated financial statements. The Axpo Group adopted the following new or revised standards and interpretations for the first time for the 2014/15 financial year:

- IAS 39 (amended) – Novation of Derivatives and Continuation of Hedge Accounting (1 January 2014)
- IFRIC 21 – Levies (1 January 2014)
- IFRSs (Cycus 2010–2012) – Annual Improvements (1 July 2014)
- IFRSs (Cycus 2011–2013) – Annual Improvements (1 July 2014)

The new and revised standards applied for the first time by the Axpo Group had no significant effect on the consolidated financial statements.

Voluntary changes in accounting policies

To hedge exchange differences on energy procurement or sales contracts in a foreign currency, derivative financial instruments are used. This is done in accordance with existing guidelines on hedging. In previous periods the gains and losses on these transactions were presented as part of the financial result. Since the 2014/15 reporting period, foreign currency hedging transactions, which are used to hedge operating energy transactions, are included in EBIT and recognised in the line item "other operating income". Due to this change the operating result provides more reliable and relevant information about the effects of transactions on the entity's financial position. This change was applied retrospectively. Prior-year figures in the consolidated income statement and the consolidated cash flow statement as well as in the notes to the consolidated financial statements were restated where necessary. Where changes were significant, explanations are provided.

Consolidated income statement 2013/14, restated

CHF millions	2013/14 published	Restatement	2013/14 restated
Revenues from sales of energy and grid usage	6 533.4	0.0	6 533.4
Changes in inventories	2.9	0.0	2.9
Capitalised production costs	99.8	0.0	99.8
Other operating income	36.0	32.8	68.8
Total income	6 672.1	32.8	6 704.9
Expenses for energy procurement, grid usage and goods purchased	-4 775.2	0.0	-4 775.2
Expenses for materials and third-party supplies	-185.1	0.0	-185.1
Personnel expenses	-654.7	0.0	-654.7
Other operating expenses	-422.0	0.0	-422.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	635.1	32.8	667.9
Depreciation, amortisation and impairments	-1 506.1	0.0	-1 506.1
Earnings before interest and tax (EBIT)	-871.0	32.8	-838.2
Share of profit of partner plants and other associates	74.9	0.0	74.9
Financial income	320.4	-32.8	287.6
Financial expense	-313.3	0.0	-313.3
Earnings before tax (EBT)	-789.0	0.0	-789.0
Income tax expense	59.5	0.0	59.5
Result for the period	-729.5	0.0	-729.5
Attributable to:			
Axpo Holding shareholders	-745.6	0.0	-745.6
Non-controlling interests	16.1	0.0	16.1

In the 2014/15 financial year, income from currency hedging transactions of CHF 121.4 million (previous year adjusted: CHF 32.8 million) is included in other operating income.

Consolidated cash flow statement 2013/14, restated

CHF millions	2013/14 published	Restatement	2013/14 restated
Earnings before tax (EBT)	-789.0	0.0	-789.0
Financial result	-7.1	32.8	25.7
Share of profit of partner plants and other associates	-74.9	0.0	-74.9
Earnings before interest and tax (EBIT)	-871.0	32.8	-838.2
(Gains)/losses on disposal of non-current assets	3.8	0.0	3.8
Adjustment of non-cash expenses and income:			
Depreciation, amortisation and impairments	1 506.1	0.0	1 506.1
Increase and release of provisions (excluding interest, net)	412.8	0.0	412.8
Unrealised result on derivatives	73.9	-40.8	33.1
Increase and release of provisions on inventories and bad debt allowances	6.6	0.0	6.6
Other non-cash items	-18.5	0.0	-18.5
Change in net working capital:			
Change in inventories	-31.4	0.0	-31.4
Change in trade receivables	-145.3	0.0	-145.3
Change in other receivables	228.2	0.0	228.2
Change in trade payables	46.5	0.0	46.5
Change in other liabilities (current)	-304.2	0.0	-304.2
Change in derivative financial instruments	53.5	39.8	93.3
Use of provisions	-94.9	0.0	-94.9
Dividends received	42.2	0.0	42.2
Other financial result	-17.3	-31.8	-49.1
Income taxes paid	-125.8	0.0	-125.8
Cash flow from operating activities	765.2	0.0	765.2
Cash flow used in investing activities	-1 930.8	0.0	-1 930.8
Cash flow from financing activities	263.8	0.0	263.8
Currency translation effect	-13.1	0.0	-13.1
Change in cash and cash equivalents	-914.9	0.0	-914.9
Cash and cash equivalents at the beginning of the reporting period	2 925.0	0.0	2 925.0
Cash and cash equivalents at the end of the reporting period	2 010.1	0.0	2 010.1

Future application of new standards and interpretations

The Axpo Group is currently analysing the potential impact of the following new and revised standards and interpretations that have already been issued but whose adoption in the Axpo Group accounts is not yet mandatory. They will be adopted by the Axpo Group no later than the financial year beginning on or after the date specified in brackets.

- IFRS 9 – Financial Instruments (1 January 2018)
- IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (1 January 2016; the IASB decided in the August 2015 meeting to propose a postponement of the effective date for an indefinite period of time)
- IFRS 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (1 January 2016)
- IFRS 15 – Revenue from Contracts with Customers (1 January 2018)
- IAS 1 (amended) – Disclosure Initiative (1 January 2016)
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation (1 January 2016)
- IFRSs (Cyclos 2012–2014) – Annual Improvements (1 January 2016)

The impact on the consolidated financial statements of some standards and interpretations has not yet been determined on a sufficiently reliable basis. Based on current analyses and with the exception of the application of IFRS 9 and IFRS 15, the Axpo Group does not anticipate any material impact on the Group's financial position and results of operations.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments replaces the requirements of IAS 39 governing the classification and measurement of financial assets and liabilities, hedge accounting and impairments. The new standard reduces the number of measurement categories for financial assets.

The aim of the new hedge accounting requirements is to better reflect risk management activities in the consolidated financial statements. For this purpose, IFRS 9 extends amongst others the qualifying transactions for hedge accounting and simplifies effectiveness testing. Impairments are no longer recognised on the basis of losses already incurred, but instead on the basis of expected losses. The impact of IFRS 9 on the consolidated financial statements of Axpo Group is still being analysed.

IFRS 15 – Revenue from Contracts with Customers

In May 2014 the IASB published the new standard IFRS 15 – Revenue from Contracts with Customers. The new standard replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The standard defines when and at which amount revenues have to be recognised. According to IFRS 15 revenues will be recognised at an amount that reflects the performance obligation to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The recognition occurs at a certain point in time (or over time) when the risk for goods or services has been transferred from the entity to the client. The framework is given by a five-level model. The new standard also contains new and extensive disclosure requirements. The impact of IFRS 15 on the consolidated statements of the Axpo Group has not yet been assessed.

3 | Consolidation principles

Scope of consolidation

The consolidated financial statements are based on the audited separate financial statements of the subsidiaries. Subsidiaries are companies controlled by the Group. The Group controls a company if it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company concerned. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ends.

Business combinations

Business combinations are accounted for on the date of acquisition using the acquisition method. The purchase price for an acquisition must be calculated from the sum of the fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the Group. Transaction costs incurred in connection with an acquisition are recognised in the income statement. The goodwill arising from an acquisition is recorded as an asset. It corresponds to the excess of the sum of the purchase price, the contribution of non-controlling interests in the acquired company and the fair value of the previously held equity share over the balance of the assets, liabilities and contingent liabilities measured at fair value. There is an option for measuring non-controlling interests in each transaction. They can either be valued at fair value or at the share of the non-controlling interests in the fair value of the net assets acquired. Where the costs of acquisition are lower than fair value, the remaining surplus is immediately recognised in the income statement after reassessing the fair value of the net assets acquired. Goodwill is tested for impairment at least annually, or earlier if there is any indication for impairment. Non-controlling interests are reported separately from the equity of the Group. Changes to the proportion of ownership interest that do not result in a loss of control are treated as equity transactions with owners. Any difference between the purchase price paid or the consideration received and the amount by which the non-controlling interest is changed is recognised directly in equity.

Investments in partner plants and other associates

An associate is a company over which Axpo Group exercises significant influence without having control over its financial and business policy. As of the date of acquisition, the fair value of the proportional net assets is calculated and, together with any goodwill, recognised in the balance sheet under investments in partner plants and other associates. In subsequent reporting periods, this amount is adjusted for any change in Axpo Group's share of the capital and income earned as well as any dividends. Partner plants are companies that design, construct, maintain or operate power plants, grids or nuclear storage facilities, or companies that administer energy procurement rights. The shareholders commit to purchase a pro rata share of the energy and to pay a pro rata share of the annual costs. Partner plants in which Axpo Group does not hold a majority interest or does not have control are also classified as associates and accounted for using the equity method.

Due to the legal obligation to pay the annual costs, the acquisition of an investment in a partner plant may result in a provision for an onerous energy procurement contract rather than an asset for an energy procurement right.

Intragroup transactions

Electricity produced by partner plants is invoiced to the shareholders at annual production cost on the basis of existing partnership agreements and regardless of market prices. Market prices generally apply for the invoicing of other goods and services between Group companies and related parties. Intercompany profits and transactions within the Axpo Group are eliminated in the consolidated financial statements.

Presentation currency and foreign currency translation

The presentation currency, which is Axpo Holding AG's functional currency, is the Swiss franc. Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction or at an exchange rate which approximates to the transaction rate. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Any resulting translation differences which arise are recognised in the income statement.

Assets and liabilities of subsidiaries and of associates accounted for using the equity method whose functional currency is not Swiss francs are translated on consolidation into Swiss francs at the exchange rate prevailing on the balance sheet date. Goodwill and fair value adjustments arising from acquisitions of foreign operations are recognised in the balance sheet as assets of the acquired entity. The income statement, cash flow statement and other movement positions are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the balance sheet and the income statement of foreign subsidiaries and associates accounted for using the equity method are recognised directly in other comprehensive income and reported separately as accumulated foreign currency translation differences. Non-current receivables or loans to group companies for which repayment is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that group company. Foreign exchange differences resulting from such non-current receivables or loans are recognised in the other comprehensive income and recognised in the income statement on liquidation or disposal of the foreign operation.

Foreign currency exchange rates

The following exchange rates were applied:

Currency	Unit	Year-end rates		Average rates	
		30.9.2015	30.9.2014	2014/15	2013/14
ALL	100	0.7900	0.8600	0.7800	0.8600
BAM	1	0.5585	0.6169	0.5617	0.6240
BGN	100	55.8080	61.6780	56.1700	62.3100
CZK	100	4.0148	4.3870	4.0000	4.4700
EUR	1	1.0915	1.2063	1.0986	1.2207
GBP	1	1.4780	1.5519	1.4771	1.4901
HRK	1	0.1428	0.1579	0.1441	0.1600
HUF	100	0.3482	0.3880	0.3600	0.4000
MKD	100	1.8120	1.9650	1.7900	1.9700
NOK	100	11.4599	14.8580	12.5600	14.7500
PLN	100	25.7138	28.8750	26.3300	29.1800
RON	100	24.7080	27.3530	24.7500	27.4200
RSD	100	0.9100	1.0100	0.9100	1.0500
SEK	100	11.6015	13.1890	11.7500	13.5700
TRY	100	32.1948	41.9160	37.6700	42.3200
USD	1	0.9743	0.9587	0.9559	0.8995

4 | Accounting policies

Revenue recognition

Revenue from energy business and grid usage is regarded as realised and is recognised as revenue upon delivery of the goods. Deliveries to end customers are largely based on individual meter readings at the end of the financial year. If the meters cannot be read at this time, the revenue is estimated and recorded on the basis of statistical values.

In the case of standardised forward contracts that are processed and invoiced in the same way as traditional energy contracts, the focus is often on managing a trading position rather than on the final physical delivery of energy. Standardised forward contracts entered into mainly for trading purposes are measured at fair value, with the underlying sales revenue and procurement costs being offset against each other.

In the installation business, a significant portion of the revenue derives from short-term small and medium-sized orders. Revenue for these categories is reported on the date on which the benefits and risks pass to the customer. Income earned under construction contracts is calculated according to the stage of completion as at the date of calculation and recognised provided the contract is significant and the income provided by a construction contract can be estimated reliably. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense. In general, sales are reported net after deduction of value added tax and trade discounts.

Distinction between energy trading and other energy business

Recognition of revenue in the energy trading business is based on the allocation of all trading transactions to one of two categories: “energy trading” or “other trading business”. Transactions entered into with a view to generating short-term profits are allocated to the energy trading origination book (the expression “book” stands for the smallest unit whose risk, profit and sales amount is recorded and managed). The other transactions, which all involve physical contractual fulfilment, are assigned to “other trading business” and allocated to sales books.

In the case of transactions in energy trading, large volumes of energy are traded in quick succession with professional counterparties for the purpose of building up and managing positions (the transactions are in derivatives such as options and swaps or have a derivative character as defined in IAS 39, similar to traded standard forward contracts). Transactions in energy trading are therefore financial in nature.

Amounts invoiced in energy trading during the period are not included in net sales from energy business. Only the net gains or losses from energy trading are recognised as revenue. Net gains or losses from energy trading consist of two components. Firstly, the effectively realised gains or losses from completed transactions are recognised in the income statement. Secondly, unrealised valuation gains or losses on the future cash flows of open contracts resulting from remeasurement to fair value are recognised in the income statement.

Other trading business involves the large-scale supply and procurement of energy. The sum of all invoiced supplies from these transactions flows entirely into net sales from energy business for the reporting period.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs directly related to the long-term acquisition or construction of a facility are capitalised. The capitalised interest is calculated for the period from the commencement of the acquisition or construction work until completion of the asset.

Property, plant and equipment

Property, plant and equipment (including nuclear fuel rods) is carried at acquisition or manufacturing cost and is subject to regular straight-line depreciation over the estimated useful life of each asset category or over the period to the date of the reversion of power plants. Unscheduled depreciation is an exception and is only recognised in the case of damage or impairment, as described under “Impairment of non-financial assets” below. The acquisition or manufacturing costs of property, plant and equipment comprise the purchase price, including import duties and any non-recoverable purchase taxes, and all directly allocable costs incurred to make the asset ready for operational use. Further components are the estimated costs of dismantling and removing of the asset and the restoration of the site. In the case of long-term investment projects, borrowing costs are capitalised during the construction phase.

The estimated useful lives for the individual asset categories are reviewed annually and are within the following ranges:

Land and assets under construction	Only in case of impairment
Buildings	15–60 years
Power plants	10–80 years
	depending on the type of installation and concession period
Distribution systems	10–80 years
Fixtures and fittings	3–15 years

The rates of depreciation are based on the expected useful lives of the assets. If significant components of an item of property, plant and equipment have a different useful life, they are depreciated separately (component approach).

Ordinary repairs and maintenance of buildings and operating facilities are accounted for directly as expenses.

Investments in refurbishments, improvements of facilities or replacement investments are capitalised if they will bring economic benefits to the Axpo Group in the future.

Assets under construction are assets which are unfinished or not yet ready for operation. Assets in this sense refer to all items of property, plant and equipment. Depreciation of these assets begins upon completion or when they are ready for operational use.

Intangible assets

Intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with an indefinite useful life are not amortised, but tested for impairment annually.

The useful lives are reviewed at the end of each financial year. The individual contractual useful lives are applied in all cases. Energy procurement rights comprise advance payments for rights to long-term supply of electricity including capitalised interest. These rights are amortised using the straight-line method over the contract term.

Rights of use for facilities comprise contractually agreed one-time payments to a contracting party as compensation for the use of that party's transmission and distribution systems. These rights are amortised over the contract term using the straight-line method.

Investment properties

Land and buildings held for rental purposes and/or for capital appreciation rather than for use in the production or supply of energy, for the provision of services or for administrative purposes are shown as investment properties pursuant to IAS 40. They are measured at purchase or construction cost less any accumulated depreciation and accumulated impairment losses. Buildings are depreciated using the straight-line method over 15 to 60 years, depending on the particular part of the building involved. Land is depreciated only in the case of impairment.

The information on fair values supplied in the Notes is based primarily on external appraisals. In the absence of these, internal calculations are made using the discounted cash flow method.

Inventories

Inventories mainly comprise fuel for generating electricity (uranium, oil, gas, etc. used to run thermal plants), stocks of materials for providing operating services, stocks purchased for resale in the near term with a view to generating a profit from fluctuations in the price or trading margins and emission and green certificates for own use and trading.

Fuel for electricity generation, green certificates and emission certificates for own use are initially recognised at cost of purchase or production. Fuels are measured at weighted average cost. If the net realisable value is below the purchase or production cost, an impairment loss is recognised in the income statement. Emission certificates provided by the government free of charge are initially recognised at their nominal value (zero). Emission certificates which are purchased for own production purposes are initially recognised as inventories and carried at purchase cost. A provision is created when CO₂ production exceeds the amount of the emission allowances originally provided free of charge by the government. Such provisions are recognised for the amount of acquired emission allowances at their relevant purchase cost. The provision for CO₂ emissions in excess of the CO₂ emission certificates already allocated is measured at fair value at the end of the reporting period. When the company settles its CO₂ emissions with the responsible authority, the inventories purchased are reduced by the amount of the provision created. Any excess emission certificates no longer required for own use are reclassified within inventories and measured at fair value.

Inventories of materials and supplies required for providing operating services are reported in the balance sheet at the lower of purchase/production cost (calculated using the average cost method) or net realisable value.

Inventories that have been purchased for resale in the short term with a view to generating a profit from fluctuations in the price or trading margins are measured at fair value less costs to sell. Changes in value are recognised net in the income statement. This mainly concerns trading in emission certificates, green certificates and gas.

Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition and the sale must be highly probable within 12 months. Before being reclassified as held for sale, the asset or disposal group is measured in accordance with the prevailing accounting principles. After reclassification, the asset is measured at the lower of its carrying amount or fair value less costs to sell. Any impairment losses are recognised in the income statement.

Provisions

Provisions are recognised for a present obligation from past business transactions or events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. Long-term provisions are recognised at the present value of the expected cash outflow at the end of the reporting period where the effect is significant. The provisions are reviewed annually at the balance sheet date and adjusted, taking into account current developments.

With regard to long-term energy procurement obligations arising from onerous contracts, identifiable losses are provided for, taking into account market price trends and future procurement costs. The acquisition of an interest in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase right. Due to the obligation to produce energy, provisions are also established for the company's own power plants wherever an impairment test on a plant reveals a negative present value of future estimated cash flows. In accordance with IAS 36, the capitalised carrying amount of the power plant is adjusted and the amount is then included in the provision for onerous energy procurement contracts.

As the operator of the Beznau nuclear power plant and in compliance with the law, Axpo is required to decommission the plant at the end of its operational life and to dispose of the radioactive waste. The associated costs are periodically reviewed. The present value of the estimated costs is allocated to provisions and the interest on these provisions is compounded over the asset's useful life of 60 years. The same amount is capitalised together with the acquisition and manufacturing costs of the plant and depreciated over the useful life using the straight-line method. Disposal cost obligations arising from operation of

the nuclear power plant are also capitalised annually during its operational phase and corresponding provisions are made. Inflation is factored in at an average of 1.5% and the interest rate applied is 3.5%. Changes in the estimated timing or amount of outgoing payments, or changes in the interest rate, are recognised in accordance with IFRIC 1 in the provisions for nuclear waste disposal and also in the same amount in the related value of the assets. If a reduction in the estimated future obligations would result in a negative carrying amount of the asset, it is taken directly to the income statement.

A provision is also recognised if CO₂ production exceeds the amount of the emission allowances originally provided for free by the government. If CO₂ emission certificates have already been purchased, a provision equivalent to the purchase cost of the certificates is recognised. The provision for CO₂ emissions in excess of the CO₂ emission certificates already allocated is measured at fair value at the end of the reporting period. The provision for excess CO₂ production (where actual emissions exceed the emission allowances provided and purchased) has to be measured at fair value on each balance sheet date. The changes in provisions are recognised in the income statement.

Provisions are also recognised for the dismantling and removing of conventional thermal gas-fired combined-cycle power plants.

Assigned rights of use

Usage rights which have been assigned, i.e. payments received from third parties in consideration for rights to use facilities and procure energy, are recognised under other non-current liabilities. Payments received are recognised in the income statement on a straight-line basis over the life of the relevant usage rights.

Grid cost contributions (connection fees) are also recognised in this item and carried at the nominal value of the cash received less any amounts unwound and recognised in the income statement. Liabilities are unwound on a straight-line basis over the term of the connection agreement, or the expected useful life of the connection where there is an open-ended right to be connected:

Rights to use third parties' systems	40–60 years
Other rights of use	50 years
Energy procurement rights assigned to third parties	50 years

Usage rights are reviewed at the end of each financial year. The individual contractual useful lives are applied in all cases. Assigned rights of use and grid cost contributions are reported as other non-current liabilities.

Leasing

Assets and liabilities from lease contracts are recorded in the balance sheet as finance leases if at the beginning of the lease substantially all of the risk and rewards associated with the property are transferred to the Axpo Group. The measurement is at the lower of either fair value or present value of the minimum lease payments less accumulated depreciation and any impairments. The lease instalments are divided into interest costs and repayment amounts under the annuity method. The leased objects are amortised over the shorter of their estimated useful lives or lease duration. Payments for operating leases are recognised in the income statement over the duration of the lease.

Employee benefits

The Axpo Group operates pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Vorsorgestiftung Energie, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. There are also defined contribution plans. Employer contributions paid or owed for pension funds with defined contribution plans are recognised in the income statement. The defined benefit obligation attributable to the Axpo Group is calculated annually by an independent actuary using the projected unit credit method. The discount rate used for the calculation is based on the interest rate of high quality corporate bonds with nearly the same terms as the liabilities. The fair value of plan assets is deducted from the liabilities.

Pension costs consist of three components:

- service cost, recorded under personnel expenses in the income statement;
- net interest expense, recorded under personnel expenses in the income statement;
- remeasurement components, recorded in other comprehensive income.

The service cost encompasses current service cost, past service cost, and gains and losses from plan settlements. Gains or losses from curtailments form part of the past service cost. Net interest expense is calculated by multiplying the net pension liability (or asset) at the beginning of the financial year with the discount rate, taking into account any changes during the year as a result of contributions and pension payments. Remeasurement components comprise actuarial gains and losses from the development in the present value of the defined benefit obligation arising from changes in the assumptions and experience adjustments, as well as the return on plan assets minus amounts included in the net interest expense, and changes in the asset ceiling minus effects included in net interest expense. Remeasurement components are recognised in other comprehensive income and cannot be recycled. The amount recognised in the consolidated financial statements corresponds to the surplus or deficit of the defined benefit plans (net pension liability or asset). The amount of any recognised asset arising from an overfunding is, however, limited to the present value of economic benefits available from reductions in future contributions.

Income taxes

These include current and deferred income taxes and are normally recognised in the income statement unless they are related to transactions that are recognised in other comprehensive income or directly in equity. In this case, income taxes are also recognised in other income or directly in equity.

Current income taxes are calculated on taxable profits and accrued for the relevant period. The deferred taxes shown in the consolidated financial statements are calculated using the balance sheet liability method, where deferred taxes are recognised for all temporary differences. Temporary differences arise from differences between the carrying amount of an asset or liability and its relevant tax value. These differences will reverse in one or more future periods. Temporary differences resulting from the initial recognition of goodwill, from the initial recognition of assets or liabilities in a transaction which impacts neither the taxable results nor profit for the year, and from investments in subsidiaries, if it is likely that the temporary difference will not be reversed in the foreseeable future, are not recognised. Company-specific tax rates are used for calculating deferred taxes. Tax assets and liabilities are offset if they involve the same tax subject and the same tax jurisdiction. Deferred tax assets or liabilities are presented as non-current assets or liabilities. Deferred tax assets arising from losses carried forward and deductible temporary differences are capitalised only if it is likely that they can be realised in the future.

Contingent liabilities

These are obligations for which an outflow of cash is considered unlikely but possible and obligations which are possible but whose existence is not yet confirmed. They are not recognised in the balance sheet unless they were acquired as part of the acquisition of a subsidiary. In contrast, the amount of a possible obligation is disclosed at the balance sheet date as a contingent liability in the notes to the consolidated financial statements.

Impairments of non-financial assets

At the balance sheet date, Axpo Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the asset or, if this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is estimated and compared with the carrying amount (impairment test). If the carrying amount exceeds the estimated recoverable amount, an impairment loss is recognised in the amount of the difference. The recoverable amount is equivalent to the higher of the value-in-use and the fair value less costs to sell. When calculating the value-in-use, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate takes into account the current market estimate of the time value of money and the risks inherent in the asset, insofar as these risks have not already been included in the estimate of the cash flows. Once impaired, the carrying amount of assets is adjusted annually to the amount obtained using the discounted cash flow method, but in the case of a reversal the carrying amount is increased to the depreciated amount that would have been determined if no impairment loss had been recognised. This excludes reversals of impairment in respect of goodwill. Goodwill arising from business combinations is allocated on the acquisition date to the cash-generating units that are expected to benefit from the synergies of the business combination. Regardless of indicators, goodwill is tested for impairment annually.

Financial assets

Financial assets are initially recognised at fair value and, in the case of financial instruments which are not classified as “measured at fair value through profit or loss”, include transaction costs. Purchases and sales are recognised in the balance sheet on the trade date.

The subsequent measurement is based on the category to which the financial assets are assigned. The Axpo Group classifies its financial assets as follows:

- financial assets at fair value through profit or loss;
- loans and receivables;
- available-for-sale financial assets.

Financial assets are classified as at fair value through profit or loss if they are either held for trading or have been designated as at fair value through profit or loss on initial recognition. Financial assets held for trading also include derivative financial instruments. Financial assets at fair value through profit or loss are measured at fair value on initial recognition and subsequently. Changes in fair value are recognised in the income statement.

Loans and receivables issued by the Axpo Group are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are recorded in the balance sheet after initial recognition at amortised cost using the effective interest method less any impairments. An impairment is calculated as the difference between the carrying amount and the present value of expected recoverable future cash flows discounted using the original effective interest rate.

Available-for-sale assets are remeasured at fair value subsequent to initial recognition in the balance sheet, and the difference is recognised in other income outside the income statement, taking into account deferred taxes. At the time a gain or loss is realised, it is recognised in the income statement. Impairment losses are recognised in the income statement after an analysis of the individual securities. An impairment exists in particular if the fair value of a share either remains below the purchase price for an extended period or is significantly below the purchase price. Debt instruments such as bonds are regarded as impaired if there is objective evidence such as insolvency, default of payment or other significant financial difficulties of the issuer. In contrast to debt instruments, reversals of impairment losses on equity instruments are not recognised in the income statement.

Other financial assets (current and non-current)

All equity investments in which the Axpo Group has no significant or controlling influence but which are held on a non-current basis are recorded under other investments. They are classified as available for sale.

Available-for-sale financial assets include marketable shares and bonds. These are classified as available for sale as they were not acquired to generate profits from short-term price fluctuations.

Securities that are deposited short term as collateral for energy trading transactions on European energy exchanges are classified as at fair value through profit or loss.

Loans include non-current loans to third parties as well as to associates. They are assigned to the category loans and receivables and are measured at amortised cost using the effective interest method. If, when the loan is paid out, the agreed interest rate equals the market interest rate and both disbursement and repayment are made at the nominal value, the amortised cost is equivalent to the nominal value of the loan.

Other receivables (non-current)

This position comprises almost exclusively receivables from state funds. Nuclear power plant operators are obliged by law to make annual payments into government-controlled funds (the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations). Future costs for disposal and decommissioning are paid from these funds. The funds ensure the availability of liquidity when payments are due and invest the fund assets. Market and estimation risks are borne by the plant operators. The Axpo Group's share of the funds is capitalised pursuant to the provisions of IFRIC 5 as a reimbursement right in accordance with IAS 37. These receivables are recognised at the pro rata fair value of the net fund assets. Changes in fund values are recognised in financial income/expenses for the period in question.

Trade receivables and other receivables

Trade receivables and other receivables also belong to the loans and receivables category and are recognised at amortised cost, which is usually equivalent to the nominal value, less impairments. In principle, bad debt allowances are recognised individually for specifically identified risks to receivables. However, in addition to specific bad debt allowances, allowances are also made on a portfolio basis for losses not yet known based on statistical calculations of default risk.

Cash and cash equivalents

Cash and cash equivalents comprise petty cash and credit balances at banks, as well as sight deposits and deposits with a term of no more than 90 days from the time of acquisition.

Financial liabilities

Financial liabilities consist of loans from third parties and associates as well as bonds. On initial recognition, they are measured at fair value less transaction costs and thereafter at amortised cost. Amortisation of the difference between the fair value of the consideration received less transaction costs and the repayment value is calculated using the effective interest method and recorded in the income statement over the duration of the finance term.

Non-derivative financial liabilities

Non-derivative financial liabilities include trade liabilities, accrued expenses and deferred income as well as current and non-current financial liabilities. Accrued expenses and deferred income are reported under other current liabilities. Non-current financial liabilities consist of bonds and loans from third parties and pension plans.

Non-derivative financial liabilities are valued at fair value less transaction costs on initial recognition and subsequently at amortised cost. The amortisation or impairment reversal of the difference between the fair value of the consideration received minus transaction costs and the repayment value of non-current financial liabilities is calculated using the effective interest rate method and recognised in the income statement over the duration of the finance term.

Other liabilities (non-current)

This position includes all other liabilities which will become due more than twelve months after the balance sheet date and which cannot be assigned to any other position of non-current liabilities. It also includes liabilities from assigned rights of use and grid cost contributions. Payments received from third parties in consideration for rights to use facilities and procure energy are recognised under this position and released to the income statement on a straight-line basis over the life of the relevant rights of use. The respective useful life is reviewed at the end of each financial year. The individual contractual useful life applies in all cases.

Derivative financial instruments

Derivative financial instruments are accounted for as assets or liabilities and – independent of their purpose – measured at fair value. Changes in fair value are recorded in the income statement unless the derivative financial instrument forms part of a hedging relationship (derivatives designated for hedge accounting). In that case, the recording of the change in fair value is recognised in accordance with the underlying hedge type.

Energy derivatives

Axpo trades with contracts in the form of forward transactions (forwards, futures, swaps) and options with energy as underlying (electricity, gas, oil, coal, LNG, biomass and certificates). Contracts which are entered into with the sole intention of generating a profit from short-term fluctuations in price or dealer's margin are presented as current independent of their contract term. Derivatives which have a term to maturity of more than twelve months and have no speculative purpose are presented as non-current.

The management of the production portfolio of Axpo is usually carried out using energy derivatives, which are designated as hedging instruments in a cash flow hedge relationship. Cash flow hedges are applied to hedge future cash flow risks from existing underlying transactions or highly probable forecasted transactions. The effective portion of the change in fair value of the hedging instrument is recognised in other comprehensive income taking into account the deferred taxes. The ineffective portion of the hedging relationship is recognised in the income statement in the line item "revenues from sales of energy and grid usage". As soon as the underlying transaction is recognised in "revenues from sales of energy and grid usage", the accumulated changes in fair value of the hedging instrument are transferred from equity to the same line item.

Contracts which were entered into for the purpose of the receipt or delivery of energy in accordance with Axpo's expected purchase, sale or usage requirements are classified as own use contracts. They are not measured at fair value according to IAS 39 but accounted for as executory contracts according to IAS 37.

If a framework agreement with a netting clause exists for a counterparty and if there is an enforceable legal right to offset and the intention to settle net, the positive and negative replacement values which fall due simultaneously are netted. However no netting is applied between derivative financial instruments which are "held for trading" and derivative financial instruments which are designated as hedging instruments.

Foreign currency and interest rate derivatives

To hedge exchange and interest rate risks, derivative financial instruments are used when required. This is done in accordance with existing guidelines on hedging. Realised and unrealised changes in the fair value of financial instruments which are used to hedge foreign exchange risks of the current operating activities are classified as "held for trading" and accounted for in "other operating income".

Realised and unrealised changes in fair value from financial instruments which are used to hedge exchange and interest rate risks on financial assets or debt financing are recognised as "financial income" or "financial expense" in the income statement.

In some cases cash flow hedge accounting is used to hedge foreign exchange risks on planned, highly probable forecasted energy transactions and interest payments. In this case the effective portion of the change in fair value of the hedging instrument is first recognised in other comprehensive income outside the income statement and only recognised in the income statement at such time as the planned underlying transaction has an effect on the income statement. The ineffective part of the hedging relationship is recognised in the income statement, in the case of foreign exchange hedges in "other operating income" and in the case of interest rate hedges in "financial income" or "financial expense".

5 | Estimation uncertainties and significant judgements in the application of accounting policies

In the process of preparing the consolidated financial statements in accordance with IFRS, Axpo Group management made judgements, estimates and assumptions which have an effect on the applicable accounting policies and the amounts recognised under assets, liabilities, income and expenses as well as their presentation. The estimations and assumptions are based on existing knowledge and various other factors which are regarded as relevant under the given circumstances. These serve as a basis for recognition in the balance sheet of assets and liabilities which cannot be measured directly on the basis of any other source. The actual values may deviate from these estimates.

The estimates and assumptions are regularly reviewed. Where necessary, adjustments are made to estimates if the circumstances on which they were based have changed or if new information and additional facts become known. Such adjustments are recognised in the period in which the estimates were adjusted.

The key assumptions concerning the future development and other sources of estimation uncertainty which could result in material adjustments to the recognised assets and liabilities are listed below.

Significant judgements in the application of accounting policies

Classification of partner plants

Investments in partner plants have been acquired since Axpo Group was established and had also been acquired by predecessor companies of Axpo. Moreover, Axpo has itself founded partner plants which are operated together with other partners. Since the introduction of IFRS 10 and IFRS 11, certain partner plants in which Axpo holds a majority interest are included in the scope of consolidation.

The definition of control in accordance with IFRS 10 requires an investor to hold rights that give it power over the relevant activities of the investee. In the case of a corporation, the voting rights constitute such rights. However, IFRS 10 also makes clear that the (voting) rights must not only exist in principle, but also represent (economically) substantive rights. This means that the holder of the rights must have the practical ability to exercise such rights. Therefore, when assessing whether Axpo has control over individual partner plants, other factors in addition to the proportion of voting rights must be considered. Axpo holds a majority interest in certain partner plants and operates these plants jointly with other commercial energy companies in the Swiss market. At the same time, these partners also hold interests in other partner plants in which Axpo does not hold a majority interest. Given these mutual dependencies/interests and the conditions governing the Swiss energy market, Axpo has concluded that the voting rights it holds in some cases do not represent substantive rights, despite a majority interest being held, and that it therefore does not have control. These partner plants are classified as associates and are accounted for using the equity method. The assessment if and in which cases the factors mentioned above prevent Axpo as a majority shareholder from exercising control is a management judgement.

Estimation uncertainties

Property, plant and equipment and intangible assets (energy procurement and plant usage rights)

The Axpo Group has property, plant and equipment with a carrying amount of CHF 4,569.8 million (see Note 16 "Property, plant and equipment") and holds energy procurement and plant usage rights as well as concessions totalling CHF 270.8 million (see Note 17 "Intangible assets"). These are subjected to annual impairment tests. To determine whether there is an indication of impairment, these asset values are assessed based on the expected future cash flows from the use of these assets. The actual cash flows may differ significantly from the discounted future cash flows based on these assessments. Material parameters such as useful life, energy price movements, the development of the EUR/CHF exchange rate and the discount rate are by their nature subject to major uncertainties. The estimation as regards the development of energy prices is based as in previous years on the expected price development in the supply and trading market. In the 2014/15 reporting year, changes in assumptions relating to the described parameters resulted in a net impairment of CHF 996.9 million (see Note 13 "Depreciation, amortisation and impairments", Note 16 "Property, plant and equipment" and Note 17 "Intangible assets").

Transmission systems

The Swiss Electricity Act (StromVG) came into force on 1 January 2008. The law requires all transmission systems to be transferred to the national grid operator Swissgrid AG within five years. On 3 January 2013, on the basis of the non-cash contribution agreements, transmission system owners EGL Grid AG, Nordostschweizerische Kraftwerke Grid AG and CKW Grid AG and on 5 January 2015 additional facilities owned by Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG, Kraftwerke Vorderrhein AG and Axpo Power AG (grids) were transferred at the provisional transfer value (2012 tariff ruling by the Federal Electricity Commission, ElCom). The owners of the non-cash contribution were compensated in the form of shares in Swissgrid AG and loans to Swissgrid AG. The final evaluation of the transmission system will be made as part of a new valuation and purchase price adjustment (valuation adjustment 2) with participation of all former transmission system owners. This requires binding decisions for all open proceedings relevant for the valuation (tariff proceedings for the years 2009 to 2012, proceedings concerning cover differences in 2011 and 2012 as well as the proceedings for determining the asset value for the transfer of the transmission system to Swissgrid). Depending on the outcome of these pending proceedings, the definitive transfer values of

the transmission systems may in some cases differ from the provisional transfer values. The duration and outcome of these proceedings are still uncertain. In addition, the outcome of the pending proceedings for determining the material value of the transmission system is still open.

Proceedings of the Federal Electricity Commission

In May 2009, the Federal Electricity Commission (ElCom) initiated proceedings against CKW AG with a view to verifying the correctness of grid usage and electricity tariffs for 2008/09. In autumn 2014 ElCom issued a ruling in which it recognised the grid usage tariffs of CKW AG. With regard to electricity tariffs, ElCom issued a partial ruling on 15 April 2013, to the effect that it did not fully recognise the production costs for certain allocations as well as sales overheads declared by CKW AG. CKW takes the view that the allocation of the production costs was appropriate and these costs may be taken into account and, therefore, the related calculation of the tariffs was carried out correctly. CKW lodged an appeal against this partial ruling with the Federal Administrative Court. The Federal Administrative Court approved the appeal and returned the case for revaluation to ElCom. ElCom has filed a complaint against the decision of the Federal Administrative Court at the Federal Court. The CKW Group recorded a provision for this proceeding of CHF 23.4 million in its balance sheet as at 30 September 2015 (see Note 32 "Provisions"). Depending on further developments in these proceedings, it may become necessary in future to adjust the estimate or the amount of the provision.

Goodwill

As at 30 September 2015, the net carrying value of goodwill from business combinations was CHF 103.1 million. Goodwill is tested for impairment in the fourth quarter of each year, or earlier if there are indications of impairment. The value of the goodwill is largely determined by expected future cash flows, the discount rate and long-term growth rates. The key assumptions are explained in Note 17 "Intangible assets". A change in the assumptions in future periods can result in an impairment loss.

Receivables from state funds

Operators of nuclear power plants are required by law to contribute to state-administered funds for decommissioning and the disposal of nuclear waste. Payments to the funds administered by the Swiss federal government are shown as receivables (refund entitlements). These are recognised at the lower of the carrying amount of the provision or the fair value of the share of net fund assets. As at 30 September 2015, they amounted to CHF 1,993.1 million (see Note 26 "Other receivables"). Under the terms of the Ordinance on Government Funds, nuclear power plant operators are required to make further contributions to cover any future sustained shortfalls and by the same token are entitled to any future sustained surpluses. The occurrence of such shortfalls or surpluses can only be identified in the future. The increase or reduction is subject to a discretionary decision.

Employee benefits

The majority of the employees of the Axpo Group are members of the PKE-CPE Vorsorgestiftung Energie, a pension fund which meets the criteria of a defined benefit plan. The carrying value of the assets and liabilities of this pension fund are calculated using statistical and actuarial methods. In particular, the fair value of the pension liabilities is dependent on assumptions such as the discount rate, future wage and salary increases and the expected increase in pension benefits. Additional assumptions include statistical data such as the probability of employees leaving the company and the life expectancy of the insured members. The assumptions may deviate substantially from actual results due to changes in market conditions and the economy, a higher or lower leaving rate, longer or shorter life expectancy of members and other estimated factors. These deviations may have an impact on the carrying value of pension fund assets and liabilities in future reporting periods. The key assumptions are explained in Note 34 "Employee benefits".

Nuclear power plant Beznau (KKB)

As the operator of the Beznau nuclear power plant (KKB) and in compliance with legal provisions, the Axpo Group is required to decommission the plant at the end of its operational life and to dispose of the radioactive waste. The carrying value of the provisions for "Nuclear waste disposal" is significant for the assessment of the Axpo Group's balance sheet. Changes in cost calculations and in regulatory requirements governing the decommissioning of nuclear power plants and disposal of nuclear waste can have a significant impact on the results of Group operations. The cost estimates for decommissioning and dismantling nuclear power plants are regularly reviewed by third parties, as reviews must be conducted every five years in accordance with the Ordinance on the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations (SEFV). The revised SEFV was passed by the Federal Council on 25 June 2014 and entered into force on 1 January 2015. The new legislation adjusts the measurement principles for annual contributions to be paid into the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations by operators of nuclear power plants. Taking into consideration the future increased costs for decommissioning and nuclear waste disposal and the future returns on the related invested fund assets, the Federal Council fixed an inflation rate of 1.5% and a long-term nominal return (return on investment) of 3.5%. The calculation now also includes a flat-rate uncertainty allowance of 30% on the decommissioning and disposal costs, calculated according to the currently valid cost analyses. These amendments would have increased the KKB's contributions to the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations in 2015 from around CHF 53 million to an estimated CHF 91 million. As Axpo finds

that this 30% cost increase is unjustified and unreasonable, Axpo has lodged an objection to the interim rulings for the 2015 and 2016 contribution years. In consequence, the contribution increase will have no legal effect on Axpo for the time being. Depending on the outcome of these proceedings, additional payments may be necessary in future. Such payments will not, however, be recognised in the income statement, but only as an accounting exchange on the asset side.

The revised SEFV did not result in an adjustment to provisions recognised in the balance sheet, since in the view of Axpo, the politically defined flat-rate uncertainty allowance of 30% is not materially justified to the extent that its inclusion in accounting for provisions under IFRS, which requires a best estimate, would be necessary. However, given the situation in the previous year, nuclear power plant operators have decided to analyse in depth the question of including cost elements and uncertainties which have not been factored into the cost studies. The findings of this analysis were taken into account for the provision calculation in the prior year. During the financial year under review, there was no new information that would result in any further adjustment to the calculation of provisions.

When revaluing provisions in the previous year, the inflation and discount rates, which correspond with the investment return on the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations, were adjusted in line with the assumptions of the revised SEFV, since this adjustment is deemed justifiable. Thus an inflation rate of 1.5% and a discount rate of 3.5% have been factored into the calculation for provisions since the last business year. As at the balance sheet date, the carrying amount of the provisions for nuclear waste disposal amounted to CHF 2,785.7 million (see Note 32 "Provisions").

As of the balance sheet date, both blocks of the KKB were non-operational. Block 1 was taken offline in mid-March 2015 for the purpose of realising major scheduled projects to enhance security and carrying out renewal work and testing. The scheduled ultrasound measurements employing state-of-the-art testing technology revealed irregularities in the material of the reactor vessels. These findings must be thoroughly analysed with respect to their technical safety relevance. The results of these analyses will have to be reviewed and approved by the Federal Nuclear Safety Inspectorate (ENSI) before Block 1 can be recommissioned.

Block 2 of the KKB was shut down on 14 August 2015 for the purpose of a major revision and change of the fuel elements. This work should be completed at the end of December 2015. During this revision, annual maintenance and testing will be carried out, ultrasound measurements of the reactor vessels will be made, and the major projects already realised in Block 1 will also be implemented in Block 2. This work is subject to supervision by the ENSI.

The date of recommissioning may change significantly depending on any new facts that could potentially come to light as well as other developments.

Provision for onerous energy procurement contracts

The provision of CHF 671.0 million for onerous energy procurement contracts (see Note 32 "Provisions") covers identifiable losses from the procurement of energy from power-generation plants and long-term supply contracts. This is calculated using discounted cash flow methodology. The discount rate is based on a weighted average cost of capital (WACC) determined according to the capital asset pricing model (CAPM). The applicable parameters were defined with due consideration to the risk profile of the cash-generating unit in question. The period taken into account covers the entire term of the concession and operation of the power plant (up to 80 years) or the term of the supply contracts. Significant parameters include the expected development of market prices, which by their nature are subject to major uncertainty, the budgeted figures for pro rata procurement costs and the interest rate situation.

A net amount of CHF 193.1 million was allocated to the provision for onerous energy procurement contracts in the 2014/15 reporting year. A provision of CHF 291.4 million was set aside mainly to take account of expected future energy prices and the exchange rates.

6 | Financial risk management

General principles

The financial risk management is defined in the principles laid down by the Board of Directors with regard to the hedging of exchange rate, interest rate, market and credit risks, as well as directives governing the management of liquidity and other financial assets as well as short- and long-term financing. The units responsible at the Axpo Group manage their financial risks within the framework of the risk policy predefined for their division. The aim is to reduce financial risks while giving due consideration to hedging costs and the risks to be entered into. If appropriate, derivative financial instruments are used to hedge physical underlying transactions. In order to minimise counterparty risk, transactions are only entered into with selected counterparties and individual limits are defined to prevent risk concentrations with counterparties. For more details on how the Board of Directors conducts its risk assessment, please refer to the Notes to the financial statements of Axpo Holding AG.

Capital management

The Group manages capital by setting a maximum level of risk tolerance relative to equity and liquidity. The Board of Directors of Axpo Holding AG approves the risk tolerance for the entire Group. The level of risk tolerance is based on the Group's ability to bear risks in relation to equity and liquidity. This overall capability is broken down and distributed among individual divisions for the purpose of allocating risk capital (e.g. in the form of trading limits for the Trading & Sales business area) and monitored accordingly. Compliance is monitored using gearing as the key performance indicator. Gearing is an indicator of the company's debt and reflects the ratio between the company's net debt and equity. The gearing for the Axpo Group amounts to -8% (previous year: -12%). The indicator is negative because the calculation of the gearing for the Axpo Group resulted in net assets (see Note 30 "Net financial assets").

In addition, two subsidiaries within the Axpo Group are subject to local supervisory authorities. The regulatory equity requirements which these companies must meet were complied with at all times in the 2013/14 and 2014/15 financial years.

The Axpo Group pursues a results-oriented dividend policy and generally distributes 15% to 25% of consolidated profit for the year (adjusted for special items) to shareholders. For the 2014/15 financial year, the Board of Directors will propose because of insufficient free cashflows that no dividend be paid out. No dividend was paid out during the year under review.

Carrying amounts and fair values of financial assets and liabilities

The following table shows the carrying amounts and fair values of the financial instruments held by the Axpo Group, grouped according to the categories defined in IAS 39:

CHF millions	Notes	Carrying amount 30.9.2015	Fair value 30.9.2015	Carrying amount 30.9.2014	Fair value 30.9.2014
Financial assets at fair value through profit or loss (held for trading)					
		1 418.1	1 418.1	1 226.3	1 226.3
Derivative financial instruments with positive replacement values		1 418.1	1 418.1	1 226.3	1 226.3
Energy derivatives		1 292.2	1 292.2	1 062.6	1 062.6
Currency forward contracts		52.5	52.5	110.0	110.0
Other derivative financial instruments		73.4	73.4	53.7	53.7
Derivatives designated as hedges		552.3	552.3	477.0	477.0
Derivative financial instruments with positive replacement values		552.3	552.3	477.0	477.0
Energy derivatives		465.2	465.2	477.0	477.0
Currency forward contracts		87.1	87.1	0.0	0.0
Loans and receivables		5 874.6	5 916.9	6 640.3	6 649.9
Other financial assets (non-current)	20	886.2	927.5	780.7	792.1
Other receivables (current and non-current)	26	242.6	242.6	255.4	255.4
Trade receivables	24	863.1	863.1	742.6	742.6
Financial receivables (current)	25	864.3	865.3	1 462.2	1 460.4
Revenues not yet invoiced	26	1 160.9	1 160.9	1 389.3	1 389.3
Cash and cash equivalents	27	1 857.5	1 857.5	2 010.1	2 010.1
Available-for-sale financial assets		1 503.4	1 503.4	1 359.4	1 359.4
Other financial assets (current and non-current)	20	1 503.4	1 503.4	1 359.4	1 359.4
Total financial assets		9 348.4	9 390.7	9 703.0	9 712.6
Financial liabilities at fair value through profit or loss (held for trading)					
		1 156.8	1 156.8	966.5	966.5
Derivative financial instruments with negative replacement values		1 156.8	1 156.8	966.5	966.5
Energy derivatives		1 119.8	1 119.8	896.6	896.6
Currency forward contracts		32.5	32.5	67.4	67.4
Other derivative financial instruments		4.5	4.5	2.5	2.5
Derivatives designated as hedges		98.5	98.5	119.0	119.0
Derivative financial instruments with negative replacement values		98.5	98.5	119.0	119.0
Energy derivatives		45.8	45.8	61.0	61.0
Currency forward contracts		16.0	16.0	0.0	0.0
Other derivative financial instruments		36.7	36.7	58.0	58.0
Financial liabilities measured at amortised cost		6 709.1	7 100.4	7 016.0	7 317.9
Trade payables		486.3	486.3	538.9	538.9
Financial liabilities (current and non-current)		4 635.9	5 027.2	4 677.9	4 979.8
Other liabilities (current and non-current)	31, 33	276.0	276.0	237.3	237.3
Operating expenses not yet invoiced	33	1 310.9	1 310.9	1 561.9	1 561.9
Total financial liabilities		7 964.4	8 355.7	8 101.5	8 403.4

The fair values of “Other financial assets (non-current)”, “Financial receivables (current)” and “Financial liabilities (current and non-current)” are equivalent to the net present value of the payments associated with these assets and liabilities, calculated using the interest rates which apply to the loans, or the current bond price of bond issues without including the interest accrued. The carrying amounts of “Trade receivables”, “Other receivables (current and non-current)” and “Other liabilities (current and non-current)” correspond to the fair value due to their short term to maturity.

Net results from financial assets and liabilities

CHF millions	Income statement 2014/15	Other comprehensive income 2014/15	Income statement 2013/14 restated ¹⁾	Other comprehensive income 2013/14
Net profit/losses included in total revenues				
On financial assets and liabilities at fair value through profit or loss (held for trading)	-7.8	-	175.2	-
On derivatives designated as hedges	283.8	328.4	4.0	71.3
Net profit/losses included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	32.6	0.0	-1.5	0.0
On derivatives designated as hedges	0.0	3.5	0.0	0.0
On loans and receivables	-10.5	0.0	-12.9	0.0
On available-for-sale financial assets	96.8	-18.0	12.2	107.6
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	47.2	0.0	56.0	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	138.2	0.0	148.4	0.0
Currency effects on financial assets and liabilities				
Currency effects on financial assets and liabilities	-94.6	0.0	-4.5	0.0

1) Currency hedging transactions entered into to hedge exchange differences on expected future energy procurement or sales contracts in a foreign currency are reclassified from financial result to other operating income.

The amounts recognised in other comprehensive income include fair value adjustments in the current financial year as well as results reclassified to the income statement.

Other operating expenses contain net impairment provisions made for trade receivables amounting to CHF 21.4 million (previous year: CHF 12.8 million).

Interest expense includes interest effects from derivatives which reduce interest expense.

Derivative financial instruments

Derivative financial instruments are used as needed to hedge against interest and currency fluctuations and to hedge part of the expected future energy purchases or sales.

Axpo trades in derivative financial instruments in the form of forwards, futures and swaps, as well as options with energy as the underlying asset, on behalf of customers (back-to-back contracts) and for its own account. A distinction is made between products with physical settlement and purely financial trading products. With regard to term to maturity, a distinction is made between short-term and long-term markets. Transactions which have a term to maturity of more than twelve months and are not speculative in nature are classified as non-current. All transactions of a speculative nature which are primarily held for trading and thus with the intention of realising short-term gains are classified as current, irrespective of their term to maturity.

The following tables show the derivative financial instruments measured at fair value (positive replacement values indicate receivables, negative replacement values indicate liabilities):

CHF millions	Replacement values	
	positive 30.9.2015	negative 30.9.2015
Energy trading		
Forward contracts	2 347.4	1 744.0
Futures	4.0	4.0
Options	140.6	128.5
Swaps	92.0	97.0
Certificates	86.3	105.0
Total energy trading before netting	2 670.3	2 078.5
Currency, interest rates and credit		
Currency forward contracts	139.6	48.5
Interest rate swaps	0.0	41.2
Other derivative financial instruments	73.4	0.0
Total currency, interest rates and credit	213.0	89.7
Total before netting	2 883.3	2 168.2
./ effect of netting agreements	-912.9	-912.9
Total after netting	1 970.4	1 255.3
thereof:		
Non-current derivative financial instruments	876.5	562.5
Current derivative financial instruments	1 093.9	692.8
CHF millions	Replacement values	
	positive 30.9.2014	negative 30.9.2014
Energy trading		
Forward contracts	1 804.8	1 276.5
Options	98.6	50.3
Swaps	55.4	87.8
Certificates	93.2	55.4
Total energy trading before netting	2 052.0	1 470.0
Currency, interest rates and credit		
Currency forward contracts	110.0	67.4
Interest rate swaps	0.0	60.5
Other derivative financial instruments	53.7	0.0
Total currency, interest rates and credit	163.7	127.9
Total before netting	2 215.7	1 597.9
./ effect of netting agreements	-512.4	-512.4
Total after netting	1 703.3	1 085.5
thereof:		
Non-current derivative financial instruments	926.2	516.4
Current derivative financial instruments	777.1	569.1

Three-level hierarchy

Financial instruments are divided into non-derivative and derivative instruments. Non-derivative financial assets essentially include other financial assets, other receivables, trade receivables, financial receivables, revenue not yet invoiced as well as cash and cash equivalents. Financial instruments in the category “available for sale” are recognised at fair value, and other non-derivative financial assets at amortised cost. On the liabilities side, non-derivative financial instruments principally include trade payables, financial liabilities, other liabilities and operating expenses not yet invoiced. These liabilities are recorded at amortised cost.

The line item “Available-for-sale financial assets” includes funds that partially invest in listed investments and partially in investments that are periodically traded through financial institutes. The market value is the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is determined by the fund manager. The fair value is equivalent to the net asset value established by the fund manager and the valuation is checked internally and where necessary adjustments are made.

The fair value of financial instruments “available for sale” which are reported under other financial assets and securities is the published exchange price, insofar as the financial instruments are traded on an active market. The fair value of non-quoted debt and equity instruments is determined on the basis of discounted expected payment flows. Current market interest rates corresponding to the remaining maturity or maturity are used for discounting.

The fair value of derivative financial instruments is dependent on the development of the underlying market factors. For the measurement of derivatives, prices from active markets, such as stock exchange prices, are used where possible. The relevant fair values are calculated and monitored at regular intervals. If there are no such prices available, fair value is determined using measurement methods accepted and customary in the markets. If available, observable market data are used as input factors. If no observable market data are available, company-specific planning assumptions are applied. The fair value calculated for all derivative financial instruments is the price at which one party would take over the rights and/or obligations of another party.

The methods and assumptions on which the measurement of the derivative financial instruments used is based are as follows:

- Electricity, gas, oil, coal, emissions and currency forwards contracts are measured at balance sheet date based on the forward rates. The rates used are rates noted at the respective exchanges or provided by various brokers. If no published prices are available, internal measurement models are used.
- Futures are not measured, since due to the exchange listing they are offset daily via a margin account.

The following overview describes the key parameters used for the measurement of assets and liabilities measured at fair value. The individual levels are defined in accordance with IFRS 13 as follows:

Level 1

Financial assets/liabilities measured using quoted and market prices in active markets (without adjustments or change in composition).

Level 2

Financial assets/liabilities measured using inputs based on observable market data that flow either directly or indirectly (i.e. derived from prices) into the valuation models.

Level 3

Financial assets/liabilities where the value is determined using valuation methods where significant input parameters are not based on observable market data.

Three-level hierarchy as at 30 September 2015

CHF millions	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	33.3	1 972.7	144.4	2 150.4
Currency forward contracts	0.0	52.5	0.0	52.5
Other derivative financial instruments	0.0	73.4	0.0	73.4
Derivatives designated as hedges				
Energy derivatives	0.0	525.9	0.0	525.9
Currency forward contracts	0.0	87.1	0.0	87.1
Available-for-sale financial assets	778.5	684.7	40.2	1 503.4
Assets held for sale	0.0	7.8	0.0	7.8
Inventories	0.0	373.8	0.0	373.8
Assets not measured at fair value				
Other financial assets (non-current)	0.0	927.5	0.0	927.5
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	26.4	1 790.1	161.4	1 977.9
Currency forward contracts	0.0	32.5	0.0	32.5
Other derivative financial instruments	0.0	4.5	0.0	4.5
Derivatives designated as hedges				
Energy derivatives	0.0	106.6	0.0	106.6
Currency forward contracts	0.0	16.0	0.0	16.0
Other derivative financial instruments	0.0	36.7	0.0	36.7
Liabilities not measured at fair value				
Financial liabilities (non-current)	3 107.5	1 252.5	0.0	4 360.0
Financial liabilities (current)	403.8	263.4	0.0	667.2

Three-level hierarchy as at 30 September 2014

CHF millions	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	49.8	1 299.0	173.7	1 522.5
Currency forward contracts	0.0	110.0	0.0	110.0
Other derivative financial instruments	0.0	53.7	0.0	53.7
Derivatives designated as hedges				
Energy derivatives	0.0	529.5	0.0	529.5
Available-for-sale financial assets	690.0	632.4	37.0	1 359.4
Assets held for sale	0.0	9.8	0.0	9.8
Inventories	0.0	419.2	0.0	419.2
Assets not measured at fair value				
Other financial assets (non-current)	0.0	796.7	0.0	796.7
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	9.2	1 168.4	178.8	1 356.4
Currency forward contracts	0.0	67.4	0.0	67.4
Other derivative financial instruments	0.0	2.5	0.0	2.5
Derivatives designated as hedges				
Energy derivatives	0.0	113.6	0.0	113.6
Other derivative financial instruments	0.0	58.0	0.0	58.0
Liabilities not measured at fair value				
Financial liabilities (non-current)	3 267.7	1 363.6	0.0	4 631.3
Financial liabilities (current)	0.0	348.5	0.0	348.5

Standard forward contracts and derivatives in energy trading are recognised gross in the three-level hierarchy, before netting of positive and negative replacement values.

Movements in level 3 instruments

The following table shows the movement in level 3 financial instruments measured at fair value:

CHF millions	Assets	Liabilities	Total
Balance as at 30.9.2013	172.2	121.8	50.4
Currency translation effect on opening balance	0.1	-0.2	0.3
Purchases	45.7	27.0	18.7
Sales	-1.0	0.0	-1.0
Profit or loss recognised in the income statement	-4.0	8.1	-12.1
Profit or loss recognised in other comprehensive income	3.5	0.0	3.5
Transfer to level 3	3.1	26.6	-23.5
Transfer out of level 3	-9.0	-4.5	-4.5
Currency translation effect on movements	0.1	0.0	0.1
Balance as at 30.9.2014	210.7	178.8	31.9
Currency translation effect on opening balance	-2.4	-6.2	3.8
Purchases	29.1	0.0	29.1
Profit or loss recognised in the income statement	-16.4	35.3	-51.7
Profit or loss recognised in other comprehensive income	4.0	0.0	4.0
Transfer to level 3	6.5	7.2	-0.7
Transfer out of level 3	-46.6	-47.5	0.9
Currency translation effect on movements	-0.3	-6.2	5.9
Balance as at 30.9.2015	184.6	161.4	23.2

The table shows the financial instruments whose fair value is measured using valuation models in which significant parameters are based on non-observable market data. On initial recognition, financial instruments of this type are accounted for at fair value using the valuation model on day one, although this value may deviate from the transaction price. Any material deviation from the transaction price is accrued as a day-one profit or loss. The transfer from level 3 to level 2 relates to financial instruments whose measurement is now based on observable market data, and the transfer from level 2 to level 3 relates to financial instruments whose measurement is no longer based on observable market data. There were no transfers between level 1 and 2 in the current financial year or the previous year.

Movements in day-one profits or losses

The following tables show the reconciliation of the changes in the accumulated deviations (movement in the accrued day-one profit or loss) and the accumulated deviations that were not yet recognised in the income statement at the beginning and end of the period.

CHF millions	Day-one loss	Day-one profit	Total
Balance as at 30.9.2013	1.7	60.0	-58.3
Deferred profit/loss arising from new transactions	12.9	27.6	-14.7
Profit or loss recognised in the income statement	0.0	-4.0	4.0
Currency translation effect	0.0	-0.1	0.1
Balance as at 30.9.2014	14.6	83.5	-68.9
Deferred profit/loss arising from new transactions	0.0	26.8	-26.8
Profit or loss recognised in the income statement	-11.9	-28.3	16.4
Currency translation effect	-2.0	-4.2	2.2
Balance as at 30.9.2015	0.7	77.8	-77.1

The accrued day-one profits or losses are systematically released to the income statement based on the terms and conditions of the contract and are recognised in net sales from energy business. They are also reclassified to the income statement if the transaction is settled.

Profits and losses on level 3 instruments recognised in the income statement incl. day-one profits or losses

CHF millions	Net sales 2014/15	Net sales 2013/14
Total profit or loss for the financial year recognised in the income statement	-35.3	-8.1
Total profit or loss recognised in the income statement on financial instruments held at financial year end	-36.1	-3.3

Hedging transactions (hedge accounting)

The Axpo Group is exposed to interest rate risk as a result of floating-rate debt taken out in connection with the construction of the gas-fired combined-cycle power plants in Italy. This risk is mitigated by the measured use of financial derivatives in the form of interest rate swaps. These swaps are accounted for as hedging instruments in a cash flow hedge relationship and are judged to be highly effective. The interest rate swaps are recognised at fair value. In accordance with IAS 39, the change in replacement values prior to realisation is reported in the other comprehensive income and shown as a reserve for hedge accounting in the equity, with allowance made for deferred taxes. As at 30 September 2015, interest rate swaps with a contract value of CHF 430.5 million had been designated as hedging instruments (previous year: CHF 563.1 million). Cash flows from the swaps will be accrued in the next one to three years and will be recognised in the income statement during that period.

Derivative financial instruments are applied if needed to hedge the exchange rate risk in compliance with the existing hedging policy. At the end of the reporting period, this amounted to derivative financial instruments with a contract volume of CHF 651.8 million.

Some of the energy derivatives held by the Axpo Group are also designated as hedging instruments in cash flow hedges. At the end of the reporting period, this amounted to total derivatives with a contract volume of CHF 2,490.4 million (previous year: CHF 2,568.5 million). The effective portion of the fair value fluctuation for derivatives is recognised in other comprehensive income. When the hedged cash flows occur, the fair value fluctuations are transferred to the income statement. The cash flow hedges were 100% effective during the reporting period.

The following table shows the expected amounts of reclassifications to the income statement relating to cash flow hedges from energy hedging transactions:

CHF millions	Effect on the income statement 30.9.2015	Contract value 30.9.2015	Effect on the income statement 30.9.2014	Contract value 30.9.2014
2014/15	0.0	0.0	185.4	663.8
2015/16	243.6	888.6	170.1	938.3
2016/17	140.7	802.7	66.9	759.3
2017/18	77.3	643.3	-1.2	207.1
2018/19	8.0	155.0	0.0	0.0
2019/20	0.1	0.8	0.0	0.0
Total	469.7	2 490.4	421.2	2 568.5

Hedging transactions used to hedge cash flows were concluded for the underlying transactions in accordance with energy planning.

Credit risks

Credit risks are risks of potential losses that may result from the inability of a business partner to pay or the inability of a trading partner and distributor to meet its contractual obligations. Cluster risks with treasury counterparties are avoided. In general, a sufficient minimum liquidity and an adequate staggering of maturities are required.

The Axpo Group controls credit risks via a credit risk management system defined per business area. The Trading & Sales and CKW business area follow an autonomous energy pricing policy. Credit risks are managed by setting credit limits for each transaction in the respective business area. Receivables from counterparties are continuously monitored, and new contractual parties are subjected to a credit check.

The maximum credit default risk of the Axpo Group amounts to CHF 8,661.8 million (previous year: CHF 9,034.3 million). Included in the maximum credit default risk are "Total financial assets" of CHF 9,348.4 million less "Shares and participation certificates available for sale" of CHF 686.6 million.

The credit risk is reduced by the collateral held and by the netting agreements with counterparties for the netting of all assets and liabilities related to energy trading transactions. A detailed list of assets exposed to credit risk is provided in the table "Carrying amounts and fair values of financial assets and liabilities" (see page 27).

Risk concentration

The following table provides information on the composition of geographical risk concentrations in trade receivables.

Credit risk concentration of trade receivables by geographical area

CHF millions	Carrying amount 30.9.2015	Carrying amount 30.9.2014
Western Europe	168.3	262.5
Southern Europe	347.3	135.3
Central Europe	311.4	298.7
Northern Europe	18.1	21.4
Southeast Europe	18.0	24.6
Outside Europe	0.0	0.1
Total	863.1	742.6

Significant concentrations of credit risk exist primarily in relation to long-term energy procurement contracts. These contracts are monitored continuously and reported internally by Risk Management. Other than this, no significant concentrations of risk (cluster risk) exist in the Axpo Group in respect of any counterparty. Due to energy supply activities, trade receivables in the amount of CHF 245.9 million (previous: CHF 228.4 million) were concentrated geographically primarily in Switzerland.

Aging analysis of trade receivables

The following table provides an age analysis of trade receivables and related bad debt allowances:

CHF millions	Gross 30.9.2015	Bad debt allowance 30.9.2015	Gross 30.9.2014	Bad debt allowance 30.9.2014
Not yet due	644.3	-0.1	578.7	-0.3
Past due 1–60 days	172.6	-2.5	133.6	-10.2
Past due 61–150 days	21.9	-4.2	18.2	-5.1
Past due 151–360 days	34.9	-12.6	22.3	-7.6
Past due more than 360 days	72.9	-64.1	64.5	-51.5
Total	946.6	-83.5	817.3	-74.7

Bad debt allowances created, released or no longer required on trade receivables

The following table shows the development of bad debt allowances in the 2013/14 and 2014/15 financial years:

CHF millions	Trade receivables	
	General allowances	Specific allowances
Bad debt allowances as at 30.9.2013	-4.8	-102.1
Net increase	-2.9	-9.9
Uncollectible receivables written off	0.0	8.3
Reclassification to "Other receivables (non-current)"	0.0	36.1
Currency effects	0.0	0.6
Bad debt allowances as at 30.9.2014	-7.7	-67.0
Net increase	-10.3	-11.1
Uncollectible receivables written off	0.1	6.2
Currency effects	0.3	6.0
Bad debt allowances as at 30.9.2015	-17.6	-65.9

Based on past experience, the Axpo Group does not expect any material bad debt losses on trade receivables not yet due. The bad debt allowances are recognised as specific bad debt allowances or provisions calculated on a portfolio basis.

The bad debt allowance in the reporting year relates to smaller receivables with various counterparties that were impaired. The increase in the general allowance relates to the aging of the trade receivables due for payment.

Bad debt allowances as at 30 September 2014 include significant receivables with two counterparties in the amount of CHF 18.1 million and CHF 5.0 million respectively. The other bad debt provisions comprise smaller receivables with various counterparties which have been written down.

An impairment loss in the amount of CHF 166.2 million was recognised in loans due from other associates (see Note 20 "Other financial assets").

Collateral

A significant portion of the energy transactions in the Axpo Group are concluded on the basis of framework agreements such as the EFET (European Federation of Energy Traders) General Agreement on Power or Gas, the ISDA (International Swaps and Derivatives Association) or the DRV (German Master Agreement for Financial Forward Transactions). In the event of the insolvency of a business partner, these provide for an offsetting of open transactions. Transactions may only be netted in the balance sheet if there is a currently legally enforceable right under national law to net the amounts in the balance sheet and the parties also have the intention to settle on a net basis. Axpo Group divides derivative financial instruments into time bands based on the payment date of the underlying energy flows. The replacement values calculated for each time band are reported net, split into positive and negative replacement values and added up. In individual cases, this can cause the net value after netting to be higher than the gross value prior to netting. The "Additional netting potential" column largely includes offsets that are permitted in the event of insolvency but not in the normal course of business as well as additional netting potential that arises when all open transactions are netted for which a legally enforceable right exists without a breakdown into time bands.

In addition, the credit risk is reduced by the collaterals received. In the case of major credit risks, credit support annexes (CSAs) are attached to the framework agreements in which regular reciprocal margin payments are agreed as additional collateral, mostly in the form of cash. Since such collaterals are not only received for transactions allocated to a trading book but also for off-balance-sheet items that are assigned to an "own use" book, the collaterals cannot be meaningfully allocated to individual balance sheet items. As at 30 September 2015, Axpo Group has received credit support annexes (CSAs) totalling CHF 185.6 million (previous year: CHF 131.7 million), guarantees in the amount of CHF 196.3 million (previous year: CHF 215.7 million) and other assets in the amount of CHF 59.3 million (previous year: CHF 15.7 million). At the same time, it has issued credit support annexes (CSAs) totalling CHF 118.3 million (previous year: CHF 106.1 million). For guarantees issued please refer to Note 37 "Contingent liabilities" and for other pledged assets please refer to Note 36 "Pledged assets".

Netting of positive and negative replacement values as at 30 September 2015

CHF millions	Assets which are subject to legally enforceable netting agreements			Assets that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential	Assets after recognition of the netting potential
	Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting			Netting potential not reported on the balance sheet	
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	1 475.8	–855.5	620.3	671.9	1 292.2	–236.9	1 055.3
Currency forward contracts	0.0	0.0	0.0	52.5	52.5	0.0	52.5
Other derivative financial instruments	0.0	0.0	0.0	73.4	73.4	0.0	73.4
Derivatives designated as hedges							
Energy derivatives	470.8	–57.4	413.4	51.8	465.2	–34.2	431.0
Forward currency contracts	0.0	0.0	0.0	87.1	87.1	0.0	87.1

CHF millions	Liabilities which are subject to legally enforceable netting agreements			Liabilities that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential		
	Gross liabilities before balance sheet netting	Netting	Net liabilities after balance sheet netting			Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential	
Financial liabilities at fair value								
Financial liabilities at fair value through profit or loss (held for trading)								
Energy derivatives	1 475.3	-855.5	619.8	500.0	1 119.8	-242.1	877.7	
Currency forward contracts	0.0	0.0	0.0	32.5	32.5	0.0	32.5	
Other derivative financial instruments	0.0	0.0	0.0	4.5	4.5	0.0	4.5	
Derivatives designated as hedges								
Energy derivatives	96.5	-57.4	39.1	6.7	45.8	-29.0	16.8	
Forward currency contracts	0.0	0.0	0.0	16.0	16.0	0.0	16.0	
Other derivative financial instruments	0.0	0.0	0.0	36.7	36.7	0.0	36.7	

Netting of positive and negative replacement values as at 30 September 2014

CHF millions	Assets which are subject to legally enforceable netting agreements			Assets that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential	
	Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting			Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	1 046.5	−459.8	586.7	475.9	1 062.6	−322.5	740.1
Currency forward contracts	0.0	0.0	0.0	110.0	110.0	−0.5	109.5
Other derivative financial instruments	0.0	0.0	0.0	53.7	53.7	0.0	53.7
Derivatives designated as hedges							
Energy derivatives	474.7	−52.6	422.1	54.9	477.0	−40.7	436.3

CHF millions	Liabilities which are subject to legally enforceable netting agreements		Liabilities that are not subject to master netting agreements or are not subject to legally enforceable master netting agreements		Additional netting potential		
	Gross liabilities before balance sheet netting	Netting	Net liabilities after balance sheet netting	Total liabilities recognised on the balance sheet	Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential	
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	999.5	-459.8	539.7	356.9	896.6	-320.4	576.2
Currency forward contracts	0.0	0.0	0.0	67.4	67.4	-0.4	67.0
Other derivative financial instruments	0.0	0.0	0.0	2.5	2.5	0.0	2.5
Derivatives designated as hedges							
Energy derivatives	106.3	-52.6	53.7	7.3	61.0	-42.7	18.3
Other derivative financial instruments	0.0	0.0	0.0	58.0	58.0	0.0	58.0

Liquidity risk

Liquidity risk is the risk that arises if the Group is unable to meet its obligations on the due date. The Corporate Treasury department of the Axpo Group is responsible for liquidity management, which encompasses the planning, monitoring, provision and optimisation of liquidity. Various measures are used to ensure liquidity. Cash pooling and smoothing of cash balances within the business areas are used to achieve optimum cash management. Liquidity is also ensured via specific project financing and by appropriate refinancing on the money and capital markets. The majority of receivables in European energy trading are netted and settled on fixed payment deadlines. The Axpo Group has aggregated credit facilities of CHF 1,796.6 million at its disposal from banks and financial institutions (previous year: CHF 1,903.6 million). Of this amount, CHF 778.2 million had been utilised as at 30 September 2015 (previous year: CHF 970.9 million). The following table shows the contractual due dates (including interest) of the financial liabilities held by the Axpo Group. The future variable interest rates are determined based on the yield curve on the balance sheet date.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2015

CHF millions	Carrying amount	Cash flows	At sight	< 3 mths	3–12 mths	1–5 years	> 5 years
Non-derivative financial liabilities							
Trade payables	486.3	486.3	0.0	474.9	11.4	0.0	0.0
Financial liabilities (current and non-current)	4 635.9	5 718.7	3.8	443.0	305.5	1 829.6	3 136.8
Other liabilities (current and non-current)	276.0	276.0	8.1	212.1	20.6	17.4	17.8
Operating expenses not yet invoiced	1 310.9	1 310.9	0.0	1 262.3	48.1	0.5	0.0
Derivative financial instruments							
Net carrying amount of energy derivatives	591.8						
Gross cash inflow		18 702.4	9 744.7	1 564.6	3 219.3	3 693.8	480.0
Gross cash outflow		15 666.6	9 321.1	1 286.0	2 162.1	2 188.0	709.4
Net carrying amount of currency forward contracts	91.1						
Gross cash inflow		2 790.1	718.8	1 093.9	615.2	362.2	0.0
Gross cash outflow		2 754.3	751.0	1 072.7	568.2	362.4	0.0
Net carrying amount of other derivative financial instruments	32.2						
Gross cash inflow		257.9	0.0	256.3	0.0	0.0	1.6
Gross cash outflow		225.5	0.0	187.3	12.6	22.2	3.4

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2014

CHF millions	Carrying amount	Cash flows	At sight	< 3 mths	3–12 mths	1–5 years	> 5 years
Non-derivative financial liabilities							
Trade payables	538.9	538.9	0.0	538.7	0.2	0.0	0.0
Financial liabilities (current and non-current)	4 677.9	5 878.2	0.0	326.1	131.5	1 488.1	3 932.5
Other liabilities (current and non-current)	237.3	237.3	0.0	170.3	27.8	22.5	16.7
Operating expenses not yet invoiced	1 561.9	1 561.9	0.0	1 509.1	52.6	0.0	0.2
Derivative financial instruments							
Net carrying amount of energy derivatives	582.0						
Gross cash inflow		21 536.5	7 702.5	1 404.8	6 303.4	5 669.7	456.0
Gross cash outflow		17 953.5	7 384.8	1 228.5	5 249.1	3 388.3	702.8
Net carrying amount of currency forward contracts	42.6						
Gross cash inflow		2 351.1	0.9	599.3	1 053.0	697.8	0.0
Gross cash outflow		2 023.5	0.5	563.1	831.3	628.6	0.0
Net carrying amount of other derivative financial instruments	–6.8						
Gross cash inflow		57.0	0.0	0.0	0.0	53.8	3.2
Gross cash outflow		65.0	0.0	5.3	13.8	42.1	3.8

Cash flows are not discounted for the maturity analysis. In accordance with the applicable standard, liquidity risk relates only to financial liabilities. In order to show the effective liquidity risk arising from derivative financial instruments, the cash inflow/outflow in the above table relates to contracts with positive and negative replacement values.

In order to hedge its own energy production and long-term energy sales and purchase contracts, known as “own use” contracts, Axpo Group enters into energy sales and purchase contracts. These hedging transactions are allocated to either the “hedge accounting” books and accounted for in accordance with the rules of hedge accounting or “at fair value through profit or loss financial instruments” and are included in the above maturity analysis. As contracts assigned to own use books are executory contracts, no cash flow is presented in the table above for these contracts, thus generating significant mismatches in cash inflow and outflow presentation. Further, in some cases, Axpo Group enters into stack and roll hedges to hedge the purchase or sales volume of long-term contracts for a period of around 36 months. These hedges are assigned to trading books. Cash flows from these hedges are not presented in the same time period as cash flows from long-term contracts.

Market price risks

Market price risks arise from price and exchange rate movements in respect of unhedged positions held in energy and financial transactions.

Energy price risks

The Axpo Group defines energy price risks as risks arising from changes in energy prices. Energy price risks are characterised by the high volatility of energy market spot prices. The Axpo Group is exposed to such risks primarily via the energy it sells in unregulated market segments and on the open market.

The CKW Group, whose corporate strategy is primarily focused on supplying energy in its supply regions, manages energy price risks by optimising the use of futures and forward contracts for physical energy supplies in order to hedge against energy deficits or surpluses. In addition to actively managing energy surpluses and deficits to supply end-customers and re-distributors, the CKW Group also follows proprietary trading strategies to a very limited extent, in the course of which relatively small unhedged positions are permitted. According to the existing risk strategy, unhedged positions may only be entered into for the current financial year and the three following years in order to ensure that proprietary trading transactions are only entered into for a time frame within which sufficient market liquidity is available.

In its capacity as a trading company, energy price risks in the Trading & Sales business area are monitored and reported on a daily basis by the Risk Management & Valuation department. Monitoring is carried out in accordance with the principles set out in the risk management directive as well as the related trading mandates. The market price risk is limited using a transparent limit system consisting of a VaR and a volume limit. The total risk limit for energy trading is approved annually by the Axpo Trading Board of Directors at the request of Executive Management and broken down by individual divisions, departments and books within the Trading & Sales business area.

The energy price risks are quantified using the Value-at-Risk (VaR) method, assuming a holding period of five days and a confidence interval of 99%. Value-at-Risk (VaR) defines a potential loss which, with 99% probability, will not be exceeded, taking into account the historic market developments.

Sensitivity analysis of the energy price risk

CHF millions	30.9.2015	30.9.2014
VaR business area Trading & Sales	24.7	36.7
VaR business area CKW	0.4	1.2

Currency risk

Due to its international activities, the Axpo Group is exposed to currency risks resulting from business transactions and assets and liabilities that generate cash flows in the future, where these are not denominated in the functional currency of the relevant Group company. The euro and the US dollar in particular represent a currency risk. The Corporate Treasury is responsible for monitoring and managing currency risks and implementing the Group's policy on exchange rate risks. Attempts are made to reduce the currency risk by balancing operating revenue and expenditure in foreign currencies. Remaining net positions in foreign currencies are hedged by means of hedging transactions such as currency forward transactions as part of liquidity planning and in close consultation with the operational Group units (transaction risk).

A possible change in foreign exchange rates would, assuming that the other parameters remain the same, have had the following impact on the income statement and on equity:

Sensitivity analysis of the currency risks

CHF millions		30.9.2015		30.9.2014 restated ¹⁾	
	+/- change	+/- effect on income statement	+/- effect on equity	+/- effect on income statement	+/- effect on equity
CHF/USD foreign currency risk	10%	-4.2	0.0	-0.3	0.0
CHF/EUR foreign currency risk	10%	-86.9	-35.2	-81.8	-42.1
CHF/GBP foreign currency risk	10%	-3.5	0.0	1.5	0.0

1) The energy derivatives and other derivative financial instruments are included in the sensitivity analysis of the currency risk.

Interest rate risk

The interest rate risk consists of an interest rate-based cash flow risk, i.e. the risk that future interest payments will change due to fluctuations in market interest rates, and an interest rate-based risk of a change in the fair value, i.e. the risk that the fair value of a financial instrument will change due to fluctuations in market interest rates.

The interest-bearing financial assets and liabilities held by the Group include cash and cash equivalents, loans, bonds included in other financial assets as well as liabilities to banks and bonds issued. The interest rate profile at the end of the reporting period was as follows:

Interest-bearing financial assets and liabilities

CHF millions	Fixed-rate 30.9.2015	Variable-rate 30.9.2015	Fixed-rate 30.9.2014	Variable-rate 30.9.2014
Loans and receivables	1 687.9	1 920.1	613.0	3 640.0
Petty cash and cash at banks	0.0	1 762.5	0.0	1 915.8
Short-term investments	0.0	95.0	0.0	94.3
Other financial assets (non-current)	832.5	53.7	613.0	167.7
Financial receivables (current)	855.4	8.9	0.0	1 462.2
Available-for-sale financial assets	816.8	0.0	690.7	0.0
Financial liabilities at fair value through profit or loss (held for trading)	0.0	41.2	0.0	60.5
Financial liabilities measured at amortised cost	3 727.2	908.7	3 780.2	897.8
Financial liabilities (current and non-current) ¹⁾	3 727.2	908.7	3 780.2	897.8

1) The interest rate risk on variable interest-bearing loans in the amount of CHF 430.5 million (previous year: CHF 563.1 million) is reduced by existing interest rate swaps with a carrying amount of CHF 36.7 million (previous year: CHF 63.7 million), which are accounted for as cash flow hedges (see Note 6 "Financial risk management", "Hedge accounting" section).

Cash and cash equivalents and variable-rate financial liabilities in particular expose the Axpo Group to cash flow risk. The production of energy and the transmission and distribution grids are capital-intensive activities. As a general principle, Swiss plants are financed over the long term at fixed interest rates in order to mitigate the impact of short- and medium-term interest rate fluctuations on earnings. There is also variable-rate financing for foreign plants. The risk associated with this financing

is mitigated by the measured use of derivative financial instruments in the form of interest rate swaps. At 30 September 2015, there were swaps with a contract value of CHF 430.5 million.

A possible change in interest rates would, assuming that the other parameters remain the same (*ceteris paribus*), have had the following impact on the income statement and on equity:

Sensitivity analysis of the interest rate risk

CHF millions	30.9.2015			30.9.2014	
	+/- change	+/- effect on income statement	+/- effect on equity	+/- effect on income statement	+/- effect on equity
Interest rate risk	1%	15.3	-0.4	25.6	-0.5

Share price risks

The Axpo Group holds securities which are classified as “available for sale”. The securities are invested according to a core-satellite strategy and are managed professionally via asset management mandates. The portfolio is divided into a broadly diversified, index-tracking (passive) core investment and several actively managed individual (funds) positions, known as satellites. The portfolio structure of the core investment, which is based on BVG guidelines, has been approved by the Board of Directors, and regular checks are carried out to ensure it is being complied with. Shares are subject to share price risk, with changes in fair value recognised directly in equity. In order to assess share price risk for the entire portfolio, the Axpo Group applies a Value-at-Risk (VaR) calculation, which indicates the maximum loss that with a probability of 97.5% could be sustained over a period of one year based on statistical data. Unless any sustained impairment is identified, the loss of CHF – 128.9 million (previous year: CHF – 122.1 million) arising from fluctuations in the price of “available-for-sale” financial assets affects only the equity of the Axpo Group.

7 | Changes in scope of consolidation

2014/15 financial year:

Investments/disinvestments

	Remarks	Ownership interest
Fully consolidated companies		
Axpo Holz + Energie AG	Merger	0.0%
Axpo Netherlands BV	Company formation	100.0%
Axpo Renewables Germany GmbH	Acquisition	100.0%
Axpo Servizi Produzione Italia S.p.A.	Company formation	100.0%
Compagnie des Energies Renouvelables Villiers le Pré SARL	Merger	0.0%
Kraftwerk Gurtellen AG	Company formation	100.0%

Previous year 2013/14:

Company formations, acquisitions and mergers

The subsidiary Axpo CKW France SAS was founded in the 2013/14 reporting year. This company holds a 49% share in an onshore wind farm portfolio of EDP Renewables (EDPR) in France.

Company disposals

In the 2013/14 reporting year, the interests in WinCap S.r.l. and Axpo Contracting AG were sold.

8 | Operating segments

The Axpo Group's segment reporting is based on the internal organisational and management structure and on internal financial reporting to the key management committees. This complies with the provisions of IFRS 8, the so-called management approach. Axpo uses earnings before interest and tax (EBIT) for internal control purposes and as an indicator of the long-term earnings power of a reporting segment. All operational assets are recognised by the reporting segment. There are no differences between the accounting policies used for segment reporting and those used for the consolidated financial statements.

The reporting segments pursuant to IFRS 8 encompass the three business areas of Assets, Trading & Sales and CKW. These are individually assessed by the management to measure performance levels and for the purposes of allocating resources. No operating business areas have been combined to form the reporting segments.

The Assets business area operates and expands the Axpo power plant portfolio (hydraulic power plants, nuclear power plants, gas-fired combined-cycle power plants, power plants using new renewable energies) in Switzerland and abroad, together with infrastructures such as grids and substations. This business area is also responsible for optimising the power plant portfolio and developing new power plant projects.

The Trading & Sales business area encompasses the areas of energy trading, risk and portfolio management, customer service in Northeastern Switzerland and the optimal deployment of the power plant portfolio from an economic and supply perspective.

With its production portfolio, investments in power plants as well as long-term contracts and grid infrastructure, the CKW business area supplies energy to Central Switzerland and ensures optimum use of hydro power in this region through existing exchange agreements.

In compliance with IFRS 8, Axpo Holding AG, Axpo Services AG and Avectris AG (which are not operating segments) as well as consolidation effects are combined under "Reconciliation".

Segment income statement

CHF millions	Assets 2014/15	Assets 2013/14	Trading & Sales 2014/15	Trading & Sales 2013/14 restated ¹⁾	CKW 2014/15	CKW 2013/14 restated ¹⁾	Reconcilia- tion 2014/15	Reconcilia- tion 2013/14 restated ¹⁾	Total 2014/15	Total 2013/14 restated ¹⁾
Revenues from sales of energy and grid usage by external customers	555.0	562.9	4 231.2	5 148.0	782.2	793.5	27.1	29.0	5 595.5	6 533.4
Revenues from sales of energy and grid usage by other segments	1 938.8	2 056.8	14.6	56.6	28.5	21.0	-1 981.9	-2 134.4	0.0	0.0
Changes in inventories	2.9	4.2	0.0	0.0	-2.2	-0.7	0.6	-0.6	1.3	2.9
Capitalised production costs	79.1	75.8	0.0	0.0	23.0	21.6	1.1	2.4	103.2	99.8
Other operating income	18.3	18.5	250.6	41.8	15.5	13.4	-124.5	-4.9	159.9	68.8
Total income	2 594.1	2 718.2	4 496.4	5 246.4	847.0	848.8	-2 077.6	-2 108.5	5 859.9	6 704.9
Operating expenses	-1 945.4	-2 017.8	-4 597.8	-5 409.4	-698.6	-739.8	1 975.7	2 130.0	-5 266.1	-6 037.0
Depreciation and amortisation	-137.2	-238.2	-5.5	-6.5	-56.6	-56.6	-12.6	-16.3	-211.9	-317.6
Impairments	-1 211.7	-1 145.1	0.0	-0.2	-22.0	-3.9	-133.2	-87.1	-1 366.9	-1 236.3
Reversal of impairments	56.2	47.8	0.0	0.0	0.0	0.0	0.0	0.0	56.2	47.8
Earnings before interest and tax (EBIT)	-644.0	-635.1	-106.9	-169.7	69.8	48.5	-247.7	-81.9	-928.8	-838.2
Share of profit of partner plants and other associates									49.3	74.9
Financial income									223.2	287.6
Financial expense									-379.2	-313.3
Earnings before tax (EBT)									-1 035.5	-789.0
Income tax expense									45.6	59.5
Result for the period									-989.9	-729.5

Segment assets and supplementary information

CHF millions	Assets 2014/15	Assets 2013/14	Trading & Sales 2014/15	Trading & Sales 2013/14	CKW 2014/15	CKW 2013/14	Reconcilia- tion 2014/15	Reconcilia- tion 2013/14	Total 2014/15	Total 2013/14
Additions to non-current assets ²⁾	1.7	41.2	2.4	8.7	85.9	95.5	659.7	693.4	749.7	838.8
Investments in partner plants and other associates	808.1	931.9	1.6	11.6	270.7	275.6	301.0	340.0	1 381.4	1 559.1
Segment assets ³⁾	5 599.3	5 887.3	3 762.3	3 736.6	2 103.8	2 056.7	7 442.3	8 538.0	18 907.7	20 218.6
thereof "assets held for sale"	7.8	9.8	0.0	0.0	0.0	8.1	0.0	0.0	7.8	17.9

1) Currency hedging transactions entered into to hedge exchange differences on expected future energy procurement or sales contracts in a foreign currency are reclassified from financial result to other operating income.

2) Additions to property, plant and equipment, intangible assets, investments in partner plants and other associates, investment properties and receivables from state funds.

3) The reconciliation item of segment assets includes assets not allocated (assets under construction, prepayments on assets under construction, not yet capitalised intangible assets, non-operative investments in other associates, derivatives (except energy derivatives), current and non-current financial receivables, investment properties, receivables from state funds, securities and cash and cash equivalents).

Information by country

CHF millions	Switzerland 2014/15	Switzerland 2013/14	Italy 2014/15	Italy 2013/14	Germany 2014/15	Germany 2013/14	Other countries 2014/15	Other countries 2013/14	Total 2014/15	Total 2013/14
Revenues from energy sales and grid usage	2 230.9	3 063.5	2 163.8	2 772.6	459.7	579.0	741.1	118.3	5 595.5	6 533.4
Non-current assets ¹⁾	8 406.1	8 953.1	115.1	386.2	0.2	0.4	30.4	34.7	8 551.8	9 374.4

1) Property, plant and equipment, intangible assets, ownership interests in partner plants and other associates, investment properties and receivables from state funds

Information by product

CHF millions	Energy 2014/15	Energy 2013/14	Grid usage 2014/15	Grid usage 2013/14	Income from energy derivatives trading 2014/15	Income from energy derivatives trading 2013/14	Other net revenue 2014/15	Other net revenue 2013/14	Total 2014/15	Total 2013/14
Revenues from energy sales and grid usage	4 784.3	5 542.5	586.4	517.8	-80.5	142.4	305.3	330.7	5 595.5	6 533.4

Information about major customers

There are no transactions with one individual external customer the income from which is 10% or more of net revenue.

9 | Revenues from sales of energy and grid usage

CHF millions	2014/15	2013/14
Net sales from energy business and grid usage	5 370.7	6 060.2
Income from energy trading	-80.5	142.4
Other net sales	305.3	330.8
Total	5 595.5	6 533.4

In addition to consolidated net sales, there are also energy sales under ceded energy procurement rights and sub-participations. Revenues from so-called quota transactions are not included in the above total since they are offset against any energy procurement also ceded. They amount to CHF 404.8 million (previous year: CHF 459.1 million; see Note 10 "Energy procurement, grid usage and cost of goods").

Other net sales include technical and construction service revenue from installation business, as well as service revenue arising in connection with the production, transmission, distribution and supply of energy.

10 | Expenses for energy procurement, grid usage and cost of goods purchased

CHF millions	2014/15	2013/14
Expenses for energy procurement and grid usage from third parties and associates	-3 000.0	-3 527.6
Expenses for energy procurement and grid usage from partner plants (Note 18 and 35)	-832.3	-860.6
Increase in provisions (excluding interest) for onerous energy procurement contracts (Note 32)	-291.4	-342.5
Reversal of provisions (excluding interest) for onerous energy procurement contracts (Note 32)	98.3	17.8
Cost of goods	-50.9	-62.3
Total	-4 076.3	-4 775.2

The interest on the provision for onerous energy procurement contracts is recognised in the financial results.

The review of the parameters used to measure energy procurement risks, such as future trends in energy prices and the development of production costs for power plants as well as exchange rates, led to a net change of CHF 193.1 million, recognised in the income statement, in the provision for onerous energy procurement contracts (provisions of CHF 291.4 million created and provisions of CHF 93.8 million released; see Note 5 "Estimation uncertainties").

Expenses for energy procurement from quota transactions is not included in the above total since they are offset against any revenues from also ceded. They amounted to CHF 404.8 million (previous year: CHF 459.1 million; see Note 9 "Revenues from energy and grid usage").

11 | Personnel expenses

CHF millions	2014/15	2013/14
Salaries and wages	-497.5	-523.5
Employee benefit expense for defined benefit plans (Note 34)	-66.0	-58.1
Employee benefit expense for defined contribution plans	-2.7	-2.4
Social security and other personnel expenses	-62.1	-70.7
Total	-628.3	-654.7
Number of employees at balance sheet date:		
Full-time equivalents	3 891	4 078
Apprentices	393	399
Total	4 284	4 477

12 | Other operating expenses

CHF millions	2014/15	2013/14
Charges, fees and capital taxes	-150.8	-133.4
Realised losses from disposals of group companies	0.0	-4.0
Other operating expenses	-206.4	-284.6
Total	-357.2	-422.0

Other operating expenses include insurance, telephone costs, travel expenses, general administrative costs, other services as well as the creation and release of a part of provisions and allowances for bad debts.

The higher other operating expense in the previous year compared with the reporting period resulted from the recognition of a provision for subsequent payment for VAT (see Note 32 "Provisions").

13 | Depreciation, amortisation and impairments

CHF millions	2014/15	2013/14
Depreciation of property, plant and equipment (Note 16)	-186.8	-246.2
Impairment losses on property, plant and equipment (Note 16)	-876.2	-655.4
Impairment reversals on property, plant and equipment (Note 16)	41.3	47.7
Amortisation of intangible assets (Note 17)	-25.1	-71.4
Impairment losses on intangible assets (Note 17)	-172.2	-484.3
Impairment reversals on intangible assets (Note 17)	10.2	0.0
Impairment losses on investments in other operating associates (Note 18)	-147.6	-96.5
Impairment losses on loans to other operating associates (Note 20)	-166.2	0.0
Total	-1 522.6	-1 506.1

The net impairment loss amounts to CHF 1,310.7 million (previous year: CHF 1,188.5 million). This comprises an amount of CHF 834.9 million (previous year: CHF 607.7 million) relating to property, plant and equipment, CHF 162.0 million (previous year: CHF 484.3 million) relating to intangible assets, CHF 147.6 million (previous year: CHF 96.5 million) relating to operating associates and CHF 166.2 million relating to shareholder loans with an equity nature.

14 | Financial result

CHF millions	2014/15	2013/14 restated ¹⁾
Interest income	47.9	57.0
Income from nuclear waste disposal fund	0.0	182.4
Impairment reversals on financial assets	0.0	1.5
Income from investment properties	5.8	7.1
Impairment reversals on investments in other non-operating associates	14.6	0.0
Realised gains from disposals of investments in non-operating associates	0.0	5.1
Other financial income	154.9	34.5
Total financial income	223.2	287.6
Interest expense	-164.3	-157.7
Interest and fund expense for nuclear provisions	-99.5	-124.7
Impairment losses financial investments	-5.0	-0.8
Investment property expense	-3.2	-2.8
Impairment losses on investments in other non-operating associates	0.0	-4.8
Realised losses from disposals of investments in other non-operating associates	0.0	-2.4
Net exchange rate losses	-94.6	-4.5
Other financial expense	-12.6	-15.6
Total financial expense	-379.2	-313.3
Total	-156.0	-25.7

1) Currency hedging transactions entered into to hedge exchange differences on energy procurement or sales contracts in a foreign currency are recognised in other operating income. Realised and unrealised gains and losses from changes in fair value of financial instruments which are used to hedge exchange rate risks on financial assets or debt financing, remain in the financial result.

Realised and unrealised exchange rate gains and losses as well as realised and unrealised gains from other financial instruments are reported net.

The interest expense of CHF 164.3 million (previous year: CHF 157.7 million) includes interest of CHF 21.0 million (previous year: CHF 13.6 million) on provisions for onerous energy procurement contracts and other provisions (see Note 32 "Provisions").

Due to a strategic decision to redeploy financial assets, the other financial income includes CHF 94.7 million in realised gains from the portfolio regrouping. The capital from the sale was reinvested.

15 | Income taxes

CHF millions	2014/15	2013/14
Current income taxes	-50.4	-153.0
Deferred income taxes	96.0	212.5
Total income taxes	45.6	59.5

Current income taxes consist of taxes paid or due on the results of the individual companies for the financial year in accordance with local regulations, as well as charges and credits from previous periods.

Total income taxes directly recognised in other comprehensive income	65.8	4.9
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Reconciliation of expected tax rate and effective tax rate

The expected tax income of CHF 198.7 million (previous year: CHF 149.1 million) can be reconciled to the effective tax income of CHF 45.6 million (previous year: CHF 59.5 million) as follows:

CHF millions	2014/15	2013/14
Earnings before tax (EBT)	-1 035.5	-789.0
Expected tax rate (ordinary tax rate at head office)	19.2%	18.9%
Income tax at expected tax rate	198.7	149.1
Non-tax-deductible expenses	-31.2	-50.0
Effect of income not subject to tax or tax privileged	25.8	23.0
Unrecorded tax-loss carry forward	-88.1	-49.0
Earnings taxable at different tax rates	-52.6	-13.6
Reassessment of deferred tax assets	-13.6	0.0
Other effects	6.6	0.0
Total income taxes (current and deferred)	45.6	59.5

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the canton of Aargau (15.2%). Due to the deductibility of both taxes from taxable income, this results in an effective ordinary tax rate for the head office of 19.2% (previous year: 18.9%).

Deferred taxes by origin of temporary differences

CHF millions	Assets 30.9.2015	Liabilities 30.9.2015	Assets 30.9.2014	Liabilities 30.9.2014
Property, plant and equipment	252.6	64.9	199.8	103.2
Intangible assets	0.2	8.3	0.9	12.0
Investments	0.4	52.5	32.0	60.4
Positive replacement values (current and non-current)	0.0	116.1	0.0	97.9
Other assets (non-current)	0.8	18.5	0.1	22.3
Trade receivables	14.1	2.6	12.2	5.1
Other receivables (current)	2.8	13.0	4.6	16.5
Provisions (current and non-current)	3.5	496.9	8.7	415.4
Negative replacement values (current and non-current)	30.5	0.0	31.9	0.0
Other liabilities (non-current)	95.1	1.7	31.7	3.0
Other liabilities (current)	49.9	0.7	36.6	1.8
Tax-loss carry forward	226.5	0.0	151.7	0.0
Deferred taxes, gross	676.4	775.2	510.2	737.6
Offsetting of assets and liabilities	-618.3	-618.3	-445.5	-445.5
Deferred taxes, net	58.1	156.9	64.7	292.1

As at 30 September 2015, no temporary differences associated with investments in subsidiaries existed, for which no deferred tax liabilities were recognised (previous year: temporary differences of CHF 25.9 million).

Expiry dates of tax-loss carry forwards not capitalised

CHF millions	30.9.2015	30.9.2014
Expiring in the following year	15.5	9.0
Expiring within 2 to 5 years	302.7	251.1
Expiring in more than 5 years	742.6	306.6
Total	1 060.8	566.7

16 | Property, plant and equipment

CHF millions	Power plants	Distribution facilities	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Acquisition cost						
Balance as at 30.9.2013	8 477.4	3 263.8	716.0	330.6	2 048.7	14 836.5
Change in consolidation scope	5.7	0.0	0.0	-34.8	-0.1	-29.2
Additions (investments)	1.6	5.9	0.4	5.1	707.2	720.2
Disposals	-46.3	-40.6	-3.5	-18.1	-23.7	-132.2
Adjustments to acquisition costs IFRIC 1	0.0	0.0	0.0	0.0	-153.4	-153.4
Reclassification to "assets held for sale"	-5.8	0.0	0.3	0.6	-5.7	-10.6
Reclassifications	2.1	56.5	1.1	20.2	-85.1	-5.2
Currency translation effect	-15.7	0.0	-0.2	-0.1	4.0	-12.0
Balance as at 30.9.2014	8 419.0	3 285.6	714.1	303.5	2 491.9	15 214.1
Additions (investments)	5.4	5.2	4.2	4.0	630.3	649.1
Disposals	-145.2	-96.4	-5.0	-19.1	-3.4	-269.1
Adjustments to acquisition costs IFRIC 1	0.0	0.0	0.0	0.0	12.4	12.4
Reclassification to "assets held for sale"	-39.0	0.0	-10.6	-9.4	0.0	-59.0
Reclassifications	415.1	115.3	-136.9	31.6	-449.0	-23.9
Currency translation effect	-111.4	0.0	-1.1	-0.9	-4.1	-117.5
Balance as at 30.9.2015	8 543.9	3 309.7	564.7	309.7	2 678.1	15 406.1
Accumulated depreciation						
Balance as at 30.9.2013	-6 456.3	-1 879.5	-297.0	-223.7	-543.1	-9 399.6
Change in consolidation scope	-3.5	0.0	0.0	17.0	0.0	13.5
Depreciation in reporting period	-156.8	-49.3	-17.7	-22.4	0.0	-246.2
Impairment losses	-487.0	0.0	-0.2	0.0	-168.2	-655.4
Impairment reversals	0.0	0.0	0.0	0.0	47.7	47.7
Disposals	45.1	38.7	1.3	17.3	0.0	102.4
Reclassification to "assets held for sale"	0.8	0.0	0.0	0.0	0.0	0.8
Reclassifications	66.0	-21.0	-32.2	-10.5	0.9	3.2
Currency translation effect	9.6	0.0	0.1	0.0	0.5	10.2
Balance as at 30.9.2014	-6 982.1	-1 911.1	-345.7	-222.3	-662.2	-10 123.4
Depreciation in reporting period	-79.1	-70.2	-13.9	-23.6	0.0	-186.8
Impairment losses	-519.3	0.0	-15.9	-2.8	-338.2	-876.2
Impairment reversals	29.7	0.0	0.0	0.0	11.6	41.3
Disposals	104.1	52.6	4.2	18.0	3.1	182.0
Reclassification to "assets held for sale"	39.0	0.0	7.1	5.2	0.0	51.3
Reclassifications	-100.1	-17.3	99.9	-7.8	21.9	-3.4
Currency translation effect	73.7	0.0	0.7	0.7	3.8	78.9
Balance as at 30.9.2015	-7 434.1	-1 946.0	-263.6	-232.6	-960.0	-10 836.3
Carrying amount as at 1.10.2013	2 021.1	1 384.3	419.0	106.9	1 505.6	5 436.9
Carrying amount as at 30.9.2014	1 436.9	1 374.5	368.4	81.2	1 829.7	5 090.7
Carrying amount as at 1.10.2014	1 436.9	1 374.5	368.4	81.2	1 829.7	5 090.7
Carrying amount as at 30.9.2015	1 109.8	1 363.7	301.1	77.1	1 718.1	4 569.8

Reclassifications totalling CHF 449.0 million from assets under construction to power plants, distribution systems, land and buildings and other property, plant and equipment were made in the year under review. In addition, reclassifications were made in the year under review from land and buildings to investment properties with a book value of CHF 24.5 million (see also Note 21 “Investment properties”) as well as to power plants with a book value of CHF 61.6 million.

On 5 January 2015, property, plant and equipment with a book value of CHF 91.4 million was transferred from Axpo Power AG, Kraftwerke Linth-Limmern AG and Kraftwerke Vorderrhein AG to Swissgrid AG. Of this, CHF 9.8 million was booked as “Assets held for sale” (see Note 22) in the previous year. Further property, plant and equipment with a book value of CHF 5.5 million was booked as disposals in the line item “Disposals”.

Capital commitments

Long-term contractual obligations of CHF 142.2 million (previous year: CHF 186.1 million) were assumed in connection with the acquisition of property, plant and equipment (including nuclear fuel rods). Property, plant and equipment of CHF 934.9 million (previous year: CHF 1,021.8 million) was pledged as collateral for financial liabilities (see Note 36 “Pledged assets”).

Assets under construction

Advance payments to businesses and suppliers included in assets under construction amounted to CHF 434.8 million (previous year: CHF 433.0 million).

Impairments and impairment reversals

Value-in-use calculation

Impairment tests are based on a value-in-use calculation performed for each power plant. For the first three years, the value-in-use corresponds to the present value of cash flows based on the budget planning. From year four, the projected cash flows used for the determination of the value in use are based on assumptions for future electricity and gas prices, future capital expenditures, the regulatory environment, growth rates, discount and exchange rates.

Discount rates

The cash flows are discounted using a risk-adjusted pre-tax interest rate, which is commensurate with the risk. The discount rate is based on a WACC calculated using the Capital Asset Pricing Model (CAPM). The applicable parameters used were determined considering the risk profile of each cash-generating unit. The discount rates used to calculate the value in use of Swiss production plants, land and buildings belonging to the production plants as well as assets under construction vary depending on the production type and the country.

The real discount rates after tax for Swiss production property, plant and equipment remained unchanged compared with the previous year and varied from 4.0% to 4.4% depending on the production type.

For the production types wind onshore and photovoltaic systems, the real discount rates after tax fell slightly due to a sustainable reduction in the capital market beta. The respective discount rates for power plants in Italy have, however, increased because of the elimination of the financial transaction tax (also known as “Robin Hood Tax”). The real discount rates after tax of the foreign property, plant and equipment vary between 3.9% and 4.2% (previous year: 3.7% and 3.8%) depending on the production type and country.

Impairments and impairment reversals on property, plant and equipment (Switzerland)

As in the previous year, the key parameters used for the impairment tests of the property, plant and equipment were reviewed and adjusted for expected changes in energy prices and future production costs in the reporting period. The sharp decline in the EUR exchange rate against the CHF as well as the persisting low wholesale prices on the European energy forward markets as well as reduced expectations for future market prices and associated cash flows resulted in an impairment loss of CHF 641.7 million on Swiss production facilities, the related land and buildings as well as on the assets under construction in the reporting period (previous year: CHF 320.5 million).

The impairment reversals of CHF 12.3 million relate to a power plant that only recently went into operation and for which the turnover assumptions were adjusted. Additional impairment reversals in the amount of CHF 11.6 million relate to Swiss assets under construction (previous year: CHF 47.7 million).

Impairments in the amount of CHF 619.7 million and impairment reversals of CHF 23.9 million relate to the Assets business area (previous year: impairments of CHF 316.6 million and impairment reversals of CHF 47.7 million). Impairments in the amount of CHF 22.0 million relate to the CKW business area (previous year: CHF 3.9 million).

Impairments and impairment reversals on property, plant and equipment (foreign countries)

The additional decline of wholesale prices on the European energy forward markets as well as the increasingly clouded expectations in respect of the future market prices for power have again resulted in an impairment of CHF 234.5 million on the Italian power plants and on the related land and buildings (previous year: impairments on Italian power plants of CHF 334.2 million and impairments on French power plants of CHF 0.5 million). The impairment reversals of CHF 17.4 million relate to a wind farm in Italy, where lower investment costs were newly planned, which had a positive impact on the value in use.

The impairments in the amount of CHF 234.5 million (previous year: CHF 334.9 million) and the impairment reversals of CHF 17.4 million relate to the Assets business area.

Fire insurance value

As at 30 September 2015, the fire insurance value of property, plant and equipment totalled CHF 6,596.7 million (previous year: CHF 6,703.3 million).

Capitalised borrowing costs

In the 2014/15 financial year, borrowing costs of CHF 21.8 million (previous year: CHF 20.0 million) at a borrowing rate between 0.2% and 2.83% were capitalised.

17 | Intangible assets

CHF millions	Energy procurement rights, rights of use for facilities and concessions	Goodwill	Other	Total
Acquisition cost				
Balance as at 30.9.2013	2 458.4	390.0	477.3	3 325.7
Change in consolidation scope	0.0	-1.2	0.0	-1.2
Additions (investments)	0.0	0.0	17.0	17.0
Disposals	-0.4	0.0	-9.1	-9.5
Reclassifications	1.8	0.0	23.1	24.9
Currency translation effect	-0.3	-1.2	-0.6	-2.1
Balance as at 30.9.2014	2 459.5	387.6	507.7	3 354.8
Additions (investments)	0.4	0.0	9.5	9.9
Disposals	-6.6	0.0	-13.6	-20.2
Reclassification to "assets held for sale"	-0.1	0.0	0.0	-0.1
Reclassifications	13.8	0.0	-35.4	-21.6
Currency translation effect	-1.9	-8.4	-5.1	-15.4
Balance as at 30.9.2015	2 465.1	379.2	463.1	3 307.4
Accumulated amortisation				
Balance as at 30.9.2013	-1 708.9	-58.4	-263.2	-2 030.5
Change in consolidation scope	0.0	1.2	0.0	1.2
Amortisation in reporting period	-59.2	0.0	-12.2	-71.4
Impairment losses	-390.0	-86.5	-7.8	-484.3
Disposals	0.4	0.0	8.6	9.0
Reclassifications	1.8	0.0	-31.0	-29.2
Currency translation effects	0.0	0.2	0.6	0.8
Balance as at 30.9.2014	-2 155.9	-143.5	-305.0	-2 604.4
Amortisation in reporting period	-14.1	0.0	-11.0	-25.1
Impairment losses	-38.9	-133.3	0.0	-172.2
Impairment reversals	10.2	0.0	0.0	10.2
Disposals	3.1	0.0	10.5	13.6
Reclassification to "assets held for sale"	0.1	0.0	0.0	0.1
Reclassifications	-0.3	0.0	22.1	21.8
Currency translation effects	1.5	0.7	4.6	6.8
Balance as at 30.9.2015	-2 194.3	-276.1	-278.8	-2 749.2
Carrying amount as at 1.10.2013	749.5	331.6	214.1	1 295.2
Carrying amount as at 30.9.2014	303.6	244.1	202.7	750.4
Carrying amount as at 1.10.2014	303.6	244.1	202.7	750.4
Carrying amount as at 30.9.2015	270.8	103.1	184.3	558.2

Significant amounts of goodwill are attributable to the following cash-generating units. Other than goodwill, no intangible assets with an indefinite useful life are recorded in the balance sheet. Goodwill is allocated to the cash-generating units as follows:

CHF millions	30.9.2015	30.9.2014
Axpo Trading Group	0.0	133.3
Axpo Italia S.p.A.	74.4	82.1
Axpo Hydro Surselva AG	27.3	27.3
Telcom AG	1.4	1.4
Total	103.1	244.1

Impairments – Goodwill

The goodwill referred to above is subject to annual impairment testing based on a value-in-use calculation.

Value-in-use calculation

The recoverable amount is based on a value-in-use calculation. The budget plan is taken as a basis for the calculation. The value in use is equal to the present value of cash flows over five years plus a residual value without taking into account any growth rate. Cash flow projections are prepared taking into account past experience and management's estimate of the market development. The significant assumptions used for the determination of the value in use include forecasts for future electricity and gas prices, assumptions regarding capital expenditures and the regulatory environment, as well as the growth and discount rates.

Discount rate

The cash flows are discounted using country-specific interest rates after tax of between 4.1% and 4.7% (previous year: between 4.1% and 4.5%). The discount rate is based on a real weighted average cost of capital (WACC) calculated using the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question. For the valuation of the Axpo Trading Group goodwill a real discount rate after tax of 4.2% was applied (previous year: 4.2%) and for the valuation of the Axpo Italia S.p.A. goodwill a real discount rate of 4.7% after tax (previous year: 4.5%) was applied.

Impairments and impairment reversals

The impairment test of the Axpo Trading Group goodwill resulted on the measurement date in an impairment loss of the entire goodwill of CHF 133.3 million (previous year: impairment loss of the CKW Group goodwill of CHF 86.0 million and impairment loss of the other goodwill of CHF 0.4 million). The impairment loss of the Axpo Trading Group goodwill purchased in 2002 is justified by the adjustment of the EUR/CHF exchange rate as well as the persisting low energy prices (see Note 16 "Property, plant and equipment"). The impairment of the Axpo Trading Group goodwill is not assigned to a specific business area, but is included in the column "Reconciliation". The presentation is consistent with the internal management reporting, in which the result of the Trading & Sales business area is measured without taking into account the Axpo Trading Group goodwill. The value in use of Axpo Italia S.p.A. clearly exceeds the respective carrying amount, and, therefore, no impairment adjustment is required.

Sensitivities

In the case of Axpo Italia S.p.A., an interest rate increase from 4.7% to 13.4% would result in the value in use being reduced to the carrying amount. For Hydro Surselva AG the value in use clearly exceeds the carrying amount during the reporting year.

Impairments and impairment reversals**Value-in-use calculation**

See Note 16 "Property, plant and equipment".

Discount rate

Per production type different discount rates were used to calculate the value in use of the energy procurement rights, use of facilities and concessions. The real interest rates after taxes applicable to energy procurement contracts, use of facilities and concessions ranged from 4.0% to 4.7% after tax (previous year: 3.2% to 4.7%).

Impairments and impairment reversals on intangible assets (Switzerland)

On Swiss energy procurement rights impairments in the amount of CHF 26.7 million were recognised (previous year: CHF 66.1 million).

On the other intangible assets no impairments had to be recognised in the reporting period (previous year: CHF 7.8 million).

The impairments in the amount of CHF 26.7 million are included in the Assets business area (previous year: energy procurement rights of CHF 66.1 million; other intangible assets of CHF 7.6 million). No impairments had to be assigned to the Trading & Sales and CKW business areas during the reporting period (previous year: Trading & Sales business area, other intangible assets, CHF 0.2 million).

Impairments and impairment reversals on intangible assets (foreign countries)

In the case of intangible assets, the changes in estimates during the reporting year resulted in an additional impairment of CHF 12.2 million (previous year: CHF 323.9 million) relating to energy procurement rights in foreign countries as well as an impairment reversal of CHF 10.2 million on energy procurement rights for energy sales from France.

Both the impairment loss of CHF 12.2 million and the impairment reversal of CHF 10.2 million are included in the Assets business area (previous year: Assets business area impairments in the amount of CHF 323.9 million).

18 | Ownership interests in partner plants and other associates

CHF millions	Partner plants	Other associates	Total
Carrying amount as at 30.9.2014	896.3	662.8	1 559.1
Additions	1.6	36.1	37.7
Disposals	0.0	-3.1	-3.1
Impairment losses	0.0	-147.6	-147.6
Impairment reversals	0.0	14.6	14.6
Dividend	-33.6	-2.5	-36.1
Share of profit	34.9	14.4	49.3
Cash flow hedge (other comprehensive income)	0.0	-8.9	-8.9
Currency translation differences (other comprehensive income)	0.0	-6.4	-6.4
Remeasurement of defined benefit plans (other comprehensive income)	-48.3	-8.0	-56.3
Currency translation effect	-0.4	-20.5	-20.9
Carrying amount as at 30.9.2015	850.5	530.9	1 381.4

The proportional share of profit comprises profits and losses of the partner plants and other associates for the reporting period.

All significant partner plants and other associates are measured using uniform principles in accordance with IFRS. Where no financial statements prepared in accordance with IFRS were available, a reconciliation to IFRS accounts was prepared. The reporting date of certain partner plants and other associates deviates from that of the Axpo Group. The most recent financial statements available for these companies were used for the preparation of the consolidated financial statements of the Axpo Group. Adjustments were made in the consolidated financial statements for the effect of significant transactions and events which took place between the balance sheet date of the most recent financial statements and 30 September.

During the reporting year the Axpo Group acquired additional shares in Swissgrid AG in the amount of CHF 29.7 million. Furthermore, the shares in Swissgrid increased by CHF 5.2 million due to the transfer of further transmission systems on 5 January 2015, for which a capital increase was necessary. The capital increase resulted in a dilution of the present ownership interests of the Axpo Group in the amount of CHF 2.3 million. The dilution effect is included in the row "Additions". In addition a proportional capital increase at Geo Energie Taufkirchen GmbH & Co. KG in the amount of CHF 3.5 million and a proportional capital reduction at four French wind farms of CHF 3.1 million was carried out.

As at the balance sheet date, liabilities to pay in capital on shares amounted to over CHF 27.3 million (previous year: CHF 22.7 million).

Impairments and impairment reversals

Value-in-use calculation

See Note 16 "Property, plant and equipment".

Discount rate

The recoverable amount is based on a value-in-use calculation, for which different discount rates were used according to production type and country. The real interest rates after taxes ranged from 3.2% to 4.2% (previous year: 3.3% to 4.1%).

Impairment testing of other associates domiciled abroad

As in the previous year, key parameters used for the impairment tests of the investments, such as future development of energy prices, production costs and exchange rates, were reviewed and adjusted in the reporting period. The decline in the EUR exchange rate against the CHF as well as the persisting low wholesale prices on the European energy forward market, reduced expectations for future market prices and associated cash flows resulted in the carrying amount of certain associates exceeding the recoverable amount. Therefore, an impairment loss of CHF 147.6 million (previous year: CHF 97.6 million) had to be recognised. From this amount, CHF 96.5 million relates to the investment in Global Tech I Offshore Wind GmbH, Germany, and CHF 51.1 million to the investment in Società EniPower Ferrara S.r.l., Italy (previous year: impairment losses on investments in Italy in the amount of CHF 70.3 million, on investments in Germany in the amount of CHF 14.7 millions, on investments in Spain in the amount of CHF 10.2 million, on investments in France in the amount of CHF 1.3 million and on investments in Switzerland in the amount of CHF 1.1 million). The impairment losses are attributed the business area Assets.

Impairment testing of other associates domiciled in Switzerland

The investment in Repower AG is determined based on the company's publicly quoted market price of CHF 88 per share as at 30 September 2015 (previous year: CHF 116 per share). This year's proportional share of earnings in the Repower AG investment had a negative impact of CHF 36.7 million (previous year: proportional loss of CHF 46.9 million). For a recognition of the investment at market value an additional realignment of the investment value of CHF 14.6 million was credited to the financial result (previous year: impairment of CHF 3.7 million). The impairment/impairment reversal on the Repower AG investment is not assigned to a specific business area.

Partner plants

Shareholders in partner plants are obliged to pay the pro rata annual costs (incl. interests and repayment of loans). The proportional annual costs for the Axpo Group amount to CHF 832.3 million (previous year: CHF 860.6 million). These costs are included in expenses for energy procurement costs and cost of goods purchased (see Note 10 "Expenses for energy procurement, grid usage and cost of goods"). Details of the equity-accounted partner plants are given in the annual reports of the individual partner plants.

Owners of nuclear power plants have a limited obligation to make additional contributions to the Decommissioning and Waste Disposal Fund in the event that one of the primary obligated parties is unable to meet its payment obligations.

The Axpo Group has material investments in the partner plants Kernkraftwerk Leibstadt AG and Kernkraftwerk Gösgen-Däniken AG. A list of partner plants and other associates can be found in Note 40 "Investments" on pages 73–77.

The tables below show the key figures of the partner plants referred to above. These figures are the figures that appear in the companies' financial statements, reconciled to IFRS:

Financial information of material partner plants and other associates

CHF millions	Gross value 30.9.2015		Gross value 30.9.2014	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Balance sheet				
Non-current assets	4 066.9	3 396.6	3 897.9	3 334.9
Current assets	275.8	140.0	400.6	154.4
Non-current liabilities	3 657.9	3 185.1	3 732.5	3 115.2
thereof non-current financial liabilities	394.0	286.2	569.4	195.1
Current liabilities	284.3	129.0	118.1	93.0
thereof current financial liabilities	284.3	129.0	118.1	93.0
Equity	400.5	222.5	447.9	281.1
Share (in %)	34.63%	35.95%	34.63%	35.95%
Carrying amount of the investment	138.7	80.0	155.1	101.1
Dividends received	8.6	6.3	8.6	6.3
CHF millions	Gross value 2014/15		Gross value 2013/14	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen-Däniken AG
Income statement				
Income	524.6	398.9	618.9	486.6
Expenses	–498.3	–380.2	–592.6	–468.0
Profit	26.3	18.7	26.3	18.6
Statement of comprehensive income				
Other comprehensive income	–48.9	–59.8	–29.6	–34.4
Total comprehensive income	–22.6	–41.1	–3.3	–15.8
Share (in %)	34.63%	35.95%	34.63%	35.95%
Share of profit	9.1	6.7	9.1	6.7
Share of other comprehensive income	–16.9	–21.5	–10.3	–12.4
Share of total comprehensive income	–7.8	–14.8	–1.2	–5.7

The tables below show the aggregated key financial figures for the other, individually immaterial, investments in partner plants and other associates (proportional):

Financial information of partner plants and other associates as at 30.9.2015

CHF millions	Individual disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	218.7	631.8	530.9	1 381.4
Balance sheet				
Non-current assets	2 629.5	2 345.5	2 206.5	7 181.5
Current assets	145.8	162.0	557.9	865.7
Non-current liabilities	2 411.8	1 435.7	1 634.5	5 482.0
thereof non-current financial liabilities	239.3	1 316.3	1 492.7	3 048.3
Current liabilities	144.8	440.0	324.9	909.7
thereof current financial liabilities	144.8	431.3	323.4	899.5
Equity	218.7	631.8	805.0	1 655.5
Income statement				
Income	325.1	540.7	1 072.6	1 938.4
Expenses	-309.3	-521.6	-1 058.2	-1 889.1
Profit	15.8	19.1	14.4	49.3
Statement of comprehensive income				
Total other comprehensive income	-38.4	-9.9	-23.3	-71.6
Total comprehensive income	-22.6	9.2	-8.9	-22.3

Financial information of partner plants and other associates as at 30.9.2014

CHF millions	Individual disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	256.2	640.1	662.8	1 559.1
Balance sheet				
Non-current assets	2 548.7	2 364.0	2 270.2	7 182.9
Current assets	194.2	179.7	597.9	971.8
Non-current liabilities	2 412.4	1 581.7	1 391.8	5 385.9
thereof non-current financial liabilities	267.3	1 439.7	1 225.4	2 932.4
Current liabilities	74.3	313.8	664.6	1 052.7
thereof current financial liabilities	74.3	306.5	474.7	855.5
Equity	256.2	648.2	811.7	1 716.1
Income statement				
Income	389.3	565.6	1 190.2	2 145.1
Expenses	-373.5	-544.5	-1 152.2	-2 070.2
Profit	15.8	21.1	38.0	74.9
Statement of comprehensive income				
Total other comprehensive income	-22.7	-3.5	-9.6	-35.8
Total comprehensive income	-6.9	17.6	28.4	39.1

19 | Subsidiaries with material non-controlling interests

A list of subsidiaries can be found in Note 40 “Investments” on pages 73 – 77. The Axpo Group holds the CKW Group and Kraftwerke Linth-Limmern AG, which have material non-controlling interests. The tables below summarise the financial information of these subsidiaries. The information represents amounts as included in the subsidiaries’ financial statements, reconciled to IFRS values before inter-company eliminations:

Financial information (before intercompany eliminations)

CHF millions	2014/15		2013/14	
	CKW Group	Kraftwerke Linth-Limmern AG	CKW Group	Kraftwerke Linth-Limmern AG
Non-controlling interests (in %)	19%	15%	19%	15%
Balance sheet				
Non-current assets	1 438.3	2 331.4	1 362.9	2 078.1
Current assets	665.5	381.3	693.7	434.5
Non-current liabilities	396.6	2 064.2	313.9	2 077.6
thereof non-current financial liabilities	24.5	2 064.2	25.7	2 077.6
Current liabilities	267.4	284.3	262.0	67.6
thereof current financial liabilities	1.2	174.8	0.2	0.0
Equity	1 439.8	364.2	1 480.7	367.4
Equity attributable to the shareholders of Axpo Holding AG	1 166.2	309.6	1 199.4	312.3
Equity attributable to the non-controlling interests	273.6	54.6	281.3	55.1
Income statement				
Total income	847.0	79.7	847.6	85.3
Operating expenses	–698.6	–27.0	–740.0	–26.5
Depreciation, amortisation and impairments	–78.6	–10.3	–60.5	–12.1
Share of profit of associates	14.4	0.0	15.8	0.0
Financial result	–7.5	–35.8	–1.5	–35.5
Income tax expense	–6.6	–1.0	–4.3	–2.0
Profit for the period	70.1	5.6	57.1	9.2
Profit for the period attributable to the shareholders of Axpo Holding AG	56.8	4.8	46.3	7.8
Profit for the period attributable to the non-controlling interests	13.3	0.8	10.8	1.4
Statement of comprehensive income				
Total comprehensive income	–24.3	5.6	14.1	9.2
Total comprehensive income attributable to the shareholders of Axpo Holding AG	–19.7	4.8	11.4	7.8
Total comprehensive income attributable to the non-controlling interests	–4.6	0.8	2.7	1.4
Dividends paid to the non-controlling interests	–0.8	0.0	–0.8	0.0
Cash flow statement				
Cash flow from operating activities	175.2	50.9	174.9	57.3
Cash flow from investing activities	–103.1	–146.2	–57.8	–550.2
Cash flow from financing activities	–6.2	95.2	–135.3	492.9
Currency translation effect	–0.8	0.0	–0.2	0.0
Change in cash and cash equivalents	65.1	–0.1	–18.4	0.0

20 | Other financial assets

CHF millions	30.9.2015	30.9.2014
Available-for-sale financial assets	1 503.4	1 358.7
Loans	734.6	624.0
Impairment allowances on loans	-168.4	-3.3
Time deposits	320.0	160.0
Total other financial assets (non-current)	2 389.6	2 139.4
Available-for-sale financial assets	0.0	0.7
Total other financial assets (current)	0.0	0.7
Total	2 389.6	2 140.1

The available-for-sale financial assets consist mainly of units of equity, real estate and bond funds.

The loans primarily relate to various financial assets and loans of an equity nature with related parties with different maturities and variable rates of interest:

Due to the low money market interest rates, liquidity investments (time deposits) increasingly had to be concluded for longer terms (> 12 months). The time deposits are invested in Swiss banks and have maturities up to 24 months and an interest rate between 0.02% and 0.64% (previous year: between 0.12% and 0.66%). Time deposits due for repayment within 12 months after the balance sheet date, are recognised in current financial receivables (see Note 25 "Financial receivables (current)").

Non-current loan receivables (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF millions	Term	Interest rate %	Carrying amount 30.9.2015	Carrying amount 30.9.2014
	1.1.2015			
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	-31.12.2016	0.3%	14.1	0.0
	30.4.2012			
Argessa AG	-28.9.2017	3.5%	11.0	11.0
	31.7.2014			
ENAG Energiefinanzierungs AG	-30.3.2016	0.71%		20.0
	until	6.0% resp.		
Global Tech I Offshore Wind GmbH	31.12.2030	10.0%	33.8	83.8
	31.1.2007			
Kraftwerk Göschenen AG	-31.1.2017	2.936%	20.0	20.0
	19.2.2007			
Kraftwerke Mattmark AG	-19.2.2017	3.118%	15.0	15.0
	22.12.2008			
Società EniPower Ferrara S.r.l.	-20.12.2023	1.249% ¹⁾	19.3	146.3
	until			
Swissgrid AG	5.1.2024	3.93%	270.1	273.4
	until			
Terravent AG	31.3.2042	0.75%	13.8	13.8
	22.4.2008			
Trans Adriatic Pipeline AG	-12.2.2038	2.0% ²⁾	20.9	6.8
Total			418.0	590.1

1) Variable interest rate linked to 6-month EURIBOR plus 1.2%

2) Variable interest rate linked to EUR 12-month interest rate for cross-border shareholder loans

As part of the transfer of transmission systems to Swissgrid AG in 2013, 70% of the related compensation took the form of loans to Swissgrid AG. The loans include a unilateral conversion right on the part of Swissgrid AG, according to which, in the event of certain conditions arising, the loans may be converted into Swissgrid AG shares.

Based on the annual impairment test performed for the power plants Global Tech I Offshore and Società EniPower Ferrara S.r.l. the respective long-term loans had to be impaired by CHF 68.3 million and CHF 97.9 million. As both shareholder loans are loans of an equity nature, the impairment losses were charged to the operating result (see Note 13 "Depreciation, amortisation and impairments" and Note 18 "Ownership interests in partner plants and other associates").

21 | Investment properties

CHF millions	2014/15	2013/14
Acquisition cost		
Balance as at 1.10.	73.2	76.7
Additions (investments)	0.2	0.0
Disposals	-7.7	-3.5
Reclassification	29.0	0.0
Balance as at 30.9.	94.7	73.2
Accumulated depreciation		
Balance as at 1.10.	-45.2	-46.3
Depreciation in reporting period	-0.5	-0.4
Impairment losses	-0.4	-1.5
Disposals	4.7	3.0
Reclassifications	-4.0	0.0
Balance as at 30.9.	-45.4	-45.2
Carrying amount as at 1.10.	28.0	30.4
Carrying amount as at 30.9.	49.3	28.0

Investment properties also includes assets under construction.

In the year under review land and buildings with a carrying amount of CHF 24.9 million were reclassified from property, plant and equipment to investment properties.

The fair value of the investment properties was calculated on the basis of both external appraisals and internal calculations, and came to CHF 79.4 million at the balance sheet date (previous year: CHF 58.2 million). Expenses and income from investment properties are disclosed in Note 14 "Financial result".

22 | Assets held for sale

CHF millions	30.9.2015	30.9.2014
Property, plant and equipment (Note 16)	7.8	9.8
Investments in partner plants and other associates (Note 18)	0.0	8.1
Total assets held for sale	7.8	17.9

As at 1 July 2016 the investment of the combined heat supply Wimmis will be sold to the municipality and civic community Wimmis. The net carrying value of the investment on 30 September 2015 amounted to CHF 4.3 million. The property, plant and equipment are allocated to the Assets business area.

Furthermore, it was decided to sell land in Italy, which was previously acquired in the context of a meanwhile abandoned power plant project. Discussions with possible buyers were started. A sale is expected within the next 12 months. The net carrying amount as per 30 September 2015 amounts to CHF 3.5 million and is allocated to the Assets business area.

Additional facilities owned by Axpo Power AG, Kraftwerke Linth-Limmern AG, Kraftwerke Sarganserland AG as well as Kraftwerke Vorderrhein AG were transferred to Swissgrid AG in the form of an asset deal on 5 January 2015. Of those assets CHF 9.8 million were classified as "Assets held for sale" in the previous year.

Furthermore on 1 January 2015 the investment in Kraftwerk Wassen AG was sold for a price of CHF 8.2 million to Schweizerische Bundesbahnen AG (SBB).

23 | Inventories

CHF millions	30.9.2015	30.9.2014
Nuclear fuel	54.3	52.8
Certificates held for own use	14.9	4.9
Work in progress	19.8	22.0
Materials	74.4	78.1
Inventories of other energy sources held for own use	3.7	4.2
Gas inventories held for trading	204.8	240.6
Certificates held for trading	169.1	178.6
Impairment provisions	-36.8	-37.3
Total	504.2	543.9

Certificates and gas inventories acquired for resale in the near term with a view to generating a profit from fluctuations in prices or broker-traders' margins are measured at fair value less cost to sell.

Certificates, nuclear fuel, work in progress, materials and inventories of other energy sources that are intended for own use are measured at the lower of cost or fair value.

If at the time of purchase it is not yet certain whether these certificates will be used for own use or resold, depending on the market situation, they are allocated to a trading book and measured at fair value.

24 | Trade receivables

CHF millions	30.9.2015	30.9.2014
Trade receivables	946.6	817.3
Impairment allowances for bad debts	-83.5	-74.7
Total	863.1	742.6

The necessary allowances for bad debts were calculated based on past experience and based on an assessment of individual receivables. A detailed analysis of trade receivables and allowances for bad debts is presented in Note 6 "Financial risk management".

25 | Financial receivables (current)

CHF millions	30.9.2015	30.9.2014
Financial receivables (current)	864.3	1 462.2
Total	864.3	1 462.2

Current financial receivables include current account balances due from related parties, short-term loans and time deposits that do not meet the criteria for classification as cash and cash equivalents or are due within the next twelve months from the balance sheet date.

26 | Other receivables

CHF millions	30.9.2015	30.9.2014
Receivables from state funds	1 993.1	1 946.1
Receivables from pension plans	3.1	3.0
Advance payments to suppliers	0.0	6.7
Other (financial instruments)	75.6	59.8
Other (non-financial instruments)	59.8	106.4
Impairment allowances on other receivables (financial instruments)	-38.0	-36.1
Total non-current other receivables	2 093.6	2 085.9
Accrued income and prepaid expenses (financial instruments)	8.2	9.4
Accrued income and prepaid expenses (non-financial instruments)	92.1	104.1
Advance payments to suppliers	70.8	52.8
Revenues not yet invoiced (financial instruments)	1 160.9	1 389.3
Other (financial instruments)	196.8	222.3
Other (non-financial instruments)	144.4	191.9
Total current other receivables	1 673.2	1 969.8
Total	3 766.8	4 055.7

Receivables from government funds relate to the decommissioning and disposal funds for nuclear power plants. The fair value of the government funds at the balance sheet date was CHF 1,993.1 million (previous year: CHF 1,946.1 million). As at the balance sheet date, the receivables for decommissioning and disposal of nuclear waste after operation totalled CHF 1,812.7 million (previous year: CHF 1,748.3 million). The impact of the change in receivables from government funds on the income statement is explained in Note 14 "Financial result".

Revenues not yet invoiced include invoices that have not yet been issued for energy supplied in the traditional energy business and in energy trading. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The netted receivables and payables included in "Revenues not yet invoiced" and "Operating expenses not yet invoiced" total CHF 1,270.9 million (previous year: CHF 1,359.3 million; see Note 33 "Other liabilities (current)").

27 | Cash and cash equivalents

CHF millions	30.9.2015	30.9.2014
Petty cash and cash at banks	1 762.5	1 915.8
Short-term investments	95.0	94.3
Total	1 857.5	2 010.1

Short-term investments are available within 90 days. Due to the exceptionally low money market interest rates, liquidity investments (time deposits) increasingly are concluded for longer terms (> 3 months) (see Note 25 "Financial receivables (current)").

At the end of the reporting period, cash and cash equivalents held in Swiss francs and euro amounted to CHF 1,446.3 million (previous year: CHF 1,499.7 million) and CHF 363.5 million (previous year: CHF 469.9 million) respectively.

28 | Equity

Changes in value of financial instruments recognised in equity (IAS 39)

CHF millions	Reserves from hedge accounting	Unrealised gains and losses	Total
Balance as at 30.9.2013	259.7	158.5	418.2
Change in fair value of available-for-sale financial assets (non-current)	0.0	107.6	107.6
Changes in cash flow hedges	70.1	0.0	70.1
Gains (-) / losses (+) transferred to the income statement	-1.7	-9.5	-11.2
Deferred tax / income tax thereon	-19.8	-7.6	-27.4
Net change	48.6	90.5	139.1
Balance as at 30.9.2014	308.3	249.0	557.3
Change in fair value of available-for-sale financial assets (non-current)	0.0	-18.0	-18.0
Changes in cash flow hedges	327.4	0.0	327.4
Gains (-) / losses (+) transferred to the income statement	-232.4	-81.2	-313.6
Deferred tax / income tax thereon	-15.4	7.8	-7.6
Net change	79.6	-91.4	-11.8
Balance as at 30.9.2015	387.9	157.6	545.5

29 | Financial liabilities (non-current)

CHF millions	30.9.2015	30.9.2014
Bonds at carrying amount	2 785.9	3 012.2
Mortgage loans	18.9	19.9
Non-current loans	1 168.8	1 297.4
Total	3 973.6	4 329.5
Maturities at the end of the financial year:		
Due within 1 to 5 years	1 538.4	1 107.8
Due in more than 5 years	2 435.2	3 221.7
Total	3 973.6	4 329.5
Average weighted interest rate at the balance sheet date:		
Bonds	1.0%	1.2%
Non-current loans	2.2%	2.2%

Bonds outstanding at the balance sheet date

CHF millions	Term	Effective interest rate %	Fair value 30.9.2015	Fair value 30.9.2014
Axpo Holding AG, CHF 700 million face value, 2.625% fixed rate	26.2.2010 – 26.2.2020	0.603%	761.3	764.4
Axpo Holding AG, CHF 300 million face value, 3.125% fixed rate	26.2.2010 – 26.2.2025	1.357%	346.5	344.4
Axpo Trading AG, CHF 250 million face value, 2.5% fixed rate	23.11.2005 – 23.11.2015	0.098%	–	255.5
Kraftwerke Linth-Limmern AG, CHF 150 million face value, 3.375% fixed rate	6.6.2008 – 6.6.2016	3.637%	–	157.5
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.125% fixed rate	10.3.2010 – 10.3.2017	2.312%	204.9	207.9
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	10.3.2010 – 10.3.2022	2.967%	224.1	224.0
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	10.6.2011 – 9.6.2023	2.872%	229.9	226.2
Kraftwerke Linth-Limmern AG, CHF 125 million face value, 2.875% fixed rate	30.6.2011 – 30.6.2031	3.109%	140.4	138.9
Kraftwerke Linth-Limmern AG, CHF 150 million face value, 2.875% fixed rate	27.3.2012 – 27.3.2042	2.902%	174.7	158.0
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 3.0% fixed rate	27.9.2012 – 27.9.2052	3.007%	240.9	213.0
Kraftwerke Linth-Limmern AG, CHF 160 million face value, 3.0% fixed rate	2.4.2013 – 2.4.2048	2.972%	197.7	171.9
Kraftwerke Linth-Limmern AG, CHF 130 million face value, 2.375% fixed rate	10.12.2013 – 10.12.2026	2.473%	143.7	138.7
Kraftwerke Linth-Limmern AG, CHF 270 million face value, 1.25% fixed rate	11.9.2014 – 11.9.2024	1.309%	273.9	267.3
Kraftwerke Linth-Limmern AG, CHF 170 million face value, 0.5% fixed rate	9.9.2015 – 9.9.2021	0.534%	169.5	0.0
Total			3 107.5	3 267.7

All bonds are carried at amortised cost using the effective interest method and are listed on the SIX Swiss Exchange.

The bond of Axpo Trading AG (CHF 250 million face value) with a book value of CHF 249.9 million and the bond of Kraftwerke Linth-Limmern AG (CHF 150 million face value) with a book value of CHF 149.7 million are due for repayment within the next twelve months and are therefore reclassified to the current financial liabilities at the balance sheet date. The fair value of the bonds amounts to CHF 403.8 million.

Non-current loans (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF millions	Term	Interest rate %	Carrying amount 30.9.2015	Carrying amount 30.9.2014
Agent BNP Paribas Milano	until 30.11.2019	1.25%	183.3	228.0
Agent BNP Paribas Milano	until 30.6.2023	1.25%	256.7	303.5
Allianz Suisse Lebensversicherungs-Gesellschaft AG	29.9.2009 – 29.9.2017	2.7%	15.0	15.0
Bank Vontobel AB	27.6.2012 – 27.6.2024	1.695%	12.0	12.0
Graubündner Kantonalbank	17.8.2012 – 17.8.2027	2.08%	13.0	13.0
Graubündner Kantonalbank	16.8.2006 – 16.8.2016	3.34%	–	13.0
Graubündner Kantonalbank	2.8.2010 – 2.8.2022	2.42%	20.0	20.0
Subtotal			500.0	604.5

CHF millions	Term	Interest rate %	Carrying amount 30.9.2015	Carrying amount 30.9.2014
Graubündner Kantonalbank	23.9.2015 – 22.9.2030	1.64%	15.0	0.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	19.3.2009 – 19.3.2018	3.0%	15.0	15.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	12.5.2009 – 12.5.2016	3.0%	–	15.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	13.8.2010 – 13.8.2020	2.25%	20.0	20.0
PostFinance AG	17.9.2014 – 16.9.2022	1.15%	20.0	20.0
Schweizerische Unfallversicherung Suva	19.3.2008 – 19.3.2018	3.61%	90.0	90.0
St. Galler Kantonalbank AG	30.8.2012 – 30.8.2019	1.18%	15.0	15.0
St. Galler Kantonalbank AG	17.4.2013 – 17.4.2023	1.94%	15.0	15.0
Zürcher Kantonalbank	15.5.2009 – 15.5.2017	2.94%	15.0	15.0
Zürcher Kantonalbank	17.8.2012 – 17.8.2021	0.99%	11.0	19.0
Total			716.0	828.5

In addition to the loan liabilities listed above, there are financial liabilities relating to private placements of a total of CHF 232.0 million (previous year: CHF 232.0 million) with a term of 12 to 30 years (previous year: 12 to 30 years) and an interest rate of 1.75% to 3.875% (previous year: from 1.75% to 3.875%).

Pledged assets amounted to CHF 934.9 million (previous year: CHF 1,021.8 million, see Note 36 “Pledged assets”).

30 | Net financial assets

CHF millions	30.9.2015	30.9.2014
Current financial liabilities	662.3	348.4
Non-current financial liabilities	3 973.6	4 329.5
Total eligible debt	4 635.9	4 677.9
Cash and cash equivalents	– 1 857.5	– 2 010.1
Financial assets available for sale	– 1 503.4	– 1 359.4
Non-current financial receivables	– 886.2	– 780.7
Current financial receivables	– 864.3	– 1 462.2
Total liquidity	– 5 111.4	– 5 612.4
Total	– 475.5	– 934.5

31 | Other liabilities (non-current)

CHF millions	30.9.2015	30.9.2014
Assigned energy procurement and usage rights	77.0	124.0
Employee benefit obligation (Note 34)	533.2	171.8
Other (financial instruments)	35.2	39.3
Other (non-financial instruments)	135.5	130.1
Total	780.9	465.2
Maturities at the end of the financial year: ¹⁾		
Due within 1 to 5 years	72.3	86.7
Due in more than 5 years	708.6	378.5
Total	780.9	465.2

1) In case of the usage rights, the maturity corresponds to the depreciation period.

The assigned usage rights consist of payments received from third parties for the granting of facility usage and energy procurement rights. Payments received are recognised in the income statement on a straight-line basis over the life of the relevant usage rights.

As part of the transfer of further transmission systems to Swissgrid AG by 5 January 2015 energy procurement and usage rights were transferred with a book value of CHF 45.0 million.

Furthermore, the day-one profit resulting from long-term contracts, which are measured based on partially unobservable input data, is recognised under other non-current liabilities (financial instruments) (see Note 6 “Financial risk management”, Table “Movements in day-one profits or losses”).

32 | Provisions

CHF millions	Nuclear waste disposal ¹⁾	Onerous energy procurement contracts	Other provisions	Total
Balance as at 30.9.2014	2 713.2	504.2	191.7	3 409.1
Increase	12.4	291.4	39.9	343.7
Interest	93.9	19.0	2.0	114.9
Reversal	0.0	-98.3	-24.9	-123.2
Usage	-32.6	-45.3	-89.9	-167.8
Reclassifications	-0.3	0.0	-1.5	-1.8
Currency translation effect	-0.9	0.0	-6.1	-7.0
Balance as at 30.9.2015	2 785.7	671.0	111.2	3 567.9
Current portion of provisions	55.8	52.3	25.0	133.1
Non-current portion of provisions	2 729.9	618.7	86.2	3 434.8
Total	2 785.7	671.0	111.2	3 567.9

1) “Nuclear waste disposal” contains an amount of CHF 12.4 million not recognised in the income statement which is related to the allocation of the acquisition costs of the Beznau nuclear power plant. IFRIC 1 was applied to create both of these provisions. The same amounts were capitalised under “Power plants” (see Note 16 “Property, plant and equipment”).

Expected cash outflows from provisions

CHF millions	Nuclear waste disposal	Onerous energy procurement contracts	Other provisions	Total
Due within 1 year	55.8	52.3	25.0	133.1
Due in 1 to 5 years	166.6	283.1	76.4	526.1
Due in more than 5 years	2 563.3	335.6	9.8	2 908.7
Total	2 785.7	671.0	111.2	3 567.9

Provisions for “Nuclear waste disposal”

Provisions for “Nuclear waste disposal” are set aside for the disposal of spent fuel rods and radioactive waste (during and after operation), for decommissioning and dismantling nuclear power plants, and for costs pertaining to post-operation obligations and fuel in the last reactor core which can no longer be used. Provisions were compounded using an interest rate of 3.5%.

Provision for “Onerous energy procurement contracts”

The provision of CHF 671.0 million for “Onerous energy procurement contracts” covers identifiable losses from the procurement of electricity from power-generation plants and from long-term supply contracts. This is calculated using the discounted cash flow method. The discount rate is based on a weighted average cost of capital (WACC) determined according to the capital asset pricing model (CAPM). The parameters used were defined according to the risk profile of the cash-generating unit in question. The period taken into account covers the entire term of the concession and operation of the power plant or the term of the supply contracts. Significant parameters include expected market price developments in the supply and trading market, which by their nature are subject to major uncertainty, the budgeted figures for pro rata procurement costs and the interest and exchange rate situation. A net amount of CHF 193.1 million was recognised in the provision “Onerous energy procurement contracts” in the 2014/15 reporting year. The provision of CHF 291.4 million was primarily created to take account of future expected energy prices and the exchange rates. The reversal of the provision of CHF 98.3 million is related to the update of the procurement costs on French energy supply contracts and reduced cash flow assumptions for future investments. The use of the provision for “Onerous energy procurement contracts” led to a reduction of CHF 45.3 million in energy procurement costs (previous year: CHF 34.4 million), of which CHF 18.1 million is non-cash relevant. The interest on the provision for onerous

procurement contracts was CHF 19.0 million in the year under review (previous year: CHF 6.3 million). CHF 150.8 million out of the net change in provision for “Onerous energy procurement contracts” in the amount of CHF 166.8 million relates to the Assets business area (previous year: net liability of CHF 211.8 million). Another CHF 3.0 million is charged to the Trading & Sales business area (previous year: net credit of CHF 1.1 million) and CHF 13.0 million to the CKW business area (previous year: net liability of CHF 85.5 million).

“Other provisions”

In May 2009, the Swiss Federal Electricity Commission (ElCom) initiated proceedings against CKW AG in respect to verifying the correctness of grid usage and electricity tariffs for 2008/09. ElCom issued a ruling in autumn 2014 in which it recognised the grid usage tariffs of CKW AG. With regard to electricity tariffs, ElCom issued a partial ruling on 15 April 2013, to the effect that it did not fully recognise the production costs declared by CKW AG in conjunction with the development and expansion of production capacity and administrative and sales overheads. CKW takes the view that the allocations were performed correctly and these costs may be taken into account and that the associated tariff calculation was carried out correctly. CKW lodged an appeal against this partial ruling with the Federal Administrative Court. The Federal Administrative Court approved the appeal and rebutted the case for revaluation to ElCom. ElCom has filed a complaint against the decision of the Federal Administrative Court at the Federal Court. The CKW Group recorded a provision for this proceeding of CHF 23.4 million in its balance sheet as at 30 September 2015. The provision is recognised in the CKW segment.

The “Other provisions” item also includes personnel obligations of CHF 22.8 million (previous year: CHF 19.9 million) and provisions for certificates of CHF 14.4 million (previous year: CHF 25.1 million). As the greenification quota for the north-south line was reduced in 2015 from 2.52% to 0%, the increase in “Other provisions” for green certificates is much lower than in the past. To meet the greenification compliance for the 2013 financial year provisions for certificates in the amount of CHF 16.7 million were used.

In the reporting period a provision of CHF 53.8 million was used for subsequent payment for VAT. It was related to an investigation against employees of Axpo Italia S.p.A. and the company itself in connection with the taxation of European CO₂ certificates. With the payment the investigation against Axpo Italia S.p.A. is completed.

33 | Other liabilities (current)

CHF millions	30.9.2015	30.9.2014
Accrued expenses and deferred income (non-financial instruments)	260.9	194.3
Accrued expenses and deferred income (financial instruments)	51.5	61.2
Operating expenses not yet invoiced	1 310.9	1 561.9
Advance payments from customers	37.6	62.4
Other (financial instruments)	189.3	136.8
Other (non-financial instruments)	56.6	88.5
Total	1 906.8	2 105.1

Accrued expenses and deferred income primarily consist of accruals for electricity purchases, both in traditional energy business and energy trading. Trade receivables from customers who are simultaneously suppliers are set off against trade payables, provided a netting arrangement has been agreed. The offset receivables and payables included in trade receivables and in revenues not yet invoiced and operating expenses not yet invoiced amount to CHF 1,270.9 million (previous year: CHF 1,359.3 million, see Note 26 “Other receivables”).

34 | Employee benefits

The Axpo Group operates pension plans in accordance with national legislation in each country. Most companies belong to the PKE-CPE Vorsorgestiftung Energie pension foundation, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. There are also defined contribution plans.

PKE-CPE Vorsorgestiftung Energie is a pension fund with the legal form of a foundation under the Swiss Civil Code (ZGB) and the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The objective of the foundation is to provide occupational benefits in accordance with the BVG and its ordinances, protecting the employees of the affiliated companies and their families and survivors against the financial consequences of old age, invalidity and death. The pension fund is an independent pension fund, and the contributions and benefits exceed the minimum legal requirements. The Board of Trustees is the most senior governing body of the PKE-CPE Vorsorgestiftung Energie. It is composed of an equal number of employee and employer representatives of the affiliated companies and constitutes itself. The pension fund regulations and the organisational regulations define the benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, the organisation and administration, and the relationship with the affiliated companies and with the active insured members and the pensioners.

The employer and employee contributions are defined as a percentage of the insured salary. The old-age pension is determined by multiplying the balance of the retirement savings capital at retirement with the conversion rate defined in the regulations. The employee may draw the pension benefits as a lump payment. The invalidity pension and the spouse's pension are defined as a percentage of the insured salary. The plan assets are invested by the PKE-CPE Vorsorgestiftung Energie jointly for all affiliated companies, which share the actuarial and the investment risks of the pension fund. The Board of Trustees is responsible for the investment of the plan assets. The organisation of the investment activities and the related competencies are specified in the investment regulations and investment strategy. The pension fund is exposed to actuarial and investment risks. The investments are made such that the benefits can be paid when they come due.

In the event of an underfunding, the Board of Trustees, in collaboration with the recognised actuarial expert, implements measures suitable to eliminate the underfunding. If necessary, the interest rate on the retirement savings capital, the benefits in excess of the minimum requirement under BVG and their financing may be adjusted to bring them into line with the funds available. If other measures are not sufficient, PKE-CPE Vorsorgestiftung Energie may require the employer to pay additional contributions to eliminate the underfunding.

Pension liabilities according to balance sheet

CHF millions	30.9.2015	30.9.2014
Present value of defined benefit obligation as at 30.9.	2 717.3	2 500.0
Fair value of plan assets as at 30.9.	2 184.1	2 328.2
Deficit as at 30.9.	533.2	171.8
Pension liabilities recognised in the balance sheet as at 30.9. (Note 31)	533.2	171.8

Pension costs in income statement

CHF millions	2014/15	2013/14
Current service cost	63.5	56.1
Interest expense on defined benefit obligation	37.0	49.3
Interest income on plan assets	-34.3	-48.4
Administration cost excluding asset management cost	1.2	1.1
Others	-1.4	0.0
Pension cost for the period recognised in the income statement (Note 11)	66.0	58.1
thereof service cost and administration cost	63.3	57.2
thereof net interest expense/(income)	2.7	0.9

Pension costs in other comprehensive income

CHF millions	2014/15	2013/14
Actuarial (gains)/losses on defined benefit obligation	250.1	245.6
Return on plan assets excluding interest income	93.7	-111.9
Others	0.0	0.5
Pension cost for the period recognised in other comprehensive income	343.8	134.2

Change in employee benefit liability reported in the balance sheet

CHF millions	2014/15	2013/14
Employee benefit liability as at 1.10.	171.8	46.1
Pension cost for the period recognised in the income statement	66.0	58.1
Pension cost for the period recognised in other comprehensive income	343.8	134.2
Employer contributions	-48.4	-66.6
Employee benefit liability as at 30.9.	533.2	171.8

Change in the present value of the defined benefit obligation

CHF millions	2014/15	2013/14
Present value of defined benefit obligation as at 1.10.	2 500.0	2 275.0
Interest expense on defined benefit obligation	37.0	49.3
Current service cost	63.5	56.1
Employee contributions	27.7	29.0
Benefits paid	-151.6	-158.7
Administration cost excluding asset management cost	1.2	1.1
Others	-10.6	2.6
Actuarial (gains)/losses on defined benefit obligation	250.1	245.6
Present value of defined benefit obligation as at 30.9.	2 717.3	2 500.0

Breakdown of defined benefit obligation

CHF millions	30.9.2015	30.9.2014
Present value of defined benefit obligation for active members	1 355.2	1 310.0
Present value of defined benefit obligation for pensioners	1 362.1	1 190.0

Actuarial gains/losses on benefit obligation

CHF millions	2014/15	2013/14
Actuarial (gains)/losses on defined benefit obligation from		
changes in financial assumptions	235.3	180.1
changes in demographic assumptions	0.0	-0.2
experience adjustments	14.8	65.7
Actuarial (gains)/losses on defined benefit obligation	250.1	245.6

Change in the fair value of plan assets

CHF millions	2014/15	2013/14
Fair value of plan assets as at 1.10.	2 328.2	2 228.9
Interest income on plan assets	34.3	48.4
Employer contributions	48.4	66.6
Employee contributions	27.7	29.0
Benefits paid	-151.6	-158.7
Others	-9.2	2.1
Return on plan assets excluding interest income	-93.7	111.9
Fair value of plan assets as at 30.9.	2 184.1	2 328.2

Actuarial assumptions

	30.9.2015	30.9.2014
Discount rate for active members (in %)	1.0	1.5
Discount rate for pensioners (in %)	0.4	1.5
Expected future salary increase (in %)	2.0	2.0
Expected future pension increase (in %)	0.0	0.0

The calculation of life expectancy for the Swiss pension plans is based on the BVG 2010 generation tables.

In the past Axpo Group used a uniform discount rate for the valuation of the total pension liabilities (active insured members as well as pension recipients).

As from the reporting period, Axpo uses two different discount rates for the calculation of the proportionate defined benefit obligation of PKE-CPE Vorsorgestiftung. For active insured members a discount rate of 1.0% and for pension recipients a discount rate of 0.4% is used for the actuarial calculation. The application of two different discount rates compared with a

calculation with a uniform discount rate does not have an effect on the sum of the present value of the defined pension obligation of active insured members and pension recipients. However current service costs are CHF 3.5 million lower due to the higher discount rate used for active insured members.

Sensitivities of the key actuarial assumptions

The calculation of the pension liabilities is especially sensitive to changes in the discount rate, assumptions regarding salary trends and changes in life expectancy. The discount rate was reduced by 0.25% and the expected salary change was increased by the same figure. Sensitivity to mortality rates was calculated by reducing/raising the mortality rate by a fixed factor such that the life expectancy for the majority of age categories was raised/reduced by approximately one year. The following table summarises the effects that changing these assumptions has on the present value of the defined benefit obligation:

CHF millions	30.9.2015	30.9.2014
Discount rate (–0.25% change)	2 822.4	2 592.2
Discount rate (+0.25% change)	2 618.8	2 413.6
Salary increase (–0.25% change)	2 706.4	2 493.6
Salary increase (+0.25% change)	2 728.2	2 506.5
Life expectancy (–1 year change)	2 627.0	2 425.7
Life expectancy (+1 year change)	2 806.2	2 572.6

Estimate of employer and employee contributions for subsequent period

CHF millions	30.9.2015	30.9.2014
Expected employer contributions	45.6	53.1
Expected employee contributions	24.0	27.8

Major categories of plan assets

CHF millions	30.9.2015	30.9.2014
Cash and cash equivalents	61.1	97.8
Equity instruments	835.7	924.3
Debt instruments	674.2	770.6
Real estate	159.6	174.9
Others	185.5	86.1
Total plan assets at fair value (quoted market price)	1 916.1	2 053.7
Real estate	268.0	274.4
Total plan assets at fair value (non-quoted market price)	268.0	274.4
Total plan assets at fair value	2 184.1	2 328.1

Maturity profile of the defined benefit obligation

	30.9.2015	30.9.2014
Weighted average duration of defined benefit obligation in years	14.9	14.3

35 | Transactions with related parties

Based on their shareholdings, the Canton of Zurich (18.3%), Electricity Utilities of the Canton of Zurich (18.4%), the Canton of Aargau (14.0%) and AEW Energie AG (14.0%) exert a significant influence over the Axpo Group. Transactions involving these shareholders and other important companies controlled by them are disclosed under “Shareholders”.

An overview of the partner plants and other associates is given in Note 40 “Investments”. Other related parties refer to transactions between the Group and the PKE-CPE Vorsorgestiftung Energie (see Note 34 “Employee benefits”). With the exception of regular payments, no transactions were effected between the Axpo Group, members of the Board of Directors, members of the Executive Board and other key parties.

The principal terms and conditions governing relationships with related parties are explained under “Intragroup transactions” in Note 3 “Consolidation principles”.

2014/15

Transactions between the Axpo Group and related parties:

CHF millions	Shareholders	Partner plants	Associates	Other related parties
Total income				
Revenues from sales of energy and grid usage	718.8	51.4	166.2	0.0
Other operating income	36.5	11.1	4.7	0.0
Operating expenses				
Expenses for energy procurement, grid usage and cost of goods purchased	-22.5	-832.3	-243.6	0.0
Expenses for materials and third-party supplies	-1.3	-1.4	-1.7	0.0
Personnel expenses	0.0	0.0	0.0	-66.0
Other operating expenses	-12.3	0.0	-4.0	-0.1
Financial result				
Financial result	4.4	-1.7	21.9	0.0
Income tax				
Income tax expense	-5.5	0.0	0.0	0.0

Open positions with related parties at the balance sheet date:

CHF millions	Shareholders	Partner plants	Associates	Other related parties
Non-current assets				
Intangible assets	20.7	23.5	9.6	0.0
Positive replacement values	6.9	5.4	13.0	0.0
Other financial assets	35.0	126.5	373.0	0.7
Current assets				
Trade receivables	32.4	6.5	14.9	-0.7
Financial receivables	180.0	103.4	10.4	0.0
Current tax assets	0.7	0.0	0.0	0.0
Positive replacement values	46.2	10.0	3.7	0.0
Other receivables	32.1	92.1	59.1	0.1
Cash and cash equivalents	709.7	0.0	0.0	0.0
Liabilities (non-current)				
Financial liabilities	52.0	0.0	0.0	2.0
Negative replacement values	4.4	1.2	2.3	0.0
Other liabilities	18.3	20.0	23.0	533.2
Liabilities (current)				
Trade payables	2.4	3.9	20.6	0.7
Financial liabilities	6.0	127.5	6.8	0.0
Current tax liabilities	1.6	0.0	0.0	0.0
Negative replacement values	6.7	1.2	5.1	0.0
Other liabilities	10.2	277.5	38.2	5.4

2013/14 (restated)¹⁾**Transactions between the Axpo Group and related parties:**

CHF millions	Shareholders	Partner plants	Associates	Other related parties
Total income				
Revenues from sales of energy and grid usage	955.0	35.2	281.7	0.1
Other operating income	12.1	8.4	10.4	0.0
Operating expenses				
Expenses for energy procurement, grid usage and cost of goods purchased	-75.2	-860.6	-198.3	0.0
Expenses for materials and third-party supplies	-0.8	-0.3	-1.6	0.0
Personnel expenses	0.0	0.0	0.0	-58.1
Other operating expenses	-5.5	0.2	-2.0	-0.1
Financial result				
Financial result	-15.2	2.1	22.8	0.1
Income tax				
Income tax expense	-31.5	0.0	0.0	0.0

Open positions with related parties at the balance sheet date:

CHF millions	Shareholders	Partner plants	Associates	Other related parties
Non-current assets				
Intangible assets	21.7	38.0	11.1	0.0
Positive replacement values	21.5	0.6	17.2	0.0
Other financial assets	40.0	109.6	539.4	0.7
Current assets				
Assets held for sale	0.0	8.1	0.0	0.0
Trade receivables	37.9	24.4	20.6	-2.1
Financial receivables	75.0	123.4	112.6	0.0
Current tax assets	1.3	0.0	0.0	0.0
Positive replacement values	5.8	0.9	2.8	0.0
Other receivables	38.9	104.6	21.8	0.1
Cash and cash equivalents	750.2	0.0	14.0	0.0
Liabilities (non-current)				
Financial liabilities	58.0	0.0	0.0	2.0
Negative replacement values	0.6	0.0	4.7	0.0
Other liabilities	19.0	18.0	64.3	171.8
Liabilities (current)				
Trade payables	2.5	11.9	16.1	0.9
Financial liabilities	8.0	249.1	6.1	1.4
Current tax liabilities	16.0	0.0	0.0	0.0
Negative replacement values	1.2	0.3	3.4	0.0
Other liabilities	17.2	257.6	9.2	5.7

1) Currency hedging transactions entered into to hedge exchange differences on energy procurement or sales contracts in a foreign currency are reclassified from financial result to other operating income.

Remuneration to the Board of Directors and Executive Board

CHF millions	2014/15	2013/14
Board of Directors		
Current employee benefits	1.2	1.3
Total	1.2	1.3
Executive Board		
Current employee benefits	3.8	3.5
Pension fund contributions	0.9	0.8
Total	4.7	4.3

No share-based payments, severance payments or other long-term benefit payments were made to the members of the Board of Directors or the Executive Board. For further details, please refer to Note 22 "Remuneration paid to the Board of Directors and Executive Board" of the separate financial statements of Axpo Holding AG.

36 | Pledged assets

CHF millions	30.9.2015	30.9.2014
Property, plant and equipment	934.9	1 021.8
Other	202.1	206.3
Total	1 137.0	1 228.1

The majority of the pledged property, plant and equipment is related to the gas-fired combined-cycle power plants in Italy.

37 | Contingent liabilities

CHF millions	30.9.2015	30.9.2014
Guarantees	170.3	139.0
Sureties	599.3	293.2
Total	769.6	432.2

Guarantees and comfort letters within the Axpo Group are only disclosed in the separate statements of the company that granted them.

The sureties include short-term sureties of CHF 259.7 million which were already waived in October 2015.

In the 1998/99 and 1997/98 financial years, Misoxer Kraftwerke AG concluded financial transactions to lease out its facilities over the long term and simultaneously lease them back (lease-and-lease-back transactions). In connection with these transactions, assurance was given to American investors that all contractual obligations arising from these transactions would be guaranteed. The risk from these transactions is covered by provisions in the company mentioned. Since the risk declines over the term of the transactions, this provision is reversed on a straight-line basis.

Further contingent liabilities

In the event of a claim, power plant operators that are affiliated to the European EMANI insurance pool must pay a contractually defined additional contribution corresponding to six annual premiums. In the case of the Axpo Group, this equates to around CHF 4.4 million (previous year: CHF 1.6 million).

Owners of nuclear power plants have a limited subsequent payment obligation to the Decommissioning and Waste Disposal Fund in the event that one of the primary obligated parties is unable to meet its payment obligations.

The Axpo Group entered into fixed delivery and purchase obligations of multi-year duration totalling CHF 142.2 million (previous year: CHF 186.1 million) relating to the manufacture of fuel rods and to capital expenditure and maintenance work on its own plants. There are also long-term contracts and obligations for the reprocessing as well as the interim and permanent storage of nuclear waste. Provisions have been established for these. With regard to Zwiilag Zwischenlager Würenlingen AG, the Axpo Group has undertaken to pay its respective share of annual costs, including interest and repayment of loans. These are standard obligations for operators of nuclear power plants.

There is also an ongoing investigation concerning CO₂ certificate transactions in Spain, the risk of which is assessed as low by the Axpo Group. The Axpo Group is involved in several other legal disputes related to its ordinary business activities.

For obligations in connection with partner plants, please refer to Note 18 "Ownership interests in partner plants and other associates".

38 | Operating leases

CHF millions	30.9.2015	30.9.2014
Future minimum lease payments:		
Leasing liabilities up to 1 year	6.5	6.6
Leasing liabilities from 1 to 5 years	16.9	19.9
Leasing liabilities more than 5 years	0.0	0.6
Total	23.4	27.1
Lease expense for the current period	7.1	6.3

The table shows the expiry dates of future leasing liabilities. Operating leases consist mainly of lease agreements for office premises and IT hardware.

39 | Events after the balance sheet date

Under an agreement dated 15 July 2015 and with economic effect from 15 October 2015, Axpo Holding AG acquired via the Group company Axpo Renewables Deutschland GmbH, 100% of the shares and thus the control over Volkswind GmbH (with domicile in Ganderkesee). The company is a leading wind farm developer and operator in Germany and France. With this acquisition Axpo strengthens its position in the renewable energy sector and is moving into the business of building and development of wind farms in Germany and France. The company is allocated to the Asstes business area (see Note 8 "Operating segments").

The Volkswind Group shows at the end of the last ordinary financial year as per 31 December 2014, total assets of EUR 255.2 million and a consolidated net profit of EUR 16.8 million.

There were no further events after the balance sheet date which would have to be disclosed.

40 | Investments

	Domicile	Balance sheet date	Currency	Regis- tered capital in millions	Share of votes in % ¹⁾	Share of capital in % ²⁾	Purpose
Group companies							
Avectris AG ³⁾	Baden	30.09.	CHF	0.1	62.7	62.7	D
Axpo Informatica S.r.l.	Genoa (IT)	30.09.	EUR	0.03	100.0	100.0	D
Axpo Grid AG	Baden	30.09.	CHF	0.1	100.0	100.0	N
Axpo Power AG	Baden	30.09.	CHF	360.0	100.0	100.0	P
Axpo Genesys AG in Liquidation	Opfikon	30.09.	CHF	0.5	100.0	100.0	S
Axpo Hydro Surselva AG	Domat/Ems	30.09.	CHF	0.1	100.0	100.0	P
Axpo Kleinwasserkraft AG	Opfikon	30.09.	CHF	11.0	100.0	100.0	P
Axpo Kompogas AG	Opfikon	30.09.	CHF	30.3	100.0	100.0	P
Axpo Kompogas Engineering AG	Opfikon	30.09.	CHF	2.5	100.0	100.0	S
Axpo Kompogas Samstagern AG	Richterswil	30.09.	CHF	2.0	75.1	75.1	P
Axpo Kompogas Wauwil AG	Wauwil	30.09.	CHF	3.5	97.1	97.1	P
Fricompost Freiburgische Grünentsorgungsgesellschaft AG	Hauterive	30.09.	CHF	0.5	100.0	100.0	S
Green Power Uri AG in Liquidation	Altdorf	30.09.	CHF	2.0	20.0	20.0	P
Kompogas Utzenstorf AG	Utzenstorf	30.09.	CHF	2.3	59.3	59.3	P
Kompogas Winterthur AG	Opfikon	30.09.	CHF	4.0	52.0	52.0	P
Axpo Suisse AG	Zurich	30.09.	CHF	3.0	100.0	100.0	V
Axpo Tegra AG	Domat/Ems	30.09.	CHF	2.1	100.0	100.0	P
Kraftwerk Eglisau-Glattfelden AG	Glattfelden	30.09.	CHF	20.0	100.0	100.0	P
Kraftwerke Ilanz AG	Ilanz	30.09.	CHF	50.0	85.0	85.0	P
Kraftwerke Linth-Limmern AG	Glarus Süd	30.09.	CHF	350.0	85.0	85.0	P
Kraftwerke Sarganserland AG	Pfäfers	30.09.	CHF	50.0	98.5	98.5	P
Kraftwerke Vorderrhein AG	Disentis	30.09.	CHF	80.0	81.5	81.5	P
RESAG (Renewable Energies Switzerland) AG	Muttenz	30.09.	CHF	0.1	68.0	68.0	S
Axpo Services AG	Baden	30.09.	CHF	0.1	100.0	100.0	D
Axpo Trading AG	Dietikon	30.09.	CHF	882.0	100.0	100.0	V
Albula-Landwasser Kraftwerke AG	Filisur	30.09.	CHF	22.0	75.0	75.0	P
Axpo Albania sh.a.	Tirana (AL)	30.09.	ALL	19.2	100.0	100.0	V
Axpo BH d.o.o.	Sarajevo (BA)	31.12.	BAM	1.0	100.0	100.0	V
Axpo d.o.o. Beograd	Belgrade (RS)	30.09.	CSD	49.3	100.0	100.0	V
Axpo Finance Luxembourg S.à r.l.	Luxembourg (LU)	30.09.	EUR	0.03	100.0	100.0	D
Axpo International SA	Luxembourg (LU)	30.09.	EUR	2.6	90.0 ⁴⁾	90.0 ⁴⁾	D
Axpo Austria GmbH	Vienna (AT)	30.09.	EUR	0.04	100.0	100.0	V
Axpo Benelux SA	Brussels (BE)	30.09.	EUR	0.5	100.0	100.0	V
Axpo Bulgaria EAD	Sofia (BG)	31.12.	BGN	9.0	100.0	100.0	V
Axpo Deutschland GmbH	Leipzig (DE)	30.09.	EUR	3.5	100.0	100.0	V
Axpo New Energy GmbH	Düsseldorf (DE)	30.09.	EUR	0.03	100.0	100.0	V
Axpo Energy Romania S.A.	Bucharest (RO)	30.09.	RON	3.2	100.0	100.0	V
Axpo France SAS	Paris (FR)	30.09.	EUR	0.1	100.0	100.0	V

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in % ¹⁾	Share of capital in % ²⁾	Purpose
Group companies							
Axpo Gen Hellas S.A.	Athens (GR)	30.09.	EUR	0.8	100.0	100.0	I
Axpo Hellas S.A.	Athens (GR)	30.09.	EUR	0.3	100.0	100.0	V
Axpo Hungary Kft.	Budapest (HU)	30.09.	HUF	3.0	96.7 ⁵⁾	96.7 ⁵⁾	V
Axpo Hydro France SAS	Paris (FR)	30.09.	EUR	0.1	100.0	100.0	D
Axpo Iberia S.L.	Madrid (ES)	30.09.	EUR	0.5	100.0	100.0	V
Axpo Tunisia S.L.	Tunis (TN)	30.09.	TND	0.2	100.0	100.0	V
Axpo Italia S.p.A.	Genoa (IT)	30.09.	EUR	3.0	100.0	100.0	V
Axpo Gas Italia Service S.r.l.	Genoa (IT)	30.09.	EUR	0.1	100.0	100.0	V
Energy Plus S.p.A.	Genoa (IT)	30.09.	EUR	0.3	100.0	100.0	I
Axpo Netherlands BV ⁶⁾	Amsterdam (NL)	30.09.	EUR	0.1	100.0	100.0	V
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.09.	PLZ	1.3	100.0	100.0	V
Axpo Renewables France SAS	Lyon (FR)	30.09.	EUR	17.2	100.0	100.0	D
Axpo CKW France SAS	Lyon (FR)	30.09.	EUR	26.4	60.0	60.0	D
Parc éolien de St Riquier 2 SAS	Paris (FR)	31.12.	EUR	0.2	100.0	100.0	P
Parc éolien Plaine Dynamique SARL	Paris (FR)	31.12.	EUR	0.02	100.0	100.0	P
Axpo Renewables Germany GmbH	Leipzig (DE)	30.09.	EUR	0.2	100.0	100.0	D
Axpo Servizi Produzione Italia S.p.A. ⁶⁾	Genoa (IT)	30.09.	EUR	0.3	100.0	100.0	D
Axpo UK Limited	London (GB)	30.09.	GBP	9.5	100.0	100.0	V
Axpo UK Trading Limited	London (GB)	30.09.	GBP	0.2	100.0	100.0	V
Calenia Energia S.p.A.	Genoa (IT)	30.09.	EUR	0.1	85.0	85.0	P
FREA Axpo OOD	Sofia (BG)	31.12.	BGN	0.6	100.0	100.0	V
Rizziconi Energia S.p.A.	Genoa (IT)	30.09.	EUR	0.5	100.0	100.0	P
WinBis S.r.l.	Genoa (IT)	30.09.	EUR	0.1	100.0	100.0	P
Consorzio Energie Rinnovabili	Naples (IT)	30.09.	EUR	0.02	49.0	49.0	P
Axpo Kosovo L.L.C.	Pristina (KOS)	31.12.	EUR	0.1	100.0	100.0	V
Axpo MK doool Skopje	Skopje (MK)	31.12.	MKD	6.1	100.0	100.0	V
Axpo Nordic AS	Oslo (NO)	30.09.	NOK	58.0	100.0	100.0	V
Axpo Finland Oy	Helsinki (FI)	30.09.	EUR	0.3	100.0	100.0	V
Axpo Sverige AB	Malmö (SE)	30.09.	SEK	52.0	100.0	100.0	V
Axpo Trgovina d.o.o.	Zagreb (HR)	30.09.	HRK	0.8	100.0	100.0	V
Energia de la Zarza S.L.	Madrid (ES)	30.09.	EUR	0.1	100.0	100.0	I
Centralschweizerische Kraftwerke AG ⁷⁾	Lucerne	30.09.	CHF	3.0	81.0	81.0	V
Axpo CKW France SAS	Lyon (FR)	30.09.	EUR	26.4	40.0	40.0	D
CKW Conex AG	Lucerne	30.09.	CHF	1.0	100.0	100.0	D
Deschwanden Büchel AG	Stans	30.09.	CHF	0.1	100.0	100.0	D
Telcom AG	Stansstad	30.09.	CHF	0.2	100.0	100.0	D
CKW Fiber Services AG	Lucerne	30.09.	CHF	2.7	100.0	100.0	D
Elektrizitätswerk Altdorf AG	Altdorf	30.09.	CHF	20.0	62.2	62.2	V
ComDataNet AG	Altdorf	30.09.	CHF	0.5	100.0	100.0	D
Green Power Uri AG in Liquidation	Altdorf	30.09.	CHF	2.0	51.0	51.0	P
Kraftwerk Bristen AG	Silenen	30.09.	CHF	6.0	60.0	60.0	P
Kraftwerk Gurtellen AG ⁶⁾	Gurtellen	30.09.	CHF	2.6	100.0	100.0	P
Kraftwerk Schächental AG	Spiringen	30.09.	CHF	0.5	56.0	56.0	P
Elektrizitätswerk Schwyz AG	Schwyz	30.09.	CHF	3.0	89.9	89.9	V
SicuroCentral AG	Lucerne	30.09.	CHF	0.1	100.0	100.0	D
Steiner Energie AG	Malters	30.09.	CHF	0.5	100.0	100.0	V

Company's business activities:

D = Services I = Project company N = Grid P = Production
V = Energy supply and trading S = Other

For an explanation of the footnotes see page 77.

	Domicile	Balance sheet date	Currency	Regis- tered capital in millions	Share of votes in % ¹⁾	Share of capital in % ²⁾	Purpose
Significant associated companies (partner plants)							
Aarekraftwerk Klingnau AG	Klingnau	30.09.	CHF	0.1	60.0	60.0	P
AG Kraftwerk Wägital	Schübelbach	30.09.	CHF	15.0	50.0	50.0	P
AKEB Aktiengesellschaft für Kernenergie- Beteiligungen Luzern	Lucerne	31.12.	CHF	90.0	46.0 ⁸⁾	41.4 ⁸⁾	P
Argessa AG	Ergisch	30.09.	CHF	10.0	35.0	35.0	P
Blenio Kraftwerke AG	Blenio	30.09.	CHF	60.0	17.0	17.0	P
Electra-Massa AG	Naters	31.12.	CHF	20.0	13.8	13.8	P
Elektrizitätswerk Rheinau AG	Rheinau	30.09.	CHF	20.0	50.0	50.0	P
ENAG Energiefinanzierungs AG	Schwyz	31.12.	CHF	100.0	75.0 ⁸⁾	58.2 ⁸⁾	P
Engadiner Kraftwerke AG	Zernez	30.09.	CHF	140.0	30.0	30.0	P
Etrans AG	Laufenburg	31.12.	CHF	7.5	42.3	42.3	N
Grande Dixence SA	Sion	31.12.	CHF	300.0	13.3	13.3	P
Kernkraftwerk Gösgen-Däniken AG	Däniken	31.12.	CHF	350.0 ¹⁰⁾	37.5 ⁸⁾	36.0 ⁸⁾	P
Kernkraftwerk Leibstadt AG	Leibstadt	31.12.	CHF	450.0	52.7 ⁸⁾	34.6 ^{8/9)}	P
Kernkraftwerk-Beteiligungsgesellschaft AG	Berne	31.12.	CHF	150.0	33.3	33.3	P
Kraftwerk Aegina AG	Obergoms	30.09.	CHF	12.0	50.0	50.0	P
Kraftwerk Göschenen AG	Göschenen	30.09.	CHF	60.0	50.0	50.0	P
Kraftwerk Reckingen AG	Küssaberg (DE)	31.12.	EUR	1.2	20.0	20.0	P
Kraftwerk Ruppertswil-Auenstein AG	Aarau	30.09.	CHF	12.0	45.0	45.0	P
Kraftwerk Ryburg-Schwörstadt AG	Rheinfelden	30.09.	CHF	30.0	13.5	13.5	P
Kraftwerk Sameraa AG	Alpnach	30.09.	CHF	2.0	18.0	18.0	P
Kraftwerk Schaffhausen AG	Schaffhausen	30.09.	CHF	10.0	30.0	30.0	P
Kraftwerk Tschar AG	Obersaxen	30.09.	CHF	5.0	51.0	51.0	P
Kraftwerke Hinterrhein AG	Thusis	30.09.	CHF	100.0	19.5	19.5	P
Kraftwerke Mattmark AG	Saas-Grund	30.09.	CHF	90.0	66.7 ⁸⁾	58.3 ⁸⁾	P
Kraftwerke Mauvoisin AG	Sion	30.09.	CHF	100.0	68.3	68.3	P
Kraftwerke Zervreila AG	Vals	31.12.	CHF	50.0	21.6	21.6	P
Lizerne et Morge SA	Sion	31.03.	CHF	10.0	50.0	50.0	P
Maggia Kraftwerke AG	Locarno	30.09.	CHF	100.0	30.0	30.0	P
Rheinkraftwerk Albbruck-Dogern AG	Waldshut (DE)	31.12.	EUR	27.8	5.0	5.0	P
Rheinkraftwerk Neuhausen AG	Neuhausen	31.12.	CHF	1.0	40.0	40.0	P
Rheinkraftwerk Säckingen AG	Säckingen (DE)	31.12.	EUR	5.0	25.0	25.0	P

For an explanation of the footnotes see page 77.

	Domicile	Balance sheet date	Currency	Regis- tered capital in millions	Share of votes in % ¹⁾	Share of capital in % ²⁾	Purpose
Significant associated companies (other associates)							
BiEAG Biomasse Energie AG	Hünenberg	30.09.	CHF	5.4	40.4	74.1	P
BV Kompostieranlage Oensingen AG	Oensingen	30.09.	CHF	0.3	50.0	50.0	P
Centrale Eolienne Canet – Pont de Salars SAS	Paris (FR)	31.12.	EUR	0.1	49.0	49.0	P
Centrale Eolienne Gueltas Noyal-Pontivy SAS	Paris (FR)	31.12.	EUR	0.8	49.0	49.0	P
Centrale Eolienne Patay SAS	Paris (FR)	31.12.	EUR	0.1	49.0	49.0	P
Centrale Eolienne Saint Barnabé SAS	Paris (FR)	31.12.	EUR	0.1	49.0	49.0	P
Centrale Eolienne Ségur SAS	Paris (FR)	31.12.	EUR	0.1	49.0	49.0	P
Compagnie Concessionnaire des Eaux de France-Ossau SAS	Paris (FR)	31.12.	EUR	0.04	50.0	50.0	D
Demirören Axpo Enerji Töptan Ticaret A.Ş.	Istanbul (TR)	30.09.	TRL	4.6	50.0	50.0	V
Demirören EGL Gaz Töptan Ticaret A.Ş.	Istanbul (TR)	31.12.	TRL	3.4	50.0	50.0	V
EBS+EWS Elektrosicherheit GmbH	Schwyz	31.12.	CHF	0.1	50.0	50.0	S
Elektrizitätswerk des Kantons Schaffhausen AG	Schaffhausen	31.12.	CHF	20.0	25.0	25.0	V
Eolienne de Saugueuse S.à r.l.	Paris (FR)	31.12.	EUR	0.001	49.0	49.0	P
GeoEnergie Taufkirchen GmbH & Co. KG	Grünwald (DE)	31.12.	EUR	60.4	35.0	35.0	I
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.0	24.1	24.1	P
Grischelectra AG	Chur	30.09.	CHF	1.0 ¹⁰⁾	20.0	20.0	V
Kompogas Bioriko AG	Klingnau	30.09.	CHF	0.1	50.0	50.0	P
KW Seedorf AG	Seedorf	30.09.	CHF	1.0	20.0	20.0	P
Litecom AG	Aarau	30.09.	CHF	1.3	27.0	27.0	D
NIS AG	Sursee	31.12.	CHF	1.0 ¹⁰⁾	25.0	25.0	S
Ökopower AG	Ottenbach	31.12.	CHF	0.5	50.0	50.0	S
Parc Eolien de Varimpré SAS	Paris (FR)	31.12.	EUR	0.04	49.0	49.0	P
Parc Eolien des Vatines SAS	Paris (FR)	31.12.	EUR	0.8	49.0	49.0	P
Parc Eolien du Clos Bataille SAS	Paris (FR)	31.12.	EUR	0.4	49.0	49.0	P
Parque Eólico la Peña S.L.	Ponferrada (ES)	31.12.	EUR	3.3	46.0	46.0	P
Realta Biogas AG	Cazis	30.09.	CHF	0.7	41.7	41.7	P
Repower AG	Brusio	31.12.	CHF	3.4	33.7	27.5	V
Società EniPower Ferrara S.r.l.	San Donato Milanese (IT)	31.12.	EUR	170.0	49.0	49.0	P
Sogesa SA	Le Chable	30.09.	CHF	2.0	30.0	30.0	V
SV Kompostieranlage Bellach AG	Bellach	30.09.	CHF	0.1	50.0	50.0	S
Swissgrid AG	Laufenburg	31.12.	CHF	312.1	37.2	37.2	N
Terravent AG	Dietikon	30.09.	CHF	15.0	25.0	25.0	D
Trans Adriatic Pipeline AG	Baar	31.12.	CHF	274.3	5.0	5.0	I
Zwilag Zwischenlager Würenlingen AG	Würenlingen	31.12.	CHF	5.0	24.3	24.3	S

For an explanation of the footnotes see the following page.

Explanation of footnotes

1)	Direct legal share of voting rights	
2)	Direct share of capital (including sub-participations)	
3)	Avectris AG: change of company name (formerly Axpo Informatik AG)	
4)	Axpo International SA: Axpo Finance Luxembourg S.à r.l., Luxembourg (LU), holds a direct share of 10%.	
5)	Axpo Hungary Kft.: Axpo Trading AG holds a direct share of 3.3%.	
6)	Formation in the 2014/15 financial year	
7)	Centralschweizerische Kraftwerke AG: Registered shares with a nominal value of CHF 29,692 held as treasury shares	
8)	Due to the disposal or acquisition of sub-holdings, the effective, financially relevant equity interests in the partner plants deviate from the percentage of capital and voting rights held.	
9)	The direct share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 34.6%. Taking into account the 15% share of capital held by AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern in Kernkraftwerk Leibstadt AG, the indirect share of capital held by Axpo in Kernkraftwerk Leibstadt AG is 38.3%.	
10)	of which paid in:	
	Grischelectra AG	CHF 0.2 m
	Kernkraftwerk Gösgen-Däniken AG	CHF 290.0 m
	NIS AG	CHF 0.8 m

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Axpo Holding AG, Baden**Report of the Statutory Auditor on the Consolidated Financial Statements**

As statutory auditor, we have audited the accompanying consolidated financial statements of Axpo Holding AG, as presented on pages 6 to 77, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 30 September 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion, the consolidated financial statements for the year ended 30 September 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.



*Axpo Holding AG, Baden
Report of the Statutory Auditor
on the Consolidated Financial Statements
to the General Meeting of Shareholders*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Lukas Marty
*Licensed Audit Expert
Auditor in Charge*

Daniel Haas
Licensed Audit Expert

Zurich, 15 December 2015

Income statement of Axpo Holding AG

CHF millions	Notes	2014/15	2013/14
Income			
Income from subsidiaries and associates	2	207.1	299.4
Income from services and licences		24.1	20.6
Financial income	3	175.1	148.3
Total income		406.3	468.3
Expenses			
Other operating expenses		8.6	10.1
Depreciation and amortisation	4	57.7	0.0
Financial expenses	3	249.1	188.7
Total expenses		315.4	198.8
Result for the year		90.9	269.5

Balance sheet of Axpo Holding AG

CHF millions	Notes	30.9.2015	30.9.2014
Assets			
Cash and cash equivalents		1 080.4	1 263.0
Trade receivables	5	0.7	3.1
Current financial receivables	6	736.6	1 256.8
Other current receivables, accrued income and prepaid expenses	7	139.3	41.3
Total current assets		1 957.0	2 564.2
Investments in subsidiaries and associates	8	4 655.0	3 989.0
Other financial assets	9	1 999.7	1 607.8
Derivative financial instruments	10	82.2	20.3
Total non-current assets		6 736.9	5 617.1
Total assets		8 693.9	8 181.3
Equity and liabilities			
Trade payables	11	0.7	0.0
Current financial liabilities	12	1 225.4	3 010.5
Other current liabilities, accrued expenses and deferred income	13	179.7	63.6
Total current liabilities		1 405.8	3 074.1
Bonds	14	991.8	990.2
Loans payable	15	2 264.0	300.0
Derivative financial instruments	16	130.6	6.2
Total non-current liabilities		3 386.4	1 296.4
Share capital	17	370.0	370.0
General legal reserves (capital contribution reserve)		2 633.0	2 633.0
Free reserves		538.0	538.0
Accumulated profit/loss	18	360.7	269.8
Total equity		3 901.7	3 810.8
Total equity and liabilities		8 693.9	8 181.3

Notes to the statutory financial statements of Axpo Holding AG

1 | Comments

The shareholders and associates of the Axpo Group are considered to be related parties pursuant to Art. 663a para. 4 of the Swiss Code of Obligations. The following notes also contain the information prescribed in Art. 663b of the Swiss Code of Obligations.

2 | Income from subsidiaries and associates

CHF millions	2014/15	2013/14
Dividend income from		
Electricity utilities of the Canton Schaffhausen, Schaffhausen	1.2	1.6
Repower AG, Poschiavo	0.0	1.9
Axpo Power AG, Baden	180.0	270.0
Centralschweizerische Kraftwerke AG, Lucerne	14.4	21.6
Avectris AG, Baden (formerly Axpo Informatik AG, Baden)	1.3	1.3
Axpo Services AG, Baden	7.0	0.0
Third parties	3.2	3.0
Total	207.1	299.4

3 | Financial income/expense

In the 2014/15 reporting year, effects from currency hedging transactions in the amount of CHF 102.3 million are reported net in the financial expense. In the previous year, the effects on currency hedging were shown gross in the line items financial expense (CHF 86.3 million) and financial income (CHF 84.5 million).

4 | Depreciation and amortisation

The investment in Axpo Trading AG was impaired by CHF 57.7 million in the 2014/15 reporting year.

5 | Trade receivables

CHF millions	30.9.2015	30.9.2014
From related parties	0.7	3.1
Total	0.7	3.1

Receivables are recorded in the balance sheet at nominal value. Receivables in foreign currencies are valued at the prevailing exchange rate on the balance sheet date.

6 | Current financial receivables

CHF millions	30.9.2015	30.9.2014
From related parties	246.6	261.8
From third parties	490.0	995.0
Total	736.6	1 256.8

This item includes loans granted with a term to maturity of less than twelve months. They are recorded in the balance sheet at nominal value.

7 | Other current receivables, accrued income and prepaid expenses

CHF millions	30.9.2015	30.9.2014
Derivative financial instruments (positive replacement values)	133.4	33.8
Other receivables	3.7	3.8
Accrued income and prepaid expenses	2.2	3.7
Total	139.3	41.3
of which:		
From related parties	86.3	24.7
From third parties	53.0	16.6

Current derivative financial assets mainly consist of the positive replacement value for currency forward contracts with a maturity of less than twelve months, open on the balance sheet date. They serve to hedge foreign currency positions. Non-current derivative financial assets are shown in a separate balance sheet line item and in Note 10.

8 | Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded in the balance sheet at cost, subject to any necessary value adjustments required. The overview on pages 73 to 77 sets out the details of Axpo Holding AG's direct or indirect ownership interests in subsidiaries and associates.

9 | Other financial assets

CHF millions	30.9.2015	30.9.2014
Loan receivables:		
From related parties	355.0	339.6
From third parties	290.0	90.0
Securities	1 354.7	1 178.2
Total	1 999.7	1 607.8

The term to maturity of the loans receivable is longer than twelve months. They are recorded in the balance sheet at nominal value. Securities consist mainly of collective investment instruments (bank in-house funds and investment funds) and are measured at the lower of cost or market value.

10 | Derivative financial instruments (positive replacement values)

CHF millions	30.9.2015	30.9.2014
To related parties	77.7	15.1
To third parties	4.5	5.2
Total	82.2	20.3

In order to hedge foreign currency positions, derivative financial instruments are used. The replacement value of currency forward contracts open as at the balance sheet date is determined using the prevailing market price (positive replacement values constitute a receivable). The current derivatives (positive replacement values) are stated in Note 7.

11 | Trade payables

CHF millions	30.9.2015	30.9.2014
To third parties	0.7	0.0
Total	0.7	0.0

12 | Current financial liabilities

CHF millions	30.9.2015	30.9.2014
To related parties	1 225.4	3 010.5
Total	1 225.4	3 010.5

This item includes loan liabilities due within less than twelve months and current account liabilities. They are recorded in the balance sheet at nominal value.

13 | Other current liabilities, accrued expenses and deferred income

CHF millions	30.9.2015	30.9.2014
Derivative financial instruments (negative replacement values)	162.8	41.6
Other liabilities	0.3	4.8
Accrued expenses and deferred income	16.6	17.2
Total	179.7	63.6
of which:		
To related parties	158.2	43.3
To third parties	21.5	20.3

Current derivative financial liabilities mainly consist of the negative replacement value for currency forward contracts with a maturity of less than twelve months, open on the balance sheet date. They serve to hedge foreign currency positions. Non-current derivative financial liabilities are shown in a separate balance sheet line item and in Note 16.

14 | Bonds

CHF millions		30.9.2015	30.9.2014
	Nominal value		
Bonds outstanding at the balance sheet date:			
2.6250% bond 26.2.2010–26.2.2020	700.0	694.6	693.3
3.1250% bond 26.2.2010–26.2.2025	300.0	297.2	296.9
Total		991.8	990.2

The difference versus the nominal value corresponds to the costs paid for the issuance of the bonds less the premium. These costs are distributed over the term of the bonds according to the effective interest method and charged to expenses.

15 | Loan liabilities

CHF millions	30.9.2015	30.9.2014
Due dates:		
Remaining term to maturity 1–5 years	1 064.0	300.0
Remaining term to maturity more than 5 years	1 200.0	0.0
Total	2 264.0	300.0
of which:		
To related parties	2 264.0	300.0

The loans were granted by Axpo Power AG, Axpo Services AG and Avetrics AG.

16 | Derivative financial instruments (negative replacement values)

CHF millions	30.9.2015	30.9.2014
To related parties	119.1	3.8
To third parties	11.5	2.4
Total	130.6	6.2

Derivative financial instruments are used to hedge foreign currency positions. The replacement value of the currency forward contracts open as at the balance sheet date is determined using the prevailing market price (negative replacement values constitute a liability). The current derivatives (negative replacement values) are stated in Note 13.

17 | Share capital

CHF millions		30.9.2015	30.9.2014
The share capital is divided into 37 000 000 registered shares with a par value of CHF 10 each.			
The shareholders are:	in %		
Canton Zurich	18.342	67.9	67.9
Electricity utilities of the Canton Zurich	18.410	68.1	68.1
Canton Aargau	13.975	51.7	51.7
AEW Energie AG	14.026	51.9	51.9
SAK Holding AG	12.501	46.3	46.3
EKT Holding AG	12.251	45.3	45.3
Canton Schaffhausen	7.875	29.1	29.1
Canton Glarus	1.747	6.5	6.5
Canton Zug	0.873	3.2	3.2
Total	100.000	370.0	370.0

18 | Accumulated profit

CHF millions	30.9.2015	30.9.2014
Result for the year	90.9	269.5
Profit carried forward	269.8	0.3
Total	360.7	269.8

19 | Changes in equity

CHF millions	Share capital	General legal reserves	Free reserves	Accumulated profit/loss	Total equity
As at 30.9.2012	370.0	2 633.0	640.0	66.3	3 709.3
Partial release of free reserves			-8.0	8.0	0.0
Dividends				-74.0	-74.0
Result for the year 2012/13				-20.0	-20.0
As at 30.9.2013	370.0	2 633.0	632.0	-19.7	3 615.3
Partial release of free reserves			-94.0	94.0	0.0
Dividends				-74.0	-74.0
Result for the year 2013/14				269.5	269.5
As at 30.9.2014	370.0	2 633.0	538.0	269.8	3 810.8
Result for the year 2014/15				90.9	90.9
As at 30.9.2015	370.0	2 633.0	538.0	360.7	3 901.7

20 | Contingent liabilities

CHF millions	30.9.2015	30.9.2014
Guarantees granted to third parties	417.1	138.2
Guarantees granted to related parties	70.0	0.0
Sureties granted to third parties	183.8	183.8
Liabilities to pay in capital on shares towards third parties	0.2	0.3
Other delivery and acceptance obligations	0.9	0.0
Total	672.0	322.3

21 | Transactions with related parties

All transactions with related parties are conducted at prevailing market conditions.

22 | Remuneration paid to the Board of Directors and the Executive Board

This note was created in accordance with the requirements of the Swiss Code of Obligations and may differ from the remuneration information in Note 35 of the consolidated financial statements (in accordance with IFRS) as a result of differing measurement approaches.

The amounts disclosed include all remunerations to the members of the Board of Directors of Axpo Holding AG and the Executive Board granted by the fully consolidated companies of the Axpo Group for the 2014/15 financial year, even if the time of payment or definitive acquisition of title was after the balance sheet date of the reporting year (accrual basis). Remunerations that were not paid out directly to individual members of the Board of Directors but to their employers are also included in the following amounts.

Remuneration paid to members of the Board of Directors in the 2014/15 financial year

Name	Function	Remuneration for director- ship (fixed) ¹⁾	Pension benefits ²⁾	Total
CHF thousand				
Robert Lombardini	Chairman of the Board of Directors Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	275	17	292
Stephan Attiger	Member of the Board of Directors Member of the Compensation and Nominations Committee (until GM 2015) Member of the Strategy Committee (from GM 2015)	69	0	69 ³⁾
Dr. Ueli Betschart	Member of the Board of Directors Member of the Audit and Finance Committee, Corporate Risk Council	85	3	88 ⁴⁾
Jakob Brunnschweiler	Vice Chairman of the Board of Directors Chairman of the Strategy Committee	86	0	86 ⁵⁾
Dr. Reto Dubach	Member of the Board of Directors Member of the Compensation and Nominations Committee	71	0	71 ⁶⁾
Roland Eberle	Member of the Board of Directors Member of the Audit and Finance Committee (until GM 2015) Member of the Strategy Committee (from GM 2015)	77	6	83
Andreas Frank	Member of the Board of Directors Member of the Audit and Finance Committee	80	6	86
Martin Graf	Member of the Board of Directors Member of the Compensation and Nominations Committee	42	0	42 ⁷⁾
Rudolf Hug	Member of the Board of Directors Chairman of the Audit and Finance Committee	100	7	107
Markus Kägi	Member of the Board of Directors Member of the Strategy Committee	65	1	66 ⁸⁾
Robert Marti	Member of the Board of Directors Member of the Compensation and Nominations Committee	32	0	32 ⁹⁾
Peter Reinhard	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	77	6	83
Heinz Tännler	Member of the Board of Directors Member of the Strategy Committee	32	0	32 ¹⁰⁾
Ernst Werthmüller	Member of the Board of Directors Member of the Strategy Committee (until GM 2015) Member of the Audit and Finance Committee (from GM 2015)	74	0	74 ¹¹⁾
Total		1 165	46	1 211

1) The remuneration for a Board of Directors mandate (fixed) consists of a fixed annual remuneration and meeting fees (except in the case of the Chair of the Board of Directors).

2) Employer contributions to AHV/IV are shown under pension benefits.

3) CHF 69 thousand of the remuneration was paid to the employer.

4) CHF 25 thousand of the remuneration was paid to the employer.

5) CHF 70 thousand of the remuneration was paid to the employer.

6) CHF 71 thousand of the remuneration was paid to the employer.

7) CHF 36 thousand of the remuneration was paid to the employer. Leaving May 2015.

8) CHF 58 thousand of the remuneration was paid to the employer.

9) CHF 26 thousand of the remuneration was paid to the employer. Entering March 2015.

10) CHF 30 thousand of the remuneration was paid to the employer. Leaving March 2015.

11) CHF 74 thousand of the remuneration was paid to the employer.

Remuneration paid to members of the Board of Directors in the 2013/14 financial year

Name		Remuneration for directorship (fixed) ¹⁾	Pension benefits ²⁾	Total
CHF thousand	Function			
Robert Lombardini	Chairman of the Board of Directors Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	275	20	295
Stephan Attiger	Member of the Board of Directors Member of the Compensation and Nominations Committee	66	1	67 ³⁾
Dr. Ueli Betschart	Member of the Board of Directors Member of the Audit and Finance Committee, Corporate Risk Council	86	0	86 ⁴⁾
Jakob Brunnschweiler	Vice Chairman of the Board of Directors Chairman of the Strategy Committee	90	2	92 ⁵⁾
Dr. Reto Dubach	Member of the Board of Directors Member of the Compensation and Nominations Committee	66	0	66 ⁶⁾
Roland Eberle	Member of the Board of Directors Member of the Audit and Finance Committee	72	5	77
Andreas Frank	Member of the Board of Directors Member of the Audit and Finance Committee	82	6	88
Martin Graf	Member of the Board of Directors Member of the Compensation and Nominations Committee	69	1	70 ⁷⁾
Rudolf Hug	Member of the Board of Directors Chairman of the Audit and Finance Committee	124	9	133
Markus Kägi	Member of the Board of Directors Member of the Strategy Committee	68	1	69 ⁷⁾
Peter Reinhard	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	78	6	84
Heinz Tännler	Member of the Board of Directors Member of the Strategy Committee	67	1	68 ⁸⁾
Ernst Werthmüller	Member of the Board of Directors Member of the Strategy Committee	70	0	70 ⁹⁾
Total		1 213	52	1 265

1) The remuneration for a Board of Directors mandate (fixed) consists of a fixed annual remuneration and meeting fees (except in the case of the Chair of the Board of Directors).

2) Employer contributions to AHV/IV are shown under pension benefits.

3) CHF 60 thousand of the remuneration was paid to the employer.

4) CHF 86 thousand of the remuneration was paid to the employer.

5) CHF 70 thousand of the remuneration was paid to the employer.

6) CHF 66 thousand of the remuneration was paid to the employer.

7) CHF 56 thousand of the remuneration was in each case paid to the employer.

8) CHF 53 thousand of the remuneration was paid to the employer.

9) CHF 70 thousand of the remuneration was paid to the employer.

Remuneration to Executive Board members and the highest paid member

CHF thousand	Andrew Walo CEO		Total for Executive Board ⁵⁾	
	2014/15	2013/14	2014/15	2013/14
Gross salaries (fixed) ¹⁾	613	480	2 452	2 492
Gross salaries (variable) ^{2) 6)}	297	227	1 387	982
Non-cash benefits ³⁾	9	9	45	49
Pension benefits ⁴⁾	213	169	850	810
Total	1 132	885	4 734	4 333

1) Gross salaries (fixed) consist of base salaries. In the previous year, the gross salary of Andrew Walo (CEO since 1 February 2014) included the salary as Executive Board member for the first four months of the financial year and as CEO for the remaining eight months.

2) Gross salaries (variable) include variable salary components that are dependent on the achievement of company targets and individual objectives. These are values for the completed 2014/15 financial year, which are based on the provisional target assessment and previewing the financial result targets of the company.

3) Private use of company vehicles and SBB rail pass.

4) Employer contributions to the AHV/IV, the company pension fund, occupational and non-occupational accident insurance, and sick pay insurance are shown under pension benefits.

5) The total for the Executive Board for the 2014/15 contains the entire remuneration of Manfred Thumann (member of the Executive Board until 31.10.2014) of CHF 276,256 for the period from 1.10.2014 until the end of the employment contract as of 31.1.2015.

6) Andy Heiz (new member of the Executive Board as of 1.11.2014) will be granted, in connection with the loss of deferred compensation from his previous employer, a compensation in the amount of CHF 515,785 (payable in 3 shares up until May 2017). In May 2015, the first share of CHF 175,367 was paid (accounted for in gross salaries (variable)).

Expenses for performing directorships on behalf of Axpo are also compensated in the remuneration paid to the Executive Board members, i.e. Executive Board members may not claim separate remuneration for the performance of directorships within the Axpo Group. These remunerations total CHF 154,200 and were paid out to the employers of the Executive Board members.

Further information

No remuneration was paid to former members of the Board of Directors or the Executive Board (incl. related parties) in the 2014/15 financial year.

Axpo Holding AG is wholly owned by the cantons of Northeastern Switzerland and their cantonal utility companies. Axpo Holding AG and its Group companies have not granted any security, loans, advances or credits to the members of the Board of Directors and the Executive Board or related parties.

22 | Performance of risk assessment

The Axpo Group has implemented a Group-wide risk management system aimed at creating as much transparency as possible regarding its risk situation and managing its risk exposure in a targeted manner. Risks are identified across the entire spectrum, including market, counterparty, operational and general risks, and evaluated according to their probability of occurrence and impact. Risk-reducing measures are agreed and implemented if necessary. The Group function Corporate Risk Management is responsible for carrying out the process and informs the Board of Directors, the Audit and Finance Committee of the Board of Directors and the Risk Council at regular intervals regarding the risk situation and any measures taken. The Board of Directors last discussed the Group's risk situation at its meeting of 18 September 2015.

Appropriation of profits of Axpo Holding AG

Proposal of the Board of Directors

in CHF

We propose that distributable profit, be appropriated as follows:

Profit carried forward	269 771 130
Reported net profit	90 921 993
Total	360 693 123
Profit to be carried forward	360 693 123
Total	360 693 123

**KPMG AG****Audit**

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Axpo Holding AG, Baden

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Axpo Holding AG, as presented on pages 80 to 89, which comprise the income statement, balance sheet and notes for the year ended 30 September 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 30 September 2015 comply with Swiss law and the company's articles of incorporation.



*Axpo Holding AG, Baden
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Lukas Marty
*Licensed Audit Expert
Auditor in Charge*

Daniel Haas
Licensed Audit Expert

Zurich, 15 December 2015

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