



Financial Report 2015|16

Axpo Holding AG

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Financial Report

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High book loss despite operationally appealing results

The Axpo Group closed the 2015/16 financial year with a major loss, its second in just as many years. After the Swiss National Bank's decision to eliminate the EUR/CHF floor adversely impacted the Axpo Group's result in the previous year, the drop in electricity prices in 2016 and the resultant impairments have left their mark on the net result. Persistently low prices for coal and CO₂ certificates, coupled with ongoing increases in feed-ins of subsidised energy, especially in Germany, caused yet another significant decline of approximately 30% in European wholesale prices for energy during the past financial year. This led to adjustments in long-term electricity price curves and that, in turn, has made CHF 1.6 billion in additional impairments and provisions necessary for the power plants and energy procurement contracts. These impairments and provisions mainly impacted the pumped-storage power plant in Linth-Limmern, the Group's own nuclear power plants and hydro power plants in Switzerland as well as nuclear energy procurement contracts from France. The 2015/16 operating result was strained not only by high impairments but also the unplanned overhaul shutdown of the Beznau nuclear power plant, which resulted in a year-on-year reduction of around CHF 150 million. Already announced the year before, the Volkswind Group acquisition was completed in mid-October 2015. Volkswind built and sold four wind farms over the course of the past financial year and generated a gross margin of more than CHF 50 million through the sales. The other business activities, such as grids, new energies and the installation business, which were independent of the electricity price, also developed positively and contributed significantly to the operationally attractive result.

At CHF 390 million, operating profit before one-offs fell 37.2% short of the previous year (CHF 622 million). Main negative drivers behind lower operating earnings were the overhaul shutdown of Beznau nuclear power plant and lower electricity prices. The electricity prices are hedged three years in advance so that changes in the electricity price precipitate in the profit and loss with a three-year delay. Impairments to power plants and energy procurement rights adversely impacted earnings by another CHF 1.6 billion, which led to a net loss of CHF 1.25 billion (previous year: loss of CHF 990 million). Cash flow from operating activities dropped from CHF 461 million in the previous year to CHF 361 million. Net investments during the past financial year amounted to CHF 890 million, which resulted in a negative free cash flow of CHF 529 million. At the end of September 2016, the Group's liquidity was CHF 4.1 billion and the equity ratio declined from 32.1% to 24.9%.

Total revenue

The Axpo Group generated total revenue of CHF 5.4 billion during 2015/16 (previous year: CHF 5.9 billion). The CHF 444 million or 7.6% decline is largely attributable to electricity prices that were hedged at a lower level. Electricity sales rose by 4.7% year-on-year to 84.9 TWh. Lower power production due to the overhaul shutdown in nuclear power and weather-related reasons in hydro power was more than compensated by higher production by conventional thermal power plants in Italy, Global Tech 1 and higher trading volumes. The higher volumes were unable to prevent a decline in earnings due to lower electricity prices, however. Higher electricity sales were offset by lower gas sales so that the Group's total energy sales increased only slightly. Other operating income rose by 10.7% year-on-year. While the effect of foreign exchange hedging contained in this item was down CHF 50 million compared to the previous year, it was offset by the margin generated through the sale of four wind farms by the newly acquired Volkswind.

Operating expenses

At CHF 4.7 billion, costs related to energy procurement, grid usage and goods purchased were CHF 613 million or 15.0% higher year-on-year. Of the CHF 1.6 billion in impairments and provisions required, CHF 1.0 billion (previous year: CHF 193 million) are included under energy procurement expenses. Without this one-off effect, procurement costs declined by CHF 196 million or 5.0%. Personnel and other operating expenses were up CHF 13 million or 1.3% from the previous year. This increase is mainly due to the initial consolidation of the Volkswind Group. Adjusted for the acquisition, both of these expense items were on a par with the previous year. The number of employees rose slightly during the 2015/16 financial year to 4,294 FTEs at the end of September (previous year: 4,284 FTEs). The reduction in staff in Switzerland, prompted by measures to increase efficiency, is offset by an increase in staff to accommodate growth in the installation business in Central Switzerland, origination and retail activities outside Switzerland as well as the acquisition of Volkswind. At CHF 637 million, earnings before interest, tax, depreciation and amortisation (EBITDA) and one-off effects were CHF 197 million below the prior-year figure of CHF 834 million. At CHF 1.0 billion, provisions for onerous energy contracts caused reported EBITDA to decline from CHF 641 million in 2014/15 to CHF -364 million in 2015/16.

Depreciation and impairments

Depreciation, amortisation and impairments of fixed assets amounted to CHF 862 million during the 2015/16 financial year (previous year: CHF 1.5 billion). The future cash flows expected to be generated through use of the power plants deteriorated significantly once again due to renewed declines in electricity prices. This led to another impairment to the power plants in the amount of CHF 615 million (previous year: CHF 1.3 billion). These impairments impacted the pumped-storage power plant in Linth-Limmern and domestic hydro power plants, in particular.

One-offs shift earnings before interest and tax into the red

The Axpo Group's reported earnings before interest and tax (EBIT) amounted to CHF -1.2 billion in the 2015/16 financial year (previous year: CHF -867 million). Included in this figure are the above-mentioned one-off effects of impairments and provisions in the amount of CHF 1.6 billion (previous year CHF 1.5 billion). Excluding one-off effects, the operating result came to CHF 390 million (previous year: CHF 622 million). As in the year before, the EBIT of CHF -916 million (previous year: CHF -575 million) posted by the Assets segment was heavily impacted by the high impairment charges to and provisions for power plants and procurement contracts. Moreover, the overhaul shutdown of the Beznau nuclear power plant put an additional strain on the EBIT of this segment. In contrast, the margin generated through the development and sale of wind farms had a positive effect on the result. As in the previous year, the operating result from Trading & Sales was weighed down by various cross-segment cost transfer mechanisms based on production costs. The previous year's result also contained the positive one-off effect of foreign exchange hedging transactions in the amount of CHF 120 million. The increase in electricity prices just before the end of the financial year and the resulting effects on hedging contracts led to a further shift in income to the next financial year. Similar to Assets, the result of the CKW Group was strained by necessary impairments. High impairment charges of CHF 200 million (previous year: CHF 42 million) contained in this amount led to a negative segment result of CHF -81 million (previous year: CHF 84 million). Excluding these one-offs, CKW achieved a good result.

Negative net result

Compared to the previous year, the financial result improved by CHF 107 million to end the period at CHF -61 million. Given that the return on the Decommissioning and Waste Disposal Fund measured at fair value for the Beznau nuclear power plant was CHF 175 million higher than in the previous year, this contributed materially to the improved financial result. The previous year's result contained a one-off gain of CHF 91 million from security portfolio restructuring. Income taxes rose year-on-year. One reason for this can be found in the foreign subsidiaries' positive contribution to profit. On the other hand, the tax utilisation of the impairments on power plants in Switzerland has been significantly reduced due to deteriorating future prospects. Axpo closed the 2015/16 financial year with a net loss of CHF 1.25 billion (previous year: loss of CHF 990 million).

Balance sheet

At CHF 18.6 billion as at 30 September 2016, the total assets of the Group were CHF 0.3 billion lower than the previous year. Year-on-year, impairments taken to power plants reduced property, plant and equipment. By contrast, provisions rose by CHF 1.0 billion to CHF 4.6 billion as at the balance sheet date due to onerous energy procurement contracts. Cash and cash equivalents declined from CHF 1.9 billion in the previous year to CHF 1.1 billion. This reduction is attributable in part to the negative free cash flow of CHF 529 million as well as to the fact that liquid funds were invested in current and non-current financial receivables in the amount of CHF 380 million due to persistently negative interest rates in Switzerland. The Group's total liquidity amounted to CHF 4.1 billion (previous year: CHF 4.4 billion) as at the end of the financial year. Net financial assets declined from CHF 476 million as at 30 September 2015 to CHF 93 million at the end of the 2015/16 financial year. The equity ratio dropped by 7.2 percentage points to 24.9% at the end of the 2015/16 financial year.

Cash flow statement

Cash flow from operating activities came to CHF 361 million, thus falling CHF 100 million or 21.6% short of the previous year's figure. The decline in cash flow from operating activities is primarily due to the lower operating result and greater funds tied down in net working capital. Compared to the previous year, the net investments in non-current assets rose by CHF 191 million to CHF 890 million. The major investment projects of the past financial year concerned the pumped-storage power plant in Linth-Limmern, where investments total around CHF 220 million, the CHF 120 million payment to the federal funds and the acquisition of subsidiaries in the amount of CHF 285 million. Other investment projects concerned the maintenance and expansion of the grid infrastructure 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 -529 million in the 2015/16 financial year (previous year: CHF -238 million).

Due to the net loss incurred during the 2015/16 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 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 see any sustained increases in the near future, even despite the slight recovery of the past six months. The continuous phasing-out of electricity price hedges on a historically higher level will also have a negative impact on further 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 million	Notes	2015/16	2014/15 restated ¹⁾
Revenues from energy sales and grid usage	8	5 169.0	5 595.5
Changes in inventories		-1.7	1.3
Capitalised production costs		71.8	103.2
Other operating income		177.0	159.9
Total income		5 416.1	5 859.9
Expenses for energy procurement, grid usage and goods purchased	9	-4 689.0	-4 076.3
Expenses for materials and third-party supplies		-190.6	-204.3
Personnel expenses	10	-629.3	-628.3
Other operating expenses	11	-371.4	-359.5
Share of profit of partner plants and other associates	17	99.8	49.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)		-364.4	640.8
Depreciation, amortisation and impairments	12	-861.8	-1 508.0
Earnings before interest and tax (EBIT)		-1 226.2	-867.2
Financial income	13	253.6	208.6
Financial expense	13	-314.5	-376.9
Earnings before tax (EBT)		-1 287.1	-1 035.5
Income tax expense	14	35.6	45.6
Result for the period		-1 251.5	-989.9
Attributable to:			
Axpo Holding shareholders		-1 251.0	-1 009.7
Non-controlling interests		-0.5	19.8

1) The share of profit of partner plants and other associates as well as the dilution resulting from the capital increase in Swissgrid are now reported in the operating profit. The previous year has been restated accordingly.

	2015/16	2014/15
Earnings per share		
Total average registered shares issued at a par value of CHF 10	37 000 000	37 000 000
Result for the period in CHF million	-1 251.0	-1 009.7
Earnings per share in CHF	-33.8	-27.3

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

Consolidated statement of comprehensive income

CHF million	2015/16	2014/15
Result for the period	-1 251.5	-989.9
Available-for-sale financial assets	76.0	-91.7
Fair value adjustments	85.1	-18.0
Result transferred to the income statement	-2.6	-81.5
Income taxes on fair value adjustments	-6.5	7.8
Cash flow hedges group companies	-293.0	89.9
Fair value adjustments	-59.3	344.4
Result transferred to the income statement	-300.5	-234.9
Income taxes on fair value adjustments	66.8	-19.6
Cash flow hedges other associates	-3.7	-8.9
Fair value adjustments	1.0	-12.5
Income taxes on fair value adjustments	-4.7	3.6
Currency translation differences group companies	-0.8	-105.5
Currency translation differences for the year	-0.8	-105.5
Currency translation differences other associates	10.2	-6.4
Currency translation differences for the year	1.4	-6.4
Result transferred to the income statement	8.8	0.0
Income and expenses to be reclassified subsequently to profit or loss, net after income tax	-211.3	-122.6
Remeasurement of defined benefit plans group companies	36.3	-283.9
Remeasurement of defined benefit plans	47.0	-343.8
Income taxes	-10.7	59.9
Remeasurement of defined benefit plans partner plants and other associates	1.3	-56.3
Remeasurement of defined benefit plans	1.6	-70.4
Income taxes	-0.3	14.1
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax	37.6	-340.2
Total other comprehensive income, net after income tax	-173.7	-462.8
Total comprehensive income	-1 425.2	-1 452.7
Attributable to:		
Axpo Holding shareholders	-1 426.6	-1 448.6
Non-controlling interests	1.4	-4.1

Consolidated balance sheet

CHF million	Notes	30.9.2016	30.9.2015
Assets			
Property, plant and equipment	15	4 348.1	4 569.8
Intangible assets	16	797.3	558.2
Investments in partner plants and other associates	17	1 382.7	1 381.4
Derivative financial instruments	6	778.9	876.5
Other financial assets	19	2 653.1	2 389.6
Investment properties		45.9	49.3
Other receivables	23	2 397.5	2 093.6
Deferred tax assets	14	76.7	58.1
Total non-current assets		12 480.2	11 976.5
Assets held for sale		4.2	7.8
Inventories	20	501.5	504.2
Trade receivables	21	804.1	863.1
Financial receivables	22	1 134.4	864.3
Current tax assets		42.6	67.2
Derivative financial instruments	6	870.2	1 093.9
Other receivables	23	1 692.8	1 673.2
Cash and cash equivalents	24	1 058.4	1 857.5
Total current assets		6 108.2	6 931.2
Total assets		18 588.4	18 907.7
Equity and liabilities			
Share capital	25	370.0	370.0
Retained earnings		3 924.1	5 145.3
Other reserves	25	-81.8	127.5
Total equity excluding non-controlling interests		4 212.3	5 642.8
Non-controlling interests		422.0	422.5
Total equity including non-controlling interests		4 634.3	6 065.3
Financial liabilities	26	4 213.6	3 973.6
Derivative financial instruments	6	739.1	562.5
Other liabilities	27	810.5	780.9
Deferred tax liabilities	14	143.1	156.9
Provisions	28	4 242.8	3 434.8
Total non-current liabilities		10 149.1	8 908.7
Trade payables		575.4	486.3
Financial liabilities		539.3	662.3
Current tax liabilities		54.3	52.4
Derivative financial instruments	6	790.3	692.8
Other liabilities	29	1 529.9	1 906.8
Provisions	28	315.8	133.1
Total current liabilities		3 805.0	3 933.7
Total liabilities		13 954.1	12 842.4
Total equity and liabilities		18 588.4	18 907.7

Consolidated statement of changes in equity

CHF million	Share capital	Retained earnings	Other reserves	Total equity excluding non-controlling interests	Non-controlling interests	Total equity including non-controlling interests
Equity at 30.9.2014	370.0	6 466.8	249.2	7 086.0	431.4	7 517.4
Other comprehensive income		-317.2	-121.7	-438.9	-23.9	-462.8
Result for the period		-1 009.7		-1 009.7	19.8	-989.9
Total comprehensive income		-1 326.9	-121.7	-1 448.6	-4.1	-1 452.7
Dividend					-6.8	-6.8
Change in consolidation scope		5.4		5.4	-0.1	5.3
Increase in capital of non-controlling interests					2.1	2.1
Equity at 30.9.2015	370.0	5 145.3	127.5	5 642.8	422.5	6 065.3
Other comprehensive income		33.7	-209.3	-175.6	1.9	-173.7
Result for the period		-1 251.0		-1 251.0	-0.5	-1 251.5
Total comprehensive income		-1 217.3	-209.3	-1 426.6	1.4	-1 425.2
Dividend					-5.3	-5.3
Change in consolidation scope		-3.9		-3.9	1.0	-2.9
Increase and decrease in capital of non-controlling interests					2.4	2.4
Equity at 30.9.2016	370.0	3 924.1	-81.8	4 212.3	422.0	4 634.3

Consolidated cash flow statement

CHF million	Notes	2015/16	2014/15 restated ¹⁾
Earnings before tax (EBT)		-1 287.1	-1 035.5
Financial result		60.9	168.3
Earnings before interest and tax (EBIT)		-1 226.2	-867.2
Gains on disposal of non-current assets		-58.9	-6.6
Adjustment of non-cash expenses and income:			
Depreciation, amortisation and impairments		861.8	1 508.0
Increase and release of provisions (excluding interest, net)	28	1 093.1	208.1
Share of profit of partner plants and other associates	17	-99.8	-49.3
Other non-cash items		189.8	42.9
Change in net working capital:			
Change in inventories		-5.1	-10.3
Change in trade receivables and other receivables		-18.5	-39.6
Change in trade payables and other payables		-245.0	-6.9
Change in derivative financial instruments and other financial result		-88.4	-67.4
Use of provisions		-73.5	-149.7
Dividends received		62.6	40.4
Income taxes paid		-30.5	-141.6
Cash flow from operating activities		361.4	460.8
Property, plant and equipment:			
Investments net of capitalised borrowing costs	15	-474.2	-627.3
Disposals and cost contributions		11.9	8.5
Intangible assets:			
Investments (excluding goodwill)	16	-8.1	-9.9
Disposals		0.5	6.4
Investments in subsidiaries (net of cash transferred)	7	-284.5	0.0
Cash flow from non-current assets held for sale		2.0	8.1
Investments in partner plants and other associates:			
Investments		-19.0	-34.8
Disposals and capital repayments		0.8	2.9
Other financial assets:			
Investments		-638.1	-1 622.6
Disposals and repayments		94.1	472.5
Receivables from nuclear disposal funds		-120.0	-52.8
Investment properties and change in other financial assets		3.5	5.8
Financial receivables (current)		251.7	1 318.1
Interest received		43.3	48.9
Cash flow used in investing activities		-1 136.1	-476.2

1) The share of profit of partner plants and other associates as well as the dilution resulting from the capital increase in Swissgrid were now reported in the operating result. The previous year has been restated accordingly.

CHF million	Notes	2015/16	2014/15 restated ¹⁾
Financial liabilities:			
Proceeds		2 898.6	1 493.0
Repayment		-2 782.0	-1 477.7
Other liabilities:			
Proceeds		14.3	18.7
Repayment		-0.5	-1.5
Other cash flows from financing activities			
Dividend payments (including non-controlling interests)		-5.3	-6.8
Interest paid		-144.6	-140.5
Cash flow used in financing activities		-21.2	-120.5
Currency translation effect		-3.2	-16.7
Change in cash and cash equivalents		-799.1	-152.6
Cash and cash equivalents at the beginning of the reporting period		1 857.5	2 010.1
Cash and cash equivalents at the end of the reporting period	24	1 058.4	1 857.5

1) The share of profit of partner plants and other associates as well as the dilution resulting from the capital increase in Swissgrid were now reported in the operating result. The previous year has been restated accordingly.

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 investments is provided in Note 35 "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 4,294 staff as at 30 September 2016.

2 | Basis of accounting

General principles

The consolidated financial statements for the 2015/16 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 19 December 2016 and are still to be approved by the Annual General Meeting on 10 March 2017.

Measurement bases

The consolidated financial statements are based on the historic cost principle. Exceptions are described in the 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 no new or revised standards and interpretations for the first time for the 2015/16 financial year, which have a material impact on the financial statements and the disclosures.

Voluntary changes in accounting policies

The Axpo Group obtains and sells proportionally to its ownership the energy produced by partner plants and various other associates. The expenses for the energy procurement, revenues from the sales of energy, necessary provisions for onerous energy procurement contracts as well as impairment losses and impairment reversals on investments are presented as part of EBIT. Since the 2015/16 reporting period the share of profit from partner plants and other associates is presented in the operating result. This change provides more reliable and relevant information and better reflects the operational nature of the investments accounted for using the equity method.

Due to the reclassification of the share of profit from partner plants and other associates from the financial result to the operating result, as at 30 September 2015 the EBITDA increases from CHF 593.8 million (reported) to CHF 640.8 million (restated). The EBIT as at 30 September 2015 increases from CHF -928.8 million (reported) to CHF -867.2 million (restated) due to the reclassification of the impairment reversal on other associates in the amount of CHF 14.6 million. The reclassifications do not have any impact on the result for the period.

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 11 (amended) – Accounting for Acquisitions of Interests in Joint Operations (1 January 2016)
- IFRS 15 – Revenue from Contracts with Customers (1 January 2018)
- Clarifications to IFRS 15 – Revenue from Contracts with Customers (1 January 2018)
- IFRS 16 – Leases (1 January 2019)
- IAS 1 (amended) – Disclosure Initiative (1 January 2016)
- IAS 7 (amended) – Disclosure Initiative (1 January 2017)
- IAS 12 (amended) – Recognition of Deferred Tax Assets for Unrealised Losses (1 January 2017)
- IAS 16 and IAS 38 (amended) – Clarification of Acceptable Methods of Depreciation and Amortisation (1 January 2016)
- IFRSs (2012–2014 cycle) – 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, IFRS 15 and IFRS 16, 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 control over goods or services has been transferred from the entity to the client. The framework is given by a five-step 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.

IFRS 16 – Leases

IFRS 16 – Leases was published on 13 January 2016 and specifies how leases are recognised, measured, presented and disclosed in financial statements. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value (elective). Lessors continue to classify leases as operating or finance leases, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The impact of IFRS 16 on the consolidated financial 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 of 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 the Axpo Group exercises significant influence without having control over its financial and business policy. Associates are accounted for using the equity method. 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 the Axpo Group's share of the additional capital and income earned, impairments, reversals on impairments 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 the 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 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 disclosed separately in the notes. 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 other comprehensive income and 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	
		30.9.2016	30.9.2015	2015/16	2014/15
EUR	1	1.0876	1.0915	1.0913	1.0986
GBP	1	1.2631	1.4780	1.4004	1.4771
USD	1	0.9745	0.9743	0.9827	0.9559

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 energy supply. 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.

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 only recognised in the case of damage or impairment, as described under “Impairments 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.

Impairments of non-financial assets

At the balance sheet date, the 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 that do not, however, fall within the scope of IAS 32, IAS 39 and IFRS 7. Nuclear power plant operators are obliged by law to make annual payments into government-controlled funds (the Decommissioning Fund and Waste Disposal Funds 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.

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 price or dealer's margin and emission and green certificates for own use and trading as well as wind farms which are built for sale in the ordinary course of business.

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 which are purchased for own production purposes are initially recognised as inventories and carried at 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. Wind farms which are built for sale in the ordinary course of business are measured at cost incurred or at their lower net realisable value.

Inventories that have been purchased for resale in the short term with a view to generating a profit from fluctuations in price or dealer's margin 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.

Trade receivables and other receivables (current)

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 (non-current)

Non-current 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. The amortisation or allocation of the difference between the fair value of the consideration received less transaction costs and the repayment value is calculated using the effective interest rate method and recognised in profit or loss over the duration of the finance term.

Derivative financial instruments

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

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. The ineffective portion of the hedging relationship is recognised in the income statement in the line item "Revenues from energy sales and grid usage". As soon as the underlying transaction is recognised in "Revenues from energy sales 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 as derivative financial instruments 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 generally 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".

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.

Provisions are also recognised for the dismantling and removing of conventional thermal gas-fired combined-cycle power plants, wind farms, nuclear power plants and certificates. Provisions for the decommissioning and demolition of nuclear power plants are set out in Note 5 "Estimation uncertainties and significant judgements in the application of accounting policies". For provisions for certificates, please refer to Note 4 "Accounting policies", "Inventories".

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.

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 unrecognised assets 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).

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.

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**

The Axpo Group holds a majority share in certain partner plants. It is necessary to assess whether the Axpo Group has control over this majority stake due to the special conditions at the partner plants. 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 it 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 4,348.1 million (see Note 15 "Property, plant and equipment") and holds energy procurement and plant usage rights as well as concessions totalling CHF 513.4 million (see Note 16 "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 2015/16 reporting year, changes in assumptions relating to the described parameters resulted in a net impairment of CHF 655.2 million (see Note 12 "Impairment losses, impairment reversals and provisions for onerous energy procurement contracts", Note 15 "Property, plant and equipment" and Note 16 "Intangible assets").

Transmission systems

The Swiss Electricity Supply Act (StromVG) entered 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 the 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.

In connection with the transfer of the transmission system and the corresponding plants from the previous owners to Swissgrid, the method for determining the relevant value of the transfer was decreed on 20 October 2016 by ElCom. Prior to this, ElCom has decided on 20 September 2012 that the compensation must correspond to the regulatory values. This ruling was appealed. In its verdict of 11 November 2013, the Federal Administrative Court stated that there is a constitutional right to full compensation in accordance with expropriation principles. It referred the matter to ElCom to determine the amount.

In response, the former owners devised a contractual solution for a method of establishing the decisive value. With the new ruling on this method, ElCom is putting the Federal Administrative Court ruling into practice. The ruling was finalised and became binding at the end of November 2016.

For Axpo, this will trigger an initial positive impact on earnings in the amount of CHF 160.0 million in the 2016/2017 financial year; however the cash settlement is only expected in early 2017. The final application of the valuation method will take place following the conclusion of proceedings concerning tariff and cover differences as well as valuation adjustment 2; this is expected to have another positive effect on earnings.

Proceedings of the Federal Electricity Commission

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 for certain allocations nor sales overheads declared by CKW AG. It is the view of CKW AG that its allocations were correct, that the costs claimed may be taken into account and that tariffs were thus calculated 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. In its 20 July 2016 ruling, the Federal Supreme Court repealed the decision of the Federal Administrative Court and confirmed the ElCom ruling of 15 April 2013. As a result of the Federal Supreme Court ruling and related uncertainty as to how generation costs should be calculated for the tariff years that have not yet been assessed, a cumulative provision of CHF 63.4 million is recognised in the balance sheet dated 30 September 2016 (see Note 28 "Provisions"). Depending on the precise interpretation of this decision, it may become necessary in future to adjust the estimate or the amount of the provision.

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 2016, they amounted to CHF 2,282.3 million (see Note 23 "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 30 "Employee benefits".

Nuclear power plant Beznau

As the operator of the Beznau nuclear power plant 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 complex cost calculations and changes 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 reviewed by external experts every five years in accordance with the Ordinance on the Decommissioning Fund and the Waste Disposal Fund for Nuclear Installations (SEFV). The last cost analyses had been performed in 2011. The 2016 cost analyses were prepared in 2015 and 2016 and submitted to the funds' Administrative Commission. Based on the 2016 cost analyses, the funds' Administrative Commission ordered that provisions be built in December 2016 for the years 2017–2021. The 2016 cost analyses will be reviewed in 2017 by international experts commissioned by the funds' Administrative Commission and by the Federal Nuclear Safety Inspectorate (ENSI) so that the Administrative Commission can submit a request to set decommissioning and disposal costs to the Federal Department of the Environment, Transport, Energy and Communications (DETEC), probably at the end of 2017. The contributions due from operators of nuclear power plants for 2017–2021 will be definitively assessed based on the DETEC decision which is expected in mid-2018.

A new cost breakdown structure based on international standards was applied for the first time in the 2016 cost analyses. Under this structure, not only the basic costs but also forecast inaccuracies as well as opportunities and risks are estimated and valued.

Findings from the new 2016 cost analyses were incorporated into the reassessment of provisions for the decommissioning of nuclear power plants and disposal of nuclear waste. As 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 revised SEFV when reassessing the provisions. Thus an inflation rate of 1.5% and a discount rate of 3.5% have been factored into the calculation for provisions. As at the balance sheet date, the carrying amount of the provisions for nuclear waste disposal amounted to CHF 2,752.5 million (see Note 28 "Provisions").

Block 1 of Beznau nuclear power plant was taken offline in mid-March 2015 so that it could be integrated into the major projects AUTANOVE, HERA and NEXIS as well as to permit renovation and inspection work. During scheduled ultrasonic measurements in July 2015, indications of flaws requiring evaluation were discovered for the first time in the base material of the reactor pressure vessel (RPV) of Block 1 of Beznau nuclear power plant. These findings required an in-depth assessment with regard to their relevance for technical safety and ENSI, the regulatory authority, called for additional investigations in August 2015 to determine the origin of the indications and ascertain how they impact the integrity of the pressure vessel.

Since summer 2015, Axpo has performed detailed ultrasonic inspections, a comprehensive review of both the manufacturing documents and process as well as an analysis of the causes of the irregularities detected. Axpo also sought out suitable test material to perform the material inspections required. After the material it had found proved to be either inaccessible or only partially suitable for either commercial or legal reasons, Axpo decided to have a replica of one of the rings made by a specialised forge in England based on the original manufacturing documents. The results of the subsequent examinations and analyses of the replica arrived in early October 2016 and the proof of safety requested by the authorities was submitted to ENSI on 16 November 2016. Since it is difficult to say how long ENSI will need to examine the documents, there is still some uncertainty as to when Block 1 can be recommissioned.

Provision for onerous energy procurement contracts

The provision of CHF 1,622.1 million for onerous energy procurement contracts (see Note 28 "Provisions") covers identifiable losses from the procurement of energy from power-generation plants and long-term supply contracts. For the calculation of the provisions and the assumptions used therein, please refer to Note 12 "Impairment losses, impairment reversals and provisions for onerous energy procurement contracts".

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, 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 -2% (previous year: -8%). The indicator is negative because the calculation of the gearing for the Axpo Group resulted in net assets.

In addition, one subsidiary within the Axpo Group is subject to local supervisory authorities. The regulatory equity requirements which this company must meet were complied with at all times in the 2014/15 and 2015/16 financial years.

Market price risks

Market price risks arise from price and exchange rate movements in respect of unhedged positions held in energy and financial transactions. To hedge part of the expected future energy procurement and energy sales and to hedge currency and interest rate fluctuations, the Axpo Group enters into derivative financial instruments when necessary.

Energy price risks

The Axpo Group defines energy price risks as risks arising from changes in energy prices. In most of the countries where Axpo does business, the energy sector is characterised by wholesale markets with freely determined prices and intense competition for sales. The market risks that arise as a result of price developments on energy markets are particularly serious. 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.

Axpo Trading is one of the world's leading energy traders. It trades on a decentralised basis via various trading hubs in Europe. 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 AG 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 risk of the production and distribution companies in the Axpo Group are hedged. Energy derivatives are designated as hedging instruments in a cash flow hedge and recognised in other comprehensive income until the realisation of the underlying. As at 30 September 2016, these derivatives had a contract volume of CHF 1,870.8 million (previous year: CHF 2,490.4 million) and were 100% effective during the reporting period.

The following table shows the expected amounts of reclassifications to profit or loss relating to cash flow hedges from energy hedging transactions:

CHF million	Effect on the income statement 30.9.2016	Contract value 30.9.2016	Effect on the income statement 30.9.2015	Contract value 30.9.2015
2015/16	0.0	0.0	243.6	888.6
2016/17	92.9	790.6	140.7	802.7
2017/18	89.9	672.4	77.3	643.3
2018/19	-7.6	345.9	8.0	155.0
2019/20	-11.6	61.9	0.1	0.8
Total	163.6	1 870.8	469.7	2 490.4

Sensitivity analysis of the energy price risk

The remaining energy price risks from trading as well as non-hedged energy from own power plants 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.

CHF million	30.9.2016	30.9.2015
VaR Trading & Sales business area	23.6	24.7
VaR CKW business area	0.1	0.4

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 energy price and consequently the majority of the procurement and supply sales contracts are denominated in EUR or the price is based on the EUR energy price. On the other hand, the production costs of the energy-producing property, especially the power plants in Switzerland, are incurred in CHF. As a result, there is a currency risk primarily against the euro and, to a lesser extent, against the US dollar. The Corporate Treasury department 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). As at the balance sheet date, derivatives designated as cash flow hedges with a contract volume of CHF 712.3 million (previous year: CHF 651.8 million) exist.

Sensitivity analysis of the currency risks

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:

CHF million	+/- change	30.9.2016		30.9.2015	
		+/- effect on income statement	+/- effect on equity	+/- effect on income statement	+/- effect on equity
CHF / USD foreign currency risk	10%	-5.7	0.0	-4.2	0.0
CHF / EUR foreign currency risk	10%	-71.9	-14.8	-86.9	-35.2
CHF / GBP foreign currency risk	10%	-6.8	0.0	-3.5	0.0

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.

Interest-bearing financial assets and liabilities

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:

CHF million	Fixed rate	Variable rate	Fixed rate	Variable rate
	30.9.2016	30.9.2016	30.9.2015	30.9.2015
Loans and receivables	1 760.4	1 260.9	1 759.1	2 017.3
Petty cash and cash at banks	0.0	1 008.2	0.0	1 762.5
Short-term investments	0.0	50.2	0.0	95.0
Other financial assets (non-current)	671.9	156.6	903.7	150.9
Financial receivables (current)	1 088.5	45.9	855.4	8.9
Available-for-sale financial assets	1 084.6	0.0	816.8	0.0
Financial liabilities at fair value through profit or loss (held for trading)	0.0	28.7	0.0	41.2
Financial liabilities measured at amortised cost	4 092.2	654.5	3 727.2	908.7
Net exposure	-1 247.2	577.7	-1 151.3	1 067.4

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.

Variable interest-bearing financial liabilities relating to the construction of gas-fired combined cycle power plants in Italy and wind farms in Germany and France expose the Axpo Group to an interest rate risk. This risk is reduced through an adequate use of derivative financial instruments in the form of interest rate swaps. These interest rate swaps were designated as hedging instruments in cash flow hedges and rated as highly effective. As at 30 September 2016, interest rate swaps designated as hedging instruments with a contract volume of CHF 443.7 million (previous year: CHF 430.5 million) and a carrying amount of CHF 22.3 million (previous year: CHF 36.7 million) exist. The cash flows from these swaps will mainly occur in the next one to two years and will be recognised in the income statement during this period.

Sensitivity analysis of the interest rate risk

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:

CHF million	+/- change	30.9.2016		30.9.2015	
		+/- effect on income statement	+/- effect on equity	+/- effect on income statement	+/- effect on equity
Interest rate risk	1%	8.5	-0.2	15.3	-0.4

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 (fund) 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.

In order to assess the market 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 95.0% (previous year: 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 -163.5 million (previous year: CHF -128.9 million) arising from fluctuations in the price of “available-for-sale” financial assets affects only the equity of the Axpo Group.

The receivables from state funds are not a financial instrument according to IAS 32 and therefore are not part of the risk assessment.

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 (Trading & Sales and CKW). 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 following table shows the carrying amounts of the financial instruments, grouped according to the categories defined in IAS 39:

CHF million	Notes	Carrying amount 30.9.2016	Carrying amount 30.9.2015
Loans and receivables		5 174.3	5 874.6
Other financial assets (non-current)	19	769.3	886.2
Other receivables (current and non-current)	23	396.3	242.6
Trade receivables	21	804.1	863.1
Financial receivables (current)	22	1 134.4	864.3
Revenues not yet invoiced	23	1 011.8	1 160.9
Cash and cash equivalents	24	1 058.4	1 857.5
Available-for-sale financial assets		1 883.8	1 503.4
Other financial assets (current and non-current)	19	1 883.8	1 503.4
Financial assets at fair value through profit or loss (held for trading)		1 399.0	1 418.1
Derivative financial instruments with positive replacement values		1 399.0	1 418.1
Energy derivatives		1 390.0	1 292.2
Currency forward contracts		9.0	52.5
Other derivative financial instruments		0.0	73.4
Derivatives designated as hedges		250.1	552.3
Derivative financial instruments with positive replacement values		250.1	552.3
Energy derivatives		235.3	465.2
Currency forward contracts		14.8	87.1
Total financial assets		8 707.2	9 348.4
./. Total available-for-sale shares and participation certificates		799.1	686.6
Maximum credit default risk		7 908.1	8 661.8

Credit risk concentration of trade receivables and revenues not yet invoiced by geographical area

CHF million	Carrying amount 30.9.2016	Carrying amount 30.9.2015
Western Europe	340.7	330.8
Southern Europe	734.7	910.0
Central Europe	653.5	697.9
Others	87.0	85.3
Total	1 815.9	2 024.0

Ageing analysis of trade receivables and their bad debt allowances

CHF million	Gross 30.9.2016	Bad debt allowance 30.9.2016	Gross 30.9.2015	Bad debt allowance 30.9.2015
Not yet due	603.9	-0.5	644.3	-0.1
Past due 1-60 days	112.9	-3.9	172.6	-2.5
Past due 61-150 days	22.8	-1.8	21.9	-4.2
Past due 151-360 days	59.1	-6.2	34.9	-12.6
Past due more than 360 days	93.2	-75.4	72.9	-64.1
Total	891.9	-87.8	946.6	-83.5

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

The following table shows the development of bad debt allowances in the 2014/15 and 2015/16 financial years:

CHF million	Trade receivables	
	General allowances	Specific allowances
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
Net increase	0.0	-19.4
Net decrease	5.6	0.0
Uncollectible receivables written off	0.0	8.9
Currency effects	0.1	0.5
Bad debt allowances as at 30.9.2016	-11.9	-75.9

All bad debt allowances relate to smaller receivables with various counterparties that were impaired. Due to the financial difficulties of these counterparties, the management of the Axpo Group no longer expects these receivables to be fully collectible. Based on past experience, the Axpo Group does not expect any significant impairment losses on trade receivables not yet due. The bad debt allowances consist of specific allowances and general allowances.

Regarding impairment losses and impairment reversals, please refer to Note 19 "Other financial assets".

Cash and cash equivalents, financial assets and financial receivables

Time deposits and cash and cash equivalents are preferably held with financial institutions which have been rated AAA to A. The Axpo Group holds fund shares of short-dated securities from the global investment grade universe.

Derivative financial instruments

The creditworthiness of the transaction partners in the energy trading sector is promptly pursued by Axpo and is assessed by their credit ratings on the basis of external and internal ratings. Interest and currency derivatives are only concluded with banks rated AAA to A.

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 (see column "Additional netting potential", table "Netting of positive and negative replacement values"). 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.

Financial securities received and delivered as at 30 September 2016

CHF million	Financial securities received	Financial securities delivered
Credit Support Annex (CSA)	103.3	235.9
Bank guarantee	178.8	0.4
Others	580.9	228.9
Total	863.0	465.2

Financial securities received and delivered as at 30 September 2015

CHF million	Financial securities received	Financial securities delivered
Credit Support Annex (CSA)	185.6	118.3
Bank guarantee	196.3	170.3
Others	59.3	599.3
Total	441.2	887.9

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

In the previous reporting period "Others, financial guarantees delivered" included short-term sureties, CHF 259.7 million of which had already been reduced by mid-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.

Netting of positive and negative replacement values as at 30 September 2016

CHF million	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		Additional netting potential		Assets after recognition of the netting potential
	Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Total assets recognised on the balance sheet	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	2 333.2	-1 558.5	774.7	615.3	1 390.0	-305.8	1 084.2
Forward currency contracts	0.0	0.0	0.0	9.0	9.0	0.0	9.0
Derivatives designated as hedges							
Energy derivatives	277.8	-61.0	216.8	18.5	235.3	-57.7	177.6
Forward currency contracts	0.0	0.0	0.0	14.8	14.8	0.0	14.8
Total	2 611.0	-1 619.5	991.5	657.6	1 649.1	-363.5	1 285.6

CHF million	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		Liabilities after recognition of the 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		
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	2 234.4	-1 558.5	675.9	711.5	1 387.4	-313.3	1 074.1
Forward currency contracts	0.0	0.0	0.0	6.6	6.6	0.0	6.6
Other derivative financial instruments	0.0	0.0	0.0	6.4	6.4	0.0	6.4
Derivatives designated as hedges							
Energy derivatives	145.1	-61.0	84.1	7.8	91.9	-50.2	41.7
Forward currency contracts	0.0	0.0	0.0	14.8	14.8	0.0	14.8
Other derivative financial instruments	0.0	0.0	0.0	22.3	22.3	0.0	22.3
Total	2 379.5	-1 619.5	760.0	769.4	1 529.4	-363.5	1 165.9

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

CHF million	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	1 475.8	-855.5	620.3	671.9	1 292.2	-236.9	1 055.3
Forward currency 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
Total	1 946.6	-912.9	1 033.7	936.7	1 970.4	-271.1	1 699.3

CHF million	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
Forward currency 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
Total	1 571.8	-912.9	658.9	596.4	1 255.3	-271.1	984.2

Trade receivables from customers who are simultaneously suppliers are netted 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 1,132.5 million (previous year: CHF 1,270.9 million; see Note 23 "Other receivables" and Note 29 "Other liabilities (current)").

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.

By analysing the liquidity effects of risks and by adopting a conservative financing strategy, Axpo ensures that the Axpo Group always has sufficient liquid funds to meet the payment obligations in a timely manner. Such obligations arise, in particular, from the financial liabilities which must be fulfilled.

The following table shows the contractual maturities (including interest rates) 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 2016

CHF million	Carrying amount	Cash flows	at sight	< 3 mths	3–12 mths	1–5 years	> 5 years
Non-derivative financial liabilities, measured at amortised cost							
Trade payables	575.4	575.4	0.0	562.9	12.2	0.0	0.3
Financial liabilities (current and non-current)	4 752.9	5 728.7	6.1	251.1	357.3	1 704.4	3 409.8
Other liabilities (current and non-current)	277.9	277.9	0.0	197.9	19.5	49.0	11.5
Operating expenses not yet invoiced	1 152.4	1 152.4	0.0	1 138.5	13.9	0.0	0.0
Total cash outflow		7 734.4	6.1	2 150.4	402.9	1 753.4	3 421.6
Derivative financial instruments							
Net carrying amount of energy derivatives	146.0						
Gross cash inflow		20 179.3	9 368.5	1 793.0	3 773.3	4 601.1	643.4
Gross cash outflow		16 942.1	9 246.4	1 414.9	2 746.5	2 967.0	567.3
Net carrying amount of currency forward contracts	2.4						
Gross cash inflow		1 236.3	5.8	522.1	281.5	426.9	0.0
Gross cash outflow		1 239.2	4.1	518.5	279.5	437.1	0.0
Net carrying amount of other derivative financial instruments	-28.7						
Gross cash inflow		36.4	0.0	2.3	7.0	26.9	0.2
Gross cash outflow		31.0	0.0	1.7	2.8	23.6	2.9
Total net cash inflow		-3 239.7	-123.8	-382.3	-1 033.0	-1 627.2	-73.4

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

CHF million	Carrying amount	Cash flows	at sight	< 3 mths	3–12 mths	1–5 years	> 5 years
Non-derivative financial liabilities, measured at amortised cost							
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
Total cash outflow		7 791.9	11.9	2 392.3	385.6	1 847.5	3 154.6
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
Total net cash (inflow)/outflow		-3 104.0	-391.4	-368.8	-1 091.6	-1 483.4	231.2

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 under "Derivative financial instruments" 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, the Axpo Group enters into energy sales and purchase contracts. These hedging transactions are allocated to either the "hedge accounting" books or trading 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 accounting mismatches. Further, in some cases, the 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.

The Axpo Group has positive operating cash flow, sound liquid funds and short-term and long-term financial assets, which are not tied and therefore can be used to cover financial liabilities.

The Axpo Group has aggregated credit facilities of CHF 1,815.8 million at its disposal from banks and financial institutions (previous year: CHF 1,796.6 million), of which CHF 1,759.3 million uncommitted (previous year: CHF 1,739.5 million). As at 30 September 2016, the Axpo Group utilises CHF 786.8 million (previous year: CHF 778.2 million) of its credit facilities.

Net results from financial assets and liabilities

CHF million	Income statement 2015/16	Other comprehensive income 2015/16	Income statement 2014/15	Other comprehensive income 2014/15
Net profit/losses included in total revenues				
On financial assets and liabilities at fair value through profit or loss (held for trading)	-71.4	0.0	-80.4	0.0
On derivatives designated as hedges	232.6	-76.6	234.9	328.4
Net profit/losses included in other operating income				
On financial assets and liabilities at fair value through profit or loss (held for trading)	-4.1	0.0	72.6	0.0
On derivatives designated as hedges	75.6	0.0	48.9	0.0
Net profit/losses included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	-4.0	0.0	32.6	0.0
On derivatives designated as hedges	0.0	18.3	0.0	3.5
On loans and receivables	-30.0	0.0	-10.5	0.0
On available-for-sale financial assets	6.7	85.1	96.8	-18.0
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	45.2	0.0	47.2	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	-128.5	0.0	-138.2	0.0
Currency effects on financial assets and liabilities				
Currency effects on financial assets and liabilities	-15.3	0.0	-94.6	0.0

The amounts shown in the column “Other comprehensive income” only include the market value adjustments for the current financial year but not the results reclassified in the income statement.

Other operating expenses contain net impairment provisions made for trade receivables amounting to CHF 13.8 million (previous year: CHF 21.4 million).

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

Three-level hierarchy

The line item “Available-for-sale financial assets” includes equity, real estate and bond 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 adjustments are made where necessary.

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 2016

CHF million	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	48.2	2 465.1	158.3	2 671.6
Currency forward contracts	0.0	9.0	0.0	9.0
Derivatives designated as hedges				
Energy derivatives	0.0	296.3	0.0	296.3
Currency forward contracts	0.0	14.8	0.0	14.8
Available-for-sale financial assets	883.5	970.6	29.7	1 883.8
Assets held for sale	0.0	4.2	0.0	4.2
Inventories	18.0	362.4	0.0	380.4
Assets not measured at fair value				
Other financial assets (non-current)	0.0	776.3	0.0	776.3
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	19.6	2 438.0	211.5	2 669.1
Currency forward contracts	0.0	6.6	0.0	6.6
Other derivative financial instruments	0.0	6.4	0.0	6.4
Derivatives designated as hedges				
Energy derivatives	0.0	152.8	0.0	152.8
Currency forward contracts	0.0	14.8	0.0	14.8
Other derivative financial instruments	0.0	22.3	0.0	22.3
Liabilities not measured at fair value				
Financial liabilities (non-current)	3 130.0	1 391.0	0.0	4 521.0
Financial liabilities (current)	202.3	339.7	0.0	542.0

Three-level hierarchy as at 30 September 2015

CHF million	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
Held-for-sale financial assets	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

The fair values of “Other financial assets (non-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 bonds issued without including the interest accrued.

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 movements in Level 3 financial instruments measured at fair value:

CHF million	Assets	Liabilities	Total
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
Currency translation effect on opening balance	-2.2	-3.1	-5.3
Purchases	18.3	-0.3	18.0
Sales	-13.7	0.0	-13.7
Profit or loss recognised in the income statement	21.9	-55.2	-33.3
Profit or loss recognised in other comprehensive income	-2.0	0.0	-2.0
Transfer to Level 3	3.2	-0.3	2.9
Transfer out of Level 3	-22.8	9.3	-13.5
Currency translation effect on movements	0.7	-0.5	0.2
Balance as at 30.9.2016	188.0	-211.5	-23.5

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.

A change in energy prices of +/- 10% would lead to an increase/decrease in fair value of Level 3 instruments of CHF -30.1 million (previous year: CHF 5.8 million) and CHF 28.2 million (previous year: CHF -9.9 million), respectively. In order to hedge long-term contracts assigned to Level 3, Axpo Group enters into hedges possibly classified as Level 2. Thus the sensitivity analysis of Level 3 instruments does not include the offsetting effect from the hedging position.

Movements in day-one profits or losses

The following tables show the reconciliation of the changes in the accumulated deviations (movement in the deferred 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 million	Day-one loss	Day-one profit	Total
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
Deferred profit/loss arising from new transactions	0.3	-17.3	-17.0
Profit or loss recognised in the income statement	-0.3	8.8	8.5
Currency translation effect	0.0	0.4	0.4
Balance as at 30.9.2016	0.7	-85.9	-85.2

The deferred 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 million	Net sales 2015/16	Net sales 2014/15
Total profit or loss for the financial year recognised in the income statement	-24.8	-35.3
Total profit or loss recognised in the income statement on financial instruments held at financial year end	-32.1	-36.1

7 | Changes in scope of consolidation**2015/16 reporting year:****Company formations, acquisitions and mergers**

Under the agreement dated 15 July 2015 and with economic effect from 15 October 2015, the Axpo Group acquired 100% of the shares and thus control over Volkswind GmbH (with domicile in Ganderkesee, Germany) and its subsidiaries. The company is a leading wind farm developer and operator in Germany and France. During the reporting period, four wind farms of the Volkswind Group portfolio were completed and sold. Two of these four wind farms were part of the acquisition and two were completed during the financial year. The companies of the Volkswind Group are assigned to the Assets business area (see Note 8 "Operating segments").

Further acquisitions during the financial year relate to the purchase of the remaining 50% interest of Axpo Turkey Enerji A.S. (formerly Demirören Axpo Enerji Toptan Ticaret A.S.) by Axpo International SA as per 1 April 2016, resulting in full ownership of the company. Thus, the consideration in the Axpo Group changes from associated to fully consolidated. The Axpo Group holds 100% of the shares in the company which is assigned to the Trading & Sales business area (see Note 8 "Operating segments"). The acquisition of the 66.67% stake in Berom AG (with domicile in Brugg) took place on 15 April 2016. The company is assigned to the Assets business area (see Note 8 "Operating segments"). The acquired non-controlling interests were taken over at fair value.

Acquired assets and liabilities

A fair value evaluation was conducted for the identified assets and liabilities. At the acquisition date the following values existed:

CHF million	Notes	Fair value of assets acquired
Property, plant and equipment	15	167.8
Intangible assets	16	360.0
Investments in partner plants and other associates	17	-13.9
Other non-current and current assets		96.3
Non-current and current financial liabilities		-127.7
Non-current and current provisions		-6.7
Non-current and current other liabilities		-126.3
Total net identifiable assets and liabilities at fair value		349.5
Non-controlling interests at fair value		-1.0
Goodwill acquired		0.8
Acquired cash and cash equivalents		-32.3
Deferred acquisition price		-32.5
Total cash outflow		284.5

The carrying amount of the trade receivables corresponds to the market value. No impairments were made.

Since entering the scope of consolidation, the newly purchased companies generated total income in the amount of CHF 114.6 million and earnings before tax of CHF 8.9 million.

The transaction costs in the amount of CHF 3.9 million were recognised in the income statement.

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 purpose 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 million	Assets 2015/16	Assets 2014/15 restated ¹⁾	Trading & Sales 2015/16	Trading & Sales 2014/15 restated ¹⁾	CKW 2015/16	CKW 2014/15 restated ¹⁾	Reconcilia- tion 2015/16	Reconcilia- tion 2014/15 restated ¹⁾	Total 2015/16	Total 2014/15 restated ¹⁾
Revenues from energy sales and grid usage by external customers	592.1	555.0	3 770.6	4 231.2	779.1	782.2	27.2	27.1	5 169.0	5 595.5
Revenues from energy sales and grid usage by other segments	1 424.5	1 938.8	45.4	14.6	24.5	28.5	-1 494.4	-1 981.9	0.0	0.0
Changes in inventories	-4.6	2.9	0.0	0.0	3.0	-2.2	-0.1	0.6	-1.7	1.3
Capitalised production costs	49.6	79.1	0.0	0.0	21.2	23.0	1.0	1.1	71.8	103.2
Other operating income	84.8	18.3	22.9	250.6	18.5	15.5	50.8	-124.5	177.0	159.9
Total income	2 146.4	2 594.1	3 838.9	4 496.4	846.3	847.0	-1 415.5	-2 077.6	5 416.1	5 859.9
Operating expenses	-2 417.3	-1 947.7	-4 068.8	-4 597.8	-880.3	-698.6	1 486.1	1 975.7	-5 880.3	-5 268.4
Share of profit of partner plants and other associates	86.6	71.2	-1.7	0.2	12.4	14.4	2.5	-36.5	99.8	49.3
Depreciation, amortisation and impairments ²⁾	-731.8	-1 292.7	-14.5	-5.5	-59.4	-78.6	-56.1	-131.2	-861.8	-1 508.0
Earnings before interest and tax (EBIT)	-916.1	-575.1	-246.1	-106.7	-81.0	84.2	17.0	-269.6	-1 226.2	-867.2
Financial income									253.6	208.6
Financial expense									-314.5	-376.8
Earnings before tax (EBT)									-1 287.1	-1 035.5
Income tax expense									35.6	45.6
Result for the period									-1 251.5	-989.9

Segment assets and supplementary information

CHF million	Assets 2015/16	Assets 2014/15	Trading & Sales 2015/16	Trading & Sales 2014/15	CKW 2015/16	CKW 2014/15	Reconcilia- tion 2015/16	Reconcilia- tion 2014/15	Total 2015/16	Total 2014/15
Additions to non-current assets ³⁾	50.4	1.7	9.3	2.4	101.8	85.9	498.2	659.7	659.7	749.7
Investments in partner plants and other associates	999.3	808.1	7.3	1.6	274.3	270.7	101.8	301.0	1 382.7	1 381.4
Segment assets ⁴⁾	6 657.6	5 599.3	3 854.9	3 762.3	2 182.8	2 103.8	5 893.1	7 442.3	18 588.4	18 907.7
thereof "assets held for sale"	2.2	7.8	0.0	0.0	0.0	0.0	2.0	0.0	4.2	7.8

1) The share of profit of partner plants and other associates as well as the dilution effect of the capital increase at Swissgrid are now reported in the operating profit. The previous year has been restated accordingly.

2) The impairment losses and impairment reversals by segment are disclosed in Note 12 "Impairment losses, impairment reversals and provisions for onerous energy procurement contracts".

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

4) 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 million	Switzerland 2015/16	Switzerland 2014/15	Italy 2015/16	Italy 2014/15	Germany 2015/16	Germany 2014/15	Other countries 2015/16	Other countries 2014/15	Total 2015/16	Total 2014/15
Revenues from energy sales and grid usage	1 794.9	2 230.9	2 447.8	2 163.8	345.6	459.7	580.7	741.1	5 169.0	5 595.5
Non-current assets ¹⁾	8 392.9	8 406.1	300.2	115.1	65.7	0.2	97.5	30.4	8 856.3	8 551.8

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

Information by product

CHF million	Energy 2015/16	Energy 2014/15	Grid usage 2015/16	Grid usage 2014/15	Income from energy derivatives trading 2015/16	Income from energy derivatives trading 2014/15	Other net revenue 2015/16	Other net revenue 2014/15	Total 2015/16	Total 2014/15
Revenues from energy sales and grid usage	4 312.5	4 784.3	621.5	586.4	-71.4	-80.5	306.4	305.3	5 169.0	5 595.5

Information about major customers

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

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

CHF million	2015/16	2014/15
Expenses for energy procurement and grid usage from third parties and associates	-2 854.7	-3 000.0
Expenses for energy procurement and grid usage from partner plants (Notes 17 and 31)	-783.4	-832.3
Increase in provisions (excluding interest) for onerous energy procurement contracts (Note 28)	-1 119.5	-291.4
Reversal of provisions (excluding interest) for onerous energy procurement contracts (Note 28)	118.1	98.3
Cost of goods	-49.5	-50.9
Total	-4 689.0	-4 076.3

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 1,001.4 million, recognised in the income statement, in the provision for onerous energy procurement contracts (provisions of CHF 1,119.5 million created and provisions of CHF 118.1 million released; see Note 5 "Estimation uncertainties and significant judgements in the application of accounting policies").

Expenses for energy procurement from quota transactions are not included in the above total since they are netted against any revenues also ceded. They amounted to CHF 476.0 million (previous year: CHF 404.8 million).

10 | Personnel expenses

CHF million	2015/16	2014/15
Salaries and wages	-489.8	-497.5
Employee benefit expense for defined benefit plans (Note 30)	-72.7	-66.0
Employee benefit expense for defined contribution plans	-3.1	-2.7
Social security and other personnel expenses	-63.7	-62.1
Total	-629.3	-628.3
Number of employees at balance sheet date:		
Full-time equivalents	3 897	3 891
Apprentices	397	393
Total	4 294	4 284

11 | Other operating expenses

CHF million	2015/16	2014/15 restated
Charges, fees and capital taxes	-156.2	-150.8
Realised losses from disposals of group companies and other associates	0.0	-2.3
Other operating expenses	-215.2	-206.4
Total	-371.4	-359.5

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.

12 | Impairment losses, impairment reversals and provisions for onerous energy procurement contracts

Allocation of impairment losses, impairment reversals and provisions for the 2015/16 financial year

CHF million		Assets	Trading & Sales	CKW	Reconciliation	Total	
Production Switzerland	Property, plant and equipment	Impairment losses	-769.4	-7.6	-4.8	0.0	-781.8
		Impairment reversals	22.4	0.0	0.4	0.0	22.8
	Intangible assets	Impairment losses	-34.6	0.0	0.0	0.0	-34.6
		Impairment reversals	6.6	0.0	0.0	0.0	6.6
Production abroad	Property, plant and equipment	Impairment losses	-2.3	0.0	0.0	0.0	-2.3
		Impairment reversals	162.7	0.0	0.0	0.0	162.7
	Intangible assets	Impairment losses	-28.6	0.0	0.0	0.0	-28.6
		Other non-current financial assets	Impairment reversals	96.8	0.0	0.0	0.0
Investments Switzerland	Other associates	Impairment losses	0.0	0.0	0.0	-44.8	-44.8
Investments abroad	Other associates	Impairment losses	-11.7	0.0	0.0	0.0	-11.7
Assets held for sale	Property, plant and equipment	Impairment losses	-0.3	0.0	0.0	0.0	-0.3
Total impairment losses/reversals on assets			-558.4	-7.6	-4.4	-44.8	-615.2
Depreciation and amortisation on property, plant and equipment and intangible assets						-246.6	
Total depreciation, amortisation and impairments						-861.8	
Provisions for onerous contracts (net)			-797.2	-8.4	-195.8	0.0	-1 001.4

Allocation of impairment losses, impairment reversals and provisions for the 2014/15 financial year

CHF million			Assets	Trading & Sales	CKW	Reconciliation	Total
Production Switzerland	Property, plant and equipment	Impairment losses	-619.7	0.0	-22.0	0.0	-641.7
		Impairment reversals	23.9	0.0	0.0	0.0	23.9
Production abroad	Property, plant and equipment	Impairment losses	-234.5	0.0	0.0	0.0	-234.5
		Impairment reversals	17.4	0.0	0.0	0.0	17.4
	Intangible assets	Impairment losses	-12.2	0.0	0.0	0.0	-12.2
		Impairment reversals	10.2	0.0	0.0	0.0	10.2
Investments Switzerland	Goodwill	Impairment losses	0.0	0.0	0.0	-133.2	-133.2
	Other associates	Impairment reversals	0.0	0.0	0.0	14.6	14.6
Investments abroad	Other associates	Impairment losses	-147.6	0.0	0.0	0.0	-147.6
	Other non-current financial assets	Impairment losses	-166.2	0.0	0.0	0.0	-166.2
Total impairment losses/reversals on assets			-1 155.5	0.0	-22.0	-118.6	-1 296.1
Depreciation and amortisation on property, plant and equipment and intangible assets							-211.9
Total depreciation, amortisation and impairments							-1 508.0
Provisions for onerous contracts (net)			-166.0	-7.0	-20.1	0.0	-193.1

The wholesale prices on the European energy markets, which were once again sharply reduced in the 2015/16 financial year, as well as downgraded forecasts for future market prices and the related cash flows, led to the impairment losses/reversals and provisions for onerous energy procurement contracts summarised in the above table. Domestic hydroelectric power plants are particularly affected by value adjustments. Impairment reversals on production Switzerland and abroad are mainly attributable to a reduction in the production costs, which for some power plants have compensated the loss of sales.

Impairment losses and impairment reversals for the investment in Global Tech I Offshore Wind GmbH are now booked at the entity level and reported in the income statement under the heading "Share of profit or loss of partner plants and other associates" (see also Note 17 "Investments in partner plants and other associates").

Goodwill is tested for impairment annually in the fourth quarter or any time if there is an indication of impairment. For property, plant and equipment, intangible assets (mainly rights for energy procurement and concessions) and other associates, an impairment test is only conducted if any indication of impairment exists.

All impairment tests are based on a value-in-use calculation using the discounted cash flow (DCF) method. The evaluation of provisions for onerous energy procurement contracts is also based on the DCF method consistent with the value-in-use calculation.

Value-in-use calculation – property, plant and equipment, intangible assets and other associates

The value-in-use calculations are performed for each power plant, associate investments or energy procurement/plant usage rights. The time horizon for the calculation extends over the concession period or the operating life of the asset. For the first three years, the value-in-use corresponds to the present value of cash flows based on the budget planning. From the fourth year, the projected cash flows used for the determination of the value-in-use are based on various assumptions (see "Key assumptions").

Value-in-use calculation – partner plants and energy procurement contracts

The value-in-use calculations are performed for each partner plant or energy procurement contract. The time horizon for the calculation extends over the concession period or the term of the procurement contract and the operating life of the plant, respectively. The cash flows used for the value-in-use calculation are based on the budget planning for the first three years and from the fourth year, the projected cash flows used are based on various assumptions (see "Key assumptions").

Value-in-use calculation – goodwill

The value-in-use corresponds to the present value of the budgeted cash flows for five years and a residual value without taking into account any growth rate. The projected cash flows used for the determination of the value-in-use are based on various assumptions (see “Key assumptions”).

Key assumptions

The key assumptions are based on past experience and management’s estimate of the market development. The significant assumptions used for the determination of the value-in-use and the evaluation of the provisions respectively include forecasts of future electricity and gas prices, assumptions for the capital expenditures, the regulatory environment, growth rates, discount and exchange rates and forecasts for the proportional annual expenses for energy procurement costs (only for power plants and energy procurement contracts).

Discount rates

The discount rate is based on a WACC (weighted average cost of capital) calculated using the capital asset pricing model (CAPM). The parameters used were determined considering the risk profile of the respective cash-generating unit. For the value-in-use calculation and the evaluation of the provision, respectively, a different discount rate was used for each production type and country. For goodwill testing, a specific discount rate per subsidiary was applied.

in %	30.9.2016	30.9.2015
	After-tax real discount rate	After-tax real discount rate
Gas-fired combined-cycle power plants, Italy	4.4	4.2
Wind production, Italy	4.0	3.9
Wind production, France	3.2	n/a
Wind production, Germany	3.2	3.2
Hydro power plants, Switzerland	4.0–4.3	4.0–4.3
Nuclear power plants, Switzerland	4.4	4.4
Long-term contracts, France	4.7	4.7
Goodwill Axpo Italia S.p.A.	4.8	4.7
Goodwill Axpo Hydro Surselva AG	4.1	4.1
Goodwill Telcom AG	4.4	5.4

Sensitivities

For goodwill, changing the discount rates to the following values would cause the recoverable value to be exactly the same as the carrying amount:

in %	30.9.2016	30.9.2015
	Break-even after-tax real discount rate	Break-even after-tax real discount rate
Axpo Italia S.p.A.	12.2	13.4
Axpo Hydro Surselva AG	5.6	12.8

13 | Financial result

CHF million	2015/16	2014/15 restated
Interest income	45.6	47.9
Income from nuclear waste disposal fund	169.2	0.0
Income from investment properties	4.6	5.8
Other financial income	34.2	154.9
Total financial income	253.6	208.6
Interest expense	-158.6	-164.3
Interest and fund expense for nuclear provisions	-95.5	-99.5
Impairment losses financial investments	-0.9	-5.0
Investment property expense	-3.1	-3.2
Net exchange rate losses	-15.3	-94.6
Other financial expense	-41.1	-10.3
Total financial expense	-314.5	-376.9
Total	-60.9	-168.3

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 158.6 million (previous year: CHF 164.3 million) includes interest of CHF 22.2 million (previous year: CHF 21.0 million) on provisions for onerous energy procurement contracts and other provisions (see Note 28 "Provisions").

14 | Income taxes

CHF million	2015/16	2014/15
Current income taxes	-62.0	-50.4
Deferred income taxes	97.6	96.0
Total income taxes	35.6	45.6

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	44.6	65.8
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Reconciliation of expected tax rate and effective tax rate

The expected tax income of CHF 239.4 million (previous year: CHF 198.7 million) can be reconciled to the effective tax income of CHF 35.6 million (previous year: CHF 45.6 million) as follows:

CHF million	2015/16	2014/15
Earnings before tax (EBT)	-1 287.1	-1 035.5
Expected tax rate (ordinary tax rate at head office)	18.6%	19.2%
Income tax at expected tax rate	239.4	198.7
Non-tax-deductible expenses	-19.3	-31.2
Effect from previous periods	5.6	0.0
Effect of tax rate changes	12.3	0.0
Effect of income not subject to tax or tax privileged	60.6	25.8
Uncapitalised tax-loss carry forwards	-177.4	-88.1
Earnings taxable at different tax rates	6.9	-52.6
Effect of impairment of investments	49.7	0.0
Reassessment of deferred tax assets	-133.2	-13.6
Other effects	-9.0	6.6
Total income taxes (current and deferred)	35.6	45.6

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the canton of Aargau (14.4%). Due to the deductibility of both taxes from taxable income, this results in an effective ordinary tax rate for the head office of 18.6% (previous year: 19.2%).

Deferred taxes by origin of temporary differences

CHF million	Assets 30.9.2016	Liabilities 30.9.2016	Assets 30.9.2015	Liabilities 30.9.2015
Property, plant and equipment	332.3	66.3	252.6	64.9
Intangible assets	0.3	93.5	0.2	8.3
Investments	0.0	35.4	0.4	52.5
Positive derivative financial instruments (current and non-current)	0.0	66.5	0.0	116.1
Other assets (non-current)	0.0	21.4	0.8	18.5
Trade receivables	13.1	1.0	14.1	2.6
Other receivables (current)	6.5	2.7	2.8	13.0
Provisions (current and non-current)	38.2	389.6	3.5	496.9
Negative derivative financial instruments (current and non-current)	44.6	0.0	30.5	0.0
Other liabilities (non-current)	89.4	1.6	95.1	1.7
Other liabilities (current)	1.6	0.2	49.9	0.7
Capitalised tax-loss carry forwards	85.8	0.0	226.5	0.0
Deferred taxes, gross	611.8	678.2	676.4	775.2
Offsetting of assets and liabilities	-535.1	-535.1	-618.3	-618.3
Deferred taxes, net	76.7	143.1	58.1	156.9

As in the previous year, as at 30 September 2016, there were no temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities were recognised.

Expiry dates of tax-loss carry forwards not capitalised

CHF million	30.9.2016	30.9.2015
Expiring in the following year	181.9	15.5
Expiring within 2 to 5 years	701.1	302.7
Expiring in more than 5 years	2 589.8	742.6
Total	3 472.8	1 060.8

15 | Property, plant and equipment

CHF million	Power plants	Distribution facilities	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Acquisition cost						
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
Change in consolidation scope	161.0	0.0	5.6	1.2	0.0	167.8
Additions (investments)	14.6	5.2	0.5	4.1	471.7	496.1
Disposals	-136.7	-54.0	-9.3	-12.6	-0.1	-212.7
Adjustments to acquisition costs IFRIC 1	0.0	0.0	0.0	0.0	-82.5	-82.5
Reclassification to "assets held for sale"	0.0	-3.1	-1.0	-0.2	0.0	-4.3
Reclassifications	380.1	199.4	10.0	-55.6	-380.3	153.6
Currency translation effect	-4.4	0.0	0.0	-0.1	-0.2	-4.7
Balance as at 30.9.2016	8 958.5	3 457.2	570.5	246.5	2 686.7	15 919.4
Accumulated depreciation						
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
Depreciation in reporting period	-67.5	-76.5	-13.8	-21.2	0.0	-179.0
Impairment losses	-285.1	-15.7	-21.7	-0.3	-461.3	-784.1
Impairment reversals	181.7	0.2	0.3	0.0	3.3	185.5
Disposals	116.5	51.6	4.7	11.5	0.0	184.3
Reclassification to "assets held for sale"	0.0	1.6	0.4	0.1	0.0	2.1
Reclassifications	-306.9	-57.2	1.4	54.6	161.5	-146.6
Currency translation effect	2.7	0.0	0.0	0.0	0.1	2.8
Balance as at 30.9.2016	-7 792.7	-2 042.0	-292.3	-187.9	-1 256.4	-11 571.3
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
Carrying amount as at 1.10.2015	1 109.8	1 363.7	301.1	77.1	1 718.1	4 569.8
Carrying amount as at 30.9.2016	1 165.8	1 415.2	278.2	58.6	1 430.3	4 348.1

Due to the inclusion of the 2016 cost study, the acquisition value of the Beznau nuclear power plant has been reduced by CHF 82.5 million. This change in estimate was taken into account in accordance with IFRIC 1 in the line item "Adjustments to acquisition costs IFRIC 1" as well as in the provisions for nuclear waste disposal (see Note 28 "Provisions").

The line "Change in consolidation scope" contains property, plant and equipment from the acquisition of Volkswind GmbH and Berom AG.

Reclassifications totalling CHF 380.3 million (previous year: 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 previous year from land and buildings to investment properties with a carrying amount of CHF 24.5 million as well as to power plants with a carrying amount of CHF 61.6 million.

In the 2015/16 financial year, property, plant and equipment with a carrying amount of CHF 2.3 million was classified as "held for sale" and reclassified to the item "Assets held for sale". In the previous year, property, plant and equipment with a carrying amount of CHF 91.4 million were transferred from Axpo Power AG, Kraftwerke Linth-Limmern AG and Kraftwerke Vorderrhein AG to Swissgrid AG.

Capital commitments

Long-term contractual obligations of CHF 551.0 million (previous year: CHF 142.2 million) were assumed in connection with the acquisition of property, plant and equipment (including nuclear fuel rods). Property, plant and equipment of CHF 395.5 million (previous year: CHF 107.7 million) was pledged as collateral for financial liabilities. The majority of the pledged property, plant and equipment is related to the gas-fired combined-cycle power plants in Italy and the wind farms in France and Germany.

Assets under construction

Advance payments to businesses and suppliers included in assets under construction amounted to CHF 534.7 million (previous year: CHF 434.8 million).

Capitalised borrowing costs

In the 2015/16 financial year, borrowing costs of CHF 21.9 million (previous year: CHF 21.8 million) at a borrowing rate between 0.2% and 2.05% (previous year: 0.2% and 2.83%) were capitalised.

16 | Intangible assets

CHF million	Energy procurement rights, rights of use for facilities and concessions	Goodwill	Other	Total
Acquisition cost				
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
Change in consolidation scope	359.9	0.0	0.1	360.0
Additions (investments)	0.0	1.1	8.1	9.2
Disposals	-32.5	-1.5	-9.1	-43.1
Reclassifications	3.5	0.0	-5.7	-2.2
Currency translation effect	-1.1	-0.6	-0.2	-1.9
Balance as at 30.9.2016	2 794.9	378.2	456.3	3 629.4
Accumulated amortisation				
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 effect	1.5	0.7	4.6	6.8
Balance as at 30.9.2015	-2 194.3	-276.1	-278.8	-2 749.2
Amortisation in reporting period	-57.5	0.0	-10.1	-67.6
Impairment losses	-63.2	0.0	0.0	-63.2
Impairment reversals	6.6	0.0	0.0	6.6
Disposals	32.0	1.5	9.1	42.6
Reclassifications	-5.2	0.0	3.5	-1.7
Currency translation effect	0.1	0.0	0.3	0.4
Balance as at 30.9.2016	-2 281.5	-274.6	-276.0	-2 832.1
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
Carrying amount as at 1.10.2015	270.8	103.1	184.3	558.2
Carrying amount as at 30.9.2016	513.4	103.6	180.3	797.3

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 million	30.9.2016	30.9.2015
Axpo Italia S.p.A.	74.1	74.4
Axpo Hydro Surselva AG	27.3	27.3
Telcom AG	1.4	1.4
Other	0.8	0.0
Total	103.6	103.1

17 | Investments in partner plants and other associates

CHF million	Partner plants	Other associates	Total
Carrying amount as at 30.9.2015	850.5	530.9	1 381.4
Change in consolidation scope	0.0	-13.9	-13.9
Additions	2.2	32.2	34.4
Disposals	0.0	-0.1	-0.1
Impairment losses	0.0	-59.8	-59.8
Dividend	-32.8	-25.0	-57.8
Share of profit	36.1	63.7	99.8
Cash flow hedges (other comprehensive income)	0.0	1.0	1.0
Currency translation differences (other comprehensive income)	0.0	1.4	1.4
Remeasurement of defined benefit plans (other comprehensive income)	2.1	-0.5	1.6
Deferred taxes (other comprehensive income)	-0.4	-4.6	-5.0
Currency translation effect	0.0	-0.3	-0.3
Carrying amount as at 30.9.2016	857.7	525.0	1 382.7

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 25% of the Portuguese Gold Energy-Comercializadora de Energía S.A. In addition, the line in "Additions" contains various capital increases in other associates. Among other things, the share capital of Trans Adriatic Pipeline AG was increased (pro-rata) by CHF 11.5 million, and Swissgrid's share capital increased by CHF 12.3 million as a result of valuation adjustments on the transmission systems transferred in the previous year.

In May 2016, the participation capital of Repower AG was converted into equity capital and a capital increase was implemented in July 2016. Axpo has waived the exercise of its subscription rights, which reduced the shareholding in Repower AG from 33.7% to 12.69%. The dilution effect on the investment amounts to CHF 65.8 million and is shown in the line "Impairment losses" together with the impairment reversal of CHF 29.8 million. In addition, foreign currency translation differences of equity in the amount of CHF 8.8 million were recycled to the income statement. The investment is included as an associate in the consolidated financial statements due to the significant influence of Axpo.

Impairment losses and impairment reversals

Impairment losses and impairment reversals on the investment in Global Tech I Offshore Wind GmbH are booked at the entity level for the first time. The impairment reversal of the current reporting period is included in the line item "Share of profit" and in the income statement in the line item "Share of profit of partner plants and other associates", respectively.

For Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l., a possible negative or positive carrying amount of the investment after consolidation of the share of profit is reclassified to long-term loan receivables. The reclassification of the net effects of CHF -12.4 million and CHF 0.3 million in the reporting period for Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l., respectively, were booked in the line item "Impairment losses" (see Note 19 "Other financial assets").

Partner plants

Shareholders in partner plants have obliged themselves reciprocally within the scope of the partnership agreements to pay the pro rata annual costs (incl. interest and repayment of loans). The proportional annual costs for the Axpo Group amount to CHF 783.4 million (previous year: CHF 832.3 million). These costs are included in expenses for energy procurement costs and cost of goods purchased (see Note 9 "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 nuclear partner plants Kernkraftwerk Leibstadt AG and Kernkraftwerk Gösgen-Däniken AG. A list of partner plants and other associates can be found in Note 35 "Investments".

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 million	Gross value 30.9.2016		Gross value 30.9.2015	
	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen- Däniken AG	Kernkraftwerk Leibstadt AG	Kernkraftwerk Gösgen- Däniken AG
Balance sheet				
Non-current financial receivables	2.9	1.3	5.3	3.6
Swiss Federal Decommissioning and Waste Disposal Funds	1 696.3	1 762.0	1 497.1	1 580.2
Other fixed assets	2 380.3	1 501.8	2 564.5	1 812.8
Cash and cash equivalents and current financial receivables	99.4	100.1	26.0	46.9
Other current receivables	249.7	248.8	249.8	93.1
Total assets	4 428.6	3 614.0	4 342.7	3 536.6
Non-current financial liabilities	400.0	130.0	250.0	130.0
Non-current provisions	3 276.9	2 990.3	3 263.9	2 898.9
Non-current other liabilities	155.0	151.7	144.0	156.2
Current financial liabilities	50.0	0.0	200.0	36.0
Current provisions	69.2	32.6	0.0	0.0
Current other liabilities	79.5	77.2	84.3	93.0
Equity	398.0	232.2	400.5	222.5
Total liabilities & equity	4 428.6	3 614.0	4 342.7	3 536.6
Share (in %)	34.63%	35.95%	34.63%	35.95%
Carrying amount of the investment	137.8	83.5	138.7	80.0
Dividends received	8.6	6.3	8.6	6.3
Income statement				
Income	526.3	450.9	524.6	398.9
Expenses	-500.0	-432.2	-498.3	-380.2
Profit	26.3	18.7	26.3	18.7
Statement of comprehensive income				
Other comprehensive income	-4.1	8.4	-48.9	-59.8
Total comprehensive income	22.2	27.1	-22.6	-41.1
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	-1.4	3.0	-16.9	-21.5
Share of total comprehensive income	7.7	9.7	-7.8	-14.8

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 30.9.2016

CHF million	Individual disclosed investments aggregated	Partner plants	Other associates	Total
Carrying amount of the investments	221.3	636.4	525.0	1 382.7
Balance sheet				
Non-current financial receivables	1.5	81.0	8.4	90.9
Swiss Federal Decommissioning and Waste Disposal Funds	1 220.9	0.0	0.0	1 220.9
Other fixed assets	1 364.2	2 193.8	1 963.7	5 521.7
Cash and cash equivalents and current financial receivables	70.4	97.0	200.3	367.7
Other current receivables	175.9	47.9	344.7	568.5
Total assets	2 832.9	2 419.7	2 517.1	7 769.7
Non-current financial liabilities	185.3	1 251.0	1 329.4	2 765.7
Non-current provisions	2 209.8	158.2	96.7	2 464.7
Non-current other liabilities	108.2	25.2	64.6	198.0
Current financial liabilities	17.3	175.8	51.6	244.7
Current provisions	35.7	7.5	21.3	64.5
Current other liabilities	55.3	165.9	327.8	549.0
Equity	221.3	636.1	625.7	1 483.1
Total liabilities & equity	2 832.9	2 419.7	2 517.1	7 769.7
Income statement				
Income	344.4	550.0	731.1	1 625.5
Expenses	-328.6	-529.7	-667.4	-1 525.7
Profit	15.8	20.3	63.7	99.8
Statement of comprehensive income				
Total other comprehensive income	1.6	0.1	-2.7	-1.0
Total comprehensive income	17.4	20.4	61.0	98.8

Financial information of partner plants and other associates as at 30.9.2015

CHF million	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 financial receivables	3.1	80.1	9.0	92.2
Swiss Federal Decommissioning and Waste Disposal Funds	1 086.6	0.0	0.0	1 086.6
Other fixed assets	1 539.8	2 265.4	2 197.5	6 002.7
Cash and cash equivalents and current financial receivables	25.8	93.2	163.7	282.7
Other current receivables	120.0	68.8	394.2	583.0
Total assets	2 775.3	2 507.5	2 764.4	8 047.2
Non-current financial liabilities	133.4	1 311.9	1 416.3	2 861.6
Non-current provisions	2 172.4	119.4	141.8	2 433.6
Non-current other liabilities	106.0	4.4	76.4	186.8
Current financial liabilities	82.2	126.4	-0.8	207.8
Current provisions	0.0	8.8	1.5	10.3
Current other liabilities	62.6	304.8	324.2	691.6
Equity	218.7	631.8	805.0	1 655.5
Total liabilities & equity	2 775.3	2 507.5	2 764.4	8 047.2
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

18 | Subsidiaries with material non-controlling interests

A list of subsidiaries can be found in Note 35 “Investments”. 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 intercompany eliminations:

Financial information (before intercompany eliminations)

CHF million	2015/16		2014/15	
	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	1 508.2	2 579.0	1 438.3	2 331.4
Current assets	674.6	180.4	665.5	381.3
Non-current liabilities	602.6	2 055.2	396.6	2 064.2
Current liabilities	225.7	339.6	267.4	284.3
Equity	1 354.5	364.6	1 439.8	364.2
Equity attributable to the non-controlling interests	257.4	54.7	273.6	54.6
Income statement				
Total income	846.3	85.7	847.0	79.7
Profit for the period	-69.7	5.6	70.1	5.6
Profit for the period attributable to the non-controlling interests	-13.2	0.8	13.3	0.8
Statement of comprehensive income				
Total comprehensive income	-69.0	5.6	-24.3	5.6
Total comprehensive income attributable to the non-controlling interests	-13.1	0.8	-4.6	0.8
Dividends paid to the non-controlling interests	-0.8	-0.8	-0.8	0.0
Cash flow statement				
Cash flow from operating activities	97.1	86.1	175.2	50.9
Cash flow from investing activities	-141.2	-53.5	-103.1	-146.2
Cash flow from financing activities	-6.6	-32.6	-6.2	95.2

19 | Other financial assets

CHF million	30.9.2016	30.9.2015
Available-for-sale financial assets	1 883.8	1 503.4
Loans	659.5	734.6
Impairment allowances on loans	-59.2	-168.4
Time deposits	169.0	320.0
Total	2 653.1	2 389.6

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 extremely 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 financial institutions and cantons and have maturities of up to 24 months and an interest rate of between -0.50% and 0.25% (previous year: between 0.02% and 0.64%). Time deposits due for repayment within 12 months after the balance sheet date are recognised in current financial receivables (see Note 22 "Financial receivables (current)").

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

CHF million	Maturity date	Interest rate % 30.9.2016	Carrying amount 30.9.2016	Carrying amount 30.9.2015
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	31.12.2016	0.0%	0.0	14.1
Argessa AG	28.09.2017	0.0%	0.0	11.0
Global Tech I Offshore Wind GmbH	31.12.2030	6.0% and 10.0%	56.0	33.8
Kraftwerk Göschenen AG	31.01.2017	0.0%	0.0	20.0
Kraftwerke Mattmark AG	19.02.2017	0.0%	0.0	15.0
Società EniPower Ferrara S.r.l.	20.06.2023	1.04% ¹⁾	100.7	19.3
Swissgrid AG	05.01.2024	3.405% and 3.93%	281.8	270.1
Terravent AG	31.03.2042	0.75%	13.8	13.8
Trans Adriatic Pipeline AG	12.02.2038	2.0% ²⁾	44.0	20.9
Total			496.3	417.1

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

2) Variable interest rate linked to 12-month euro 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 last year 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. This year's review of the recoverability of the power plants has resulted in impairment reversals of CHF 12.4 million and CHF 96.8 million, respectively. As both shareholder loans are loans of an equity nature, the impairment losses and the impairment reversals were charged to the operating result. The impairment reversal on the loan with Società EniPower Ferrara S.r.l. was booked in the line item "Depreciation, amortisation and impairments" whereas the impairment reversal on the loan with Global Tech I Offshore Wind GmbH was booked in the line item "Share of profit of partner plants and other associates".

For Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l., a possible negative or positive carrying amount of the investment after consolidation of the share of profit is reclassified to long-term loan receivables. The reclassification of the net effects of CHF 12.4 million and CHF -0.3 million for Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l., respectively, were booked in the line item "Impairment allowances on loans" (see Note 17 "Investments in partner plants and other associates").

20 | Inventories

CHF million	30.9.2016	30.9.2015
Nuclear fuel	99.2	54.3
Certificates held for own use	7.3	14.9
Work in progress	39.2	19.8
Materials	78.6	74.4
Inventories of other energy sources held for own use	1.5	3.7
Gas inventories held for trading	183.8	204.8
Certificates held for trading	196.6	169.1
Impairment provisions	-104.7	-36.8
Total	501.5	504.2

Wind farms from the Volkswind Group portfolio, which are developed with the intention of selling them, are presented as "Work in progress" in inventories.

Certificates and gas inventories acquired for resale in the near term with a view to generating a profit from fluctuations in price or dealer's margin 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.

21 | Trade receivables

CHF million	30.9.2016	30.9.2015
Trade receivables	891.9	946.6
Impairment allowances for bad debts	-87.8	-83.5
Total	804.1	863.1

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".

22 | Financial receivables (current)

CHF million	30.9.2016	30.9.2015
Time deposits	959.0	720.0
Other current financial receivables	175.4	144.3
Total	1 134.4	864.3

Time deposits are invested in financial institutions and cantons and have a maturity of up to 12 months and an interest rate of between -0.60% and 0.75% (previous year: 0.00% and 0.56%). Other current financial receivables include current account balances due from related parties and short-term loans.

23 | Other receivables

CHF million	30.9.2016	30.9.2015
Receivables from state funds	2 282.3	1 993.1
Receivables from pension plans	3.6	3.1
Other (financial instruments)	73.2	75.6
Other (non-financial instruments)	76.4	59.8
Impairment allowances on other receivables (financial instruments)	-38.0	-38.0
Total non-current other receivables	2 397.5	2 093.6
Accrued income and prepaid expenses (financial instruments)	2.8	8.2
Accrued income and prepaid expenses (non-financial instruments)	30.5	92.1
Advance payments to suppliers	132.8	70.8
Revenues not yet invoiced (financial instruments)	1 011.8	1 160.9
Other (financial instruments)	358.3	196.8
Other (non-financial instruments)	156.6	144.4
Total current other receivables	1 692.8	1 673.2
Total	4 090.3	3 766.8

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 2,282.3 million (previous year: CHF 1,993.1 million). As at the balance sheet date, the provisions for decommissioning and disposal of nuclear waste totalled CHF 2,752.5 million (previous year: CHF 2,785.7 million). The impact of the change in receivables from government funds on the income statement is explained in Note 13 "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 1,132.5 million (previous year: CHF 1,270.9 million; see Note 29 "Other liabilities (current)").

24 | Cash and cash equivalents

CHF million	30.9.2016	30.9.2015
Petty cash and cash at banks	1 008.2	1 762.5
Time deposits	50.2	95.0
Total	1 058.4	1 857.5

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 22 "Financial receivables (current)").

At the end of the reporting period, cash and cash equivalents held in Swiss francs and euros amounted to CHF 614.4 million (previous year: CHF 1,446.3 million) and CHF 316.1 million (previous year: CHF 363.5 million), respectively.

25 | Equity

Share capital

The share capital of CHF 370 million consists of 37,000,000 fully paid-in registered shares with a nominal value of CHF 10.00 per share.

Retained earnings

The retained earnings consist of legal and statutory reserves, undistributable profits of previous years and accumulated remeasurements on pension liabilities. The calculation of the maximum distributable part of the retained earnings is based on the statutory financial statements of Axpo Holding AG.

Own shares

Shares held by Axpo or its Group companies are deducted from equity at their acquisition cost. As at 30 September 2016, Centralschweizerische Kraftwerke AG owns its own registered shares with a nominal value of CHF 29,692 (previous year: CHF 29,692).

Other reserves

CHF million	Reserves from hedge accounting	Unrealised gains and losses	Foreign currency translation reserves	Total
Balance as at 30.9.2014	308.3	249.0	-308.1	249.2
Foreign currency translation			-109.9	-109.9
Available-for-sale financial assets				
Fair value adjustments		-18.0		-18.0
Gains (-)/losses (+) transferred to the income statement		-81.2		-81.2
Cash flow hedges				
Fair value adjustments	327.4			327.4
Gains (-)/losses (+) transferred to the income statement	-232.4			-232.4
Deferred tax/income tax thereon	-15.4	7.8		-7.6
Total other comprehensive income, net after income tax	79.6	-91.4	-109.9	-121.7
Balance as at 30.9.2015	387.9	157.6	-418.0	127.5
Foreign currency translation			9.5	9.5
Available-for-sale financial assets				
Fair value adjustments		85.2		85.2
Gains (-)/losses (+) transferred to the income statement		-2.6		-2.6
Cash flow hedges				
Fair value adjustments	-59.6			-59.6
Gains (-)/losses (+) transferred to the income statement	-297.3			-297.3
Deferred tax/income tax thereon	62.0	-6.5		55.5
Total other comprehensive income, net after income tax	-294.9	76.1	9.5	-209.3
Balance as at 30.9.2016	93.0	233.7	-408.5	-81.8

Reserves from hedge accounting

Reserves from hedge accounting comprise unrealised changes in the value of cash flow hedging instruments in the amount of the effective portion of the hedge which are not yet realised in the income statement since the transaction underlying the hedge was not yet recognised as income.

Unrealised gains or losses

The changes in fair value on available for sale investments are recognised in unrealised gains or losses until their realisation or until an impairment booking is necessary.

Foreign currency translation reserve

The foreign currency translation reserve contains the currency differences from the translation of financial statements in foreign currencies from subsidiaries and associates.

26 | Financial liabilities (non-current)

CHF million	30.9.2016	30.9.2015
Bonds	3 299.2	2 785.9
Mortgage loans	1.0	18.9
Non-current loans	913.4	1 168.8
Total	4 213.6	3 973.6
Maturities at the end of the financial year:		
Due within 1 to 5 years	1 214.6	1 538.4
Due in more than 5 years	2 999.0	2 435.2
Total	4 213.6	3 973.6
Average weighted interest rate at the balance sheet date:		
Bonds	1.8%	1.0%
Non-current loans	1.1%	2.2%

Bonds outstanding at the balance sheet date

CHF million	Maturity date	Effective interest rate % 30.9.2016	Carrying amount 30.9.2016	Carrying amount 30.9.2015
Axpo Holding AG, CHF 429.8 million face value, 2.625% fixed rate	26.02.2020	3.160%	427.2	694.6
Axpo Holding AG, CHF 350 million face value, 1.75% fixed rate	29.05.2024	1.794%	348.9	0.0
Axpo Holding AG, CHF 300 million face value, 3.125% fixed rate	26.02.2025	3.253%	297.5	297.2
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.125% fixed rate	10.03.2017	0.000%	0.0	199.5
Kraftwerke Linth-Limmern AG, CHF 170 million face value, 0.5% fixed rate	09.09.2021	0.534%	169.7	169.7
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	10.03.2022	2.967%	198.0	197.6
Kraftwerke Linth-Limmern AG, CHF 170 million face value, 1.5% fixed rate	06.12.2022	1.556%	169.5	0.0
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 2.75% fixed rate	09.06.2023	2.872%	198.6	198.4
Kraftwerke Linth-Limmern AG, CHF 270 million face value, 1.25% fixed rate	11.09.2024	1.309%	268.8	268.6
Kraftwerke Linth-Limmern AG, CHF 130 million face value, 2.375% fixed rate	10.12.2026	2.473%	128.9	128.8
Kraftwerke Linth-Limmern AG, CHF 125 million face value, 2.875% fixed rate	30.06.2031	3.109%	121.8	121.6
Kraftwerke Linth-Limmern AG, CHF 150 million face value, 2.875% fixed rate	27.03.2042	2.902%	149.3	149.3
Kraftwerke Linth-Limmern AG, CHF 160 million face value, 3.0% fixed rate	02.04.2048	2.972%	160.9	160.9
Kraftwerke Linth-Limmern AG, CHF 200 million face value, 3.0% fixed rate	27.09.2052	3.007%	199.7	199.7
Total			2 838.8	2 785.9

All bonds listed above are carried at amortised cost using the effective interest method and are listed on the SIX Swiss Exchange. The fair value of the fixed-interest bonds outstanding on the balance sheet date amounts to CHF 3,130.0 million (previous year: CHF 3,107.5 million).

In addition to the bonds listed above, there are financial liabilities from private placements with a total carrying amount of CHF 460.4 million (previous year: CHF 283.0 million) with maturities of 3 to 20 years (previous year: 2 to 15 years) and an interest rate of 1.50% to 3.875% (previous year: from 0.875% to 3.875%). As at the balance sheet date, the market value of the privately placed bonds was CHF 470.5 million. In the previous year, these were enclosed in the "Non-current loans".

The bond of Kraftwerke Linth-Limmern AG (CHF 200 million face value) with a carrying amount of CHF 199.8 million is due for repayment within the next twelve months and is therefore classified as a current financial liability on the balance sheet date. The fair value of the bond amounts to CHF 202.3 million. At the end of July 2016, the Axpo Group repurchased shares in the amount of CHF 270.2 million of the bond with a face value of CHF 700 million and a maturity date of 26 February 2020. At the same time, a new bond with a face value of CHF 350 million, a maturity of eight years and an interest rate of 1.75% was placed on the market.

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

CHF million	Maturity date	Interest rate % 30.9.2016	Carrying amount 30.9.2016	Carrying amount 30.9.2015
Agent BNP Paribas Milano	30.11.2019	1.051%	159.2	183.3
Agent BNP Paribas Milano	30.06.2023	1.024%	237.0	256.7
Allianz Suisse Lebensversicherungs-Gesellschaft AG	29.09.2017	0.000%	0.0	15.0
Glarner Kantonalbank	30.10.2025	1.500%	35.0	0.0
Graubündner Kantonalbank	17.08.2027	2.080%	13.0	13.0
Graubündner Kantonalbank	02.08.2022	2.420%	20.0	20.0
Graubündner Kantonalbank	22.09.2030	1.640%	15.0	15.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	19.03.2018	3.000%	15.0	15.0
Pax, Schweizerische Lebensversicherungs-Gesellschaft AG	13.08.2020	2.250%	20.0	20.0
PostFinance AG	16.09.2022	1.150%	20.0	20.0
Schweizerische Unfallversicherung Suva	19.03.2018	3.610%	90.0	90.0
St. Galler Kantonalbank AG	30.08.2019	1.180%	15.0	15.0
St. Galler Kantonalbank AG	17.04.2023	1.940%	15.0	15.0
Zürcher Kantonalbank	15.05.2017	0.000%	0.0	15.0
Total			654.2	693.0

The loans to Allianz Suisse Lebensversicherungs-Gesellschaft AG and Zürcher Kantonalbank with a carrying amount of CHF 15.0 million each are due for repayment within the next twelve months and are reported as current financial liabilities on the balance sheet date.

The interest rate risk on loans in the amount of CHF 443.7 million (previous year: CHF 430.5 million) is hedged through interest rate swaps (see Note 6 "Financial risk management", "Interest rate risk").

27 | Other liabilities (non-current)

CHF million	30.9.2016	30.9.2015
Assigned energy procurement and usage rights	73.8	77.0
Employee benefit obligation (Note 30)	513.9	533.2
Other (financial instruments)	60.5	35.2
Other (non-financial instruments)	162.3	135.5
Total	810.5	780.9
Maturities at the end of the financial year: ¹⁾		
Due within 1 year	4.1	0.0
Due within 1 to 5 years	131.4	72.3
Due in more than 5 years	675.0	708.6
Total	810.5	780.9

1) In the case of 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.

In the previous year, 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 carrying amount 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").

28 | Provisions

CHF million	Nuclear waste disposal ¹⁾	Onerous energy procurement contracts	Other provisions	Total
Balance as at 30.9.2015	2 785.7	671.0	111.2	3 567.9
Change in consolidation scope	0.0	0.0	4.5	4.5
Increase	19.1	1 119.5	98.4	1 237.0
Interest	95.5	19.8	2.4	117.7
Reversal	-94.9	-118.1	-13.4	-226.4
Usage	-53.7	-68.5	-18.5	-140.7
Reclassifications	0.8	-1.5	0.5	-0.2
Currency translation effect	0.0	-0.1	-1.1	-1.2
Balance as at 30.9.2016	2 752.5	1 622.1	184.0	4 558.6
Current portion of provisions	68.5	204.4	42.9	315.8
Non-current portion of provisions	2 684.0	1 417.7	141.1	4 242.8
Total	2 752.5	1 622.1	184.0	4 558.6

1) The line item "Increase" of the "Nuclear waste disposal" provision contains an amount of CHF 12.4 million not recognised in profit or loss which is related to the allocation of the acquisition costs of the Beznau nuclear power plant. IFRIC 1 was applied to reverse the provision. The same amount was capitalised under "Power plants" (see Note 15 "Property, plant and equipment").

Expected cash outflows from provisions

CHF million	Nuclear waste disposal	Onerous energy procurement contracts	Other provisions	Total
Due within 1 year	68.5	204.4	42.9	315.8
Due in 1 to 5 years	188.9	688.3	116.3	993.5
Due in more than 5 years	2 495.1	729.4	24.8	3 249.3
Total	2 752.5	1 622.1	184.0	4 558.6

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%. The inclusion of the new provisional cost studies in 2016 led to a release of the provisions by CHF 94.9 million. This change in accounting estimate was recognised in accordance with IFRIC 1 in the provisions for nuclear waste disposal and in the same amount in the related assets under property, plant and equipment (see Note 15 "Property, plant and equipment") and did not affect net income.

Provisions for "Onerous energy procurement contracts"

The provision of CHF 1,622.1 million for "Onerous energy procurement contracts" covers identifiable losses from the procurement of electricity from power-generation plants and from long-term supply contracts. See Note 12 "Impairment losses, impairment reversals and provisions for onerous energy procurement contracts" for details on the valuation.

"Other provisions"

A provision of CHF 63.4 million (previous year: CHF 23.4 million) was recorded in the balance sheet of the CKW Group as at 30 September 2016 in connection with grid usage and electricity tariffs. On the basis of the Federal Administrative Court's decision of July 2016 and the associated uncertainty regarding the calculation method of production costs, the provision was increased by CHF 40.0 million. The provision is recognised in the CKW segment. For further information, please see Note 5 "Estimation uncertainties and significant judgements in the application of accounting policies".

The "Other provisions" item also includes personnel obligations, provisions for certificates and dismantling costs of wind farms.

29 | Other liabilities (current)

CHF million	30.9.2016	30.9.2015
Accrued expenses and deferred income (non-financial instruments)	46.6	260.9
Accrued expenses and deferred income (financial instruments)	44.7	51.5
Operating expenses not yet invoiced	1 152.4	1 310.9
Advance payments from customers	79.0	37.6
Other (financial instruments)	172.7	189.3
Other (non-financial instruments)	34.5	56.6
Total	1 529.9	1 906.8

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 revenues not yet invoiced and operating expenses not yet invoiced amount to CHF 1,132.5 million (previous year: CHF 1,270.9 million, see Note 23 "Other receivables").

30 | 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 the balance sheet

CHF million	30.9.2016	30.9.2015
Present value of defined benefit obligation as at 30.9.	2 841.9	2 717.3
Fair value of plan assets as at 30.9.	2 328.0	2 184.1
Deficit as at 30.9.	513.9	533.2
Pension liabilities recognised in the balance sheet as at 30.9. (Note 27)	513.9	533.2

Pension costs in income statement

CHF million	2015/16	2014/15
Current service cost	67.5	63.5
Interest expense on defined benefit obligation	18.9	37.0
Interest income on plan assets	-15.1	-34.3
Administration cost excluding asset management cost	1.4	1.2
Others	0.0	-1.4
Pension cost for the period recognised in the income statement (Note 10)	72.7	66.0
thereof service cost and administration cost	68.9	63.3
thereof net interest expense/(income)	3.8	2.7

Pension costs in other comprehensive income

CHF million	2015/16	2014/15
Actuarial (gains)/losses on defined benefit obligation	132.0	250.1
Return on plan assets excluding interest income	-178.7	93.7
Others	-0.3	0.0
Pension cost for the period recognised in other comprehensive income	-47.0	343.8

Change in employee benefit liability reported in the balance sheet

CHF million	2015/16	2014/15
Employee benefit liability as at 1.10.	533.2	171.8
Pension cost for the period recognised in the income statement	72.7	66.0
Pension cost for the period recognised in other comprehensive income	-47.0	343.8
Employer contributions	-45.0	-48.4
Employee benefit liability as at 30.9.	513.9	533.2

Change in the fair value of plan assets

CHF million	2015/16	2014/15
Fair value of plan assets as at 1.10.	2 184.1	2 328.2
Interest income on plan assets	15.1	34.3
Employer contributions	45.0	48.4
Employee contributions	26.1	27.7
Benefits paid	-119.5	-151.6
Others	-1.5	-9.2
Return on plan assets excluding interest income	178.7	-93.7
Fair value of plan assets as at 30.9.	2 328.0	2 184.1

Change in the present value of the defined benefit obligation

CHF million	2015/16	2014/15
Present value of defined benefit obligation as at 1.10.	2 717.3	2 500.0
Interest expense on defined benefit obligation	18.9	37.0
Current service cost	67.5	63.5
Employee contributions	26.1	27.7
Benefits paid	-119.5	-151.6
Administration cost excluding asset management cost	1.4	1.2
Others	-1.8	-10.6
Actuarial (gains)/losses on defined benefit obligation	132.0	250.1
Present value of defined benefit obligation as at 30.9.	2 841.9	2 717.3

Breakdown of defined benefit obligation

CHF million	30.9.2016	30.9.2015
Present value of defined benefit obligation for active members	1 368.8	1 355.2
Present value of defined benefit obligation for pensioners	1 473.1	1 362.1

Actuarial gains/losses on benefit obligation

CHF million	2015/16	2014/15
Actuarial (gains)/losses on defined benefit obligation from		
changes in financial assumptions	103.8	235.3
changes in demographic assumptions	11.7	0.0
experience adjustments	16.5	14.8
Actuarial (gains)/losses on defined benefit obligation	132.0	250.1

Actuarial assumptions

	30.9.2016	30.9.2015
Discount rate for active members (in %)	0.4	1.0
Discount rate for pensioners (in %)	0.0	0.4
Expected future salary increase (in %)	0.5	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 2015 generation tables.

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 present value of the defined benefit obligation which would result when applying the above mentioned assumptions:

CHF million	30.9.2016	30.9.2015
Discount rate (-0.25% change)	2 954.8	2 822.4
Discount rate (+0.25% change)	2 736.2	2 618.8
Salary increase (-0.25% change)	2 830.9	2 706.4
Salary increase (+0.25% change)	2 853.0	2 728.2
Life expectancy (-1 year change)	2 741.0	2 627.0
Life expectancy (+1 year change)	2 941.5	2 806.2

Estimate of employer and employee contributions for subsequent period

CHF million	30.9.2016	30.9.2015
Expected employer contributions	44.0	45.6
Expected employee contributions	25.7	24.0

Major categories of plan assets

CHF million	30.9.2016	30.9.2015
Cash and cash equivalents	21.0	61.1
Equity instruments	899.5	835.7
Debt instruments	715.4	674.2
Real estate	129.9	159.6
Others	228.4	185.5
Total plan assets at fair value (quoted market price)	1 994.2	1 916.1
Real estate	333.8	268.0
Total plan assets at fair value (non-quoted market price)	333.8	268.0
Total plan assets at fair value	2 328.0	2 184.1

Maturity profile of the defined benefit obligation

	30.9.2016	30.9.2015
Weighted average duration of defined benefit obligation in years	15.3	14.9

31 | 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 35 “Investments”. Transactions between the Axpo Group and PKE-CPE Vorsorgestiftung Energie are shown in Note 30 “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”.

2015/16

Transactions between the Axpo Group and related parties:

CHF million	Shareholders	Partner plants	Associates
Total income			
Revenues from sales of energy and grid usage	584.6	36.1	164.7
Other operating income	15.9	15.6	4.3
Operating expenses			
Expenses for energy procurement, grid usage and cost of goods purchased	-14.2	-783.4	-253.1
Expenses for materials and third-party supplies	-1.4	-1.5	-2.0
Personnel expenses	0.0	0.0	0.0
Other operating expenses	-11.9	0.1	-4.7
Financial result			
Financial result	-2.7	-6.5	23.4
Income tax			
Income tax expense	-7.0	0.0	0.0

Open positions with related parties at the balance sheet date:

CHF million	Shareholders	Partner plants	Associates
Non-current assets			
Intangible assets	19.8	3.9	9.3
Positive replacement values	0.5	1.1	8.5
Other financial assets	25.0	59.3	539.2
Current assets			
Trade receivables	24.5	14.4	18.0
Financial receivables	345.0	159.4	14.1
Current tax assets	0.3	0.0	0.0
Positive replacement values	7.0	4.2	4.0
Other receivables	20.4	70.8	13.1
Cash and cash equivalents	118.6	0.0	0.0
Liabilities (non-current)			
Financial liabilities	71.0	5.0	0.0
Negative replacement values	6.9	0.8	3.2
Other liabilities	17.9	4.1	21.4
Liabilities (current)			
Trade payables	1.2	80.9	20.0
Financial liabilities	16.0	176.8	3.1
Current tax liabilities	1.1	0.0	0.0
Negative replacement values	5.0	0.7	5.5
Other liabilities	5.0	54.1	31.7

2014/15

Transactions between the Axpo Group and related parties:

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

Open positions with related parties at the balance sheet date:

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

Remuneration to the Board of Directors and Executive Board

CHF million	2015/16	2014/15
Board of Directors		
Current employee benefits	1.3	1.2
Total	1.3	1.2
Executive Board		
Current employee benefits	3.8	3.8
Pension fund contributions	0.8	0.9
Total	4.6	4.7

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 26 "Remuneration paid to the Board of Directors and the Executive Board" of the separate financial statements of Axpo Holding AG.

32 | Pledged assets

CHF million	30.9.2016	30.9.2015
Property, plant and equipment	395.5	107.7
Other	256.5	202.1
Total	652.0	309.8

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

33 | Contingent liabilities and contingent assets

CHF million	30.9.2016	30.9.2015
Liabilities to pay in capital	73.4	27.3
Delivery and purchase commitments	551.0	142.2
Total	624.4	169.5

In the event of a claim, power plant operators that are affiliated with 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 4.4 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 417.1 million (previous year: CHF 142.2 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 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.

There are several open legal cases related to VAT recoveries in Italy for the financial years 2006 to 2009. According to the tax authority, input tax reclaimed does not qualify as non-deductible and thus has been invoiced incorrectly by the supplier. Axpo Group management is of the opinion that the reclaim of the input tax is justified and that the amount of CHF 44.7 million presented as other receivables is recoverable.

In connection with a gas procurement contract, there are pending proceedings on compensation payments (receivable) for gas not delivered as well as a counterclaim for excess gas procurements (liability). Axpo Group management estimates the chances of a positive court ruling to be good. Depending on the outcome of the respective proceedings, a liability could arise instead of a receivable.

There are contingent assets in the amount of CHF 160.0 million connected to the transfer of the transmission system and the related equipment to Swissgrid (see Note 5 “Estimation uncertainties and significant judgements in the application of accounting policies”).

For obligations in connection with partner plants, please refer to Note 17 “Investments in partner plants and other associates”.

34 | Events after the balance sheet date

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

35 | Investments

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Avectris AG	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	Baden	30.09.	CHF	11.0	100.0	100.0	P
Axpo Kompogas AG	Baden	30.09.	CHF	30.3	100.0	100.0	P
Axpo Kompogas Engineering AG	Baden	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
Berom AG	Brügg	30.06.	CHF	0.4	66.8	66.8	D
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	Winterthur	30.09.	CHF	4.0	52.0	52.0	P
Axpo Suisse AG	Baden	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
Axpo Services AG	Baden	30.09.	CHF	0.1	100.0	100.0	D
Axpo Trading AG	Dietikon ¹⁾	30.09.	CHF	1 112.0	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)	31.12.	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.	RSD	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 ²⁾	90.0 ²⁾	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
Axpo Gen Hellas S.A.	Athens (GR)	30.09.	EUR	0.8	100.0	100.0	I
Axpo Hellas S.A. ³⁾	Athens (GR)	30.09.	EUR	0.3	100.0	100.0	V
Axpo Hungary Kft.	Budapest (HU)	30.09.	HUF	3.0	96.7 ⁴⁾	96.7 ⁴⁾	V

1) The domicile was moved to Baden on 1 December 2016.

2) Axpo Finance Luxembourg S.à r.l., Luxembourg (LU), holds a direct share of 10%.

3) In liquidation.

4) Axpo Trading AG, Dietikon, holds a direct share of 3.3%.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
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	Amsterdam (NL)	30.09.	EUR	0.1	100.0	100.0	V
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.09.	PLN	1.3	100.0	100.0	V
Axpo Renewables France SAS	Paris (FR)	30.09.	EUR	17.2	100.0	100.0	D
Axpo CKW France SAS	Paris (FR)	30.09.	EUR	26.4	60.0	60.0	D
Parc éolien de St Riquier 2 SAS	Paris (FR)	30.09.	EUR	0.2	100.0	100.0	P
Parc éolien Plaine Dynamique SARL	Paris (FR)	30.09.	EUR	0.02	100.0	100.0	P
Axpo Renewables Germany GmbH	Leipzig (DE)	30.09.	EUR	0.23	100.0	100.0	D
Volkswind GmbH	Ganderkesee (DE)	30.09.	EUR	0.03	100.0	100.0	D
Achte Volkswind GmbH & Co. KG	Ganderkesee (DE)	30.09.	EUR	0.01	100.0	100.0	P
Dritte Volkswind GmbH & Co. KG	Ganderkesee (DE)	30.09.	EUR	0.48 ⁵⁾	100.0	100.0	P
Erste Volkswind GmbH & Co. KG	Ganderkesee (DE)	30.09.	EUR	0.30	100.0	100.0	P
Ferme éolienne d'Arcy-Precy SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0	100.0	I
Ferme éolienne d'Availles Thouarsais-Irais SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0	100.0	I
Ferme éolienne de Benet SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	P
Ferme éolienne de la Chapelle Laurent SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	P
Ferme éolienne de la Grande Pièce SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	I
Ferme éolienne de la Haute Epine SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	I
Ferme éolienne de Lichères-près-Aigremont SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	I
Ferme éolienne de Massay 2 SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0	100.0	I
Ferme éolienne de Quesnoy-sur-Airaines 3 SAS	Strasbourg (FR)	31.12.	EUR	0.04	60.0	60.0	P
Ferme éolienne de Trans et Courcité SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0	100.0	I
Ferme éolienne du Val de Noye 1 SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	P
Ferme éolienne du Val de Noye 2 SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	P
Le Champ Eolien de Saint Martin SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0	100.0	P
Natur-Energie GmbH & Co. Wehrbleck I KG	Ganderkesee (DE)	30.09.	EUR	0.04 ⁶⁾	100.0	100.0	P
PBS Gesellschaft zur Nutzung regenerativer Energie mbH & Co. KG	Coesfeld (DE)	31.12.	EUR	0.54	66.7	66.7	P
PBS Verwaltungsgesellschaft zur Nutzung regenerativer Energie mbH	Coesfeld (DE)	31.12.	EUR	0.03 ⁶⁾	66.7	66.7	S
Siebte Volkswind GmbH & Co. KG	Ganderkesee (DE)	30.09.	EUR	0.60	100.0	100.0	P
Vierte Volkswind GmbH & Co. KG	Prinzhöfte (DE)	30.09.	EUR	0.10	100.0	100.0	P
Volkswind Construction SARL	Strasbourg (FR)	30.09.	EUR	0.002	100.0	100.0	D
Volkswind Foncier SARL	Strasbourg (FR)	30.09.	EUR	0.002	100.0	100.0	S
Volkswind France SAS	Paris (FR)	30.09.	EUR	0.25	100.0	100.0	D
Volkswind GmbH & Co. Harlingerode KG	Ganderkesee (DE)	30.09.	EUR	0.32	100.0	100.0	P
Volkswind Immenrode GmbH	Ganderkesee (DE)	30.09.	EUR	0.03	100.0	100.0	P
Volkswind NT GmbH	Ganderkesee (DE)	30.09.	EUR	0.03	100.0	100.0	S

5) Of which EUR 0.4 million paid in.

6) Of which EUR 0.01 million paid in.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Group companies							
Volkswind Service GmbH	Ganderkesee (DE)	30.09.	EUR	0.3	100.0	100.0	D
Volkswind Winnigstedt GmbH	Ganderkesee (DE)	30.09.	EUR	0.03	100.0	100.0	P
Wind Triangel GmbH & Co. Gevensleben KG	Ganderkesee (DE)	30.09.	EUR	0.2 ⁷⁾	100.0	100.0	P
Windkraft Domnitz GmbH	Egeln (DE)	30.09.	EUR	0.03	75.0	75.0	P
Zweite Volkswind GmbH & Co. KG	Prinzhöfte (DE)	30.09.	EUR	0.5	100.0	100.0	P
Axpo Servizi Produzione Italia S.p.A.	Genoa (IT)	30.09.	EUR	0.3	100.0	100.0	D
Axpo Slovensko a Cesko s.r.o. ⁸⁾	Bratislava (SK)	30.09.	EUR	0.1	100.0	100.0	V
Axpo Turkey Enerji A.S. ⁹⁾	Istanbul (TR)	30.09.	TRY	4.6	100.0	100.0	V
Axpo U.S. LLC ⁷⁾	Wilmington (US)	30.09.	USD	44.0	100.0	100.0	V
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 ¹⁰⁾	Lucerne	30.09.	CHF	3.0	81.0	81.0	V
Axpo CKW France SAS	Paris (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
SicuroCentral AG	Lucerne	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	Gurtellen	30.09.	CHF	8.0	70.0	70.0	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
Steiner Energie AG	Malters	30.09.	CHF	0.5	100.0	100.0	V
VoltControl Solutions AG	Lucerne	30.09.	CHF	0.2	51.0	51.0	D

7) Of which EUR 0.0 million paid in.

8) Formation in 2015/16 financial year.

9) Change of company name to Axpo Turkey Enerji A.S. (formerly Demirören Axpo Enerji Toptan Ticaret A.S.).

10) Registered shares with a nominal value of CHF 29,692 held as treasury shares.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	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 ¹¹⁾	41.4 ¹¹⁾	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 ¹¹⁾	58.2 ¹¹⁾	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 ¹³⁾	37.5 ¹¹⁾	36.0 ¹¹⁾	P
Kernkraftwerk Leibstadt AG	Leibstadt	31.12.	CHF	450.0	52.7 ¹¹⁾	34.6 ¹¹⁾¹²⁾	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 Rapperswil-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 Tschär AG	Obersaxen	30.09.	CHF	9.2	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 ¹¹⁾	58.3 ¹¹⁾	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 Albruck-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

11) Due to the disposal or acquisition of sub-holdings, the effective financially relevant equity interests in the partner plants deviates from the percentage of capital and voting rights held.

12) 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%.

13) Of which CHF 290.0 million paid in.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	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
Demirören EGL Gaz Toptan Ticaret A.S.	Istanbul (TR)	31.12.	TRY	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
Ferme éolienne d'Antezant la ChappelleSAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Benet 2 SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Biozat SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Brillac-Oradour Fanais SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de La Brousse-Bagnizeau SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Leigne Les Bois SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Lusseray-Paizay le Tort SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Marcilly-Ogny SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Massay SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Saint Martin de Lamps SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne de Sainte-Valière SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne des Hauts Prés SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne des Tilleulls SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne des Touches de Périgny SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne du Bois de la Hayette SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne du Mont de Trême SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
Ferme éolienne du Saint-Quentinois SAS	Strasbourg (FR)	30.09.	EUR	0.04	100.0 ¹⁵⁾	100.0	I
Ferme éolienne d'Yrouerre SAS	Strasbourg (FR)	30.09.	EUR	0.02	100.0 ¹⁵⁾	100.0	I
GeoEnergie Taufkirchen GmbH & Co. KG	Grünwald (DE)	31.12.	EUR	61.7	35.0	35.0	I
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.0	24.1	24.1	P
Gold Energy-Comercializadora de Energia S.A.	Vila Real (PT)	31.12.	EUR	1.5	25.0	25.0	V
Grisselectra AG	Chur	30.09.	CHF	1.0 ¹⁴⁾	20.0	20.0	V
IEL Exploitation 28 Sarl	Saint Briec (FR)	31.12.	EUR	0.001	25.0	25.0	I

14) Of which CHF 0.2 million paid in.

15) Companies at an early project stage.

	Domicile	Balance sheet date	Currency	Registered capital in millions	Share of votes in %	Share of capital in %	Purpose
Significant associated companies (other associates)							
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
NIS AG	Sursee	31.12.	CHF	1.0 ¹⁶⁾	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	7.4	12.7	12.7	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	316.3	39.0	39.0	N
Terravent AG	Dietikon	30.09.	CHF	15.0	25.0	25.0	D
Trans Adriatic Pipeline AG	Baar	31.12.	CHF	504.5	5.0	5.0	I
Zwilag Zwischenlager Würenlingen AG	Würenlingen	31.12.	CHF	5.0	24.3	24.3	S

16) Of which CHF 0.8 million paid in.

Company's business activities

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

Share of votes in %:

Direct legal share of voting rights

Share of capital in %:

Direct share of capital (including sub-participations)



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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 72, 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 2016.

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 2016 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*

Silvan Jurt
Licensed Audit Expert

Zurich, 19 December 2016

Income statement of Axpo Holding AG

CHF million	Notes	2015/16	2014/15
Income			
Income from subsidiaries and associates	3	212.2	207.1
Financial income		71.7	175.1
Income from services and licences		19.8	24.1
Total income		303.7	406.3
Expenses			
Financial expenses		-163.8	-249.1
Other operating expenses		-7.9	-8.6
Impairments on subsidiaries and associates	4	-793.4	-57.7
Total expenses		-965.1	-315.4
Ordinary profit		-661.4	90.9
Extraordinary expenses	5	-171.5	0.0
Net loss/net profit for the year		-832.9	90.9

Balance sheet of Axpo Holding AG

CHF million	Notes	30.9.2016	30.9.2015
Assets			
Cash and cash equivalents		345.0	1 080.4
Trade receivables	6	0.0	0.7
Current financial receivables	7	961.2	736.6
Current derivatives (positive replacement values)	8	47.5	133.3
Other receivables	9	13.2	3.8
Accrued income and prepaid expenses	10	1.4	2.2
Total current assets		1 368.3	1 957.0
Other financial assets	11	1 847.3	1 999.7
Non-current derivatives (positive replacement values)	12	69.1	82.2
Investments in subsidiaries and associates	13	4 052.7	4 655.0
Total non-current assets		5 969.1	6 736.9
Total assets		7 337.4	8 693.9
Equity and liabilities			
Trade payables	14	0.8	0.7
Current interest-bearing liabilities	15	919.7	1 225.4
Current derivatives (negative replacement values)	16	114.0	162.8
Other current liabilities	17	0.4	0.3
Accrued expenses and deferred income	18	13.8	16.6
Total current liabilities		1 048.7	1 405.8
Bonds	19	1 073.6	991.8
Loans payable	20	2 109.0	2 264.0
Non-current derivatives (negative replacement values)	21	37.3	130.6
Total non-current liabilities		3 219.9	3 386.4
Total liabilities		4 268.6	4 792.2
Share capital	22	370.0	370.0
Statutory capital reserves (capital contribution reserve)		2 633.0	2 633.0
Voluntary retained earnings		538.0	538.0
Accumulated profit/loss	23	-472.2	360.7
Total equity		3 068.8	3 901.7
Total equity and liabilities		7 337.4	8 693.9

Notes to the statutory financial statements of Axpo Holding AG

1 | General information

Axpo Holding AG is a public limited company incorporated under Swiss law with its registered office in Baden. During the year under review and in the previous year the company did not have any employees.

2 | Accounting policies

The annual financial statements are prepared in accordance with Swiss law. The Board of Directors of Axpo Holding AG approved these statutory financial statements on 19 December 2016 and they are still subject to be approved by the Annual General Meeting on 10 March 2017. The policies applied in the statutory financial statements will be presented below unless otherwise required by law. The option to create and release hidden reserves was exercised in order to ensure the long-term growth of the company.

First application of new accounting law

The 2015/16 statutory financial statements were prepared for the first time on the basis of the provisions of the Swiss Law on commercial accounting and financial reporting (32nd title of the Swiss Code of Obligations). In order to ensure comparability, the prior-year figures were restated.

Foreign currency translation

For more information about foreign currency translation, see “Foreign currency exchange rates” in Note 3 “Consolidation principles” of the consolidated financial statements of the Axpo Group.

Cash pooling

Axpo Holding AG has a cash pooling system (zero balancing). The receivables and payables from group companies are transferred daily to the account of Axpo Holding AG at the pool bank. The balance per group company or associated company is recognised under receivables from or liabilities to investments and group companies.

Trade receivables

Trade receivables are recorded at their nominal value, less bad debt allowances.

Derivatives (replacement values)

Derivative financial instruments are used to hedge foreign currency positions. The financial derivatives that are open on the balance sheet date are measured at stock market value or at fair value on the balance sheet date. The positive and negative derivative financial instruments are recognised in the corresponding balance sheet items.

Financial assets

Loan receivables are recognised at their nominal value, less any impairments. Securities are measured at the lower of cost or market value.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost, subject to any value adjustments required.

Liabilities

Liabilities are recognised at nominal value.

Transactions with shareholders and investments in subsidiaries and associates

The investors of Axpo Holding AG are recognised as “shareholders”. “Investments and group companies” include all fully consolidated subsidiaries, equity-accounted associates and significant investments of Axpo Holding AG less shareholders.

Waiver of cash flow statement and additional information in Notes

Since the Axpo Group has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), as stipulated by law, it has dispensed with the presentation of additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement.

3 | Income from subsidiaries and associates

CHF million	2015/16	2014/15
Dividend income from		
Elektrizitätswerk des Kantons Schaffhausen AG, Schaffhausen	1.2	1.2
Axpo Power AG, Baden	180.0	180.0
Centralschweizerische Kraftwerke AG, Lucerne	14.4	14.4
Avectris AG, Baden	0.0	1.3
Axpo Services AG, Baden	11.7	7.0
Third parties	4.9	3.2
Total	212.2	207.1

4 | Impairments on investments in subsidiaries and associates

The investment in Axpo Power AG was impaired by CHF 846.1 million in the 2015/16 financial year. An impairment reversal of CHF 52.7 million was booked for the investment in Axpo Trading AG.

5 | Extraordinary expenses

Axpo Holding AG waived a loan granted to Axpo Trading AG for CHF 171.5 million.

6 | Trade receivables

CHF million	30.9.2016	30.9.2015
Investments and group companies	0.0	0.7
Total	0.0	0.7

7 | Current financial receivables

CHF million	30.9.2016	30.9.2015
Third parties	509.0	490.0
Investments and group companies	452.2	246.6
Total	961.2	736.6

This position contains loans with a remaining term to maturity of less than twelve months.

8 | Current derivatives (positive replacement values)

CHF million	30.9.2016	30.9.2015
Third parties	4.8	48.5
Investments and group companies	42.7	84.9
Total	47.5	133.4

Current derivative financial instruments 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 are used to hedge foreign currency positions. Non-current derivatives are shown in a separate balance sheet line item as well as in Note 12.

9 | Other current receivables

CHF million	30.9.2016	30.9.2015
Third parties	13.2	3.8
Total	13.2	3.8

10 | Accrued income and prepaid expenses

CHF million	30.9.2016	30.9.2015
Third parties	0.2	0.8
Investments and group companies	1.2	1.4
Total	1.4	2.2

11 | Other financial assets

CHF million	30.9.2016	30.9.2015
Third parties	105.0	290.0
Investments and group companies	121.4	355.0
Securities	1 620.9	1 354.7
Total	1 847.3	1 999.7

The remaining term to maturity of the loan receivables and time deposits is more than twelve months. Securities mainly consist of collective investment instruments (bank in-house funds and investment funds).

12 | Non-current derivatives (positive replacement values)

CHF million	30.9.2016	30.9.2015
Third parties	0.4	4.5
Investments and group companies	68.7	77.7
Total	69.1	82.2

The current derivative financial instruments (positive replacement values) are stated in Note 8.

13 | Investments in subsidiaries and associates

The overview in Note 35 "Investments" of the consolidated financial statements of the Axpo Group sets out the details of Axpo Holding AG's direct or indirect equity interests in subsidiaries and associates.

14 | Trade payables

CHF million	30.9.2016	30.9.2015
Third parties	0.3	0.7
Investments and group companies	0.5	0.0
Total	0.8	0.7

15 | Current interest-bearing liabilities

CHF million	30.9.2016	30.9.2015
Investments and group companies	919.7	1 225.4
Total	919.7	1 225.4

This item includes loan liabilities due within less than twelve months and current account liabilities.

16 | Current derivatives (negative replacement values)

CHF million	30.9.2016	30.9.2015
Third parties	3.8	4.7
Investments and group companies	110.2	158.1
Total	114.0	162.8

Current derivative financial instruments 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 derivatives are shown in a separate balance sheet line item as well as in Note 21.

17 | Other current liabilities

CHF million	30.9.2016	30.9.2015
Third parties	0.4	0.3
Total	0.4	0.3

18 | Accrued expenses and deferred income

CHF million	30.9.2016	30.9.2015
Third parties	13.7	16.5
Investments and group companies	0.1	0.1
Total	13.8	16.6

19 | Bonds

CHF million		30.9.2016	30.9.2015
Bonds outstanding at the balance sheet date:	Nominal value		
2.625% bond 26.2.2010–26.2.2020	429.8	427.2	694.6
3.125% bond 26.2.2010–26.2.2025	300.0	297.5	297.2
1.750% bond 28.7.2016–29.5.2024	350.0	348.9	0.0
Total		1 073.6	991.8

In the 2015/16 financial year a partial repayment of CHF 270.2 million was made for the bond due on 26 February 2020. Furthermore a new bond of CHF 350 million was issued on 28 July 2016 with an interest rate of 1.75%.

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.

20 | Loan liabilities

CHF million	30.9.2016	30.9.2015
Due dates:		
Remaining term to maturity 1–5 years	1 209.0	1 064.0
Remaining term to maturity more than 5 years	900.0	1 200.0
Total	2 109.0	2 264.0
of which:		
Investments and group companies	2 109.0	2 264.0

21 | Non-current derivatives (negative replacement values)

CHF million	30.9.2016	30.9.2015
Third parties	12.8	11.5
Investments and group companies	24.5	119.1
Total	37.3	130.6

The current derivatives (negative replacement values) are stated in Note 16.

22 | Share capital

CHF million		30.9.2016	30.9.2015
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

23 | Accumulated profit/loss

CHF million	30.9.2016	30.9.2015
Net loss/net profit for the year	-832.9	90.9
Profit carried forward	360.7	269.8
Total	-472.2	360.7

24 | Changes in equity

CHF million	Share capital	Statutory capital reserves	Voluntary retained earnings	Accumulated profit/loss	Total equity
As at 30.9.2013	370.0	2 663.0	632.0	-19.7	3 615.3
Partial release of voluntary retained earnings			-94.0	94.0	0.0
Dividends				-74.0	-74.0
Net profit 2013/14				269.5	269.5
As at 30.9.2014	370.0	2 663.0	538.0	269.8	3 810.8
Net profit 2014/15				90.9	90.9
As at 30.9.2015	370.0	2 633.0	538.0	360.7	3 901.7
Net loss 2015/16				-832.9	-832.9
As at 30.9.2016	370.0	2 633.0	538.0	-472.2	3 068.8

25 | Contingent liabilities

CHF million	30.9.2016	30.9.2015
Guarantees	900.7	487.1
Sureties	128.2	183.8
Liabilities to pay in capital on shares	0.1	0.2
Other delivery and acceptance obligations	0.8	0.9
Total	1 029.8	672.0

26 | 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 31 of the consolidated financial statements (in accordance with IFRS) as a result of differing measurement approaches. The amounts disclosed include all remuneration 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 2015/16 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). Remuneration that was not paid out directly to individual members of the Board of Directors but to their employers is also included in the following amounts.

Remuneration paid to members of the Board of Directors in the 2015/16 financial year

Name	Function	Remuneration for directorship (fixed) ¹⁾	Pension benefits ²⁾	Total
CHF thousand				
Robert Lombardini	Chairman of the Board of Directors (until GM 2016) Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	138	9	147
Thomas Sieber	Chairman of the Board of Directors (from GM 2016) Member of the Audit and Finance Committee, Compensation and Nominations Committee, Strategy Committee	200	45	245
Stephan Attiger	Member of the Board of Directors Member of the Strategy Committee	71	0	71 ³⁾
Dr Ueli Betschart	Member of the Board of Directors Member of the Audit and Finance Committee, Corporate Risk Council	81	4	85
Jakob Brunnschweiler	Vice Chairman of the Board of Directors (until GM 2016) Chairman of the Strategy Committee (until GM 2016)	46	0	46 ⁴⁾
Dr Reto Dubach	Member of the Board of Directors Member of the Compensation and Nominations Committee (until GM 2016) Member of the Strategy Committee (from GM 2016)	64	0	64 ⁵⁾
Roland Eberle	Member of the Board of Directors Chairman of the Strategy Committee (from GM 2016)	71	5	76
Andreas Frank	Member of the Board of Directors Member of the Audit and Finance Committee	79	6	85
Jakob Frei	Member of the Board of Directors (from GM 2016) Member of the Compensation and Nominations Committee	32	0	32 ⁶⁾
Rudolf Hug	Vice Chairman of the Board of Directors (from GM 2016) Chairman of the Audit and Finance Committee	136	8	144
Markus Kägi	Member of the Board of Directors Member of the Strategy Committee	71	0	71 ⁷⁾
Robert Marti	Member of the Board of Directors Member of the Compensation and Nominations Committee	62	1	63 ⁸⁾
Peter Reinhard	Member of the Board of Directors Chairman of the Compensation and Nominations Committee	66	5	71
Carmen Walker Späh	Member of the Board of Directors Member of the Compensation and Nominations Committee	49	0	49 ⁹⁾
Ernst Werthmüller	Member of the Board of Directors Member of the Audit and Finance Committee	87	0	87 ¹⁰⁾
Total		1 253	83	1 336

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 Chairman of the Board of Directors).

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

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

4) CHF 36 thousand of the remuneration was paid to the employer. Leaving March 2016.

5) CHF 64 thousand of the remuneration was paid to the employer.

6) CHF 32 thousand of the remuneration was paid to the employer. Entering March 2016.

7) CHF 68 thousand of the remuneration was paid to the employer.

8) CHF 52 thousand of the remuneration was paid to the employer.

9) CHF 49 thousand of the remuneration was paid to the employer. Entering January 2016.

10) CHF 87 thousand of the remuneration was paid to the employer.

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

Name	Function	Remuneration for directorship (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 Chairman 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 to Executive Board members and the highest-paid member

CHF thousand	Andrew Walo CEO		Total for Executive Board	
	2015/16	2014/15	2015/16	2014/15
Gross salaries (fixed)	650	613	2 395	2 452
Gross salaries (variable) ^{1) 4)}	305	297	1 408	1 387
Non-cash benefits ²⁾	9	9	47	45
Pension benefits ³⁾	221	213	784	850
Total	1 185	1 132	4 634	4 734

1) 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 2015/16 financial year, which are based on the provisional target assessment and previewing the financial result targets of the company. The payments will be made in the following financial year.

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

3) 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.

4) Andy Heiz (new member of the Executive Board as of 1 November 2014) will be granted, in connection with the loss of deferred compensation from his previous employer, compensation in the amount of CHF 515,785 (payable in 3 shares until May 2017). In May 2016, the second share of CHF 170,208 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 277,784 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 2015/16 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.

27 | Significant events after the balance sheet date

There were no significant events after the balance sheet date that would have an impact on the carrying amounts of the assets or liabilities or that would have to be disclosed at this point.

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	360 693 123
Reported net loss	-832 893 803
Partial release of voluntary retained earnings	475 000 000
Total	2 799 320
Profit to be carried forward	2 799 320
Total	2 799 320



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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 75 to 85, which comprise the income statement, balance sheet and notes for the year ended 30 September 2016.

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 2016 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*

Viktor Frank
Licensed Audit Expert

Zurich, 19 December 2016

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Axpo Holding AG

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