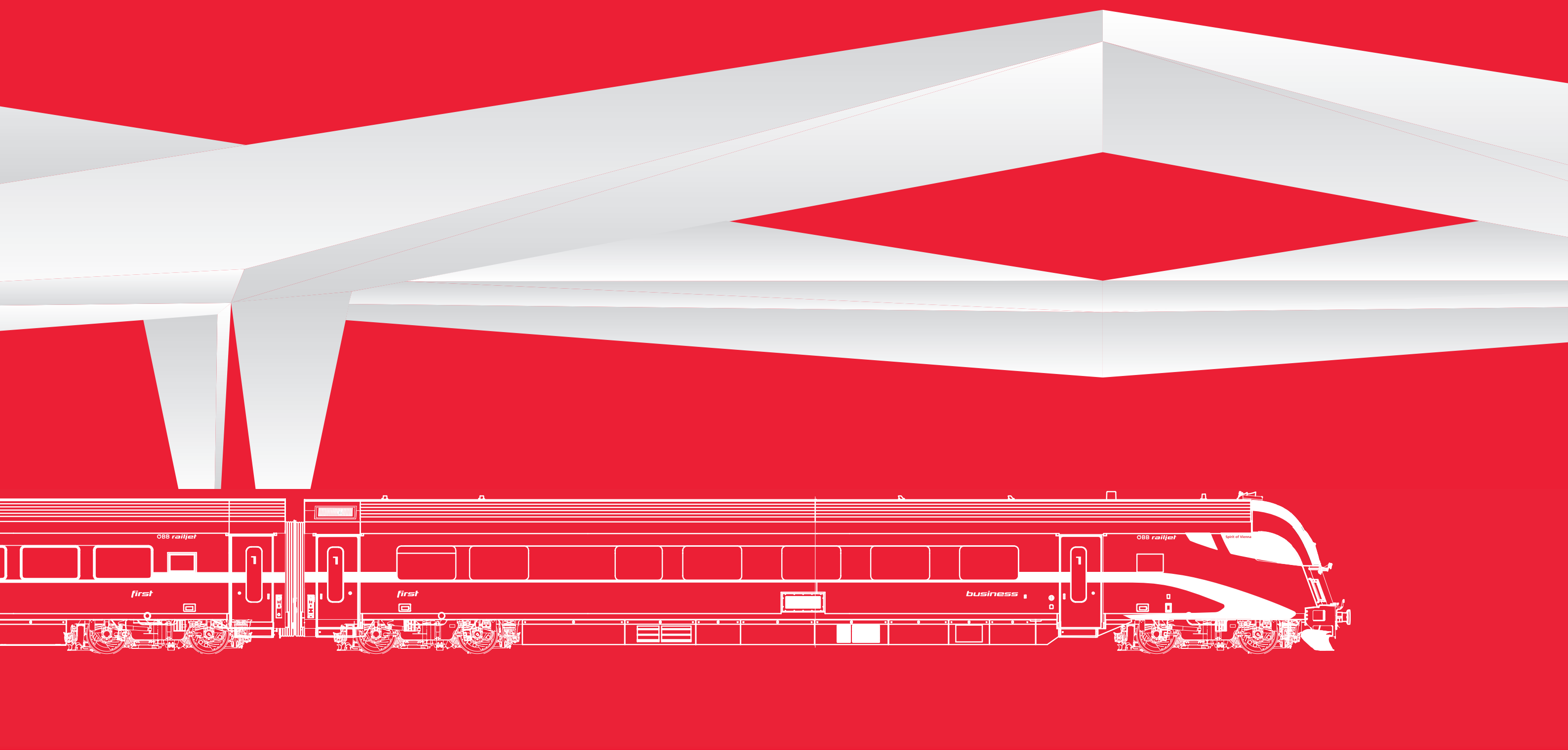
Annual Report 2014

MOVING **AUSTRIA** BETTER



ANNUAL REPORT 2014
ÖBB-INFRASTRUKTUR AG

Contents

A. STRUCTURE, INVESTMENTS AND BRANCHES

The ÖBB-Infrastruktur Group must ensure the economical use and provision of Austrian railway infrastructure for all railway operators without discriminating. In addition, the ÖBB-Infrastruktur Group builds the Austrian railway infrastructure on behalf of and for the benefit of its owner, the Republic of Austria. The financing of the investments in rail infrastructure development is now ensured through the cash flow generated, outside capital and guarantees and grants from the federal government on the basis of multi-year master plans. Management, development and utilization of real estate belonging to the ÖBB Group is the responsibility of ÖBB-Immobilienmanagement Gesellschaft mbH, a subsidiary of ÖBB-Infrastruktur AG.

The parent company Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter ÖBB-Holding AG) is a joint-stock corporation under Austrian law. The registered office of the company is at Am Hauptbahnhof 2, A-1100 Vienna, and the company is registered in the Company Register at the Commercial Court Vienna under number FN 247642f. ÖBB-Holding AG holds all shares of ÖBB-Infrastruktur AG.

Investments

All of ÖBB-Infrastruktur Group's investments are listed in detail in the investment overview in the annex to the Group's consolidated financial statements. An overview of the number of investments in Austria and abroad is provided below:

	as of Dec 31, 2014	as of Dec 31, 2013
Investments >50%	23	31
Investments 50 to 20%	3	3
thereof abroad	*1*	*1*
Investments < 20%	4	2
thereof abroad	*1*	*1*
Total	**30**	**36**
thereof abroad	*2*	*2*

The Group and its branches

The ÖBB-Infrastruktur Group operates 1,100 railway stations and railway infrastructure in Austria, which is used by ÖBB-Personenverkehr AG, Rail Cargo Austria AG, two other companies belonging to the ÖBB Group and other railway operators not belonging to the ÖBB Group. The continuation requirements for the master plan investments initiated through December 31, 2014 – taking into account the effect of the continuation of the master plan from 2014 to 2019 and a 2.5% increase in value – is EUR 9,970.0 million.

ÖBB-Infrastruktur AG has the following material subsidiaries and investments:

Mungos Sicher & Sauber GmbH & Co KG cleans the railway stations, provides special cleaning services, such as graffiti removal, as well as security and other services.

ÖBB-Immobilienmanagement GmbH provides modern real estate services, both within and outside the Group. Its responsibilities include the sale and utilization of real estate, project development, station initiative, property management, facility management, space management, and contract management for film productions and events at railway stations.

The procurement and Group-wide rental of rail vehicles and equipment and road vehicles, their purchasing, financing, servicing and maintenance are the responsibility of Rail Equipment GmbH & Co KG.

Güterterminal Werndorf Projekt GmbH was established under a private partnership model to create the Werndorf freight terminal and was acquired by the ÖBB-Infrastruktur Group in 2012.

WS Service GmbH was established at the end of 2013 and provides services for and in connection with switch points, and thus in particular the maintenance, inspection and repair of switch points.

Since 2011, ÖBB-Infrastruktur AG has had a 50% stake in Galleria di Base del Brennero – Brenner Basistunnel BBT SE and therefore also in the major project "Construction of the Brenner Base Tunnel". The necessary funding is provided to ÖBB-Infrastruktur AG in addition to the applicable master plan. For the acquisition of the shares, the Republic of Austria has made a shareholder contribution to ÖBB-Infrastruktur AG via ÖBB-Holding AG in the amount of the cost of the investment.

Weichenwerk Wörth GmbH is Austria's market leader in the production of switch points, insulated rail joints and switch-related logistics services and has also positioned itself as an exporter to Southeastern and Western

Europe primarily in the areas of superstructure and industrial switch points. ÖBB-Infrastruktur AG has a 30% stake in the company.

The object of Breitspur Planungsgesellschaft mbH (share 25%) is planning the continuation of the 1520 mm broad gauge rail infrastructure from the border of Ukraine through Slovakia to and within Austria. ÖBB-Holding AG acquired its shares in 2013.

Other major subsidiaries of the ÖBB-Infrastruktur Group are ÖBB-Realitätenbeteiligungs GmbH & Co KG, Elisabethstraße 7 Projektentwicklung GmbH & CO KG, Elisabethstraße 9 Projektentwicklung GmbH & Co KG, Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG and Operngasse 16 Projektentwicklung GmbH & Co KG.

B. ECONOMIC REPORT AND OUTLOOK

B.1. Macroeconomic environment

Performance of the economy

The optimistic indicators at the turn of the year 2013/14 gave way to fears of a new recession starting from the 3rd quarter of 2014. This was brought on by economic developments in both Austria and in Germany. Industrial production was stagnant in the second half of the year in both countries.

In 2014, the banking crisis slowed lending and investing activities in the real economy in the Eurozone. The central banks of Japan, the USA and the Eurozone continue to pursue a “cheap money policy”. The most visible results are price increases in equities and real estate.

For 2015, it is hoped that the decline in the euro exchange rate relative to the US dollar and the Chinese yuan will boost exports. The Eurozone growth forecast of 1.7% for 2015 has been reduced to 0.9% since spring. However, the economic outlooks for China (+7.3%) and the USA (+3.1%) have held steady.

Global economic situation (Change in real % compared to the prior year)

Gross domestic product	2013	2014	2015
Austria	0.2	0.4	0.5
Euro Zone	-0.5	0.8	0.9
EU	0.0	1.3	1.4
USA	2.2	2.2	3.1
China	7.7	7.3	7.3
World trade	2.7	3.7	4.0

Source: WIFO, December 2014, Forecast for 2014 to 2016

In 2014, Austria’s growth of 0.4% again remained far behind the 1.7% growth originally anticipated by economic researchers. For 2015, the increase in gross domestic product is forecast to be 0.5%. The drastic drop in crude oil prices could provide a tailwind for the economy in 2015. However, this advantage could be more than offset by the turmoil surrounding Greek sovereign debt and the economic consequences of the ongoing crisis in Ukraine.

Key data and forecasts for the economic situation in Austria

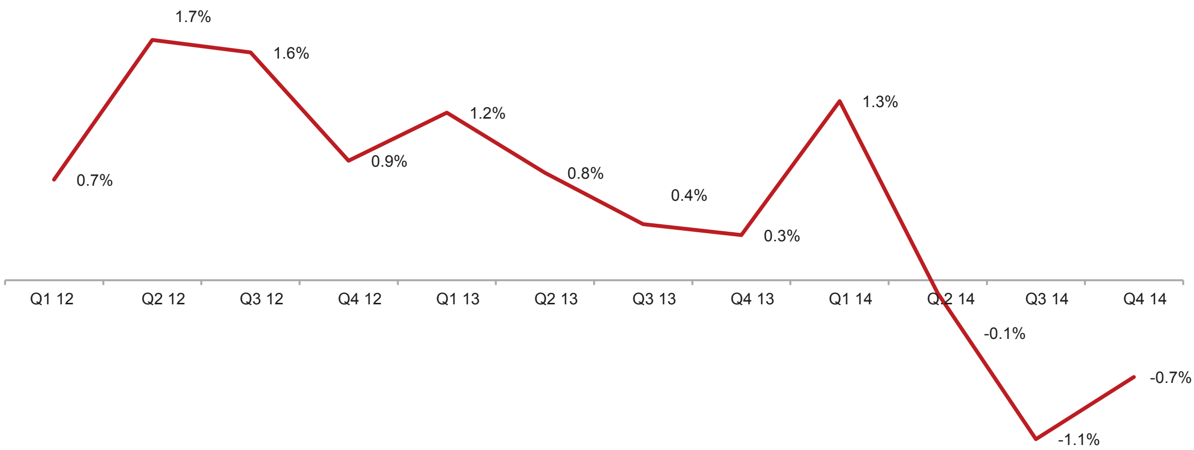
Parameter	Unit	2013	2014	2015
Gross domestic product	Change in % compared to the prior year (real)	0.2	0.4	0.5
Market growth Austria*		1.9	3.0	3.5
Goods exports		2.8	1.2	2.5
Goods imports		0.2	0.9	2.5
Manufacture of goods		0.6	0.2	1.0
Gross capital investment		-1.5	1.4	1.1
Crude oil price (Brent)	Change in % compared to the prior year	-2.6	-8.0	-25.0
Net borrowing of the state	% of the GDP	-1.5	-3.0	-2.4
Inflation rate	%	2.1	1.6	1.5
Unemployment rate	% of the labor force	4.9	5.0	5.3

Source: WIFO, December 2014, Forecast for 2014 to 2016

* Change in real imports of partner countries weighted with Austrian export shares

The development of the components “production of goods” and “merchandise import / export” is in particular crucial for rail freight. The increase in imports and exports of goods in 2014 was once again well below the forecasts. It is hoped that the forecast 2015 growth of 3.5% will be achieved. The manufacture of goods remained virtually stagnant in 2014, contrary to the original expectation of growth of 3.5%. Industrial production slipped surprisingly into negative territory in the second half of 2014. For 2015, an increase of 2.5% in the manufacturing sector is expected.[1]

Development of industrial production (excluding construction, change compared to the same quarter last year):

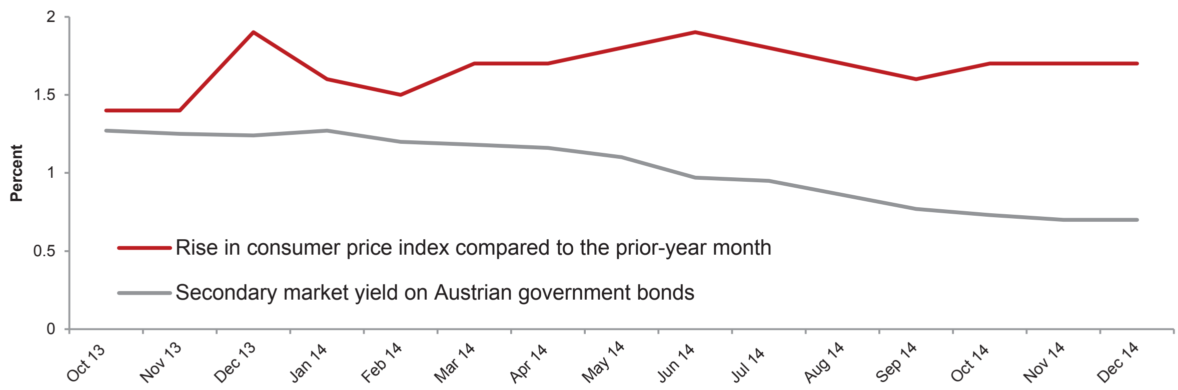


Source: Statistik Austria, production index ÖNACE 2008 (Ø 2010=100), EU harmonized working day adjusted

[1] WIFO, Forecast for 2014 and 2015, September 17, 2014

Capital markets and national budgets

Development of the capital costs and the consumer price index



Source: OeNB and Statistik Austria

The interest rate level of government bonds is crucial for the borrowing terms and conditions for ÖBB-Infrastruktur AG. Due to the liability assumed by the Austrian government for the bonds and certain loans, the interest rate of new issues strongly depends on the interest rates Austrian government bonds. The secondary market yield on government bonds increased briefly again at the end of 2013 to over 1%, but has since fallen to 0.6%. Except in December, inflation was between 1.5% and 2%. This is about 1% higher than the secondary market yield on government bonds. The secondary market yield applies to a bond mix, with relatively short residual maturities. Long-term bonds are also affected by the current low interest rates, although on a much higher level. This means that ÖBB-Infrastruktur AG can continue to finance its borrowings on favorable terms. And in 2015 too, bond issues are expected to benefit from the continued relatively good credit of the Austrian state. At the end of February 2014, the outlook for the Republic of Austria was increased from negative to stable by the rating agency Moody's, with an unchanged top score of Aaa. At the end of September 2014, Standard & Poor's confirmed the AA+ (stable) rating of the Republic of Austria. Rating agency Fitch lowered its AAA rating to AA+ in January 2015. As with Moody's, the outlook is designated as stable.

B.2. Market environment, industry performance and trends

Political and regulatory framework on the European level

Recast of the First Railway Package

At the end of October 2012, the revision of the First Railway Package (Recast) was agreed on the European level. Under this package, the national legislature would have to implement the provisions by no later than June 2015. A preliminary draft bill to amend the Railway Act has been proposed. Major changes include the restructuring and redefinition of the minimum access package and service facilities or services. In particular, access to service facilities and the provision of services is regulated in detail. The responsibilities of the Rail Control Commission were expanded considerably; this applies, inter alia, to monitoring and inspection rights.

In the context of the Single European Railway Area Committee (SERAC), nine implementing acts will be negotiated on individual articles of the amendment. These are directly applicable and do not require separate implementation into national law. According to the legal opinion of the Federal Ministry for Transport, Innovation and Technology (BMVIT), the implementing acts, however, are not binding until the entry into force of the recasts, otherwise the national scope for implementation inherent to a Directive is restricted.

Completed implementing acts
- Article 5 Powers of the Regulating Authority: inter alia, increased disclosure requirements
- Article 15 Rail Market Monitoring: statistical obligations
- Article 25 EU Licenses for Railway Operators

Implementing acts under negotiation
- Article 7/ Art 31 (1) Essential Facilities: non-discriminatory access to service facilities / services (including maintenance facilities, stations, sidings, freight terminals)
- Article 31 (3) Direct Costs: laying down procedures for the calculation of the costs directly incurred by train operation. In addition, any supplements that the infrastructure manager may define are standardized. Negotiations at the EU level have been completed, voting will follow in spring 2015
- Article 31 (5) Noise Differentiated Usage Fee: Negotiations initially completed, currently in Inter-Service Consultation (Commission-internal, inter-service consultation of all units and departments that could be interested in or affected by it)
- Article 32 (4) ETCS Differentiated Usage Fee: Tax incentives for further expansion of ERTMS, vote scheduled for June 2015
- Article 41 Candidates: Provides a list of criteria for infrastructure users and governs definitions, prepayments and preparation of tenders
- Article 42 (1) Master Agreements: New rules concerning the allocation of capacity, minimizing bureaucracy and ensuring the protection of business secrets

Due to the scope of the contents of the regulations, it is not certain that there will be timely completion and entry into force by June 2015.

Fourth Railway Package

In order to further liberalize and harmonize the European railway transport market, in January 2013 the European Commission submitted the following drafts for the 4th Railway Package, consisting of three Directives and two Regulations:
- Further opening up of the national railway passenger transport market, including a revision of the regulation on public service contracts (1370/2007) which would result in an obligation to tender instead of allowing the choice between tendering and direct award;
- Unbundling of railway infrastructure companies and railway operators: this means that vertically integrated companies and a holding structure like that of ÖBB can only be maintained if strict "Chinese walls" are maintained to ensure the necessary legal, financial, and operational independence;
- Further development of the role of the European Railway Agency (ERA) with respect to the standardization of vehicle registrations and safety regulations (regulation) as well as changes in the safety and interoperability directives.

The negotiations between the European Commission, the European Parliament and the European Council are currently underway.

The first reading of the European Parliament on the entire package was held in February 2014. Negotiations are currently taking place in the Council of Ministers. The primary issue is whether the acts on the technical aspects (interoperability, security, European Railway Agency) should be given priority and the other two politically oriented acts should be separated from the package.

A decision on the separation of rail infrastructure and railway operators is not expected before spring 2015, and agreement on all the contents of the package is not expected before mid-2015. Up to that time, the contents of the package may still change. If the core requirements of the Commission proposal are adopted in full, a strong impact on the ÖBB Group is to be expected. The Parliament has already proposed amendments that recognize the strengths of holding structures and foresee longer transition periods with market opening.

Trans-European Transport Network (TEN-T) and Connecting Europe Facility (CEF)

At the end of 2013, regulations on the guidelines for the Trans-European Transport Network (TEN-T guidelines) and the Connecting Europe Facility (CEF) regulation were enacted. These regulations represent the guidelines for European funding of the Trans-European Networks.

The purpose of the TEN-T Regulation is to establish missing links, especially in cross-border transport, to improve the quality of infrastructure in the new Member States, incl. developing the East-West connections, to increase the networking of transport (multimodal) and to efficiently use available funds in such a way as to achieve a reduction in the greenhouse gas emissions caused by traffic by 60% by 2050 (White Paper Transport 2011), and to improve interoperability.

The overall network comprises a core network (completion by 2030) that consists of the infrastructure systems with the greatest strategic importance and offering the highest added value in Europe. The complementary network (completion by 2050) ensures the greatest possible accessibility of all the regions in all the Member States.

The core network corridors have been established for the implementation of the core network. The preparation of the working plan for the implementation of the core network corridors takes place in so-called corridor forums, chaired by the European Commission, which has appointed a “European coordinator” for each core network corridor. ÖBB Infrastruktur AG takes part in the corridor forums in its function as a rail infrastructure operator. The draft work plan for the implementation of the core network corridors was developed by the end of 2014.

Four strategically important axes in Austria are included in both the core network and the budget for 2014 to 2020:
– the Baltic-Adriatic axis (in Austria: the Northern railway, Pontebbana with the new Semmering base tunnel and the Koralm railway, Vienna – Bratislava)
– the Corridor East – Eastern Mediterranean (in Austria: the Northern railway, Eastern railway, Vienna – Bratislava)
– the Scandinavia – Mediterranean corridor (in Austria: Brenner axis)
– the Rhine – Danube corridor (in Austria: Danube axis)

The TEN-T Regulation provides additional guidance on technical requirements. In addition to using the TSI (Technical Specifications of Interoperability) the complementary network must be fully electrified by 2050 and equipped with ERTMS (European Rail Traffic Management System). Additional requirements that the infrastructure of the core network must fulfill are a standard gauge of 1,435 mm, and for freight lines the requirement of a 22.5 t axle load, 100km/h and a train length of 740 m.

Under the headline “Connecting Europe Facility” (CEF), the draft for the multi-annual financial framework of the EU (2014 to 2020) provides for an increased concentration of funds for the extension of the Trans-European Transport Network.

The CEF was laid down in the plenary of the European Parliament with a total amount of EUR 26.2 billion for transport projects in the period from 2014 to 2020. On September 11, 2014, a first call for project proposals was issued, with a planned budget of approximately EUR 12 billion. In collaboration with BMVIT, ÖBB-Infrastruktur AG submitted project proposals for co-financing, concerning in particular the Brenner base tunnel and the Baltic-Adriatic corridor.

Market environment

The ÖBB-Infrastruktur Group is influenced by numerous factors in its environment.

Economic developments:
– The significant impact of the global crisis continues to be felt in the tense situation in freight transport.

Legal developments:
– Recast of the First Railway Package on the European level
– The upcoming Fourth Railway Package with three legislative proposals (unbundling, liberalization of national passenger transport and strengthening the ERA)

Political developments:
– The state is under significantly increased pressure to save money due to the debt situation in the Eurozone. In this context, political debates on expenditures with respect to the restructuring of state budgets and related discussions on major infrastructure projects are to be expected.
– Increase in the average retirement age and a virtually complete end to early retirement

Technical developments:
– Expansion of the interoperability and harmonization of EU networks (TSI, ETCS)
– Continuation of a global awareness and technology push via an investment offensive in alternative forms of energy and drive systems

Development of overall railway freight

Performance of rail freight in Hungary, Slovenia, Germany, Poland and Slovakia is stable to increasing. The performance in the Czech Republic and Austria is relatively stable. After recovering in 2010 and 2011, rail freight in Romania, Italy and Turkey is seeing a general downturn. In Bulgaria, rail traffic has stabilized at a very low level, while in Croatia it continues to decline.

As in the previous year, 31 railway operators were entitled to use the ÖBB infrastructure as of the end of 2014.

Energy market

In the energy sector, due to the difficult conditions on the electricity market, the main focus is currently on optimizing reinvestments in ageing hydropower plants, taking into account life cycle costs. Over the long term, a 25% expansion and optimization of domestic production (currently one-third of the annual needs) is targeted in order to reduce dependence on foreign energy sources, although there are also plans to promote the generation of wind and solar energy for railways in the coming years.

Construction industry

Cost and price levels in the construction industry are significantly influenced by the relevant raw materials (basic materials and raw materials in the production process) and manufacturing products such as concrete, gravel, steel, copper, diesel and gasoline. The changes can be seen in the project-specific index values.

The construction price index increased by 1.8% in the third quarter of 2014 as against the same period in the previous year. A moderate increase in prices was recorded in civil engineering and road construction (0.9% each). Prices in bridge construction were stagnant, and other civil engineering prices increased by 1.0%. Prices in building construction rose, with an increase of 2.5% in the comparable period[2].

The wholesale price index fell by 1.7% in the third quarter of 2014 as against the same period in the previous year. This comprises, for example, gas oil (incl. diesel) at minus 5.9%, aluminum at minus 2.8% and copper sheet at minus 0.4%; in contrast, stainless steel rose by 5.8%[3].

In its construction forecast, the Austrian Institute for Economic Research (WIFO) assumes low but stable real growth for civil engineering over the medium term (2015 to 2017)[4].

B.3. Revenues

Overview	2014	2013	Change	Change in %
Mil. train-kilometers	145.1	142.8	2.3	2%
Total gross tonnage-kilometers in mil.	75,162.7	72,965.8	2,196.9	3%
Self-generated traction power from ÖBB power plants	668	718	-50	-7%
Traction power from overhead contact line in GWh	1,740	1,770	-30	-2%
Floor space incl. Exterior spaces rented out in thousands m²	2,760	2,697	63	2%
Revenue in mil. EUR	2,176.1	2,155.3	20.8	1%
Total revenue in mil. EUR	3,114.7	3,047.4	67.3	2%
Total revenue per employee in thousands EUR	184	189	-5	-3%

Performance indicators

The development of train-kilometers (Tkm) is an important indicator for assessing the operational performance of the ÖBB-Infrastruktur Group. The figure increased over the prior year to a total of 145.1 million Tkm (prior year: 142.8 million Tkm).

Development of train-kilometers by type of traffic in mil.	2014	2013	Change	Change in %
Passenger transport	96.8	95.6	1.2	1%
thereof ÖBB Group	*92.1*	*91.2*	*0.9*	*1%*
Goods transport	41.1	39.7	1.4	4%
thereof ÖBB Group	*33.3*	*33.1*	*0.2*	*1%*
Service trains and light engines	7.2	7.4	-0.2	-3%
thereof ÖBB Group	*6.2*	*6.5*	*-0.3*	*-5%*
Total	**145.1**	**142.8**	**2.3**	**2%**
thereof ÖBB Group	***131.6***	***130.8***	***0.8***	***1%***

[2] http://www.solidbau.at/home/artikel/aid/25252/p/1/Baukonjunktur/Baupreise_im_dritten_Quartal_gestiegen?analytics_from=highlight_dis
[3] Statistik Austria
[4] http://www.viboe.at/uploads/tx_viboelinkct/141127-Bauprognose-WIFO.pdf

The development of total gross tonne-kilometers (TGTkm) is another indicator used to assess business performance. While external railway operators accounted for 9.8 billion TGTkm or 13% of the total in the 2013 financial year, in 2014 they accounted for 11.5 million TGTkm, which corresponds to 15% of the total.

Development of gross tonnage-kilometers by type of traffic in mil.	2014	2013	Change	Change in %
Passenger transport	28,794.0	28,348.5	445.5	2%
thereof ÖBB Group	*27,320.7*	*26,991.5*	*329.2*	*1%*
Goods transport	45,258.1	43,489.4	1,768.7	4%
thereof ÖBB Group	*35,330.4*	*35,163.1*	*167.3*	*0%*
Service trains and light engines	1,110.6	1,127.9	-17.3	-2%
thereof ÖBB Group	*970.5*	*988.4*	*-17.9*	*-2%*
Total	**75,162.7**	**72,965.8**	**2,196.9**	**3%**
thereof ÖBB Group	***63,621.6***	***63,143.0***	***478.6***	***1%***

Other key performance indicators for sales generated are the in-house generation of traction power in ÖBB power stations and rentable property space.

Development of the electricity sector:

Traction power in GWh	2014	2013	Change	Change in %
Self-generated traction power from ÖBB power plants	668	718	-50	-7%
Traction power from overhead contact line	1,740	1,770	-30	-2%

Development of the rentable areas:

Floor space incl. Rentable exterior spaces in thousands m²	2014	2013	Change	Change in %
Usage by external parties (outside the Group)	785	793	-8	-1%
Usage by ÖBB Group companies	893	843	50	6%
Vacant and public space	1,063	1,040	23	2%
Floor space	**2,741**	**2,676**	**65**	**2%**
Exterior spaces rented out	19	21	-2	-10%
Total portfolio	**2,760**	**2,697**	**63**	**2%**

The floor space of buildings incl. rentable exterior spaces amounts to 2.8 million m^2 (prior year: EUR 2.7 million). Of this 2.8 million m^2), almost one-third is rented out to third parties. The rest is rented out within the Group or used by the ÖBB-Infrastruktur Group itself.

Revenue

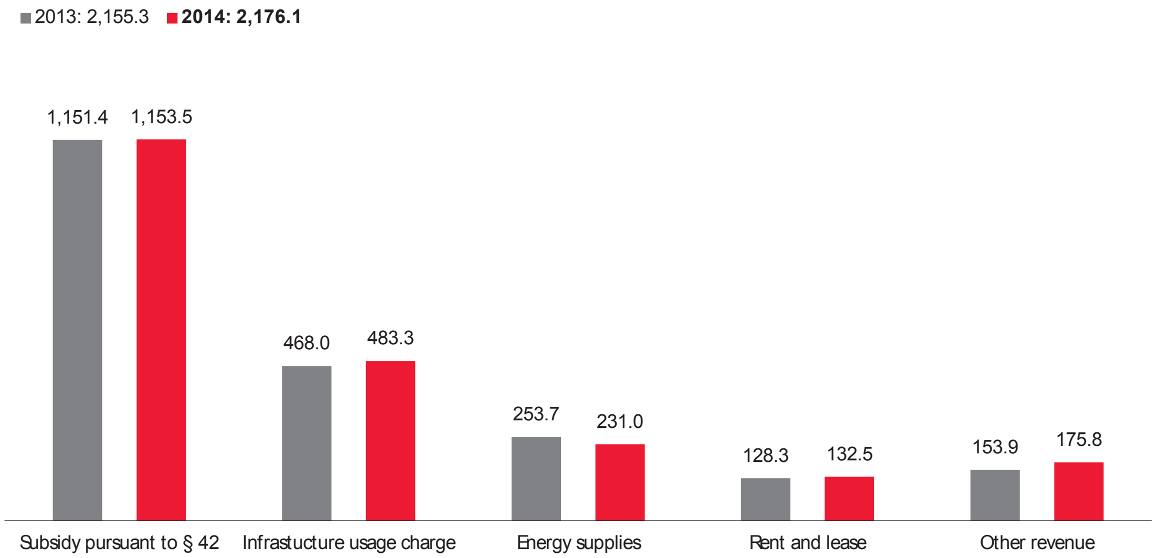
Revenue ÖBB-Infrastruktur Group in mil. EUR	2014	2013	Change	Change in %
Total group revenue	2,331.8	2,421.7	-89.9	-4%
less intra-group revenue	-155.7	-266.4	110.7	-42%
Revenue	**2,176.1**	**2,155.3**	**20.8**	**1%**
Other income (consolidated)	938.6	892.1	46.5	5%
Total income	**3,114.7**	**3,047.4**	**67.3**	**2%**
thereof with other entities of the ÖBB Group	***729.5***	***734.1***	***-4.6***	***-1%***

As described above, Group revenue reached EUR 2,176.1 million (prior year: EUR 2,155.3 million), of which companies of the ÖBB Group accounted for EUR 709.8 million (prior year: EUR 717.4 million).

With 16,963 employees (prior year: 16,122 employees) the average revenue per employee amounts to EUR 128 thousand (prior year: EUR 134 thousand),

Revenue is mainly generated in Austria. Revenue in the amount of EUR 17.5 million (prior year: EUR 23.6 million) was generated with customers abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Development ot the group revenue in mil. EUR



B.4. Result of operations

Overview	2014	2013	Change	Change in %
EBIT in mil. EUR	635.1	606.3	28.8	5%
EBIT margin in %	20.4%	19.9%	0.5%	3%
EBITDA in mil. EUR	1,279.9	1,222.7	57.2	5%
EBT in mil. EUR	34.6	25.8	8.8	34%
Return on equity in %	2.9%	2.2%	0.7%	32%
Return on assets in %	3.0%	3.0%	0.0%	0%

Structure of the Income Statement

The Income Statement of the ÖBB-Infrastruktur Group is structured as follows:

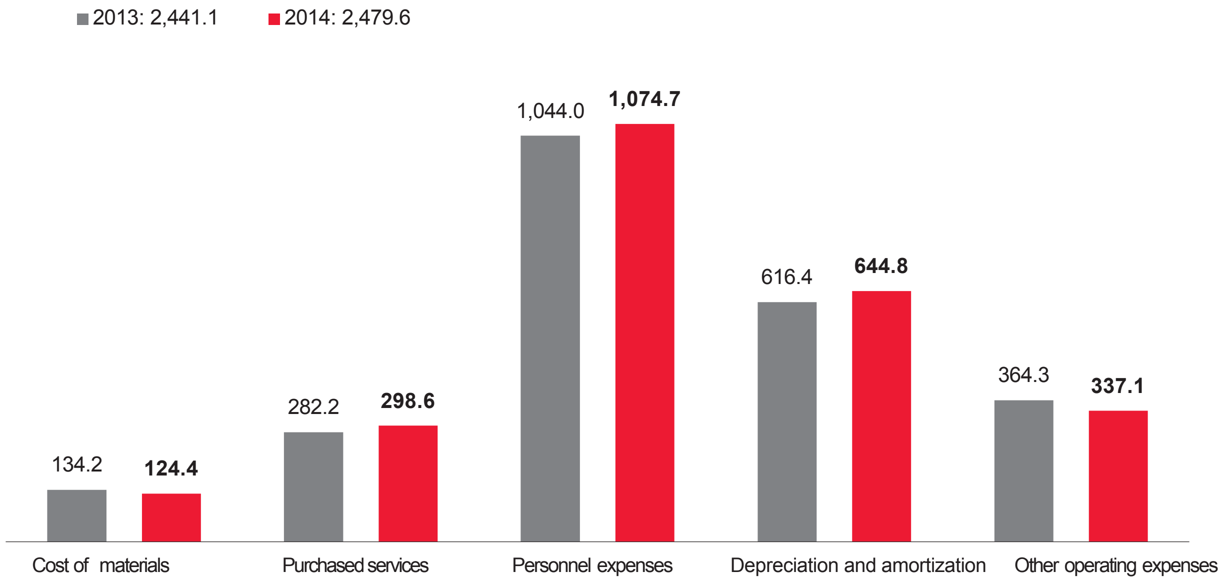
Structure of the Income Statement in mil. EUR	2014	in % of total income	2013	in % of total income	Change	Change in %
Revenue	2,176.1	70%	2,155.3	71%	20.8	1%
Other own work capitalized	287.2	9%	305.3	10%	-18.1	-6%
Other operating income and increase/ decrease of inventories	651.4	21%	586.8	19%	64.6	11%
Total income	**3,114.7**	**100%**	**3,047.4**	**100%**	**67.3**	**2%**
thereof from other Group entities	***729.5***	***23%***	***734.1***	***24%***	***-4.6***	***-1%***
Cost of materials	124.4	4%	134.2	4%	-9.8	-7%
Purchased services	298.6	10%	282.2	9%	16.4	6%
Personnel expenses	1,074.7	35%	1,044.0	34%	30.7	3%
Depreciation and amortization	644.8	21%	616.4	20%	28.4	5%
Other operating expenses	337.1	11%	364.3	12%	-27.2	-7%
Total expenses	**2,479.6**	**80%**	**2,441.1**	**80%**	**38.5**	**2%**
thereof from other Group entities	***196.6***	***6%***	***200.8***	***7%***	***-4.2***	***-2%***
EBIT	**635.1**	**20%**	**606.3**	**20%**	**28.8**	**5%**
Financial result	-600.5	-19%	-580.5	-19%	-20.0	-3%
thereof from other Group entities	*0.0*	*0%*	*-0.8*	*0%*	*0.8*	*100%*
EBT	**34.6**	**1%**	**25.8**	**1%**	**8.8**	**34%**

Total income of the ÖBB-Infrastruktur Group in the year under review amounted to EUR 3,114.7 million (prior year: EUR 3,047.4 million). With an average headcount of 16,963 (prior year: 16,122) this results in an amount of kEUR 184 per employee (prior year: kEUR 189),

The ÖBB-Infrastruktur Group reported EBIT of EUR 635.1 million in financial year 2014 (prior year: EUR606.3 million), with an EBIT margin[5] of 20.4% (prior year: 19.9%). EBITDA[6] amounts to EUR 1,279.9 (prior year: EUR 1,222.7 million).

Total expenses for the ÖBB-Infrastruktur Group amounted to EUR 2,479.6 million (prior year: EUR 2,441.1 million) and are broken down into the following types of expenses:

Development of the operating expenses in mil. EUR



The average personnel cost per employee of the ÖBB-Infrastruktur Group amounted to kEUR 63 (prior year: kEUR 65). As in the prior year, this equates to a payroll ratio[7] of 43%. The increase is attributable, among other things, a provision for recalculation of the advanced recognition date in the amount of EUR 59.0 million was formed. In addition, a Supreme Court decision made it possible to reverse liabilities for holiday loss pay in the amount of EUR 35.4 million, which improved results. The material ratio[8] was unchanged from the prior year at 5%. The average cost of materials and services per employee amounted to kEUR 25 (prior year: kEUR 26).

ÖBB-Infrastruktur Group generated a negative financial result in the year under review of EUR 600.6 million (prior year: EUR 580.5 million). In 2014, EBT amounted to EUR 34.6 million (prior year: EUR 25.8 million).

B.5. Net assets and financial position

Overview	2014	2013	Change	Change in %
Total assets in mil. EUR	21,341.0	20,133.4	1,207.6	6%
PP&E-to-total-assets ratio in %	90%	91%	-1%	-1%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	103%	98%	5%	5%
Equity ratio in %	6%	6%	0%	0%

[5] EBIT margin: EBIT / total income
[6] EBITDA: EBIT + depreciation and amortization
[7] Payroll ratio: personnel expenses / total expenses
[8] Material ratio: material expenses / total expenses

Structure of the Statement of Financial Position

The Statement of Financial Position of the ÖBB-Infrastruktur Group developed as follows:

Structure of the Consolidated Statement of Financial Position in mil. EUR	Dec 31, 2012	Dec 31, 2013	Structure 2013	Dec 31, 2014	Structure 2014	Change from 2013 to 2014
Non-current assets	18,673.2	19,520.1	97%	20,547.0	96%	1,026.9
Current assets	1,052.0	613.3	3%	794.0	4%	180.7
Total Assets	**19,725.2**	**20,133.4**	**100%**	**21,341.0**	**100%**	**1,207.6**
Shareholder's equity	1,148.6	1,173.6	6%	1,198.5	6%	24.9
Non-current liabilities	15,760.4	16,749.5	83%	18,681.5	88%	1,932.0
Current liabilities	2,816.2	2,210.3	11%	1,461.0	7%	-749.3

Trade receivables increased from EUR 152.0 million to EUR 178.0 million. Working capital[9] stood at EUR -310.0 million (prior year: EUR -404.4 million).

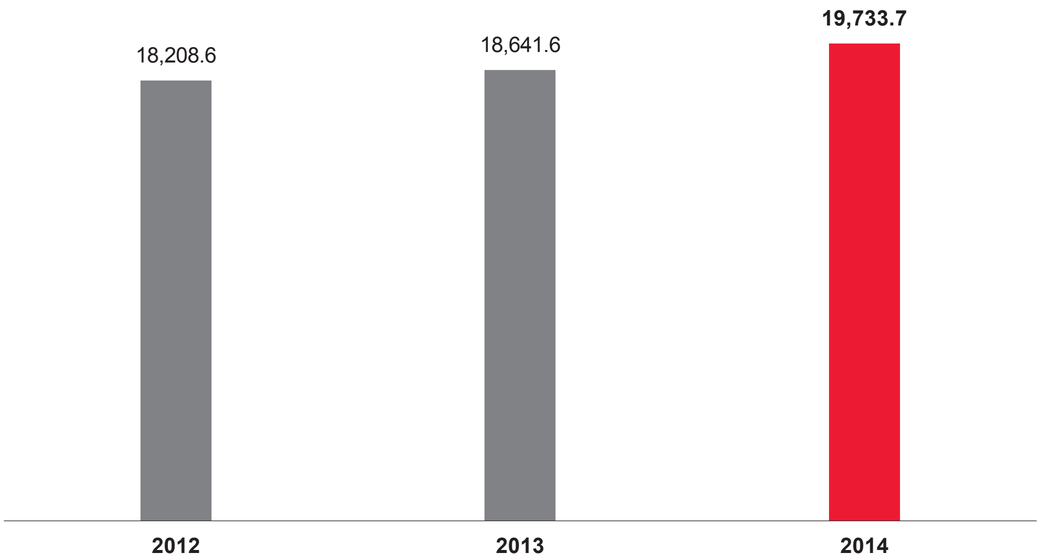
Notes to the Consolidated Statement of Cash Flow

In the year under review, free cash flow[10] amounted to EUR -1,033.4 million (prior year: EUR -1,274.8 million). The change in cash and cash equivalents with effect on cash flow improved from EUR -388.7 million to EUR 248.3 million.

Abstract from the Group Cash Flow Statement in mil. EUR	Dec 31, 2014	Dec 31, 2013	Change
Cash flow from operating activity	686.1	408.3	277.8
Cash flow from investing activity	-1,719.5	-1,683.1	-36.4
Free cash flow	-1,033.4	-1,274.8	241.4
Cash flow from financing activity	1,281.7	886.1	395.6
Cash-effective change of funds	248.3	-388.7	637.0

The detailed Consolidated Statement Cash Flow is included in the Notes to the Consolidated Financial Statements.

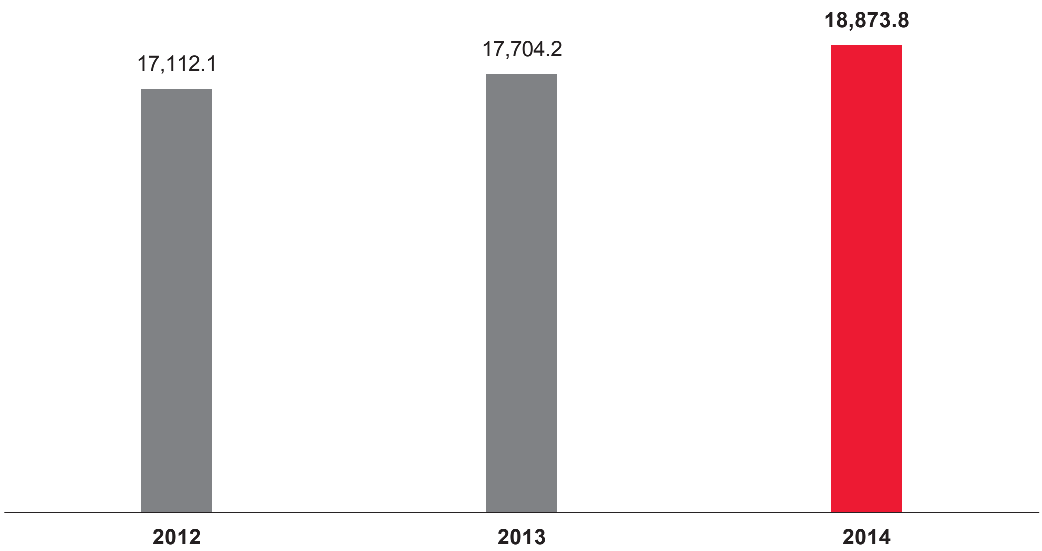
Liabilities in mil. EUR



[9] Working capital: inventories (excl. real estate recovery projects) + trade receivables + advance payments on property, plant and equipment + advance payments on intangible assets – trade payables – advance payments for inventories

[10] Free cash flow: Cash flow from operating activities + cash flow from investing activities

Financial liabilities in mil. EUR



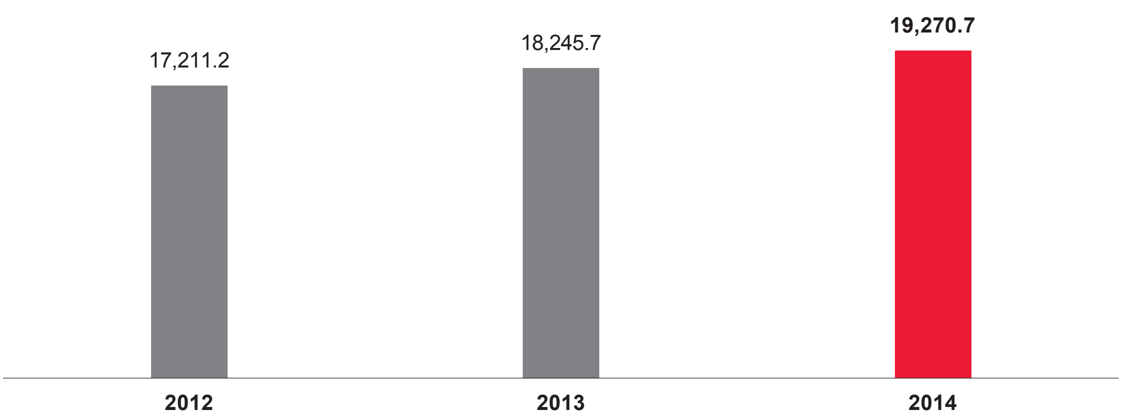
Overall, the liabilities of the ÖBB-Infrastruktur Group increased in the year under review in total by 6% to EUR 19,733.7 million (prior year: EUR 18,641.6 million).

In financial year 2014, EUR 1.5 billion of fixed interest bonds were issued under the Euro medium-term note (EMTN) program ("Debt Issuance Program"), (prior year: EUR 2.1 billion); this program was launched at EUR 10.0 billion in 2005 and increased to EUR 20.0 billion in 2011 for the purpose of financing capital expenditures on infrastructure and re-financing bonds at maturity.

B.6. Capital expenditure and financing measures

Overview	2014	2013	Change	Change in %
Capital expenditure in mil. EUR	1,858.4	1,905.0	-46.6	-2%
Capital expenditure ratio of total income in %	57%	61%	-4%	-7%
Capital expenditure ratio of carrying amounts in %	10%	11%	-1%	-9%

Development of property, plant and equipment in mil. EUR



Areas of investment focus in 2014

Capital expenditures by ÖBB-Infrastruktur Group focused on the following investments in 2014:
- Four-track extension of the Western line (section Vienna – Wels);
- Four-track extension of the Lower Inn Valley route;
- Expansion of the southern section (Baltic-Adriatic Corridor);
- Construction of the Brenner Base Tunnel;
- Construction of freight terminals;
- Numerous local transport projects in large urban areas;
- Train stations;
- Improving tunnel safety on existing lines;
- Noise protection measures;
- Railway junctions; technical safety, conveyances, replacement measures, such as over- and underpasses;
- Construction of Park & Ride facilities;
- Large-scale capital expenditure, such as new tracks and switches.

Work focused on the following projects in the period under review: Completion of the St. Pölten–Loosdorf track (freight train bypass) (Lower Austria), completion of the Ybbs–Amstetten track (Lower Austria), eastern access to Linz Central Station (Upper Austria), selective two-track expansion between Linz–Selzthal (Upper Austria), four-track expansion of the Lower Inn Valley railway (Tyrol) (remaining work), expansion of the St. Margrethen–Lauterach track (Vorarlberg), Vienna Inzersdorf terminal (Vienna/Lower Austria), Semmering base tunnel (Lower Austria/Styria), Koralm tunnel (Styria/Carinthia), Koralm railway sections Wettmannstätten–Deutschlandsberg (Styria) and Aich/Mittlern–Althofen/ Drau (Carinthia), and the Brenner base tunnel (Tyrol/Italy). Equally, the station initiative continued – in addition to the major Central Stations in Salzburg (Salzburg), Graz (Styria) and Vienna (Vienna), work progressed at numerous stations and stops, including the stations Hohenems (Vorarlberg), Ludesch (Vorarlberg), Brixlegg (Tyrol), Hallwang-Elixhausen (Salzburg), Schärding (Upper Austria), Gmunden (Upper Austria), Korneuburg (Lower Austria), Bruck/Leitha (Lower Austria), Wolkersdorf (Lower Austria), Gänserndorf (Lower Austria), Hollabrunn (Lower Austria), Deutsch-Wagram (Lower Austria), St. Peter-Seitenstetten (Lower Austria), Neunkirchen (Lower Austria), Leobersdorf (Lower Austria), Neusiedl/See (Burgenland), Wildon (Styria), Judendorf-Strassengel (Styria), and the stops at Brünner Strasse (Vienna), Kammer-Schörfling (Upper Austria), Klagenfurt West (Carinthia), Paternion/Feistritz (Carinthia) and Weissenstein-Kellerberg (Carinthia).

Milestones on Major Projects

In January and March 2014, tunneling work on the twin-tube Koralm tunnel began from the Carinthian side. In addition, in the period under review, two tunnel boring machines, which have been in operation since 2013, continued to work from the Styrian side towards Carinthia. The tunnels are expected to meet for the first time in 2016 in the southern Koralm tunnel tube.

In the Semmering base tunnel, work began in 2014 on the first of three tunnel sections, the Fröschnitzgraben tunnel (Styria/Lower Austria). Work was suspended from February to July 2014 as a result of the overturn of a positive environmental impact opinion by the Administrative Court. The preparatory work in Gloggnitz (Lower Austria) was completed in 2014. After the successful completion of the pending proceedings before the Federal Administrative Court in the spring of 2015, work on the second tunnel section, the Gloggnitz tunnel (Lower Austria) began.

In the Brenner base tunnel, tunneling work on the Wolf 2 construction section began in November 2013. The tunneling work for the largest construction section thus far, Tulfes-Pfons, began on 17 September 2014. In Italy, work on the main tunnels of the peri-Adriatic seam construction continues to progress. The Eisackunterquerung construction section was awarded at the end of 2014.

In the station initiative, construction on the last major stations along the Western line was completed in October and November 2014 with the opening of the Salzburg Central Train Station (Salzburg), the Attnang-Puchheim station (Upper Austria) and the station building for the Vienna Central Train Station (Vienna). Four-track service on the section of the Western line between Ybbs and Amstetten Ost (Lower Austria) began with the new timetables published in December 2014. With the on-time completions of the Eastern Railway – Airport Express Train (Vienna), the Vienna Airport station (Lower Austria) and the second partial opening of Vienna Central Train Station (Vienna), the first long-distance trains to the Vienna Airport have been running since mid-December 2014.

Bundled implementation of reinvestment projects in conjunction with route closures

In order to minimize the disruption to railway traffic management and ensure that any disruptions are handled in a transparent manner, ÖBB-Infrastruktur AG bundled the implementation of numerous reinvestment projects during route closures in 2014. These projects included modernization along the Tauernbahn-Nordrampe while a route was closed in April and May 2014: between Schwarzach/Veit (Styria) and Bad Gastein (Styria), several kilometers of track and cable were relaid, and newly built bridges and new noise barriers were installed. In addition, a complete service for the railway line between Wolkersdorf (Lower Austria) and Laa an der Thaya (Lower Austria) was implemented in conjunction with a route closure in August 2014. During the Ennstal closure, in September 2014, improvements including bridge renovations, slope protection measures and the remediation of flood damage were carried out between Bischofshofen (Salzburg) and Stainach/Irdning (Styria). In addition, in September 2014, more 100 tightly scheduled individual projects were carried out between stations in Bludenz and Landeck-Zams/Ötztal.

Migration of further sections into the five operating centers

The control areas of the five operating centers were again significantly expanded in 2014. For example, the sections Landeck, Flirsch-Hintergasse, Feldkirch and Hohenems were integrated into the Innsbruck operating center, the section Loifarn-Badgastein into the Salzburg operating center, the section Pöchlarn-Ybbs into the Linz operating center, the section Hausleiten-Absdorf/ Hippersdorf-Fels am Wagram into the Vienna operating center and the railway stations Paternion, Gummern, Pörtschach and Velden into the Villach operating center. Approximately 25% of the main network of ÖBB-Infrastruktur is already managed by the 5 operating centers.

Project		Capital expenditure 2014	Projected or effected completion
Modification and new construction of stations	Vienna Main Station (incl. Südtiroler Platz)[1]	141.0	2012/15
	Salzburg Main Station	29.1	2014
	Graz Main Station[2]	19.5	2015
	Station Attnang-Puchheim[2]	9.9	2014
	Station Hallwang-Elixhausen	10.2	2015
	Station Ludesch	2.7	2015
	Station Brünner Straße	2.3	2016
	Station Brixlegg	3.1	2015
	Station Gmunden	8.3	2015
	Station Leobersdorf	1.8	2014
	Station Korneuburg	7.3	2015
	Station Bruck/ Leitha	16.4	2015
	Station Wolkersdorf	1.4	2014
	Station Neunkirchen	5.8	2015
	Station Gänserndorf	0.7	2014
	Station Hollabrunn	0.6	2015
	Station Deutsch-Wagram	2.1	2014
	Station Neusiedl/See	1.1	2015
	Station Wildon	4.1	2014
	Station Judendorf-Straßengel	1.0	2014
	Station Kammer-Schörfling	1.6	2014
	Station Klagenfurt West	4.8	2014
	Station Paternion-Feistritz	2.2	2014
	Station Weißenstein-Kellerberg	1.2	2014
	Station St. Peter-Seitenstetten	8.6	2014
	Station Zeltweg	2.4	2014
Greater Vienna	Connection Ostbahn-Flughafenbahn	15.3	2014
	Modification Station Vienna Airport	10.4	2014
	Vienna Inzersdorf Terminal	28.0	2016/17
Danube route	St. Pölten - Loosdorf (goods transport bypass)[2]	60.3	2017
	Track completion Ybbs - Amstetten[4]	56.1	2015/17
	Eastern entrance Linz Main Station	17.3	2018
	Short-distance transport Salzburg - track extension Freilassing[5]	2.8	2013/15*
Pontebbana route	Pottendorfer Linie (Blumental-Münchendorf)	5.7	2023
	Gloggnitz-Mürzzuschlag: existing Semmering track	4.8	2014
	Semmering - Base tunnel new	104.9	2025
	Koralm railway Graz - Klagenfurt	218.0	2023
Pyhrn-Schober route	Wels - Passau[3]	18.7	2020
	Linz-Selzthal	5.9	2016
Brenner route	Four track extension Unterinntal (Kundl/ Radfeld - Baumkirchen)[6]	17.2	2012/16*
	Brenner Base Tunnel	50.0	2026
Arlberg route	Rhine Valley Concept[3]	5.5	2018
Programs	Noise protection	11.3	
	Park & Ride	15.0	
	Tunnel safety	0.6	
	Railway cross-roads	18.3	
Reinvestments in the railway network		570.9	
Others (incl. intangible assets)		332.2	
Total master plan and other investment projects		**1,858.4**	

[1] Partial operation 2012
[2] Stimulus package
[3] Gradual commissioning of the sub-projects
[4] Railway station Amstetten completion in 2019
[5] Salzburg approval: Commissioning of the entire Austrian section to the border: 2013 commissioning of the entire route, including the German section (DB measures): planned by end of 2015
[6] Commissioning of Unterinntal took place in 2012, remaining work by 2016

B.7. Strategy

Objectives and mission

ÖBB-Holding AG is the strategic controlling company of ÖBB Group. It is responsible for ensuring uniform strategic alignment to fully leverage advantages and synergies. Group directives specify clear and practical rules that take account of the Group's purpose and govern cooperation and coordination among the companies, ensuring a uniform direction for the Group. The companies that make up ÖBB Group each develop their corporate strategies, which are then merged into a consistent Group strategy.

Research & development, environmental and sustainability issues, international relations and efforts to ensure a barrier-free railway system for people with mobility issues are Group-wide tasks for which ÖBB-Holding AG performs a coordinating function. The Group emphasizes collaboration with foreign railway operators, EU institutions and international advocacy groups. Key topics of interest for the Group include EU legislation and interoperability. Central services, such as Human Resources, Accounting Services, Purchasing and IT are provided by ÖBB-Business Competence Center GmbH.

General conditions and challenges

Economic development is not expected to provide much of a tailwind for railway operators in 2015. The current oil price could produce resistance, as it favors road and air transport competitors. The Republic of Austria continues to support the expansion of the railway infrastructure, and thus makes an important contribution to gross domestic product in times of weak economic growth and rising unemployment.

The mobility change that is being driven by engineering, demographic and social advancements continues to constitute both opportunity and risk for passenger rail transport. Never before have customers been able to obtain such extensive information on public transport so easily. At the same time, digitization is creating new competitors. Car sharing started as a welcome supplement to public transport, but is increasingly evolving into a competitor. Added to which, new travel-share platforms are constantly emerging on the internet that generally underbid long-distance rail prices. Digital media are also one of the main reasons for the success of the long-distance bus services that recently started flooding the marketplace. Since their liberalization in Germany, in a surprisingly short period of time long-distance bus services have become a serious competitor to long-distance rail transport.

New EU legislation will bring more precisely defined tasks for ÖBB sub-groups in 2015. New rules of application will govern competitors' access to essential facilities with the aim of facilitating market access. Appropriate separate accounting systems must be established in all affected areas. More detailed regulation of route prices could also come into effect before the end of 2015 with the aim of adapting infrastructure usage charges both to market conditions (by market segment) and the associated direct costs. Public service tenders will become mandatory for passenger rail transport projects from 2022 onwards.

In addition to the external conditions, there are also challenges within ÖBB: the start of the “Speed Up” project to reduce bureaucracy and make decision-making processes shorter and transparent; further improvements in cost efficiency and profitable growth in order to increase investment capacity; continuous improvement in offers and quality to ensure satisfied customers; Group-wide personnel and training programs to ensure motivated employees.

Strategy and strategy implementation

FIT 2015 nearing completion

The FIT 2015 program was launched in 2010 and is now in its final push. Once again, all Group entities developed strategic and operational action plans in 2014, and have begun preparing for the next phase, which will run until 2020.

Strengthening and advancing Group and sub-group strategies
Strategic initiatives within the Group

The Group-wide project "Speed Up," initiated by Board of Management of ÖBB-Holding AG, was launched in August 2014. With the help of external experts, this project aims to identify and eliminate bureaucratic hurdles and improve Group-wide processes. The objective is to reduce bureaucracy and establish faster, more transparent decision-making channels by simplifying processes and defining clear structures and responsibilities. By the end of the year, intra-company working groups had analyzed the current situation with respect to processes in use in the cross-functional areas of service and support, and identified possible solutions for improving process flows. The next step will be to derive and implement specific actions at both Group-wide and sub-group level. The primary aim of the project is to bundle and align human and financial resources within the company for the benefit of its customers.

Group-wide initiatives

– In its strategic planning process, ÖBB decided to position itself as a leading provider of integrated mobility. "Simply mobile" – Looking ahead, customers will find it even easier and faster to reach their destination using various environmentally-friendly means of public transport – regardless of whether they are traveling in the city or out in the country.
– In response to a tender issued by the Climate and Energy Fund in connection with its "Technology Lighthouses for Electromobility" sponsorship program, ÖBB has joined forces with eleven partners to launch the SMILE research project. This new mobility platform combines all types of public transportation, as well as taxis, rental bikes, car sharing, parking garages and charging stations for electric cars. Users can use their smartphones both to get information on all these means of transportation and to book and pay for them.
– The content for the Group-wide program "Customer Service for Disruptions" was designed in 2013. The program aims to ensure better customer support when unscheduled events occur. Actions were specified in 2014, and implementation commenced. One of these measures was to analyze and design the creation and deployment of a rapid response team.
– The Group-wide program "Error Culture" was launched at the end of 2013. One of the factors driving success in railway safety is the open and professional handing of human errors. Appropriate measures were developed in 2014.
– For the Group project Corporate Voice, the voice of Chris Lohner was digitized with a text-to-speech system for use on public address systems in stations and trains, and call center announcements.

Group initiatives for organizational and human resource-related developments

ÖBB Group decided to streamline its management structure at the end of 2013, and continued to rigorously pursue this aim in 2014. For example, "ÖBB-Shared Service Center GmbH" and "ÖBB-IKT GmbH" were merged into one company, effective January 1, 2014, which is now called "ÖBB-Business Competence Center GmbH". The completion of Group headquarters at Vienna Central Station marked another key milestone. Staff from ÖBB-Holding AG and 14 other ÖBB Group companies moved into the new building between September and November. The Group expects to save EUR 5.0 million each year, simply by locating some 1,700 employees together at one office and taking advantage of the resulting effects.

Basic strategic orientation of ÖBB-Infrastruktur AG

ÖBB-Infrastruktur AG focuses clearly on its customers and its core business: the provision of equipment and facilities, and non-discriminating operation of ÖBB's railway network. "We want to inspire enthusiasm for train travel among as many people as possible." This is the vision of ÖBB-Infrastruktur AG. One aim is to make access to the railways as easy as possible. Safety, punctuality and superb customer service rank high on its list of priorities. Generally speaking, the company wants to create the conditions for attractive mobility. The strategic measures are currently being developed as part of a comprehensive strategic process. The clear focus of these efforts is on the needs of customers and, in particular, the passengers. Based on customer surveys and a study of the potential, further measures are being developed to increase the satisfaction with the railways as a major form of public transport.

The implementation of the sub-group's strategy is based on the two cornerstones "market and cost strategy", which represent the central ways of achieving the sub-group targets.

Market strategy: Target Network 2025+

The Target Network 2025+ constitutes a uniform overall concept comprising the following elements derived from detailed market analysis and long-term demand forecasts (traffic forecast prepared by BMVIT):
- Evolution of ÖBB's route network, including train stations, based on criteria for system adequacy
- Operating centers and the implementation of the European Train Control System (ETCS) in ÖBB's route network
- Implementation of programs to ensure compliance with statutory regulations (tunnel safety, accessibility, noise protection)

The aim is to secure a high-performance infrastructure for Austria that is capable of operating key international routes in the European network. It will enable more volume to be shifted to rail transport, and forms the basis for a high-quality portfolio of (scheduled) transport services.

Cost strategy: Concentration on core business

Concentration on core infrastructure business aims to focus the infrastructure portfolio on areas where a sustainable railway infrastructure is appropriate. Products and services that are not compatible with core business will be discontinued over the medium to long term.

B.8. Other important events and outlook

Despite less than positive macroeconomic forecasts (see sections B1 and B2), the ÖBB Group is holding firm to its path of recovery. The renovation and strategy initiatives that have been in place since 2011 focus on sustainability in all areas of ÖBB.

The focus remains on concentrating on the core business, which will effectively and economically use existing resources in order to provide an optimal offer. This is the only way to ensure that ÖBB can maintain its position in an increasingly liberalized market.

The efforts in the core services will be complemented strategically in the coming years through increased commitment to innovative projects. For example, ÖBB intends to use ongoing initiatives such as eMorail and SMILE to position itself as a comprehensive mobility provider that can offer the entire chain of mobility solutions.

In addition, there are high standards for management in optimizing processes and procedures within the company and always keeping a close eye on the cost-effectiveness of all initiatives in order to further improve results.

Team target dialog (TTD)

The ÖBB Group used the TTD (team target dialog) method for target cascading in order to implement the corporate strategy. This method involves holding moderated meetings with all relevant managers to determine the contributions that the individual organizational units can make to achieve the corporate objectives. We will continue to use this method.

Milestones and specific objectives for 2015

Building on the new organizational structure, efforts in 2015 will focus on optimizing process organization and aligning the corporate culture to a customer-friendly and process-oriented organization.

The harmonization of organizational structures, organizational procedures and corporate culture makes it possible to use synergy effects to further increase efficiency and employee and customer satisfaction.

The daily work of all employees is increasingly centered on passengers and customers.

The expansion activities in railway infrastructure will have the following focal points in 2015:
- Continuing the four-track expansion of the Western line (e.g. Amstetten station conversion, St. Pölten freight train bypass)
- Expansion of terminals (e.g. Wolfurt, TWIN, Wels);
- Vienna Central Station – Fully operational
- Further expansion of the Southern line (e.g. new Semmering base tunnel and Koralm railway)
- Expanding the Pottendorf line
- Completing Graz Central Station
- Brenner base tunnel
- Local transport projects in large urban areas and station buildings
- Future transfer of routes to the province of Upper Austria ("Haager Lies", "Mühlkreisbahn", "Aschacherbahn"/ Transfer of the railway bridge in Linz to Linz AG)

Additional measures are planned that should culminate in achievement of the following objectives in 2015:
– Maintaining overall on-time rate of 96.6%
– Reducing low-speed areas in the core network to 1,150 km²/h
– Substantial improvement in customer information (1.96 as a rule, 1.78 in exceptional cases according to Karmasin survey (self-reported))
– Further improvement of safety to 2.85. This indicator is composed of defined operational incidents and is standardized with train-kilometers driven; the indicator is based on an observation period of twelve months – the number of defined events in relation to train kilometers driven.

Federal Public Corporate Governance Code (B-PCGK)

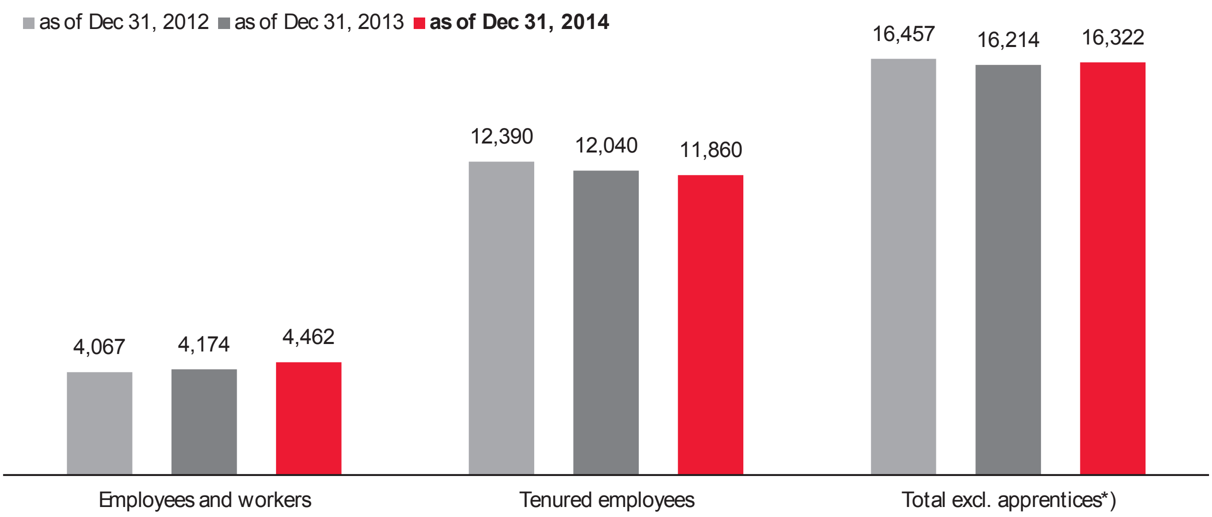
ÖBB Group wants to strengthen the trust of its customers, its employees, and the general public with its policy of transparent, quick and detailed information. As a company that operates on the capital markets and attracts a great deal of public interest, the company aligns the organization and communication of its corporate governance to international standards and best practices, and, since April 11, 2014, to the Federal Public Corporate Governance Code (Public Corporate Governance Kodex des Bundes, B-PCGK) (prior to that, to the Austrian Corporate Governance Code).

An Extraordinary General Meeting held on March 31, 2014 resolved to amend the Articles of Association to implement the Federal Public Corporate Governance Code. The amendment to the Articles of Association became legally effective when it was entered in the Company Register on May 1, 2014. A separate report addresses the Group's compliance with the individual regulations.

C. HUMAN CAPITAL REPORT

The headcount of the ÖBB-Infrastruktur Group is composed as follows:

Employee structure in the ÖBB-Infrastruktur Group



*) The increase in overall employee numbers excluding apprentices in 2014 results from taking over apprentice trainers as part of the acquisition of the "apprenticeship operations".

			Change		Average	
Number of employees (headcount)	Dec 31, 2014	Dec 31, 2013	Reporting date	in %	2014	2013
Employees	3,019	2,825	194	7%	2,915	2,805
Workers	1,443	1,349	94	7%	1,432	1,187
Tenured employees	11,860	12,040	-180	-1%	11,950	12,129
Total (excl. apprentices)	**16,322**	**16,214**	**108**	**1%**	**16,297**	**16,121**
Apprentices	1,403	1	1,402	>100%	666	1
Total (incl. apprentices)	**17,725**	**16,215**	**1,510**	**9%**	**16,963**	**16,122**

Number of employees (FTE)	Dec 31, 2014	Dec 31, 2013	Change Reporting date	in %	Average 2014	2013
Total (excl. apprentices)	16,211.2	16,117.0	94.2	0.6%	16,195.9	16,032.0
Apprentices	1,403.0	1.0	1,402.0	>100,0%	665.5	1.0
Total (incl. apprentices)	**17,614.2**	**16,118.0**	**1,496.2**	**9.3%**	**16,861.4**	**16,033.0**

Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB), joined the company prior to January 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB.

The headcount of the ÖBB-Infrastruktur Group increased in the year under review to 17,725 employees, 67% of whom were tenured employees. The average age in the ÖBB-Infrastruktur Group was 43.5 years (prior year: 45.2 years). The percentage of women was 7.3% (prior year: 7.0%). With the takeover of the apprentice program on July 1, 2014, apprentices are trained centrally via ÖBB-Infrastruktur AG. In 2014, 1,516 apprentices were trained for the ÖBB Group, of which 1,320 for ÖBB-Infrastruktur AG.

Apprenticeship in the ÖBB Group

ÖBB Group is Austria's largest training center for technical apprenticeships, and offers 22 apprenticeship professions. The sub-groups ÖBB-Personenverkehr and Rail Cargo Austria mainly train apprentices in commercial professions, while ÖBB-Infrastruktur AG and ÖBB-Postbus GmbH predominantly offer technical apprenticeships. The training program is recognized by the state, and graduates regularly win numerous prizes and awards at vocational competitions each year. ÖBB also sponsors “Lehre mit Matura” [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. In addition to professional training, importance is also attached to developing social skills. As part of a cooperation project with Vienna Technical University, mechatronics apprentices were given the opportunity to participate in a 10-week on-the-job training program at the Institute of Applied Physics (Electronics Laboratory). A project developed ÖBB apprentices entitled "Years of Repression – Railways and National Socialism in Austria 1938-1945" was awarded the Anton Benya Prize.

In the financial year 2014, ÖBB-Infrastruktur AG's acquisitions included the operation "Apprenticeship and technical adult education program, including vocational school" from ÖBB-Shared Service Center GmbH (now ÖBB-Business Competence Center GmbH).

Continued training

ÖBB Academy and education

ÖBB Academy is a corporate university that bundles strategically relevant advanced education programs for various management levels, experts, newcomers and talented employees at ÖBB Group. It promotes interdisciplinary networks that transcend hierarchies. Participants in 14 instructional programs in the 2013/2014 semester completed their advanced training in fall of the last financial year. The fourth program for university graduates – entitled "Trainees for Mobility" started in September 2014. Since 2011, some 750 employees have graduated from ÖBB Academy in a variety of disciplines and programs. An Alumni Club has been established as a forum for continued dialog among the graduates.

The Group-wide ÖBB Training Catalog was relaunched in financial year 2014. From 2015 onwards, a wide range of new training programs focusing on personal skills, management training, language and computer courses, and advanced job-related training schemes will be available for employees.

Human resource development schemes in the ÖBB-Infrastruktur Group ensure job-specific training to optimize railway operations. They also cover the training curricula specified by law. A broad range of training schemes focusing on social and method skills completes the portfolio.

Performance management

ÖBB Performance Management is a system for ensuring that the work results achieved by the individual Group companies and organizational units are consistent with the corporate strategy and associated Group objectives. It comprises three tools: Team target dialogs, individual employee meetings, and the MbO system.

Team target dialogs are an institutionalized executive management tool that is applied consistently throughout the Group to support the target definition process. Strategic Group or company objectives are understandably defined and agreed in a cascading top-down process. Appropriate objectives are defined and specific measures agreed by teams on the basis of uniform policies and common principles that apply throughout the Group. Team target dialogs are supported by experienced in-house facilitators.

Individual annual targets that extend beyond the team targets are defined in the individual employee meetings, and performance assessments, skills, training programs, personal feedback, and development opportunities are discussed between employee and supervisor.

The MbO (management by objectives) system defines the individual targets agreed with the managers in the ÖBB Group.

Succession planning

Succession planning was introduced along with its initial processes in 2013. Its objective is the early development of outstanding performers for management functions. The first steps focused on various methods of measuring the potential of the candidates in order to derive specific development plans. Evaluation of the program commenced in financial year 2014.

Employer Branding

A comprehensive employer branding strategy with corresponding performance indicators was developed in 2014 to ensure uniform presentation of the Group as an attractive employer. A new, Group-wide presentation of ÖBB as employer was developed under the motto "Ticket to a successful career" as a key element of the strategy.

In 2014, the ÖBB Employer Branding Team organized a total of 13 recruiting fairs, of which six targeted academics, and seven apprentices. The main target groups for the fairs in 2014 were potential apprentices as well as university students majoring in engineering and economics disciplines. Further employer branding measures, such as the trainee blog or participation in Girls' Day / Daughters' Day, were continued. ÖBB ranked among the very best, for example, in Career's Best Recruiter survey, and was again among the top 50 most attractive employers in Austria (Universum Student Survey Austria).

Equality in the ÖBB Group

ÖBB actively promotes equal opportunities for men and women, including an Equal Opportunities Policy introduced in 2011 and a Diversity Officer, who was also appointed in 2011. The Group strives to ensure equal treatment irrespective of gender, age, ethnic origin, sexual orientation or disability, to promote equal opportunities and to better reconcile work and care responsibilities through special programs. Ten regional Equal Opportunities Officers advise and support colleagues who feel they are being discriminated against or treated unfairly due, for example, to their gender, ethnicity, sexual orientation or age. An Equal Opportunities Board supports the work of the regional Equal Opportunities Officers and ensures their continuous ongoing training.

The Diversity Charter 2020 details specific equal opportunity targets aimed at raising the share of women in the company and strengthening diversity:
- Steadily increasing the share of women to 20% when making new management appointments
- Steadily increasing the share of women to 20% when recruiting new staff
- Steadily increasing the share of women in the apprenticeship program to 20%
- Steadily increasing the share of women to 25% in advanced training programs offered by ÖBB Academy.
- Sustaining and steadily increasing the share of women at/to 25% on the Supervisory Boards of ÖBB joint stock companies and limited liability companies in Austria (shareholder representatives)
- Monitoring the equal opportunities targets in quarterly reports

The equal opportunities targets are evaluated and submitted to management quarterly.

For example, numerous measures have been put in place to achieve the equal opportunities targets including targeted recruiting of female apprentices in particular, female quotas for ÖBB Academy training programs, career workshops for women and men from the entire ÖBB Group, the establishment of an ÖBB women's network, inclusion of the Charter goals in the team target dialogs and performance agreements, seminars on the Equal Treatment Act, as well as Gender & Diversity Management qualification programs for executives. These consistent efforts, which are backed up with strategic and measurable targets, earned the Group the DiversCity Award for large companies in June 2014.

To better reconcile work and family commitments, a system of child care by the hour, provided by Flying Nannies, was set up initially as a pilot project in the Vienna region.

Social benefits

ÖBB Group offers its employees the following voluntary social benefits, which have been grouped into a proprietary business unit – ÖBB-BCC GmbH – since May 2014: Staff canteens, child care, vacations in holiday homes/apartments, help with finding housing, and support for sports and cultural activities. Setting up this business unit not only optimizes the social benefits offered by the ÖBB Group but also underscores the value the ÖBB Group places on its employees.

In addition, the Group offers subsidized travel in Austria and abroad as well as aid and support if an employee has an accident at work or on the way to work, or suffers any other kind of emergency.

Health care management

The objective of the health care management is to maintain and support the ability to work and the health of ÖBB employees. ÖBB's healthcare strategy has been improved with the help of representatives of its cooperation partner Versicherungsanstalt für Eisenbahnen und Bergbau (VAEB) [insurance institution for railway and mining]. The "ÖBB Healthcare Management" program has been extended to include "Healthcare as a Leadership Task" and "Coming Back to Work". "Healthcare as a Leadership Task" focuses on "healthy management" and "presence management" and fosters an appreciative approach by managers in interacting with their employees. The "Coming Back to Work" module, which is gradually being implemented throughout ÖBB Group, aims to support employees who have been sick and or hurt in regaining their ability to work, and to integrate them back into the work process as quickly as possible.

Placement service

Employees who are proclaimed no longer fit enough by a medical expert or who can no longer perform their original jobs following organizational streamlining and reorganization measures, are offered support, and if possible, retrained and placed in a new position through the placement service.

Working to retirement age

Now that the retirement age has been increased and employees are no longer asked to retire on organizational grounds, the number of older employees will increase significantly in the years to come. Two work time models have been developed, together with the employee representatives, aimed at helping these employees to stay healthy and capable of gainful employment for longer.

The Group was able to agree age-appropriate part-time work models with tenured employees from July 1, 2014 onwards – four years before meeting the requirements for statutory semi-retirement. With effect from January 1, 2015, the semi-retirement program originally set up only for employees insured under General Social Insurance Law (ASVG) as per Section 27 Unemployment Insurance Act (AlVG) can also be agreed with tenured employees, as they have by then also satisfied the requirement of paying mandatory unemployment insurance premiums for 15 years.

ÖBB employee survey

Based on the results of the first Group-wide ÖBB employee survey, which took place in October 2013, many measures have been developed and their implementation begun. At the same time, preparations began for the next ÖBB employee survey, which took place in January 2015.

D. REAL ESTATE MANAGEMENT

ÖBB owns around 25,000 buildings, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement GmbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides professional integrated real estate services, primarily within ÖBB Group.

It develops and sells properties that are not necessary for operations, and is responsible for the life cycle management of an extensive portfolio of about 5,000 buildings and more than 1,000 stations and stops.

The services portfolio comprises both commercial and technical facility management for every single building owned by ÖBB Group, including train stations, as well as the development and sale of properties not needed for operations. Across Austria, a team of around 760 employees ensures professional and efficient management of the extensive services portfolio.

The sub-group ÖBB-Infrastruktur was able to contribute EUR 86.8 million to profits in financial year 2014 from the sale of properties.

Business units of ÖBB-Immobilienmanagement GmbH

Project development

The merger of ÖBB sites and the modernization of railway operations have freed large areas for new uses both in cities and in rural areas. ÖBB offers high-quality properties in top locations, with ideal transportation links. These properties in prime locations can turn visions for urban construction projects into reality ÖBB's large property holdings – such as the area around the new Vienna Central Station, the former freight station Vienna North, and the Northwest Station, which will become available following the move to Inzersdorf – have enormous significance for the future development of Austrian cities. ÖBB-Immobilienmanagement GmbH offers the full range of project development services: feasibility studies, concepts for large-scale sites, user concepts for individual plots, site clearing management, and support during construction, including project management and client representation. The experts on the project development team initiate and develop the largest and most exciting projects in Austria.

Utilization

Staff in the area of property utilization handle the professional sale, rental or lease of buildings and land, including all related coordination processes. As a professional real estate services provider, ÖBB-Immobilienmanagement GmbH acts as a real estate broker on the market. Its comprehensive product portfolio includes properties that are no longer needed for railway operations but which benefit from the Austria-wide ÖBB station initiative, which has made railway stations and their surroundings enormously important. The new stations are increasingly turning into multifunctional urban hubs and serve as ideal locations for trade, service and dining establishments.

Station and property management

Station and property management provides integrated management of developed and undeveloped properties. This includes buildings, railway stations, platforms, station forecourts and access roads. As an integrated real estate service provider, ÖBB Immobilienmanagement GmbH sustainably optimizes the entire value preservation and value development of the property portfolio in order to reduce costs and leverage the existing potential for appreciation.

In the railway stations, customer satisfaction is of prime importance. Station operations ensure that the stations have a tidy appearance and are outfitted with a view towards providing the best possible service. Our tasks in management include professional tenant support, vacancy management and space optimization. Station and property management is also responsible for billing on behalf of owners and for handling legal issues for owners under the property management power of attorney that is granted. Station and property management is responsible for documented building and land inspections and develops measures to maintain and improve customer satisfaction.

E. RESEARCH AND DEVELOPMENT REPORT

ÖBB is a major driver of innovation in the Austrian railway industry. As an integrated railway corporation, ÖBB places particular importance on optimizing and advancing the overall railway system. Of its research activities, 85% are attributable to four main clusters:

- Integrated, sustainable passenger mobility
- Intermodal, sustainable freight mobility
- Vehicle-track interaction, vehicle-infrastructure optimization
- Innovative construction engineering

A large number of projects are sponsored by national and European programs. "Shift^{2}Rail", which forms part of the Horizon 2020 European initiative, will play a particularly important role. Working in partnership with other medium-sized European railways, ÖBB is striving to join Shift^{2}Rail and work with all other stakeholders in the European railways sector over the next six years to increase the ability of the railways system to compete.

Examples of ongoing projects

Vehicle-track interaction / Active rotary dampers (ADD)

The Group-wide ADD project involves equipping Taurus locomotives with active rotary dampers. The aim is to assess the reduced wear on both wheels and tracks. ADD is using suitable metrology equipment on the tracks to measure the reduced wear and, based on the underlying wear model, aims to assess how rotary dampers reduce track and wheel wear.

Innovative construction engineering / Absorption concrete - lightweight concrete that absorbs kinetic energy

This project is attempting to develop damping elements made of lightweight concrete to protect infrastructure against stone impact, avalanches, and vehicle collisions. Various types of lightweight concrete are being compared using the newly developed "absorption grade". The absorption grade is determined in experiments using specially developed test specimens.

F. ENVIRONMENTAL REPORT

Highlights of the environmental activities of ÖBB-Infrastruktur AG in 2014

Energy management and the Group-wide energy-saving project

Energy management measures:
– The business unit EnergieBahnsysteme makes a significant contribution to environmental and climate protection within ÖBB-Infrastruktur AG. Around 92% of traction power needs are provided by renewable energy sources. Electricity generation from hydropower and targeted procurement strategies ensure that rail transport in Austria has an excellent environmental record.
– Since 2012, traction power customers have had the option of using CO_2 free traction power from 100% renewable energies provided by ÖBB-Infrastruktur AG. All upstream CO_2 emissions generated during the construction and operation of power plants and traction power lines are offset by forest plantings.
– In April 2013, ÖBB-Infrastruktur AG opened a "customer forest" in the Vienna Woods biosphere park. In addition to the restoration of rainforest in Costa Rica, customers now have the opportunity to plant trees themselves and watch them grow. In 2013, the reforestation of 181 trees offset 134 tonnes of CO_2.

Since January 2013, ÖBB-Infrastruktur AG has also offered its customers CO_2-free 50 Hz three-phase power to supply their facilities on railway grounds.

Measures from the Group-wide energy-saving project:
– Test operations with passenger and freight trains to study the applicability of driving recommendations for energy-efficient driving;
– Introduction of a second speed column in the electronic book schedule, which contains the "energy-optimized speed" necessary for punctuality;
– Fuel-saving training, fuel-saving tips and fuel savings calculator for the use of official vehicles;
– Energy efficiency improvement measures in power generation facilities of ÖBB-Infrastruktur AG (power plants, frequency converters) – e.g. LED lighting, building renovation, optimization of cooling water control.
– Vienna Central Train Station:
  • Construction of a photovoltaic system on the platform roofs
  • Geothermal
  • CO2-controlled ventilation system
– Salzburg Central Train Station:
  • Geothermal
– Salzburg apprentice hostel:
  • Solar thermal

Feldbach Railway Station – "Zero-energy station" – solar voltaic system, air heat pump

Waste management and remediation of contaminated sites

To further promote the transfer of knowledge, two new training modules entitled "Transfer of hazardous waste" and "Recycling of construction waste, excavated soil and excavated track material" have been added to the training schedule in 2015.

Targeted waste separation in office locations and category 1 and 2 stations has increased reuse and recycling within ÖBB-Infrastruktur AG.

Alternative hydrocarbon remediation: One property registered as a suspected site in the Austrian Suspected Contaminated Sites is owned by ÖBB-Infrastruktur AG and is located southwest of Vorgartenstraße. In the past, the property was used by ÖBB and outside companies for industrial purposes, in particular as a hub for petroleum products. The aim of the pilot tests of the Austrian Institute of Technology (AIT) in this area is to identify the optimal way to remediate the existing hydrocarbons on the site.

In the project BIOSAN, pilot tests for two remediation methods were carried out for the area mentioned above.
- Biostimulation to degrade petroleum hydrocarbons (TPH) in the soil and biological treatment of TPH-contaminated groundwater with constructed wetlands (meadows);
- The project has a term of three years and was submitted by AIT to Kommunalkredit Public Consulting GmbH as a research project and was funded with EUR 251,000 provided by the Austrian federal government. The test system began operations in the fall of 2012 and is expected to run for 24 months as part of this project. The test year 2013 was the first year of operation. The tests were continued in 2014.

Environment in project development

Environmental assessment of construction projects: As part of this project, baubook environmental balance sheet data for building products will be integrated into the construction management software ABK. The expanded ABK software should make it possible in the future to calculate selected environmental parameters when preparing the specifications or the final analysis of projects. At first, the focus is on the actual evaluation of projects in order to identify environmental "drivers". In the next step, the software is used to determine which parameters are variable. Benchmarking/key performance indicators, etc. are not defined in this project but are part of subsequent steps.

Biodiversity and nature conservation

In October 2014, the research funding project "Green Slopes - Sustainable, Environmentally-Friendly and Resource-Saving Integrated Management of Slopes" was launched at ÖBB-Infrastruktur AG. The project duration is three years; project partners are alpS GmbH and the University of Natural Resources and Life Sciences, Vienna. The project is based on a life-cycle approach to the management of ÖBB's vegetation areas, and combines technical, environmental, economic and safety-related matters and deals with both vegetation areas adjoining the railway tracks and ecological compensation areas. The project also takes account of climate change aspects. The result is a practical manual for new construction and maintenance management.

Environmental management and environmental information

Environmental database "New": ÖBB-Infrastruktur AG uses the application "Environmental database" – the environmental database includes several environmental modules which currently relate in particular to the issue of waste management. A revision of the existing application is justified by the increasing demands in the environmental area and the certification of ÖBB-Infrastruktur AG in accordance with ISO 14001 as well as the outdated technology of the application. For this reason, the task of preparing specifications was assigned in 2014. The specifications are intended to cover the technical requirements at a level of detail that will allow an estimate for further implementation.

Recording of environmental assets: Following the expansion of knowledge management around environment-related facilities such as oil separators, groundwater probes and refilling facilities, GPS-based recording began in early 2014; this represents the start of a precise assessment of the situation. In connection with the revision of the environmental database, the optimal connection between facilities data, logs, reports, and positioning using special GPS devices with increased accuracy is expected to be achieved. The objective is to present the data in "Infra: GIS" and establish a link to all facility and environment-related data. In parallel, a comparison of ÖBB property data with data from Austrian Suspected Contaminated Sites was carried out by exchanging data with the Austrian Federal Environment Agency. This information represents above all the first indication as to whether the relevant land was listed as an abandoned industrial or storage site and whether there is evidence of possible contaminants in the subsoil. In particular, the linkage of an asset graphically, which makes it possible to retrieve the exact location on the orthophoto and any associated notices and additional information with a single click, should simplify and accelerate the flow of information and thus improve the efficiency of processing a wide variety of projects.

G. ACCESSIBILITY

ÖBB implemented numerous improvements aimed at helping people with restricted mobility to travel comfortably and without stress or barriers. They are based on the Bundes-Behindertengleichstellungsgesetz [Federal Law on Equal Opportunities for the Disabled]. Thus, a staged plan listing specific implementation steps up to the end of 2015 was first developed by ÖBB Group experts together with representatives of disability organizations. The steady elimination of barriers faced by people with mobility issues is assessed together with representatives of the restricted-mobility population to ensure optimum coordination of the measures.

Infrastructure (stations)

By the end of 2015, ÖBB plans to ensure that all train stations and stops with a daily volume of 2,000 or more passengers as well as key train stations in district capitals are barrier-free. As such, a total of 170 stations across Austria will be designed completely without barriers – allowing some 66% of all rail customers in Austria to enjoy modern and convenient train stations. The number of barrier-free train stations and stops will increase to 270 by 2025, by which time, 90% of all passengers will have access to barrier-free train stations and stops. Milestones marking the implementation of the staged plan since the last reporting year include the completion of Vienna Central Station, Salzburg Central Station, Attnang-Puchheim, Paternion-Feistritz, Gänserndorf, St. Peter/Seitenstetten and Kammer-Schörfling, and the start of station conversions at the Bruck an der Leitha, Neusiedl, Gmunden and Hollabrunn train stations. At the same time, more and more train stations are being equipped with elevators and guide systems for the visually impaired.

Website

The Group-wide ÖBB website and ÖBB travel portal www.oebb.at (which were relaunched in September 2010) are fully accessible both in terms of technology and content. The other companies of the ÖBB Group will upgrade their respective web pages to full accessibility in the next years. The website www.hauptbahnhof-wien.at is the official reference project for the new global Web Content Accessibility Guidelines and is the only German-language commercial site among the reference websites with an AA ranking.

H. GROUP RELATIONS

Parent company ÖBB-Holding AG

The parent company ÖBB-Holding AG is a joint-stock corporation under Austrian law. The registered office of the company is at Am Hauptbahnhof 2, A-1100 Vienna. The company was founded and established on the basis of Article 2 of the Bundesbahnstrukturgesetz [Federal Railways Structure Act] of 2003. The company is registered in the Company Register at the Commercial Court Vienna under number FN 247642f. ÖBB-Holding AG is the sole shareholder of ÖBB-Infrastruktur AG and provides various services such as marketing and treasury services for ÖBB-Infrastruktur AG and other Group companies. These services are provided by means of Group allocation or by cost allocation to the Group companies. In the financial year 2014, EUR 15.9 million (prior year: EUR 14.3 million) was allocated to the ÖBB-Infrastruktur Group.

The main direct subsidiaries of ÖBB-Holding AG are the sub-group parent companies ÖBB-Personenverkehr Aktiengesellschaft ("ÖBB-Personenverkehr AG"), Rail Cargo Austria Aktiengesellschaft ("Rail Cargo Austria AG") and ÖBB-Infrastruktur Aktiengesellschaft ("ÖBB-Infrastruktur AG").

ÖBB-Personenverkehr AG

The main task of ÖBB-Personenverkehr AG is the transport of persons, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of public transport on the basis of tariffs and timetables. In the financial year 2014 EUR 296.1 million (prior year: EUR 285.1 million) in total income was generated with this company. EUR 9.5 million (prior year: EUR 10.4 million) was allocated to the ÖBB-Infrastruktur Group.

Rail Cargo Austria AG

The main task of Rail Cargo Austria AG is the transport of freight, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of public freight transport on the basis of tariffs. In the financial year 2014, Rail Cargo Austria AG generated total income of EUR 168.8 million (prior year: EUR 168.1 million). EUR 0.9 million (prior year: EUR 2.0 million) was allocated to the ÖBB-Infrastruktur Group from Rail Cargo Austria AG.

ÖBB-Produktion Gesellschaft mbH

ÖBB-Produktion Gesellschaft mbH ("ÖBB-Produktion GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of traction services and other services for other railway operators. In the financial year 2014 EUR 198.4 million (prior year: EUR 211.4 million) in total income was generated with the company. EUR 11.3 million (prior year: EUR 14.6 million) was allocated to the ÖBB-Infrastruktur Group. The cost of services amounting to EUR 0.3 million (prior year: EUR 9.6 million) was capitalized.

ÖBB-Technische Services-Gesellschaft mbH

ÖBB-Technische Services-Gesellschaft mbH ("ÖBB-Technische Services-GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of services in connection with rail vehicles. In the financial year 2014 EUR 24.9 million (prior year: EUR 19.4 million) in total income was generated with the company. EUR 24.9 million (prior year: EUR 24.4 million) was allocated to the ÖBB-Infrastruktur Group.

ÖBB-Business Competence Center GmbH

As an intra-Group services company, ÖBB-Business Competence Center GmbH mainly provides standardized administrative services. In the financial year 2014 EUR 25.9 million (prior year: EUR6.4 million) in total income was generated. EUR 88.0 million (prior year: EUR 55.4 million) was allocated to the ÖBB-Infrastruktur Group. The cost of services amounting to EUR 3.7 million (prior year: EUR 0.2 million) was capitalized.

I. OPPORTUNITIES/RISK REPORT

ÖBB Group is increasingly confronted with the opportunities and risks associated with the liberalization of European rail transport and the correspondingly fiercer competition. Based on updated evaluations or lessons learned, all identified opportunities/risks are continuously subjected to qualitative and quantitative assessment, particularly with respect to the possible impacts and likelihood of occurrence.

Opportunity / risk management in the ÖBB Group

The ÖBB Group defines opportunities and risks generally as events or developments that might cause a positive or negative deviation of results from the assumptions made during planning.

The opportunity/risk management procedure applies to all relevant business processes and key financial indicators in the main Group companies. The corporate Directive and the opportunity/risk management manual that are binding for the entire Group define rules, margins and minimum requirements of risk management for all entities involved. The first objective of the risk policy is unrestricted safeguarding of business operations. According to this, risks may only be taken if they are calculable and associated with an increase in income and in the company value. Comprehensive opportunity/risk identification, assessment, control and reporting procedures form the basis of this. This process is supported by risk management software. Following assessment and consolidation of the individual risks/opportunities in the corporate risk/opportunity platform, a report to the Board of Management of ÖBB-Holding AG is prepared which describes the major risks and respective counter-measures and/or opportunities. This ensures that Supervisory Board and Audit Committee of ÖBB-Holding AG and of the Group companies are provided with detailed information regarding the current opportunity/risk situation.

In the sub-group ÖBB-Infrastruktur the function of a sub-group risk manager has been set up to ensure the professional handling of opportunities and risks as well as the ongoing implementation of the risk and opportunity management process: He is responsible for the opportunity and risk management process in the sub-group and the Company. In the sub-group he performs the opportunity and risk consolidation and aggregation and determines its overall opportunities and risk position. He reports to the Board of Management and senior management and to the Group's opportunity and risk manager. He puts the proposed opportunity and risk control measures up for discussion and resolution, and assumes advisory and training tasks. In addition, in all business areas, staff offices, and all major investments, decentralized risk managers/contacts have been defined who support managers responsible for risk ("risk owners") in identifying opportunities/risks in their areas of responsibility. As part of quality assurance, the opportunity/risk management in the sub-group ÖBB-Infrastruktur AG was audited by Group Auditing. This audit used samples to analyze and control the viability and effectiveness of risk management, compliance with the guidelines and the processes. The functionality of the tools used was also reviewed. Based on the findings with regard to the activities carried out, no issues were found that would give rise to the assumption that the risk management system (RMS) set up in the sub-group ÖBB-Infrastruktur AG was nonfunctional or ineffective as of December 31, 2014.

Risk areas and material risks of the sub-group ÖBB-Infrastruktur

The opportunity/risk areas applicable since the introduction of the corporate opportunity/risk management system were not changed during the period under review. They ensure the structured and standardized registration and handling of all relevant opportunities and risks:

Strategy	Operations	Finance/ accounting
Sales/ Distribution	Staffing/ Management/ Organisation	Legal Department/ Liabilty
Purchasing/ Procurement	Data processing	Subsidiaries/ Holdings

For the year 2015, the most important risks of the sub-group ÖBB-Infrastruktur are broken down into the following opportunity/risk areas:

– **Strategy area**: Risk of not achieving strategic objectives that have been set. Rigorous monitoring of programs and measures reduces virtually all strategy implementation risks.
– **Operations area**: Risks of force majeure/natural hazards are addressed by established systems or programs: For example, a natural hazard management system has been implemented (incl. weather information system, flood information system/natural hazard map). Failure risks in the area of all telecommunications services and essential data network services for railway operations are addressed with preventive risk-reduction measures such as emergency plans, creating redundancies or the relocation of the system premises. Despite the generally extremely high reliability of the operating centers, partial or total failures resulting from terrorism, sabotage or natural events such as fire cannot be excluded entirely. Therefore, an integrated approach to key elements such as failure signal boxes, remote control areas, operating center cells and customer information systems is part of our management strategy.
– **Finance/accounting area**: This risk area includes interest rate risk, counterparty credit risk and valuation risk. Details and measures on risk reduction are treated in the section "Risks related to financial instruments".

- **Sales/Distribution area**: In connection with planned route takeovers (of branch lines) by third parties, there is an opportunity in that – in the case of transfers with no transfer fees – provisions could be reversed.
- **Staffing/Management/Organization area**: If salary agreements should be higher than planned, there is a considerable risk due to the payroll ratio of the ÖBB-Infrastruktur sub-group. Efforts are made through appropriate negotiations to reduce this risk to the greatest degree possible.
- **Legal Department/Liability area**: Changes in legislation and regulations – at both the national and international levels – can lead to increased system costs in the rail sector (e.g. through new technical or organizational requirements). Accordingly, the development of different business units is carefully reviewed for possible effects in order to react at an early stage. There is also some risk associated with various competition authority processes in which RUs that are new to the market attempt to use legal means to fight past price increases in the infrastructure usage fee or attempt to prove a lack of transparency and injurious pricing in connection with the charges for traction power.
- **Purchasing/Procurement area**: Fluctuation prices for various raw materials constitute the largest risk in the infrastructure area, particularly with respect to steel. In the rail and switch points areas and in other areas of construction, price trends and raw materials indices are very carefully analyzed and the results are incorporated into the rolling plans and in the purchase negotiations.
- **Data processing area**: System failures can cause additional costs and loss of revenue in the operating business units. Effort is made to minimize the risk through a variety of measures which are developed, planned and implemented in a special IT risk management system.
- **Subsidiaries/Holdings area**: The proceeds from utilization and the exact timing of realization in the real estate area depend on the respective market developments. Risk management acts early on in structuring the negotiations and through targeted portfolio management.

According to Association Liability Law [Verbandverantwortlichkeitsgesetz], the regulation stipulating that companies can be held liable and convicted for the punishable actions of their employees or decision-makers applies to ÖBB Group as well. The legal risk management system of the Group addresses this risk by identifying offenses under criminal law – such as negligence, environmental crimes and corruption - evaluating the current situation, and putting risk mitigation measures in place. Preventive measures have also been established by introducing monitoring and reporting systems and by issuing general behavior directives in the Code of Conduct. Further risk mitigation is ensured through appropriate training programs and clear assignment of responsibilities.

Risks related to financial instruments

Original financial instruments

Original financial instruments in the ÖBB-Infrastruktur AG (finance-related receivables and liabilities, trade receivables and payables, financial assets and securities classified as current assets) are reported in the Statement of Financial Position. Detailed information is provided in the respective statements in the Notes to the Financial Statements.

Derivative financial instruments

ÖBB-Infrastruktur Group employs financial derivatives to hedge against risks associated with currencies, interest rate changes and the risk of price changes in power products. The Group directives prohibit the issue or holding of derivative financial instruments for speculative purposes. Derivative financial instruments are concluded only with reference to a hedged item, and furthermore, the permissible financial transactions are defined by the Group directives. The recognition of financial derivatives is consistent with the applicable accounting standards.

Most derivatives (91% of the nominal value) are non-structured standard hedges (plain vanilla interest rate swaps and cross-currency interest rate swaps). A structured derivative accounts for only a small portion, namely 9% of the nominal volume. This structured derivative has a total nominal volume of EUR 20.0 million with a term through 2022.

Risk definition and risk management with respect to financial instruments

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of Group companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that comprises, among others, guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of Group company assets is the first priority for any and all financial activities. An important task of the Group Finance department, which is responsible for this, is the identification, assessment and limitation of financial risks. Risk limitation does not mean absolute elimination of financial risks, but reasonable and transparent control of quantifiable risk items within a specific framework for activities that has to be agreed with the respective Group companies. The most important financial risks are described in more detail below:

Liquidity risk

The primary aim of ÖBB Group in financial terms is to secure the necessary liquidity. Liquidity risk means the risk that a company might have difficulties meeting its obligations arising from financial liabilities that are settled by cash payment or by the supply of another financial asset. The main tasks of the Group Finance department of ÖBB Group therefore include planning cash flows, agreeing sufficient credit lines and adequately diversifying creditors to ensure a consistent flow of cash.

Interest rate risk

Risks arising from changes in market interest rates can affect the financial result of the ÖBB-Infrastruktur AG. The Group therefore strives to limit the influence of possible market interest rate fluctuations on results to a level agreed with all Group companies.

Financial derivatives for managing interest rate risks are transacted on the basis of portfolio analyses and recommendations by Group Finance, and of corresponding decisions by Group companies.

Foreign exchange rate risk

ÖBB-Infrastruktur AG is subject to virtually no currency risks. Most finance agreements are denominated in euros.

There are no relevant exchange rate risks from cross-border leasing transactions, as the contractual liabilities in foreign currencies are for the most part matched by corresponding assets and receivables with matching volumes and maturity in the same amounts.

Derivative instruments that are suitable for the management of exchange rate risks (currency swaps) are concluded based on portfolio analyses and recommendations by the Group Finance department and on corresponding decisions of the Group companies.

Counterparty credit risk

Counterparty credit risk describes the potential loss from failure by business partners to honor their financial commitments (mainly money market transactions, investments, positive present value swap transactions). Compliance with the limits underlying the credit risk management and individually allocated to each financial partner is checked daily.

Apart from the original transactions with ÖBB's financing partners, counterparty risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease payments during the term and the purchase price at the end of the term. Cross-border lease management handles the administration, execution, risk management, and economic termination of existing cross-border leases. It aims, specifically, to monitor all the rights and obligations arising from the transactions, to ensure execution in accordance with the agreements, to avoid risks, and to ensure the profitability of the entire portfolio.

In recent years, the Group has managed to significantly reduce the original volume of existing cross-border leases without having to reimburse the net present value benefit that was secured at the time of transaction. In 2014, two transactions were terminated early while maintaining the net present value benefit. ÖBB's strategy of actively managing the risk associated with the transactions and taking advantage of opportunities to terminate transactions under economically acceptable conditions has not changed, and will not change in future.

Internal control system

The members of the Boards of Management and the Managing Directors of the Group companies are aware of, and embrace their responsibility to establish an appropriate internal control system (ICS).

In addition to process monitoring procedures, the ICS at ÖBB Group is also highly focused on accounting issues. It supports the compliance with the relevant provisions and the given business policy (Compliance), ensures the correctness and reliability of the financial reporting (Financial Reporting), and supports the efficiency and profitability of the operational activities (Operations). It is based on the internationally acknowledged COSO framework (Internal Control and Enterprise Risk Managing Frameworks of the Committee of Sponsoring Organizations of the Treadway Commission) and provides the management with an accepted basis for analysis and control tasks.

The sub-groups themselves are responsible for the establishment and maintenance of the system.

In light of the size of the corporation, an Internal Audit function has been established within the ÖBB Group, which is responsible for the underlying ICS framework. This framework describes the minimum standard to be implemented by the sub-groups. The Internal Audit function verifies the existence of an efficient ICS in the Group companies and checks certain ICS components based on an approved annual audit schedule. The results are submitted to the Audit Committee of the relevant Supervisory Board in the form of an activity report.

A Compliance function has also been set up to perform independent event-related audits with the support of the Compliance Officers in all sub-groups. Putting preventive measures in place is a further essential aspect of compliance.

The ICS is based on the principle that audit measures regarding essential/critical business processes are documented in a complete and comprehensible fashion, that the organizational structure is documented comprehensibly (organization chart, job description, functional description, etc.) and adjusted on a regular basis, and that the applicable regulations and internal specifications are widely known and available.

Key risks are identified, assessed and captured at regular intervals, based on the process documentation. Suitable monitoring activities are determined in order to reduce the risk to an appropriate level. Regular self-assessment with rotating areas of key focus and documented results makes sure the monitoring procedures are effective.

ICS documentation within ÖBB Group has been standardized with respect to minimum requirements, and was published in 2012 in the form of a compulsory minimum standard for implementation throughout the entire Group. Moreover, the organizational units of the Group are responsible for standardized and computerized documentation of the key checks defined within the processes, including the risk areas and corresponding test steps. Reports to management are also based on this non-editable, annotated and verifiable data.

When the auditors audit the annual financial statements, the ICS also forms part of the auditing mandate inasmuch as is necessary to perform the type and extent of the key audit tasks. The resulting findings are submitted to the Audit Committee of the Supervisory Board

As far as the pre-accounting processes are concerned, further standardization was achieved in 2013 when the relevant workflows were transferred to a Group-wide financial shared-service unit. This standardization, which is also relevant from an ICS perspective, was further improved in 2014, not least by setting up a shared services company – ÖBB-Business Competence Center GmbH.

SAP R/3 software is used to account for all business transactions within ÖBB Group, although some foreign subsidiaries also use other software solutions. As such, data transfers within the Group are largely automated, or upload files are sent to ÖBB-Holding AG for central processing of the data in the SAP Netweaver BI consolidation system.

Corporate accounting is based on an IFRS Group Manual (published and regularly updated by the Accounting department at ÖBB-Holding AG), which specifies and communicates important accounting requirements based on IFRS for the entire Group. The Accounting team is regularly trained on new developments in accounting to avoid any risk of accidental misstatement.

The information provided in the Notes to the Consolidated Financial Statement is compiled using software purchased by ÖBB-Holding AG specifically for this purpose. After the audit by local auditors (in accordance with Austrian statutory regulations and principles of due and proper auditing of financial statements, the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the General Terms and Conditions for Audits within ÖBB Group), all subsidiaries deliver extensive Reporting Packages comprising all the relevant accounting data (income statement, statement of financial position, cash flow statement, notes) required for the preparation of the Consolidated Financial Statements. The audit is confirmed by a “Report on the IFRS Group Reporting Package”; this report has to be submitted in order for the respective Reporting Package to be processed. This external control system constitutes a supporting element of the ICS.

The Supervisory Board is informed about the economic development of the Group in regular intervals, in particular within the framework of the mandatory audit committee of ÖBB-Holding AG, by means of consolidated presentations.

J. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Information for this section is provided in Note 36 in the Notes to the Consolidated Financial Statements.

K. NOTES ON THE MANAGEMENT REPORT

This Management Report contains statements and forecasts referring to the future development of the ÖBB-Infrastruktur Group and the economic environment in which it operates. Any and all forecasts were made based on the information available at the time of compilation. Actual developments may therefore differ from the expectations described in the Management Report.

Vienna, March 25, 2015

The Board of Management

DI Franz Bauer	Ing. Mag. (FH) Andreas Matthä	KR Ing. Franz Seiser
(Department of Infrastructure Investment)	(Finance, Market, Service Department)	(Operations and Systems Department)

GLOSSARY OF TERMS

BMF	Federal Ministry of Finance
BMVIT	Federal Ministry of Transport, Innovation and Technology
DB	Deutsche Bahn/ German Railways
DFI	Dynamic Passenger Information
DVB	Digital Video Broadcast
ECO-Driver-Trainings	Program for fuel-efficient travel
EisbG	Railway Act
EMTN	European Medium Term Note
ETCS	European Train Control System
RU	Railway Undertakings
R&D	Research and Development
TGTkm	Total gross tonnes-kilometers
GSM-R	GSM-Railway
GWh	Gigawatt hour
NPS	Non-profit making service
IUE	Infrastructure Utilization Fee
ICS	Internal Control System
ISO	International Organization for Standardization
Newcomer	Newcomer
PT	Public transport
ÖZIV	Österreichischer Zivil-Invalidenverband
railjet	New main line train
REX	Regional Express
ROLA	Rolling National Road
SBB	Schweizerische Bundesbahnen/ Swiss Railways
Traction	Propulsion of trains by traction vehicles
TSI	Technical Specifications for Interoperability
VAI	Transport Labor Inspectorate

Statement pursuant to Article 82 (4) clause 3 BörseG

Statement of all legal representatives

We confirm to the best of our knowledge, that the consolidated financial statements prepared in accordance with the applicable accounting standards give a true and fair view of the assets, financial and earnings position of the Group and that the consolidated management report presents the business performance, the business result and the position of the Group and thus provides a true and fair view of the assets, financial and earnings position and that the management report describes the material risks and uncertainties to which the Group is exposed.

We confirm to the best of our knowledge, that the financial statements of the parent company prepared in accordance with the applicable accounting standards give a true and fair view of the assets, financial and earnings position of the company and that the management report presents the business performance, the business result and the position of the company and thus provides a true and fair view of the assets, financial and earnings position and that the management report describes the material risks and uncertainties to which the company is exposed.

Vienna, March 25, 2015

The Board of Management

DI Franz Bauer Ing. Mag. (FH) Andreas Matthä KR Ing. Franz Seiser

(Department of Infrastructure Investment) (Finance, Market, Service Department)(Operations and Systems Department)

Consolidated Income Statement 2014

	Note	2014 in kEUR	2013 in kEUR
Revenue	4	2,176,114.5	2,155,317.4
Change in finished goods, work in progress and services not yet chargeable		2,729.6	331.4
Other own work capitalized	5	287,249.9	305,310.9
Other operating income	6	648,569.9	586,438.5
Total revenue		**3,114,663.9**	**3,047,398.2**
Cost of materials and purchased services	7	-422,958.3	-416,372.4
Personnel expenses	8	-1,074,660.9	-1,043,980.6
Depreciation and amortization	9	-644,751.7	-616,387.5
Other operating expenses	10	-337,152.0	-364,358.2
Earnings before interest and taxes (EBIT excluding investments recorded at equity)		**635,141.0**	**606,299.5**
Earnings of investments recorded at equity	17	967.8	1,235.9
Interest income	11	36,079.9	55,928.5
Interest expenses	11	-638,096.3	-643,364.6
Other financial income	12	52,973.9	26,494.2
Other financial expenses	12	-52,478.1	-20,834.1
Financial result (incl. Earnings of investments recorded at equity)		**-600,552.8**	**-580,540.1**
Earnings before income taxes (EBT)		**34,588.2**	**25,759.4**
Income taxes	13	-5,835.2	3,949.4
Net income		**28,753.0**	**29,708.8**

Consolidated Statement of Comprehensive Income 2014

	Note	2014 in kEUR	2013 in kEUR
Net income		**28,753.0**	**29,708.8**
Remeasurement gains (losses) on defined benefit plans		-3,652.9	-881.6
Income taxes		28.3	8.1
Items that will never be reclassified ("recycled") subsequently to the income statement		**-3,624.6**	**-873.5**
Unrealized loss from cash flow hedges	24	-11,624.0	-20,772.0
Reclassification of realized income from cash flow hedges	24	12,441.0	23,094.0
Unrealized income from available-for-sale reserve	24	1,706.2	-3,389.0
Reclassification of realized loss from available-for-sale reserve	24	0.0	-4,198.0
Income taxes		-1,573.6	1,457.7
Items that are or may be reclassified ("recycled") subsequently to the income statement		**949.6**	**-3,807.3**
Other comprehensive income		**-2,675.0**	**-4,680.8**
Comprehensive income		**26,078.0**	**25,028.0**

Consolidated Statement of Financial Position as of December 31, 2014

Assets	Note	Dec 31, 2014 in kEUR	Dec 31, 2013 in kEUR
Non-current assets			
Property, plant and equipment	14	19,270,717.3	18,245,741.9
Intangible assets	15	369,949.6	367,714.9
Investment property	16	129,721.9	128,214.2
Investments recorded at equity	17	43,796.7	43,856.4
Other financial assets	18	530,496.8	527,344.3
Other receivables and assets	20	165,588.0	163,461.6
Deferred tax assets	13	36,710.5	43,797.9
		20,546,980.8	**19,520,131.2**
Current assets			
Inventories	21	74,325.8	92,964.4
Trade receivables	20	178,040.7	151,994.8
Other receivables and assets	20	243,924.4	249,985.3
Other financial assets	18	66,195.9	87,197.7
Assets held for sale	19	601.9	3,102.8
Cash and cash equivalents	22	230,890.0	28,014.1
		793,978.7	**613,259.1**
		21,340,959.5	**20,133,390.3**

Shareholder's equity and liabilities	Note	Dec 31, 2014 in kEUR	Dec 31, 2013 in kEUR
Shareholder's equity			
Share capital	23	500,000.0	500,000.0
Additional paid-in capital	24	538,884.2	538,884.2
Cash flow hedge reserve	24	-17,863.1	-17,106.5
Available-for-sale reserve	24	10,667.2	8,961.0
Retained earnings	24	166,785.4	142,879.0
		1,198,473.7	**1,173,617.7**
Non-current liabilities			
Financial liabilities	25	18,350,364.2	16,404,219.4
Provisions	26	280,589.2	264,950.2
Other liabilities	27	50,557.9	80,280.4
		18,681,511.3	**16,749,450.0**
Current liabilities			
Financial liabilities	25	523,400.7	1,299,975.9
Provisions	26	128,206.5	53,175.4
Trade payables	27	528,499.1	592,592.0
Other liabilities	27	280,868.2	264,579.3
		1,460,974.5	**2,210,322.6**
		21,340,959.5	**20,133,390.3**

Consolidated Statement of Cash Flow 2014

	Note	2014 in kEUR	2013 in kEUR
Earnings before income taxes (EBT)		34,588	25,759
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	816,975	797,671
+ Depreciation / - appreciation on non-current financial assets		1,000	0
- Amortization of investment grants	9	-172,223	-181,284
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		9,388	12,862
+ Losses / - gains on disposal of financial assets		-1,911	-710
- Other non-cash income / + other non-cash expenses		-1,935	-18,947
+ Interest expenses	11	638,096	643,365
- Interest income	11	-36,080	-55,929
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	18,638	-3,002
- Increase / + decrease in trade receivables and other assets		18,823	64,221
+ Increase / - decrease in trade payables and other liabilities		-91,118	-269,618
+ Increase / - decrease in provisions	26	83,773	5,932
- Interest paid		-633,892	-613,646
+ Interest received		1,999	2,364
- Income tax paid	13	-41	-723
Cash flow from operating activities a)		**686,080**	**408,315**
+ Proceeds from disposal of property, plant and equipment and intangible assets		32,683	32,904
- Expenditures for property, plant and equipment and intangible assets	14, 15	-1,847,957	-1,894,035
+ Proceeds from disposal of financial assets		1,897	46,237
- Expenditures for investments in financial assets		-55,082	-967
+ Proceeds from investment grants	14, 15	147,322	113,540
- Repayment of investment grants		-559	0
+ Proceeds from the sale of consolidated subsidiaries and other business units		1,159	18,061
- Expenditures for acquisition of consolidated subsidiaries		-187	0
+ Dividends received		1,056	960
+ Redemption of loans granted / - grant of loans (from investing activities)		151	178
Cash flow from investing activities b)		**-1,719,517**	**-1,683,122**
+ Proceeds from issue of bonds and loans	25	2,138,348	2,115,130
- Redemption of bonds and loans		-856,466	-1,228,764
- Payment of finance lease receivables		-178	-240
+ Proceeds from grant of loans / - redemption of other loans		0	4
Cash flow from financing activities c)		**1,281,704**	**886,130**
Cash flow from operating activities a)		686,080	408,315
Cash flow from investing activities b)		-1,719,517	-1,683,122
Free Cash Flow (a+b)		**-1,033,437**	**-1,274,807**
Funds at the beginning of the period		-35,009	353,669
Change in the funds resulting from cash flows (a+b+c)		248,267	-388,677
Funds at the end of the period		**213,258**	**-35,009**

For details on the composition of the fund, please refer to Note 34.

Consolidated Statement of Changes in Shareholders' Equity 2014

	Number of shares	Share capital in kEUR	Additional paid-in capital in kEUR	Cash flow hedge reserve in kEUR	Available-for-sale reserve in kEUR	Retained earnings in kEUR	Total shareholder's equity in kEUR
As of January 01, 2013	*100,000*	*500,000.0*	*538,884.2*	*-20,886.2*	*16,548.0*	*114,043.7*	*1,148,589.6*
Net income						29,708.8	29,708.8
Other comprehensive income				3,779.7	-7,587.0	-873.5	-4,680.8
Comprehensive income				**3,779.7**	**-7,587.0**	**28,835.3**	**25,028.0**
As of December 31, 2013	**100,000**	**500,000.0**	**538,884.2**	**-17,106.5**	**8,961.0**	**142,879.0**	**1,173,617.7**

	Number of shares	Share capital in kEUR	Additional paid-in capital in kEUR	Cash flow hedge reserve in kEUR	Available-for-sale reserve in kEUR	Retained earnings in kEUR	Total shareholder's equity in kEUR
As of January 01, 2014	*100,000*	*500,000.0*	*538,884.2*	*-17,106.5*	*8,961.0*	*142,879.0*	*1,173,617.7*
Net income						28,753.0	28,753.0
Other comprehensive income				-756.6	1,706.2	-3,624.6	-2,675.0
Comprehensive income				**-756.6**	**1,706.2**	**25,128.4**	**26,078.0**
Other comprehensive income						-1,222.0	-1,222.0
As of December 31, 2014	**100,000**	**500,000.0**	**538,884.2**	**-17,863.1**	**10,667.2**	**166,785.4**	**1,198,473.7**

Further details on the Statement of Changes in Shareholders' Equity can be found in Notes 23 and 24.

Notes to the Consolidated Financial Statements as of December 31, 2014

A. BASIS AND METHODS

ÖBB-Infrastruktur Aktiengesellschaft, with its registered office in 1020 Vienna, Praterstern 3, FN 71396 w, is a registered limited liability company as defined in the Austrian Stock Corporation Act, whose shares are held by the Österreichische Bundesbahnen Holding Aktiengesellschaft (hereinafter ÖBB-Holding AG).

ÖBB-Infrastruktur AG and its subsidiaries form the ÖBB-Infrastruktur AG corporate group (hereinafter ÖBB-Infrastruktur Group). The share capital is divided into 100,000 no-par shares. The shares are registered in the name of ÖBB-Holding AG and are not traded publicly. The sub-group is in a group relationship with ÖBB-Holding AG, and is fully consolidated. The Consolidated Financial Statements of ÖBB-Holding AG are submitted to the Commercial Court Vienna under Company Register number FN 247642 f.

The function of ÖBB-Infrastruktur AG is, in particular, that of a railway infrastructure company, in which a demand-oriented and secure railway infrastructure (including high-performance tracks) is planned, built, provided, operated and maintained (regular maintenance, inspection, fault clearance, repair and reinvestment). Shunting services can also be provided.

The core business of ÖBB-Infrastruktur group also includes the power procurement, power supply and power portfolio management as well as real estate leasing.

In accordance with Article 51 of the Bundesbahngesetz [Austrian Federal Railways Act], as amended, ÖBB-Infrastruktur AG does not require a concession pursuant to the Eisenbahngesetz [Railways Act] of 1957 for either the construction or the operation of main and branch lines. It has the rights and obligations of a railway undertaking with respect to the planning and construction of new railway infrastructure projects.

Financing of investments in rail infrastructure development as well as operations and maintenance are ensured through internally generated cash flow, borrowings as well as guarantees and payments by the federal government on the basis of multi-year framework plans and grant agreements. Management, development and utilization of real estate belonging to the ÖBB Group is the responsibility of ÖBB-Immobilienmanagement GmbH, a subsidiary of ÖBB-Infrastruktur AG. The construction of the Brenner base tunnel and all structures necessary for construction work and subsequent operation, as well as the provision of facilities after completion for the parties authorized to access the network during the operational phase is the responsibility of Galleria di Base del Brennero - Brenner Basistunnel BBT SE, a joint venture of the ÖBB-Infrastruktur Group.

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Infrastruktur AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of December 31, 2014 were prepared pursuant to Article 245a (2) UGB [Austrian Commercial Code] in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union until December 31, 2014 along with the additional requirements under Article 245a UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Infrastruktur AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB [Austrian Commercial Code] in accordance with internationally accepted accounting principles.

The Consolidated Financial Statements are presented in euros (EUR). All amounts indicated in these Notes are presented in million EUR, unless another currency unit is indicated. Rounding differences may occur as the rounded presentation includes figures not shown that are subject to precise internal calculation.

Disclosure on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of December 31, 2013 or were to be applied initially on a mandatory basis due to the endorsement by the EU or due to the regulation coming into effect. These standards affect the Consolidated Financial Statements only if they are marked "yes" in the respective column of the following table.

Revised and amended standards/ interpretations		Effective as of[1)]	Impact on the Consolidated Financial Statements
IFRS 10	Consolidated Financial Statements	Jan 01, 2014	no
IFRS 11	Joint Arrangements	Jan 01, 2014	no
IFRS 12	Disclosure of Interests in Other Entities	Jan 01, 2014	yes
IAS 27	Consolidated and Separate Financial Statements	Jan 01, 2014	no
IAS 28	Investments in Associates and Joint Ventures	Jan 01, 2014	no
IAS 32	Financial Instruments: Presentation	Jan 01, 2014	no
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan 01, 2014	no

1) applicable for financial years starting on or after the indicated date.

IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements

IFRS 10 replaces the regulations on Consolidated Financial Statements of IAS 27 Consolidated and Separate Financial Statements and SIC 12 (Consolidation – Special Purpose Entities). The IASB has now set out the principle of control as a uniform principle with IFRS 10. Control exists under IFRS 10 if the following three conditions are met on a cumulative basis. An entity has power over the investee, is exposed to variable returns from its involvement with the investee and is able to use its power over the investee to affect the amount of the investor's return. Control was previously defined as the ability to determine the financial and business policy of an entity in order to derive benefit from its operations.

IFRS 11 replaces IAS 31 and SIC 13 and governs the classification of joint arrangements. A joint arrangement is defined as a contractual agreement whereby two or more parties exercise joint control. In IFRS 11, a distinction is now made between just two types of joint arrangements – joint operations and joint ventures. The classification of a joint arrangement as a joint operation or as a joint venture depends on the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangements. Investments in joint ventures are accounted for using the equity method, while in joint operations each joint operator recognizes its share of the assets, liabilities, revenues and expenses.
The Board of Management has examined the classification of the Group's investments and reassessed these with due regard to the regulations under IFRS 10 and 11. This did not result in changes to the basis of consolidation or the type of consolidation for the subsidiaries.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 defines the required disclosures for entities that prepare their financial statements in accordance with IFRS 10 and IFRS 11.

Outlook on future IFRS amendments

The following standards and interpretations were issued by the IASB and were endorsed by the EU with the exception of those labeled with footnote 2. The option to early apply of applying individual standards was not exercised. The potential impact of the new and amended standards is currently being evaluated.

Standards/ interpretations		Effective as of[1]	Expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 14	Regulatory deferral accounts	Jan 01, 2016[2]	no
IFRS 15	Revenue from Contracts with Customers	Jan 01, 2017[2]	currently evaluated
IFRS 9	Financial instruments	Jan 01, 2018[2]	yes
IFRIC 21	Levies	Jun 17, 2014	no
Amended standards and interpretations			
IAS 19	Recognition of contributions from employees or third parties for a defined benefit plan	Jan 01, 2015	no
	Improvements to IFRS, cycle 2010-2012	Jan 01, 2015	no
	Improvements to IFRS, cycle 2011-2013	Jan 01, 2015	no
	Improvements to IFRS, cycle 2012-2014	Jan 01, 2016[2]	no
IFRS 10 and IAS 28	Sales or contributions of assets between an investor and its associate/joint venture	Jan 01, 2016[2]	no
IFRS 11	Acquisition of an interest in a joint operation	Jan 01, 2016[2]	currently evaluated
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	Jan 01, 2016[2]	no
IAS 16 and IAS 41	Agriculture: Bearer Plants	Jan 01, 2016[2]	no
IAS 27	Equity Method in Separate Financial Statements	Jan 01, 2016[2]	no

1) applicable for financial years starting on or after the indicated date.
2) not yet adopted by the EU

IFRS 15 includes a five-step model to be applied to revenue from contracts with customers (with a few exceptions). The type of transaction or the sector of the entity are irrelevant. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and the uncertainties of revenue and the resulting cash flows arising from contracts with customers. The impact of IFRS 15 on the Group is currently being evaluated by working groups. In terms of sales revenue and other operating income, no changes are expected in the amount and time of revenue recognition with respect to contributions from the federal government in accordance with Art. 42 of the Bundesbahngesetz [Austrian Federal Railways Act] for infrastructure operation, the infrastructure usage charge and revenue from energy supply. A detailed analysis is now being conducted with respect to the remaining sales revenue and other operating income which amount to 33.8% of total income (sales revenues and other operating income).

IFRS 9 concerns the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The application of the improvements of IFRS 9 will have an effect on the classification and measurement of financial assets as well as hedge accounting, but will not affect the classification and measurement of financial liabilities in the consolidated financial statements.

IFRS 11 is amended regarding the accounting for acquisitions of an interest in a joint operation that constitutes a business, as defined in IFRS 3. The acquired of such interests shall apply all of the principles on business combinations accounting in IFRS 3 that do not conflict with the guidance in IFRS 11. The determination as to whether the acquisition of an interest in a joint operation exists is evaluated at the date of first application.

2. Consolidation principles and basis of consolidation

Consolidation principles

Reporting date

The reporting date for all fully consolidated companies included in the Consolidated Financial Statements is December 31.

Foreign currency translation

Foreign currencies are translated in accordance with the functional currency concept. The functional currency of all subsidiaries included in the Consolidated Financial Statements is the respective national currency. The Consolidated Financial Statements are presented in euros, the functional currency of the parent company.

As all subsidiaries use the euro as their functional currency, no currency translation from the consolidation of foreign operations was necessary for preparation of the consolidated financial statements.

Foreign currency transactions are first translated into the functional currency by the Group companies at the spot rate applicable on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at each reporting date at the respective spot rate. Translation differences from financial assets and financial liabilities are recognized in the financial expenses or financial income as relevant. All other currency translation differences are recognized through profit or loss in other operating income or expense. Non-monetary items measured at cost denominated in a foreign currency are translated at the rate applicable on the date of the transaction. Non-monetary items measured at fair value denominated in a foreign currency are translated at the rate applicable at the time the fair value is determined.

Consolidation

Subsidiaries (capital consolidation)

Subsidiaries are entities controlled by the Group. The Group controls an investee if it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to exercise control over the investee to affect the amount of these returns. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control until the expiration of control.

Accordingly, the results of operations of the businesses acquired or sold during the reporting year are included in the Consolidated Income Statement and in the other comprehensive income from the date of acquisition or until the date of disposal respectively. If the Group loses control of a subsidiary it derecognizes the assets and liabilities of the subsidiary and other equity components.

Accounting and measurement methods are applied consistently by all subsidiaries in the ÖBB-Infrastruktur Group.

Business combinations

Business combinations are accounted for according to the purchase method. The acquisition costs are measured at the total of the consideration transferred, measured at fair value at the acquisition date, plus the non-controlling interests in the acquired company. For each business combination, the acquirer measures the non-controlling interests in the acquired company at the corresponding share of the identifiable net assets of the acquired company. Any costs incurred in the course of the business combination are recognized as expense in other operating expenses.

When an entity is acquired, the Group assesses the suitable classification and designation of the financial assets acquired and liabilities assumed in accordance with the contractual terms, economic circumstances and general conditions given at the time of the acquisition. This also includes a separation of embedded derivatives in a host contract. In case of business combinations carried out in stages, the equity share in the acquired company previously held by the acquirer is re-measured at fair value at the time of the acquisition, and the resulting profit or loss is recognized in the income statement in the current period. Any agreed contingent consideration is recognized at the fair value at the time of the acquisition. Subsequent changes in the fair value of contingent consideration which constitute an asset or a liability are recognized either in the income statement or in other comprehensive income according to IAS 39. Contingent consideration classified as equity is not re-measured, and its payment is accounted for in shareholders' equity.

At initial recognition, goodwill is measured at cost, determined as the excess amount of the total consideration transferred plus the amount of the non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized in the income statement. After the initial recognition, goodwill is measured at cost less cumulative impairment charges. For the purpose of the impairment test and from the time of acquisition, the goodwill acquired in the course of a business combination is allocated to those cash-generating units of the Group that are expected to benefit from synergies from the business combination, irrespective of whether other assets or liabilities of the acquired entity are attributed to these cash-generating units.

When goodwill has been allocated to a cash-generating unit and a business unit of it is sold, the goodwill attributable to this business unit is taken into account in determining the carrying amount of the business unit and the proceeds from the sale of this business unit. The amount of the goodwill sold is determined on the basis of the relative values of the business unit sold and the remaining part of the cash-generating unit.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over the decision-making processes.

Except for investments classified as held for sale, shares in associated companies are included in the Consolidated Financial Statements using the equity method of accounting. They are initially recognized at cost, which is adjusted to reflect changes in the interest of the ÖBB-Infrastruktur Group in the net assets subsequent to the acquisition date and to reflect losses resulting from impairment. Losses exceeding the recognized investment in an associated company are not recognized, unless a commitment for additional contributions exists.

If the acquisition cost of the interest acquired by the ÖBB-Infrastruktur Group exceeds the fair values of the identifiable assets and liabilities of the associated company at the date of acquisition, such excess amount is accounted for as goodwill included in the value of the investment. If the acquisition cost of the interest acquired by the ÖBB-Infrastruktur Group is less than the fair values of the identifiable assets and liabilities at the date of acquisition (i.e. discount upon acquisition), the difference is recognized in the income statement in the period the acquisition occurred.

Joint ventures

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is defined by the following characteristics: the parties are bound by a contractual agreement in which control is allocated to two or more parties to the agreement. A joint venture is a contractual arrangement regarding an economic activity in which two or more parties have joint control, whereby it has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for in the Consolidated Financial Statements using the equity method.

Elimination of intercompany accounts

Receivables are offset with the corresponding liabilities and provisions between the subsidiaries included in the Consolidated Financial Statements in the course of the elimination of intercompany accounts.

Revenue and expense elimination

All intra-group expenses and revenues are eliminated in the course of the revenue and expense elimination. When assets are constructed by the ÖBB-Infrastruktur Group itself, any revenue arising therefrom is reclassified to own work capitalized.

Unrealized profit elimination

Unrealized profits resulting from intra-group sales of assets or self-constructed assets and from contribution of assets to subsidiaries were eliminated in the Consolidated Financial Statements.

Composition of and change in the basis of consolidation

In addition to ÖBB-Infrastruktur AG, the basis of consolidation includes 13 (previous year: 10), fully consolidated and 2 (prior year: 2) associated companies and joint ventures which are accounted for using the equity method, and therefore a total of 16 (prior year: 13) companies. The companies included in the Consolidated Financial Statements are indicated in Note 35. It lists all investments of the ÖBB-Infrastruktur Group with the carrying amount of equity and the annual result under national accounting law, as well as the type of consolidation. Companies consolidated in the years 2013 and 2014 or for which the type of consolidation changed are disclosed separately in the list of investments in Note 35.

The basis of consolidation is defined to enable the Consolidated Financial Statements to give a true and fair view of the net assets, financial position and results of operations of the ÖBB-Infrastruktur Group. The subsidiaries not consolidated are those with a small business volume whose revenues, assets and liabilities jointly account for less than 1% of the consolidated amounts. The department “IKT-business” area, which is responsible for all cross-company IT matters of the ÖBB-Holding Group and had been grouped with ÖBB-IKT GmbH, was sold on March 27, 2013 to ÖBB-Holding AG.

Basis of consolidation	Consolidated	At equity method of accounting	Total
As of Jan 01, 2013	12	2	14
thereof foreign companies	*0*	*1*	*1*
Disposal (sale)	-1	0	-1
As of Dec 31, 2013	**11**	**2**	**13**
Initial consolidation	4	0	4
Disposal (sale)	-1	0	-1
As of Dec 31, 2014	**14**	**2**	**16**
thereof foreign companies	*0*	*1*	*1*

Sale of ÖBB-Telekom GmbH

All shares (100%) in the affiliated company ÖBB-Telekom GmbH were sold in an agreement dated August 4, 2014. The cash consideration received amounts to EUR 2.2 million. The net assets sold amount to EUR 1.5 million. A gain of EUR 0.7 million was realized and reported in other operating income. The net cash inflow amounts to EUR 1.2 million.

In 2013, the Company contributed EUR 3.3 million to total income and EUR 2.3 million to total expenses in the Consolidated Financial Statements. Net income for the year after taxes was EUR 0.1 million. The assets and liabilities deducted as a result of loss of control are made up as follows:

	in mil. EUR
Property, plant and equipment	0.2
Trade receivables	0.5
Cash and cash equivalents	1.0
Non-current provisions	-0.1
Current liabilities	-0.1
Net assets sold	**1.5**

Acquisition of the operation “Apprenticeship and technical adult education program, including vocational school”

With a contract dated June 25, 2014 ÖBB-Infrastruktur AG 2014 acquired, the operation “Apprenticeship and technical adult education program, including vocational school” as of July 1, 2014 from ÖBB-Business Competence Center GmbH, the result of which is that ÖBB-Infrastruktur AG now has the central role in the apprenticeship program. The purchase price was paid with cash and corresponds to the net assets. The operation will contribute EUR 9.7 million to revenues and total expenses on the consolidated financial statements and will have no impact on the annual results. If the acquisition of the operation had occurred at the beginning of the year, Group revenues would have been EUR 4.1 million higher and the Group operating result would have been EUR 0.7 million lower.

The carrying amounts of the assets acquired correspond to their fair values, with no impact on income. No contingent liabilities were assumed and no intangible assets had to be capitalized. The assets and liabilities acquired are as follows:

	in mil. EUR
Property, plant and equipment	3.5
Long-term provisions	-2.5
Current liabilities	-0.8
Net assets acquired	**0.2**

In connection with the acquisition of the operation, 100% of the shares in ÖBB-Stiftungsmanagement GmbH were purchased from ÖBB-Business Competence Center GmbH in a contract dated July 18, 2014. The Company has a low volume of business and was not included in the scope of fully consolidated companies.

Effects of the changes in the basis of consolidation on the financial position and result of operations

The table below shows how the changes in Group structure described above impact the consolidated financial statements.

Development of the statement of financial position in mil. EUR, rounded	Jan 01, 2013	Change of consolidated companies	Organic incl. effects from consolidation	Dec 31, 2013	Change of consolidated companies	Organic incl. effects from consolidation	Dec 31, 2014
Non-current assets	18,673.2	-29.7	876.6	19,520.1	-2.4	1,029.3	20,547.0
Current assets	1,052.0	-35.6	-403.1	613.3	3.6	177.1	794.0
Total assets	**19,725.2**	**-65.3**	**473.5**	**20,133.4**	**1.2**	**1,206.4**	**21,341.0**
Shareholder's equity	1,148.6	-7.6	32.6	1,173.6	0.7	24.2	1,198.5
Non-current liabilities	15,760.4	-3.4	992.5	16,749.5	-0.6	1,932.6	18,681.5
Current liabilities	2,816.2	-54.3	-551.6	2,210.3	1.1	-750.4	1,461.0
Total assets	**19,725.2**	**-65.3**	**473.5**	**20,133.4**	**1.2**	**1,206.4**	**21,341.0**

Income statement development in mil. EUR, rounded	2012	Change of consolidated companies	Organic	2013	Change of consolidated companies	Organic	2014
Total revenue	2,963.0	-140.2	224.6	3,047.4	3.6	63.7	3,114.7
Total expenses	-2,368.9	140.2	-212.4	-2,441.1	-4.4	-34.0	-2,479.5
Financial result	-582.1	-1.1	2.7	-580.5	0.3	-20.4	-600.6

The column “Organic” includes changes that do not result from changes in the basis of consolidation.

Further details are provided in Note 35.

3. Summary of significant accounting policies

Basis of preparation of financial statements

The Consolidated Financial Statements are prepared on the basis of amortized cost, with the exception of derivative financial instruments and available-for-sale financial instruments that were measured at fair value. The carrying amounts of the assets and liabilities recognized in the Statement of Financial Position and designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to reflect changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognized at cost less depreciation and possible impairments. Cost includes certain expenses incurred in the course of the construction or development of the rail infrastructure network, such as acquisition cost, material and personnel expenses, directly attributable fixed and variable overhead, the present value of obligations resulting from demolition, disposal of assets and restoration of sites, and borrowing costs directly attributable to qualifying assets. VAT charged by suppliers with a subsequent entitlement to input tax deduction is not included in cost. Property, plant and equipment under a finance lease are recognized at the lower of the present value of the minimum lease payments or its fair value.

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful life, and recognized in depreciation and amortization in the Consolidated Income Statement. Leased property, plant and equipment (held under finance leases) and fixtures in third-party buildings are also depreciated over their estimated useful life if ownership is expected to be transferred at the end of the lease term. Otherwise, they are depreciated over the shorter of the lease term or the useful life. Assets with costs of up to EUR 400.00 are classified as low-value assets and are expensed as incurred due to their insignificance.

Useful lives are:

	Years
Buildings	
Substructure	20–150
Superstructure	10–50
Roadbed and track	35–40
Security and telecommunications equipment	4–30
Automobiles and trucks	5–25
Technical equipment and machinery	
High-voltage and lightning equipment	15–50
Tools and equipment	4–20
Machinery	9–15

Costs for maintenance measures and repairs are expensed as incurred, whereas replacements and value-improving investments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and resulting gains or losses are recognized in other operating income or expenses. The useful lives and the methods of depreciation presented above are also applied to assets presented in the line item “Investment property”.

Grants related to assets

Grants (investment grants) provided to the ÖBB-Infrastruktur Group are recognized in the Statement of Financial Position when it is certain that the grant will be received and all attached conditions will be complied with. Asset-related grants, in particular government grants, are deducted directly from the cost of the related assets. The depreciation expenses less income from the amortization of these grants are recognized in the Consolidated Income Statement.

Goodwill and other intangible assets

The ÖBB-Infrastruktur Group does not currently account for any goodwill or other intangible assets with indefinite useful lives.

Intangible assets with finite useful lives are recognized at cost less amortization on a straight-line basis. Assets with costs of up to EUR 400.00 are classified as low-value assets expensed as incurred due to their insignificance.

The straight-line amortization is based on the following useful lives:

	Years
Investment grants	3–150
Concessions	4–20
Software	2–20
Other intangible assets	10–30

Investment grants are amortized depending on the useful life of the asset for which the grant was paid. The useful life can be up to 80 years in individual cases, but in general, it is 20 years.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. The impairment test is performed for all items of property, plant and equipment and intangible assets. In accordance with the provisions of IAS 36, an impairment loss is recognized if the carrying amount exceeds the higher value which results from the fair value less cost to sell and value in use. The fair value less cost to sell corresponds to the amount that can be obtained in an arm’s length sales transaction. The value in use corresponds to the discounted estimated future net cash flows that are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in a separate line item in the Consolidated Income Statement.

If changes in circumstances indicate that the carrying amount of an asset exceeds its fair value, the value in use is calculated in the context of the impairment test. The value in use is determined by estimating the future cash flows of the cash-generating units based on the business plans that were derived from past results and the best estimates of management of future developments. The growth rates assumed in the business plans (budget 2015 and medium-term plan 2016-2019) reflect the weighted average growth rates based on market estimates. Cash flow forecasts going beyond the period covered by the business plan are based on steady growth rates for subsequent years and do not exceed the long-term weighted average growth rate for the industry and the country in which the cash-generating unit operates.

If the recoverable amount of the cash-generating unit exceeds its carrying value, no impairment exists for the relevant cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying value, an impairment loss is recorded for this unit. The impairment loss is allocated proportionally to the assets of the cash-generating unit, although the assets of the cash-generating unit may not be written down to an amount which is below their recoverable amount. The reductions in the carrying amount represent an impairment loss of the individual assets.

If there is any indication that an impairment of assets no longer exists, the impairment loss is entirely or partially reversed through profit or loss up to a maximum of the amortized cost.

No indicators of impairment were identified for any cash-generating unit either for 2013 or for 2014 and therefore no impairment tests were performed. For the rail infrastructure cash-generating unit, no indicators currently exist due to the following preamble to the grant agreement in accordance with Art 42 of the Bundesbahngesetz [Austrian Federal Railways Act]. "ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Federal Railways Act. The basis for the financing of the Company is given in Article 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to the official task according to the Federal Railways Act."

More information will be given in the chapter "Benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees provided by the Republic of Austria" in Note 32.

Impairment of investments in associated companies and joint ventures

Subsequent to the application of the equity method according to IAS 28.31 and IFRS 11 it has to be determined at each reporting date as to whether there is any objective indication of an impairment of the carrying amount in accordance with IAS 39.58 et seqq. If indicators are identified, the recoverable amount of the investment must be determined in accordance with IAS 36 Impairment of Assets. If there is an impairment, the investment must be written down accordingly. Reference is made to the previous paragraph regarding Art. 42 of the Federal Railways Act in relation to any impairment of the Galleria di Base del Brennero – Brenner Basistunnel BBT SE.

Non-current assets held for sale

Assets held for sale are measured at the lower of its carrying amount or its fair value less cost to sell. Assets classified as "held for sale" are not depreciated and reported in a separate line item in the Statement of Financial Position. Gains or losses from the sale of these assets are recorded together with the gains or losses from the disposal of property, plant and equipment and intangible assets as other operating income or expenses or, in case of an investment, in the other financial result.

Inventories

Inventories include material and parts used primarily for the expansion, maintenance and repair of defects of the Group's own railway networks and real estate under development to prepare for disposal. Materials and spare parts are measured at the lower of cost or net realizable value, with cost being determined on the basis of the moving average cost method. The net realizable value is determined based on the estimated selling price in the ordinary course of business, less estimated production cost to complete and selling costs still to be incurred. Self-manufactured inventories and reconditioned reusable materials are capitalized at production cost. Allowances are recorded for obsolete inventory and excessive production cost from self-manufactured inventories.

For spare parts and materials, replacement costs are deemed to be the best available measure of their net realizable value.

Also presented in inventories is real estate which is no longer used in operations and is now under development for later sale ("real estate recovery projects"). These are former railway station and system facilities or business premises which were used for continuous operations. They consist of significant projects being developed on a large scale. Real estate recovery projects are either held for sale in the ordinary course of business, in preparation for sale, or designated for such preparation.

They are recognized at cost and measured at the reporting date at the lower of carrying amount or net realizable value. The net realizable value is the estimated selling price less expected development and selling costs yet to be incurred.

The cost of inventories includes all costs of purchase, development and processing, as well as any other costs incurred to bring the inventories to their present condition. If the production costs exceed the net realizable value a write-down is recorded.

Financial instruments

General information

Financial assets and liabilities are recognized when the ÖBB-Infrastruktur Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when:

– all the contractual rights to the cash flows from the financial asset have expired or been settled or
– all risks and rewards arising from the asset have been transferred to another party or
– the power to control the financial asset has been transferred to another party in its entirety.

A financial liability may only be derecognized when it has been extinguished, i.e. when the contractual obligation has been settled or canceled or has expired. Purchases and sales of financial assets are recognized at the settlement date (date of fulfillment). Derivative financial instruments are recognized at the date of conclusion (trade date).

Financial assets and liabilities are initially recognized at the fair value of the consideration given or received. Transaction costs are included in the initial recognition, except in the case of financial instruments measured at fair value through profit or loss.

Cash and cash equivalents

The ÖBB-Infrastruktur Group recognizes cash on hand, cash in bank and highly liquid financial investments with remaining maturities of three months or less as cash and cash equivalents. Balances with the affiliated company ÖBB-Finanzierungsservice GmbH, which is responsible for liquidity management between the companies of the ÖBB-Holding Group, are also recognized as cash and cash equivalents. Money market deposits with original maturities of more than three months are classified as current financial assets along with securities. Cash and cash equivalents, including current liabilities due to ÖBB-Finanzierungsservice GmbH, represent the funds for the Statement of Cash Flow.

Financial assets and liabilities

Financial instruments disclosed in the Statement of Financial Position as financial assets are measured at their fair value with the exception of loans and receivables. The financial instruments disclosed in the Statement of Financial Position as financial liabilities are measured at amortized cost. Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognized through profit or loss or in other comprehensive income (cash flow hedge reserve), depending on whether the derivative financial instrument is used to hedge the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or fluctuations in future cash flows (cash flow hedge). For derivative financial instruments designated as fair value hedges, changes of the fair value of the hedged asset or liability and of the derivative financial instrument are recognized in the Income Statement. For derivative financial instruments designated as cash flow hedges, changes in the fair value of the effective portion of the hedging instrument are recognized via the other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognized in income when the underlying is recognized in income. Changes in the fair value of the ineffective portion of the hedge and changes in the fair value of derivative financial instruments not classified as a hedge are recognized in the Income Statement immediately. Hedge accounting is applied in the ÖBB-Infrastruktur Group. See Note 29.2. on the hedge accounting.

Changes in the fair value of derivative financial instruments not designated as a hedging instrument are recognized in profit or loss.

In accordance with IAS 39, the ÖBB-Infrastruktur Group classifies securities and certain non-current financial instruments as available-for-sale (AFS) and measures them at fair value. Unrealized gains and losses are recognized in the other comprehensive income.

Non-current derivative financial instruments (interest swaps for hedging purposes) are divided into a current and a non-current portion based on the discounted payment streams in the applicable time bands. If a derivative financial instrument has an overall clearly negative fair value, any current positive portion is not recognized as a current asset because this presentation would be misleading in the light of the clearly negative fair value, and is thus reported collectively as non-current liability. The same applies to the reverse case of a derivative financial instrument with an overall clearly positive fair value and a negative fair value of the current portion.

The impairment test for securities is based on a two-step approach, which examines whether the carrying amount or cost differs significantly from the fair value of the securities, and the period of time for which such a difference exists. Losses from impairments are recognized in income in the period as other financial expense.

If there is an indication that an impairment no longer exists, the ÖBB-Infrastruktur Group has to reverse all or part of the impairment in profit or loss, unless these financial assets are carried at cost or are equity instruments classified as “available for sale”. For equity instruments classified as “available for sale” and carried at cost, reversal of the impairment is not permitted. For equity instruments classified as “available for sale” and measured at fair value, any increase in the fair value is recognized in the other comprehensive income.

Trade receivables

Trade receivables are recognized at the lower of amortized cost or fair value. Impairments are recognized if collection of the claims can no longer be expected due to customer-specific circumstances. If such doubts regarding the collection of the receivables occur, these receivables are measured at the lower realizable amount and specific allowances are recognized on the basis of identifiable risks. Impairment indications include significant financial difficulties of the contractual partner, insolvency proceedings initiated against the debtor, unsuccessful dunning and execution attempts, effective breach of contract (e.g. default or failure to pay) and other information raising doubts about the solvency of the debtor. The debtor’s creditworthiness is considered accordingly in determining the amount of impairment. As soon as the irrecoverability of the receivable has been determined, the receivable is derecognized.

Construction contracts, if significant, are recognized according to the “percentage of completion” method.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade receivables and payables, receivables due from and liabilities due to related companies approximate their fair values. The fair values of available-for-sale securities result from directly or indirectly derivable prices. The fair value of non-current financial receivables, financial liabilities and swap agreements is based on the present value of future cash flows, discounted at the ÖBB-Infrastruktur Group’s estimated current interest rate at which comparable financial instruments may be concluded. Existing credit risk is considered when determining the fair values.

The ÖBB-Infrastruktur Group estimates whether the fair value of assets for which no quoted prices are available – mainly investments – corresponds to their carrying amount or cost based on the latest financial information available. These assets are subject to impairment testing if the investment generates losses over an extended period or in the event of significant changes in the business environment. For further information on accounting and measurement methods see Note 29.

Provisions

Provisions are recognized when obligations entered into with a third party were assumed or exist that will probably result in payments made by the ÖBB-Infrastruktur Group, and the amount can be reliably estimated. Non-current provisions are recognized at their present value. For further information see Note 26.2.

Leases

Lease agreements in which the ÖBB-Infrastruktur Group as lessee assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Otherwise, they are classified as operating leases. Property, plant and equipment acquired by way of finance leasing is recognized at the lower of the leased item's fair value or the present value of the minimum lease payments at inception of the lease, less depreciation and impairment losses.

If substantially all risks and rewards of ownership are attributable to the ÖBB-Infrastruktur Group as lessor, the leased item is recognized by the ÖBB-Infrastruktur Group. The leased item is recognized according to the regulations applicable to the asset in accordance with IAS 16. The accounting and measurement methods on the cross-border leasing agreements are presented in Note 30.3.

Lease agreements in which the ÖBB-Infrastruktur Group as lessor essentially transfers substantial all of the risks and rewards associated with an asset must be classified as finance leases. Otherwise they are operating leases. Lease receivables are recognized at the amount of the net investment from the lease.

Employee benefit commitments

The ÖBB-Infrastruktur Group has entered into only one individual contractual pension obligation for a former member of the Board of Management. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB-Infrastruktur Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are recognized as personnel expenses in the respective period.

All other obligations (severance payments and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognized. The ÖBB-Infrastruktur Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 "Employee Benefits". The remeasurement of net defined benefit obligations according to IAS 19.127 contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the Company henceforth recognizes actuarial gains and losses from provisions for severance payments immediately and fully directly in equity and those from provisions for anniversary bonuses in personnel expenses. For further information see Note 26.1.

Changes in existing provisions for disposal, restoration and similar obligations

In accordance with IAS 16 ("Property Plant and Equipment"), the cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar obligations are measured in accordance with the regulations of IAS 37. The effects of changes in the measurement of existing provisions for disposal, restoration and similar obligations are accounted for in accordance with IFRIC 1 ("Changes in Existing Decommissioning, Restoration and Similar Liabilities"). The provisions require that any increase of such a liability that reflects the passage of time shall be recognized in the Income Statement. Changes in the measurement resulting from changes in the estimated maturity or the amount of the outflow of resources required to fulfill the obligation or from changes in the discount rate shall be added to or deducted from the cost of the relevant asset in the current period. The amount deducted from the cost of the asset may not exceed its carrying amount.

Revenue recognition

Revenue is recorded when the risks and rewards are transferred or when the service has been rendered, when the amount of revenue can reliably be determined and it is sufficiently probable that the economic benefit will flow to the ÖBB-Infrastruktur Group.

Grants related to income

Grants related to expenses awarded to the ÖBB-Infrastruktur Group are recognized in the Income Statement and in line with the timing of expenses immediately upon fulfillment of the preconditions. Reference is made to Note 32 regarding the particular features of the grants for financing of the infrastructure.

Interest, royalties and dividends

Interest is recognized using the effective interest method in accordance with IAS 39. Dividends are recognized when the shareholder's right to receive payment is established. Usage fees such as rents are recognized on an accrual basis in accordance with the provisions of the relevant agreement. Turnover rental fees are rental payments which are settled depending on the revenue realized by the lessee, and are recognized when the amount of rent can reliably be determined.

In accordance with IAS 23, borrowing costs for significant qualifying assets are capitalized. For further information see Note 14.

Research and development costs

In accordance with IAS 38 ("Intangible Assets"), research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are recognized as expenses in the period in which they were incurred. Development costs are defined as costs incurred for using research findings to achieve technical and commercial feasibility. If development costs cannot be separated from research costs, the development costs are recognized as expenses in the period in which they were incurred in accordance with IAS 38. If the capitalization requirements of IAS 38 are not met, research and development costs are recognized as expenses in the period in which they were incurred. If the capitalization requirements of IAS 38 are met, development costs are capitalized as intangible assets.

Income taxes

In accordance with Article 50 (2) of the Federal Railways Act as amended by BGBl. No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as of 2005, except for turnover tax, from federal administration fees and from court charges and juridical administration fees to the extent that such taxes and duties result from the execution of the respective tasks of ÖBB-Infrastruktur AG under the Federal Railways Act (partial tax exemption).

The following business areas were essentially categorized as subject to income tax:

- Income from energy power transactions,
- The provision of services not related to railway infrastructure,
- Management of real estate not representing railway assets as defined in Article 10a of the Federal Railways Act;
- Investment administration.

In December 2005, a tax group contract was concluded with ÖBB-Holding AG as head of the tax group and the majority of the subsidiaries of the entire Group, including ÖBB-Infrastruktur AG and its subsidiaries, as group members. Accordingly, rules on tax equalization were agreed between the head of the tax group and the group members. The positive tax allocations in accordance with these provisions are calculated using the "stand-alone" method (based on the assumption of the tax autonomy of the individual group members for the calculation of the allocation) and are due at the time of approval of the financial statements of each group member, while negative tax allocations are due only upon effective use of the losses by the head of the tax group.

Deferred taxes

Deferred taxes are recognized – taking the exception clauses under IAS 12.15 and IAS 12.24 into account – for all temporary differences between the tax base of the assets/liabilities and their carrying amounts in the IFRS financial statements (liability method), insofar as these assets and liabilities are related to the business operation that is not exempt from income taxes.

However, if deferred taxes arise from the initial recognition of an asset or a liability resulting from a transaction other than a business combination which neither affects the accounting profit or loss nor the taxable profit at the time of the transaction, no deferred taxes are recognized at the time of initial recognition and thereafter.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associated companies are recognized, unless the ÖBB-Infrastruktur Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Deferred taxes are measured at the tax rates (and under the tax regulations) that have been enacted or substantially enacted on the reporting date and that are expected to apply in the period when the deferred tax assets are realized or the deferred tax liabilities are expected to be settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences or loss carry-forwards can be utilized.

If income taxes relate to items that are recognized in the other comprehensive income in the same or a different period, deferred taxes are also recognized in other comprehensive income.

Use of estimates and judgment

The preparation of the Consolidated Financial Statements requires the Board of Management to make estimates and assumptions that may affect the amounts of assets, liabilities and contingent liabilities reported at the reporting date and the amounts of income and expenses of the period under review. Actual results may differ from these estimates. All estimates and assumptions are updated on a regular basis and are based on experience and other factors including expectations with respect to future events deemed to be reasonable under the given circumstances.

The Board of Management has made estimates in applying the accounting policies of the ÖBB-Infrastruktur Group. Additionally, as of the reporting date, the Board of Management made key assumptions concerning the future and identified key sources of estimation uncertainty at the reporting date which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, long-term salary increases and staff turnover. If the development of the relevant parameters differs significantly from the expectations, this can have a significant effect on the provisions and, as a result, on the net personnel expenses of the ÖBB-Infrastruktur Group. The impact of possible changes of parameters is disclosed in Note 26.1.

b. Estimated useful lives of property, plant and equipment and intangible assets

The estimated useful lives are determined according to the circumstances of the Company with usual maintenance costs. Actual use may differ from these estimates. According to a sensitivity analysis, a change in the useful life of -/+ 1 year would increase the depreciation by EUR 72.0 million (previous year: EUR 54.8 million) or decrease it by EUR 57.1 million (previous year: EUR 59.1 million), respectively. In the 2013 financial year, useful lives for data networks and ETCS systems which no longer meet the latest technological standards as well as for real estate which is scheduled for demolition in the next few years were shortened to the expected remaining useful lives, resulting in additional depreciation of EUR 18.6 million. In the 2014 financial year, useful lives for individual structural systems as well as safety installations and telecommunications systems which no longer meet the latest technological standards were shortened to the expected remaining useful lives, resulting in additional depreciation of EUR 3.6 million. For more information see Note 14.

c. Provisions

Provisions were measured according to the best estimate in accordance with IAS 37.37, i.e., at the amount that the Company would have to pay, under reasonable consideration, to settle the obligation as of the reporting date or to transfer the obligation to a third party at that time. Reliable statements on a sensitivity analysis, especially regarding the likelihood of occurrence of environmental risks and decommissioning costs, are not possible. The measurement of the provision for decommissioning costs was based on the assumption that the ÖBB-Infrastruktur Group will continue to exist and that the Company and therefore the tracks will continue to operate. Decommissioning costs are estimated and a respective provision is recognized only when the closure of individual tracks is expected in the foreseeable future or when such closure has already been initiated. The amount of the provisions can be found in Note 26.2.

d. Deferred taxes

Deferred tax assets were recognized for temporary differences between the tax base and the carrying amounts of assets and liabilities and for losses carried forward. For information on the tax situation of ÖBB-Infrastruktur AG, refer to the section on the partial tax exemption (under the heading "Income Taxes"). When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period (see Note 13).

The recognized deferred tax assets on existing tax loss carryforwards and temporary differences are based on an estimate of the taxable results for the next five years. If the tax assessment regarding the qualification of the segments of ÖBB-Infrastruktur AG changes from “exempt from taxes” and “taxable” or if future taxable profits are insufficient, this may have a significant impact on the amount of deferred tax assets.

e. Cross-border leasing (CBL)

In respect of contractual parties to investments with at least an AA+ rating or for which a subsidiary guarantor liability is assumed by the government for their performance, the default risk is still regarded as extremely low. At present no need for any change was identifies and these transactions are continued to be disclosed “off balance.” If there are unexpected defaults on these investments or if requirements for the minimum rating no longer be fulfilled, the obligations from the transactions and the investments will be recognized in the Statement of Financial Position, allowances for these investments will be recognized or the repayment vehicle will be exchanged.

Concentration of risks

As of the reporting dates, no significant dependence on particular non-group customers, suppliers or creditors whose sudden default might significantly affect business operations existed. Furthermore, there is no concentration of labor services, providers of other services, franchising or licensing rights or other rights that the ÖBB-Infrastruktur Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB-Infrastruktur Group invests cash and cash equivalents with various banks with good credit ratings. For information on the grants and grant agreements provided by the Republic of Austria and the dependence of the rest of ÖBB-Holding Group companies, see Note 32.

Capital management

The objective of the financial management of the ÖBB-Infrastruktur Group is to sustainably increase the shareholder value and to maintain a capital structure appropriate for upholding the excellent credit rating. Due to the Company’s special situation and its statutory mission, and also as a result of the government’s commitment to subsidize infrastructure expenses (both construction, and operation and maintenance) not covered by the Company’s income from current operations, the control of the capital structure focuses mainly on debt ratios, which are compared to the respective budgeted values: The Company defines equity as share capital, reserves and retained earnings. Managed equity as of December 31, 2014 amounts to EUR 1,198.5 million (previous year: EUR 1,173.6 million).

B. NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

4. Revenue

	2014 in mil. EUR	2013 in mil. EUR
Government grant pursuant to Article 42 Bundesbahngesetz for infrastructure operation	1,153.5	1,151.4
Infrastructure usage charge	483.3	468.0
Revenue from power supply	231.0	253.7
Revenue from rent	132.5	128.3
Revenue from real estate recovery projects	98.3	60.1
Other revenue	77.5	93.8
Total	**2,176.1**	**2,155.3**
thereof from affiliated companies	*709.8*	*690.6*

The government grant pursuant to Article 42 Bundesbahngesetz [Austrian Federal Railways Act] is granted for the provision, operation and maintenance of the railway infrastructure and for the fulfillment of the statutory tasks insofar as the revenues that can be achieved by the users of the railway infrastructure do not cover the expenses incurred with economical and efficient management. Further information on the grant agreement is provided in Note 32.

The infrastructure usage charge is paid primarily by companies from the rest of the ÖBB-Holding Group for the provision of rail infrastructure.

Revenue from rent accrues for the rental and leasing of real estate. Revenue from power supply results largely from supplying traction power and from energy transactions.

Revenue from construction contracts recognized in the reporting period under other revenue amounts to EUR 26.6 million (previous year: EUR 27.8 million), of which EUR 7.9 million (previous year: EUR 10.7 million) was generated with respect to affiliated companies of the ÖBB Group. These revenues are offset by contract costs of EUR 18.1 million (previous year: EUR 26.6 million). Advance payments received in this connection amount to EUR 6.1 million (prior year: EUR 2.5 million). In addition, other revenue includes revenue from telecommunications services, damage repair, cleaning and security services, and from services related to the operation of container terminals.

For the composition of revenue per business unit and according to geographic aspects, see Note 33 (segment reporting).

5. Other own work capitalized

Directly attributable personnel expenses and expenses for materials as well as appropriate parts of material and production overhead were taken into account in determining the own work capitalized in connection with the construction of assets. This own work relates mainly to the construction or expansion of the railway infrastructure.

6. Other operating income

	2014 in mil. EUR	2013 in mil. EUR
Grant from the Federal Government pursuant to Article 42 Bundesbahngesetz for infrastructure	576.9	517.5
Gain from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	23.8	25.6
Miscellaneous other operating income	20.6	17.6
Revenue from the sale of materials	15.5	15.9
Personnel leasing to third parties	9.8	9.8
Total	**646.6**	**586.4**
thereof from affiliated companies	*19.7*	*16.8*

The government grant pursuant to Article 42 Bundesbahngesetz [Austrian Federal Railways Act] for extension and reinvestments is reported in other operating income. Further information on the grant agreement is provided in Note 32.

The remaining other operating income in particular includes recharged costs, payments for damages, lease of advertising space, subsidies and grants.

7. Cost of materials and purchased services

	2014 in mil. EUR	2013 in mil. EUR
Cost of materials	124.4	134.2
Purchased services	298.6	282.2
Total	**423.0**	**416.4**
thereof from affiliated companies	*72.0*	*61.3*

Cost of materials includes 79.1 million (prior year: EUR 100.3 million) for the cost of the purchasing traction power from third parties or the purchase of electricity for resale to third parties. The expenses for real estate recovery projects amounts to EUR 27.2 million (previous year: EUR 14.4 million).

Expenses for services received mainly comprise goods and services which cannot be capitalized in connection with repairs, maintenance (in particular railway infrastructure), disposal costs, cleaning and other services, as well as rent for rail-bound vehicles and transport services (deadhead transport).

8. Personnel expenses and employees

	2014 in mil. EUR	2013 in mil. EUR
Wages and salaries	838.0	816.4
Statutory social security contributions	221.8	213.2
Expenses for severance payments	6.2	6.1
Pension costs	8.7	8.3
Total	**1,074.7**	**1,044.0**

			Change		Average	
Number of employees (headcount)	Dec 31, 2014	Dec 31, 2013	Reporting date	in %	2014	2013
Employees	3,019	2,825	194	7%	2,915	2,805
Workers	1,443	1,349	94	7%	1,432	1,187
Tenured employees	11,860	12,040	-180	-1%	11,950	12,129
Total (excl. apprentices)	**16,322**	**16,214**	**108**	**1%**	**16,297**	**16,121**
Apprentices	1,403	1	1,402	>100%	666	1
Total (incl. apprentices)	**17,725**	**16,215**	**1,510**	**9%**	**16,963**	**16,122**

			Change		Average	
Number of employees (FTE)	Dec 31, 2014	Dec 31, 2013	Reporting date	in %	2014	2013
Total (excl. apprentices)	16,211.2	16,117.0	94.2	0.6%	16,195.9	16,032.0
Apprentices	1,403.0	1.0	1,402.0	>100.0%	665.5	1.0
Total (incl. apprentices)	**17,614.2**	**16,118.0**	**1,496.2**	**9.3%**	**16,861.4**	**16,033.0**

The increase in the number of employees resulted primarily from the acquisition of the operation "Apprenticeship and technical adult education program including vocational school" ("apprenticeship operations") in 2014. With the takeover of apprenticeships in 2014, the training of the apprentices in the ÖBB Group is carried out centrally via the ÖBB-Infrastruktur Group.

9. Depreciation and amortization

	2014 in mil. EUR	2013 in mil. EUR
Depreciation on property, plant and equipment	776.0	758.7
Amortization of intangible assets	36.9	35.0
Impairment on assets held for sale	0.0	0.3
Depreciation on investment property	4.1	3.8
less amortization of investment grants	-172.2	-181.4
Total depreciation and amortization	**644.8**	**616.4**

10. Other operating expenses

The other operating expenses of the ÖBB-Infrastruktur Group are as follows:

	2014 in mil. EUR	2013 in mil. EUR
Cost of operation	96.4	104.4
Non-income taxes	37.4	37.6
Loss on disposal of property, plant and equipment and intangible assets	33.1	38.5
Training and continuing education	20.2	31.5
Miscellaneous	150.1	152.4
Total	**337.2**	**364.4**
thereof from affiliated companies	*124.6*	*130.0*

Operating taxes includes all non-income-related taxes (electricity tax, motor vehicle tax, property tax, road use charges, other taxes and fees, etc.).

Other operating expenses relate in particular to the cost of office supplies, rental, lease and royalty expenses, travel and other allowances, insurance, damage claims, marketing and advertising expenses, lease of personnel, payments to affiliated companies for transport services for employees and for canteens.

The expenses for services of the auditors of the Consolidated Financial Statements and the separate financial statements are also included in the miscellaneous operating expenses and are as follows:

	2014 in kEUR	2013 in kEUR
Annual financial statements and consolidated annual financial statements audit	322	312
Other auditing services	3	24
Consulting services	90	23
Other services	46	111
Total	**461**	**470**

11. Interest income and expenses

The interest income and expenses of the ÖBB-Infrastruktur Group are as follows:

Interest income/ expenses	2014 in mil. EUR	2013 in mil. EUR
Interest income	36.1	55.9
thereof from affiliated companies	*6.2*	*9.7*
Interest expenses	-638.1	-643.4
thereof from affiliated companies	*-6.3*	*-8.9*
Total	**-602.0**	**-587.5**
thereof from affiliated companies	*-0.1*	*0.8*

The interest received from swap agreements is offset against the interest expenses from the respective original financial instruments in order to provide a better overview of the financial position.

Interest income from non-affiliated companies relates primarily to interest income from derivative financial instruments and interest income from securities and other investments in connection with cross-border leasing transactions.

Interest expenses in the amount of EUR 539.1 million (previous year: EUR 534.0 million) relate to bonds. Interest expense is also incurred for EUROFIMA loans and other borrowings and interest-related expenses. Expenses for guarantee premiums total EUR 18.8 million (previous year: EUR 18.0 million). Other interest expenses include in particular interest payments and accruals from cross-border leasing transactions of EUR 23.3 million (previous year: EUR 30.8 million).

The interest result related to affiliated companies results largely from interest on receivables from subleases.

12. Other financial result

The other financial result of the ÖBB-Infrastruktur Group is as follows:

Other financial result	2014 in mil. EUR	2013 in mil. EUR
Other financial income	53.0	26.5
thereof income from disposal and revaluation of financial assets	*0.1*	*1.4*
thereof from measurement/ foreign currency translation differences	*47.6*	*20.9*
thereof from affiliated companies	*0.5*	*0.0*
Other financial expenses	-52.5	-20.8
thereof from measurement/ foreign currency translation differences	*-49.5*	*-17.6*
thereof from affiliated companies	*-0.5*	*-1.5*
Total	**0.5**	**5.7**

Measurement gains/losses from the hedged items in connection with cash flow hedge and fair value hedge accounting are offset against the results from the derivatives in order to provide a better overview of the results of operations of the ÖBB-Infrastruktur Group. Other financial income relates in particular to measurement gains from derivatives and recharges to affiliated companies of impairments made in connection with cross-border leasing transactions.

The other financial expenses result in particular from fair value changes of derivative financial instruments. Other financial expenses also include impairments in connection with cross-border leasing transactions that have been recharged to other affiliated companies for the most part.

13. Income tax

Tax expense/tax income

The item income taxes is composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Expense/ benefit from tax allocation (group taxation)	-0.4	-0.6
Deferred tax expense/ benefit	-5.4	4.5
Income taxes	**-5.8**	**3.9**

Income taxes are calculated at 25% of the estimated taxable profit in the financial year.

Deferred taxes developed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Recognized amounts as of Jan 01	**43.7**	**37.7**
Change in deferred taxes		
recognized in other comprehensive income	*-1.6*	*1.5*
recognized in profit or loss	*-5.4*	*4.5*
Recognized amounts as of Dec 31	**36.7**	**43.7**
thereof deferred tax assets	*36.7*	*43.8*
thereof deferred tax liabilities	*0.0*	*-0.1*

Deferred taxes recognized in other comprehensive income result primarily from differences between the IFRS carrying amounts and the tax bases resulting from power derivatives, CF-hedges and actuarial gains and losses in accordance with IAS 19.

Based on underlying temporary differences between the carrying amounts in the IFRS consolidated financial statements and the relevant tax bases, deferred taxes in the amount of EUR 29.7 million (previous year: 36.2 million) are classified as non-current. Deferred taxes on losses carried forward that are expected to be used in financial year 2015 in the amount of EUR 7.0 million (previous year: EUR 7.5 million) are classified as current.

The following table shows the main reasons for the difference between the income taxes indicated in the Income Statement and the income taxes calculated with application of the statutory tax rate of 25% on the annual taxable income.

	2014 in mil. EUR	2013 in mil. EUR
Income before income tax according to IFRS	34.6	25.8
Adjustment of tax-exempt portion pursuant to Article 50 (2) Bundesbahngesetz	76.3	62.1
Taxable portion of the income	**110.9**	**87.9**
Group tax rate	*25%*	*25%*
Expected expense (-) or benefit (+) from taxes in the financial year	-27.7	-22.0
Investment income	0.3	0.5
Effects of changes of recognition	21.9	25.6
Non-deductible operating expenses and other additions	-0.3	-0.2
Accounted income taxes	**-5.8**	**3.9**
Effective corporate tax rate	**5.2%**	**-4.5%**

The effective corporate tax rate of 5.2% (previous year: -4.5%), which differs significantly from the statutory corporate tax rate of 25%, resulted primarily from changes of deferred taxes recognized from tax losses carried forward.

Deferred tax assets and deferred tax liabilities as of December 31, 2014, are the result of temporary differences between the carrying amounts in the consolidated financial statements and the relevant tax bases, as well as tax losses carried forward. Changes in recognition of deferred taxes were necessary as the future tax results, which justify the recognition of deferred tax assets, were reassessed.

Deferred taxes relate to the following significant items in the Statement of Financial Position, loss carryforwards and tax credits:

	Deferred tax assets Dec 31, 2014 in mil. EUR	Deferred tax liabilities Dec 31, 2014 in mil. EUR	Deferred tax assets Dec 31, 2013 in mil. EUR	Deferred tax liabilities Dec 31, 2013 in mil. EUR
Assets				
Property, plant and equipment	12.6	-1.5	15.3	-1.6
Intangible assets	0.0	0.0	0.0	0.0
Financial assets	0.0	-1.6	0.9	-5.9
	12.6	**-3.1**	**16.3**	**-7.6**
Liabilities				
Provisions	0.6	-2.8	0.5	-4.6
Other financial liabilities	5.7	0.0	12.1	0.0
	6.3	**-2.8**	**12.6**	**-4.6**
Tax losses carried forward	23.6	0.0	26.9	0.0
Deferred tax assets or deferred tax liabilities	**42.6**	**-5.9**	**55.8**	**-12.1**
Offsetting	-5.9	5.9	-12.0	12.0
Net deferred tax assets or deferred tax liabilities	**36.7**	**0.0**	**43.8**	**-0.1**

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period. The use of deferred tax assets requires sufficient taxable income during the periods in which the temporary differences or tax losses can be utilized. The Board considers the scheduled reversal of deferred tax liabilities and the estimated future taxable income for this assessment.

By reference to historical taxable income and projections for future taxable income over years in which tax assets can be utilized, the Board of Management believes that the realization of the tax benefits from the deferred tax assets in the amount of EUR 36.7 million (previous year: EUR 43.7 million) is probable. The temporary differences in the positions of tangible and intangible assets result mainly from the different depreciation/amortization start (pro rata in accordance with IFRS compared to the half-year rule and in accordance with the tax code) as well as from different acquisition costs. The temporary differences from the financial assets and liabilities arise due to the different measurement of power derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

Tax loss carryforwards stem from Austrian companies and can be carried forward without restriction. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria; however, EUR 2,428.4 million (previous year: EUR 2,453.8 million) result from pre-tax group losses and can therefore be utilized in their entirety against taxable income generated in future periods.

For tax loss carry forwards amounting to EUR 2,340.9 million (prior year: EUR 2,353.4 million), no deferred taxes are recognized as the recovery in the foreseeable future is not probable.

14. Property, plant and equipment

The schedule of assets below shows the structure of the property plant and equipment, the changes in the financial year, and the development of investment grants for property, plant and equipment.

in mil. EUR	Land and buildings	Automobiles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost 2014							
Cost as of Jan 01, 2014	23,871.4	351.9	8,293.7	1.5	129.4	2,407.9	35,055.8
Additions	26.3	0.0	2.3	0.0	7.6	1,737.9	1,774.1
Disposals	-154.5	-16.6	-88.6	0.0	-7.8	-6.0	-273.5
Change in reporting entities	-0.4	0.0	-0.4	0.0	-0.7	0.0	-1.5
Transfers	1,194.9	24.8	396.3	0.0	4.6	-1,623.8	-3.3
Cost as of Dec 31, 2014	24,937.7	360.0	8,603.3	1.5	133.1	2,516.0	36,551.6
Accumulated depreciation as of Jan 01, 2014	-7,130.5	-188.9	-4,217.3	-0.9	-87.0	0.0	-11,624.7
Depreciation and amortization	-441.1	-29.6	-290.1	-0.1	-15.1	0.0	-776.0
Disposals	118.7	13.6	70.8	0.0	7.6	0.0	210.7
Change in reporting entities	0.3	0.0	0.3	0.0	0.7	0.0	1.3
Transfers	-0.3	1.8	-2.1	0.0	0.1	0.0	-0.5
Accumulated depreciation as of Dec 31, 2014	-7,452.9	-203.1	-4,438.4	-1.0	-93.7	0.0	-12,189.2
Carrying amounts before investment grants as of Jan 01, 2014	***16,740.9***	***162.9***	***4,076.4***	***0.6***	***42.4***	***2,407.9***	***23,431.1***
Carrying amounts before investment grants as of Dec 31, 2014	**17,484.8**	**156.8**	**4,164.8**	**0.4**	**39.5**	**2,516.0**	**24,362.4**
Investment grants 2014							
As of Jan 01, 2014	-9,551.6	-7.2	-2,964.2	0.0	-4.7	-350.5	-12,878.1
Additions	-38.9	0.0	-8.4	0.0	-0.1	-46.7	-94.1
Disposals	77.2	0.0	38.2	0.0	0.4	0.4	116.2
Transfers	-54.4	0.0	-18.5	0.0	0.0	72.9	0.0
Cost as of Dec 31, 2014	-9,567.7	-7.2	-2,952.9	0.0	-4.4	-324.0	-12,856.1
Accumulated depreciation as of Jan 01, 2014	5,340.4	7.1	2,341.5	0.0	3.7	0.0	7,692.8
Depreciation and amortization	112.2	0.0	52.8	0.0	0.2	0.0	165.2
Disposals	-60.8	0.0	-32.4	0.0	-0.4	0.0	-93.6
Accumulated depreciation as of Dec 31, 2014	5,391.8	7.1	2,361.9	0.0	3.6	0.0	7,764.3
Investment grants as of Jan 01, 2014	***-4,211.1***	***-0.1***	***-622.7***	***0.0***	***-0.9***	***-350.5***	***-5,185.3***
Investment grants as of Dec 31, 2014	**-4,175.9**	**0.0**	**-591.0**	**0.0**	**-0.8**	**-324.0**	**-5,091.7**
Carrying amounts after investment grants as of Jan 01, 2014	***12,529.8***	***162.8***	***3,453.7***	***0.6***	***41.4***	***2,057.4***	***18,245.7***
Carrying amounts after investment grants as of Dec 31, 2014	**13,308.9**	**156.8**	**3,573.8**	**0.4**	**38.7**	**2,192.1**	**19,270.7**

in mil. EUR	Land and buildings	Automobiles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost 2013							
Cost as of Jan 01, 2013	22,960.8	317.3	7,957.4	2.6	117.1	2,206.2	33,561.4
Additions	23.0	0.1	3.4	0.0	7.4	1,836.1	1,870.0
Disposals	-128.4	-18.6	-78.7	0.0	-3.3	-22.5	-251.5
Change in reporting entities	-0.1	0.0	-0.9	0.0	-42.2	-2.5	-45.7
Transfers	1,016.1	53.1	412.6	-1.1	50.4	-1,609.4	-78.3
Cost as of Dec 31, 2013	23,871.4	351.9	8,293.7	1.5	129.4	2,407.9	35,055.8
Accumulated depreciation as of Jan 01, 2013	-6,826.6	-174.0	-3,998.9	-1.8	-74.5	0.0	-11,075.8
Depreciation and amortization	-421.6	-29.3	-292.0	-0.2	-15.6	0.0	-758.7
Disposals	103.4	14.3	73.7	0.0	3.1	0.0	194.5
Change in reporting entities	0.0	0.0	0.9	0.0	25.3	0.0	26.2
Transfers	14.2	0.0	-1.0	1.1	-25.3	0.0	-11.0
Accumulated depreciation as of Dec 31, 2013	-7,130.5	-188.9	-4,217.3	-0.9	-87.0	0.0	-11,624.7
Carrying amounts before investment grants as of Jan 01, 2013	***16,134.2***	***143.3***	***3,958.5***	***0.8***	***42.6***	***2,206.2***	***22,485.6***
Carrying amounts before investment grants as of Dec 31, 2013	**16,740.9**	**162.9**	**4,076.4**	**0.6**	**42.4**	**2,407.9**	**23,431.1**
Investment grants 2013							
As of Jan 01, 2013	-9,490.0	-7.2	-2,964.2	0.0	-5.5	-385.9	-12,852.8
Additions	-56.7	0.0	-10.7	0.0	0.0	-35.3	-102.7
Disposals	53.6	0.0	15.8	0.0	0.1	3.8	73.3
Change in reporting entities	-0.3	0.0	-0.2	0.0	0.7	0.0	0.2
Transfers	-58.2	0.0	-4.8	0.0	0.0	67.0	4.0
As of Dec 31, 2013	-9,551.6	-7.2	-2,964.2	0.0	-4.7	-350.5	-12,878.1
Accumulated depreciation as of Jan 01, 2013	5,272.8	7.0	2,294.3	0.0	4.3	0.0	7,578.4
Depreciation and amortization	112.3	0.1	61.4	0.0	0.3	0.0	174.1
Disposals	-42.8	0.0	-14.2	0.0	-0.1	0.0	-57.1
Change in reporting entities	0.0	0.0	-0.1	0.0	-0.7	0.0	-0.8
Transfers	-1.8	0.0	0.0	0.0	0.0	0.0	-1.8
Accumulated depreciation as of Dec 31, 2013	5,340.4	7.1	2,341.5	0.0	3.7	0.0	7,692.8
Investment grants as of Jan 01, 2013	***-4,217.2***	***-0.2***	***-669.9***	***0.0***	***-1.2***	***-385.9***	***-5,274.4***
Investment grants as of Dec 31, 2013	**-4,211.1**	**-0.1**	**-622.7**	**0.0**	**-0.9**	**-350.5**	**-5,185.3**
Carrying amounts after investment grants as of Jan 01, 2013	***11,917.0***	***143.1***	***3,288.6***	***0.8***	***41.4***	***1,820.3***	***17,211.2***
Carrying amounts after investment grants as of Dec 31, 2013	**12,529.8**	**162.8**	**3,453.7**	**0.6**	**41.4**	**2,057.4**	**18,245.7**

The ÖBB-Infrastruktur Group received non-repayable investment grants for property, plant and equipment that are presented as a reduction to acquisition cost. The depreciation of these assets and the corresponding amortization of the investment grants are recognized in profit or loss under depreciation and amortization. Additions to property, plants and equipment due to first-time consolidated companies or disposal due to deconsolidation are presented in separate lines in the schedule of property, plant and equipment.

Reclassifications include both amounts reclassified from prepayments and assets under construction to the specific accounts for completed property, plant and equipment, and intangible assets, and assets reclassified as held for sale and inventories (see Note 19). For details of changes in accounting estimates, see Note 3 Estimated useful lives of property, plant and equipment and intangible assets.

In the financial year, in accordance with IAS 23, the ÖBB-Infrastruktur Group capitalized interest on the cost of qualifying assets amounting to EUR 55.1 million (prior year: EUR 43.2 million). The underlying interest rate for borrowed capital was 3.52% (prior year: 3.76%).

As of December 31, 2014 contractual obligations for the purchase of property, plant and equipment (purchase commitments) amounted to EUR 1,716.3 million (previous year: EUR 1,867.1 million).

Property, plant and equipment with the following carrying amounts are pledged as collateral for financial liabilities:

	2014 in mil. EUR	2013 in mil. EUR
Other technical equipment and machinery	215.4	226.7
Automobiles and trucks	51.0	57.1
Total	**266.4**	**283.8**

Of these assets, EUR 215.4 million (prior year: EUR 226.7 million) are used as collateral for liabilities from cross-border leasing transactions and EUR 51.0 million (prior year: 57.1 million) are used as collateral EUROFIMA loans.

Losses were incurred from disposals of property, plant and equipment of EUR 33.1 million (previous year: EUR 38.5 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, and the disposal of planning project costs.

Investment grants

The development of the investment grants is shown in the attached schedule of property, plant and equipment. The main providers are as follows:

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Republic of Austria	2,461.7	2,416.2
Schieneninfrastrukturfinanzierungs GmbH	1,333.7	1,398.3
former Eisenbahn-Hochleistungsstrecken AG	1,353.4	1,378.5
Other third parties	123.4	126.4
Total	**5,272.2**	**5,319.4**

Investment grants for intangible assets made by these providers total EUR 180.5 million (previous year: EUR 134.1 million) and are included in this list.

Leased and rented assets

Property, plant and equipment include leased assets that are reported separately in the schedule of property, plant and equipment. The leased property, plant and equipment is classified as finance lease due to the structure of the underlying lease agreements and therefore ÖBB-Infrastruktur Group is the beneficial but not the legal owner of the assets. These assets primarily comprise technical equipment and machinery. For further information, see Note 30.

15. Intangible assets

The schedule of intangible assets below shows the structure of the intangible assets and the changes in the financial year.

	Concessions, property rights, licenses in mil. EUR	Investment grants to third parties in mil. EUR	Down payments on intangible assets in mil. EUR	Total in mil. EUR
Accumulated cost and amortization 2014				
Cost as of Jan 01, 2014	127.1	823.0	16.9	967.0
Additions	3.0	55.0	26.3	84.3
Disposals	-5.0	-4.8	0.0	-9.8
Change in reporting entities	0.0	0.7	0.0	0.7
Transfers	8.3	19.1	-25.6	1.8
Cost as of Dec 31, 2014	133.4	893.0	17.6	1,044.0
Accumulated depreciation as of Jan 01, 2014	-64.9	-400.2	0.0	-465.1
Depreciation and amortization	-11.4	-25.5	0.0	-36.9
Disposals	4.8	3.4	0.0	8.2
Change in reporting entities	0.0	-0.3	0.0	-0.3
Transfers	0.4	0.1	0.0	0.5
Accumulated depreciation as of Dec 31, 2014	-71.1	-422.5	0.0	-493.6
Carrying amounts before investment grants as of Jan 01, 2014	**62.1**	**422.8**	**16.9**	**501.9**
Carrying amounts before investment grants as of Dec 31, 2014	**62.3**	**470.5**	**17.6**	**550.4**
Investment grants 2014				
As of Jan 01, 2014	-34.1	-422.2	0.0	-456.3
Additions	-1.1	-52.2	0.0	-53.3
Disposals	0.0	0.5	0.0	0.5
Transfers	2.2	-2.2	0.0	0.0
As of Dec 31, 2014	-33.0	-476.1	0.0	-509.0
Accumulated depreciation as of Jan 01, 2014	13.8	308.3	0.0	322.1
Depreciation and amortization	1.6	5.4	0.0	7.0
Disposals	0.0	-0.5	0.0	-0.5
Accumulated depreciation as of Dec 31, 2014	15.4	313.2	0.0	328.6
Investment grants as of Jan 01, 2014	**-20.3**	**-113.8**	**0.0**	**-134.1**
Investment grants as of Dec 31, 2014	**-17.6**	**-162.9**	**0.0**	**-180.5**
Carrying amounts after investment grants as of Jan 01, 2014	**41.9**	**308.9**	**16.9**	**367.7**
Carrying amounts after investment grants as of Dec 31, 2014	**44.7**	**307.6**	**17.6**	**369.9**

	Concessions, property rights, licenses in mil. EUR	Investment grants to third parties in mil. EUR	Down payments on intangible assets in mil. EUR	Total in mil. EUR
Accumulated cost and amortization 2013				
Cost as of Jan 01, 2013	117.9	798.5	18.0	934.4
Additions	3.1	6.1	25.8	35.0
Disposals	-3.5	-0.9	0.0	-4.4
Change in reporting entities	-23.4	-0.6	0.0	-24.0
Transfers	32.9	19.8	-26.8	25.9
Cost as of Dec 31, 2013	127.1	823.0	16.9	967.0
Accumulated depreciation as of Jan 01, 2013	-58.2	-376.6	0.0	-434.8
Depreciation and amortization	-10.2	-24.8	0.0	-35.0
Disposals	3.5	0.6	0.0	4.1
Change in reporting entities	14.3	0.7	0.0	15.0
Transfers	-14.3	0.0	0.0	-14.3
Accumulated depreciation as of Dec 31, 2013	-64.9	-400.2	0.0	-465.1
Carrying amounts before investment grants as of Jan 01, 2013	**59.7**	**421.8**	**18.0**	**499.5**
Carrying amounts before investment grants as of Dec 31, 2013	**62.1**	**422.8**	**16.9**	**501.9**
Investment grants 2013				
As of Jan 01, 2013	-35.0	-412.7	0.0	-447.7
Additions	-2.0	-8.9	0.0	-10.9
Disposals	0.0	0.1	0.0	0.1
Change in reporting entities	2.2	0.0	0.0	2.2
Transfers	0.5	-0.6	0.0	-0.1
As of Dec 31, 2013	-34.1	-422.2	0.0	-456.3
Accumulated depreciation as of Jan 01, 2013	14.5	302.7	0.0	317.2
Depreciation and amortization	1.7	5.6	0.0	7.3
Disposals	0.0	-0.1	0.0	-0.1
Change in reporting entities	-2.2	0.0	0.0	-2.2
Accumulated depreciation as of Dec 31, 2013	13.8	308.3	0.0	322.1
Investment grants as of Jan 01, 2013	**-20.5**	**-110.0**	**0.0**	**-130.5**
Investment grants as of Dec 31, 2013	**-20.3**	**-113.8**	**0.0**	**-134.1**
Carrying amounts after investment grants as of Jan 01, 2013	**39.2**	**311.9**	**18.0**	**369.1**
Carrying amounts after investment grants as of Dec 31, 2013	**41.9**	**308.9**	**16.9**	**367.7**

The ÖBB-Infrastruktur Group received non-repayable investment grants for intangible assets that are presented as a reduction to acquisition cost. The depreciation of these assets and the corresponding amortization of all investment grants are recognized in profit or loss under depreciation and amortization.

Research and development expenses totaled EUR 3.0 million (prior year: EUR 4.8 million) and were recognized in full in expenses since a clear distinction among research phases of the projects is not possible, and the ability of the development to generate future benefits was considered uncertain.

16. Investment property (IAS 40)

This category only includes properties that do not qualify as railway assets (Section 10a Railway Act [Eisenbahngesetz]) and can therefore be leased to third parties or sold. Accordingly, investment property comprises mainly properties held for lease and agricultural land. These properties have the same useful lives as the real estate assets recognized under property, plant and equipment.

No impairment pursuant to IAS 36 was necessary. The assets developed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Cost		
As of Jan 01	*301.3*	*274.2*
Additions	7.5	11.3
Disposals	-4.6	-2.6
Transfers	0.1	18.4
As of Dec 31	**304.3**	**301.3**
Accumulated depreciation		
As of Jan 01	*173.1*	*171.2*
Depreciation	4.1	3.8
Disposals	-2.6	-1.8
Transfers	0.0	-0.1
As of Dec 31	**174.6**	**173.1**
Net carrying amounts as of Dec 31	**129.7**	**128.2**

All investment property held by the ÖBB-Infrastruktur Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 18.7 million (prior year: EUR 16.7 million), which directly attributable expenses (including repairs and maintenance, but excluding operating costs) in the amount of EUR 8.9 million (prior year: EUR 7.5 million). In addition, operating expenses of EUR 0.3 million (prior year: EUR 0.3 million) were incurred that were not offset by rental income. ÖBB-Infrastruktur Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.
The fair value totals EUR 318.7 million (previous year: EUR 306.4 million). The fair value of the Group's investment property was not measured by external experts, but by ÖBB-Immobilienmanagement GmbH intra-Group experts, with due regard to existing market data and on the basis of the benchmark rents for the respective federal provinces, taking into account any additions and deductions to reflect the condition and location of the building, and using the DCF method. Due to this correction of the input factors observed in the market, the fair value is allocated to hierarchy level 3 in accordance with IFRS 13. A location-dependent rate of 4% - 5% was used in both reporting years to determine the fair value. Changing the discounts from the benchmark rents by +/- 10% would reduce the fair values by 18.5% (prior year: 19.6%) or increase them by 16.1% (prior year: 16.8%), respectively. Furthermore, additions of EUR 0.2 million (prior year: EUR 0.9 million) reflect subsequent acquisition costs.

17. Investments recorded at equity

Investments that are measured using the equity method include investments in one joint venture and in one associate.

Joint venture name and registered office	Ownership share in % Dec 31, 2014	Ownership share in % Dec 31, 2013
Galleria di Base del Brennero - Brenner Basistunnel BBT SE, I-39100 Bozen	50.0	50.0

Associated company name and registered office	Ownership share in % Dec 31, 2014	Ownership share in % Dec 31, 2013
Weichenwerk Wörth GmbH, A-3151 St. Georgen am Steinfeld	30.0	30.0

The following table summarizes the financial information of the companies reported using the equity method in which ÖBB-Infrastruktur AG is invested as of the reporting date. The table also reconciles the summarized financial information to the carrying amount of the Group's investment. The figures for Galleria di Base del Brennero – Brenner Basistunnel BBT SE are provisional and adjusted for material differences in accounting methods. The reporting date of Weichenwerk Wörth GmbH is March 31. This company is included on the basis of its interim financial statements prepared in accordance with UGB [Austrian Commercial Code] for the period ended December 31.

2014 Investment, name and registered office	Galleria di Base del Brennero - Brenner Basistunnel BBT SE Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR	Weichenwerk Wörth GmbH Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR	
Revenue	0.0	0.0	34.7	32.8	
Depreciation	-1.0	-1.0	-0.7	-0.6	
Interest income	0.3	1.5	0.0	0.0	*)
Interest expenses	0.0	0.0	0.0	0.0	*)
Tax expense or income	0.0	0.0	1.0	1.1	
Annual profit/loss from continuing operations	0.0	0.0	3.1	3.3	
Overall result	**0.0**	**0.0**	**3.1**	**3.3**	
Cash and cash equivalents	42.3	33.8	0.0	0.0	
Other current assets	17.3	11.1	12.0	13.5	
Non-current assets	65.1	60.2	9.7	9.0	
non-current liabilities	41.8	22.4	7.7	9.8	
thereof current financial liabilities	*40.1*	*21.0*	*4.5*	*6.3*	
Non-current liabilities	1.8	1.6	3.2	1.7	
thereof non-current financial liabilities	*0.0*	*0.0*	*3.0*	*1.4*	
Net assets 100%	**81.1**	**81.1**	**10.8**	**11.0**	
Interest of the Group in the net assets of the investee as of 01/01	40.6	40.6	3.3	3.0	
Overall result attributable to the Group	0.0	0.0	0.9	1.2	
Dividends received from associated companies	0.0	0.0	-1.0	-0.9	
Carrying amount of the interest in the investee as of 12/31.	**40.6**	**40.6**	**3.2**	**3.3**	

*) small amounts

Galleria di Base del Brennero - Brenner Basistunnel BBT SE (BBT SE) is the only joint venture operated by the Group. BBT SE is an independent legal entity. Since the Group holds a residual interest in the net assets, it classifies its investment as a joint venture. The purpose and task of BBT SE is to plan and build the Brenner base tunnel. The overall project comprises the construction of the railway tunnel between Tulfes/Innsbruck and Franzensfeste, consisting of the main, inspection and access tunnels; the multifunction stations, engineering equipment, control center, necessary landfills, and the bridges and stations needed to perform the construction work; and putting the tunnel into service. Under the provisions of the State Treaty dated April 30, 2004, Italy and Austria each hold 50% of the share capital of BBT SE. Austria's 50% is entirely owned by ÖBB-Infrastruktur AG and Italy's 50% by TFB Societá di Partecipazioni S.p.A. ÖBB-Infrastruktur-AG has committed to funding 50% of the cost of building the Brenner base tunnel, for which it has received a 100% investment grant from the government. Italy and Austria have contractually agreed to invest additional amounts in proportion to their investments to compensate for any losses, if necessary.

In its provisional annual financial statements, Galleria di Base del Brennero – Brenner Basistunnel BBT SE reported total income, in addition to the figures mentioned above, of EUR 14.7 million (prior year: EUR 11.7 million) and total expenses of EUR 14.9 million (prior year: EUR 13.2 million). Galleria di Base del Brennero – Brenner Basistunnel BBT SE received investment grants of EUR 50.0 million (prior year: EUR 4.3 million). In both reporting years, the Austrian government refunded EUR 45.9 million (prior year: EUR 0.2 million) of this amount, while EUR 4.1 million (prior year: EUR 4.1 million) were refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011.

The reporting date of Weichenwerk Wörth GmbH is March 31. This company is included on the basis of its interim financial statements. The company's business includes the manufacture and recycling of switches and components, buffer stops and insulated rail joints as well as the logistics and transport of the manufactured products and service operations for switches.

18. Other non-current financial assets

2014	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Investments	0.0	2.6	2.6
Financial assets - leasing	44.1	414.7	458.8
thereof from affiliated companies	*18.5*	*90.3*	*108.8*
Other financial assets	22.1	113.2	135.3
Total	**66.2**	**530.5**	**596.7**
thereof from affiliated companies	*18.5*	*90.3*	*108.8*

2013	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Investments	0.0	3.7	3.7
Financial assets - leasing	46.0	472.9	518.9
thereof from affiliated companies	*30.0*	*141.7*	*171.7*
Other financial assets	41.2	50.7	91.9
thereof from affiliated companies	*0.7*	*0.0*	*0.7*
Total	**87.2**	**527.3**	**614.5**
thereof from affiliated companies	*30.7*	*141.7*	*172.4*

Investments

See Note 35 for a full schedule of all investments. In accordance with IAS 39, these investments are classified as available for sale, but measured at amortized cost less impairment as fair values cannot be reliably determined since the investments are not listed shares.

Financial assets – leasing

Financial assets in connection with leases relate to EUR 95.0 million (previous year: EUR 156.4 million) in receivables from subleases to ÖBB-Produktion GmbH, ÖBB-Personenverkehr AG and Rail Cargo Austria AG and EUR 350.0 million (previous year: EUR 347.3 million) in assets from cross-border leasing transactions (CBL). In addition, recharged claims in the amount of EUR 10.5 million (previous year: EUR 8.9 million) against other companies of the ÖBB Group are included from impairments in connection with CBL transactions.

Financial assets from non-linked CBL transactions in the amount of EUR 350.0 million (previous year: EUR 347.3 million) relate mainly to long-term loans and securities whose purpose is to cover future payment obligations (lease installments and purchase prices). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduces it. These assets are matched with financial liabilities of EUR 341.8 million (prior year: EUR 340.6 million). There are restrictions on access to financial assets from leases of EUR 255.2 million (previous year: EUR 308.7 million). In addition, financial assets amounting to EUR 56.2 million (prior year: 0.0 EUR million) have been pledged as collateral for a lease liability. For further information on leasing and CBL transactions, see Note 30.1 and 30.3.

Other financial assets

Other financial assets in 2014 mainly concern derivatives related to power trading transactions in the amount of EUR 6.3 million (previous year: EUR 23.3 million) or other derivatives in the amount of EUR 0.3 million (previous year: 0.4 million) and remaining deposits from the release of CBL transactions in the amount of EUR 56.8 million (previous year: 51.8 million).

19. Assets held for sale

The line item assets held for sale is composed as follows:

Assets held for sale	2014 in mil. EUR	2013 in mil. EUR
As of Jan 01	*3.1*	*54.3*
Additions (single assets)	0.6	3.4
Impairment	0.0	-0.3
Disposals by sale	-3.1	-54.3
As of Dec 31	**0.6**	**3.1**
of which reported at amortized cost	*0.6*	1.9
of which reported at fair value less costs to sell	*0.0*	1.2

The assets reported under this item of the Statements of the Financial Position in the reporting year 2014 are primarily real estate pending sale in 2015. The fair values correspond to the agreed purchase price or the expected outcome of negotiations with the contractual parties, and are therefore allocated to hierarchy level 3 pursuant to IFRS 13.

The expected proceeds on assets held for sale in 2015 are all in excess or equal to the current carrying amounts of the assets. In the financial year 2013, an impairment of EUR 0.3 million was recorded on properties reclassified as held for sale and measured at fair value. The impairment is recognized under depreciation and amortization in the Income Statement. The assets held for sale were impaired to the agreed purchase price according to sales agreements or outcome of negotiations with the contractual parties. The ÖBB-Infrastruktur Group recorded gains of EUR 5.9 million (previous year: EUR 11.8 million) from assets held for sale, which were recognized in other operating income, together with the result from the sale of other property ,plant and equipment.

The following table shows the development of assets recognized at fair value less cost to sell.

Development of fair value	2014 in mil. EUR	2013 in mil. EUR
As of Jan 01	*1.2*	*1.5*
Disposal	-1.2	-1.5
Addition	0.0	1.2
As of Dec 31	**0.0**	**1.2**

No further assets were reclassified between the reporting date and the preparation of the Consolidated Financial Statements as held for sale as of December 31, 2013 nor as of December 31, 2014.

20. Trade and other receivables

These items developed as follows:

Dec 31, 2014	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Trade receivables	178.0	0.0	178.0
thereof from affiliated companies	*108.8*	*0.0*	*108.8*
thereof from construction contracts	*5.4*	*0.0*	*5.4*
Other receivables and assets	244.0	165.6	409.6
Total	**422.0**	**165.6**	**587.6**

Dec 31, 2013	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Trade receivables	152.0	0.0	152.0
thereof from affiliated companies	*78.3*	*0.0*	*78.3*
thereof from construction contracts	*6.8*	*0.0*	*6.8*
Other receivables and assets	250.0	163.5	413.5
Total	**402.0**	**163.5**	**565.5**

The carrying amounts of the trade and other receivables (in the case of financial instruments) due to their short term approximate their respective fair values. Trade receivables include receivables with a remaining maturity of more than 1 year in the amount of EUR 0.8 million (previous year: EUR 2.7 million).

Construction contracts in connection with services provided to third parties that are not yet completed are recognized as trade receivables.

Other receivables and assets relate primarily to prepaid guarantee premiums of EUR 182.0 million (previous year: EUR 178.5 million) and salaries including fees for January, which were paid in December, amounting to EUR 30.2 million (prior year: EUR 29.9 million).

Impairments developed as follows:

	Trade receivables		Other receivables	
	2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
As of Jan 01	*11.0*	*8.8*	*0.0*	*0.0*
Utilization	-1.6	-0.6	0.0	0.0
Release	-2.5	-1.3	0.0	0.0
Additions	6.4	4.1	0.0	0.0
As of Dec 31	**13.3**	**11.0**	**0.0**	**0.0**

Past due receivables and impaired receivables that are not overdue are presented as follows:

Dec 31, 2014 **Analysis of past due/** **impaired receivables**	Gross carrying amount (before impairment) in mil. EUR	thereof not individually impaired in mil. EUR	thereof individually impaired (gross) in mil. EUR	Allowance in mil. EUR	thereof individual allowance in mil. EUR	thereof portfolio allowance in mil. EUR	Net carrying amount in mil. EUR
Receivables not past due but impaired	0.8	0.0	0.8	0.8	0.8	0.0	0.0
up to 90 days past due	8.7	1.9	6.8	0.1	0.1	0.0	8.6
90 to 180 days past due	0.3	0.0	0.3	0.2	0.2	0.0	0.1
180 to 360 days past due	1.4	0.0	1.4	1.2	1.2	0.0	0.2
more than 360 days past due	15.2	0.3	14.9	11.0	10.8	0.2	4.2
Total exposure	**26.4**	**2.2**	**24.2**	**13.3**	**13.1**	**0.2**	**13.1**

Dec 31, 2013 **Analysis of past due/** **impaired receivables**	Gross carrying amount (before impairment) in mil. EUR	thereof not individually impaired in mil. EUR	thereof individually impaired (gross) in mil. EUR	Allowance in mil. EUR	thereof individual allowance in mil. EUR	thereof portfolio allowance in mil. EUR	Net carrying amount in mil. EUR
Receivables not past due but impaired	0.1	0.0	0.1	0.1	0.1	0.0	0.0
up to 90 days past due	7.0	0.6	6.4	0.2	0.2	0.0	6.8
90 to 180 days past due	5.2	0.0	5.2	2.9	2.9	0.0	2.3
180 to 360 days past due	2.2	0.2	2.0	1.4	1.4	0.0	0.8
more than 360 days past due	15.5	0.5	15.0	6.4	6.3	0.1	9.1
Total exposure	**30.0**	**1.3**	**28.7**	**11.0**	**10.9**	**0.1**	**19.0**

Based on experience, the management of the ÖBB Infrastructure Group estimates that no additional impairments other than the ones detailed above are required, even if the receivables are past due by more than 30 days.

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Inventories	76.8	95.1
less write down	-2.5	-2.1
Total	**74.3**	**93.0**
thereof measured at cost	*36.5*	*74.4*
thereof measured at net realizable value	*37.8*	*18.6*

The cost of materials and services received are shown in Note 7. There were no reversals of write downs in previous periods in the reporting period. Real estate projects relates to real estate which is no longer used in operations and is now under development for later sale. These are former railway station and system facilities which were used for continuous operations. They consist of major projects, such as the land of the former Südbahnhof and the Frachtenbahnhof Wien Nord, which are being developed on a large scale.

Write downs in the reporting year 2014 total EUR 1.9 million (prior year: EUR 0.8 million).

22. Cash and cash equivalents

This item breaks down as follows:

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Cash on hand and cash	0.1	0.1
Cash in banks	6.3	8.5
Current account ÖBB-Finanzierungsservice GmbH (Group clearing)	224.5	19.4
Total	**230.9**	**28.0**

This item includes investments with and cash in banks and with ÖBB-Finanzierungsservice GmbH, and cash on hand, all of which are current (terms of less than 3 months). The carrying amounts of these assets correspond to their fair values. ÖBB Infrastruktur Group can freely dispose of all cash and cash equivalents. The cash and cash equivalents according to the Statement of Cash Flow comprise the liquid assets listed above and the liabilities of individual Group companies to ÖBB-Finanzierungsservice GmbH in the amount of EUR 17.6 million (prior year: EUR 63.0 million) from Group clearing.

23. Share capital

The share capital of ÖBB-Infrastruktur AG is unchanged at EUR 500.0 million. The share capital is divided into 100,000 registered shares. All shares are held by ÖBB-Holding AG.

24. Reserves

The development of the cash-flow-hedge reserve and the available-for-sale reserve is as follows:

	Available-for-sale reserve		**Cash flow hedge reserve**	
	Development of the carrying amount in mil. EUR	Income taxes included therein in mil. EUR	Development of the carrying amount in mil. EUR	Income taxes included therein in mil. EUR
As of Jan 01, 2013	*16.5*	*0.0*	*-20.9*	*3.1*
Changes in the fair values	-3.3	0.0	-17.2	3.6
Realized gains and losses	-4.2	0.0	21.0	-2.1
As of Dec 31, 2013	**9.0**	**0.0**	**-17.1**	**4.6**
Changes in the fair values	1.7	0.0	-9.9	1.7
Realized gains and losses	0.0	0.0	9.1	-3.3
As of Dec 31, 2014	**10.7**	**0.0**	**-17.9**	**3.0**

For further explanation see the Statement of Changes in Shareholders' Equity.

25. Financial liabilities

The financial liabilities are composed as follows:

2014	< 1 year in mil. EUR	1 - 5 years in mil. EUR	> 5 years in mil. EUR	Total in mil. EUR
Bonds	180.6	3,287.9	11,739.7	15,208.2
Bank loans	11.0	84.3	2,580.6	2,675.9
Financial liabilities leasing	41.8	205.1	190.3	437.2
thereof from affiliated companies	*16.0*	*57.6*	*21.4*	*95.0*
Other financial liabilities	290.0	91.4	171.2	552.6
thereof from affiliated companies	*19.8*	*1.9*	*0.0*	*21.7*
Total	**523.4**	**3,668.7**	**14,681.8**	**18,873.9**
thereof from affiliated companies	*35.8*	*59.5*	*21.4*	*116.7*

2013	< 1 year in mil. EUR	1 - 5 years in mil. EUR	> 5 years in mil. EUR	Total in mil. EUR
Bonds	703.6	1,934.6	11,738.2	14,376.4
Bank loans	10.5	32.8	1,988.0	2,031.3
Financial liabilities leasing	43.7	214.6	239.3	497.6
thereof from affiliated companies	*27.5*	*84.6*	*44.2*	*156.3*
Other financial liabilities	542.2	96.2	160.5	798.9
thereof from affiliated companies	*65.2*	*3.8*	*0.0*	*69.0*
Total	**1,300.0**	**2,278.2**	**14,126.0**	**17,704.2**
thereof from affiliated companies	*92.7*	*88.4*	*44.2*	*225.3*

The total amount of liabilities with a maturity of more than five years mainly relates to bonds, bank loans, sub-lease liabilities, liabilities from cross-border lease agreements and liabilities due to EUROFIMA.

Liabilities due to banks include EUR 2,562.1 million (prior year: EUR 1,966.7 million) of loans from the European Investment Bank (EIB).

Guarantees of the federal government

The federal government has guaranteed bonds in the amount of EUR 15,206.0 million (prior year: EUR 14,370.9 million). Additionally, liabilities due to EUROFIMA of EUR 179.8 million (prior year: EUR 367.6 million) are also secured by federal government guarantees.

Issued bonds

Bonds are composed of the following:

Fair value	Currency	Term	ISIN	Interest rate
1,350,000.00	EUR	2003 - 2015	AT0000171723	EIB Poolrate
500,000.00	EUR	2003 - 2015	AT0000171731	EIB Poolrate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020 [5]	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036 [2]	XS0243862876	3.4200%
100,000,000.00	EUR	2006 - 2036 [2]	XS0244522396	3.4800%
100,000,000.00	EUR	2006 - 2036 [2]	XS0252697130	[3]
50,000,000.00	EUR	2006 - 2036 [2]	XS0252721450	[3]
1,000,000,000.00	EUR	2006 - 2016	XS0271660242	3.8750%
100,000,000.00	EUR	2006 - 2036 [1]	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036 [1]	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022 [5]	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037 [4]	XS0321318163	4.1715%
100,000,000.00	EUR	2007 - 2037 [4]	XS0324893626	4.3975%
50,000,000.00	EUR	2007 - 2037 [4]	XS0324895670	4.3975%
100,000,000.00	EUR	2007 - 2037 [4]	XS0328866982	4.2270%
50,000,000.00	EUR	2007 - 2037 [4]	XS0331427905	4.1950%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
1,250,000,000.00	EUR	2009 - 2019	XS0436314545	4.5000%
100,000,000.00	EUR	2010 - 2019 [5]	XS0436314545	4.5000%
50,000,000.00	EUR	2011 - 2019 [5]	XS0436314545	4.5000%
100,000,000.00	EUR	2009 - 2019	XS0463371236	3MoEURIBOR +0,46%
40,000,000.00	EUR	2009 - 2019	XS0475835863	3.7500%
50,000,000.00	EUR	2010 - 2030	XS0497430172	4.2100%
70,000,000.00	EUR	2010 - 2030	XS0503724642	4.2000%
100,000,000.00	EUR	2010 - 2030	XS0512125849	3.9000%
1,500,000,000.00	EUR	2010 - 2025	XS0520578096	3.8750%
1,000,000,000.00	EUR	2011 - 2021	XS0648186517	3.6250%
50,000,000.00	EUR	2011 - 2021 [5]	XS0648186517	3.6250%
1,000,000,000.00	EUR	2011 - 2026	XS0691970601	3.5000%
200,000,000.00	EUR	2011 - 2031	XS0717614951	4.0000%
1,350,000,000.00	EUR	2012 - 2032	XS0782697071	3.3750%
1,000,000,000.00	EUR	2013 - 2023	XS0949964810	2.2500%
75,000,000.00	EUR	2013 - 2033	XS0954197470	2.1250%
1,000,000,000.00	EUR	2013 - 2033	XS0984087204	3.0000%
1,000,000,000.00	EUR	2014 - 2024	XS1138366445	1.0000%
500,000,000.00	EUR	2014 - 2029	XS1071747023	2.2500%

1) Early termination right by investor in 2015, 2) Early termination right by investor in 2016, 3) 3.409% provided the 1-year EURIBOR swap rate < 5%, otherwise 1-year EURIBOR swap rate -0.2%, 4) Early termination right by investor in 2017, 5) Increase

In 2005, ÖBB-Infrastruktur AG initiated a Euro medium-term note (“EMTN”) program. Payments relating to bonds issued under this framework agreement are guaranteed unconditionally and irrevocably by the Republic of Austria. All bonds since 2005 were issued by ÖBB-Infrastruktur AG as part of this program.

As of December 31, 2014, the Group has fulfilled all obligations under the loan and credit agreements.

Financial liabilities leasing

Liabilities from leases to affiliated companies exist with regard to ÖBB-Finanzierungsservice GmbH and relate to the financing of the sub-lease transactions with ÖBB-Produktion Gesellschaft mbH, ÖBB-Personenverkehr AG and Rail Cargo Austria AG. These liabilities are matched by financial receivables due from the three affiliated companies mentioned above. Leasing liabilities due to other companies result mainly from non-linked CBL transactions and amount to EUR 341.8 million as of the reporting date (prior year: EUR 340.6 million).

Financial assets amounting to EUR 311.4 million (prior year: EUR 308.7 million) have been pledged to secure liabilities from CBL transactions. See Note 14 with regarding collaterals provided.

Other financial liabilities

Other financial liabilities due to affiliated companies relate to ÖBB-Finanzierungsservice GmbH and are primarily liabilities from current financing in the amount of EUR 17.6 million (prior year: EUR 63.0 million).

Other financial liabilities due to other companies essentially comprise EUROFIMA loans amounting to EUR 179.9 million (prior year: EUR 367.6 million) and accrued interest of EUR 231.4 million (prior year: EUR 224.6 million) as well as liabilities from derivative financial instruments of EUR 45.0 million (prior year: EUR 67.6 million). Of the derivative financial instruments, derivatives with a carrying amount of EUR 18.6 million (prior year: EUR 21.9 million) relate to hedging instruments.

Other financial liabilities also include the repayment amounts from the pre-financing of construction projects in the amount of EUR 17.8 million (prior year: EUR 18.4 million).

See Note 30 for details on lease transactions, and Note 29 for information pursuant to IFRS 7.

26. Provisions

ÖBB-Infrastruktur Group records provisions when an outflow of resources is probable, and the amount of the provision can be reliably estimated. The provision is recognized in the amount of the probable obligation. In the event of scenarios with equal probabilities, the expected amount is determined according to the probability is recognized as provision.

26.1. Provisions for personnel

	Dec 31, 2014 in mil. EUR	Dec 31, 2013 in mil. EUR
Statutory severance payments	24.2	18.9
Pensions	1.0	1.0
Anniversary bonuses	118.2	108.8
Advanced recognition date for salary increases	59.0	0.0
Total	**202.4**	**128.7**

With the exception of the actuarial results from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are recognized in personnel expenses.

Actuarial assumptions

The following table shows the assumptions used in measuring the obligations for anniversary bonuses, severance payments, and pensions:

	Dec 31, 2014	Dec 31, 2013
Discount rate severance payments and pensions	2.10%	3.30%
Discount rate anniversary bonuses	1.70%	3.30%
Rate of compensation increase	3.90%	4.20%
Employee turnover rate severance payments	0.0 - 0.59%	0.0 - 1.42%
Employee turnover rate anniversary bonuses of tenured employees	0.0 - 3.34%	0.0 - 3.47%
Employee turnover rate anniversary bonuses of other workers and employees	0.0 - 8.18%	0.0 - 9.21%

Statutory severance payments

A provision for severance payments is recognized for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler.

Severance obligations to employees hired before January 1, 2003, are covered by defined benefit plans as described below. Following a legal amendment, employees hired in Austria after January 1, 2003 are covered by a defined contribution plan. In this connection, in the years 2014 and 2013 ÖBB-Infrastruktur paid EUR 2.2 million and EUR 1.8 million into the defined contribution plan (VBV Vorsorgekasse AG and APK-PENSIONSKASSE AG).

Upon retirement, eligible employees receive a severance payment equal to a multiple of their monthly base salary – based on their period of service – but no more than twelve monthly salaries. Upon termination of employment, up to three months' salaries are paid immediately, any benefit in excess of that amount being paid over a period not exceeding ten months. In the event of death, the heirs of an eligible employee are entitled to 50% of the severance benefits.

The following table shows the components of net periodic severance cost and the development of the severance provision in the two reporting years:

	2014 in mil. EUR	2013 in mil. EUR
Defined benefit commitments as of Jan 01	*18.9*	*17.4*
Service cost	1.4	0.9
Interest cost	0.6	0.5
Subtotal recorded in the net income	2.0	1.4
actuarial losses (+) / gains (-) from changes in demographic assumptions	0.6	-0.4
actuarial losses (+) / gains (-) from changes in financial assumptions	3.2	1.3
experience adjustments	-0.1	-0.1
Subtotal included in other income	3.7	0.9
Severance payments	-0.5	-1.0
Company sales and acquisitions as well as transfers in the Group	0.1	0.2
Present value of the commitments as of Dec 31	**24.2**	**18.9**

Severance provisions amounting to EUR 0.5 million are due in 2015, EUR 2.7 million is due for 2016 – 2019, and after 2019 the amount due is EUR 21.0 million. The average duration is 17.0 (prior year: 16.3) years.

The following sensitivity analysis for the provision of severance payments outlines the effect on the obligations of changes in key actuarial assumptions. In each case, one significant factor was changed, while the others were held constant. In reality, however, it is unlikely that these factors will not correlate. In accordance with IAS 19, the projected unit credit (PUC) method is used to measure both the modified and actual obligations. A change in the actuarial assumptions would have the following effects:

Sensitivity analysis of the provisions for severance payments	Change in assumption in %	Increase of the parameter / change DBO		Reduction of the parameter / change DBO	
		2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
Interest rate	+/-0,5	-2.2	-1.4	1.8	1.6
Salary increase	+/-0,5	1.7	1.6	-2.2	-1.4

Anniversary bonuses

Tenured and certain other employees (together "employees" in this context) are entitled to anniversary bonuses. In accordance with statutory and contractual provisions, entitled employees receive two months' salary after 25 years of service and four months' salary after 40 years of service. Employees who have at least 35 years of service when they retire also receive an anniversary bonus equivalent to four months' salary.

As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler. The provision is accrued over the period of service with a deduction to reflect employees who leave the company prematurely. Actuarial gains and losses are recognized immediately in profit or loss in the period in which they occur.

The following table shows the components of net expense for anniversary bonuses and the development of the anniversary bonus provisions in the two reporting years:

	2014 in mil. EUR	2013 in mil. EUR
Defined benefit commitments as of Jan 01	108.8	100.9
Service cost	4.5	4.1
Interest cost	3.5	3.3
Anniversary bonuses	-9.6	-7.0
Company sales and acquisitions as well as transfers in the Group	1.1	1.2
Actuarial losses (+) / gains (-)	9.5	6.3
experience adjustments	0.4	0.0
Present value of the commitments as of Dec 31	**118.2**	**108.8**

The duration is 8.5 (prior year: 8.3) years.

Sensitivity analysis of the provisions for anniversary bonuses	Change in assumption	Increase of the parameter / change DBO		Reduction of the parameter / change DBO	
	in %	2014 in mil. EUR	2013 in mil. EUR	2014 in mil. EUR	2013 in mil. EUR
Interest rate	+/-0,5	-4.8	-4.2	5.1	4.5
Salary increase	+/-0,5	5.0	4.5	-4.7	-4.2

Pensions

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, and for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Article 52 of the Federal Railways Act. ÖBB-Infrastruktur Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, the Company offers all ÖBB-Infrastruktur Group employees in Austria a defined contribution plan. Contributions by the Company are calculated as a percentage of salary and may not exceed 1.2%. In the years 2014 and 2013, expenses relating to this plan totaled EUR 8.5 million and EUR 8.4 million.

Defined benefit plans

A defined benefit plan is provided for one former member of the Board of Management (payments beginning on the 60th birthday), under which ÖBB-Infrastruktur Group has been making payments since 2010. This unfunded plan provides for pension payments calculated as a percentage of the salary based on the years of service. The pension amounts to a maximum of 13.2% of the last salary, including pension payments received from the statutory social security institution. The valuation is based on actuarial principles assuming a discount factor of 2.1% and a retirement age of 60.

Provisions for recalculation of the advanced recognition cutoff date for ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB)

Until 2010, the payroll system under AVB only considered previous periods of service when determining the relevant cutoff date for advanced recognition if employees were older than 18 at the time. As this regulation was not consistent with EU law, BGBl. I no. 129/2011 dated December 27, 2011 enforced new, non-discriminating regulations in Article 53a BBG retroactively with effect from January 1, 2004. As a result, service periods prior to 18th birthdays are now also considered, while at the same time the requisite period for advanced recognition was extended by one year for the first three wage levels, which resulted in the additional allowance having not impacting on cost.

The Supreme Court filed an action brought by an ÖBB employee affected by this amendment before the European Court of Justice to check whether the new regulation is consistent with EU law. The ECJ decision of January 28, 2015 (C417/13) found that the extension of the advanced recognition periods by three years as enumerated in Article 53a of the Federal Railways Act is incompatible with EU law. Since the Supreme Court will probably concur with this decision in the same action, ÖBB Group may have to recalculate the advanced recognition cutoff date to incorporate periods prior to 18th birthdays but without extending the advanced recognition periods, and to pay the resulting differences in salary. A provision of EUR 59.0 million was accrued in total in 2014 to cover the associated risks.

26.2. Other provisions

	As of Jan 01, 2014	Utilization	Change in consolidated companies	Release	Reclassification	Interest effects	Additions	As of Dec 31, 2014
	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
Asset retirement costs	103.9			-10.9		0.8	5.6	99.4
Environmental protection measures	23.6	-0.5					10.7	33.8
Demolition cost and similar obligations	15.0	-1.4		-0.7		0.2	7.0	20.1
Litigations	11.3	-3.3		-2.9			8.0	13.1
Non-income taxes and fees	13.8	-6.2	0.9		0.2			8.7
Indemnity pensions	4.3			-0.9		0.1	0.4	3.9
Miscellaneous	17.5	-1.6	-0.1	-0.5		0.1	12.0	27.4
Total other provisions	**189.4**	**-13.0**	**0.8**	**-15.9**	**0.2**	**1.2**	**43.7**	**206.4**
thereof long-term	*136.2*							*137.1*

The provision for asset retirement costs relates to future expenses in connection with the demolition and removal of assets and the restoration of sites. This refers to railway lines that are already decommissioned or which are to be decommissioned in the near future. The provision was recognized only for routes whose decommissioning is sufficiently certain. In the reporting year provisions in the amount of EUR 5.6 million (prior year: EUR 6.6 million) were recognized due to revised cost and interest rate adjustments.

The provision for environmental protection measures relates to anticipated restoration measures for contaminated sites. As dictated by law, it was recognized in the amount of the anticipated expenditure. Reimbursement claims for environmental protection measures exist in an amount of EUR 9.3 million and are recognized as other receivables.

The provision for demolition cost and similar obligations includes demolition costs in connection with the sale of real estate properties. The additions to provisions relates to obligations in connection with real estate transactions concluded in 2014.

When the former company ÖBB was split up into nine separate companies under ÖBB-Holding AG following the Bundesbahnstrukturgesetz [Federal Railway Structure Act] 2003, legally independent companies were formed that are no longer recognized as transport companies within the meaning of Article 3 EStG [Income Tax Act] by the relevant tax authorities. For the companies concerned (meaning all Group companies with the exception of ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH), subsidized transport for its employees constitutes a taxable employment benefit that is subject to social security contributions. A provision was therefore recognized for the resulting taxes and fees (non-tariff transport benefits).

The provision for litigation was recognized for all identifiable litigation risk, which were identifiable at the reporting date based on management's best. The provision relates to numerous legal disputes arising from the Company's normal course of business.

Obligations from indemnity pensions are measured using mortality tables and are discounted at a discount rate of 0.9% (prior year: 1.7%).

Miscellaneous provisions include mainly probable recoveries on infrastructure usage fees in respect of current Supreme Court decisions and expenses for geotechnical analyses in connection with the damages to railway embankments.

Anticipated cash outflow for the provisions

Non-current provisions were discounted at interest rates of 0.1% - 1.8% (prior year: 0.4% - 2.7%). Adjustments due to changes in the discount rate were insignificant. Of the other provisions, EUR 137.1 million (prior year: EUR 136.2 million) are classified as non-current. Payments relating to these provisions are anticipated after 2015, whereas cash outflows relating to provisions classified as current are expected in 2015, while provisions for non-tariff transport benefits that are recognized in the provision for taxes, litigation and part of the provisions for environmental protection measures, prepayments and similar obligations are mainly classified as current. If there is uncertainty about the maturity, the relevant provisions were largely classified as current (mainly related to miscellaneous other provisions).

27. Trade payables and other liabilities

2014	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Trade payables	525.6	0.0	525.6
thereof from affiliated companies	*42.6*	*0.0*	*42.6*
thereof to third parties	*483.0*	*0.0*	*483.0*
Other liabilities	280.9	50.6	331.5
thereof taxes	*23.9*	*0.0*	*23.9*
thereof social security	*11.3*	*0.0*	*11.3*
thereof accrued personnel liabilities	*56.0*	*0.0*	*56.0*
thereof other deferrals	*11.9*	*50.6*	*62.5*
Total	**809.4**	**50.6**	**860.0**

2013	Current in mil. EUR	Non-current in mil. EUR	Total in mil. EUR
Trade payables	592.6	0.0	592.6
thereof from affiliated companies	*44.0*	*0.0*	*44.0*
thereof to third parties	*548.6*	*0.0*	*548.6*
Other liabilities	264.6	80.2	344.8
thereof taxes	*25.0*	*0.0*	*25.0*
thereof social security	*8.4*	*0.0*	*8.4*
thereof accrued personnel liabilities	*95.5*	*0.0*	*95.5*
thereof other deferrals	*17.6*	*55.2*	*72.8*
Total	**857.2**	**80.2**	**937.4**

Trade payables in the amount of EUR 8.8 million (prior year: EUR 5.1 million) include liabilities with a remaining maturity of more than 1 year. Other liabilities include the obligation to the Federal Ministry of Finance in connection with the subsequent payment of deductibles from the care allowance for the years 1993 to 2009 in the amount of EUR 22.0 million (prior year: EUR 43.1 million). As of December 31, 2013, the liability for payment of an investment grant to the federal province of Lower Austria from the sale of routes in the amount of EUR 12.5 million was included in other liabilities, which was paid in 2014.

Accrued personnel liabilities consists primarily of overtime and outstanding vacation entitlements in the amount of EUR 48.4 million (prior year: EUR 45.6 million).

Other deferrals mainly comprise the deferred tax benefit from CBL transactions amounting to EUR 2.1 million (prior year: EUR 2.8 million), accrued income from earnings from land lease agreements amounting to EUR 50.3 million (prior year: EUR 55.1 million) and rental and lease expenses amounting to EUR 1.1 million (prior year: EUR 1.7 million).

28. Other guarantees and contingent liabilities

The contingent liabilities are composed as follows:

	2014 in mil. EUR	2013 in mil. EUR
Contingent liabilities from lease transactions	397.6	469.8
Other contingent liabilities	4.9	3.9
Total	**402.5**	**473.7**

Guarantees from leases (cross-border leasing)

Contingent liabilities from lease transactions relate to cross-border lease transactions that have no economic substance, pursuant to the provisions of SIC 27, and thus the related investments and lease obligations are not reported in the Statement of Financial Position. With respect to these transactions, ÖBB-Infrastruktur Group assumes that the relevant contracting parties of the underlying investments will continue to fulfill their payment obligations in line with the agreement – as in previous periods – and thus no outflows of cash exceeding the payments upon conclusion of the transaction are to be expected. The relevant contracting parties of the affected investments have a credit rating at least AA+ by Standard & Poor’s or are subsidiary guaranteed by the federal government. Due to the existing contractual obligation of ÖBB-Infrastruktur Group under the cross-border lease agreements, the obligations related to the unredeemed lease liabilities are disclosed as contingent liabilities. Unredeemed lease obligations are collateralized by pledged assets.

In the event of a claim from cross-border leasing obligations rights of recourse exist against other companies of the ÖBB Group in the amount of EUR 373.1 million (prior year: EUR 447.9 million).

29. Financial instruments

29.1. Risk management

The financial assets and liabilities of ÖBB-Infrastruktur Group are exposed, in particular, to exchange rate risks, interest rate risks and risks arising from the creditworthiness of its contractual partners (credit risk). The Group views financial risk management as the management of market risks and the business management of the individual companies' portfolios with respect to interest rate, currency and commodity price trends. ÖBB-Infrastruktur Group uses derivative financial instruments to hedge these risks. Derivative financial instruments are concluded only with reference to an underlying transaction.

One core task of risk management is to identify, assess and mitigate financial risks. Risk mitigation does not mean completely eliminating financial risks, but rather the reasonable management within a precisely defined framework of risks that can be quantified at any time.

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of ÖBB-Infrastruktur AG and its subsidiary companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that includes guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of ÖBB-Infrastruktur Group assets is the first priority for any and all financial activities.

Financial risks are defined as follows:

– 29.1.a. Interest rate risk
– 29.1.b. Exchange rate risk
– 29.1.c. Credit Risk
– 29.1.d. Liquidity risk

29.1.a. Interest rate risk

Risks from the exposure to changes of interest rates are risks to the profitability and the value of the ÖBB-Infrastruktur and may occur in the following forms:

– interest payment risk (increased interest expense due to the market development)
– present value risk (change in value of the portfolio)

Risks arising from changes in market interest rates may affect the financial result of the ÖBB-Infrastruktur Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the Group companies therefore need to be limited (e.g. by using derivative financial instruments), in order to minimize their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest swaps) is based on portfolio analyses and recommendations by ÖBB-Holding AG and the related decisions of the companies of the sub-group ÖBB-Infrastruktur AG. ÖBB-Infrastruktur Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, it uses interest rate derivatives taking the present debt structure into account.

Financial instruments (current and non-current) **Dec 31, 2014**	Fixed interest financial instruments in mil. EUR	Variable interest financial instruments in mil. EUR
Financial assets	563.7	0.1
Cash and cash equivalents	0.0	230.8
Total	**563.7**	**230.9**
thereof from affiliated companies	*98.4*	*224.5*
Financial liabilities	18,499.3	82.9
thereof from affiliated companies	*98.8*	*17.6*

Financial instruments (current and non-current) **Dec 31, 2013**	Fixed interest financial instruments in mil. EUR	Variable interest financial instruments in mil. EUR
Financial assets	557.8	0.1
Cash and cash equivalents	0.0	28.0
Total	**557.8**	**28.1**
thereof from affiliated companies	*156.4*	*19.4*
Financial liabilities	17,225.0	170.8
thereof from affiliated companies	*162.0*	*62.9*

The hedged items were classified as financial instruments at fixed or variable interest, taking the concluded derivatives into account.

Sensitivity analysis for interest rate risk

IFRS 7 requires a sensitivity analysis for market risks, showing how profit or loss and equity would be affected by hypothetical changes in market interest rates. The effects in each period are determined by applying the hypothetical changes in the risk variables to the portfolio of financial instruments at the reporting date. For the purpose of the sensitivity analysis, the portfolio at the reporting date is assumed to be representative for the entire year.

Fluctuations in the market interest rates levied on original fixed interest financial instruments only affect profit or loss if measured at fair value. Accordingly, fixed interest financial instruments measured at amortized cost are not exposed to any interest rate risks.

In the case of fair value hedges designated to hedge interest rate changes, the change in the fair value of the underlying and the hedging instrument resulting from changes in interest rates in the same period are offset in the Income Statement. Consequently, these financial instruments are also not exposed to interest rate risk.

Market interest rate fluctuations of financial instruments designated as cash flow hedges against interest-related cash flow fluctuations affect the cash flow hedge reserve in equity and are therefore considered in equity-related sensitivity calculations.

Market interest rate fluctuations of original variable interest financial instruments for which interest payments are not hedged against interest rate risks with cash flow hedges are included in the calculation of profit-related sensitivities.

Market interest rate fluctuations of derivative financial instruments not designated as hedging instruments in accordance with IAS 39 affect the other financial expenses or income (changes of the fair value of the financial assets) and are therefore included in profit-related sensitivity calculations.

Sensitivity analysis interest rate risk as of Dec 31, 2014	Effect in income statement in mil. EUR + 100 base points	in mil. EUR - 100 base points	Effect in shareholder's equity in mil. EUR + 100 base points	in mil. EUR - 100 base points
Assets				
Cash and cash equivalents	2.2	-2.2	0.0	0.0
Liabilities				
Financial liabilities	-0.8	0.8	7.4	-7.7

Sensitivity analysis interest rate risk as of Dec 31, 2013	Effect in income statement in mil. EUR + 100 base points	in mil. EUR - 100 base points	Effect in shareholder's equity in mil. EUR + 100 base points	in mil. EUR - 100 base points
Assets				
Cash and cash equivalents	0.2	-0.1	0.1	0.0
Liabilities				
Financial liabilities	-1.7	1.7	1.6	-1.7

29.1.b. Exchange rate risk

ÖBB-Infrastruktur Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. These risks are partially hedged. As of the reporting date, ÖBB-Infrastruktur Group was not exposed to any material risks relating to foreign currency liabilities. Cross currency swaps are used to convert financial liabilities in foreign currencies to euros.

All cash flows (lease payments and returns on assets) relating to cross-border leases are settled with matching maturities in US dollars. Notwithstanding default on the investments, therefore, the Group is not exposed to any currency risk in connection with these transactions.

The following table shows the net foreign currency risk:

Currency-sensitive financial instruments 2014	USD in mil.	CHF in mil.
Other financial assets	565.2	0.0
Trade payables	-2.0	0.0
Other financial liabilities	-567.0	0.0
	-3.8	**0.0**
less forward foreign exchange contracts/ currency swaps	8.0	0.0
Net exchange rate risk	**4.2**	**0.0**

Currency-sensitive financial instruments 2013	USD in mil.	CHF in mil.
Other financial assets	490.0	0.0
Other financial liabilities	-489.0	-120.0
Net exchange rate risk	**1.0**	**-120.0**

Sensitivity analysis for exchange rate risk

In the case of fair value and cash flow hedges designated for hedging against exchange rate risk, the change in the fair value of the underlying and the hedging instrument resulting from exchange rate fluctuation in the same period are offset in the Income Statement. Accordingly, these financial instruments are not exposed to currency risk in respect of their effect on profit or loss or equity.

Additionally, the Company concluded derivative financial instruments which completely hedge against the exchange risk of the hedged item (basis swaps), but for which hedge accounting is not applied.

ÖBB-Infrastruktur Group was therefore only exposed to material exchange rate risks resulting from unhedged foreign currency liabilities in 2013. Gains and losses from changes in the exchange rates of the currencies in which these transactions are denominated are recognized in profit or loss. If the euro had gained (lost) 10% against the Swiss franc, the result as of December 31, 2013 would have been EUR 10.0 million higher (EUR 10.0 million lower). If the euro had gained (lost) 10% against the US dollar, this would have had no significant effect on results on either of the balance sheet dates.

29.1.c. Credit Risk

Counterparty credit risk describes the potential loss from failure by finance partners to honor their financial commitments (mainly money market transactions, investments, funds, positive present value swap transactions). ÖBB-Holding AG checks adherence to the counterparty credit risk limits, which are specified individually for each financial partner, on a daily basis. ÖBB-Infrastruktur Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB-Infrastruktur Group has introduced a counterparty credit risk management system in which the calculation and setting of limits is based primarily on the assessment of financial partners' credit default swap statistics. This ensures the Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilization are monitored daily in order to ensure timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, counterparty risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease payments during the term and the purchase price at the end of the term. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB-Infrastruktur Group mainly comprise cash in banks, trade receivables, other receivables, and receivables from finance leases and securities. These items represent the maximum loss exposure of ÖBB-Infrastruktur Group with respect to its financial assets. The credit risk comprises the following:

Credit risk from financial instruments	Gross exposure (carrying amount plus impairments) in mil. EUR	less collateral (FV) in mil. EUR	Net exposure in mil. EUR
Total exposure 2014			
Financial assets	599.1	0.0	599.1
Trade receivables	191.3	-5.4	185.9
Other receivables and assets	409.6	-326.1	83.5
Cash and cash equivalents	230.9	0.0	230.9
Risk current and non-current assets	**1,430.9**	**-331.5**	**1,099.4**
thereof neither past due nor impaired			*885.1*
thereof not past due because renegotiated or impaired			*188.7*
thereof past due			*25.6*
Credit risk from issued guarantees	**397.6**	**-373.1**	**24.5**
Total credit risk as of Dec 31, 2014	**1,828.5**	**-704.6**	**1,123.9**
Total exposure 2013			
Financial assets	616.9	0.0	616.9
Trade receivables	163.0	-6.8	156.2
Other receivables and assets	413.5	-330.6	82.9
Cash and cash equivalents	28.0	0.0	28.0
Risk current and non-current assets	**1,221.4**	**-337.4**	**884.0**
thereof neither past due nor impaired			*604.5*
thereof not past due because renegotiated or impaired			*249.6*
thereof past due			*29.9*
Credit risk from issued guarantees	**469.8**	**-447.9**	**21.9**
Total credit risk as of Dec 31, 2013	**1,691.2**	**-785.3**	**905.9**

With respect to the maturity of receivables, see Note 20.

29.1.d. Liquidity risk

The superior goal of ÖBB-Infrastruktur Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB-Infrastruktur Group business operations. For ÖBB-Infrastruktur Group, liquidity risk also means any restrictions in terms of volume or conditions on the Group's ability to borrow or raise capital (e.g. if downgraded by a ratings agency or in-house by a bank) that might hinder the implementation of Group strategy or limit financial scope.

The task thus consists of analyzing the liquidity risk and consistently securing liquidity (mainly by liquidity planning, agreement of sufficient credit lines and sufficient diversification of creditors).

The following tables show the contractually agreed (undiscounted) interest and redemption payments on original and derivative financial liabilities. Actually expected maturities do not deviate from the contractually agreed maturities.

	Carrying amount Dec 31, 2014 in mil. EUR	Cash-Flows 2015 Interest 2015 in mil. EUR	Cash-Flows 2015 Redemption 2015 in mil. EUR	Cash-Flows 2016-19 Interest 2016-2019 in mil. EUR	Cash-Flows 2016-19 Redemption 2016-2019 in mil. EUR	Cash-Flows 2020 et seq. Interest 2020 et seq. in mil. EUR	Cash-Flows 2020 et seq. Redemption 2020 et seq. in mil. EUR
Original financial liabilities							
Bonds	15,208.2	528.8	180.6	1,903.7	3,287.9	2,452.2	11,739.7
Bank loans	2,675.9	98.0	11.0	387.8	84.3	929.0	2,580.6
Finance lease, sub-lease and CBL liabilities	437.2	19.1	41.8	62.1	205.1	34.1	190.3
Other financial liabilities	507.3	10.0	267.1	32.9	93.8	10.7	146.4
Trade payables	525.6	0.0	525.6	0.0	0.0	0.0	0.0
Other liabilities	31.3	0.0	31.3	0.0	0.0	0.0	0.0
Total	**19,385.5**	**655.9**	**1,057.4**	**2,386.5**	**3,671.1**	**3,426.0**	**14,657.0**

	Carrying amount Dec 31, 2013 in mil. EUR	Cash-Flows 2014 Interest 2014 in mil. EUR	Cash-Flows 2014 Redemption 2014 in mil. EUR	Cash-Flows 2015-18 Interest 2015-2018 in mil. EUR	Cash-Flows 2015-18 Redemption 2015-2018 in mil. EUR	Cash-Flows 2019 et seq. Interest 2019 et seq. in mil. EUR	Cash-Flows 2019 et seq. Redemption 2019 et seq. in mil. EUR
Original financial liabilities							
Bonds	14,376.4	533.2	703.6	1,885.8	1,934.6	2,685.4	11,738.2
Bank loans	2,031.2	82.3	10.5	327.2	32.8	744.6	1,988.0
Finance lease, sub-lease and CBL liabilities	497.6	22.3	43.7	72.2	214.6	51.0	239.3
Other financial liabilities	731.3	13.2	497.8	34.4	82.3	17.4	151.2
Trade payables	592.6	0.0	592.6	0.0	0.0	0.0	0.0
Other liabilities	102.2	0.0	98.4	0.0	3.5	0.0	0.3
Total	18,331.3	651.0	1,946.6	2,319.6	2,267.8	3,498.4	14,117.0

	Carrying amount Dec 31, 2014 in mil. EUR	Cash-Flows 2015 Interest 2015 in mil. EUR	Cash-Flows 2015 Redemption 2015 in mil. EUR	Cash-Flows 2016-19 Interest 2016-2019 in mil. EUR	Cash-Flows 2016-19 Redemption 2016-2019 in mil. EUR	Cash-Flows 2020 et seq. Interest 2020 et seq. in mil. EUR	Cash-Flows 2020 et seq. Redemption 2020 et seq. in mil. EUR
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	4.7	0.8	0.0	3.3	0.0	2.5	0.0
Power derivatives designated as cash flow hedges	9.1	0.0	25.4	0.0	17.8	0.0	13.4
Interest rate derivatives designated as hedges	9.5	2.9	0.0	9.0	0.0	0.0	0.0
Other derivatives not designated as hedges	21.7	0.0	91.8	0.0	21.3	0.0	8.1
Total	**45.0**	**3.7**	**117.2**	**12.3**	**39.1**	**2.5**	**21.5**
Financial guarantees							
Guarantees from cross-border leasing	397.6	15.8	8.3	70.4	204.4	102.2	184.9
Other guarantees	4.9	0.0	4.9	0.0	0.0	0.0	0.0

	Carrying amount Dec 31, 2013 in mil. EUR	Cash-Flows 2014 Interest 2014 in mil. EUR	Redemption 2014 in mil. EUR	Cash-Flows 2015-18 Interest 2015-2018 in mil. EUR	Redemption 2015-2018 in mil. EUR	Cash-Flows 2019 et in seq. Interest 2019 et seq. in mil. EUR	Redemption 2019 et seq. in mil. EUR
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	7.5	1.3	0.3	3.3	0.6	3.3	0.0
Power derivatives designated as cash flow hedges	16.6	0.0	28.5	0.0	39.3	0.0	0.0
Interest rate derivatives designated as hedges	5.1	2.3	0.0	4.5	0.0	0.0	0.0
Other derivatives not designated as hedges	38.4	0.0	126.9	0.0	32.2	0.0	0.0
Total	**67.6**	**3.6**	**155.7**	**7.8**	**72.1**	**3.3**	**0.0**
Financial guarantees							
Guarantees from cross-border leasing	469.8	21.9	25.1	100.7	214.9	115.5	229.8
Other guarantees	3.9	0.0	3.7	0.0	0.2	0.0	0.0

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Anticipated new debts were not included. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on December 31, 2014 and December 31, 2013.

The following interest rate and principle payments are assumed with respect to the derivative financial assets:

	Carrying amount Dec 31, 2014 in mil. EUR	Cash-Flows 2015 Interest 2015 in mil. EUR	Redemption 2015 in mil. EUR	Cash-Flows 2016-19 Interest 2016-2019 in mil. EUR	Redemption 2016-2019 in mil. EUR	Cash-Flows 2020 et seq. Interest 2020 et seq. in mil. EUR	Redemption 2020 et seq. in mil. EUR
Derivative financial assets							
Power derivatives not designated as hedges	6.1	0.0	64.4	0.0	7.6	0.0	0.0
Other derivatives designated as cash flow hedges	0.3	0.0	0.9	0.0	0.4	0.0	0.0
thereof cash paid		*0.0*	*0.9*	*0.0*	*0.4*	*0.0*	*0.0*
Cross currency swaps not designated as cash flow hedges	0.2	0.0	0.1	0.0	0.1	0.0	0.0
Total	**6.6**	**0.0**	**65.4**	**0.0**	**8.1**	**0.0**	**0.0**

	Carrying amount Dec 31, 2013 in mil. EUR	Cash-Flows 2014 Interest 2014 in mil. EUR	Redemption 2014 in mil. EUR	Cash-Flows 2015-18 Interest 2015-2018 in mil. EUR	Redemption 2015-2018 in mil. EUR	Cash-Flows 2019 et Interest 2019 et seq. in mil. EUR	Redemption 2019 et seq. in mil. EUR
Derivative financial assets							
Power derivatives not designated as hedges	22.8	0.0	89.2	0.0	9.3	0.0	0.0
Cross currency swaps designated as cash flow hedges	0.4	-0.9	0.0	-3.8	0.0	-0.9	0.0
thereof cash received		*0.7*	*0.0*	*2.8*	*0.0*	0.7	0.0
thereof cash paid		*-1.6*	*0.0*	*-6.6*	*0.0*	-1.6	0.0
Total	**23.2**	**-0.9**	**89.2**	**-3.8**	**9.3**	**-0.9**	**0.0**

29.2. Hedging transactions

Hedge accounting

ÖBB-Infrastruktur Group applies the hedge accounting regulations of IAS 39 relating to hedges of assets and liabilities and future cash flows. This reduces volatilities in the Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item.

For cross currency swaps designated as cash flow hedges, the hedged risk comprises only the exchange rate risk, that is, the risk of a change in the fair value of the hedged item due to changes in the spot rate. In accordance with IAS 39.100, the corresponding amount is transferred from the cash flow hedge reserve to the Income Statement.

When hedging currency risks of floating interest assets and debts, ÖBB-Infrastruktur Group does not apply hedge accounting in accordance with IAS 39 for basis swaps because – according to IAS 21 – the currency translation gains and losses from the underlyings must be recognized in profit or loss in the Income Statement in the same period as the gains and losses resulting from the derivatives used as hedging instruments. However, when fixed-interest underlyings or planned transactions denominated in a foreign currency are hedged, the option to designate this as a cash flow hedge is used.

The ÖBB-Infrastruktur Group meets the requirements of IAS 39 for hedge accounting as follows:

At the inception of the hedge, the relationship between hedging instrument and hedged item, and the reason for the hedge are documented. . The documentation includes allocation of the hedging instruments to the respective hedged assets/liabilities and planned transactions, and an assessment of the effectiveness of the hedging instruments. The effectiveness of current hedges is monitored on an ongoing basis; if a hedge becomes ineffective, the hedging relationship is discontinued.

The ÖBB-Infrastruktur Group also enters into hedges which do not comply with the formal requirements of IAS 39 but which contribute to economically effective hedging of financial risks in accordance with the principles of the risk management.

Fair Value Hedges

No fair value hedges existed as of December 31, 2013 or 2014, respectively, as they had expired in 2013.

The change in the carrying amount of the underlyings generated earnings of EUR 10.2 million in the financial year 2013, which were recognized in other financial income, while the change in the fair values of the hedging transactions produced a loss of EUR 10.0 million, which was recognized in the same item.

Cash Flow Hedges – Interest rate risks / Exchange rate risks

ÖBB-Infrastruktur Group has entered into payer interest swaps (receive variable – pay fixed) to hedge interest payment risks. The changes in cash flows of the hedged item resulting from changes in the EURIBOR are offset by the changes in cash flows of the interest rate swaps. The objective of these hedges is to transform the variable interest rate bonds into fixed interest rate debts, thus hedging the cash flow from the financial liabilities.

The following table shows the range of maturities and number of cash flow hedges:

	Dec 31, 2014			Dec 31, 2013	
Financial instruments Maturity	Number of swaps	Nominal volume in mil. EUR	Maturity	Number of swaps	Nominal volume in mil. EUR
Portfolio	6	192.4	Portfolio	6	168.5
thereof maturing 2015	*1*	*0.5*	*thereof maturing 2014*	*2*	*30.0*
thereof maturing 2016	*0*	*0.0*	*thereof maturing 2015*	*1*	*1.5*
thereof maturing 2017	*2*	*54.9*	*thereof maturing 2016*	*0*	*0.0*
thereof maturing 2018	*2*	*37.0*	*thereof maturing 2017*	*0*	*0.0*
thereof maturing 2019 et seq.	*1*	*100.0*	*thereof maturing 2018 et seq.*	*3*	*137.0*

The effectiveness of the hedging relationship is assessed on a prospective basis using the Critical Terms Match method pursuant to IAS 39.AG 108. Effectiveness is tested retrospectively at each reporting date using the dollar offset method. A hypothetical financial derivative serves as the hedged item. All hedging relationships of this type were effective as of the reporting date. In the financial years 2014 and 2013, the recognition of the change in the value of hedging transactions directly in equity results in amounts of EUR -9.9 million and EUR -17.2 million, respectively, being shown in the cash flow hedge reserve. For reference see Note 24 in this regard.

Changes in the fair value of interest rate swaps designated as hedging instruments with respect to future interest payments for variable interest liabilities are recognized in equity through other comprehensive income. These amounts are recognized as finance costs in the period in which the corresponding interest payments from the underlying affect profit or loss (2014: EUR 2.2 million [prior year: EUR 14.6 million]). Further, ineffective portions of hedge accounting relationships amounting to EUR 0.04 million (prior year: EUR 0.5 million expense) were recognized through profit or loss. In 2013, amounts from currency hedges were recognized as expenses of EUR 32.4 million in the Income Statement under other financial expense or other financial income. The termination of hedging instruments (cash flow hedges) resulted in the reversal through other comprehensive income of the prior year amount of EUR 0.1 million. No further items were recorded in 2014.

Power derivatives

a) Cash flow hedges

ÖBB-Infrastruktur Group has entered into power derivative contracts (long-term procurement agreements, power purchase and sale forwards) aimed primarily at hedging the power purchase price and managing the portfolio of power suppliers and long-term purchase and sales agreements. The forward contracts are concluded on the OTC market. Changes in the cash flows for the planned power purchases due to changes in the power price are compensated by the changes in the cash flows of the forwards, which are classified as derivatives in compliance with IAS 39. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. Where purchase and sales contracts are offset by matching counter-transactions, both transactions are recognized through profit or loss at their respective fair value.

	Dec 31, 2014			**Dec 31, 2013**	
Power derivatives designated as hedges Maturity	Number of swaps	Nominal volume in mil. EUR		Number of swaps	Nominal volume in mil. EUR
Portfolio	42	56.5	Portfolio	38	66.4
thereof maturing 2015	*22*	*25.3*	*thereof maturing 2014*	*16*	*27.7*
thereof maturing 2016	*11*	*17.8*	*thereof maturing 2015*	*13*	*23.2*
thereof maturing 2017	*9*	*13.4*	*thereof maturing 2016*	*9*	*15.5*

In general, the effectiveness of every derivative designated as a hedging instrument is tested prospectively within the framework of its designation and retrospectively at each reporting date. In the course of this effectiveness test, proof must be provided that the change in the fair value of the derivative is between 80% and 125% of the change in the fair value of the designated hedged item resulting from the hedged risk. The hedging relations established are micro-hedges for which all parameters of the hedged item and the hedging transaction that determine the scope of the hedged change in the value are identical but opposed. This indicates an entirely efficient hedging relation, both from a prospective and from a retrospective point of view. The effectiveness was determined retrospectively using the Change in Fair Value method, thus the change in the fair value of the hedging instrument was compared to the change in the value of the hedged item.

The fair value of the power purchase and power sales forwards as of the reporting date is determined based on the EEX (European Energy Exchange) futures rates discounted on the basis of current yield curves.

In the financial year 2014, the recognition of power purchase and power sale forwards as hedging transactions resulted in an amount of EUR -6.8 million (prior year: EUR 6.0 million) less income taxes in the amount of EUR -1.6 million (prior year: EUR 1.4 million) being recognized in the cash flow hedge reserve through other comprehensive income.

b) Other derivatives

The following table shows the range of maturities of those forwards that were concluded for hedging purposes but do not fulfill the formal requirements for cash flow hedge accounting according to IAS 39 due to the fluctuations of the consumption, among other reasons.

	Dec 31, 2014			
Power derivatives not designated as hedges	Number of swaps	Nominal volume	Number of swaps	Nominal volume
Maturity	Purchases	in mil. EUR	Sales	in mil. EUR
Portfolio	50	113.1	50	72.0
thereof maturing 2015	*37*	*91.8*	*43*	*64.4*
thereof maturing 2016	*13*	*21.3*	*7*	*7.6*

	Dec 31, 2013			
Power derivatives not designated as hedges	Number of swaps	Nominal volume	Number of swaps	Nominal volume
Maturity	Purchases	in mil. EUR	Sales	in mil. EUR
Portfolio	65	167.9	49	112.2
thereof maturing 2014	*44*	*133.6*	*42*	*102.9*
thereof maturing 2015	*17*	*27.5*	*6*	*7.5*
thereof maturing 2016	*4*	*6.7*	*1*	*1.8*

29.3. Additional disclosures according to IFRS 7

Financial assets are initially recognized at their fair value. For all financial assets subsequently not measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are included in cost. The fair values recognized in the Statement of Financial Position usually correspond to the market prices of the financial assets.

Financial assets and liabilities held for trading (FAHfT) are measured at fair value. This category consists of derivative financial instruments that are not designated as hedges in accordance with IAS 39 and are therefore required to be classified as held for trading. Gains or losses from the subsequent measurement are recognized in the Income Statement.

Loans and Receivables (LaR) comprise financial assets with fixed or determinable payments which are not traded in an active market and are not held for sale.

Available-for-sale financial assets (AfS) are financial assets which are not allocated to any other category. Equity instruments and interests in investment funds, if not carried at fair value through profit or loss, are required to be classified to this category. In principle, interests in investment funds are always classified to this category unless short-term trading activity can be proven. Investments are allocated to this category as well.

Financial liabilities (FLAC) are initially measured at their fair value and subsequently at amortized cost.

Derivative financial instruments are used by the ÖBB Group for the purpose of hedging its exposure to interest rate and exchange rate risks resulting from financial transactions and fluctuations in the market value of power purchases. All derivative financial instruments are recognized either as assets or liabilities in the Statement of Financial Position and measured at their fair value (market value) in accordance with IAS 39. Changes in the fair value of derivative financial instruments designated as hedging instruments in accordance with IAS 39 are recognized through profit or loss or in other comprehensive income (cash flow hedge reserve), depending on whether the derivative financial instrument is hedging the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or cash flows (cash flow hedge).

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables and other receivables, as far as they are financial instruments, mainly have a short residual term. Therefore, their carrying amounts as of the reporting date approximate their fair values. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

The carrying amounts of trade payables and other liabilities, as well as other financial liabilities approximate their fair values. Other non-current receivables and assets and other non-current liabilities and debts mainly comprise non-financial instruments. The fair values of bank loans and other financial liabilities are determined as the present values of the debt related payments based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the following tables indicated for each balance sheet item only refer to the financial instruments and also include the carrying amounts of the instruments in the “available-for-sale” (at cost) category. All financial assets and liabilities, except the available-for-sale assets shown under 29.5 and cash and cash equivalents as well as bonds, which are reported in the financial liabilities, are measured at fair value pursuant to level 2. Level 2 measurements are based on input parameters – other than the quoted prices included at level 1 – that are either directly or indirectly observable for the asset or liability. The fair value of long-term financial instruments is based on discounted cash flows.

For the indicated fair value of issued bonds in the amount of EUR 18,162.8 million (prior year: EUR 15,650.0 million) market prices are used, thereby resulting in a level 1 measurement. Level 1 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The sources of the quotations are Bloomberg and Reuters.

Financial assets as of Dec 31, 2014 in mil. EUR	Carrying amount	Less non-financial instruments	Financial instruments	Available for Sale (at Fair Value)	Available for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv-ables	Cash	Hedge Accoun-ting	Fair Value
Non-current assets										
Financial assets	530.5	0.0	530.5	100.9	45.4	0.0	383.9	0.0	0.3	574.6
Other receivables and assets	165.6	165.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets										
Financial assets	66.2	0.0	66.2	0.0	0.1	6.3	59.8	0.0	0.0	66.2
Trade receivables	178.0	5.4	172.6	0.0	0.0	0.0	172.6	0.0	0.0	172.6
Other receivables and assets	243.9	163.7	80.2	0.0	0.0	0.0	80.2	0.0	0.0	80.2
Cash and cash equivalents	230.9	0.0	230.9	0.0	0.0	0.0	0.0	230.9	0.0	230.9
Total carrying amount per category				**100.9**	**45.5**	**6.3**	**696.5**	**230.9**	**0.3**	

Financial liabilities as of Dec 31, 2014 in mil. EUR	Carrying amount	Less non-financial instruments	Financial instruments	at amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Finance Lease	Fair Value
Non-current liabilities								
Financial liabilities	18,350.4	0.0	18,350.4	18,327.8	12.2	10.2	0.2	22,515.5
Other liabilities	50.6	50.6	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities								
Financial liabilities	523.4	0.0	523.4	500.6	14.2	8.4	0.2	585.4
Trade payables	528.5	2.8	525.7	525.7	0.0	0.0	0.0	525.7
Other liabilities	280.9	250.0	30.9	30.9	0.0	0.0	0.0	30.9
Total carrying amount per category				**19,385.0**	**26.4**	**18.6**	**0.4**	

Financial assets as of Dec 31, 2013 in mil. EUR	Carrying amount	Less non-financial instruments	Financial instruments	Available for Sale (at Fair Value)	Available for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv-ables	Cash	Hedge Accoun-ting	Fair Value
Non-current assets										
Financial assets	527.3	0.0	527.3	36.7	3.6	0.0	486.6	0.0	0.4	596.3
Other receivables and assets	163.5	163.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets										
Financial assets	87.2	0.0	87.2	0.1	0.0	22.8	64.3	0.0	0.0	87.2
Trade receivables	152.0	6.8	145.2	0.0	0.0	0.0	145.2	0.0	0.0	145.2
Other receivables and assets	250.0	170.1	79.9	0.0	0.0	0.0	79.9	0.0	0.0	79.9
Cash and cash equivalents	28.0	0.0	28.0	0.0	0.0	0.0	0.0	28.0	0.0	28.0
Total carrying amount per category				**36.8**	**3.6**	**22.8**	**776.0**	**28.0**	**0.4**	

Financial liabilities as of Dec 31, 2013 in mil. EUR	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Finance Lease	Fair Value
Non-current liabilities								
Financial liabilities	16,404.2	0.0	16,404.2	16,380.5	12.6	10.7	0.4	18,736.3
Other liabilities	80.2	76.9	3.3	3.3	0.0	0.0	0.0	3.3
Current liabilities								
Financial liabilities	*1,300.0*	*0.0*	1,300.0	*1,255.5*	*33.1*	*11.2*	*0.2*	*1,328.6*
Trade payables	592.6	0.0	592.6	592.6	0.0	0.0	0.0	592.6
Other liabilities	264.6	165.7	98.9	98.9	0.0	0.0	0.0	98.9
Total carrying amount per category				**18,330.8**	**45.7**	**21.9**	**0.6**	

Offsetting of financial instruments

In accordance with the regulations set forth in IFRS 7.13C, balancing and potential offsetting that is actually performed in the Statement of Financial Position must be presented. Because there are no agreements regarding actual balancing, the following tables only present the potential offset amounts from power derivatives due to netting agreements and other agreements with contractual partners.

as of Dec 31, 2014	Gross carrying amount reported	potential offset amount not reported in the financial statement	Net amount after potential offsetting
	in mil. EUR	in mil. EUR	in mil. EUR
Power derivative assets	6.1	-0.6	5.5
Power derivative liabilities	-13.6	0.6	-13.0

as of Dec 31, 2013	Gross carrying amount reported	potential offset amount not reported in the financial statement	Net amount after potential offsetting
	in mil. EUR	in mil. EUR	in mil. EUR
Power derivative assets	22.8	-0.8	22.0
Power derivative liabilities	-31.6	0.8	-30.8

Notes to the Consolidated Income Statement and the Consolidated Statement of Financial Position

The interest income that does not result from financial instruments according to the categories of IAS 39 consists mainly of the reversal of the tax benefit from CBL transactions and from the interest accrued on provisions.

Accrued interest payments from derivative financial instruments (interest rate swaps) that have been designated as hedging instruments in fair value and cash flow hedges under IAS 39 are recognized accordingly as interest income or expense. The interest result is allocated to the valuation categories according to the hedged item. In the reporting period, only financial liabilities were hedged.

Net financial results by category

The net financial result by category is presented below:

	Result of subsequent measurement					
Dec 31, 2014	Interest income/ expenses in mil. EUR	At fair value in mil. EUR	Foreign currency translation in mil. EUR	Impairment/ appreciation in mil. EUR	Result from disposal in mil. EUR	Result from investments in mil. EUR
Loans and Receivables (LaR)	31.9	0.0	0.0	0.0	0.0	0.0
Available for Sale Financial Assets (AfS)	3.0	0.0	0.0	-1.0	0.0	0.1
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	2.1	0.0	0.0	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-634.3	0.0	-2.2	0.0	-0.2	0.0
Hedge Accounting	-2.2	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.1	0.0	0.2	0.0	0.0	0.0

	Result of subsequent measurement					
Dec 31, 2013	Interest income/ expenses in mil. EUR	At fair value in mil. EUR	Foreign currency translation in mil. EUR	Impairment/ appreciation in mil. EUR	Result from disposal in mil. EUR	Result from investments in mil. EUR
Loans and Receivables (LaR)	40.6	0.0	0.0	0.0	3.7	0.0
Available for Sale Financial Assets (AfS)	4.3	0.0	0.0	0.0	0.7	-0.1
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	2.4	0.0	0.0	1.4	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-644.8	0.0	1.9	0.0	29.7	0.0
Hedge Accounting	3.5	0.0	0.0	0.0	-32.2	0.0
Cash and cash equivalents	0.5	0.0	0.0	0.0	0.0	0.0

The interest result from financial liabilities classified as “Financial liabilities measured at amortized cost” includes mainly interest expenses from bonds and loans as well as cross-border leasing transactions. The ÖBB-Infrastruktur Group recognizes the other components of net result in other financial expense or other financial income. The total interest calculated using the effective interest method amounts to EUR 32.0 million (prior year: EUR 41.1 million).

The net financial results do not include any expenses arising from impairments of trade receivables and other receivables and assets. For more information, see Note 20.

29.5. Derivative financial instruments

The following tables show the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IAS 39 (fair value hedge, cash flow hedge) and those that are not.

	Assets		Liabilities	
	Carrying amounts Dec 31, 2014	Carrying amounts Dec 31, 2013	Carrying amounts Dec 31, 2014	Carrying amounts Dec 31, 2013
	in mil. EUR	in mil. EUR	in mil. EUR	in mil. EUR
Interest rate swaps				
without hedge relation	0.0	0.0	4.7	6.6
designated as cash flow hedge	0.0	0.4	9.5	5.1
Cross currency swaps				
without hedge relation	0.2	0.0	0.0	0.9
Power forwards				
without hedge relation	6.1	22.8	13.6	31.5
designated as cash flow hedge	0.0	0.0	9.1	16.6
Other derivatives				
without hedge relation	0.0	0.0	8.1	6.7
designated as hedges	0.3	0.0	0.0	0.2
Total	**6.6**	**23.2**	**45.0**	**67.6**

Other derivatives without hedging relationships relate to swaps connected with a cross-border leasing transaction.

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities recognized at fair value were determined, with categorization into a three-level hierarchy reflecting the proximity to the market of the data included in the determination.

Dec 31, 2014	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.3	0.3
Derivatives held for trading	0.0	6.3	6.3
Available for sale	56.2	44.7	100.9
Financial assets	**56.2**	**51.3**	**107.5**
Derivatives designated as hedge instrument	0.0	18.6	18.6
Derivatives held for trading	0.0	26.4	26.4
Financial liabilities	**0.0**	**45.0**	**45.0**

Dec 31, 2013	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.4	0.4
Derivatives Fair Value Option	0.0	22.8	22.8
Available for sale	0.0	36.8	36.8
Financial assets	**0.0**	**60.0**	**60.0**
Derivatives designated as hedge instrument	0.0	21.9	21.9
Derivatives held for trading	0.0	45.7	45.7
Financial liabilities	**0.0**	**67.6**	**67.6**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for level 1 were used which are observable for the financial instrument (either directly, i.e. as price, or indirectly, i.e. derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur. For further details on these financial instruments see Note 29.3.

30. Leasing transactions

30.1. Lessor

ÖBB-Infrastruktur AG owns the rail infrastructure and a large majority of the property of the ÖBB Group.

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided to Rail Cargo Austria AG, ÖBB-Personenverkehr AG and other railway operators for usage against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tonnes transported), and is therefore not classified as a lease but as services provided.

There are around 26,500 perpetual, cancellable leases. In addition, there are also about 6,600 external lease agreements that will end between 2015 and 2059, and within the ÖBB Group there are 10 agreements that end between 2015 and 2017. The long-term agreements relate to building leases granted for property. Contingent lease payments relate exclusively to lease agreements that are concluded with third parties and not with Group companies.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

The minimum lease payments from non-cancellable operating lease agreements as of December 31, 2014 amount to:

Dec 31, 2014	Total in mil. EUR	up to 1 year in mil. EUR	1 to 5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	395.7	27.3	65.1	303.3
thereof from affiliated companies	*116.7*	*5.0*	*20.0*	*91.7*
Automobiles and trucks	9.4	4.3	5.1	0.0
thereof from affiliated companies	*8.8*	*3.9*	*4.9*	*0.0*
Other technical equipment and machinery	*0.9*	*0.0*	*0.2*	*0.7*

Dec 31, 2013	Total in mil. EUR	up to 1 year in mil. EUR	1 to 5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	364.5	26.0	56.8	281.7
thereof from affiliated companies	*75.2*	*0.8*	*3.3*	*71.1*
Automobiles and trucks	*9.6*	*4.1*	*5.5*	*0.0*
thereof from affiliated companies	7.7	3.1	4.6	0.0
Other technical equipment and machinery	*1.1*	*0.1*	*0.2*	*0.8*

In 2014 EUR 2.2 million in contingent lease payments (prior year: EUR 1.9 million) were recognized through profit or loss.

The ÖBB-Infrastruktur Group leases certain properties under finance leases. The future minimum lease payments for these transactions amount to:

As of Dec 31, 2014	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR	Present value in mil. EUR
2015	0.3	0.2	0.1
2016- 2019	1.4	0.8	0.6
after 2019	3.7	1.1	2.6
Total of minimum lease payments	**5.4**	**2.1**	**3.3**
less interest	-2.1		
Present value of lease payments	**3.3**		
less current position	-0.1		
Non-current lease receivables	**3.2**		

As of Dec 31, 2013	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR	Present value in mil. EUR
2014	0.7	0.5	0.2
2015- 2018	2.6	1.7	0.9
after 2018	8.0	2.7	5.3
Total of minimum lease payments	**11.3**	**4.9**	**6.4**
less interest	-4.9		
Present value of lease payments	**6.4**		
less current position	-0.2		
Non-current lease receivables	**6.2**		

30.2. Lessee

Finance leasing

The majority of the agreements that the ÖBB-Infrastruktur Group enters into as a lessee are operating leases of software and buildings.

In addition, however, certain items of its property, plant and equipment are acquired by means of finance lease agreements. As of the reporting dates, the average effective interest rate was based on the six-month EURIBOR, including a contractually agreed premium. The interest rates are agreed upon conclusion of the contracts and are variable. The terms of all leases are stipulated in writing. No agreements were concluded through contingent lease payments.

The net carrying amounts of the finance lease assets by asset category and their respective development are shown in the Schedule of Property, plant and equipment (Note 14).

As of the reporting date, the ÖBB-Infrastruktur Group had contractually agreed the following minimum lease payments with lessors for the finance lease agreements:

As of Dec 31, 2014	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR	Present value in mil. EUR
2015	0.2	0.0	0.2
2016 - 2019	0.2	0.0	0.2
after 2019	0.0	0.0	0.0
Total of minimum lease payments	**0.4**	**0.0**	**0.4**
less interest	0.0		
Present value of lease payments	**0.4**		
less current position	-0.2		
Non-current lease liabilities	**0.2**		

As of Dec 31, 2013	Minimum lease payments in mil. EUR	Interest expense included in mil. EUR	Present value in mil. EUR
2014	0.2	0.0	0.2
2015 - 2018	0.4	0.0	0.4
after 2018	0.0	0.0	0.0
Total of minimum lease payments	**0.6**	**0.0**	**0.6**
less interest	0.0		
Present value of lease payments	**0.6**		
less current position	-0.2		
Non-current lease liabilities	**0.4**		

Operating leases

Future minimum lease payments from non-cancellable operating lease agreements in each of the subsequent periods are as follows:

2014	up to 1 year in mil. EUR	1-5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	8.3	33.3	79.1
Technical equipment and machinery	0.1	0.1	0.0
Other plant, furniture and fixtures	8.0	11.9	0.0
Total	**16.4**	**45.3**	**79.1**

2013	up to 1 year in mil. EUR	1-5 years in mil. EUR	more than 5 years in mil. EUR
Land and buildings	8.3	32.2	81.1
Technical equipment and machinery	0.0	0.1	0.0
Other plant, furniture and fixtures	0.1	0.2	0.0
Total	**8.4**	**32.5**	**81.1**

The operating lease agreements mainly refer to buildings and computer equipment. Contingent lease payments have not been agreed. The term of the lease agreements ends in 2040 (signaling and control center). Minimum lease payments amounting to EUR 17.1 million (prior year: EUR 17.2 million), of which EUR 8.0 million relate to affiliated companies (prior year: EUR 8.2 million) were recognized as expenses in the respective reporting periods.

30.3. Cross-border lease agreements

Between May 1995 and December 2002, Österreichische Bundesbahnen (now ÖBB-Infrastruktur AG) entered into 17 cross-border leasing (CBL) transactions concerning infrastructure assets and rolling stock, of which seven transactions were still valid as of December 31, 2014 (prior year: nine).

Essentially two types of transactions were applied:

- Sale and leaseback: In this transaction, the contractual partner is the buyer of the assets and leases them back to ÖBB-Infrastruktur AG.
- Lease and leaseback: ÖBB-Infrastruktur AG leases assets under its legal ownership to the contractual partner and simultaneously leases them back. Here, the contractual partner made upfront lease payments.

As part of the restructuring of ÖBB at the beginning of 2005, a total of six (prior year: eight) sub-lease agreements that are still valid were concluded with other companies of the ÖBB Group and the deferred tax benefits were transferred to the respective companies. In its external relations, ÖBB-Infrastruktur AG remains the contractual partner to the investor.

Amounts (purchase price or upfront lease payment) received by Österreichische Bundesbahnen at the inception of the CBL transactions were invested in specially structured products in such a way that, above all, the future obligations can be serviced from the investments (taking generated interest into account). The CBL agreements grant ÖBB-Infrastruktur AG early buyout options at a fixed price and at defined dates.

A part of the lease obligations was transferred to various banks and leasing institutions by concluding payment undertaking agreements in return for a single payment; these institutions had a high credit rating at the time of conclusion of the agreement. In these payment undertaking agreements, the banks or leasing institutions agreed to make the contractual payments at the stipulated payment dates on behalf of ÖBB-Infrastruktur AG.

Property, plant and equipment subject to the CBL transactions are maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral or decommissioned.

Premature termination of CBL transactions

In the reporting year 2014, two (prior year: three) CBL transactions were terminated prematurely.

The CBL transactions terminated in their entirety during the financial year relate to ÖBB-Infrastruktur AG in its external relationship. Both transactions were in turn recharged in the internal relationship, one to the Group companies ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH, and one transaction to the Group companies ÖBB-Personenverkehr AG, ÖBB-Produktion GmbH and Rail Cargo Austria AG. Furthermore, a buyout option was exercised with respect to a trust for an existing CBL transaction. This trust relates to ÖBB-Infrastruktur AG in its external relation, but in the internal relation, it was recharged to the Group company ÖBB-Personenverkehr AG as sub-lessee in its entirety.

In June 2014, the rating of an equity repayment vehicle (Payment Undertaking Agreement, "PUA" for short, by the UniCredit Bank Austria with the city of Vienna acting as guarantor) was downgraded from AA- to BBB+, thereby causing the transaction to fall below the minimum creditworthiness specified in the contract. To remediate this rating trigger event, securities had to be provided to the investor in the form of a pledged deposit account with U.S. treasury notes amounting to USD 68.2 million as collateral for the period extending from October 2014 to December 2017. The deposit was financed by borrowing. The existing PUA, which the investor no longer required as collateral after the establishment of the deposit account, is serving to repay the loan. This transaction relates in legal terms to ÖBB-Infrastruktur AG in its external relation, but was recharged in its entirety to ÖBB-Personenverkehr AG due to an existing sub-leasing agreement.

The CBL transactions terminated in their entirety during the prior year were related to ÖBB-Infrastruktur AG in its external relationship. In turn, in the internal relationship, two transactions were recharged: one to the Group company ÖBB-Personenverkehr AG; and one transaction to the Group company RCA AG. One transaction affected ÖBB-Infrastruktur itself. Furthermore, the early buyout option was exercised with respect to two lots of a CBL transaction. These lots relate to ÖBB-Infrastruktur AG in their external relation, but in the internal relation they were charged to the group company Rail Cargo Austria AG as sub-lessee in their entirety.

Accounting

General principles for all CBL transactions:

The ÖBB-Infrastruktur Group remains the beneficial owner of the assets: Due to continuing beneficial ownership, property, plant and equipment sold and leased back is still recognized in the property, plant and equipment of the ÖBB-Infrastruktur Group. The assets transferred to other companies of the ÖBB Group under sub-lease agreements are recognized by these companies in their statements of financial position.

Amortization of the tax benefit: The tax benefit realized at the inception of the transaction is recognized in other liabilities and amortized pro rata temporis over the term of the contracts. As of December 31, 2014, the tax benefit not yet amortized that was attributable to the ÖBB-Infrastruktur Group amounted to EUR 2.1 million (prior year: EUR 2.8 million). Income from the disposal of the tax benefit amounting in 2014 to EUR 0.7 million (prior year: EUR 10.0 million including EUR 9.3 million from the premature termination of a transaction) is recognized as interest income in the interest result.

Classification of lease transactions according to their substance:

IAS 17 (Leases) provides detailed rules for the accounting of leases. The substance of the lease transaction is decisive for accounting.

The CBL transactions were classified in accordance with SIC 27 (Evaluating the Substance of Transactions in the Legal Form of a Lease). IAS 17 applies only when the substance of an agreement includes the conveyance of the right to use an asset for an agreed period. In consideration of the regulations of SIC 27, numerous financial assets in the legal ownership of the ÖBB-Infrastruktur Group (securities and bank deposits) and the corresponding lease liabilities do not meet the criteria of assets and liabilities ("linked transactions"), respectively, due to the lack of substance of the agreements, and are therefore not accounted for ("off balance").

In respect of contractual parties with at least an AA+ rating or for whose compliance a subsidiary guarantor liability is assumed by the government, and whose investments are pledged in favor of the investor, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions continue to be disclosed "off balance." However, the creditworthiness (measured by the rating) of contractual partners rated as safe in the past has in some instances deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected deposits or payment undertaking agreements shall be replaced or hedged.

In this context, the existing repayment vehicle was collateralized by the acquisition of U.S. treasury notes in a tranche for one transaction. This transaction relates to ÖBB-Infrastruktur AG in its external relation, and was recharged in its entirety to ÖBB-Personenverkehr AG. All items are presented on balance.

Accounting for assets and lease liabilities (non-linked transactions)

If recognition in the Statement of Financial Position is required, the securities were classified as available for sale (securities) or loans and receivables (deposits with banks and payment undertaking agreements) and measured at amortized cost. U.S. treasury notes acquired to hedge a repayment vehicle for a tranche of a transaction were categorized as “available-for-sale.” Initially, the financial assets are matched with lease liabilities in the same amount, and in the event of a hedged repayment vehicle, are also matched with credit financing in the same amount. Amounts denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Any changes in the value of the assets resulting from changes in exchange rates are offset by corresponding exchange rate effects on the lease liabilities, and credit financing in the event of a hedged repayment vehicle for one of the tranches of a transaction.

As of December 31, 2014 virtually all banking and financial institutions with which investments were made in the context of cross-border leasing transactions had an investment-grade rating. With the exception of a transaction for which ÖBB-Infrastruktur AG itself bears the financial risk, there is right of regress based on sub-lease agreements concluded with other companies of the ÖBB Group in the event of losses resulting from the default of investments.

Higher credit risks were considered by recording allowances on investments with those contractual parties which have a Standard & Poor’s rating below AA and for which no additional collateral in the form of a guarantor liability or pledged marketable securities of the highest rating in favor of the ÖBB-Infrastruktur Group exist. The amount of the respective impairment is determined using portfolio allowance based on historical probabilities of default, measured by the rating of the contractual parties and the residual term of the transaction in consideration of the individual circumstances. As of December 31, 2014, there were impairments on investments in the amount of EUR 2.4 million (prior year: EUR 2.4 million). Due to the assumption of risk agreed upon in the sub-lease agreements with other companies of the ÖBB Group, a corresponding recharge of the impairments was made to ÖBB-Personenverkehr AG, Rail Cargo Austria AG and ÖBB-Produktion Gesellschaft mbH. Impairments totaling EUR 0.1 million were made to the assets of the transactions attributable to ÖBB-Infrastruktur AG (prior year: EUR 0.1 million).

In the Consolidated Financial Statements as of December 31, 2014, financial assets associated with non-linked leasing transactions amounted to EUR 350.0 million (prior year: EUR 347.3 million). On December 31, 2014, related financial liabilities amounted to EUR 341.8 million (prior year: EUR 340.6 million). EUR 1.7 million was recognized in other comprehensive income from changes in the fair value of securities available for sale (prior year: EUR -3.4 million).

In 2014, interest income from financial assets related to CBL transactions was recognized in the amount of EUR 37.5 million (prior year: EUR 30.8 million). This interest income is matched by interest expenses in the amount of EUR 37.5 million (prior year: EUR 30.8 million).

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognize any assets or liabilities for these transactions. Therefore, the deposits made and marketable securities purchased in connection with the payment undertaking agreements and the lease prepayments received under the master lease agreement are not recognized in the Statement of Financial Position. The legal obligations under the lease agreements are disclosed as contingent liabilities in the event that the relevant contractual partner fails to meet its payment obligations under the payment undertaking agreements. As of December 31, 2014, contingent liabilities from CBL transactions amounted to EUR 397.6 million (prior year: EUR 469.8 million). All underlying investments have at least an AA+ rating or are collateralized by a guarantor liability issued by the government, and are not associated with hedges of existing repayment vehicles.

31. Service concession arrangements (SIC 29)

The following explanations and disclosures refer to the requirements of SIC 29 (Service Concession Arrangements). These are agreements between enterprises for the provision of services that give the public access to major economic and public facilities.

Liechtenstein concession

Service concession agreements in the sense of SIC 29 concern the railway infrastructure business area. On June 13, 1977, ÖBB-Infrastruktur Bau AG (now ÖBB-Infrastruktur AG) was granted a concession to operate a railway in the Principality of Liechtenstein that is valid until December 31, 2017. ÖBB-Infrastruktur AG is therefore authorized and obligated to maintain the uninterrupted and proper operation of this railway, which serves for public transportation, throughout the entire duration of the concession. Infrastructure assets in Liechtenstein are the property of ÖBB-Infrastruktur AG. As of December 31, 2014, these assets had a carrying amount of EUR 15.8 million (previous year: EUR 16.2 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the concession is pursued. The new Liechtenstein Railways Act was completed and became effect in 2011. This change in the legal situation, in accordance with which even Liechtenstein law has implemented free network access, is relevant for the decision regarding the application for a license. A draft of the concession is currently being processed in Liechtenstein. The progress of the negotiations on the partially double-track line expansion according to the demands of short-distance transport, for which a referendum may have to be held under Liechtenstein law, is expected to have significant influence on the timeframe of the concession proceedings.

Although upon expiration of the concession in 2017, the assets would be transferred to Liechtenstein, the property, plant and equipment concerned are depreciated over the anticipated longer useful life. This is because, on the one hand, an extension of the concession is likely to be granted due to the scheduled new construction of the track (which is the subject matter of international agreements) and due to the fact that ÖBB is the only applicant for the concession; and because, on the other hand, the provision of reversion of the assets without compensation provided in the Railways Act at least requires reconsideration from a legal point of view and waiver by the government is provided for in the law.

An EIA (environmental impact assessment) permit for the expansion of the Liechtenstein section of the line was received in December 2014, and can be expected soon for Austria as well upon conclusion of the procedure at the Federal Ministry of Transport, Innovation and Technology. This provides the basis for upcoming negotiations at the government level regarding financing and extension of the concession.

32. Related party transactions

Supplies to and from related parties

Related parties consist of affiliated, not fully consolidated companies of the Group or of the ÖBB-Holding Group, associated companies, the shareholder of ÖBB-Holding AG (Republic of Austria) and their major subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Infrastruktur AG).

The Company maintains business relationships at arm’s lengths, within the scope of activities of the ÖBB-Infrastruktur Group, with companies in which the Republic of Austria directly or indirectly holds an interest (e.g. Österreichische Industrieholding AG, OMV Aktiengesellschaft, ASFINAG AG, Telekom Austria AG, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related parties in accordance with IAS 24. The transactions in the sense of IAS 24 that were carried out with these companies during the reporting year, and that concerned ordinary transactions in the course of the operating business, were insignificant in overall terms and amounted to less than 3% of cost of materials and services and of revenue. Unpaid invoices from or to these companies on the reporting date are reported as trade receivables and trade payables.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship.

The following table presents the volume of the transactions carried out between ÖBB-Infrastruktur Group and related parties during the financial year, and the receivables or liabilities resulting from these transactions at the end of the financial year:

	Affiliated companies of the Rail Cargo Austria sub-group		**Affiliated companies of the ÖBB-Personenverkehr sub-group**		**Other affiliated companies**	
in mil. EUR, rounded	2014	2013	2014	2013	2014	2013
Sale of goods/ rendering of services	204.6	198.8	303.0	291.5	232.8	242.9
Purchase of goods/ services/ fixed assets	61.7	58.8	14.0	14.5	122.2	128.2
Receivables as of Dec 31	36.5	32.9	107.8	102.8	192.8	192.8
thereof other financial assets	*7.5*	*10.7*	*57.2*	*77.6*	*40.8*	*83.4*
thereof trade receivables	*29.0*	*22.2*	*50.6*	*25.2*	*102.7*	*109.4*
Liabilities as of Dec 31	26.8	13.1	4.5	5.3	229.0	229.0
thereof other financial liabilities	*3.8*	*5.7*	*0.0*	*0.0*	*112.7*	*219.2*
thereof trade payables	*23.0*	*7.4*	*4.5*	*5.3*	*19.2*	*9.8*

Transactions with remaining affiliated companies of the ÖBB-Group are disclosed separately in the Notes to the Consolidated Financial Statements. The financial debts due to other affiliated companies consist mainly of a liability due to ÖBB-Finanzierungsservice GmbH based on sub-lease agreements from the cross-border lease. This is offset by receivables from Rail Cargo Austria AG, ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH in the same amount, which are reported under other financial assets.

In the reporting year, services were provided by the parent company ÖBB-Holding AG in areas including controlling, finance, communications, marketing, production, technology, security, auditing, group accounting, reporting and taxes, strategy, corporate development, legal, compliance and strategic group purchasing, strategic IT management and strategic human resource management; these services were provided on the basis of individual agreements or through cost allocation. Revenues amounted to EUR 0.7 million (prior year: EUR 0.9 million); expenses were EUR 17.7 million (prior year: EUR 15.7 million). As of December 31, 2014 receivables of EUR 81.6 million (prior year: EUR 83.4 million) and liabilities of EUR 5.0 million (prior year: EUR 2.7 million) were reported. Receivables from ÖBB-Holding AG consist mainly of VAT credits (VAT group).

In 2014, the operation “Apprenticeship and technical adult education program, including vocational school” was acquired from ÖBB-Business Competence Center GmbH. The purchase price amounted to EUR 0.2 million. This operation consists of assets with a value of EUR 3.5 million and debts of EUR 3.3 million. No adjustments to fair value were necessary.

In 2013, logistics centers with a value of EUR 44.9 million were acquired from Rail Cargo Austria AG and leased back to them and to European Contract Logistics – Austria GmbH under an operating lease. A finance lease agreement was concluded with ÖBB-Business Competence Center GmbH (formerly ÖBB-Shared Service Center GmbH) for the apprentice hostel in Meidling. A lease receivable was recognized in the amount of EUR 3.3 million (prior year: EUR 6.3 million). A financial liability due to Rail Cargo Austria AG resulting from the transfer of the Linz logistics center amounting to EUR 3.8 million (prior year: EUR 5.7 million) is reported under financial liabilities.

	Associated companies	
in mil. EUR, rounded	2014	2013
Sale of goods/ rendering of services (total revenue)	5.1	5.3
Purchase of goods/ services/ fixed assets (total expenses)	27.6	31.0
Receivables as of Dec 31	31.5	27.0
Liabilities as of Dec 31	6.1	6.8

There were a limited number of transactions with affiliated, not fully consolidated companies in the ÖBB-Infrastruktur Group. There were no transactions carried out in both financial years with board members or executives that required disclosure. Please see Note 28 for information on guarantees issued for affiliated companies.

Transactions with members of the Supervisory Board relate to sales concluded with companies in which the members of the Supervisory Board of ÖBB-Infrastruktur AG also had an office in an executive body of the company.

Benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees provided by the Republic of Austria

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Bundesbahngesetz [Austrian Federal Railways Act]. The basis for the financing of the Company is given in Article 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their individual terms, is to permanently guarantee the value of the assets of ÖBB-Infrastruktur AG used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to its official task according to the Bundesbahngesetz.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfillment of its tasks. The federal government grants ÖBB-Infrastruktur AG

- a grant pursuant to Article 42 (1) of the Bundesbahngesetz, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues generated by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management, and
- grants pursuant to Article 42 (2) of the Bundesbahngesetz for the maintenance, planning and construction of the railway infrastructure.

Two separate agreements on the grants pursuant to Article 42 (1) and (2) of the Bundesbahngesetz shall be concluded between ÖBB-Infrastruktur AG and the Federal Ministry of Transport, Innovation and Technology in coordination with the Federal Ministry of Finance, each with a term of six years, and these agreements shall determine the objective of the grant, the amounts to be granted for this purpose, the general and specific terms and conditions and the payment terms.

Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H. (SCHIG) monitors compliance with the obligations assumed by ÖBB-Infrastruktur AG in the grant agreements according to Article 42 of the Bundesbahngesetz. The monitoring is related to the economic, efficient and appropriate use of funds in the planning, construction, maintenance, deployment and operation of a demand-oriented and safe rail infrastructure.

The 2014 – 2019 plan was approved by the Supervisory Board of ÖBB-Infrastruktur AG in October 2014. In November 2013, the Republic of Austria, represented by the Federal Ministry of Transport, Innovation and Technology in coordination with the Federal Ministry of Finance, ÖBB-Infrastruktur AG and ÖBB-Holding AG formally concluded the grant agreement pursuant to Article 42 of the Austrian Federal Railways Act that regulates the subsidies from 2013 onwards. The subsidies agreement is valid for 2014.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Bundesbahngesetz is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Federal Railways Act. One component of the business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (7) of the Bundesbahngesetz, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement 2013 – 2018, the federal government shall bear 75% of the annual investments in expansion and reinvestments according to the master plan 2013 – 2018 (with the exception of the Brenner base tunnel) until 2016 and 80% for the years 2017 and 2018; for these investments, subsidies are granted in the form of an annuity allocated over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Article 42 of the Federal Railways Act and the objectives (performance and output objectives) according to the grant agreement pursuant to Article 42 (1) of the Federal Railways Act. Changes of the functionality and/or the extent of the railway infrastructure operated by ÖBB-Infrastruktur AG result in a corresponding increase or decrease of the grant. Therefore, ÖBB-Infrastruktur AG has to obtain the consent of the BMVIT and the BMF prior to any such change.

In 2014, based on the valid master plan agreement for 2013 to 2018, an amount of EUR 611.4 million (prior year: EUR 533.2 million) was granted for investments in expansion and reinvestments (with the exception of the Brenner base tunnel); for inspection, maintenance and elimination of malfunctions, an amount of EUR 493.3million (prior year: EUR 487.5 million) were granted. With the letter dated December 13, 2013, the grant agreement according to Article 42 (2) of the Federal Railway Act was adjusted due to the flood disaster of 2013, whereby the expansion and reinvestment for 2014 was raised by EUR 1.7 million (prior year: EUR 0.9 million) and the grant for inspection, maintenance and fault clearance was increased by EUR 5.5 million (prior year: EUR 17.5 million).

ÖBB-Infrastruktur AG has provided investment grants for the construction costs of the Brenner base tunnel in the amount of EUR 50.0 million (prior year: EUR 4.3 million) that were reimbursed to the company by the federal government after deduction of the payments agreed contractually with the federal state of Tyrol in the course of acquisition in the amount of EUR 45.9 million (prior year: EUR 0.2 million) were refunded.

Infrastructure operation and apprenticeship costs

The federal government grants a subsidy pursuant to Article 42 (1) of the Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management.

ÖBB-Infrastruktur AG has to submit an annual rationalization and savings plan with a forecast statement to the Federal Ministry of Transport, Innovation and Technology and the Federal Ministry of Finance.

The agreement on the grant pursuant to Article 42 (1) of the Federal Railways Act is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) Bundesbahngesetz, which comprises a detailed description of the measures required to fulfill its tasks of providing a secure railway infrastructure corresponding to requirements, including time schedules, budgets, rationalization plans and a forecast with respect to usage fees and other fees and charges. The business plan pursuant to Article 42 (6) Federal Railways Act shall be amended each year by one year and adapted to the new six-year period.

Pursuant to Article 45 Federal Railways Act, the BMVIT charged SCHIG with monitoring the fulfillment of the obligations assumed by ÖBB-Infrastruktur AG under the grant agreement.

This grant agreement defines the objectives to be achieved by ÖBB-Infrastruktur AG in connection with this grant pursuant to Article 42 Bundesbahngesetz.

The specific objectives to be achieved by ÖBB-Infrastruktur AG are categorized in particular in general, quality, safety and efficiency objectives agreed with consideration of the statutory tasks of ÖBB-Infrastruktur AG and stipulated in the business plan agreed between the federal government and ÖBB-Infrastruktur AG pursuant to Article 42 para. 6 Bundesbahngesetz.

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated railway infrastructure, which results from the Bundesbahngesetz, is assessed by means of certain ratios in connection with the grant.

Unless otherwise agreed between ÖBB-Infrastruktur AG and the federal government, the annual grant shall be reduced by the portion of operating expenses incurred for railway infrastructure that is transferred to other operators or no longer operated by ÖBB-Infrastruktur AG, contrary to the provisions of the business plan pursuant to Article 42 para. 6 Bundesbahngesetz.

The entire grant for 2014 according to Article 42 of the Federal Railways Act amounts to EUR 1,800.0 million (prior year: EUR 1,709.5 million). The grant for expansion and reinvestment in the amount of EUR 613.1 million (previous year: EUR 534.1 million) was reduced by EUR 36.2 million (prior year: EUR 16.6 million) to EUR 576.9 million (prior year: EUR 517.5 million) due to more favorable interest rate developments and is presented in other operating income. The grant for operation, inspection, maintenance, fault clearance and repair amounting to EUR 1,186.5 million (prior year: EUR 1,175.4 million) was increased by EUR 7.6 million due to the postponement of maintenance expenses from 2013 to 2014, which affected income; in addition, due to performance improvements in operations and actual expenses for apprenticeship programs it was reduced by EUR 40.6 million (prior year: EUR 14.0 million) to EUR 1,153.5 million (prior year: EUR 1,151.4 million) and is presented in revenue. The amount deferred in connection with the grant for expansion and reinvestment in the amount of EUR 36.2 million (prior year: EUR 16.6 million) as well as in connection with the operational management and apprenticeship program in the amount of EUR 40.6 million (prior year: EUR 18.5 million) is presented in other liabilities. The grant disbursed in 2014 for the construction of the Brenner base tunnel amounted to EUR 0.4 million and is also presented under other liabilities.

The development of grants in 2014 breaks down as follows:

in mil. EUR	Grant agreement 2013-2018	Grant increase	Total grant	Accruals	Income or loss in 2014
§ 42 (1) operational management (excl. apprentices)	659.1	0.0	659.1	-38.0	621.1
§ 42 (1) operational management apprentices	28.6	0.0	28.6	-2.6	26.0
§ 42 (2) inspection/ maintenance/ repair	493.3	5.5	498.8	7.6	506.4
Revenue	**1,181.0**	**5.5**	**1,186.5**	**-33.0**	**1,153.5**
§ 42 (2) Investment (annuity)	611.4	1.7	613.1	-36.2	576.9
§ 42 (2) BBT	0.4	0.0	0.4	-0.4	0.0
Other operating income	**611.8**	**1.7**	**613.5**	**-36.6**	**576.9**
Total	**1,792.8**	**7.2**	**1,800.0**	**-69.6**	**1,730.4**

With respect to Group liabilities assumed by the federal government, see Note 25.

In addition, contributions (usually grants for investment measures) from the Austrian provincial governments amounting to EUR 49.4 million (prior year: EUR 48.3 million) and from municipalities in the amount of EUR 14.9 million (prior year: EUR 11.6 million) were received, whereby on the reporting date there were still outstanding receivables amounting to EUR 3.1 million (prior year: EUR 7.1 million) and outstanding liabilities of EUR 2.2 million. Furthermore, EU subsidies amounting to EUR 7.1 million (prior year: EUR 3.9 million) were granted. The investment grants and EU grants are grants from the public authorities or the EU, and are recognized as a reduction of cost in the related assets.

Remuneration of members of the Board of Management

On both reporting dates, the Board of Management of ÖBB-Infrastruktur AG consisted of three members. In accordance with Article 266 (7) UGB, EUR 1,415 thousand (prior year: EUR 1,119 thousand) was spent for the remuneration for the Board of Management; of this amount EUR 362 thousand was borne by affiliated companies of the ÖBB Group. Statutory contributions were made to the severance insurance fund in the amount of EUR 22 thousand (prior year: EUR 15 thousand), of which EUR 6 thousand was paid by affiliated companies. Vacation accrual rose by EUR 49 thousand from EUR 49 thousand to EUR 98 thousand. Pension payments were made to former members of the Board of Management in the amount of EUR 41 thousand (prior year: EUR 40 thousand). Provisions for pensions were increased by EUR 168 thousand (prior year: EUR 59 thousand).

The total remuneration of the members of the Board of Management is composed of a fixed and a variable component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. These objectives are based on the Group's overall results, its strategy and the focus of the Group's activities. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management are employees who are seconded for the time of their activity in the Board within a definite ÖBB employment relation in accordance with the general terms and conditions for employment with Österreichische Bundesbahnen (AVB). The Company itself assumes no pension commitments. In the event of withdrawal from office or termination of employment, the relevant provisions of the Stellenbesetzungsgesetz [Appointment Act] apply to the vested rights of future pension payments and claims of the members of the Board of Management. No further claims exist.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure of the Supervisory Board of ÖBB-Infrastruktur AG and the resolution of the annual general meeting, the ÖBB-Infrastruktur Group shall reimburse the actual invoiced expenses incurred by the members of the Supervisory Board in the course of performing their duty and pay compensation to the shareholder's representatives on the Supervisory Board.

The basic remuneration for a Supervisory Board member amounts to EUR 9 thousand per year. In addition, each Supervisory Board member receives an attendance fee of EUR 200 for each meeting of a Supervisory Board, the Executive Committee or any other committee. The chairman of the Supervisory Board receives 200% of the basic remuneration, and a vice chairman within ÖBB-Infrastruktur AG receives 150% of the basic remuneration. For any activity in another Supervisory Board of the ÖBB Group, the member receives an additional 50% of the amounts stipulated above. If several functions are accumulated in one person, the upper limit of EUR 27 thousand (plus attendance fees) may not be exceeded. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholder's representatives on the Supervisory Board for their activities in the ÖBB-Infrastruktur Group amounted to EUR 37 thousand (prior year: EUR 36 thousand).

33. Segment reporting

A business segment is a component of an entity company that engages in business activities from which it may earn revenues and incurs expenses and whose operating results are reviewed regularly by the entity's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. It is a group of assets and operating activities providing products or services which are subject to risks and returns that are different from those of other operating segments and for which discrete financial information is available.

Information on company level

Major customers pursuant to IFRS 8.34 are ÖBB-Personenverkehr AG (income of EUR 296.1 million [prior year: EUR 285.1 million]), ÖBB-Produktion GmbH AG (income of EUR 198.4 million [prior year: EUR 211.4 million]) and Rail Cargo Austria AG (income of 168.8 million [prior year: EUR 168.1 million). This income results from infrastructure usage charges and the sale of traction power. These companies are part of the ÖBB Group and are thus affiliated companies.

The following table shows the Group revenue by geographic market, based on the registered offices of the customers, irrespective of the origin of the products/services:

Total revenue	2014 in mil. EUR	2013 in mil. EUR
Austria	3,095.1	3,023.8
Germany	14.9	21.8
Other markets	2.7	1.8
Total	**3,114.7**	**3,047.4**

The presentation of the carrying amounts of the segment assets and the additions to property, plant and equipment and intangible assets, grouped by geographic areas, is omitted as virtually all assets are located in Austria. See Note 4 for external revenues broken down by service.

Information on segment reporting

Segment reporting of the ÖBB-Infrastruktur Group is based on the management structure of the Group.. The ÖBB-Infrastruktur Group has only one segment – railway infrastructure.

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB-Infrastruktur Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method. There were no changes to cash and cash equivalents due to changes in exchange rates.

Liquid funds include cash and cash equivalents and current receivables and liabilities with respect to ÖBB-Finanzierungsservice GmbH. Current receivables from ÖBB-Finanzierungsservice GmbH (presented under cash and cash equivalents) amount to EUR 224.5 million (prior year: EUR 19.4 million) and current liabilities (presented under current financial liabilities) in the amount of EUR 17.6 million (prior year: EUR 63.0 million).

Significant non-cash transactions carried out during the reporting year mainly refer to the recognition of assets and liabilities from CBL transactions.

35. Subsidiaries

The following tables provide information on the subsidiaries, associates, investments and other holdings in the ÖBB-Infrastruktur Group as of December 31, 2014.

The following companies were initially consolidated in the reporting year:
– Elisabethstrasse 7 Projektentwicklung GmbH & Co KG (prior year: V0)
– Elisabethstrasse 9 Projektentwicklung GmbH & Co KG (prior year: V0)
– Operngasse 16 Projektentwicklung GmbH & Co KG (prior year: V0)
– WS Service GmbH (prior year: V0)

The following subsidiaries were part of the ÖBB-Infrastruktur Group prior year and were disposed of in the reporting year 2014:

ÖBB-Infrastruktur Group	Country, registered office, type of consolidation and purpose			Equity Dec 31, 2013 in kEUR	Profit or loss 2013 in kEUR
Sales					
100% Nordbahnhof Baufeld Sechs Projektentwicklung GmbH & Co KG (sale in September 2014)	A-1020 Vienna	V0	b)	12,800	-1
100% Nordbahnhof Baufeld 39 Projektentwicklung GmbH & Co KG (sale in September 2014)	A-1020 Vienna	V0	b)	14,820	-1
100% ÖBB Telekom Service GmbH (sale in July 2014)	A-1210 Vienna	V	c)	1,643	60
100% Hauptbahnhof Zwei Holding GmbH (sale in January 2014)	A-1020 Vienna	V0	b)	24,745	-2
100% HBF Fünf Epsilon Projektentwicklungs GmbH (sale in January 2014)	A-1020 Vienna	V0	b)	1,239	-2
100% HBF Sechs Gamma Projektentwicklungs GmbH (sale in January 2014)	A-1020 Vienna	V0	b)	23,476	-2
100% HBF Fünf Epsilon Projektentwicklung Eins GmbH & Co KG (sale in January 2014)	A-1020 Vienna	V0	b)	9,571	0
100% HBF Fünf Epsilon Projektentwicklung Zwei GmbH & Co KG (sale in January 2014)	A-1020 Vienna	V0	b)	7,327	0
100% HBF Fünf Epsilon Projektentwicklung Drei GmbH & Co KG (sale in January 2014)	A-1020 Vienna	V0	b)	7,814	0

Below is a list of those subsidiaries in which ÖBB-Infrastruktur AG held an investment either directly or indirectly through other affiliated companies. The corporate purpose of the subsidiaries is described in letters a) to j). Changes in the type of consolidation are indicated with footnotes.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation	
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V	d)
├► 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0	g)
├► 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0	g)
├► 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V	e)
├► 100% Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H.	A-1020 Vienna	V0	b)
├► 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V	f)
├► 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V	f)
├► 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0	e)
├► 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V	a)
├► 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V	b)
├► 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0	b)
├► 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG (until January 2014: BahnhofCity WBHF Alpha GmbH & Co KG)	A-1020 Vienna	V (prior year: V0)	b)
├► 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V (prior year: V0)	b)
├► 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0	b)
├► 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0	b)
├► 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0	b)
└► 100% Operngasse 16 Projektentwicklung GmbH & Co KG (until October 2014: BahnhofCity WBHF Beta GmbH & Co KG)	A-1020 Vienna	V (prior year: V0)	b)
├► 100% ÖBB-Stiftungs Management Gesellschaft mbH (purchase within the group from ÖBB-Shared Service Center Gesellschaft mbH in January 2014)	A-1020 Vienna	V0	i)
├► 100% Rail Equipment GmbH	A-1040 Vienna	V	h)
├► 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V	h)
├► 100% WS Service GmbH	A-1020 Vienna	V (prior year: V0)	d)
├► 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E	d)
├► 30% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E	d)
├► 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E0	e)
├► 8% HIT Rail B.V.	NL-3500 HA Utrecht	0	n/a
├► silent partnership „Am Hafen" Garagenerrichtungs- und Betriebs GmbH & Co KG	A-6900 Bregenz	0	n/a
└► partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0	n/a

If the figure is preceded by "prior year" it refers to the prior year.

Abbreviations

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investment reported using the equity method (associated company)
E0	Investment not recorded using the equity method due to its insignificance
0	Other investment
N/A	not applicable

Explanation of the purposes of the subsidiaries

a) Maintenance, management and utilization of real estate properties
b) Project development and utilization of properties
c) Provision of telecommunications services and planning, construction and operation of the necessary telecommunications networks and facilities
d) Planning and construction (including replacement investment that exceeds maintenance and repair) of railway infrastructure as well as planning and construction of related projects and sub-projects and the provision of railway infrastructure.
e) Optimization and harmonization of infrastructure planning and development
f) Cleaning and special cleaning (e.g. graffiti removal) of railway stations as well as security and other services
g) Research and development, especially in connection with railway infrastructure
h) Procurement, purchasing, financing, maintenance and Group-wide rental of rail vehicles, equipment and rolling stock
i) Continuing professional training

The following presents the equity and net income from those subsidiaries that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and net income were taken from the annual financial statements according to respective national accounting laws.

	Shareholder's equity in kEUR		Profit or loss in kEUR	
ÖBB-Infrastruktur Group	Dec 31, 2014	Dec 31, 2013	2014	2013
Austrian Rail Construction & Consulting GmbH	141	141	0	0
Austrian Rail Construction & Consulting GmbH & Co KG	208	213	-2	3
Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H.	430	430	-5	-3
Netz- und Streckenentwicklung GmbH	394	378	15	3
Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	-1	0	-1	-1
Europaplatz 1 Projektentwicklung GmbH & Co KG	-1	0	-1	-1
Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	12,787	12,963	-176	27
Modul Office Hauptbahnhof Graz GmbH & Co KG	-1	0	-1	-1
ÖBB-Stiftungs Management Gesellschaft mbH	70	70	0	-2
Breitspur Planungsgesellschaft mbH	1,918	2,180	-262	-275

36. Subsequent Events

On March 25, 2015, the members of the Board of Management of ÖBB-Infrastruktur AG released the audited Consolidated Financial Statements as of December 31, 2014 for submission to the Supervisory Board. The Supervisory Board has to audit the Consolidated Financial Statements and declaring whether it approves the Consolidated Financial Statements.

Collateral replacement for cross-border leasing transactions

Since mid-2012, a downgrade in ratings for repayment vehicles in three tranches for existing cross-border leasing transactions with Bank of America as the investor has resulted in the contractual obligation to offer the investor to substitute the collateral. From 2012 to 2014, the Company was able to avoid this exchange obligation through negotiations. In January 2015, however, Bank of America exercised its option to demand replacement of the collateral for the three tranches. Currently the Company is working on providing a replacement of the collateral in all affected transactions.

Sale of the Wittmannsdorf - Steinabrückl line segment

The Wittmannsdorf - Steinabrückl line section was sold at the end of February 2015.

Premature termination of a further cross-border leasing transaction

Another cross-border leasing transaction was prematurely terminated at the end of February. This legally affects the ÖBB-Infrastruktur AG in external relations, but is attributed internally, economically and entirely to a consolidated affiliate based on sublease agreements.

Extension of the advanced recognition periods

The ECJ decision of January 28, 2015 (C417/13) found that the extension of the advanced recognition periods by three years as enumerated in Article 53a of the Federal Railways Act is incompatible with EU law. In this context see the comments in Note 26.1, “Provision for recalculating the advanced recognition days for salaried ÖBB employees”.

Moreover, there are no reportable events after the reporting date that have an effect on the assets, finances and income.

37. Executive bodies of the parent company of the Group

Members of the Board of Management		
Siegfried Stumpf	until February 28, 2014	
KR Ing. Franz Seiser	from March 1, 2014	
DI Franz Bauer		
Ing. Mag. (FH) Andreas Matthä		
Members of the Supervisory Board		
KR Ing. Franz Seiser	until February 28, 2014	Chairman until February 17, 2014*
Mag. Christian Kern		Chairman from February 17, 2014*
		First Vice Chair until February 17, 2014
Mag. Josef Halbmayr, MBA		First Vice Chair from February 17, 2014
DI Herbert Kasser		Second Vice Chair
Lic.iur. Philippe Gauderon		
Mag. Maria Kubitschek		
Dr. Tanja Wielgoß		
Franz Eder	until March 10, 2014	Employee representative
Günter Blumthaler		Employee representative
Peter Dyduch		Employee representative
Gottfried Winkler		Employee representative

*) Change of Chairman in the extraordinary meeting of the Supervisory Board on February 17, 2014

A report on compensation or advances, loans granted or guarantees entered into in favor of these persons can be found in Note 32.

Vienna, March 25, 2015

The Board of Management

DI Franz Bauer	Ing. Mag. (FH) Andreas Matthä	KR Ing. Franz Seiser
Infrastructure System Deployment Department	Finance, Market, Service Department	Operations and Systems Department

Auditor’s Report*

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ÖBB-Infrastruktur Aktiengesellschaft, Vienna,** for the fiscal year from January 1, 2014 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, and the notes.

Management’s Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company’s management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Accounting Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and 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 internal control relevant to the Group’s preparation and fair presentation 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 Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1, 2014 to December 31, 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 25, 2015

Ernst & Young

Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Elfriede Baumann m.p.	Mag. Christoph Harreither m.p.
Auditor	Auditor

* This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

About this report

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