Egger Holzwerkstoffe GmbH,
St. Johann in Tirol

ANNUAL REPORT
for the financial year ended
April 30, 2008

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
July 11, 2008
This report includes 2 pages and 3 Attachments
20005152

To the Members of the Management of
Egger Holzwerkstoffe GmbH,
St. Johann in Tirol

Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying **consolidated financial statements** of

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol, Austria,

for the year from **May 1, 2007 to April 30, 2008**. These consolidated financial statements comprise the balance sheet as at April 30, 2008, and the income statement, statement of changes in equity and cash-flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing and International Standards on Auditing, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and 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 entity'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 entity's internal control. An audit also includes evaluating of 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 basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of April 30, 2008, and its financial performance and its cash-flows for the financial year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on Other Legal and Regulatory Requirements

Laws and regulations applicable in Austria require us to perform audit procedures whether the group management report is consistent with the consolidated financial statements and whether the other disclosures made in the group management report do not give rise to misconception of the position of the group.

In our opinion, the group management report is consistent with the consolidated financial statements.

Innsbruck, July 11, 2008

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
signed:

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Gabriele

Mag. Gabriele Lehner
(Austrian Chartered Accountants)

ppa. Mag. Ulrich Pawlowski
(Austrian Chartered Accountants)

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 financial statements are identical with the audited version attached to this report. § 281 Abs 2 öUGB applies

Consolidated Financial Statements
according to International Financial Reporting Standards (IFRS)
as of April 30, 2008
of

EGGER HOLZWERKSTOFFE GMBH,
St. Johann in Tirol

Contents

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Balance Sheet
as of April 30, 2008

	Notes	30.4.2008 TEUR	30.4.2007 TEUR
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	992.928	843.885
Intangible assets	(1)	4.302	4.186
Financial assets	(2)	28.583	16.219
Investments in associates	(3)	4.132	2.435
Other assets	(4)	1.248	6.943
Deferred tax assets	(15)	15.846	23.753
		1.047.038	***897.422***
Current assets			
Inventories	(5)	258.069	184.416
Trade receivables	(6)	86.640	74.492
Other assets	(4)	40.619	41.072
Current tax assets		1.880	1.899
Securities and financial assets	(2)	245	425
Cash and cash equivalents	(7)	207.768	153.452
		595.221	***455.756***
Total Assets		**1.642.259**	**1.353.178**
EQUITY AND LIABILITIES			
Equity			
Issued capital, participation rights, perpetual bond and reserves	(8,9)	497.942	424.114
Minority interests		23.999	18.489
		521.941	***442.602***
Non-current liabilities			
Bonds	(10)	164.715	237.310
Financial liabilities	(11)	371.052	198.790
Other liabilities	(12)	4.019	4.448
Investment subsidies	(13)	49.211	57.557
Provisions	(14)	54.217	62.223
Deferred tax liabilities	(15)	17.568	22.336
		660.782	***582.664***
Current liabilities			
Bonds	(10)	72.801	0
Financial liabilities	(11)	91.058	77.100
Trade payables	(16)	205.718	157.825
Other liabilities	(12)	71.077	72.666
Liabilities from income taxes		17.149	18.293
Provisions	(17)	1.734	2.028
		459.536	***327.912***
Total Equity and Liabilities		**1.642.259**	**1.353.178**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Income Statement
for the 2007/08 Financial Year

	Notes	2007/08 TEUR	2006/07 TEUR
Revenues	(18)	**1.636.964**	**1.479.029**
Other operating income	(19)	31.160	36.154
Increase/decrease in inventories		39.027	4.330
Own work capitalized		7.307	8.761
Cost of materials	(20)	-914.143	-809.724
Personnel expenses	(21)	-242.303	-231.654
Depreciation and amortization		-115.517	-105.354
Other operating expenses	(22)	-265.995	-266.640
Operating profit before non-recurring items		**176.500**	**114.901**
Non-recurring income	(23)	8.745	0
Operating profit after non-recurring items		**185.245**	**114.901**
Financial results	(24)	-38.858	-28.973
Income from financial investments	(25)	-104	90
Income from associates		1.699	316
Profit before tax		**147.982**	**86.334**
Income taxes	(15)	-35.883	-25.951
Profit after tax		**112.100**	**60.383**
Attributable to:			
Minority interests		6.235	2.222
Shareholders of the parent company		105.865	58.161
		112.100	**60.383**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Cash Flow Statement
for the 2007/08 Financial Year

	Notes	2007/08 TEUR	2006/07 TEUR
Profit before tax		147.982	86.334
Depreciation and amortization	(1)	115.517	105.354
Impairment charges to and valuation of financial assets		206	279
Use of investment subsidies	(19)	-10.955	-10.889
Income/loss from the disposal of fixed assets		2.108	1.691
Income/loss from changes in the consolidation range		-8.075	0
Income from associates		-1.699	-316
Increase/decrease in long-term provisions		1.702	10.936
Income taxes paid		-20.817	-31.563
Gross cash flow		**225.968**	**161.826**
Increase/decrease in inventories		-73.771	-39.755
Increase/decrease in trade receivables		-12.180	53.770
Increase/decrease in other assets		4.405	-9.377
Increase/decrease in trade payables		48.045	44.008
Increase/decrease in other liabilities		-2.648	-1.134
Increase/decrease in current provisions		-205	-3.937
Currency translation adjustments		-8.677	10
Cash flow from changes in net current assets		**-45.031**	**43.585**
Cash flow from operating activities	(26)	**180.937**	**205.411**
Purchase of non-current assets		-307.191	-246.343
Increase/decrease in securities and current financial assets		180	30.107
Successive purchase of shares in subsidiaries		0	-9.104
Sale of subsidiaries, less net cash and cash equivalents sold		-1.655	0
Distributions from companies consolidated at equity		0	1.750
Proceeds from the disposal of non-current assets		3.828	3.960
Cash flow from investing activities		**-304.838**	**-219.630**
Partial repurchase of EGGER bond 2002 - 2009		0	-31
Increase/decrease in current financial liabilities		13.958	5.222
Increase/decrease in non-current financial liabilities		172.468	-33.911
Capital contributions		0	1.850
Distributions		-1.020	-4.779
Cash flow from financing activities		**185.406**	**-31.649**
Net change in cash and cash equivalents		**61.505**	**-45.868**
Increase/decrease in cash and cash equivalents from changes in the consolidation range		-4.992	0
Effects of exchange rate fluctuations on cash held		-2.197	171
Cash and cash equivalents at the beginning of the financial year		153.452	199.149
Cash and cash equivalents at the end of the financial year		207.768	153.452

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Statement of Changes in Equity
as of April 30, 2008

	Share capital	Participa-tion rights	Perpetual bond	Reserves	Translation reserve	Equity before minority interests	Minority interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance on April 30, 2006	**73**	**0**	**0**	**408.209**	**-3.034**	**405.248**	**0**	**405.248**
Restructuring	217	356.174	132.381	-518.492	0	-29.720	25.714	-4.006
Currency translation adjustments	0	0	0	0	83	83	-9	74
Net profit for the period	0	0	0	58.161	0	58.161	2.222	60.383
Total income and expense recognized for the period	0	0	0	58.161	83	58.244	2.213	60.457
Successive purchase of shares in subsidiaries	0	0	0	-2.631	0	-2.631	-6.473	-9.104
Transfer of shares without recognition through profit or loss	0	0	0	52	-2	50	-36	14
(Deferred) taxes not recognized through profit or loss	0	0	155	2.411	0	2.566	0	2.566
Capital increase	0	463	0	537	0	1.000	850	1.850
Distribution	0	0	0	-10.643	0	-10.643	-3.779	-14.422
Balance on April 30, 2007	**290**	**356.637**	**132.536**	**-62.396**	**-2.953**	**424.114**	**18.489**	**442.602**
Currency translation adjustments	0	0	0	0	-33.807	-33.807	10	-33.797
Net profit for the period	0	0	0	105.865	0	105.865	6.235	112.100
Total income and expense recognized for the period	0	0	0	105.865	-33.807	72.058	6.245	78.303
Transfer of shares without recognition through profit or loss	0	0	0	-574	0	-574	574	0
(Deferred) taxes not recognized through profit or loss	0	0	0	2.345	0	2.345	0	2.345
Capital increase	9.711	0	0	-9.711	0	0	0	0
Increase/decrease in minority interest	0	0	0	0	0	0	-289	-289
Distribution	0	0	0	0	0	0	-1.020	-1.020
Balance on April 30, 2008	**10.000**	**356.637**	**132.536**	**35.529**	**-36.760**	**497.942**	**23.999**	**521.941**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Notes to the Consolidated Financial Statements
as of April 30, 2008

1. Accounting and Valuation Methods

1.1. The Company

Egger Holzwerkstoffe GmbH and its subsidiaries are one of the leading producers and suppliers of wood materials in Europe. The activities of the 16 production facilities are concentrated primarily on the following areas of business:

– Production and sale of chipboard, MDF and HDF boards as well as various finished and semi-finished products that are derived, refined and/or processed from these items
– Production and sale of laminated flooring and OSB boards.

The headquarters of the company are located in St. Johann in Tirol, Austria.

The consolidated financial statements include the parent company, Egger Holzwerkstoffe GmbH, St. Johann i.T., as well as the subsidiaries under its control.

1.2. Basis of Preparation

The consolidated financial statements as of April 30, 2008 were prepared in keeping with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committees (IFRIC or SIC) that were issued by the International Accounting Standards Board (IASB) and adopted by the EU and were in effect as of the balance sheet date. IFRS 7, IFRIC 10 and IFRIC 11 were applied for the first time in 2007/08. IFRS 8 was not applied in advance on a voluntary basis. The application of this new standard is not expected to have a material effect on the presentation of segment reporting. IFRS 3 (revised in 2008), IAS 27 (revised in 2008) and the 2008 revision to IAS 23 have not yet been adopted by the EU. The application of these standards is not expected to lead to any changes in the consolidated financial statements because of the accounting policies currently applied.

The consolidated financial statements are prepared in thousand Euros (rounded). The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

1.3. Consolidation Range

The consolidated financial statements include 18 Austrian (30.4.2007: 22) and 44 foreign (30.4.2007: 42) fully consolidated subsidiaries in which Egger Holzwerkstoffe GmbH has management control and directly or indirectly owns more than 50% of the shares. One Austrian (30.4.2007: one) and five foreign (30.4.2007: four) companies are consolidated at equity.

A list of all companies included in the consolidated financial statements of Egger Holzwerkstoffe GmbH is provided at the end of the notes in Appendix 1.

Egger JV Beteiligungs GmbH, St. Johann i.T., and OOO Egger Drevprodukt, Moscow, are not controlled by Egger Holzwerkstoffe GmbH, St. Johann i.T. However, Fritz Egger Beteiligungsverwaltung GmbH, St. Johann i.T., has a material influence on the appointment of management for Egger JV Beteiligungs GmbH and also carries the major share of risks and rewards arising from Egger JV Beteiligungs GmbH through participation rights. For this reason, Egger JV Beteiligungs GmbH must be included in these consolidated financial statements.

Egger Belgien Beteiligungsverwaltung GmbH, St. Johann i.T., Egger Benelux Management BVBA, Zulte, EGGER Energia SRL, Satu Mare, and Hackgut Logistik & Handels GmbH, Großschönau, were founded during the reporting year and included in the financial statements through full consolidation.

Egger Benelux BVBA, Zulte, which was previously included at equity, was converted into Egger Benelux GCV and fully consolidated for the first time in 2007/08.

Egger Finanzservice GmbH, St. Johann i.T., and Egger Finanzholding GmbH, St. Johann i.T., were merged into Egger Holzwerkstoffe GmbH. In addition, Egger Holzprodukte Management GmbH, St. Johann i.T., and Egger Holzproduktions GmbH, St. Johann i.T., were merged into Fritz Egger Beteiligungsverwaltung GmbH, St. Johann i.T.

In France Egger Rambervillers SAS, Rambervillers, was merged into Egger Rol SAS, Rion des Landes. This company was renamed EGGER Panneaux & Décors S.A.S.

The 95% investment held by Fritz Egger Gesellschaft m.b.H, St. Johann i.T., in Getränke-Industrie Richard Schipal Gesellschaft m.b.H, St. Pölten, was transferred to Egger Getränke Beteiligungsgesellschaft m.b.H, St. Pölten. As return compensation for this transfer Fritz Egger Gesellschaft m.b.H. received a stake of approx. 18% in Egger Getränke Beteiligungsgesellschaft m.b.H. This stake was recognized at fair value under financial assets and will be carried at amortized cost.

The 26% investment in the newly founded Ortswärme St. Johann in Tirol GmbH, St. Johann i.T., is carried at amortized cost and shown under financial assets.

Following the cessation of business activities by E.F.P. Floor Products Fußböden-GmbH, St. Johann i.T., as of November 1, 2007, this investment was transferred to the holding “E.F.P.” – Privatstiftung, Vienna, and subsequently deconsolidated.

1.4. Basis of Consolidation

In accordance with IFRS 3, subsidiaries included for the first time are consolidated at the point of acquisition by allocating the acquisition cost to the revalued assets acquired and the revalued liabilities and contingent liabilities assumed (purchase method).

Minority interests in the equity of consolidated companies are shown as a separate item under equity. The share of annual profit after tax that is attributable to minority interests is reported separately on the income statement.

The acquisition of additional shares in companies under joint control is accounted for as a transaction within equity, and the resulting differences are therefore offset against reserves.

All receivables, liabilities, revenue and expenses arising from transactions between consolidated companies are eliminated. The consolidation process also includes the elimination of gains and losses on the sale of fixed or current assets and the provision of services between Group companies, unless these items are immaterial.

In accordance with the equity method, shares in associates are initially recognized at acquisition cost as of the purchase date. In subsequent periods, this value is adjusted to reflect the proportional share of profit or loss generated by the associated company.

1.5. Foreign Exchange Translation

Transactions in a foreign currency

The individual Group companies record foreign currency transactions using the average exchange rate in effect on the date of the transaction. Monetary assets and liabilities are translated into Euros at the closing rate in effect on the balance sheet date. Any resulting translation gains and losses are recognized to profit or loss for the reporting year.

Translation of financial statements from a foreign currency

The annual financial statements of Egger Holzwerkstoffe GmbH are prepared in Euros. The relevant local currency represents the functional currency for subsidiaries located outside the Euro zone. The assets and liabilities included in the financial statements of these companies, including goodwill and valuation adjustments resulting from the initial consolidation, are translated at the average rate in effect on the balance sheet date. The individual items on the income statement are translated at the average exchange rate for the financial year. Any resulting translation gains and losses are recorded to a separate item under equity without recognition through profit or loss, and recognized to the income statement when the company is deconsolidated.

Unrealized foreign exchange translation differences arising from non-current shareholder loans (net investments) are recorded to the translation reserve without recognition through profit or loss. These differences are recognized to the income statement when the loan is repaid or the company is sold.

The exchange rates used for foreign currency translation developed as follows during the reporting year:

	Closing rate on		Average rate for the year	
	30.4.2008 EUR	30.4.2007 EUR	2007/08 EUR	2006/07 EUR
1 British Pound	1,26504	1,46630	1,39244	1,47616
100 Russian Rubles	2,71100	2,85200	2,79917	2,90542
1 New Romanian Leu	0,27204	0,30055	0,29082	0,28904

1.6. Significant Accounting Policies

The accounting and valuation methods applied by the Group remain unchanged from the previous year, with the exception of the initial application of IFRS 7, IFRIC 10 and IFRIC 11.

1.6.1. Tangible and intangible assets

Purchased intangible assets are recorded on the balance sheet at acquisition cost, less accumulated straight-line amortization and any necessary impairment charges.

The EU Directive implemented in Austria, Germany and France – which was announced in the Official Gazette of the EU on October 25, 2003 – introduced a trading system for greenhouse emission certificates.

In accordance with IAS 38, the allocated emission certificates were recorded under intangible assets at acquisition cost – which in this case equals zero because of the free allocation – and the use of the certificates was also recorded at this same value. Any additional certificates required to cover excess emissions are recorded under a provision at the market value of the certificates purchased. The sale of surplus certificates is reported under other operating income.

For **internally generated intangible assets**, the production period is divided into a research phase and a development phase. Costs incurred during the research phase are expensed immediately. All costs previously recognized during the development phase for intangible assets were also expensed as incurred because the criteria for recognition under IAS 38 were not met or the relevant amounts were immaterial.

Intangible assets can have a finite or an indefinite useful life. All intangible assets recorded on the balance sheet have a finite useful life.

Tangible assets are recorded at acquisition or production cost, less accumulated depreciation and any necessary impairment charges.

The production cost of self-constructed tangible assets is comprised of direct costs and an appropriate component of overhead. The costs incurred for an asset in subsequent periods are only capitalized if they lead to a significant increase in the opportunities to use the asset in the future, e.g. through expanded service potential or a significant extension of the asset's useful life.

When major components of property, plant or equipment have significantly different patterns of use, they are recognized separately in accordance with the component approach and depreciated separately based on their relevant useful life.

The cost of debt and related transaction costs are capitalized for qualified assets. The construction of a new plant represents a qualified asset.

Systematic amortization for intangible assets with finite useful lives and depreciation for tangible assets is calculated in accordance with the straight-line method over the expected useful life of the asset. The depreciation and amortization rates used by Group companies are based on the following standard useful lives:

	Useful life in years
Tangible assets	
Factory buildings	25
Residential and commercial buildings	50
Facilities installed on property	10
Machinery	10
Tools	4
Other equipment	5 - 10
Furniture, fixtures and office equipment	3 - 5
Motor vehicles and other means of transportation	4 - 10
Intangible assets	
Patents, licenses and software	5
Lease and rental rights	10

Investment subsidies are recorded to a separate position under liabilities and released to the income statement as other income over the useful life of the relevant asset.

1.6.2. Goodwill

Goodwill as shown on the balance sheet is generated by the use of the purchase method to record business combinations. Goodwill is recognized at acquisition cost.

In accordance with IFRS 3, goodwill may no longer be amortized on a systematic basis. Goodwill acquired before May 1, 2004 was recorded at the carrying value as of April 30, 2004 and – similar to goodwill acquired after this date – is tested each year for impairment by comparing the carrying value with the recoverable amount as of the balance sheet date.

Any goodwill arising from the acquisition of investments in associates is included in the carrying value of the relevant item.

1.6.3. Assets acquired through leases

If a lease contract substantially transfers all risks and rewards incidental to the ownership of an asset to the lessee (finance lease), the asset is recognized as a tangible or intangible asset and depreciated or amortized on a systematic basis over its useful life. At the start of the lease term, the asset is recognized at the lower of fair value or the present value of future minimum lease payments. As a corresponding entry, the present value of the future minimum lease payments arising from the lease is recognized as a financial liability.

1.6.4. Financial assets

All securities held by the Group are classified at fair value through profit or loss because reporting to management is based on present value. These items are recognized at acquisition cost as of the purchase date and measured at fair value in subsequent periods.

Any changes in value are recognized to the income statement. The fair value of securities reflects market value as of the balance sheet date.

Securities held for the short-term investment of funds are recorded under current assets on the balance sheet, and are recognized as of the value date.

Investment property is measured at acquisition or production cost less accumulated depreciation and any necessary impairment charges in accordance with the useful life of the tangible asset.

Loans are carried at amortized cost.

Investments in other companies are carried at cost if fair value cannot be determined without substantial expense.

1.6.5. Impairment

In addition to measurement at amortized or depreciated cost, assets are tested for signs of impairment as of each balance sheet date. The higher of the value in use and the net selling price of an asset is determined on an annual basis for intangible assets with an indefinite life and for goodwill, and on an interim basis if any signs of impairment are identified. If this value is less than the carrying value of the relevant asset, an impairment charge is recorded to reduce the carrying value to this lower amount.

The value in use is defined as the present value of the estimated cash inflows and outflows expected to be derived from the use of the asset, based on a discount rate that reflects the pre-tax market interest rate. If it is not possible to identify independent cash surpluses for a particular asset, this asset is included in the next larger unit (cash-generating unit) for which independent cash surpluses can be determined. The net realizable value represents the amount obtainable from the sale of an asset in an arm’s length transaction, less any costs necessary to make the sale.

Impairment charges are recognized through profit or loss. If the circumstances that led to impairment have ceased to exist or diminished, the impairment loss is reversed and the carrying value of the asset is increased up to amortized or depreciated cost. This procedure does not apply to impairment charges recognized to goodwill, to intangible assets with an indefinite useful life or to equity instruments held as financial instruments.

1.6.6. Inventories

Inventories are measured at the lower of cost or net realizable value as of the balance sheet date.

Acquisition cost includes all costs incurred to place the asset in the desired condition at the desired location. Production cost includes direct expenses as well as an appropriate share of production overheads based on normal capacity usage. Interest charges as well as selling and administrative overheads are not included in production cost. The moving average method is used to determine the cost per unit. Risks related to the length of storage and other impairments in value are reflected in appropriate write-downs.

1.6.7. Trade receivables and other assets

Receivables are carried at cost less any necessary valuation adjustments. Interest-free and non-interest bearing receivables with a term of more than one year are stated at their discounted present value. The valuation of other assets is based on cost, less any necessary impairment charges.

1.6.8. Cash and cash equivalents

Cash and cash equivalents include cash on hand, time deposits with a term of less than three months from the date of acquisition and demand deposits with credit institutions as well as cash pooling receivables invested with the subsidiaries of other private foundations that are available on demand.

1.6.9. Employee benefits

Pension obligations

Certain subsidiaries of Egger Holzwerkstoffe GmbH are required by individual commitments to make pension payments to employees after their retirement. The Egger Group has both defined contribution and defined benefit pension plans. A provision has been created for defined benefit obligations that are not covered by sufficient pension plan assets.

This provision is determined based on the projected unit credit method in accordance with IAS 19. It uses actuarial methods to determine the present value of future payments based on realistic assumptions for the periods in which benefit entitlements are earned. The required amount of the provision is calculated by an actuary as of each balance sheet date.

Actuarial gains or losses on pension obligations to external organizations are recognized according to the corridor rule that is defined in IAS 19.92. In keeping with this rule, gains or losses that exceed 10% of pension plan assets or the present value of the defined benefit obligation are distributed over the average remaining working lives of the employees participating in the plan.

Income and expenses related to the provision are included under personnel expenses, with the exception of the interest component. The interest component represents part of financial results.

The calculations are based on the following assumptions:

	30.4.2008	30.4.2007
Discount rate	4,75 – 6,0	4,75 – 5,7
Increase in salaries and wages	0,5 – 3	0,5 – 3
Increase in pensions	0 – 3,5	0 – 3
Expected income on pension plan assets	5,5 – 7,25	5,5 – 7,25
Retirement age for women (in years)	57,58 – 65	57,33 – 65
Retirement age for men (in years)	60,00 – 65	60,00 – 65

Termination benefits

Legal regulations require companies in Austria to make one-time severance payments on termination or retirement to employees whose employment relationship started before January 1, 2003. The amount of the severance payment is dependent on the length of service and the salary/wage at the time of termination, and ranges from two to 12 monthly salary or wage installments. This obligation is reflected in a provision.

This provision is determined based on the projected unit credit method, which uses financial procedures to determine the present value of future payments for the periods in which the maximum claims are earned (25 years). The full amount of actuarial gains and losses is recognized immediately to profit or loss.

This valuation of this provision is based on the same assumptions used to calculate pension obligations.

Other long-term employee benefits

Collective bargaining agreements require the payment of special bonuses to employees who have reached a specific number of years of service with the company (beginning at 10 years of service). A provision was created for this obligation.

This valuation of this provision is based on the same methods and assumptions used to calculate the provision for termination benefits.

1.6.10. Other provisions

Other provisions are recognized when the company has incurred a legal or constructive obligation to a third party based on a past event, and it is probable that the obligation will lead to an outflow of resources. A provision is created in accordance with the best possible estimate – at the time the financial statements are prepared – of the amount that will be required to meet the obligation. If a reliable estimate cannot be made, the provision is not recognized.

If the nominal value of a non-current provision differs materially from its present value determined on the basis of an ordinary market interest rate, the present value is used for recognition.

1.6.11. Taxes

The income tax expense shown for the reporting year includes income tax calculated on profit before tax for the individual companies based on the applicable tax rate in each country (actual income taxes) as well as changes in deferred taxes.

Deferred taxes are calculated in accordance with the balance sheet liability method required by IAS 12 on all temporary differences arising between financial statements prepared for tax purposes and IFRS financial statements. Tax benefits that are expected to be realized on loss carryforwards in the future are also included in the calculation. An exception to the general creation of deferred taxes is formed by differences arising from goodwill that is not deductible for tax purposes and temporary differences related to investments in other companies. Deferred tax assets are only recognized if it is probable that the inherent tax benefit will be realized. The calculation of deferred taxes is based on the relevant tax rate as defined by tax regulations in the country of the reporting company. A change in the tax rate is reflected in the calculation when this change has been enacted or substantively enacted as of the balance sheet date.

1.6.12. Bonds and financial liabilities

Bonds are carried at amortized cost. The initial recognition reflects the proceeds received from the issue. Any premium, discount or other difference between the amount received and the repayment amount is recognized to profit or loss over the term of the financing. Other financial liabilities are carried at the fair value of the compensation received.

1.6.13. Trade payables and other liabilities

Trade payables are recognized at the fair value of the goods or services received when the relevant liability is incurred. In subsequent periods, these liabilities are measured at amortized cost. Other liabilities that do not result from the provision of goods or services are carried at their repayment amount.

1.6.14. Derivative financial instruments

Hedges are concluded to reduce the risks arising from changes in foreign exchange rates and interest rates. In particular, the financial instruments used by the Egger Group include forward exchange contracts, interest rate swaps and interest rate options. Derivative financial instruments are held only for hedging purposes.

Derivative financial instruments are recognized at cost as of the date the contract is concluded and measured at fair value in subsequent periods. Unrealized changes in value are recognized to profit or loss.

The fair value of forward exchange contracts is determined on the basis of foreign exchange spot rates and interest rates as of the balance sheet date. Interest rate swaps are measured at present value using current interest rates. The value of interest rate options is determined in accordance with recognized calculation models, and also includes current interest rates and fluctuations.

1.6.15. Recognition and disposal of financial instruments

All financial instruments are recognized as of the settlement date.

Financial instruments are derecognized when the income, control and part of the risks are transferred to the buyer. Additional information on the sale of financial instruments is provided under note (6) to the consolidated financial statements.

1.6.16. Realization of revenue

Revenue is realized when all material risks and benefits from the delivered object are transferred to the buyer.

Rental income is realized on a straight-line basis over the term of the rental agreement. One-time payments or exemptions are distributed over the term of the agreement.

1.6.17. Financing costs and income from financial investments

Financing costs include interest on borrowings, finance leases and provisions for long-term employee benefits as well as similar expenses and fees, interest income, exchange rate gains/losses related to financing and profit or loss on hedging transactions.

Income from financial investments includes recognized interest, dividends and similar income as well as gains and losses on the sale of financial assets and impairment charges to financial assets. Interest is accrued over the term of the contract. Dividends are recognized when the distribution is received.

1.6.18. Estimates

In preparing the consolidated financial statements, it is necessary to estimate certain figures and make assumptions that influence the recording of assets and liabilities, the declaration of other obligations as of the balance sheet date and the recording of revenues and expenses during the reporting period. The actual figures that become known at a later date may differ from these estimates.

The following assumptions are coupled with a significant risk that they may lead to a material adjustment in the carrying amounts of assets and liabilities during the next financial year:

- The valuation of existing pension, severance compensation and long-service bonuses involves the use of assumptions for interest rates, retirement ages, life expectancy, employee turnover and the future development of salaries and wages.
- The recognition of deferred tax assets is based on the assumption that sufficient taxable income will be generated in the future to utilize existing loss carryforwards.

2. Notes to the Balance Sheet, Income Statement and Cash Flow Statement

(1) Property, plant and equipment and intangible assets

SCHEDULE OF FIXED AND FINANCIAL ASSETS AS OF APRIL 30, 2008

	Acquisition or Production Costs						
	Balance on 30.4.2007	Change in consolida-tion range	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 30.4.2008
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Land and buildings	441.704	-5.133	-10.922	23.965	-1.762	50.109	497.960
Machinery and equipment	1.263.115	-5.931	-23.525	54.843	-69.058	60.821	1.280.265
Other equipment, furniture, fixtures and office equipment	80.371	-1.177	-1.399	14.440	-7.747	579	85.067
Prepayments and assets under construction	187.372	0	-20.500	208.606	-805	-111.510	263.164
Property, plant and equipment	**1.972.562**	**-12.241**	**-56.346**	**301.853**	**-79.371**	**0**	**2.126.456**
Licenses	11.136	-15	0	1.035	-329	0	11.827
Goodwill	1.522	0	0	0	0	0	1.522
Intangible assets	**12.658**	**-15**	**0**	**1.035**	**-329**	**0**	**13.349**
	1.985.220	**-12.256**	**-56.346**	**302.888**	**-79.700**	**0**	**2.139.805**

	Depreciation and Amortization							Carrying Amounts	
	Balance on 30.4.2007	Change in consolida-tion range	Foreign exchange incr./decr.	Ordinary depr./amort.	Dispos-als	Transfers	Balance on 30.4.2008	Balance on 30.4.2008	Balance on 30.4.2007
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Land and buildings	-168.075	2.026	5.192	-20.232	674	-9	-180.425	317.535	273.629
Machinery and equipment	-901.020	5.931	20.904	-87.016	66.655	9	-894.537	385.728	362.095
Other equipment, furniture, fixtures and office equipment	-59.583	1.177	1.039	-7.390	6.190	0	-58.566	26.501	20.788
Prepayments and assets under construction	0	0	0	0	0	0	0	263.164	187.372
Property, plant and equipment	**-1.128.677**	**9.134**	**27.135**	**-114.637**	**73.519**	**0**	**-1.133.528**	**992.928**	**843.885**
Licenses	-8.472	15	0	-879	289	0	-9.047	2.779	2.664
Goodwill	0	0	0	0	0	0	0	1.522	1.522
Intangible assets	**-8.472**	**15**	**0**	**-879**	**289**	**0**	**-9.047**	**4.302**	**4.186**
	-1.137.149	**9.149**	**27.135**	**-115.517**	**73.808**	**0**	**-1.142.575**	**997.230**	**848.071**

SCHEDULE OF FIXED AND FINANCIAL ASSETS AS OF APRIL 30, 2007

	Acquisition or Production Costs					
	Balance on 30.4.2006	Foreign exchange incr./decr.	Additions	Disposals	Transfers	Balance on 30.4.2007
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Land and buildings	407.669	384	21.148	-707	13.209	441.704
Machinery and equipment	1.219.139	1.449	56.723	-27.760	13.564	1.263.115
Other equipment, furniture, fixtures and office equipment	81.881	110	9.810	-11.820	390	80.371
Prepayments and assets under construction	56.605	667	157.478	-207	-27.170	187.372
Property, plant and equipment	**1.765.294**	**2.611**	**245.158**	**-40.495**	**-7**	**1.972.562**
Licenses	10.760	0	867	-498	7	11.136
Goodwill	1.522	0	0	0	0	1.522
Intangible assets	**12.282**	**0**	**867**	**-498**	**7**	**12.658**
	1.777.576	**2.611**	**246.025**	**-40.993**	**0**	**1.985.220**

	Depreciation and Amortization						Carrying Amounts	
	Balance on 30.4.2006	Foreign exchange incr./decr.	Ordinary depr./amort.	Dispos-als	Transfers	Balance on 30.4.2007	Balance on 30.4.2007	Balance on 30.4.2006
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Land and buildings	-151.154	-466	-16.762	307	0	-168.075	273.629	256.515
Machinery and equipment	-844.618	-2.117	-79.941	25.656	0	-901.020	362.095	374.521
Other equipment, furniture, fixtures and office equipment	-62.369	-87	-7.736	10.610	0	-59.583	20.788	19.512
Prepayments and assets under construction	0	0	0	0	0	0	187.372	56.605
Property, plant and equipment	**-1.058.141**	**-2.671**	**-104.439**	**36.573**	**0**	**-1.128.677**	**843.885**	**707.154**
Licenses	-7.964	0	-915	407	0	-8.472	2.664	2.795
Goodwill	0	0	0	0	0	0	1.522	1.522
Intangible assets	**-7.964**	**0**	**-915**	**407**	**0**	**-8.472**	**4.186**	**4.318**
	-1.066.105	**-2.671**	**-105.354**	**36.980**	**0**	**-1.137.149**	**848.071**	**711.472**

In accordance with IAS 17, tangible assets obtained through leases are recorded under non-current assets it the lease agreement substantially transfers the risks and benefits of ownership to the lessee. The carrying amount of these assets totals TEUR 9.008 (30.4.2007: TEUR 9.527) for land and buildings, TEUR 8.165 (30.4.2007: TEUR 9.028) for machinery and equipment and TEUR 602 (30.4.2007: TEUR 496) for other equipment, furniture, fixtures and office equipment. At the end of the lease, the ownership of the asset is transferred to the lessee. The liabilities arising from these leases are reported under financial liabilities.

Additions to property, plant and equipment include TEUR 1.327 (30.4.2007: TEUR 34) of capitalized interest.

Land and buildings includes land with a carrying value of TEUR 44.432 (30.4.2007: TEUR 33.746).

Goodwill is comprised of the following:

	TEUR
Egger Beschichtungswerk Marienmünster GmbH & Co. KG	**1.522**

No impairment charges were recognized to goodwill during the 2007/08 financial year.

(2) Securities and financial assets

Non-current financial assets

	Acquisition value 30.4.2008 TEUR	Accumulated incr./decr. in value 30.4.2008 TEUR	Carrying amount 30.4.2008 TEUR	Carrying amount 30.4.2007 TEUR
Shares in subsidiaries of other private foundations	16.263	0	16.263	4.241
Securities carried at fair value through profit or loss	2.042	-216	1.827	1.831
Investment property	5.484	-1.262	4.221	8.034
Other financial assets	3.740	0	3.740	0
Loans due from				
Third parties	1.306	-307	999	640
Subsidiaries of other private foundations	1.486	0	1.486	1.436
Associates	47	0	47	38
	30.368	**-1.785**	**28.583**	**16.219**

Shares in subsidiaries of other private foundations represent a stake of approx. 18% in Egger Getränke Beteiligungsgesellschaft m.b.H, St. Pölten. The prior year figure represents a 20% stake in Traisentaler Getränke Gesellschaft m.b.H, St. Pölten. Additional information is provided under point 1.3. It was not possible to determine a market value for these shares, and the investments are therefore carried at amortized cost.

Securities are comprised primarily of shares in funds. The carrying amount of these items reflects fair value. During the 2007/08 financial year, net unrealized losses of TEUR 104 (2006/07: losses of TEUR 3) were included under income from financial investments.

Land and buildings that are not required for business operations (**investment property**) developed as follows:

SCHEDULE OF FIXED AND FINANCIAL ASSETS AS OF APRIL 30, 2008

	Acquisition and Production Costs				
	Balance on 30.4.2007	Change in consolidation range	Additions	Disposals	Balance on 30.4.2008
	TEUR	TEUR	TEUR	TEUR	TEUR
Investment property	12.193	-6.698	1	-13	5.484

	Depreciation					Carrying Amounts	
	Balance on 30.4.2007	Change in consolidation range	Ordinary depreciation	Disposals	Balance on 30.4.2008	Balance on 30.4.2008	Balance on 30.4.2007
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Investment property	-4.160	2.982	-96	12	-1.262	4.221	8.034

SCHEDULE OF FIXED AND FINANCIAL ASSETS AS OF APRIL 30, 2007

	Acquisition and Production Costs				
	Balance on 30.4.2006	Change in consolidation range	Additions	Disposals	Balance on 30.4.2007
	TEUR	TEUR	TEUR	TEUR	TEUR
Investment property	12.200	0	16	-23	12.193

	Depreciation					Carrying Amounts	
	Balance on 30.4.2006	Change in consolidation range	Ordinary depreciation	Disposals	Balance on 30.4.2007	Balance on 30.4.2007	Balance on 30.4.2006
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Investment property	-3.958	0	-220	19	-4.160	8.034	8.242

The fair value of TEUR 5.361 (30.4.2007: TEUR 11.521) was determined using an income approach. Expenses arising from investment property totaled TEUR 151 in 2007/08 (2006/07: TEUR 407), and income equaled TEUR 302 (2006/07: TEUR 800).

Securities and current financial assets

Current financial assets of TEUR 245 (30.4.2007: TEUR 425) represent loans with a remaining term of less than one year.

(3) Shares in associates

	Carrying amount 30.4.2007 TEUR	Addition TEUR	Results for the year TEUR	Distribution TEUR	Carrying amount 30.4.2008 TEUR
Shares in associates	2.435	10	1.687	0	4.132

The carrying amount and annual results are related above all to the successor company of the Austrian Novopan – Holzindustrie Gesellschaft m.b.H. The annual financial statements of Novopan that form the basis for the valuation were prepared in accordance with the Austrian Commercial Code. However, the differences to IFRS are not considered to be material. As of the balance sheet date on April 30, 2008, assets equaled TEUR 11.836 (30.4.2007: TEUR 11.213) and liabilities equaled TEUR 6.174 (30.4.2007: TEUR 7.507), while profit for the reporting year totaled TEUR 1.945 (2006/07: TEUR 388).

All other associates are sales companies.

(4) Other assets

	Total 30.4.2008 TEUR	Thereof remaining term Over 1 year TEUR	Thereof remaining term Under 1 year TEUR	Total 30.4.2007 TEUR	Thereof remaining term Over 1 year TEUR	Thereof remaining term Under 1 year TEUR
Other assets						
Due from third parties	20.396	993	19.403	24.091	779	23.312
Tax credits (non-income based taxes)	13.147	0	13.147	18.063	5.725	12.338
Suppliers with debit balances	3.005	99	2.906	3.146	117	3.029
Due from subsidiaries of other private foundations	382	0	382	306	0	306
Due from associates	96	0	96	222	0	222
Derivative financial instruments (assets)	2.701	0	2.701	192	0	192
Prepaid expenses	2.139	156	1.983	1.994	322	1.672
	41.867	**1.248**	**40.619**	**48.014**	**6.943**	**41.072**

Other assets due from third parties are comprised chiefly of insurance claims, investment subsidies that have been granted but not yet received and prepayments on expenses.

Information on derivative financial instruments is provided under point 4.1.

(5) Inventories

	30.4.2008 TEUR	30.4.2007 TEUR
Raw materials and supplies	141.777	93.521
Semi-finished goods	11.753	9.723
Finished goods and merchandise	104.539	81.172
	258.069	**184.416**

Write-downs of TEUR 12.767 (30.4.2007: TEUR 13.814) were recorded to inventories.

Of total inventories, TEUR 7.192 (30.4.2007: TEUR 5.175) are carried at net realizable value less costs to sell.

(6) Trade receivables

	30.4.2008 TEUR	30.4.2007 TEUR
Trade receivables		
Due from third parties	85.487	73.600
Due from subsidiaries of other private foundations	5	1
Due from associates	1.149	891
	86.640	**74.492**

Valuation adjustments of TEUR 3.324 (30.4.2007: TEUR 3.545) were recognized to trade receivables.

Of total trade receivables, TEUR 51 (30.4.2007: TEUR 142) are secured by notes receivable.

During the 2007/08 financial year, trade receivables were sold through factoring. In accordance with IAS 39, trade receivables are not recognized if income, control and part of the risk are transferred to the buyer. As of the balance sheet date on April 30, 2008, receivables totaling TEUR 136.089 (30.4.2007: TEUR 150.034) were not recognized because they had been sold to an external financing institution.

(7) Cash and cash equivalents

	30.4.2008 TEUR	30.4.2007 TEUR
Cash on hand	139	148
Short-term deposits (time deposits)	23.104	26.930
Deposits with financial institutions	184.525	117.958
Cash pooling receivables due from subsidiaries or other private foundations	0	8.417
	207.768	**153.452**

(8) Issued capital, participation rights, perpetual bond, reserves and retained earnings

The primary objectives of **equity management** are to safeguard the continued existence of the company, to finance the growth of the company and to ensure an appropriate return on equity. In this connection, the most important indicators are the debt repayment period (net debt / EBITDA) and the equity ratio (equity / balance sheet total).

The **capital stock** of Egger Holzwerkstoffe GmbH was increased by TEUR 9.711 to TEUR 10.000 from internal funds.

The **share-like participation rights** represent participation rights that may only be cancelled by the issuer. The holder of the participation rights is entitled to a 46,3% of the net profit and net liquidation proceeds of Egger Holzwerkstoffe GmbH. The claims by the holder of the participation rights are subordinated to all other non-subordinated liabilities recognized by the Group. These participation rights are not tied to any other participation rights under company law, above all not to voting rights.

Egger Holzwerkstoffe GmbH issued a **perpetual bond** with a total nominal value of EUR 133 million in May 2006. In accordance with IFRS, the perpetual bond is recorded as equity. The bond has a perpetual term and a fixed coupon of 7,25%, and cannot be cancelled by the company for a period of ten years. If the bond is not cancelled after ten years, the coupon will change to variable interest at a rate equal to the 6-month EURIBOR plus a step-up of 4,85%. The ordinary cancellation rights of bondholders have been excluded. The individual bond certificates represent subordinated liabilities of the issuer. Interest payments are deductible for tax purposes and are payable in May of each year. However, the issuer is only required to pay interest to bondholders if a distribution to shareholders has been approved. The fair value of the bond totaled TEUR 128.983 as of April 30, 2008 (30.4.2007: TEUR 133.599).

(9) Foreign exchange translation

The position “foreign exchange increase/decrease” includes all exchange rate differences resulting from the translation of the annual financial statements of subsidiaries that were prepared in foreign currencies.

Unrealized foreign exchange differences of TEUR -12.993 (30.4.2007: TEUR -965) arising from non-current shareholder loans (net investments) were recorded to the translation reserve under equity without recognition through profit or loss.

(10) Bonds

	Nominal value TEUR	Total term	Remain-ing term	Nominal interest rate	Effective interest rate	Fixed/ variable	Carrying amount 30.4.2008 TEUR	Carrying amount 30.4.2007 TEUR
Bond 2002-09	72.920	7 years	1 years	5,875 %	6,018 %	fixed	**72.801**	**72.658**
Bond 2005-12	165.000	7 years	4 years	3,875 %	3,914 %	fixed	**164.715**	**164.652**

In March 2002 Fritz Egger Gesellschaft m.b.H. issued a 5,875% bond with a volume of EUR 100 million. The bond has a term of seven years ending in March 2009. Interest payments are due each year in March. As of April 30, 2008 Fritz Egger Gesellschaft m.b.H. held a nominal amount of TEUR 27.080 (30.4.2007: TEUR 27.080). The outstanding nominal amount of TEUR 72.920 (30.4.2007: TEUR 72.920) represents a fair value of TEUR 73.212 (30.4.2007: TEUR 74.233).

In October 2005 Egger Finanzservice GmbH (which was merged into Egger Holzwerkstoffe GmbH during 2007/08) issued a 3,875% fixed coupon bond with a volume of EUR 165 million. The bond has a term of seven years, ending in October 2012. Interest payments are due each year in October. The fair value of the bond totals TEUR 154.853 (30.4.2007: TEUR 155.100).

(11) Financial liabilities

	Total	Thereof remaining term		
	30.4.2008 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Financial liabilities owed to credit institutions				
Investment credits	411.949	32.214	315.567	64.168
Working capital credits	10.721	0	7.143	3.578
Other	5.415	0	0	5.415
	428.084	**32.214**	**322.709**	**73.161**
Other financial liabilities				
Finance leases	8.641	195	5.750	2.697
Cash pooling liabilities / settlement liabilities due to subsidiaries of other private foundations	18.495	0	3.295	15.200
Other	6.888	0	6.888	0
	34.025	**195**	**15.933**	**17.897**
	462.109	**32.409**	**338.642**	**91.058**

	Total	Thereof remaining term		
	30.4.2007 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Financial liabilities owed to credit institutions				
Investment credits	230.067	12.888	161.092	56.088
Working capital credits	20.190	0	10.714	9.476
Other	4.856	0	0	4.856
	255.114	**12.888**	**171.806**	**70.420**
Other financial liabilities				
Finance leases	9.166	132	6.572	2.462
Cash pooling liabilities due to subsidiaries of other private foundations	4.217	0	0	4.217
Other	7.392	7.392	0	0
	20.775	**7.524**	**6.572**	**6.679**
	275.889	**20.412**	**178.378**	**77.100**

Of the total investment and working capital credits, TEUR 12.315 (30.4.2007: TEUR 18.853) are denominated in British Pounds. The other credits were concluded in Euros.

Financial liabilities of TEUR 241.952 (30.4.2007: TEUR 155.071) are secured by the following collateral.

Type of collateral	Carrying amount 30.4.2008 TEUR	Carrying amount 30.4.2007 TEUR
Rights to investments in companies	183.010	0
Property, plant and equipment	241.014	273.603

The key conditions of liabilities owed to credit institutions are listed below:

Type of financing	Carrying amount 30.4.2008 TEUR	Fair value 30.4.2008 TEUR	Effective interest rate 2007/08 %	Interest rate fixed/variable
Investment credits	120.753	118.045	3,89	fixed
	291.196	291.196	5,59	variable
Working capital credits	10.714	10.902	5,65	fixed
	7	7	3,96	variable
	422.670	**420.150**		

The investment credits were contracted as financing for non-current assets. The working capital credits were used to finance current assets.

Liabilities arising from finance leases are comprised of the following:

	Total	Thereof remaining term		
	30.4.2008 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Present value	8.641	195	5.750	2.697
Interest	661	7	349	306
Payment amount	**9.303**	**202**	**6.099**	**3.003**

(12) Other liabilities

	Total	Thereof remaining term		
	30.4.2008 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	13.435	102	463	12.870
Due to employees	25.323	0	0	25.323
Outstanding customer bonuses	17.202	0	0	17.202
Due to subsidiaries of other private foundations	65	0	0	65
Due to associates	35	0	0	35
Taxes (non-income based taxes)	7.086	0	0	7.086
Social security	6.371	0	0	6.371
Derivative financial instruments (liabilities)	1.156	0	287	869
Deferred income	4.424	307	2.861	1.256
	75.097	**409**	**3.611**	**71.077**

	Total	Thereof remaining		
	30.4.2007 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	20.730	8	333	20.389
Due to employees	24.259	0	0	24.259
Outstanding customer bonuses	15.568	0	0	15.568
Due to subsidiaries of other private foundations	100	0	0	100
Due to associates	30	0	0	30
Taxes (non-income based taxes)	5.522	0	0	5.522
Social security	5.884	0	0	5.884
Derivative financial instruments (liabilities)	638	0	638	0
Deferred income	4.383	536	2.934	913
	77.114	**544**	**3.905**	**72.666**

As of the balance sheet date on April 30, 2007, other liabilities due to third parties include TEUR 9.643 of interest expense for the perpetual bond. Since no distributions were made during the 2007/08 financial year and no distributions are planned, this position did not lead to the recognition of any liabilities as of April 30.4.2008.

Information on derivative financial instruments (liabilities) is provided under point 4.1.

(13) Investment subsidies

Investment subsidies developed as follows during the financial year:

	Balance on 1.5.2007 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Balance on 30.4.2008 TEUR
Investment subsidies	57.557	-154	2.764	-10.955	**49.211**

The investment subsidies are released to profit or loss over the useful life of the relevant tangible asset.

(14) Non-current provisions

	Balance on 1.5.2007 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Addi-tions TEUR	Use TEUR	Revers-al TEUR	Balance on 30.4.2008 TEUR
Provisions for termination benefits	16.537	-11	0	372	-24	0	16.874
Provisions for pensions	18.868	0	-1.720	120	-680	0	16.588
Other provisions for employees	17.167	-10	0	1.608	-938	-125	17.702
Other non-current provisions	9.650	-9.688	0	3.242	-34	-117	3.052
	62.223	**-9.709**	**-1.720**	**5.342**	**-1.676**	**-242**	**54.217**

Provisions for termination benefits

	30.4.2008 TEUR	30.4.2007 TEUR
Present value (DBO) of obligation = provision recognized as of May 1	16.537	15.150
Change in consolidation range	-11	0
Service cost	1.027	968
Interest expense	783	698
Recognized actuarial gain / loss	-296	81
Severance payments	-1.167	-360
Present value (DBO) of obligation = provision recognized as of April 30	16.874	16.537

Termination benefits for the 2008/09 financial year are expected to equal TEUR 583.

Provisions for pensions

Calculation of provisions recognized on the balance sheet	30.4.2008 TEUR	30.4.2007 TEUR
Present value (DBO) of obligation covered by pension fund assets	50.790	56.582
Fair value of pension fund assets	-37.991	-43.561
Net value of obligation covered by pension fund assets	12.799	13.021
Present value (DBO) of obligation not covered by pension fund assets	3.011	2.942
Unrecognized actuarial gain	778	2.905
Provisions recognized as of April 30	16.588	18.868

Composition of pension plan assets	30.4.2008 in %	30.4.2007 in %
Stocks and shares in funds	73	68
Fixed-interest securities	22	27
Other	5	5

Development of present value (DBO) of obligation	30.4.2008 TEUR	30.4.2007 TEUR
Present value (DBO) of obligation as of May 1	59.525	52.044
Currency translation adjustment	-6.732	702
Service cost	417	416
Interest expense	3.058	2.718
Actuarial gain / loss	-201	5.549
Pension payments	-2.266	-1.904
Present value(DBO) of obligation as of April 30	53.801	59.525

Development of fair value of pension plan assets	30.4.2008 TEUR	30.4.2007 TEUR
Fair value of pension plan assets as of May 1	43.561	40.541
Currency translation adjustment	-5.106	577
Expected return on investment	2.752	2.634
Actuarial loss / gain	-2.257	332
Contributions to fund	1.109	1.121
Pension payments by fund	-2.068	-1.643
Fair value of pension plan assets as of April 30	37.991	43.561

The following amounts were recognized to profit or loss for the period:	30.4.2008 TEUR	30.4.2007 TEUR
Service cost	417	416
Interest expense	3.058	2.718
Expected return on investment	-2.752	-2.634
Realized actuarial loss / gain	31	-302
Expenses included under personnel expenses / financial results	755	198
Actual gain on investment	-495	-2.966

Development of unrealized actuarial results:	30.4.2008 TEUR	30.4.2007 TEUR
Balance of accumulated actuarial gains as of May 1	2.905	8.313
Currency translation adjustment	-102	111
Actuarial gain / loss for the year from the DBO	232	-5.544
Actuarial loss / gain for the year from pension plan assets	-2.257	332
Amortization for the financial year (excess over corridor)	0	-308
Balance of accumulated actuarial gains as of April 30	778	2.905

Historical information on obligation covered by fund assets

	2008 TEUR	2007 TEUR	2006 TEUR
Present value (DBO)	50.790	56.582	49.127
Present value of pension plan assets (PA)	37.991	43.561	40.541
Deficit from pension plan	-12.799	-13.021	-8.586
Adjustment of loss / (gain) from DBO based on experience	0	1.320	0

Adjustments are made based on experience to reflect variances in the employee-related parameters, which include employee turnover, life expectancy and retirement trends.

The adjustments to pension plan assets based on actual experience represent the actuarial gains/losses.

Payments for pension obligations are expected to total TEUR 1.485 in 2008/09.

Other non-current employee provisions

	30.4.2008 TEUR	30.4.2007 TEUR
Present value(DBO) of obligation as of May 1	17.167	14.780
Change in consolidation range	-10	0
Service cost	1.722	2.875
Interest expense	757	630
Recognized actuarial gain / loss	-461	35
Long-service bonuses, shift-work bonuses granted on retirement or part-time work for older employees	-1.473	-1.153
Present value(DBO) of obligation = recognized provision as of April 30	17.702	17.167

These other non-current provisions for employees include the provisions for long-service bonuses, the provisions for shift-work bonuses granted on retirement and the provisions for part-time work for older employees.

The current provision for part-time work for older employees includes TEUR 1.194 (30.4.2007: TEUR 1.143) that are secured by collateral. This collateral represents shares in funds.

(15) Income taxes

Income tax expense is comprised of the following:

	2007/08 TEUR	2006/07 TEUR
Income taxes paid	23.586	25.579
Taxes resulting from equity items	8.135	2.759
Deferred taxes	4.162	-2.387
	35.883	**25.951**

The taxes resulting from equity items represent outstanding interest payments for the perpetual bond and currency translation differences on net investments.

Temporary differences between the carrying amounts in the IFRS financial statements and the relevant tax bases have the following effect on deferred taxes as shown on the balance sheet:

	30.4.2008		30.4.2007	
	Deferred tax assets TEUR	Deferred tax liabilities TEUR	Deferred tax assets TEUR	Deferred tax liabilities TEUR
Property, plant and equipment	4.311	32.309	6.451	36.738
Intangible assets	5.032	238	5.304	145
Financial assets	545	153	1.785	613
Inventories	2.608	437	3.120	149
Trade receivables	104	5	287	16
Other assets	1.489	964	1.419	402
Financial liabilities	2.471	1.100	2.578	1.438
Trade payables	233	123	114	171
Other liabilities	1.697	2.787	2.124	1.268
Provisions	8.758	372	10.427	361
Equity (perpetual bond, net investment)	124	0	139	8
Special depreciation for tax purposes	0	2.156	0	2.833
Tax loss carryforwards	11.550	0	11.811	0
Deferred tax assets/liabilities	38.922	40.644	45.559	44.142
Offset within legal tax units and jurisdictions	-23.076	-23.076	-21.806	-21.806
Deferred taxes (net)	**15.846**	**17.568**	**23.753**	**22.336**

Transition for deferred income tax expense

	TEUR	TEUR	TEUR
Deferred tax assets as of 30.4.2007	23.753		
Deferred tax liabilities as of 30.4.2007	-22.336	1.417	
Deferred tax assets as of 30.4.2008	15.846		
Deferred tax liabilities as of 30.4.2008	-17.568	-1.722	
Change in deferred taxes 2007/08			3.139
Currency translation adjustment			506
Change in consolidation range			524
Changes recognized directly in equity			-7
Deferred income tax expense			**4.162**

Current tax regulations support the assumption that the differences between the tax base and the proportional share of equity in consolidated subsidiaries, which are a result of retained earnings, should remain largely tax-free in the future. Therefore, deferred taxes were not recognized for these items.

Deferred taxes were capitalized on loss carryforwards because it is probable that sufficient taxable profit will be available to utilize these carryforwards within the next five years. The use of loss carryforwards is limited to 10 years for OOO Egger Drevprodukt, Moscow, and to five years for S.C. EGGER Romania S.R.L, Radauti. Tax regulations in other countries do not place time limits on the use of loss carryforwards by Group companies.

The difference between the expected tax liability and income tax expense as shown on the income statement resulted from the following factors:

	2007/08		2006/07	
	TEUR	%	TEUR	%
Profit before tax	147.982		86.334	
Thereof income tax at a rate of 25%	36.995	25,0	21.584	25,0
Decrease / increase in taxes due to				
Other tax rates	4.707	3,2	7.453	8,6
Tax expense and income from prior periods	4.141	2,8	704	0,8
Changes in tax rates	-1.434	-1,0	0	0,0
Non-deductible expenses	709	0,5	1.260	1,5
Amortization of goodwill for tax purposes	-3.183	-2,2	-3.183	-3,7
Tax-deductible interest on risk capital	-2.192	-1,5	0	0,0
Tax-free income	-3.513	-2,4	-1.732	-2,0
Other	-347	-0,2	-136	-0,2
Effective tax expense	**35.883**	**24,2**	**25.951**	**30,1**

(16) Trade payables

	30.4.2008 TEUR	30.4.2007 TEUR
Trade payables		
Due to third parties	202.381	155.511
Due to subsidiaries of other private foundations	355	158
Due to associates	2.982	2.155
	205.718	**157.825**

(17) Current provisions

	Balance on 1.5.2007 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2008 TEUR
Legal proceedings and other legal costs	879	-78	0	60	-15	-150	696
Other	1.149	-9	-40	89	-150	0	1.038
	2.028	**-87**	**-40**	**149**	**-165**	**-150**	**1.734**

(18) Revenues and segment reporting

The segmentation of the Group's activities is based on area of business (primary segments) and region (secondary segments). The segmentation by area of business reflects the internal reporting structure. Assets and liabilities as well as income and expenses were allocated to the individual segments. The provision of goods and services between the individual segments is generally based on arm's length pricing.

The primary segments comprise the following areas of business:

Decorative: Production and sale of chipboard, MDF and HDF boards as well as various finished and semi-finished products that are derived, refined or processed from these items

Retail: Production and sale of laminated flooring and OSB boards

The regional segmentation of revenues is based on the location of the customer, while assets and capital expenditure are allocated according to the headquarters of the producing company.

Segmentation by area of business

	April 30, 2008			
	Decorative TEUR	Retail TEUR	Consolidation TEUR	Total TEUR
Third party revenues	1.252.539	384.425	0	1.636.964
Inter-company revenues	34.216	40.653	-74.869	0
	1.286.755	425.078	-74.869	1.636.964
Segment EBIT	**159.014**	**18.231**	**8.000**	**185.245**
Financial results				-38.858
Income from financial investments				-104
Results from associates				1.699
Profit before tax				**147.982**
Income taxes				-35.883
Profit after tax				**112.100**
Segment assets	5.035.550	306.844	-3.700.134	1.642.259
Segment liabilities	983.824	246.673	-110.179	1.120.318
Capital expenditure	291.282	11.606	0	302.888
Depreciation	81.224	34.293	0	115.517

	April 30, 2007			
	Decorative TEUR	Retail TEUR	Consolidation TEUR	Total TEUR
Third party revenues	1.101.113	377.916	0	1.479.029
Inter-company revenues	48.733	37.526	-86.259	0
	1.149.846	415.442	-86.259	1.479.029
Segment EBIT	**91.953**	**22.584**	**365**	**114.901**
Financial results				-28.973
Income from financial investments				90
Results from associates				316
Profit before tax				**86.334**
Income taxes				-25.951
Profit after tax				**60.383**
Segment assets	3.398.556	336.133	-2.381.511	1.353.178
Segment liabilities	747.040	255.766	-92.230	910.576
Capital expenditure	227.154	18.871	0	246.025
Depreciation	71.397	33.957	0	105.354

Segmentation by region

	West and Central Europe TEUR	Southern and Eastern Europe TEUR	Other countries TEUR	Consolidation TEUR	Total TEUR
30.4.2008					
Third-party revenues	1.057.428	502.446	77.090	0	1.636.964
Segment assets	5.000.498	305.516	0	-3.663.755	1.642.259
Capital expenditure	170.086	132.802	0	0	302.888
30.4.2007					
Third-party revenues	1.016.818	396.738	65.473	0	1.479.029
Segment assets	3.547.655	167.250	0	-2.361.727	1.353.178
Capital expenditure	196.602	49.423	0	0	246.025

Freight costs charged to other companies are included under revenues for the first time as of April 30, 2008. The prior year amount of TEUR 7.548 was reclassified from other operating income.

(19) Other operating income

	2007/08 TEUR	2006/07 TEUR
Income from investment property	302	800
Gains on the sale of property, plant and equipment	574	95
Reversal of investment subsidies	10.955	10.889
Miscellaneous operating income	19.329	24.370
	31.160	**36.154**

Miscellaneous operating income is comprised primarily of compensation for damages, income from recycling, expenses charged out and rental income.

(20) Cost of materials and services

	2007/08 TEUR	2006/07 TEUR
Cost of materials	909.070	804.902
Cost of services	5.073	4.822
	914.143	**809.724**

(21) Personnel expenses

	2007/08 TEUR	2006/07 TEUR
Wages	117.446	114.584
Salaries	77.299	71.390
Expenses for pensions	-1.291	-1.593
Expenses for termination payments and contributions to external employee pension funds	1.076	1.263
Payroll-related taxes and duties	44.755	43.622
Other employee benefits	3.018	2.388
	242.303	**231.654**

The average number of employees is as follows:

	2007/08	2006/07
Salaried employees	1.901	1.765
Wage employees	3.780	3.582
	5.681	**5.347**

Part-time employees are included in the above figures based on the time worked.

(22) Other operating expenses

	2007/08 TEUR	2006/07 TEUR
Freight	115.299	105.662
Temporary personnel	30.791	28.981
Miscellaneous taxes	8.940	8.611
Insurance	7.466	8.303
Legal and consulting expenses	8.848	10.209
Advertising	8.313	10.953
Lease and rental fees	8.918	7.255
Losses on the disposal of non-current assets	2.682	1.763
Expenses arising from investment property	151	407
Miscellaneous operating expenses	74.586	84.497
	265.995	**266.640**

Miscellaneous operating expenses are comprised primarily of waste disposal costs, expenses for maintenance, service and repairs as well as travel, communications, sales commissions and distribution.

(23) Non-recurring income

The non-recurring income of TEUR 8.745 represents the results from the deconsolidation of Getränke-Industrie Richard Schipal Gesellschaft m.b.H.

(24) Financial results

	2007/08 TEUR	2006/07 TEUR
Interest expense	37.389	27.674
Expenses recognized for the repurchase of bonds	0	1
Interest expense on provisions for employee benefits	4.598	4.046
Interest income	-5.995	-3.417
Currency translation gains/losses from financing	4.937	805
Income/expenses on financial derivatives	-2.071	-135
	38.858	**28.973**

With the exception of financial derivatives, the above income is generated exclusively by loans and receivables. The expenses are related to liabilities carried at amortized cost, with the exception of derivatives.

(25) Income from financial investments

	2007/08 TEUR	2006/07 TEUR
Recognized income on securities (net income)	0	93
Unrecognized income on securities (net expense)	-104	-3
	-104	**90**

Since all securities are carried at fair value through profit or loss, the above results are attributable entirely to this category of financial instruments.

(26) Additional information on the consolidated cash flow statement

	2007/08 TEUR	2006/07 TEUR
Interest income received	4.728	3.517
Interest expense paid	-35.928	-25.408
Income taxes paid	-21.660	-33.046
Income taxes refunded	843	1.480

3. Risk Report

Principles of risk management

The Egger Group has installed a comprehensive risk management system to analyze the risks to which it is exposed. Risk is defined as the possibility of a variance from corporate goals, and covers the possibility of a loss as well as the failure to utilize an opportunity. The goals of risk management are to protect the asset, financial and earnings position of the Egger Group and also identify future opportunities to generate earnings and realize growth. The decentralized organizational and management structure of Egger in connection with increasing geographical diversification allow the Group to minimize business risks and reduce the related negative consequences. This process is supported by an integrated risk profile, which was developed to standardize risk management throughout the Group. In addition to geographic diversification, a concentration on the core business (decorative / construction / retail) supports the optimization of procedures and a focused risk management system. High market shares, long-standing cooperation with customers, suppliers and service providers / consultants as well as particularly low employee turnover are the guarantee for wide-ranging knowledge of the Group's markets and the early identification of risks.

As part of its risk management strategy, Egger has carried out a detailed identification of the risks to which the Group is exposed as well as a valuation of the major risks since 2006/07. The quantitative and qualitative effects (extent of potential damages) and the probability of occurrence of the most important Egger risks are identified and documented once each year during the strategy meeting. The individual risks identified by this survey are summarized under major risks and subsequently into risk groups. Risk management activities are concentrated on the 15 largest major risks, which are analyzed and monitored regularly by designated "risk owners".

The maximum risk capacity for the entire Egger Group has been defined as 60% of annual consolidated EBITDA for the total of all major risks. Therefore, the identified major risks must be limited to this amount as part of the planning process (through avoidance, reduction or insurance).

No risks can be identified at the present time, which could endanger the continued existence of the Egger Group. The individual companies in the Egger Group consciously take on risk only in connection with their operating activities. Controlling and planning instruments, Group-wide guidelines and regular reporting are used to monitor and manage risks.

The Egger risk management system represents an effective structure for the early identification, communication, management and handling of risks. The goal of this system is to identify potential risks at an early point in time and to value these risks, estimate their consequences and, if necessary, to initiate suitable preventive or hedging measures. Risk management represents an integral part of all decisions and business processes in the Egger Group.

Financial risks

The interest rate and foreign exchange risks arising from the operating activities of the Egger Group are determined each quarter based on a 12-month risk analysis. This evaluation forms the starting point for the control and management of interest rate and foreign exchange risks in keeping with the risk management strategy defined by Group management and in accordance with the limits established for interest rate and foreign exchange risks. The hedging requirements determined by this analysis are designed to limit interest rate and foreign exchange risks through the directed use of financial instruments, and thereby ensure that the Group’s risk position after the conclusion of these hedges does not exceed the defined risk capacity. This risk capacity is determined each year as a percentage of the Group’s overall risk capacity, which represents a percentage of budgeted EBITDA.

Interest rate risk

Risks arising from changes in interest rates are generally related to borrowings. As part of the general risk analysis, a risk position is calculated for the expected interest rate risk arising from variable rate borrowings based on forward rates and a 95% probability of occurrence. This risk is limited to a level below the available risk capacity through the use of interest rate swaps and forward rate agreements, depending on the underlying transaction.

The maximum net interest rate risk is hedged through interest rate caps, whose strike equals the amount of budgeted CFROI.

A list of all major interest-bearing liabilities together with the effective interest rate and remaining term as well as information on existing hedges is provided in the notes under financial liabilities. The derivative financial instruments used to hedge this risk are included in the list of financial instruments.

Foreign exchange risk

The regular business operations of the Group lead to foreign exchange risk on cash transactions in CHF, GBP, PLN und USD. Free cash flows in GBP and RUB, which are generated by non-EUR assets, are also exposed to a direct foreign exchange risk until they are converted into EUR. EUR-revenues recorded in non-EUR countries are subject to an indirect foreign exchange risk, since an increase in the value of the EUR can lead to increased pressure on prices in individual markets.

Budgeted revenues and budgeted free cash flows form the foundation for risk analysis in this area. The individual risk positions are calculated for each term based on the implied volatility and the accompanying probability of loss, and then added to determine the total foreign exchange risk. The total risk position is then limited by forward exchange contracts that are coordinated with the individual underlying positions.

The Egger Group is also exposed to risks resulting from the translation of individual financial statements from countries outside the Euro zone into the Euro as the reporting currency (translation risk). This risk is also determined each year as part of the risk analysis. Translation risk is only hedged when the potential risk would lead to an equity ratio of less than 25%.

Liquidity risk

Liquidity risk represents a danger to the continued existence of the Group companies as well as the entire Group. Therefore, sufficient funds must be available to ensure that payment obligations can be met at any time. The liquidity position is evaluated regularly on the basis of daily cash dispositions and the Group’s financial standing (short-term availability of liquid funds) as well as liquidity planning for 18 months and mid-term planning for five years. Budgeted short-term liquidity requirements are covered by cash balances, which include a pre-determined liquidity reserve. Mid-term requirements are safeguarded by pre-arranged lines of credit and bilateral financing.

Credit risk

The amounts reported under assets represent the maximum credit and default risk because there are no general settlement agreements. The risk associated with trade receivables is considered to be low because the credit standing of new and existing customers is monitored on a regular basis. Receivables are also principally insured against default, whereby the Group has a deductible of approx. 15% (30.4.2007: approx. 15%). The maximum risk of default is TEUR 33.236 (30.4.2007: TEUR 33.879).

The risk of default on other primary financial assets and on derivative financial instruments is considered to be low because the Group only works with financial institutions that have an excellent credit rating.

Operating risks

Market risks

The core business of the Egger Group – the development and production of high-quality wood materials for decorative and construction applications – is subject to economic and seasonal fluctuations. In order to eliminate fluctuations in earnings to the greatest extent possible, the Group pursues a strategy of geographic and product diversification.

Procurement, production and investment risks

Egger uses large quantities of raw materials and energy in the production of wood materials. The purchase prices of these raw materials and energy may fluctuate significantly, depending on the market situation, and the Group may not be able to pass on these higher costs to customers through the adjustment of selling prices. A variety of actions provide the best possible protection against raw material price risks: the Group’s monitors procurement markets constantly; minimizes fluctuations with appropriate stock levels; concludes long-term supply contracts with specific suppliers; and includes price adjustment clauses in customer contracts.

Production capacity can be impaired by unplanned malfunctions, natural disasters or problems in obtaining sufficient supplies of key strategic raw materials. In order to counter the potential effect of any such incidents on earnings, the Group prepares emergency plans, arranges for support and spare parts from other Egger production facilities and safeguards supplies of key raw materials through long-term delivery contracts wherever possible.

Production facilities are monitored regularly to avoid excess capacity and adjusted if necessary to reflect the mid-term development of sales volumes. Measures taken by the Group may include the short-term shutdown of equipment or plants and the use of appropriate marketing instruments.

All investment and growth projects must meet pre-defined targets for return and profitability, and are monitored regularly to ensure that these targets are met. Efficient and effective monitoring is guaranteed by the application of value management principles, analysis on the basis of indicators and the use of detailed investment calculation models.

4. Other Information

4.1. Financial instruments

The Group holds both primary and derivative financial instruments. **Primary financial instruments** are comprised chiefly of financial assets, trade receivables, securities, deposits with financial institutions, bonds, financial liabilities and trade payables.

Derivative financial instruments consist of the following:

	30.4.2008			30.4.2007		
	Currency	Nominal value in thous.	Fair value TEUR	Currency	Nominal value in thous.	Fair value TEUR
Interest rate swaps with positive fair value	EUR	143.626	8	EUR	18.168	116
Interest rate swaps with negative fair value	EUR	193.626	-369	EUR	18.168	-637
	GBP	20.000	-27	GBP	0	0
Forward rate agreement	EUR	189.500	287	EUR	0	0
Interest rate CAPs	EUR	311.453	76	EUR	237.353	70
	GBP	24.735	9	GBP	26.676	7
Interest rate floor	EUR	19.077	-2	EUR	25.435	-1
Forward exchange contracts	CHF	26.400	-20	CHF	0	0
	CZK	175.500	-420	CZK	0	0
	GBP	29.900	2.325	GBP	0	0
	HUF	750.000	-32	HUF	0	0
	PLN	59.850	-488	PLN	0	0
	RUB	582.000	197	RUB	0	0
			1.544			**-445**

The nominal value reflects the contract volume of the derivative financial instruments. Fair value represents the amount at which the transactions could be settled.

The derivative financial instruments are held solely to hedge interest rate and foreign exchange risks. No derivative financial instruments are held for trading or speculative purposes.

Fair value

The fair value of financial assets and financial liabilities represents the carrying amount of these items in most cases. If there is a larger variance between the carrying amount and the fair value, the fair value is shown together with the relevant item. The fair values of derivative financial instruments are listed in the above table. The fair values of the other primary financial instruments reflect the carrying amounts of these items because of their short term.

The following table shows the carrying values and fair values of the individual financial assets and liabilities for each **category of financial instruments** as well as the transition of these amounts to the relevant balance sheet positions.

Balance sheet position	Valuation category [1]	30.4.2008 Carrying amount MEUR	30.4.2008 Fair value MEUR	30.4.2007 Carrying amount MEUR	30.4.2007 Fair value MEUR
ASSETS					
Financial assets					
Shares in subsidiaries of other private foundations[2]	AFS/FAAC	0	-	4,2	-
Securities measured at fair value through profit or loss	FAFVTPL	1,8	1,8	1,8	1,8
Investment property	IAS 40	4,2	5,4	8,0	11,5
Other financial assets[2]	AFS/FAAC	20,0	-	0,0	-
Intragroup funds	LAR	2,8	2,8	2,6	2,6
		28,8		**16,6**	
Other assets					
Due from third parties	LAR	20,4	20,4	24,1	24,1
Tax credits (other than from income taxes)		13,1	13,1	18,1	18,1
Suppliers with debit balances	LAR	3,0	3,0	3,1	3,1
Due from subsidiaries of other private foundations	LAR	0,4	0,4	0,3	0,3
Due from associates	LAR	0,1	0,1	0,2	0,2
Derivative financial instruments (assets)	FAFVTPL	2,7	2,7	0,2	0,2
Prepaid expenses	LAR	2,2	2,2	2,0	2,0
		41,9		**48,0**	
Trade receivables	LAR	**86,6**	86,6	**74,5**	74,5
Cash and cash equivalents	LAR	**207,8**	207,8	**153,5**	153,5
Aggregated by valuation category					
Financial assets measured at amortized cost	*FAAC*	*20,0*		*4,2*	
Financial assets at fair value through profit or loss	*FAFVTPL*	*4,5*		*2,0*	
Loans and receivables	*LAR*	*323,3*		*260,3*	
LIABILITIES					
Bonds and financial liabilities	FLAC	**699,6**	687,6	**513,2**	503,8
Other liabilities					
Due to third parties	FLAC	13,5	13,5	20,7	20,7
Due to employees	FLAC	25,3	25,3	24,3	24,3
Customer bonuses not yet paid	FLAC	17,2	17,2	15,6	15,6
Due to subsidiaries of other private foundations	FLAC	0,1	0,1	0,1	0,1
Tax liabilities (other than from income taxes)		7,1	7,1	5,5	5,5
Due to social security carriers		6,4	6,4	5,9	5,9
Derivative financial instruments (liabilities)	FLFVTPL	1,2	1,2	0,6	0,6
Deferred income	FLAC	4,3	4,3	4,4	4,4
		75,1		**77,1**	
Trade payables	FLAC	**205,7**	205,7	**157,8**	157,8
Aggregated by valuation category					
Financial liabilities measured at amortized cost	*FLAC*	*965,7*		*736,1*	
Financial liabilities at fair value through profit or loss	*FLFVTPL*	*1,2*		*0,6*	

(1) Valuation categories as defined by IAS 39 / valuation in accordance with another IAS / IFRS
(2) Generally available for sale (AFS); since fair value cannot be reliably determined, valuation at cost less any impairment charges.

4.2. Other obligations and uncertain liabilities

Supply contracts

The Group has concluded rental and lease agreements with various contract partners for assets that are used in business operations. These contracts are generally related to the rental or leasing of office space, land and information technology (hardware and software). The minimum payments resulting from these contracts are shown below:

Obligations as of 30.4.2008	Total		Thereof due	
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	10.124	0	5.258	4.866
Rental agreements	10.805	5.607	3.772	1.426
	20.929	**5.607**	**9.030**	**6.292**

Obligations as of 30.4.2007	Total		Thereof due	
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	10.983	0	6.117	4.866
Rental agreements	10.964	5.625	3.605	1.734
	21.947	**5.625**	**9.722**	**6.600**

Lease and rental expenses totaled TEUR 8.918 in 2007/08 (2006/07: TEUR 7.255).

Uncertain liabilities

The Group holds numerous patents and has filed additional patent applications in the area of laminated flooring with glueless installation systems, which are connected with general legal uncertainty. Therefore, future disputes over patent rights cannot be excluded. However, this situation has been largely minimized by the conclusion of a licensing agreement with a major flooring producer.

In addition, certain subsidiaries of Egger Holzwerkstoffe GmbH are parties in various legal proceedings related to ordinary business activities. A provision was created in cases where it is probable that these proceedings will lead to a future payment or other form of performance whose amount can be estimated. Management assumes that these proceedings will not have a material effect on the asset, financial or earnings position of Egger Holzwerkstoffe GmbH.

Contingent liabilities

Egger has accepted contingent liabilities of TEUR 30 (30.4.2007: TEUR 47).

4.3. Transactions with Related Party and Subsidiaries of other Private Foundations

All subsidiaries and associates of Egger Holzwerkstoffe GmbH are considered to be related parties.

A list of the subsidiaries and associates of Egger Holzwerkstoffe GmbH is provided in Appendix 1 to the notes. All transactions between subsidiaries of Egger Holzwerkstoffe GmbH are eliminated during the consolidation. The major business transactions with associates are summarized as follows:

	30.4.2008 TEUR	30.4.2007 TEUR
Revenues	2.878	2.812
Cost of materials (procurement from associates)	31.849	17.671
Receivables	1.363	1.225
Liabilities	3.017	2.185

The shareholders of Egger Holzwerkstoffe GmbH are the investment in "FM Deutschland" – Privatstiftung, Vienna, and the investment in "FM England" – Privatstiftung, Vienna. In addition, there are other private foundations that were directly or indirectly established by members of the Egger family. These foundations are listed below:

- MFE Vermögensverwaltung Privatstiftung, Vienna
- Beteiligung "FM Getränke" – Privatstiftung, Vienna
- Beteiligung "E.F.P." – Privatstiftung, Vienna
- Beteiligung "FM International" – Privatstiftung, Vienna

These four private foundations are designated as “other private foundations” in the consolidated financial statements. The other private foundations and their subsidiaries are not classified as subsidiaries or associates.

The top management of 56 persons (30.4.2007: 53) received salaries totaling TEUR 7.541 in 2007/08 (2006/07: TEUR 6.695).

The Managing Board was comprised of the following persons in 2007/08.

Michael Egger
Walter Schiegl
Thomas Leissing
Ulrich Bühler

All business transactions with related persons are conducted at arm’s length.

4.4. Statement by the company’s legal representatives

We confirm to the best of our knowledge that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report provides a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties faced by the group.

St. Johann i.T., July 11, 2008

Michael Egger Walter Schiegl Thomas Leissing Ulrich Bühler

The Managing Board

Appendix 1 – Consolidation Range

Company	Headquarters		Nominal capital in 1,000	Stake %	Type of consolidation
Egger Holzwerkstoffe GmbH	St. Johann i. T.	EUR	10.000	100,00	Full consolidation
Fritz Egger Gesellschaft m.b.H.	St. Johann i. T.	EUR	30.000	94,90	Full consolidation
Fritz Egger Gesellschaft m.b.H. & Co	St. Johann i. T.	EUR	4.563	94,90	Full consolidation
EGGER Retail Products GmbH	St. Johann i. T.	EUR	37	94,90	Full consolidation
Fritz Egger Vermögensverwaltung GmbH	St. Johann i. T.	EUR	37	94,90	Full consolidation
Fritz Egger Beteiligungsverwaltung GmbH	St. Johann i. T.	EUR	35	94,90	Full consolidation
Fritz Egger Vertriebs GmbH	St. Johann i. T.	EUR	35	94,90	Full consolidation
Egger Osteuropa Beteiligungs GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger Holzprodukte Vertriebs GmbH	St. Johann i. T.	EUR	35	94,90	Full consolidation
Egger Holzprodukte Verwaltungs GmbH	St. Johann i. T.	EUR	35	94,90	Full consolidation
Egger Verwaltungsgesellschaft m.b.H.	St. Johann i. T.	EUR	37	100,00	Full consolidation
Egger Deutschland Beteiligungs-verwaltung GmbH	St. Johann i. T.	EUR	2.253	94,84	Full consolidation
Egger Deutschland Management GmbH	St. Johann i. T.	EUR	250	94,90	Full consolidation
Egger Holzhandel GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger Rumänien Beteiligungs-verwaltung GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger JV Beteiligungs GmbH	St. Johann i. T.	EUR	35	93,00	Full consolidation
Egger Belgien Beteiligungsverwaltung GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Hackgut Logistik & Handels GmbH	Großschönau	EUR	100	48,40	Full consolidation
Österreichische Novopan – Holzindustrie Gesellschaft m.b.H. – Nachfolger	Leoben	EUR	2.907	47,45	Equity method
Egger France SAS	Rion des Landes	EUR	725	94,90	Full consolidation
EGGER Panneaux & Décors SAS	Rion des Landes	EUR	16.000	94,90	Full consolidation
Egger Floor Products France SAS	Tours	EUR	92	94,90	Full consolidation
Egger (UK) Holdings Limited	Weybridge	GBP	23.300	100,00	Full consolidation
Egger (UK) Limited	Weybridge	GBP	13.500	100,00	Full consolidation
Campact Limited	Weybridge	GBP	1.000	100,00	Full consolidation
Egger Forestry Products Limited	Weybridge	GBP	250	100,00	Full consolidation
Egger (Barony) Limited	Weybridge	GBP	5.000	100,00	Full consolidation
Weyroc Limited	Weybridge	GBP	5	100,00	Full consolidation
Timberpak Limited	Weybridge	GBP	5	90,00	Full consolidation
Egger Floor Products Limited	Weybridge	GBP	5	100,00	Full consolidation
Egger (Ayrshire) Limited	Edinburgh	GBP	100	100,00	Full consolidation
Egger Ireland Limited	Dublin	EUR	250	100,00	Full consolidation
Northumbria Finance Limited	Dublin	EUR	1.345	100,00	Full consolidation
Northumbria Reinsurance Limited	Dublin	EUR	635	100,00	Full consolidation

Company	Headquarters		Nominal capital in 1,000	Stake %	Type of consolidation
Fritz Egger Beteiligungs GmbH & Co.KG [1/2]	Brilon	EUR	90.640	94,86	Full consolidation
E.F.P. Floor Products Fußböden GmbH & Co. KG [1]	Brilon	EUR	260	94,86	Full consolidation
Egger Holzwerkstoffe Brilon GmbH & Co. KG [1/2]	Brilon	EUR	39.370	94,86	Full consolidation
EGGER Retail Products GmbH & Co. KG [1/2]	Brilon	EUR	26	94,86	Full consolidation
Egger Holzwerkstoffe Brilon Beteiligungs-GmbH	Brilon	EUR	25	94,86	Full consolidation
EGGER Retail Products Beteiligungs-GmbH	Brilon	EUR	25	94,86	Full consolidation
LTPRO GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Kraftwerk Brilon GmbH & Co. KG [1]	Brilon	EUR	500	94,86	Full consolidation
Egger Bevern Verwaltungs-GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Kunststoffe Beteiligungs- GmbH	Brilon	EUR	25	94,86	Full consolidation
E.F.P. Brilon Beteiligungs-GmbH	Brilon	EUR	26	94,86	Full consolidation
Egger Sägewerk Brilon GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Sägewerk Brilon Beteiligungs GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Holzwerkstoffe Wismar GmbH & Co. KG [1/2]	Wismar	EUR	25.565	94,86	Full consolidation
Egger Holzwerkstoffe Wismar Beteiligungs GmbH	Wismar	EUR	26	94,86	Full consolidation
Egger Wismar Instandhaltung und Service GmbH & Co. KG [1]	Wismar	EUR	500	94,86	Full consolidation
Egger Floor Products Wismar GmbH	Wismar	EUR	3.000	94,86	Full consolidation
Verwaltungsgesellschaft Mecpom GmbH (formerly: E.F.P. Floor Products Fußböden-GmbH)	Wismar	EUR	26	94,86	Full consolidation
Egger Kunststoffe GmbH & Co. KG [1]	Gifhorn	EUR	282	94,86	Full consolidation
Egger Elemente Beteiligungs-GmbH	Bünde	EUR	26	94,86	Full consolidation
Egger Elemente GmbH & Co. KG [1]	Bünde	EUR	26	94,86	Full consolidation
Egger Beschichtungswerk Marienmünster-Beteiligungs-GmbH	Marienmünster	EUR	26	94,86	Full consolidation
Egger Beschichtungswerk Marienmünster GmbH & Co.KG [1]	Marienmünster	EUR	512	94,86	Full consolidation
Egger Bevern GmbH & Co. KG [1]	Bevern	EUR	5.165	94,86	Full consolidation
Egger Benelux GCV	Zulte	EUR	383.034	100,00	Full consolidation
Egger Benelux Management BVBA	Zulte	EUR	19	100,00	Full consolidation
Egger Scandinavia ApS	Tistrup	DKK	200	94,90	Equity method
Egger Polska Plyty Wiórowe Sp.z o.o.	Poznan	PLN	65	94,90	Equity method
Egger CZ s.r.o.	Hradec Kralove	CZK	100	94,90	Equity method
Egger Baltic UAB	Vilnius	LTL	10	100,00	Equity method
TOV “Egger Holzwerkstoffe”	Tcherniwzi	UAH	55	100,00	Equity method
EGGER Romania S.R.L.	Radauti	RON	627.300	100,00	Full consolidation
EGGER Energia S.R.L.	Satu Mare	RON	1	100,00	Full consolidation
OOO Egger Drevprodukt	Moscow	RUB	1.761.079	93,00	Full consolidation

1 The subsidiaries elected to use the exemptions provided by § 264 b of the German Commercial Code.

2 The subsidiaries included in the consolidated financial statements elected to use the exemption provided by § 291 of the German Commercial Code, and therefore did not prepare consolidated financial statements or a group management report.

MANAGEMENT REPORT

to the Consolidated Financial Statements of

EGGER HOLZWERKSTOFFE GMBH,

St. Johann in Tirol,

for the 2007/08 Financial Year

Contents

1 Overview of the Egger Holzwerkstoffe Group

Organization and Management

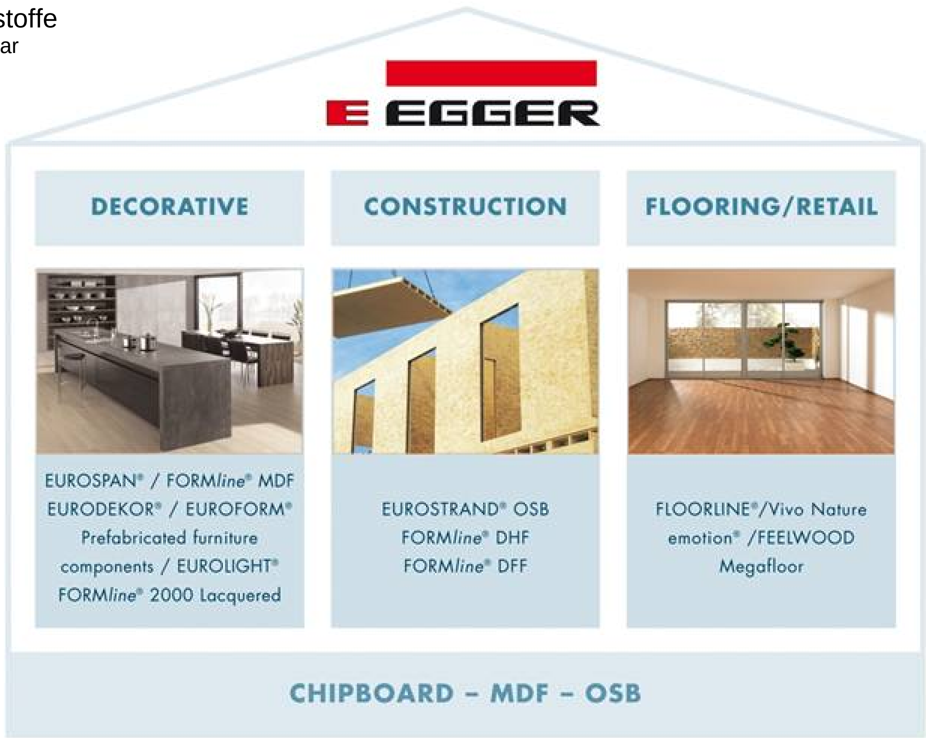
The Egger Holzwerkstoffe Group comprises companies in Austria, Germany, France, England, Ireland, Russia and Romania as well as sales companies in Eastern Europe and the Benelux countries.

The Managing Board of the parent company, Egger Holzwerkstoffe GmbH, consists of Michael Egger (CEO, Chairman), Thomas Leissing (CFO, Finance, Controlling, Organization, Logistics and Personnel), Walter Schiegl (CTO, Production, Engineering and Procurement) and Ulrich Bühler (CSO, Marketing and Sales).

Segments of Business

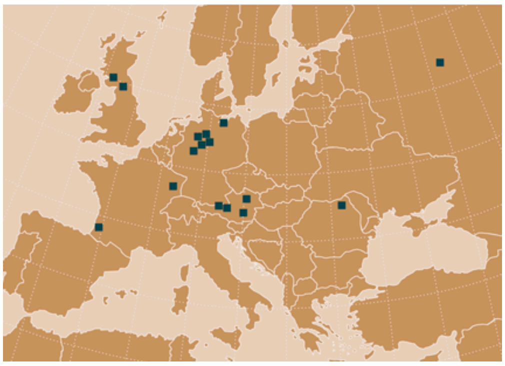
The core expertise of Egger lies in the development and production of high-quality wood materials for decorative applications (furniture / interior construction / flooring) and construction applications (building / OSB / DHF / DFF / tongue and groove as well as timber products).

Egger Holzwerkstoffe
2007/08 Financial Year



Egger Locations and Products

Egger operates 16 production facilities in six European countries. This network underscores the Group's commitment to remain close to its customers. Egger products are also sold in strategic export markets outside Europe. An extensive sales organization, efficient logistics, company-operated sales offices and an international network of retail partners in more than 90 countries are part of the Egger benchmark. The Group's production locations are shown on the following map and listed below:



- Austria	St. Johann / Tirol:	Chipboard, furniture elements, flooring Eurolight
	Unterradlberg:	Chipboard
	Wörgl:	Thin chipboard
	Leoben, Novopan (50%):	Chipboard, adhesives
- Germany	Brilon:	Chipboard, MDF, flooring, timber products
	Wismar:	MDF, OSB, flooring, adhesives
	Gifhorn:	Laminates
	Bevern:	Thin MDF
	Marienmünster:	Lacquering
	Bünde:	Furniture elements
- France	Rion des Landes:	Chipboard
	Rambervillers:	Chipboard
- Great Britain	Hexham:	Chipboard, adhesives
	Barony:	Chipboard
- Russia	Shuya:	Chipboard
- Romania	Radauti:	Chipboard (in operation since Jan. 2008)

2 Development of Business

2.1 Highlights of 2007/08 (Egger in the media)

May 2007

Two awards for EGGER ("Holzforum", 5-6/2007)
Companies from ten countries took part in the first M Technology Award, which was presented at the ZOW in Bad Salzuflen. […] The prize-winner in the semi-finished category was Fritz Egger GmbH & Co with its Eurolight worktop. […] In the category for branch-related services, the awards went to the Egger, Hettich and Rehau companies.

June 2007

Wide variety of patterns and surfaces ("Schweizerische Schreiner Zeitung", Nr.24, 14.06.2007)
The launch of the new ZOOM® *decors and surfaces has significantly improved the artistic focus of the EGGER product line. All the decors were reworked and redesigned to achieve a perfect color spectrum.*

August 2007

Egger: start of operations with new aggregate in Gifhorn ("boden wand decke", 13.08.2008)
The laminating line at the Egger plant in Gifhorn started operations at the end of July, one month earlier than planned.

September 2007

France: EGGER is investing in the future ("fordaq", 21.09.2007)
The EGGER group, one of the leading European manufacturers of chipboard, MDF and OSB boards, is continuing its extensive investment program. EGGER is spending roughly EUR 70 million to modernize its two production sites in France.

Laminate flooring: Direct printing as a strategic core product ("IHB", 30.09.2007)
[…] The strong focus of Egger on direct print flooring is reflected in the Group's strategy for laminated flooring production. The target for 2010 has been set at 80 million m². With this volume, Egger plans to gain a 20% share of the European laminated flooring market.

October 2007

Egger starts timber production ("MDF & Co Magazine", 2007)
In February, the Egger Group, St. Johann (Tirol/Austria), announced the construction of a sawmill at Egger Holzwerkstoffe Brilon GmbH & Co. KG. […] With an investment of EUR 75 million, Egger plans to expand its chipboard and MDF plant in Brilon (Sauerland) by mid-2008 to also include the production of soft wood.

November 2007

Egger invests in French plants ("dds", 11/2007)
The Austrian wood materials producer Egger is investing roughly EUR 70 million to modernize its production facilities in France.

Egger receives Austrian State Prize for Transportation (“Der Standard”, 21.11.2007)
“Railways must become more attractive than roadways for the transportation of goods“, was the convincing argument of Transportation Minister Werner Faymann at the presentation of the first Austrian State Prize for Transportation on November 14. […] A special award was presented to Fritz Egger Holzwerkstoffe Gmbh & Co, which has employed various innovative logistics approaches to double the share of railway transports over the past five years – this program has shifted roughly 49,000 truckloads from the road to the rail.

December 2007

EGGER invests in Europe (“HK”, 6/07)
The production facilities in Great Britain and France will be modernized and refitted. Egger, one of the leading European producers of chipboard, MDF and OSB boards, is currently carrying out the most extensive capital expenditure program in its history.

EGGER in line on print (“BM”, 12/2007)
Egger has constructed a new plant for the production of direct print (DPR) laminated flooring in Brilon. A 380 meter-long printing and lacquering line with a capacity of 30 million m² per year was installed in a newly built hall.

January 2008

EGGER plant in Radauti, Romania, starts production (“PMP digest”, Nr. 1/2008))

February 2008

Positive echo at the »Domotex« (“Objekt”, Nr 2/08)
“We are on the right track with our sales and collection strategy,” commented Stefan Pletzer, Managing Director of Egger Retail Products, on the many discussions with customers and other interested parties in Hannover.

March 2008

EGGER summarizes successful presentation at ZOW (14.03.2008)
The ZOW in Bad Salzuflen, which ended several days ago, was a full success for EGGER. Austrian and foreign visitors showed significant interest in the recent product innovations, above all the new decors and structures. EGGER also introduced a Eurolight worktop with a radius of 1.5 mm, an enlarged line of accessories for Eurolight worktops and the noise-absorbing ProAkustik light board as well as its first laminated door collection.

April 2008

EGGER receives Austrian State Prize for Marketing (21.04.2008)
The Federal Ministry of Economics and Labor and the Austrian Productivity and Economics Center presented the Tyrolian wood materials producer Egger with the State Prize for Marketing in recognition of its ZOOM® *collection, which was introduced in spring 2007.*

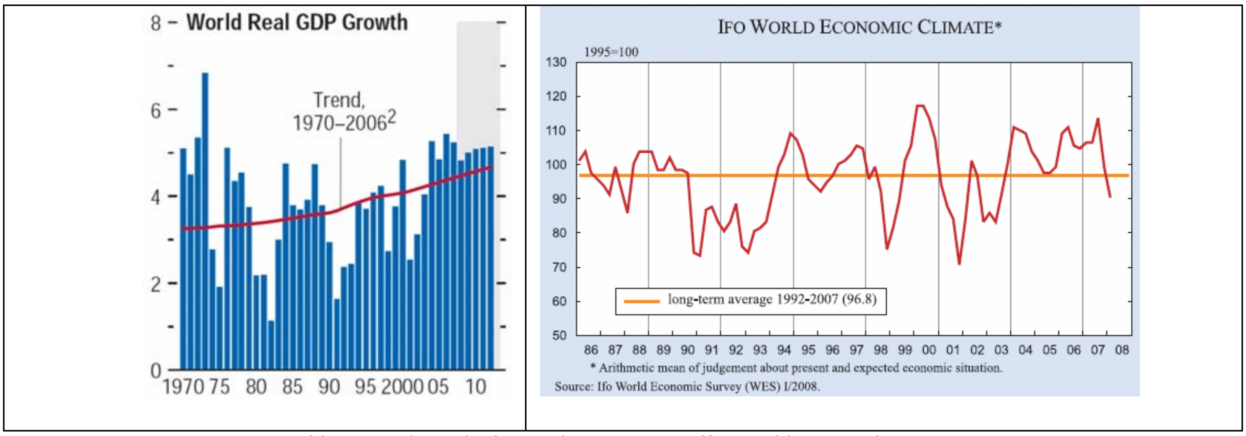
2.2 The Economy and Branch

Economic developments

The global economy continued to expand throughout the first half of 2007, with real GDP growth exceeding 5%. This upward trend continued during the third quarter of the year, but was followed by more moderate development in the wake of the financial market crisis. Real GDP growth reached 4.9% in 2007, but is forecasted to slow to 4.1% in 2008.

The momentum in the US economy slowed during the fourth quarter of 2007, above all due to weaker performance in the production and residential construction sectors, rising unemployment and declining consumer spending. These factors combined to limit growth in the United States to 2.2% for 2007, underscoring the steady downturn from 2.9% in 2006 to a forecast of only 1.5% for 2008. This is a clear sign that the United States is approaching a recession, and also marks the end of the worldwide economic boom. The pattern of development in Western Europe is expected to be similar, with growth of 2.6% in 2007 and a forecast of 1.6 % for 2008.

In contrast, continued strong growth was reported by a number of emerging countries, above all China and India. Real GDP growth in China equaled 11.4% in 2007 (IMF: World Economic Outlook Update, January 2008).



Source: IMF: World Economic Outlook, October 2007; CESifo: World Economic Survey, January 2008

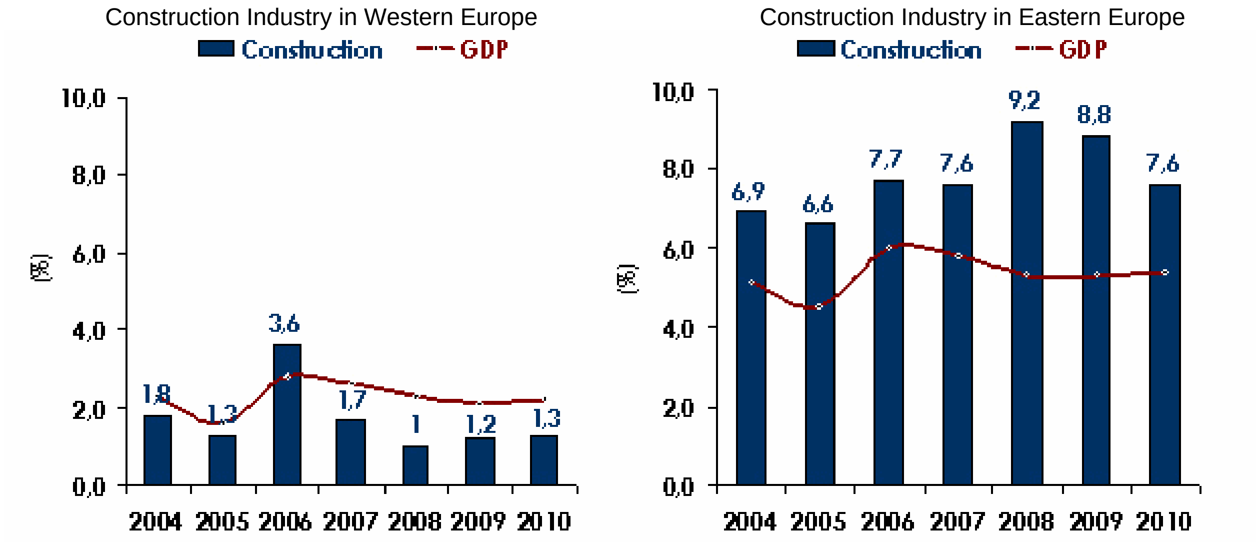
The "*World Economic Climate*" indicator issued by the Ifo-Institute, which is based on an assessment of the current and expected economic environment, fell from 99,3 in October 2007 to 90,4 in January 2008. This latest forecast is well below the long-term average (1992-2007: 96,8). Downward adjustments were made not only to the estimate for the current economic situation, but also to expectations for the coming months (CESifo: World Economic Survey, January 2008).

The construction industry

The construction branch in Europe

The operating environment for the construction branch in Western Europe weakened significantly during 2007. This development was triggered primarily by the financial market crisis, higher interest rates and the bursting of the property market bubble in Spain, Ireland and Great Britain. Growth was limited to 1,7% in 2007, which represents one-half the prior year level. Forecasts for 2008 call for an increase of only 1%.

Eastern Europe countered this trend with an increase of 7,6% in 2007. The construction branch will continue to expand, as is reflected in an estimate of 9,2% for 2008.

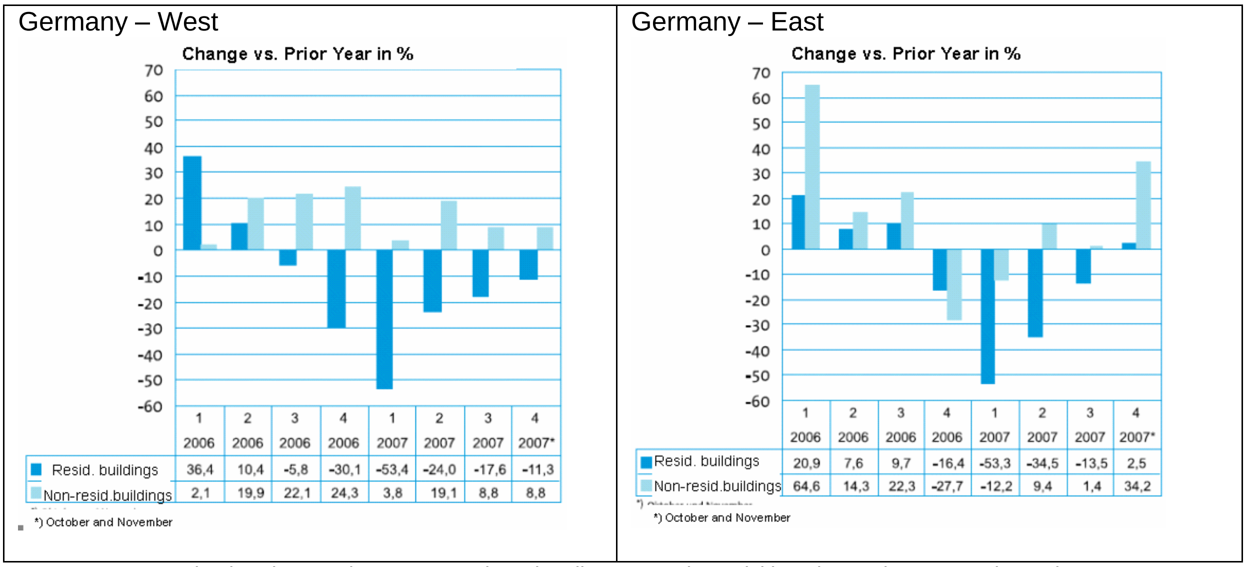


Total Construction Output up to 2010 (real annual percentage change)
Source: EUROCONSTRUCT Conference, Vienna 11/2007

The construction branch in Germany

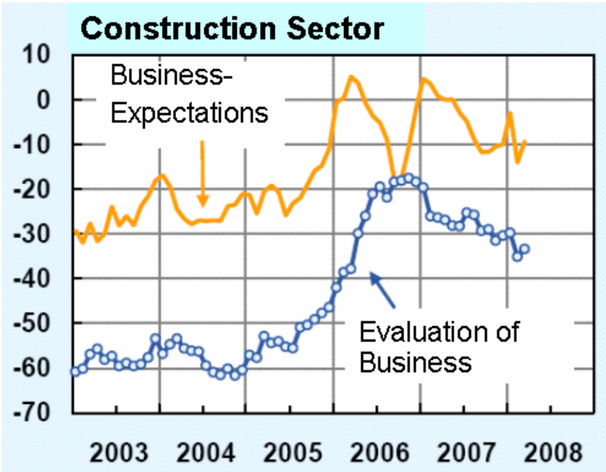
The negative trend in the number of building permits issued in the western provinces of Germany began to lose some of its strength during 2007. Building permits have remained at a satisfactory level in the non-residential segment, primarily due to the steady demand for commercial buildings.

In the new German provinces, the number of permits issued for new residential buildings again reached the prior year level in October and November 2007 ("Zentralverband Deutsches Baugewerbe: Aktuelle Lage und Entwicklung im Bauhauptgewerbe", 4th Quarter 2007).



Source: "Zentralverband Deutsches Baugewerbe: Aktuelle Lage und Entwicklung im Bauhauptgewerbe", 4th Quarter 2007

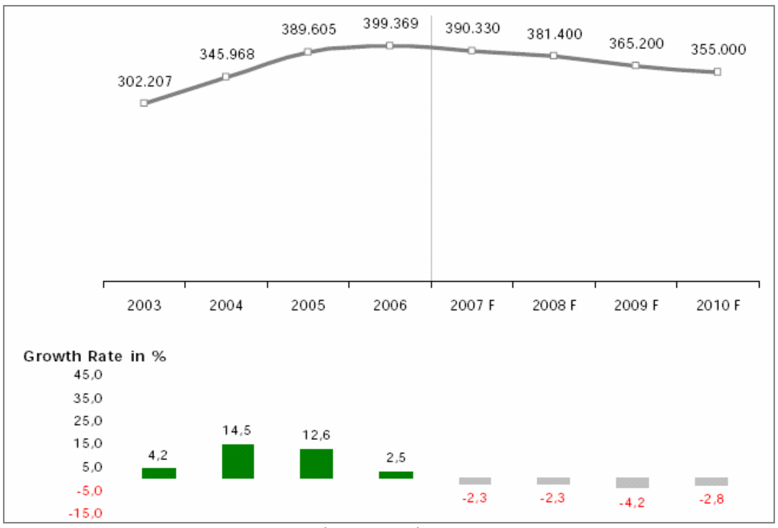
A steady decline in expectations and the pace of activity in the construction sector during 2007 was followed by an improvement in the evaluation of the business climate at the beginning of 2008. The dissatisfaction of companies with the current situation has subsided to a certain extent and been replaced by a slightly more optimistic outlook concerning future developments (“ifo Konjunkturtest“, March 2008).



Source: “ifo Konjunkturtest”, March 2008

The construction branch in France

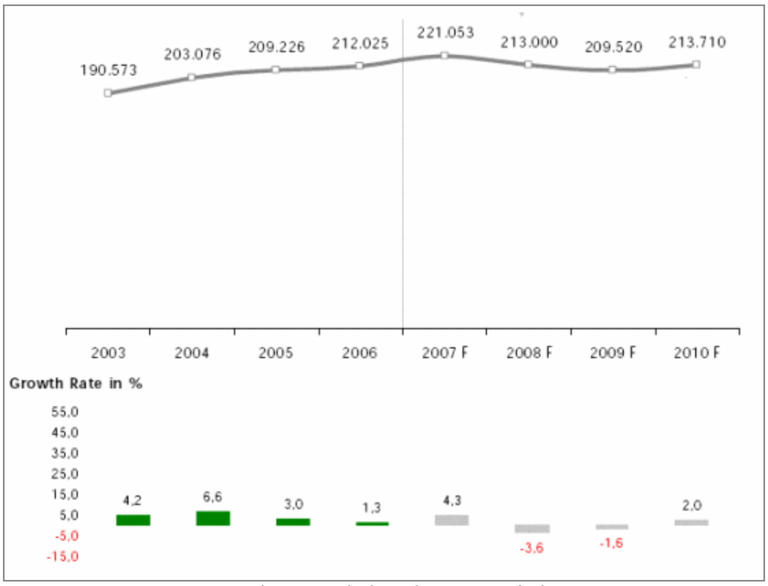
Residential construction in France was characterized by double-digit growth in the number of building permits over the past four years. With 8,2 residential building permits per 1.000 residents in 2006, France ranked third in European comparison after the boom countries of Spain and Ireland. However, a reversal of this trend was noted in 2007 and forecasts call for a further slowdown over the coming years. This weakness is the result of declining demand and an end to the success of previously implemented economic measures: low interest rates for mortgages, subsidy programs for low-income families and tax relief for housing rentals and craftsman services (VAT rate: 5,5%). Similar to the residential construction sector, non-residential construction also appears to have reached the peak of the current development curve (“B+L: Zukunftsforum Bauen in Europa”, 2008).



Housing starts in France
Source: “B+L: Zukunftsforum Bauen in Europa“, 2008

The construction branch in Great Britain

Residential construction in Great Britain reached a preliminary high in 2007 after steady growth in recent years. Although completions show an increase for that year, housing starts remained at a low level compared with 2006. Signs also point to a continuation of this negative trend during 2008. However, non-residential construction is expected to detach from developments in the residential construction sector and remain positive ("B+L: Zukunftsforum Bauen in Europa", 2008).



Housing completions in Great Britain
Source: B+L: Zukunftsforum Bauen in Europa, 2008

The construction branch in Eastern Europe

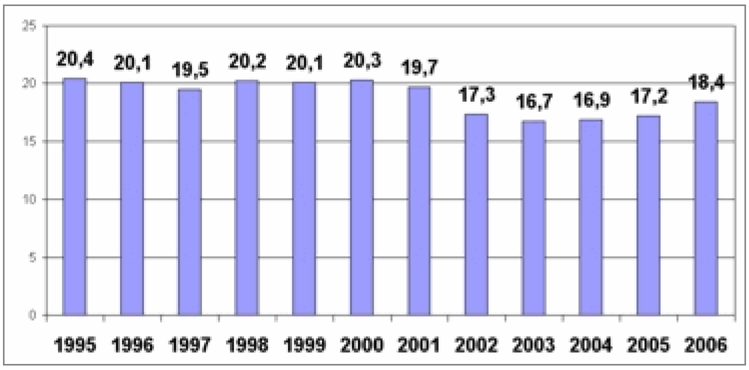
The construction industry in Europe remained on an upturn during 2007. Development was sound, especially in Eastern Europe, with a steady increase in new residential construction serving as the driver for growth. However, average housing starts per thousand residents in Eastern Europe still remain significantly behind the western areas of the region. While Western Europe has reached an average level of 5,6, the comparable indicators for Eastern Europe show 1,2 for Romania, 1,3 for Bulgaria, 2,0 for Ukraine, 3,2 for Slovakia, 4,0 for the Czech Republic and 4,7 in Poland. It is these countries where significant potential and pent-up demand can be identified (Euroconstruct Conference Vienna 11/2007).

The furniture industry

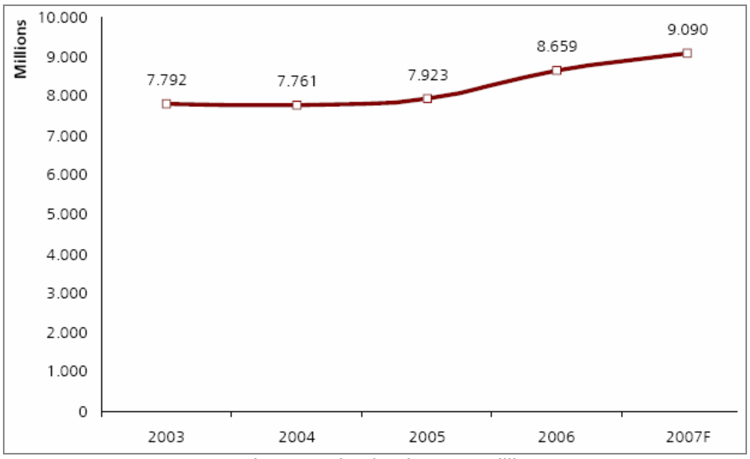
The furniture industry and retail sector in Germany

The furniture industry in Germany reported total revenues of EUR 19,5 billion in 2007, which reflects an increase of 5,9% or EUR 1,1 billion over 2006. This development was supported primarily by an increase of 18% in exports as well as a higher volume of orders in advance of the VAT increase. In contrast, domestic revenues rose by only 2,3%.

The highest increase in revenues was registered by manufacturers of office and shop furniture with a plus of 13,2% (EUR 2,9 billion), followed by the residential furniture sector with a plus of 7,7% (EUR 6,8 billion) and producers of kitchen furniture with a plus of 5,1% to EUR 4,1 billion ("Hauptverband der Deutschen Holz und Kunststoffe verarbeitenden Industrie und verwandter Industriezweige e.V.", www.hdh-ev.de [27.03.2008]).



Revenues recorded by the German furniture industry
Source: HDH, www.hdh-ev.de [27.03.2008]



Furniture production in EUR million
Source: "B+L", February 2008

Revenues recorded by the German timber-trading sector rose by nearly 3%. Timber wholesalers registered an increase of 5,8%, while timber retailers reported a minus of 9% (German Timber Trade Federation, "Gesamtverbande Deutscher Holzhandel", www.holzhandel.de [31.03.2008]).

The furniture industry and retail sector in France

Revenues recorded by the French furniture industry totaled EUR 6,1 billion in 2007, which matched the prior year level. The largest share of these revenues was generated in the office furniture and commercial furnishings segments (EUR 1.672 billion; 27,4%), followed by seating furniture (EUR 1.389 billion; 22,7%) and kitchen and bathroom furniture (EUR 1.147 billion; 18,8%) ("unifa: Chiffres clés 2008", www.unifa.org [31.03.2008]).

Furniture purchases in France totaled EUR 14,32 billion in 2007 (including all taxes).

Furniture purchases in France in 2007	EUR 14,32 billion* (incl. residential, office and other furniture)
• **Household purchases of new furniture** in 2006: EUR 9,01 billion*; +2,6% [2006/2005] in 2007: EUR 9,67 billion*; +7,3% [2007/2006]	• **Business-related purchases of office furniture** in 2006: EUR 1,158 billion*; +5,0% [2006/2005]

Source: unifa: Chiffres clés 2008, www.unifa.org [31.03.2008]; *including all taxes

Furniture purchases by French households rose to EUR 9,67 billion in 2007, which reflects an increase of 7,3% over 2006.

French retailers of office furniture reported a year-on-year increase of 5% in revenues to EUR 1.158 billion for 2006. These revenues comprise separating walls (EUR 16 million), chairs (EUR 313 million), cabinets (EUR 372 million), tables (EUR 326 million) and other items (EUR 131 million).

The furniture industry in Eastern Europe

The furniture industry in **Southeastern and Eastern Europe** has recorded a substantial increase in both production and revenues over recent years. However, the market is still not saturated.

For example, the association of furniture producers in **Romania** (APMR) assumes that production and exports will continue to rise over the coming years and the domestic market will grow along with the economy at a rate of 4 to 5% per year. Forecasts by this association indicate that: Romania will export roughly 60% more furniture in 2010 than in 2001; production will be 75% higher; and domestic sales will have doubled by that time (*Source: "IG Metall Branche Holz und Kunststoff (2007): Branchenreport Nr. 18. ZeitenWandel 2007. Die Holzbranche in Südost- und Osteuropa").*

The branch environment

Acquisitions / consolidation

On February 12, 2007 the Swedish cartel authorities approved the planned takeover of the Swedish laminated flooring producer **Pergo AB**, Trelleborg, by **Pfleiderer Sweden, AB**, Stockholm. The acquisition was subsequently finalized in March 2007 ("EUWID Holz", Nr. 51/52, 20.12.2007).

The consolidation process in the European wood materials industry slowed somewhat towards the end of 2007. Fewer companies were sold in comparison with the previous year and a shift was noted from larger wood material producers to mid-sized companies ("EUWID Holz", Nr. 51/52, 20.12.2007).

Investments / expansion in the branch

In March 2007 the **Kronospan Group** ordered the major aggregates for the construction of two sawmills. These plants are expected to be built at two locations in Poland and Romania, and should start operations in 2008 and 2009 ("EUWID Holz", Nr. 51/52, 20.12.2007).

The **Kronospan Group** is expected to start operations at the planned laminating center in San Vito al Tagliamento near Pordenone/Italy in the spring of 2008. The first stage of investment covers two short-cycle presses ("EUWID Holz", Nr. 51/52, 20.12.2007).

Pfleiderer AG, Neumarkt, will start operations at the new MDF/HDF plant in Grajewo/Poland during July 2007, and also announced a decision to construct a further plant in Novgorod/Russia ("EUWID Holz", Nr. 51/52, 20.12.2007).

Kaindl Flooring GmbH, Wals/Austria, plans to build a new flooring plant adjacent to the current logistics center in Salzburg-Wals ("EUWID Holz", Nr. 51/52, 20.12.2007).

The **CLASSEN Group** has entered the MDF business with the construction of a new plant in Baruth. This facility has a production capacity for roughly 50 million m² of fiberboard, and will supply the processing industry and retail trade. The new plant will be operated by Fiberboard GmbH, a wholly owned subsidiary of the CLASSEN Group ("openPR.de", 27.02.2008).

Current market developments

Austria / Switzerland

Demand can be characterized as stable. The only decline has been registered by furniture producers that supply housing-related market segments (kitchen, living room and bedroom furniture) in Germany. The interior construction, shopfitting and commercial construction sectors continue to provide support for the development of business in the office furniture industry as well as sales by the retail trade and craftsmen.

Eastern Europe

The market remained steady during the first quarter, reflecting seasonal factors. However, a further strong increase in demand is expected with the start of the warm weather period.

Germany

A decline in the utilization of capacity compared with 2006/07 was recorded above all by the kitchen and cabinet furniture industry. However, the leading producers have been able to offset part of this weakness through the expansion of foreign business. Capacity utilization in the office furniture industry remains sound. The same is true for retailers and craftsmen, in particular firms that supply the commercial construction, trade fair or shopfitting sectors.

Great Britain

The property market has shown first signs of an end to the turbulence, and federal residential construction programs should be able to offset part of the decline in certain subsegments. Exchange rate developments have had an increasingly negative effect on importing customers, but Egger is able to profit from its position as a local producer. This applies above all to the raw chipboard and laminated chipboard product groups.

France / Spain

The development of business in France remains relatively stable. The only declines in orders have been registered by industrial customers that supply large retail organizations. Demand from the retail segment is constant, and is driven especially by decorative products for interior construction. The situation in Spain represents a contrast to France, and is characterized by a significant market slowdown. Egger has been able to counteract this downward trend by expanding its retail network and regaining industrial customers.

Russia

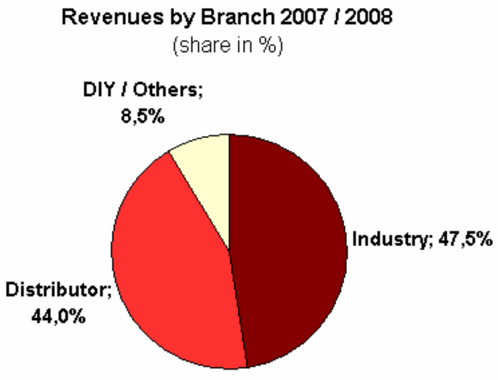
The Russian market is expanding rapidly, both in the decorative and construction segments. Demand still exceeds local supply on individual markets, and thereby provides added support for imports. There is a growing trend to substitute laminated materials for raw chipboard, which is also reflected in a high pace of investment in laminating machinery.

Retail

A sharp rise in production capacity and imports from the USA and Canada have resulted in excess supply. The flooring market is currently characterized by surplus capacity and a resulting increase in competition. However, supply and demand are expected to move towards equilibrium over the mid-term. Foreign exchange rates have made sales in the US Dollar and British Pound regions more difficult and triggered a further concentration of suppliers in the Euro zone. Independent of this situation, major laminated flooring markets are developing in Western and Eastern Europe.

2.3 Marketing and Sales

The most important customer groups for the wood materials segment are the wood processing furniture industry (approx. 48% of revenues), which is supported by an international sales organization, and the wood materials retail trade (approx. 44% of revenues). Key account managers have been installed for the major international customers. The share of the DIY (do-it-yourself) segment, which is supported by a separate retail organization, remains unchanged (approx. 8% of revenues).



Egger is continuously expanding its market positions with the traditional customer groups. New target groups, such as construction markets, are developed by a retail organization, and the "Baudas" marketing program for building materials retailers was continued during the past financial year. Supporting activities for architects were also strengthened and expanded.

With the launch of ZOOM® in January 2007, Egger has bundled the most important international trends in decors and surfaces into a European collection for wood materials retailers, architects and processing companies. Customers receive a fully coordinated building block system for products, which also includes perfectly matched components. The ZOOM® collection is rounded out by broad range of services, which make extensive use of electronic media. This pattern line represents a mixture of new developments and classic motifs that meet current trends and are design-oriented. It is intended to provide a nearly perfect copy of nature with its reproductions of natural materials such as wood.

A comparison of the months from January to July 2007 with the comparable prior year period shows an increase of 21% in revenues from the sale of decorative retail products.

The “Global Collection“ gives Egger a comprehensive and unique range of products for furniture industry customers throughout the world.

Egger increased its position on the Group’s major selling markets during 2007/08, and also strengthened its presence on the core laminated chipboard markets in Western Europe. In the laminated flooring segment, the Group was able to increase its share of the European market.

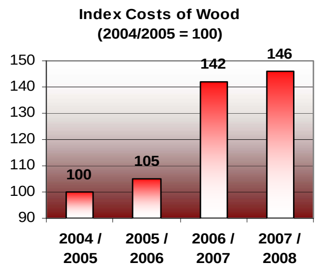
2.4 Production

- Production capacity for wood materials

The production capacity for raw chipboard totaled 5,4 million m³ in 2007/08 (2006/07: 5,3 million m³), and the production of impregnates reached a level of 610 million m² (2006/07: 600 million m²). Laminate production remained relatively stable at 18,3 million m². The internal manufacture of adhesives increased from approx. 360.000 tons in 2006/07 to approx. 375.000 tons. The lightweight board aggregate at the plant in St. Johann i.T. (AT) has an annual capacity of over 300.000 m³. The optimization of equipment and capital expenditure led to the realization of substantial improvements in productivity on nearly all aggregates during 2007/08.

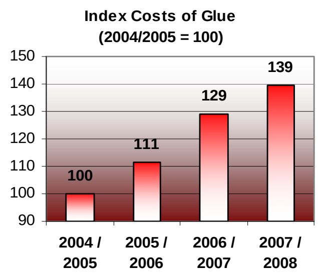
- Product and product line policies
  In accordance with the above-mentioned strategy to extend the processing chain, raw chipboard is processed into approximately:
  - 182 million m² of laminated products (2006/07: 181 million m²),
  - 59 million m² of flooring (2006/07: 55 million m²) and
  - 12 million m² of furniture elements (2006/07: 9 million m²).

2.5 Procurement

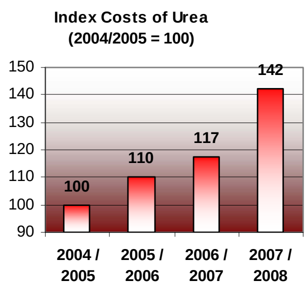


- As in the past two financial years, 2007/08 was also marked by massive increases in the cost of raw materials and energy. The negative development of prices and increasing volatility on procurement markets represent a major challenge for the Group’s procurement staff.

- The key material positions, e.g. wood, chemicals and paper, are managed by a central department, which supports the local plants in their purchasing activities and also identifies and optimizes synergy effects for the Group.

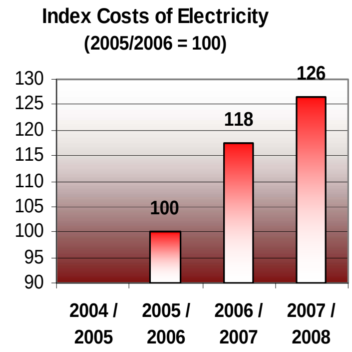


- The most important and, at the same time, most difficult aspect of raw material procurement is to secure adequate supplies of timber. Recent developments in this area have resulted from the increasing use of timber for energy generation (bio-mass power plants, pellets, bio-fuels). The index for timber purchase costs has risen 46 points since 2004/05 (see graph to the right).

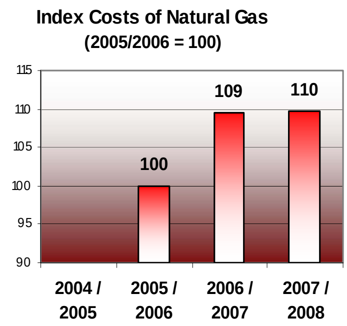


- The cost of chemicals also rose by a substantial amount during the reporting year due to an increase in market prices. The Group incurred higher costs of approx. EUR 18 million for chemicals as a result of price increases implemented during 2007/08. The main impact of this development affected adhesives (prices +8% vs.

prior year), urea (+21% vs. prior year) and melamine (+8% vs. prior year). The price of impregnating resins, which form the basis for the processing of raw paper, rose by 6% year-on-year. The only reduction was a 6% decline in the cost of methanol compared with the prior year, which followed a massive increase of more than 40% in 2006/07 versus 2005/06. Adhesives and impregnating resins are purchased in part from long-standing partners in the chemical industry, but substantial quantities are also produced at the company's three adhesive plants. This forms the basis for a benchmarking process in the areas of prices and costs. In this connection, a central department was established to expand the internal production of adhesives and impregnating resins. The costs of input materials, especially paper and chemical products, are subject in part to strong fluctuations, and Egger works to hold these prices within reasonable limits through the above-mentioned procurement organizations. In addition, the development of chemical prices is still influenced to a significant degree by the record increase in crude oil prices.



- Energy procurement was also affected by a sharp rise in the cost of natural gas and electricity, which was triggered by the increase in crude oil prices. The total cost of electricity and natural gas rose by EUR 8,4 million over the prior year. Egger was able to optimize its energy balance through the expansion of the Group's bio-mass power plants during 2007/08, which reduced both production requirements and external purchases of natural gas. The price of gas rose steadily from a low level at the beginning of the year to a new record high, and there is no end to this trend in sight. Electricity requirements are met in part through combined power and heat generation, and have involved the development of extensive internal know-how in the area of energy production. In addition to the resulting favorable impact on costs, these activities play an important role in climate protection by substantially reducing emissions. Numerous projects in this area are currently in progress at the plants in St. Johann i.T./Austria (energy efficiency project with long-distance heating supplies for St. Johann) and Rion des Landes/France (construction of a bio-mass power plant) as well as the newly expanded plant in Hexham/UK and the plant under construction in Radauti/Romania. Nearly all plants have concluded purchase contracts for electricity at market prices, which will safeguard long-term supplies over the coming years.



- In the area of paper procurement, average inventories were further reduced following the completion of a project to optimize paper disposition.

2.6 Employees

- The Egger Group employed an average workforce of 5.681 in 2007/08 (2006/07: 5.347).
- The regional distribution of these employees is as follows:

	2007/08	2006/07
- Austria	1.506	1.505
- France	761	762
- England .	586	577
- Germany	2.254	2.157
- Russia	329	318
- Romania	238	28
- Belgium	7	0
Total	5.681	5.347

- People are the focal point of activities for Egger. The Group wants to be the most attractive employer in each of its major markets. Varied and responsible duties provide the many men and women who work for the Egger Group with a foundation for growth and personal development. Annual appraisal meetings are used as a forum to set goals for employees. Group-wide surveys are conducted on a regular basis, and provide management with information on employee satisfaction. The results of these surveys are subsequently used to develop, coordinate and implement improvement measures at the Group, country and plant levels.

- Special focus is also placed on the training of employees, in particular through special programs for skilled personnel and managers. The know-how, talents and expertise of employees represent a decisive factor for the success and continued growth of the Group. A number of projects have been conducted to improve employee assessments, competence models, organizational management and management training. Examples of the measures implemented in this area since 2005 are the Spirit, Startklar and Impuls programs (training for managers, future talents and new employees) as well as an apprentice training program.

- Health management represents another focal point of personnel activities. Internal and external benchmarks are determined based on statistical data to hold the number of days lost through illness at a low level. Programs and events to promote health and healthcare are also organized at all locations.

- The remuneration of managers in the country and plant organizations includes a variable component that is based on the fulfillment of cash flow-based targets for the year.

2.7 Environmental Protection

- The protection of the environment has a high standing in the Egger Group. All plants are equipped with state-of-the-art systems for waste water treatment, noise protection and air filtering. During the 2007/08 financial year, additional investments were made to improve environmental protection measures. The conversion of gas-fired power plants and the construction of new bio-mass power plants will make an added contribution to the continued reduction of emissions. The commitment of the Egger Group to the development of lightweight materials as well as the optimal and efficient utilization of existing logistics systems represent further steps towards energy savings and the protection of resources. In the logistics area, Egger is continuing its program to step up the use of railway transportation and has increased rail transports by 50% over the past five years. Roughly one-third of all wood materials produced in the six Austrian plants are now transported by rail. In recognition of these efforts, Egger was honored with the Austrian State Prize for environmentally friendly transportation logistics in 2007.

3 Asset, Financial and Earnings Positions

3.1 Asset and Financial Position

Balance Sheet Comparison	April 30, 2008	April 30, 2007	Change
	EUR million	EUR million	in %
Non-current assets	1.047	897	+17
Inventories	258	184	+40
Receivables	87	74	+18
Other current assets	250	197	+27
Balance sheet total	1.642	1.353	+21
Equity including subsidies	571	500	+14
Provisions	56	64	-13
Financial liabilities and bonds	700	513	+36
Other liabilities	315	276	+14

- The balance sheet total rose from EUR 1.353 million EUR to EUR 1.642 million, which represents an increase of 21%. This development was supported primarily by growth investments and a related increase in property, plant and equipment as well as higher inventories, trade receivables and cash and cash equivalents.

- Non-current assets rose by 17% to EUR 1.047 million, and comprised 64% of the balance sheet total as of April 30, 2008 (2006/07: 66%). This underscores the high capital intensity of the Group's production and is typical for the branch.

- Inventories rose by EUR 74 million to EUR 258 million (2006/07: EUR 184 million). This increase was triggered by the further expansion of production and sales volumes. As in the prior year, it also reflected a sharp rise in raw material prices.

- Receivables declined to EUR 87 million (2006/07: EUR 128 million). The turnover of trade receivables declined from 47 days in the previous year to 43 days in 2007/08.

- Equity, including subsidies, rose by 14% to EUR 571 million as of April 30, 2008 (2006/07: EUR 500 million). After the inclusion of subsidies, the equity ratio equaled 35% compared with 37% in the previous year.

- Interest-bearing liabilities (financial liabilities and bonds) increased EUR 187 million to EUR 700 million (2006/07: EUR 513 million), and include a long-term financing component of 77% (2006/07: 85%). The major part of financing was concluded in the euro.

- Net debt rose by 37% or EUR 133 million to equal EUR 492 million as of April 30, 2008 (2006/07: EUR 359 million). This growth resulted chiefly from investments and an increase in working capital.

Net debt	April 30, 2008	April 30, 2007	Change
	EUR million	EUR million	in %
Financial liabilities and bonds	700	513	+36
Less liquid funds and securities	208	154	+35
Net debt	492	359	+37

Treasury Indicators	2007/08	2006/07
Net debt / EBITDA	1,6	1,6
Equity ratio	35%	37%

- One objective of the treasury department for the reporting year was to optimize corporate finance programs throughout the Group and prepare new interest rate and foreign exchange guidelines. Activities in the area of equity management concentrated on safeguarding the continued existence of the company, financing growth and ensuring an appropriate return on equity. The most important indicator for monitoring these developments is the debt repayment period (net debt / EBITDA), which should not exceed a maximum value of 3,0.

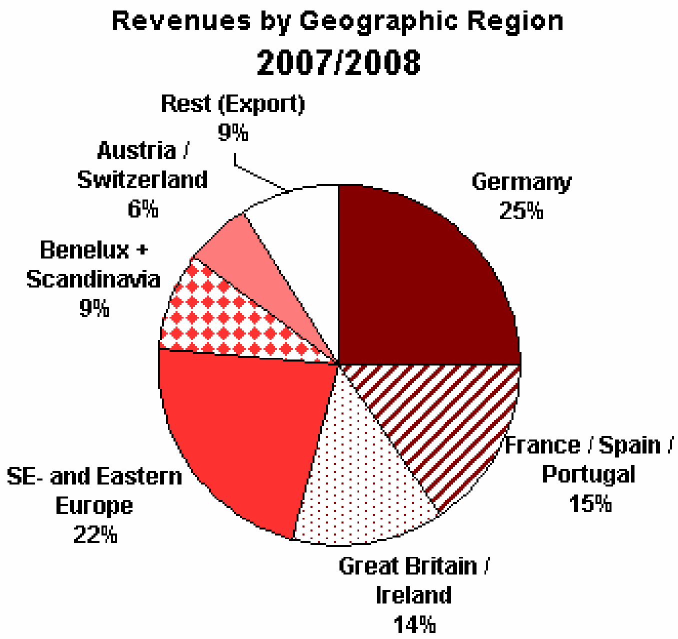
3.2 Earnings

- Consolidated revenues totaled EUR 1.637 million for the 2007/08 financial year, which represents an increase of 11% over the prior year (2006/07: EUR 1.479 million). This growth was comprised of roughly 3% in higher sales volumes and 8% in price increases. Higher revenues were recorded in nearly all markets with the exception of Germany and Austria / Switzerland, where slight declines were reported.

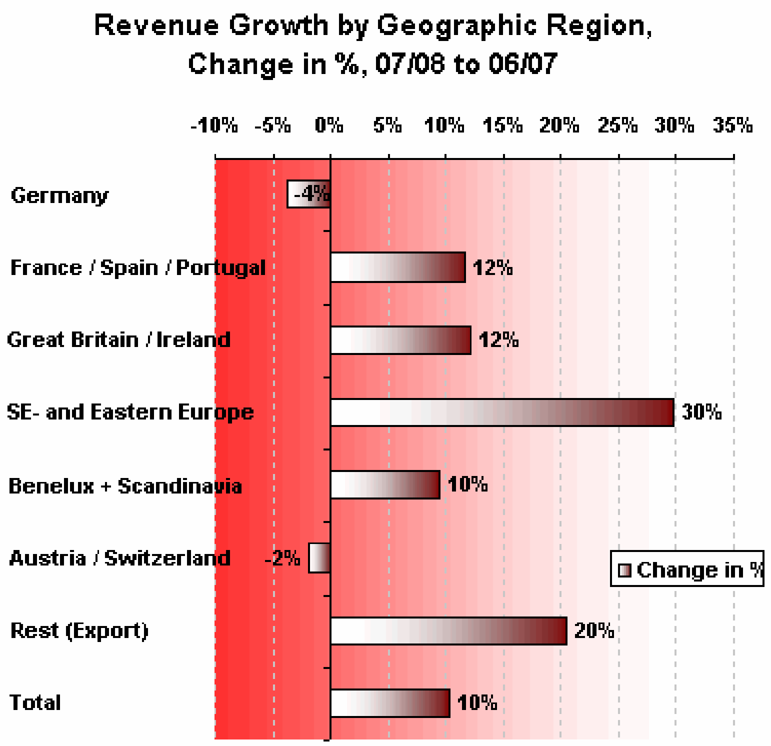
- The distribution of non-consolidated revenues by division is as follows:

- Decorative:	EUR 1.253 million (2006/07: EUR 1.101 million)
- Retail:	EUR 384 million (2006/07: EUR 378 million)

The following graph shows the distribution of revenues by geographic region:



The development of revenues in the various geographic regions again differed considerably in 2007/08. The highest growth rates were recorded in Southeastern and Eastern Europe (incl. Russia) with a plus of 30% over the previous year. The Group average of +10% was exceeded by the export region with an increase of 20% as well as Great Britain / Ireland and France / Spain / Portugal.



- The Egger Group was able to meet its growth targets because of the positive development of business during the first half-year. EBITDA (earnings before interest, tax, depreciation and amortization) rose by 33% from EUR 220 million in 2006/07 auf EUR 292 million. This development resulted chiefly from the growth investments made in recent years and a favorable market environment, which supported an increase in sales volumes and revenues. The EBITDA margin increased from 14,9% to 17,8% in 2007/08. This improvement was supported by the partial transfer of higher raw material costs to customers, further optimization of the customer and product mix as well as productivity increases that resulted from the installation of new equipment and the construction of new plants.

Development of Earnings	2007/08 EUR million	2006/07 EUR million	Change in %
Revenues	1.637	1.479	+11
EBITDA	292	220	+33
Operating EDITDA margin	17,8%	14,9%	
Operating profit (EBIT)	177	115	+54
Operating EBIT margin	10,8%	7,8%	
Financial results	-39	-29	
Profit before tax (EBT)	148	86	+72
Profit after tax	112	60	+87
EBIT / Net financing costs	4,5	4,0	

- Operating depreciation in relation to revenues totaled 7,1%, which is slightly less than the prior year value of 7,2%. This reflects the strong investment activity that has taken place in recent years. It also illustrates the technical potential of Egger and the capital-intensive business in which the Group is active.

- Financial results declined 34% to EUR -38,9 million (2006/07: EUR -29,4 million). Interest cover (the ratio of EBIT to net financing costs) equaled 4,5 (2006/07: 4,0).

- The tax rate fell significantly from 30,1% in 2006/07 to 24,2% for the reporting year.

- The strategy of the Egger Group is focused on continued profitable growth and directed expansion in Eastern Europe.

3.3 Development of Earnings in the Individual Countries

- Austria reported a substantial improvement in revenues and EBITDA compared with the prior year. The increases in material costs from 2006/07 and 2007/08 were transferred in part to the market through the adjustment of selling prices. Despite a higher level of orders, results were still negatively affected by the start-up phase for the new lightweight board production.

- Revenues in Germany also exceeded the prior year by a significant amount. The expansion of capacity and optimization measures supported an improvement in EBITDA, despite the difficult market environment.

- The development of business in Great Britain was influenced by the renovation of the plant in Hexham, combined with the expansion of capacity and optimization of the cost structure as well as price, margin and product mix improvements and a related increase in EBITDA. The negative trend in the Pound/Euro exchange rate has reduced the pressure of imports from the Continent.

- France reported a substantial increase in both revenues and EBITDA. The market situation was characterized by the continued favorable development of sales volumes and the product mix as well as a difficult operating environment in Spain and Portugal. The modernization of the plant in Rion des Landes is currently in progress and will further improve the competitive position of France in the future.

- Revenues from the retail segment rose by only a slight amount following the termination of the joint venture formed by Egger and Tarkett for the production of laminated flooring as of April 30, 2007. The enormous pressure on prices and extremely difficult market environment (no signs of recovery in the construction industry, the real estate crisis in den USA and excess capacity in the flooring segment) prevented an increase in earnings. Competitors that previously exported to overseas regions (USA, Asia) are now rushing back to European markets, with the weak US Dollar providing an added incentive for this shift.

- The development of business in Russia was also driven by excellent performance in the production area during 2007/08, with revenues and EBITDA showing a substantial year-on-year improvement. The installation of a second laminating line will significantly expand processing capacity and improve the Group’s competitive position on this market in the future.

- In Romania, the start-up phase at the Radauti plant began in January.

3.4 Cash Flow

- Gross cash flow rose by 40% to EUR 226 million for 2007/08. After an adjustment for the funds held in working capital, cash flow from operating activities reached EUR 181 million (2006/07: EUR 205 million).

Cash Flow Statement	2007/08 EUR million	2006/07 EUR million
Cash flow from operating activities	+181	+205
Cash flow from investing activities	-305	-220
Cash flow from financing activities	+185	-32
Change in cash and cash equivalents	+62	-46

3.5 Investments

- The Egger Group invested a total of EUR 303 million in intangible assets and property, plant and equipment during 2007/08 (2006/07: EUR 246 million). This figure includes maintenance investments of EUR 30 million (2006/07: EUR 34 million), which equals 26% (2006/07: 33%) of scheduled depreciation for the year.
  A total of EUR 273 million was spent on growth investments in 2007/08 (2006/07: EUR 212 million). The most important growth projects for the reporting year included the construction of a new plant in Radauti (RO), the construction of a sawmill with a capacity of approx. 800.000 solid cubic meters in Brilon (DE) and the start of modernization at Rion des Landes (FR).
  In Rambervilliers (FR), the raw chipboard press was overhauled. The investment projects in Gifhorn (laminating press, DE), Wismar (high-bay warehouse, DE) and Hexham (plant modernization, UK) were also successfully completed.

Total Investments	April 30, 2008	April 30, 2007
	EUR million	EUR million
Western and Central Europe	170	197
Southern and Eastern Europe	133	49
Total Investments	303	246

3.6 Financing Measures and Plans

- In view of the impact that "Basel II" is expected to have on borrowing companies and the decision of the Group’s owners against an initial public offering, concrete steps were taken to utilize not only traditional bank credits but also the capital market as a means of financing investments.
- One step included the issue of a bond by Egger Finanzservice GmbH in autumn 2005. This security has a volume of EUR 165 million as well as a term of seven years and an interest rate of 3,875%. This bond was transferred to Egger Holzwerkstoffe GmbH following the merger of Egger Finanzservice GmbH and Finanzholding GmbH.

- Egger Finanzzentrum Northumbria Finance Ltd. (NFL), which was founded in Ireland, has successfully exercised its functions as an internal factoring institution for a number of years, and was able to expand its business activities in 2007/08. The affiliated Northumbria Reinsurance Limited (NRL) serves as a captive insurance company to meet the insurance needs of the Egger Group.
- The diversification of capital sources and financing instruments represents a major focal point of the corporate financing strategy. The objective is to achieve a balanced capital and interest rate structure to meet the requirements of business operations. As part of strategic measures to safeguard liquidity, the Group also arranges for additional long-term lines of credit.
- Derivative financial instruments are only used to hedge risk positions arising from basic business operations.
- Information on the Egger bonds for 2002 to 2009 and 2005 to 2012 as well as the perpetual bond and participation rights is provided in the notes to the consolidated financial statements. Since profits were retained in the company during the past year, the interest on the perpetual bond will be carried forward.

3.7 Egger Value Management

- The central strategy of Egger is based on the Group's guiding principles, vision and mission, and calls for long-term profitable growth as well as a sustainable increase in the value of the company. The optimization of activities in existing markets and investments in profitable growth markets are designed to support value management. These concepts are also found in the value management principles defined by Egger.
- Egger value management is based on a simple and transparent, but strong analytical method that focuses on a sustainable increase in cash flow (EBITDA) in relation to historical capital employed as well as CFROI (cash flow return on investment; the return on capital employed in relation to acquisition costs) and the increase in the difference between EBITDA and the cost of capital (=CVA; cash value added; profit that exceeds the cost of capital).
- CFROI is one of the most important performance indicators for capital-intensive companies, and serves as a measure of the profitability of capital employed.

Calculation of Group CFROI:

	April 30, 2008	April 30, 2007
	EUR million	EUR million
Operating EBITDA	292	220
Historical capital employed	2.173	1.978
CFROI (in %)	13,4%	11,1%

Group CFROI equaled 13,4% for 2007/08 (2006/07: 11,1%). A slight improvement in CFROI is expected over the coming years, when the recent high pace of growth investments and expansion of capacity begins to have a favorable impact on earnings. However, current developments on the Group's markets with subdued demand and rising pressure on prices could have an impact on profitability.

4 Risk Management

- Information on the risk policy of the Egger Group and a detailed description of the specific risks to which Egger is exposed is provided in the risk report, which is included in the notes to the financial statements.

5 Subsequent Events after the Balance Sheet Date

5.1 Significant Events after the End of the Financial Year

- The start-up phase for raw chipboard production and laminating at the newly constructed plant in Radauti (RO) is proceeding extremely well.

- Construction of the sawmill in Brilon (DE): test operations with the round timber sorting and sawing equipment started in mid-May 2008.

5.2 Expected Developments / Outlook

Growth and investments

- The long-term strategic development of the Egger Group will focus above all on growth investments. Activities in the established West European plants will focus on the expansion of capacity and optimization, while projects in Eastern Europe will involve the construction of new (greenfield) facilities. For the 2008/09 financial year, growth investments are expected to total approx. EUR 180 million.

- The 16th Egger plant is currently under construction in Radauti (Romania) and will create the production capacity for roughly 600.000 m³ of raw chipboard. Raw chipboard manufacture and laminating processes started in January 2008, with an increase to the defined capacity level planned for the 2008/09 financial year.

- In 2006/07 the decision was made to construct at new sawmill for approx. 800.000 solid cubic meters at the plant in Brilon (DE). The investment volume is expected to total approx. EUR 80 million. This project is designed to extend the production chain, develop the interesting sawn timber market and, above all, broaden the supply base for wood raw materials. Production started on May 19, 2008.

- A new energy and environmental protection concept is being implemented at St. Johann (AT), which will supply the neighboring communities with long-distance heating and further optimize energy efficiency and reduce emissions at the facility.

- At the plant in Rion (FR), Egger plans to install a new continuous press that will start operations by the third quarter of 2008. This aggregate is capable of handling sizes of 2,1 m by 42,1 m, and will replace the current press and two single storey presses. In addition, the installation of another laminating aggregate will raise the processing capacity for decor products by 30%. The energy-related and environmental protection aspects of the project will be improved by the construction of a 50 MW biomass boiler.

Outlook on revenues and earnings

- Egger will continue to pursue its goal to generate above-average growth in revenues, EBITDA and CFROI. Forecasts for the 2007/08 financial year call for a further increase in revenues. Subdued activity in several markets during the second half of 2007/08 leads to expectations that demand and revenues will weaken slightly during 2008/09. Investments made in recent years, above all in Eastern Europe, will allow Egger to profit from the growth momentum in this region.

- This outlook includes forecasts that are based on current estimates for future developments. Uncertainty or risks in the market environment could influence these future developments and lead to variances from the current estimates.

5.3 Research and Development / Innovation

- Innovation forms the basis for the sustainable earning power of the Egger Group. A key goal in this respect is to measurably accelerate the pace of innovation in the Group's products and services and thereby realize a resulting improvement in revenues and earnings.

- The Egger Group has redefined and anchored innovation – from the development of ideas to documentation and organizational management – in all its business processes. The central competence center was strengthened through addition hiring in 2006/07, and has increased its concentration on the development of processes for low-emission products and the improvement of productivity in the Group's production facilities.

- EUROLIGHT® 1,5 mm radius worktop and accessories
  EGGER developed the new worktop model 300 with a radius of 1,5 mm, in particular to meet the needs of the kitchen furniture industry. The seamless transition of the pattern creates an entirely new look, which will also support new applications such as end panels and shelving. This new development was also coupled with an increase in the product line of worktop accessories.
- DPR Laminated flooring
  Following the successful start of direct printing operations in Brilon, Egger expanded its collection during the reporting year to also include two-color printing. This will allow the Group to serve additional price segments. Two collections with nine decors each were presented for the retail and DiY sales channels at the Domotex 2008, the world's largest flooring trade fair in Hannover.
- ST 22 Matex
  The deep glossy and matt grained structure of the ST 22 Matex, which was introduced in 2007, has proven to be a successful development by Egger. The natural appearance and feeling of this structure has led to high demand throughout Europe.
- High gloss KT development
  In keeping with current trends, Egger has developed a new glossy surface for use above all in the high-volume kitchen furniture segment. This will now allow the Group to meet the rising demand for economical solutions in this area.
- Formaldehyde
  In accordance with a requirement by IKEA to reduce the formaldehyde content of chipboard to E½ by autumn 2008, EGGER has started a development project that will be completed within the desired timeframe.

St. Johann, July 11, 2008

KAMMER DER WIRTSCHAFTSTREUHÄNDER

General Conditions of Contract for the Public Accounting Professions (AAB 2007)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006 as well as on August 31, 2007.

Preamble

(1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payrollrelated taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

(2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

(3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

(4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.

SECTION I

1. Scope

(1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor‘s certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payrollrelated taxes and contributions.

(2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

(3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

2. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) Should the legal situation change subsequent to delivering a final professional statement, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

3. Client‘s Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

(2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.

(3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

4. Maintenance of Independence

The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

5. Reporting Requirements

(1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.

(3) Transmission errors cannot be excluded when information is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of transmission errors. Electronic transmission (incl. via the Internet/e-mail) shall be exclusively at the client’s risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm’s offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Company Code (UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by enlisting the services of a third party, e.g. a dataprocessing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

9. Secrecy, Data Protection

(1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client‘s instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat fee)– always to be presumed in case of doubt –may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calender month by observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client‘s explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and valueadded (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Commercial Code (UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate timelimit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Company Code). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(3) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(4) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(5) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(6) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(7) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

a) preparing annual tax returns for income tax and corporate tax on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
b) examining the tax assessment notices for the tax returns mentioned under a).
c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
e) participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to valueadded tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

a) processing nonrecurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
b) the defense and consultation in penal procedures relating to the taxes mentioned,
c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

SECTION II

18. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payrollrelated taxes and contributions.

19. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

(3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payrollrelated taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.

(4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.

(5) Any application submitted to authorities (e.g. tax office, social insturance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

20. Client‘s Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payrollrelated taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

21. Termination

(1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months‘ notice without giving a particular reason.

(2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.

(3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.

(4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

22. Fee and Entitlement to Fee

(1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.

(3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.

(4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.

(5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

23. Other Provisions

In all other cases, Point 1 Item 2, Point 4, Point 6, Point 7, Point 8, Point 9, Point 14 and Point 15 of Section I of the General Conditions of Contract shall apply accordingly.

SECTION III

24. Scope

(1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.

(2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the nonrecurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning nonrecurring interventions and the handling of the individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

25. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.

(3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

28. Fee and Entitlement to Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.

29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

SECTION IV

30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

31. Supplementary Provisions

(1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

(2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

(4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or

3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

(9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.