Egger Holzwerkstoffe GmbH,
St. Johann in Tirol

Consolidated Financial Statements as of April 30, 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
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Rounding

The use of automated calculation systems may give rise to rounding differences.

Consolidated Financial Statements
according to International Financial Reporting Standards (IFRS)
as of April 30, 2010
of

EGGER HOLZWERKSTOFFE GMBH,
St. Johann in Tirol

Contents

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Balance Sheet
as of April 30, 2010

	Notes	30.4.2010 TEUR	30.4.2009 TEUR
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	971.774	1.007.803
Intangible assets	(1)	3.927	4.024
Financial assets	(2)	33.026	29.620
Investments in associates	(3)	2.362	3.843
Other assets	(4)	30	750
Deferred tax assets	(15)	45.815	41.440
		1.056.933	***1.087.481***
Current assets			
Inventories	(5)	189.768	203.828
Trade receivables	(6)	47.129	42.129
Other assets	(4)	31.672	36.554
Current tax assets		94	1.672
Securities and financial assets	(2)	148	276
Cash and cash equivalents	(7)	302.111	125.106
		570.923	***409.565***
Total Assets		**1.627.856**	**1.497.046**
EQUITY AND LIABILITIES			
Equity			
Issued capital, participation rights, perpetual bond and reserves	(8,9)	520.137	445.319
Non-controlling interests		26.630	24.687
		546.767	***470.006***
Non-current liabilities			
Bonds	(10)	284.032	164.779
Financial liabilities	(11)	350.322	456.616
Other liabilities	(12)	2.434	2.050
Investment subsidies	(13)	31.497	38.089
Provisions	(14)	46.786	51.061
Deferred tax liabilities	(15)	12.748	11.251
		727.819	***723.846***
Current liabilities			
Bonds	(10)	0	0
Financial liabilities	(11)	91.993	70.885
Trade payables	(16)	159.265	136.480
Other liabilities	(12)	78.888	82.876
Liabilities from income taxes		16.611	11.534
Provisions	(17)	6.512	1.420
		353.269	***303.194***
Total Equity and Liabilities		**1.627.856**	**1.497.046**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Income Statement
for the 2009/10 Financial Year

	Notes	2009/10 TEUR	2008/09 TEUR
Revenues	(18)	**1.478.083**	**1.503.051**
Other operating income	(19)	34.206	30.738
Increase/decrease in inventories		7.622	-14.965
Own work capitalized		3.122	7.603
Cost of materials	(20)	-806.537	-849.057
Personnel expenses	(21)	-236.821	-246.584
Depreciation and amortization		-136.056	-130.345
Other operating expenses	(22)	-243.496	-252.646
Operating profit		**100.123**	**47.796**
Financial results	(23)	-30.358	-64.852
Income from financial investments	(24)	61	-58
Income from associates		-1.606	-1.168
Profit before tax		**68.220**	**-18.282**
Income taxes	(15)	-8.468	19.146
Profit after tax		**59.753**	**865**
Thereof attributable to non-controlling interests		1.765	386
Thereof attributable to equity holders of the parent company		57.988	479
		59.753	**865**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Statement of Comprehensive Income
for the 2009/10 Financial Year

	Notes	2009/10 TEUR	2008/09 TEUR
Currency translation adjustments		10.987	-50.077
Change in hedging reserve		3.612	-4.672
Profit after tax recognized directly in equity	(25)	**14.599**	**-54.749**
Profit after tax		59.753	865
Total comprehensive income for the period		**74.352**	**-53.884**
Thereof attributable to non-controlling interests		1.766	383
Thereof attributable to equity holders of the parent company		72.586	-54.267
		74.352	**-53.884**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Cash Flow Statement
for the 2009/10 Financial Year

	Notes	2009/10 TEUR	2008/09 TEUR
Profit before tax		68.220	-18.282
Depreciation and amortization	(1)	136.056	130.345
Impairment charges to and valuation of financial assets		81	182
Use of investment subsidies	(19)	-7.725	-11.970
Income/loss from the disposal of fixed assets		67	3.527
Income from associates		1.606	1.168
Increase/decrease in long-term provisions		-4.275	-3.156
Income taxes paid		-796	-17.874
Gross cash flow		**193.234**	**83.940**
Increase/decrease in inventories		14.060	54.241
Increase/decrease in trade receivables		-5.000	44.511
Increase/decrease in other assets		7.181	4.770
Increase/decrease in trade payables		22.785	-69.238
Increase/decrease in other liabilities		-8.925	8.120
Increase/decrease in current provisions		5.092	-314
Currency translation adjustments		5.506	-578
Cash flow from changes in net current assets		**40.699**	**41.512**
Cash flow from operating activities	(26)	**233.933**	**125.452**
Purchase of property, plant and equipment and intangible assets	(1)	-88.600	-201.938
Purchase of non-current financial assets		-5.300	-2.379
Increase/decrease in securities and current financial assets		128	-31
Proceeds from the disposal of non-current assets		2.389	5.252
Cash flow from investing activities		**-91.383**	**-199.096**
Issue of EGGER bond 2010 – 2017		119.166	0
Repayment of EGGER bond 2002-2009		0	-72.920
Increase/decrease in current financial liabilities		21.108	-20.173
Increase/decrease in non-current financial liabilities		-106.207	85.747
Cash flow from financing activities		**34.067**	**-7.346**
Net change in cash and cash equivalents		**176.617**	**-80.990**
Effects of exchange rate fluctuations on cash held		388	-1.672
Cash and cash equivalents at the beginning of the financial year		125.106	207.768
Cash and cash equivalents at the end of the financial year	(26)	**302.111**	**125.106**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Statement of Changes in Equity
as of April 30, 2010

	Share capital	Participa-tion rights	Perpetual bond	Reserves	Translation reserve	Equity before non-controlling interests	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance on April 30, 2008	**10.000**	**356.637**	**132.536**	**35.529**	**-36.760**	**497.942**	**23.999**	**521.941**
Total comprehensive income for the period	0	0	0	-4.193	-50.074	-54.267	383	-53.884
Transfer of shares without recognition through profit or loss	0	0	0	-765	0	-765	765	0
((Deferred) taxes not recognized through profit or loss	0	0	0	2.411	0	2.411	0	2.411
Increase / decrease in non controlling interests	0	0	0	0	0	0	-460	-460
Balance on April 30, 2009	**10.000**	**356.637**	**132.536**	**32.980**	**-86.835**	**445.319**	**24.687**	**470.006**
Total comprehensive income for the period	0	0	0	61.600	10.986	72.586	1.766	74.352
Transfer of shares without recognition through profit or loss	0	0	0	-178	0	-178	178	0
(Deferred) taxes not recognized through profit or loss	0	0	0	2.411	0	2.411	0	2.411
Balance on April 30, 2010	**10.000**	**356.637**	**132.536**	**96.812**	**-75.848**	**520.137**	**26.630**	**546.767**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Notes to the Consolidated Financial Statements
as of April 30, 2010

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 business activities of the 15 production facilities are concentrated primarily on the following:

- 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, 2010 were prepared in accordance 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 formulated by the International Accounting Standards Board (IASB), adopted by the European Union and required mandatory application as of the balance sheet date.

In accordance with the requirements of IAS 1, a statement of comprehensive income with two separate listings is provided as of May 1, 2009. The comparable prior year data were adjusted accordingly. The revised IAS 23 requires the capitalization of borrowing costs incurred for the acquisition or production of qualifying assets. Egger applied this new standard in the financial year beginning on May 1, 2009. The change in this standard had no material effect on the presentation of the asset, financial or earnings position in the consolidated financial statements.

The following standards and interpretations were announced by the IASB, but do not require mandatory application for the financial year ending on April 30, 2010. Egger elected not to utilize the option that permits earlier application and is currently evaluating the effects of these standards and interpretations on the consolidated financial statements.

IAS 24	Related Party Disclosures
IAS 32	Classification of Puttable Instruments
IAS 39	Financial Instruments: Recognition and Measurement (hedged underlying)
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedge of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers
IFRIC 19	Extinguishing Financial Liabilities with Equity
IFRS 1	First-time Adoption of IFRS (revised 2008)
IFRS 1	Additional Exemptions for First-time Adopters of IFRS
IFRS 2	Group Cash-settled Share-based Payment Transactions
IFRS 3 and IAS 27	Business Combinations, Consolidated and Separate Financial Statements
IFRS 9	Financial Instruments

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 20 Austrian (30.4.2009: 18) and 42 foreign (30.4.2009: 43) fully consolidated subsidiaries in which Egger Holzwerkstoffe GmbH has management control and directly or indirectly owns more than 50% of the shares. One Austrian (30.4.2009: one) and nine foreign (30.4.2009: eight) 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.

Silvarec S.R.L., Romania, was funded during the reporting year. Egger Osteuropa Beteiligungsverwaltung GmbH, St. Johann in Tirol, holds 50% of the share capital in Silvarec S.R.L. This company was included in the consolidation at equity.

In addition, 100% of the shares in the Romanian HL Hunley Consulting S.R.L. and Energy Trust S.R.L. were acquired. HL Hunley Consulting S.R.L. was renamed Egger Technologia S.R.L. Both companies were fully consolidated.

Egger Ireland Ltd, Dublin, and Northumbria Ltd, Dublin, were merged into Egger Holzwerkstoffe GmbH, St. Johann in Tirol.

The investment in Egger Floor Products Wismar GmbH, Wismar, was sold to Egger Holzwerkstoffe Wismar GmbH & Co. KG, Wismar, and subsequently merged into Egger Holzwerkstoffe Wismar GmbH & Co. KG, Wismar.

Egger Beratung GmbH, St. Johann in Tirol, and Egger ADLB Management GmbH, St. Johann in Tirol, were founded and fully consolidated during April 2010. In May 2010 Egger Beratung GmbH was renamed EHWS Beteiligungs GmbH.

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).

Non-controlling interests in the equity of consolidated companies are shown as a separate position under equity. The share of annual profit after tax attributable to non-controlling 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, revenues 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 in the relevant financial 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 initial consolidations, are translated at the average rate in effect on the balance sheet date. The individual items on the income statement are translated at the weighted 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 long-term 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 currency translation risk arising from our English subsidiaries was limited by a forward exchange contract.

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

	Closing rate on		Average rate for the year	
	30.4.2010 EUR	30.4.2009 EUR	2009/10 EUR	2008/09 EUR
1 British Pound	1,14904	1,11939	1,13429	1,18855
100 Russian Rubles	2,58400	2,28100	2,34142	2,55225
1 New Romanian Leu	0,24227	0,23904	0,23893	0,25968

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 the new accounting rules that require mandatory application.

1.6.1. Property, plant and equipment 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.

In accordance with IAS 38, the allocated certificates for greenhouse gas emissions are recorded under intangible assets at acquisition cost – which in this case equals zero because of the free allocation – and the use of the certificates is 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 of 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.

Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any necessary impairment charges.

The production cost of self-constructed property, plant and equipment 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.

If 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 qualifying assets.

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
Property, plant and equipment	
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 results from 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 amount as of April 30, 2004 and – similar to goodwill acquired after this date – is tested each year for impairment by comparing the carrying amount 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 amount 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 component of property, plant and equipment 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 fair value. These items are recognized at acquisition cost as of the purchase date and measured at fair value in subsequent periods. Any changes in this 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 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 amount of the relevant asset, an impairment charge is recorded to reduce the carrying amount 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 amount 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. Other assets are valued at cost, less any necessary impairment charges.

1.6.8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, time deposits with a term of less than three months from the date of acquisition and demand deposits with credit institutions. This position also includes cash pooling receivables invested with associates, which 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 in accordance with IAS 19, whereby calculations are based on the projected unit credit method. An actuarial procedure is used 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:

	April 30, 2010	30. April 2009
Discount rate	5,25 – 5,6	4,75 – 6,5
Increase in salaries and wages	0,5 – 3,0	0,5 – 3,0
Increase in pensions	0 – 3,2	0 – 3,0
Expected income on pension plan assets	5,5 – 7,0	5,5 – 7,0
Retirement age for women (in years)	58,08 – 65	57,83 – 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

Income taxes shown for the reporting year include 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 the change 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. Exceptions to the general rule for the creation of deferred taxes are 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 consideration 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 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.

Hedge accounting as defined in IAS 39 is applied to hedges of a net investment in a foreign operation and to cash flow hedges. Gains and losses resulting from changes in the value of derivative financial instruments are recorded directly to equity.

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 and profit or loss on derivative financial instruments.

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.
- The valuation of risks arising from pending legal proceedings also incorporates a best possible estimate of the potential payment outflows, which is based on opinions prepared by the involved experts.

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

(1) Property, plant and equipment and intangible assets

PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Other equipment, furniture, fixtures and office equipment	Prepay-ments and assets under construc-tion	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition or production cost as of 30.4.2008	**497.960**	**1.280.265**	**85.067**	**263.164**	**2.126.456**
Foreign exchange increase/decrease	-18.393	-24.949	-1.704	-22.365	-67.411
Additions	41.267	103.878	9.862	46.288	201.295
Disposals	-25.600	-18.636	-4.178	-109	-48.522
Transfers	78.243	162.217	446	-240.926	-19
Acquisition or production cost as of 30.4.2009	**573.478**	**1.502.776**	**89.493**	**46.051**	**2.211.798**
Foreign exchange increase/decrease	6.900	10.895	633	79	18.508
Additions	7.423	61.965	5.461	13.001	87.849
Disposals	-1.024	-48.099	-2.436	0	-51.560
Transfers	1.302	42.929	91	-44.327	-4
Acquisition or production cost as of 30.4.2010	**588.078**	**1.570.466**	**93.242**	**14.804**	**2.266.591**
Accumulated depreciation as of 30.4.2008	**-180.425**	**-894.537**	**-58.566**	**0**	**-1.133.528**
Foreign exchange increase/decrease	5.000	12.832	1.081	0	18.913
Ordinary depreciation	-23.642	-97.698	-8.100	0	-129.440
Disposals	18.928	17.448	3.685	0	40.060
Accumulated depreciation as of 30.4.2009	**-180.139**	**-961.955**	**-61.900**	**0**	**-1.203.995**
Foreign exchange increase/decrease	-1.266	-4.678	-467	0	-6.410
Ordinary depreciation	-24.125	-103.043	-8.036	0	-135.204
Disposals	416	48.337	2.038	0	50.791
Accumulated depreciation as of 30.4.2010	**-205.114**	**-1.021.339**	**-68.364**	**0**	**-1.294.817**
Carrying amount as of 30.4.2009	**393.338**	**540.821**	**27.593**	**46.051**	**1.007.803**
Carrying amount as of 30.4.2010	**382.964**	**549.127**	**24.878**	**14.804**	**971.774**

In accordance with IAS 17, property, plant and equipment 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 7.970 (30.4.2009: TEUR 8.488) for land and buildings, TEUR 3.722 (30.4.2009: TEUR 5.924) for machinery and equipment and TEUR 376 (30.4.2009: TEUR 455) 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 17 (30.4.2009: TEUR 0) of capitalized interest. Borrowing costs averaged 4% during the reporting year.

Land and buildings include land with a carrying amount of TEUR 50.879 (30.4.2009: TEUR 50.622).

INTANGIBLE ASSETS

	Licenses TEUR	Goodwill TEUR	Total TEUR
Acquisition or production cost as of 30.4.2008	**11.827**	**1.522**	**13.349**
Additions	643	0	643
Disposals	-278	0	-278
Transfers	19	0	19
Acquisition or production cost as of 30.4.2009	**12.211**	**1.522**	**13.734**
Additions	751	0	751
Disposals	-137	0	-137
Transfers	4	0	4
Acquisition or production cost as of 30.4.2010	**12.829**	**1.522**	**14.352**
Accumulated amortization as of 30.4.2008	**-9.047**	**0**	**-9.047**
Ordinary amortization	-905	0	-905
Disposals	243	0	243
Accumulated amortization as of 30.4.2009	**-9.709**	**0**	**-9.709**
Ordinary amortization	-853	0	-853
Disposals	137	0	137
Transfers	0	0	0
Accumulated amortization as of 30.4.2010	**-10.425**	**0**	**-10.425**
Carrying amount as of 30.4.2009	**2.502**	**1.522**	**4.024**
Carrying amount as of 30.4.2010	**2.404**	**1.522**	**3.927**

Goodwill is comprised of the following:

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

No impairment charges were recognized to goodwill during the 2009/10 financial year.

(2) Securities and financial assets

Non-current financial assets

	Acquisition value 30.4.2010 TEUR	Accumulated incr./decr. in value 30.4.2010 TEUR	Carrying amount 30.4.2010 TEUR	Carrying amount 30.4.2009 TEUR
Shares in subsidiaries of other private foundations	16.263	0	16.263	16.263
Securities carried at fair value through profit or loss	2.446	-211	2.235	1.801
Investment property	5.492	-1.437	4.055	4.140
Other financial assets	9.070	-1.304	7.766	3.740
Loans due from				
Third parties	3.045	-397	2.647	2.213
Subsidiaries of other private foundations	0	0	0	1.303
Associates	59	0	59	161
	36.375	**-3.349**	**33.026**	**29.620**

Shares in subsidiaries of other private foundations represent a stake of approx. 18% in Egger Getränke Beteiligungsgesellschaft m.b.H, St. Pölten. It was not possible to determine a market value for these shares, and the investment is therefore carried at amortized cost.

Securities are comprised primarily of shares in funds. The carrying amount of these items reflects fair value. During the 2009/10 financial year, net unrealized gains of TEUR 65 (2008/09: losses of TEUR 60) were included under income from financial investments.

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

	Investment Property TEUR
Acquisition or production cost as of 30.4.2008	**5.484**
Additions	8
Acquisition or production cost as of 30.4.2009	**5.492**
Additions	3
Disposals	-3
Acquisition or production cost as of 30.4.2010	**5.492**
Accumulated depreciation as of 30.4.2008	**-1.262**
Ordinary depreciation	-89
Accumulated depreciation as of 30.4.2009	**-1.352**
Ordinary depreciation	-89
Disposals	3
Accumulated depreciation as of 30.4.2010	**-1.437**
Carrying amount as of 30.4.2009	**4.140**
Carrying amount as of 30.4.2010	**4.055**

The fair value of TEUR 5.156 (30.4.2009: TEUR 5.259) was determined using an income approach. Expenses arising from investment property totaled TEUR 149 for the reporting year (2008/09: TEUR 117) and income equaled TEUR 313 (2008/09: TEUR 300).

Securities and current financial assets

Current financial assets of TEUR 148 (30.4.2009: TEUR 276) represent loans with a remaining term of less than one year.

(3) Shares in associates

	Carrying amount 30.4.2009 TEUR	Addition TEUR	Results for the year TEUR	Distribution TEUR	Carrying amount 30.4.2010 TEUR
Shares in associates	3.843	125	-1.606	0	2.362

The annual results are related above all to Österreichische Novopan Holzindustrie OG. 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, 2010, assets equaled

TEUR 2.863 (30.4.2009: TEUR 7.429) and liabilities equaled TEUR 2.832 (30.4.2009: TEUR 2.305). The loss for the year totaled TEUR 5.058 (2008/09: loss of TEUR 513).

The termination of production at Österreichische Novopan Holzindustrie OG was announced at a meeting of employees on May 15, 2009.

All other associates are sales companies.

(4) Other assets

	Total	Thereof remaining term		Total	Thereof remaining term	
	30.4.2010	Over 1 year	Under 1 year	30.4.2009	Over 1 year	Under 1 year
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Other assets						
Due from third parties	18.106	21	18.085	22.793	688	22.105
Tax credits (non-income based taxes)	7.921	0	7.921	5.814	0	5.814
Suppliers with debit balances	3.150	8	3.142	4.968	18	4.950
Due from subsidiaries of other private foundations	495	0	495	279	0	279
Due from associates	85	0	85	100	0	100
Derivative financial assets	308	0	308	1.464	0	1.464
Prepaid expenses	1.636	0	1.636	1.887	45	1.842
	31.702	**30**	**31.672**	**37.304**	**750**	**36.554**

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. This position also includes disputed receivables amounting to TEUR 5.604 (30.4.2009: TEUR 3.756). In the opinion of management and the responsible attorney, the claims arising from these receivables are correct. No individual valuation adjustments were recognized.

Information on derivative financial instruments is provided under point 4.1.

(5) Inventories

	30.4.2010 TEUR	30.4.2009 TEUR
Raw materials and supplies	97.479	110.607
Semi-finished goods	11.914	11.118
Finished goods and merchandise	80.376	82.104
	189.768	**203.828**

Write-downs of TEUR 18.243 (30.4.2009: TEUR 15.669) were recorded to inventories.

Of total inventories, TEUR 12.125 (30.4.2009: TEUR 20.528) are carried at net realizable (proceeds on sale less sales deductions and any future production or selling costs).

(6) Trade receivables

	30.4.2010 TEUR	30.4.2009 TEUR
Trade receivables		
Due from third parties	44.415	39.308
Due from subsidiaries of other private foundations	5	7
Due from associates	2.710	2.814
	47.129	**42.129**

Valuation adjustments of TEUR 4.194 (30.4.2009: TEUR 3.677) were recognized to trade receivables.

Of total trade receivables, TEUR 0 (30.4.2009: TEUR 47) are secured by notes receivable.

During the 2009/10 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, 2010, receivables totaling TEUR 161.637 (30.4.2009: TEUR 153.055) were not recognized because they had been sold to an external financing institution.

(7) Cash and cash equivalents

	30.4.2010 TEUR	30.4.2009 TEUR
Cash on hand	159	270
Short-term deposits (time deposits)	83.121	30.129
Deposits with financial institutions	204.355	94.708
Cash pooling with associates	14.477	0
	302.111	**125.106**

(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 totals TEUR 10.000 and has remained unchanged since the prior year.

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, this 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.

In accordance with a resolution of the company's shareholders on May 3, 2010, an interest payment of TEUR 3.000 was approved and distributed on May 11, 2010.

Egger uses cash flow hedges to limit the risk associated with interest payments on variable interest liabilities. The reserves include an interest rate swap of TEUR -1.060 (30.4.2009: TEUR 0), which had a negative fair value of TEUR 1.414 on April 30, 2010 (30.4.2009: TEUR 0).

(9) Foreign exchange translation

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

The difference arising from foreign exchange translation includes TEUR -5.051 from the expired hedge of net investment.

Unrealized foreign exchange differences of TEUR -22.008 (30.4.2009: TEUR -29.476) arising from long-term 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 30.4.2010 TEUR	Carrying amount 30.4.2009
Bond 2005-12	165.000	7 years	2 years	3,875 %	3,914 %	fixed	**164.843**	**164.779**
Bond 2010-17	120.000	7 years	7 years	5,750 %	5,849 %	fixed	**119.189**	**0**

In October 2005 Egger Holzwerkstoffe GmbH 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 164.835 (30.4.2009: TEUR 148.665).

In February 2010 Egger Holzwerkstoffe GmbH issued a 5,75% fixed coupon bond with a volume of EUR 120 million. The bond has a term of seven years, ending in February 2017. Die

Interest payments are due each year in February. The fair value of the bond totals TEUR 123.600.

(11) Financial liabilities

	Total	Thereof remaining term		
		Over	1 to 5	Under
	30.4.2010	5 years	years	1 year
	TEUR	TEUR	TEUR	TEUR
Financial liabilities owed to credit institutions				
Bank loans	388.360	3.143	342.897	42.320
Accrued interest	5.955	0	0	5.955
	394.315	**3.143**	**342.897**	**48.275**
Other financial liabilities				
Finance leases	3.694	16	812	2.866
Cash pooling liabilities / settlement liabilities due to				
Subsidiaries of other private foundations	25.030	0	1.630	23.400
Associates	17.452	0	0	17.452
Other	1.824	0	1.824	0
	48.000	**16**	**4.266**	**43.718**
	442.315	**3.159**	**347.163**	**91.993**

	Total	Thereof remaining term		
		Over	1 to	Under
	30.4.2009	5 years	years	1 year
	TEUR	TEUR	TEUR	TEUR
Financial liabilities owed to credit institutions				
Bank loans	486.191	14.929	432.216	39.046
Accrued interest	7.503	0	0	7.503
	493.694	**14.929**	**432.216**	**46.549**
Other financial liabilities				
Finance leases	6.091	64	3.615	2.412
Cash pooling liabilities / settlement liabilities due to subsidiaries of other private foundations	22.151	0	2.501	19.650
Associates	2.274	0	0	2.274
Other	3.291	0	3.291	0
	33.808	**64**	**9.408**	**24.336**
	527.502	**14.993**	**441.624**	**70.885**

Of the total bank loans, TEUR 0 (30.4.2009: TEUR 8.724) are denominated in British Pounds. The other credits were concluded in Euros.

Financial liabilities of TEUR 114.560 (30.4.2009: TEUR 151.018) are secured by the following collateral.

Collateral	Financial liabilities 30.4.2010 TEUR	Collateral 30.4.2010 TEUR	Financial liabilities 30.4.2009 TEUR	Collateral 30.4.2009 TEUR
Shareholder rights to consolidated subsidiaries	103.659	214.010	120.407	208.010
Property, plant and equipment	10.901	10.901	30.611	43.112
	114.560		**151.018**	

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

Type of financing	Carrying amount 30.4.2010 TEUR	Fair value 30.4.2010 TEUR	Effective interest rate 2009/10 %	Interest rate fixed/variable
Bank loans	116.571	118.094	3,93	fix
	271.788	271.788	2,05	variabel
	388.360	**389.882**		

Liabilities arising from finance leases are comprised of the following:

	Total 30.4.2010 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Present value	3.694	16	812	2.866
Interest	155	2	46	107
Payment amount	**3.849**	**18**	**858**	**2.973**

(12) Other liabilities

	Total 30.4.2010 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	9.652	133	305	9.214
Due to employees	26.483	0	0	26.483
Outstanding customer bonuses	17.574	0	0	17.574
Due to subsidiaries of other private foundations	20	0	0	20
Due to associates	75	0	0	75
Taxes (non-income based taxes)	10.373	0	0	10.373
Social security	5.234	0	0	5.234
Derivative financial instruments (liabilities)	9.718	0	1.610	8.108
Deferred income	2.192	0	386	1.806
	81.322	**133**	**2.301**	**78.888**

	Total 30.4.2009 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	7.763	102	473	7.188
Due to employees	25.329	0	0	25.329
Outstanding customer bonuses	14.093	0	0	14.093
Due to subsidiaries of other private foundations	35	0	0	35
Due to associates	10	0	0	10
Taxes (non-income based taxes)	9.744	0	0	9.744
Social security	5.061	0	0	5.061
Derivative financial instruments (liabilities)	20.621	0	510	20.111
Deferred income	2.268	0	965	1.303
	84.926	**102**	**1.948**	**82.876**

Information on derivative financial liabilities is provided under point 4.1.

(13) Investment subsidies

Investment subsidies developed as follows during the 2009/10 financial year:

	Balance on 1.5.2009 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2010 TEUR
Investment subsidies	38.089	19	1.285	-7.725	-170	31.497

The investment subsidies are released to profit or loss over the useful life of the relevant item of property, plant and equipment.

(14) Non-current provisions

	Balance on 1.5.2009 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2010 TEUR
Provisions for termination benefits	16.445	0	0	1	-775	-411	15.260
Provisions for pensions	14.334	0	216	0	-1.005	-37	13.509
Other provisions for employees	18.002	0	0	1.042	-1.870	-277	16.898
Other non-current provisions	2.280	0	0	444	-1.103	-503	1.119
	51.061	**0**	**216**	**1.488**	**-4.752**	**-1.226**	**46.786**

Provisions for termination benefits

	30.4.2010 TEUR	30.4.2009 TEUR
Present value (DBO) of obligation = provision recognized as of May 1	16.445	16.874
Change in consolidation range	0	0
Service cost	944	991
Interest expense	780	800
Recognized actuarial gain	-2.134	-211
Severance payments	-775	-2.009
Present value (DBO) of obligation = provision recognized as of April 30	15.260	16.445

Termination benefits for the 2010/11 financial year are expected to equal TEUR 78.

Provisions for pensions

Calculation of provisions recognized on the balance sheet	30.4.2010 TEUR	30.4.2009 TEUR
Present value (DBO) of obligation covered by pension fund assets	50.668	42.859
Fair value of pension fund assets	-34.880	-28.214
Net value of obligation covered by pension fund assets	15.788	14.646
Present value (DBO) of obligation not covered by pension fund assets	2.981	3.136
Unrecognized actuarial loss	-5.260	-3.447
Provisions recognized as of April 30	13.509	14.334

Composition of pension plan assets	30.4.2010 in %	30.4.2009 in %
Stocks and shares in funds	57	50
Fixed-interest securities	38	40
Other	5	10

Development of present value (DBO) of obligation	30.4.2010 TEUR	30.4.2009 TEUR
Present value (DBO) of obligation as of May 1	45.995	53.801
Currency translation adjustment	940	-4.992
Service cost	388	381
Interest expense	2.706	2.825
Actuarial loss / gain	6.645	-3.426
Pension payments	-3.025	-2.594
Present value(DBO) of obligation as of April 30	53.649	45.995

Development of fair value of pension plan assets	30.4.2010 TEUR	30.4.2009 TEUR
Fair value of pension plan assets as of May 1	28.214	37.991
Currency translation adjustment	712	-3.400
Expected return on investment	1.869	2.678
Actuarial gain / loss	5.114	-8.093
Contributions to fund	1.342	1.351
Pension payments by fund	-2.370	-2.313
Fair value of pension plan assets as of April 30	34.880	28.214

The following amounts were recognized to profit or loss for the period:	30.4.2010 TEUR	30.4.2009 TEUR
Service cost	388	381
Interest expense	2.706	2.825
Expected return on investment	-1.869	-2.678
Realized actuarial gain / loss	-277	17
Expenses included under personnel expenses / financial results	949	545
Actual gain / loss on investments	-6.983	5.415

Development of unrealized actuarial results	30.4.2010 TEUR	30.4.2009 TEUR
Balance of accumulated actuarial losses / gains as of May 1	-3.447	778
Currency translation adjustment	-5	424
Actuarial loss / gain for the year from the DBO	-6.922	3.443
Actuarial gain / loss for the year from pension plan assets	5.114	-8.093
Amortization for the financial year (excess over corridor)	0	0
Balance of accumulated actuarial losses as of April 30	-5.260	-3.447

Historical information on obligation covered by fund assets

	2010 TEUR	2009 TEUR	2008 TEUR	2007 TEUR	2006 TEUR
Present value (DBO)	50.668	42.859	50.790	56.582	49.127
Present value of pension plan assets (PA)	34.880	28.214	37.991	43.561	40.541
Deficit from pension plan	-15.788	-14.646	-12.799	-13.021	-8.586
Adjustment of loss / (gain) from DBO based on experience	-115	1.015	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 1.835 in 2010/11.

Other non-current employee provisions

	30.4.2010 TEUR	30.4.2009 TEUR
Present value(DBO) of obligation as of May 1	18.002	17.702
Change in consolidation range	0	0
Service cost	1.618	1.754
Interest expense	826	794
Recognized actuarial gain	-1.679	-794
Long-service bonuses, shift-work bonuses granted on retirement or part-time work for older employees	-1.870	-1.454
Present value(DBO) of obligation = recognized provision as of April 30	16.898	18.002

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 1.604 (30.4.2009: TEUR 1.235) that are secured by collateral. This collateral represents shares in funds.

(15) Income taxes

Income taxes are comprised of the following:

	2009/10 TEUR	2008/09 TEUR
Income taxes paid	10.410	9.684
Taxes resulting from equity items	786	3.546
Deferred taxes	-2.728	-32.376
	8.468	**-19.146**

The taxes resulting from equity items represent outstanding interest payments for the perpetual bond, the hedging reserve 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:

	30.4.2010		30.4.2009	
	Deferred tax assets TEUR	Deferred tax liabilities TEUR	Deferred tax assets TEUR	Deferred tax liabilities TEUR
Property, plant and equipment	4.569	23.405	5.020	25.298
Intangible assets	3.732	399	3.857	325
Financial assets	2.998	161	3.061	114
Inventories	1.083	499	611	292
Trade receivables	158	183	81	90
Other assets	1.659	520	1.490	549
Financial liabilities	1.051	155	1.951	379
Trade payables	182	1	93	0
Other liabilities	1.379	1.650	876	1.642
Provisions	6.260	120	7.593	100
Equity (perpetual bond, net investment)	93	0	108	0
Special depreciation for tax purposes	106	5.375	75	4.316
Tax loss carryforwards	42.265	0	38.478	0
Deferred tax assets/liabilities	65.535	32.468	63.294	33.105
Offset within legal tax units and jurisdictions	-19.720	-19.720	-21.854	-21.854
Deferred taxes (net)	**45.815**	**12.748**	**41.440**	**11.251**

Transition to deferred income tax expense

	TEUR	TEUR	TEUR
Deferred tax assets as of 30.4.2009	41.440		
Deferred tax liabilities as of 30.4.2009	-11.251	30.189	
Deferred tax assets as of 30.4.2010	45.815		
Deferred tax liabilities as of 30.4.2010	-12.748	33.067	
Change in deferred taxes 2009/10			-2.878
Currency translation adjustment			166
Changes recognized directly in equity			-15
Deferred income tax expense			**-2.728**

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 seven years for EGGER Romania S.R.L, Radauti. The 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:

	2009/10		2008/09	
	TEUR	%	TEUR	%
Profit before tax	68.220		-18.282	
Thereof income tax at a rate of 25%	17.056	25,0	-4.570	-25,0
Decrease / increase in taxes due to				
Other tax rates	1.875	2,7	-3.774	-20,6
Tax expense and income from prior periods	837	1,2	2.431	13,3
Changes in tax rates	21	0,0	257	1,4
Non-deductible expenses	2.575	3,8	856	4,7
Amortization of goodwill for tax purposes	-3.183	-4,7	-3.183	-17,4
Partial write-down to an investment for tax purposes	-560	-0,8	-3.059	-16,7
Tax-deductible interest on risk capital	-9.689	-14,2	-7.215	-39,5
Tax-free income	-1.052	-1,5	-1.176	-6,4
Other	588	0,9	287	1,6
Effective tax expense	**8.468**	**12,4**	**-19.146**	**-104,7**

(16) Trade payables

	30.4.2010 TEUR	30.4.2009 TEUR
Trade payables		
Due to third parties	159.087	135.308
Due to subsidiaries of other private foundations	72	71
Due to associates	106	1.101
	159.265	**136.480**

(17) Current provisions

	Balance on 1.5.2009 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2010 TEUR
Current provisions	**1.420**	**0**	**0**	**5.155**	**-62**	**0**	**6.512**

(18) Revenues and segment reporting

Segment reporting is based on the Decorative and Retail areas of business.

These two segments manufacture and sell the following products:

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 same accounting principles described under the section "Significant Accounting Policies" apply to the above segments. 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.

Segment information by area of business

	April 30, 2010			
	Decorative TEUR	Retail TEUR	Consolidation TEUR	Total TEUR
Third party revenues	1.156.289	321.794	0	1.478.083
Inter-company revenues	28.607	38.154	-66.761	0
	1.184.896	359.948	-66.761	1.478.083
Segment EBIT	**93.896**	**6.266**	**-39**	**100.123**
Financial results				-30.358
Income from financial investments				61
Results from associates				-1.606
Profit before tax				**68.220**
Income taxes				-8.468
Profit after tax				**59.753**
Segment assets	1.622.417	270.705	-265.266	1.627.856
Segment liabilities	1.096.808	246.828	-262.547	1.081.088
Capital expenditure	84.196	4.404	0	88.600
Depreciation	104.808	31.248	0	136.056

Note: Inter-segment transactions relating to assets and liabilities are consolidated in the column "consolidation".

	April 30, 2009			
	Decorative TEUR	Retail TEUR	Consolidation TEUR	Total TEUR
Third party revenues	1.171.420	331.631	0	1.503.051
Inter-company revenues	25.037	47.772	-72.809	0
	1.196.457	379.403	-72.809	1.503.051
Segment EBIT	**43.915**	**2.615**	**1.265**	**47.796**
Financial results				-64.852
Income from financial investments				-58
Results from associates				-1.168
Profit before tax				**-18.282**
Income taxes				19.146
Profit after tax				**865**
Segment assets	1.428.233	266.774	-197.961	1.497.046
Segment liabilities	1.003.566	220.321	-196.847	1.027.040
Capital expenditure	196.542	5.396	0	201.938
Depreciation	95.955	34.390	0	130.345

Note: Inter-segment transactions relating to assets and liabilities are consolidated in the column "consolidation".

Segment information by region

Regional segmentation is based on the classification of revenues according to the location of the customer.

	West and Central Europe TEUR	Southern and Eastern Europe TEUR	Other countries TEUR	Consolidation TEUR	Total TEUR
30.4.2010					
Third-party revenues	931.561	456.428	90.094	0	1.478.083
30.4.2009					
Third-party revenues	951.147	487.470	64.434	0	1.503.051

There are no relationships with individual customers that can be classified as material based on the share of Group revenues.

(19) Other operating income

	2009/10 TEUR	2008/09 TEUR
Income from investment property	313	300
Gains on the sale of property, plant and equipment	1.346	362
Reversal of investment subsidies	7.725	11.970
Miscellaneous operating income	24.822	18.106
	34.206	**30.738**

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

	2009/10 TEUR	2008/09 TEUR
Cost of materials	803.116	845.481
Cost of services	3.421	3.575
	806.537	**849.057**

(21) Personnel expenses

	2009/10 TEUR	2008/09 TEUR
Wages	111.103	116.091
Salaries	77.801	80.671
Expenses for pensions	975	-890
Expenses for termination payments and contributions to external employee pension funds	-837	1.166
Payroll-related taxes and duties	44.461	45.835
Other employee benefits	3.318	3.710
	236.821	**246.584**

The average number of employees is as follows:

	2009/10	2008/09
Production and logistics	4.522	4.789
Sales and administration	868	871
	5.390	**5.660**

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

(22) Other operating expenses

	2009/10 TEUR	2008/09 TEUR
Freight	115.856	110.718
Temporary personnel	19.869	28.553
Legal and consulting fees	10.601	9.295
Miscellaneous taxes	8.487	7.082
Lease and rental fees	8.312	9.324
Insurance	6.147	6.418
Advertising	5.597	9.115
Losses on the disposal of non-current assets	1.413	3.889
Expenses arising from investment property	149	117
Miscellaneous operating expenses	67.064	68.134
	243.496	**252.646**

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

(23) Financial results

	2009/10 TEUR	2008/09 TEUR
Interest expense	28.994	45.282
Interest expense on provisions for employee benefits	4.313	4.419
Interest income	-3.506	-4.115
Currency translation gains/losses from financing	6.202	5.338
Income/expenses on financial derivatives	-5.644	13.929
	30.358	**64.852**

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.

(24) Income from financial investments

	2009/10 TEUR	2008/09 TEUR
Recognized income/loss on securities (net expense / income)	-4	3
Unrecognized income/loss on securities (net income / expense)	65	-60
	61	**-58**

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

(25) Additional information on the statement of comprehensive income

Income and expense recognized directly in equity – reclassification:

	2009/10 TEUR		2008/09 TEUR	
Currency translation differences:				
Change in translation reserve arising from foreign currency translation	7.768		-50.077	
Reclassification to the income statement	3.219	10.987	0	-50.077
Change in hedging reserve:				
Change recognized directly in equity	3.257		-4.672	
Reclassification to the income statement	355	3.612	0	-4.672
Total income and expense recognized directly in equity		**14.599**		**-54.749**

Income and expense recognized directly in equity – income tax effects:

	2009/10 TEUR Before tax	2009/10 TEUR Taxes	2009/10 TEUR After tax	2008/09 TEUR Before tax	2008/09 TEUR Taxes	2008/09 TEUR After tax
From currency translation differences	11.423	-436	10.987	-49.639	-438	-50.077
From the hedging reserve	4.816	-1.204	3.612	-6.230	1.557	-4.672
Total income and expense recognized directly in equity	**16.239**	**-1.640**	**14.599**	**-55.869**	**1.119**	**-54.749**

The testing of hedges in 2009/10 and 2008/09 did not reveal any ineffectiveness that required recognition through profit or loss.

(26) Additional information on the consolidated cash flow statement

	2009/10 TEUR	2008/09 TEUR
Interest income received	1.869	3.953
Interest expense paid	-27.360	-40.257
Income taxes paid	-3.082	-19.371
Income taxes refunded	2.286	1.496

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 that are invested with associates and available on demand. Cash and cash equivalents at the end of the reporting year include TEUR 18.000 (30.4.2009: TEUR 30.000), which are used for trading in derivative financial instruments.

3. Risk Report

Principles of risk management

The Egger Group uses 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 allows 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 geographical diversification, a concentration on the core business supports the optimization of procedures and strengthens the focus of the risk management system. High market shares, long-standing cooperation with customers, suppliers and 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 identifies the risks to which the Group is exposed and assesses the major risks. The quantitative and qualitative effects (extent of potential damages) and the probability of occurrence of the most important Egger risks are identified and documented 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 that would 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. This system is intended to identify potential risks at an early point in time and to assess 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. Any necessary short-term hedging during the period allowed for payment (the period between the date the foreign currency invoice is issued and the date of expected payment) also flows into the risk analysis in keeping with current market factors. 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 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, forward rate agreements and/or the conclusion of borrowings at fixed interest rates, depending on the underlying transaction.

The maximum net interest rate risk for variable interest borrowings is hedged through interest rate caps, whose strike equals the amount of budgeted operating return on investment.

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

Budgeted revenues and budgeted free cash flows represent 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 estimated 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 predetermined liquidity reserve. Mid-term requirements are safeguarded by pre-arranged lines of credit and individual financing agreements.

Liabilities to credit institutions result in the following contractually agreed payment obligations (interest expense and principal repayments):

Carrying amount 30.4.2010	Cash Flows					
	Total	Under 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
394.315	422.170	26.067	26.488	133.741	232.653	3.221
Carrying amount 30.4.2009						
493.694	551.627	33.941	25.462	52.781	421.814	17.628

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% (30.4.2009: approx. 15%). The maximum risk of default is TEUR 30.908 (30.4.2009: TEUR 28.643).

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 – 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 and also works to develop long-term relationships with customers.

Procurement, production and investment risks

Egger uses large quantities of raw materials and energy in the production of wood materials, and the relevant purchase prices may fluctuate significantly depending on the market situation. In order to provide the best possible protection against these price risks, the Group monitors procurement markets constantly, minimizes fluctuations with appropriate stock levels and concludes long-term supply contracts with specific suppliers. Moreover, the increasing use of environmentally friendly bio-mass power plants reduces the dependency on fossil fuels.

Production capacity may 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 and warehouse capacity is monitored regularly with forecast models. Any necessary adjustments are made over the medium-term through the temporary standstill of aggregates and/or appropriate measures in the sales area.

All investments 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.

Internal control system (ICS)

Egger views the internal control system (ICS) as an integral part of the risk management system. It supports the profitability of business processes, ensures the reliability of financial reporting and guarantees compliance with applicable legal regulations.

In accordance with its decentralized structure, local management is responsible for the ICS in the Egger Group.

A different area of the Group is evaluated for compliance with the ICS each year. The following internal control areas were analyzed in recent years:

- 2009/10: Inventory and warehouse management / physical inventory count.
- 2008/09: Accounts receivable management, customer credit management.

- 2007/08: Procurement, IT general controls
- 2006/07: Treasury, selected IT processes
- 2005/06: Personnel.

Egger also carries out an internal audit each year, where Group experts analyze processes along the value added chain together with the local specialist departments. This procedure supports the optimization of processes and ensures compliance with Group standards.

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:

	30.4.2010			30.4.2009		
	Currency	Nominal value in thous.	Fair value TEUR	Currency	Nominal value in thous.	Fair value TEUR
Interest rate swaps with positive fair value	EUR	4.542	92	EUR	9.084	260
Interest rate swaps with negative fair value	EUR	231.764	-1.666	EUR	9.084	-394
Forward rate agreement	EUR	0	0	EUR	259.714	-211
Interest rate CAPs	EUR	358.115	26	EUR	386.302	146
	GBP	23.129	7	GBP	25.070	21
Interest rate floor	EUR	6.359	-69	EUR	12.718	-116
Forward exchange contracts	AUD	1.824	4	AUD	0	0
	CAD	230	-1	CAD	0	0
	CHF	23.666	-655	CHF	32.218	-499
	GBP	61.557	-699	GBP	155.642	-7.154
	PLN	62.350	-141	PLN	16.055	471
	RON	24.245	15	RON	27.995	56
	RUB	754.600	-1.012	RUB	0	0
	TRY	0	0	TRY	232	0
	USD	10.729	92	USD	0	0
Other derivative financial instruments	EUR	15.041	-5.401	EUR	26.699	-11.737
			-9.410			**-19.157**

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 to hedge interest rate and foreign exchange risks.

Fair value

The fair values of the derivative financial instruments are shown in the above table.

The following table shows the carrying amounts 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(A)	Level	30.4.2010 Carrying amount MEUR	30.4.2010 Fair value MEUR	30.4.2009 Carrying amount MEUR	30.4.2009 Fair value MEUR
ASSETS						
Financial assets						
Shares in subsidiaries of other private foundations(B)	AFS/FAAC		16,3	-	16,3	-
Securities at fair value through profit or loss	FAFVTPL	1	2,2	2,2	1,8	1,8
Investment property	IAS 40		4,1	5,2	4,1	5,3
Other financial assets(B)	AFS/FAAC		7,8	-	3,7	-
Originated loans	LAR		2,7	2,7	3,7	3,7
			33,0		**29,6**	
Other assets						
Due from third parties	LAR		18,1	18,1	22,7	22,7
Tax credits (non-income based taxes)			7,9	7,9	5,8	5,8
Suppliers with debit balances	LAR		3,2	3,2	5,0	5,0
Due from subsidiaries of other private foundations	LAR		0,5	0,5	0,3	0,3
Due from associates	LAR		0,1	0,1	0,1	0,1
Derivative financial assets	FAFVTPL	2	0,3	0,3	1,5	1,5
Prepaid expenses	LAR		1,6	1,6	1,9	1,9
			31,7		**37,3**	
Trade receivables	LAR		**47,1**	47,1	**42,1**	42,1
Cash and cash equivalents	LAR		**302,1**	302,1	**125,1**	125,1
Aggregated by valuation category						
Financial assets measured at amortized cost	*FAAC*		*24,1*		*20,0*	
Financial assets at fair value through profit or loss	*FAFVTPL*		*2,5*		*3,3*	
Loans and receivables	*LAR*		*375,4*		*200,9*	
LIABILITIES						
Bonds and financial liabilities	FLAC		**726,3**	732,2	**692,3**	675,5
Other liabilities						
Due to third parties	FLAC		9,7	9,7	7,8	7,8
Due to employees	FLAC		26,5	26,5	25,3	25,3
From unpaid customer bonuses	FLAC		17,6	17,6	14,1	14,1
Due to associates	FLAC		0,1	0,1	0,0	0,0
From taxes (non-income based taxes)			10,4	10,4	9,7	9,7
From social security			5,2	5,2	5,1	5,1
Derivative financial liabilities	FLFVTPL	2	9,7	9,7	20,6	20,6
Deferred income	FLAC		2,2	2,2	2,3	2,3
			81,3		**84,9**	
Trade payables	FLAC		**159,3**	159,3	**136,5**	136,5
Aggregated by valuation category						
Financial liabilities measured at amortized cost	*FLAC*		*941,7*		*878,3*	
Financial liabilities at fair value through profit or loss	*FLFVTPL*		*9,7*		*20,6*	

(A) Valuation categories as defined in IAS 39 / valuation based on other IAS / IFRS.

(B) Generally AFS (available for sale); since the fair value cannot be determined reliably, these items are measured at cost less any necessary impairment charges.

The allocation of financial assets and liabilities at fair value to the three-level fair value hierarchy can be seen in the above table. The levels of the fair value hierarchy and their application to assets and liabilities are described in the following:

Level 1: Listed market prices for identical assets or liabilities in an active market.

Level 2: Information directly or indirectly derived from market prices for the relevant asset or liability that can be monitored on the market.

Level 3: Data that is not based on observable market information.

There were no reclassifications between hierarchy levels during the reporting year.

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 30.4.2010	Total		Thereof due	
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	6.311	0	2.915	3.396
Rental agreements	11.254	5.947	4.177	1.130
	17.565	**5.947**	**7.092**	**4.526**

Obligations as of 30.4.2009	Total		Thereof due	
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	10.326	0	5.361	4.964
Rental agreements	5.501	2.887	1.887	727
	15.827	**2.887**	**7.248**	**5.691**

Lease and rental expenses totaled TEUR 8.312 in 2009/10 (2008/09: TEUR 9.324).

Uncertain liabilities

Innovation implies that intangible property rights, above all technical property rights, can be relevant for business activities. These rights are connected with general legal uncertainty. Patent disputes are prevalent product areas with comparatively short development intervals, such as laminated flooring. The subsidiaries and associates of Egger Holzwerkstoffe GmbH are also involved in such disputes, both actively and passively. However, these legal risks are minimized by the activities of a corporate headquarters department and close cooperation with external consultants as well as the conclusion of licensing agreements where appropriate.

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.

In March 2009 the German anti-trust authorities conducted investigations in the plants of all major chipboard producers that maintain their headquarters in Germany. These investigations were carried out in reaction to suspicions of anticompetitive agreements and also covered EGGER activities in Germany. The major chipboard producers with registered offices in Germany were notified in writing of the relevant accusations in March 2010. The proceedings are still pending, and there are no indications when a decision will be issued. Based on estimates by antitrust experts, a provision was recognized to reflect the costs of anti-trust proceedings. The outcome of the proceedings and the possible effects cannot be estimated at the present time. However, it should be noted that anticompetitive agreements are not part of Egger business policies are expressly prohibited by internal guidelines.

Contingent liabilities

Egger has accepted contingent liabilities of TEUR 0 (30.4.2009: TEUR 18).

4.3. Auditor's Fees

The following fees for services provided by the auditor, KPMG Austria GmbH, were recognized as expenses:

	2009/10 TEUR	2008/09 TEUR
Audit of the annual financial statements	78	70
Other confirmations	55	3
Other services	44	13
	176	**86**

4.4. 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:

	30.4.2010 TEUR	30.4.2009 TEUR
Revenues	14.112	10.571
Cost of materials (procurement from associates)	2.047	25.789
Receivables	17.461	3.168
Liabilities	17.633	3.385

The shareholders of Egger Holzwerkstoffe GmbH are the investment in "FM Deutschland" – Privatstiftung, Vienna, and the investment "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

– METHME Privatstiftung, Vienna
– Privatstiftung FE, 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.

Top management comprised 64 persons (30.4.2009: 63) who received salaries totaling TEUR 8.088 in 2009/10 (2008/09: TEUR 8.625).

The Managing Board was comprised of the following persons in 2009/10.

Walter Schiegl
Thomas Leissing
Ulrich Bühler

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

4.5. 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 13, 2010

Walter Schiegl	Thomas Leissing	Ulrich Bühler
(CTO, Production, Engineering and Procurement)	(Corporate Speaker, CFO, Finance, Logistics and Personnel)	(CSO, Marketing and Sales)

The Managing Board

Appendix 1 – Consolidation Range

Company	Headquarters		Nominal capital in 1000	Stake in %	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 GmbH & Co. OG	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 Rumänien 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 Osteuropa Beteiligungsverwaltung GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger Russland Beteiligungs GmbH	St. Johann i. T.	EUR	35	88,28	Full consolidation
Egger Belgien Beteiligungsverwaltung GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger Holzprodukte Management GmbH	St. Johann i.T.	EUR	35	94,90	Full consolidation
EHWS Beteiligungs GmbH (formerly: Egger Beratung GmbH)	St. Johann i.T.	EUR	35	94,90	Full consolidation
Egger ADLB Management GmbH	St. Johann i.T.	EUR	35	94,90	Full consolidation
Hackgut Logistik & Handel GmbH	Großschönau	EUR	100	48,40	Full consolidation
Österreichische Novopan Holzindustrie OG	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	20.000	94,90	Full consolidation
Egger Retail Products France SAS (formerly: Egger Floor Products France SAS)	Tours	EUR	2.500	94,90	Full consolidation
Egger (UK) Holdings Limited	Woking	GBP	23.300	100,00	Full consolidation
Egger (UK) Limited	Woking	GBP	13.500	100,00	Full consolidation
Campact Limited	Woking	GBP	1.000	100,00	Full consolidation
Egger Forestry Products Limited	Woking	GBP	250	100,00	Full consolidation
Egger (Barony) Limited	Woking	GBP	5.000	100,00	Full consolidation
Weyroc Limited	Woking	GBP	5	100,00	Full consolidation
Timberpak Limited	Woking	GBP	5	90,00	Full consolidation
Egger Floor Products Limited	Woking	GBP	5	100,00	Full consolidation
Egger (Ayrshire) Limited	Glasgow	GBP	100	100,00	Full consolidation
Northumbria Finance Limited	Dublin	EUR	1.345	100,00	Full consolidation

Company	Headquarters		Nominal capital in 1000	Stake in %	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	1.000	94,86	Full consolidation
EGGER Retail Products GmbH & Co. KG [1]	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	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	1.000	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 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	26	94,86	Full consolidation
Egger Benelux GCV	Zulte	EUR	643.420	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	989	100,00	Equity method
IOOO Egger Drevplit	Minsk	BYR	44.000	100,00	Equity method
EGGER Holzwerkstoffe Schweiz GmbH	Kriens	CHF	100	94,90	Equity method
Fritz Egger AG	Tokyo	JPY	5.000	94,90	Equity method
EGGER Romania S.R.L.	Radauti	RON	745.782	100,00	Full consolidation
EGGER Energia S.R.L.	Radauti	RON	26.092	100,00	Full consolidation
Egger Technologia S.R.L.	Radauti	RON	13.236	100,00	Full consolidation
Energy Trust S.R.L.	Radauti	RON	2.340	100,00	Full consolidation
Silvarec S.R.L.	Radauti	RON	340	50,00	Equity method
OOO Egger Drevprodukt	Shuya	RUB	1.839.511	88,28	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 2009/10 Financial Year

Contents

1 Overview of the Egger Holzwerkstoffe Group

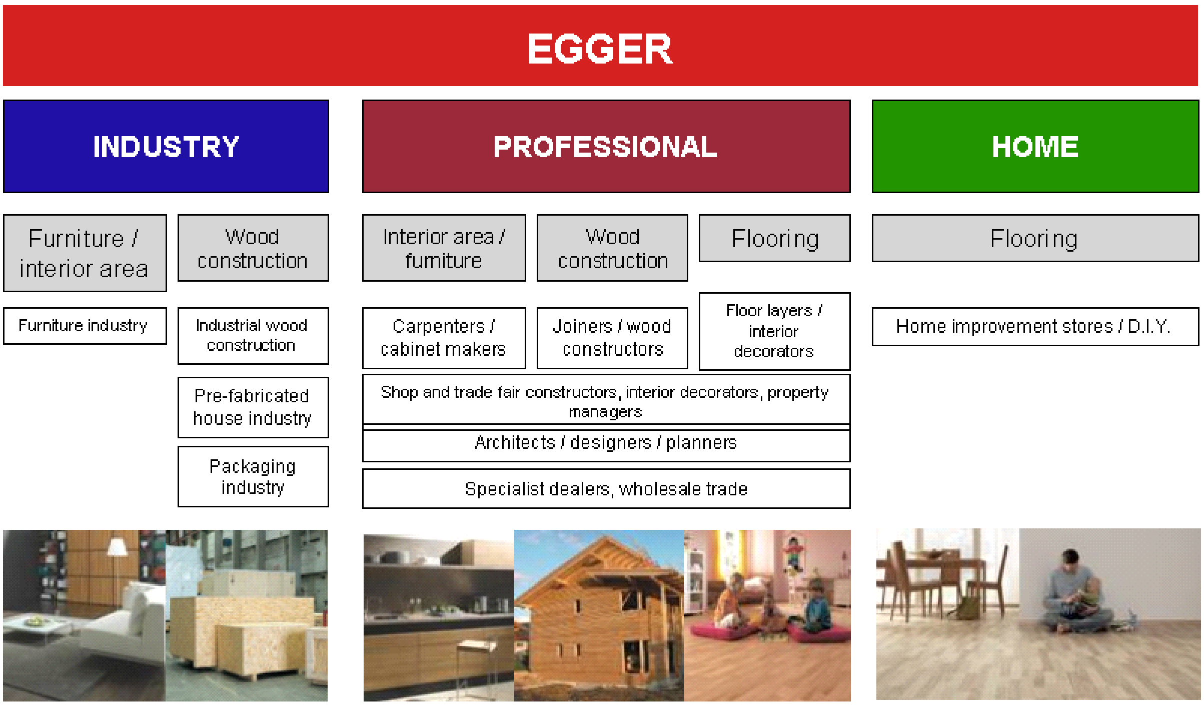
Organization and Management

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

The members of the Managing Board of the parent company, Egger Holzwerkstoffe GmbH, are Thomas Leissing (Corporate Speaker, CFO, Finance, Logistics and Personnel), Walter Schiegl (CTO, Production, Engineering and Procurement) and Ulrich Bühler (CSO, Marketing and Sales).

Segments of Business

The core expertise of the Egger Group 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 Locations

Egger operates 15 production facilities in six European countries. The Group's 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, Eurolight
	Unterradlberg:	Chipboard
	Wörgl:	Thin chipboard
- 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

2 Development of Business

2.1 Highlights of 2009/10 (Egger in the media)

June 2009

Intelligent sound absorption (Holzkurier 06/2009)
The "Pro-Acoustic" sound absorbing products created by Egger have small, hardly noticeable surface holes that allow for high sound absorption. New developments have expanded this line to include flexible solutions for furniture boards and rear walls.

August 2009

Egger invests in energy-saving and environment technology (Holz-Zentralblatt, 28.08.2009)
Few international wood materials producers can boast a plant network with technical facilities that are as modern as the Austrian Egger Group. This state-of-the-art equipment is enhanced by enormous know-how – and reflected in highly efficient process technology as well as high-quality products. Corporate headquarters are located at the original location in St. Johann in Tirol. Investments of EUR 40 million are currently under realization, above all in energy and environmental technology.

October 2009

Award for commitment to climate protection (Timber Online, 29.10.2009)
On October 28, 2009 Egger received the "Klima:Aktiv" certificate for mobility in recognition of its commitment to climate protection. Austrian minister Nikolaus Berlakovich presented the award to Klaus Ritter, head of transportation logistics for this wood materials producer. As part of its Klima:Aktiv campaign, the Federal Ministry of Agriculture, Forestry, Environment and Water Management is promoting numerous activities to support climate protection, which cover various aspects such as building and renovation, energy consumption and mobility. In the area of mobility, Egger is one of 220 project partners throughout Austria that have successfully completed the switch to environmentally friendly vehicles and alternative drives with renewable energy. "Through the reduction of transportation runs and the increased use of environmentally friendly transportation, we make an important contribution to the protection of our climate – and we are therefore particularly pleased to receive this certificate", explained Klaus Ritter.

November 2009

Innovation prize for Egger (Timber-Online, 10.11.2009)
An energy and environmental project by Egger, St. Johann in Tirol, received the 2009 Innovation Prize for services from the province of Tyrol. This project was implemented at Egger's main plant from spring 2007 to autumn 2009. In keeping with efforts to utilize wood both as a material and a source of energy, heat released during the drying process is used for energy generation.

Megafloor 2010 (Tischler Journal 11/2009)
With Megafloor 2010, Egger has introduced a modern flooring product with design support. EGGER is relaunching its Megafloor laminated flooring collection with a new focus on modern styles and innovative design accents. The wide range of colors and sizes know virtually no limits. Order your product brochure now, free of charge. With this new MEGAFLOOR laminated flooring line, Egger is taking a completely new approach in design and customer service. In November 2009 this well-known Tyrolian wood materials producer will start direct warehouse marketing for the 51 products and nine structures in the

MEGAFLOOR collection. A large selection of patterns, new shapes and structures as well as a new color tool for customer selection form the basis for a wide variety of design alternatives.

January 2010

Work in peace and quiet (Boden Wand Decke 01/2010)
Egger presents acoustic solutions in Cologne. At the Cologne acoustic symposium in November 2009, Egger presented its latest acoustic solutions. In cooperation with Akustik+, this Austrian wood materials producer presented products in an acoustic box that allowed visitors to physically experience noise absorption.

February 2010

Successful placement of the Egger bond (Tiroler Tageszeitung, 22.02.2010)
The bond issued in February by the Tyrolian wood materials producer Egger was well received by the market. This security, which has a volume of EUR 120 million and a coupon of 5.75%, was very popular with institutional as well as private investors. The transaction was managed by Bawag P.S.K. and Erste Group, which set the issue price at 100.805%. The bond has a term of seven years Thomas Leissing, speaker of the corporate group, was very pleased with the results. Egger intends to use the net proceeds on this issue for general business purposes as well as the repayment of liabilities and growth financing.

First try successful (Holzkurier, 02/2010)
Egger reports that its chipboard plant in Unterradlberg has received environmental certification under ISO 14.000 and EMAS (Eco-Management and Audit Scheme) after the initial review. The EMAS certificate was presented by Minister Nikolaus Berlakovich in a ceremony on January 27. “Egger’s commitment to sustainability shows that environmental protection and business are not mutually exclusive, but go hand in hand", summarized Berlakovich. "The EMAS certification stands for a commitment to environmental management and therefore has role model status."

March 2010

Colors full of contrast (Holzdesign, 3/2010)
Egger Holzwerkstoffe, St. Johann in Tirol, plays and creates with the contrast of colors and wood reproductions. The spectrum ranges from complementary to expressive color combinations. […]. At the ZOW trade fair, Egger presented its digital print activities for the first time. Future plans call for the creation of a closed digital printing process in Brilon/DE: from development of the pattern to visualization and production. The company is working to expand its decorative product lines of melamine resin-laminated boards, laminated materials and laminated flooring to also include digitally developed solutions.

April 2010

Chipboard - Egger invests € 18 million in Brilon (IHB-Online, 07.04.2010)
Investments in modern technology represent a focal point for the wood materials producer Egger. The latest project at the Brilon plant involved the modernization and extension of the existing Conti roll press (Siempelkamp). After only 43 days of re-fitting, production restarted as scheduled. With this project, Egger has reaffirmed its commitment to the German market and the location in Hochsauerland. This EUR 18 million investment involved the complete overhaul of the entire production line: on the input side, the chipboard line was extended by five meters to a total of 43 meters.

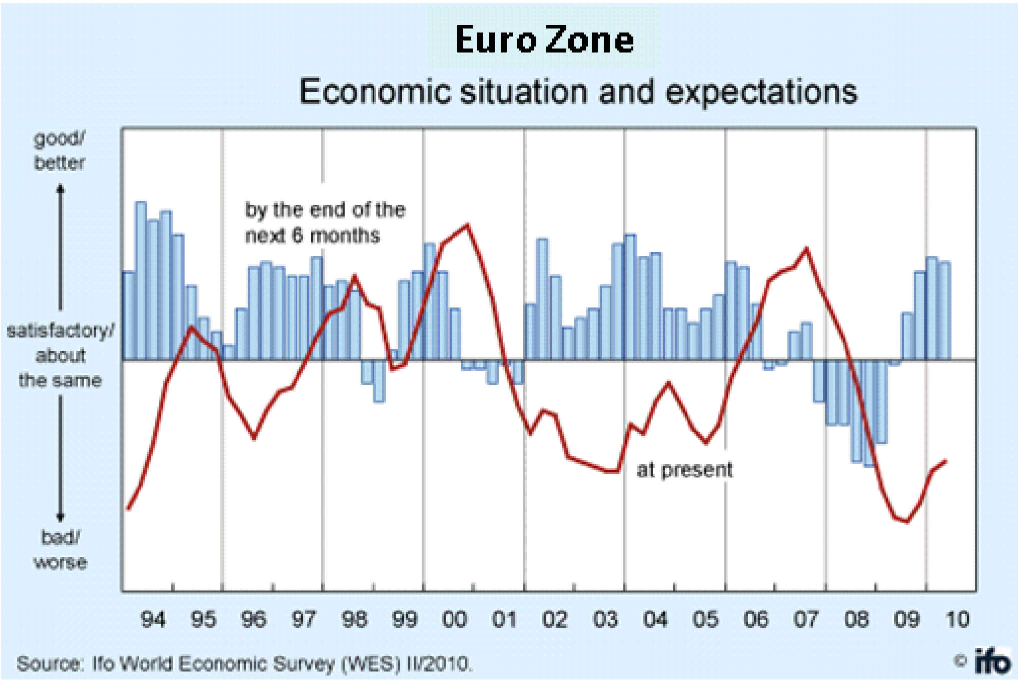
2.2 The Economy and Branch

Economic developments

The ifo indicator for the Euro zone economic climate rose slightly during the second quarter, but still remains below the long-term average. Opinions on the current state of the economy improved slightly in comparison with the first quarter of 2010. Expectations for the next six months were somewhat weaker, but nevertheless positive. Latest information indicates that economic recovery will continue during the second half of the year, although at a slower pace.

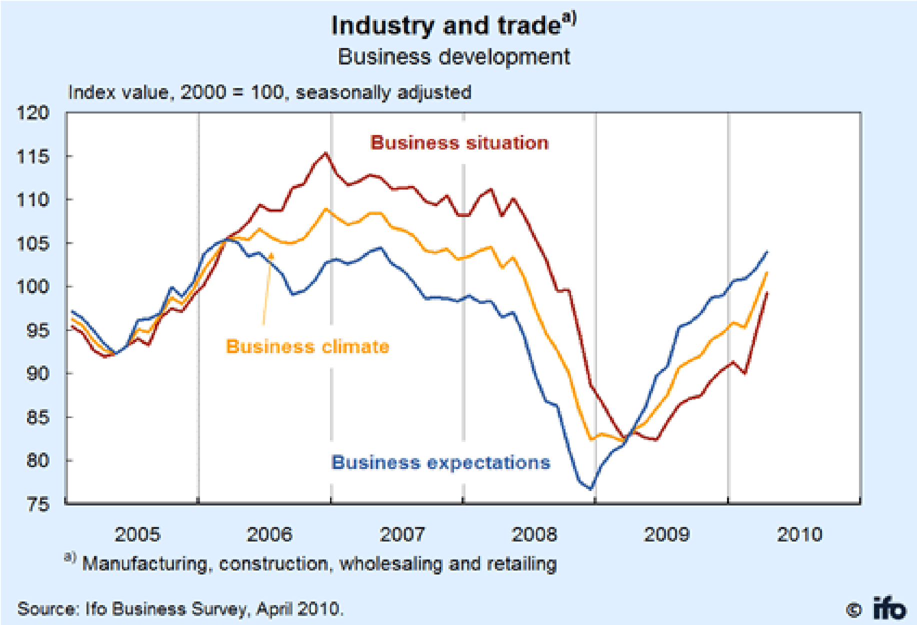
In all Euro zone countries, the current economic situation is still categorized as unfavorable. The most optimistic estimates focus on the German and Slovakian economies. The outlook is particularly bleak for Greece, Ireland, Spain, Portugal, Italy and France. Forecasts for the coming six months are positive in almost all countries. However, experts are less optimistic concerning developments in Spain, Portugal and above all Greece, where a further significant downturn is expected during the next half-year.

The inflation rate should average 1,5% in 2010, which is slightly higher than the comparable value for 2009 (0,7%) but still significantly lower than the ECB's mid-term forecast. However, the pressure on prices is expected to rise slightly over the next six months. A growing number of experts are predicting an upturn in central bank rates during the next half-year. An even higher increase is forecasted for capital market interest rates during this same period. In spite of the recent exchange rate developments, the US-Dollar is still considered undervalued in relation to the Euro. (Source: CESifo: "ifo Wirtschaftsklima für den Euroraum", May 12, 2010)



Source: "CESifo: Wirtschaftsklima für den Euroraum", Feb. 10, 2010

The ifo business climate for the commercial sector in Germany showed another strong improvement in April due to the growing satisfaction of companies with the current business situation. This indicator has now shown a strong improvement for the second time in succession. The survey participants are also more optimistic than in the previous month concerning the development of business over the next half-year. The German economy is gaining momentum. (Source: "IFO Konjunkturtest", April 2010).



Source: "IFO Konjunkturtest", April 2010

The construction industry

The construction industry in Europe

The economic climate in the Euroconstruct region[1] deteriorated dramatically toward the end of 2008. Nearly all countries slid into recession, and substantial GDP declines were the result. The economy contracted by 4%, but the comparable figure for the construction sector was significantly higher (-8,4%). Construction activity reached a volume of € 1.365 billion, or 11% of Euroconstruct GDP. This indicator varied notably from country to country in 2009, i.e. from 8% to 15%. All countries – with the exception of Switzerland (3,3%) and Poland (5,3%) – reported a decline in construction, but the differences here were also substantial. The largest declines were recorded in Spain (-21,5%) and Ireland (-32,2%). Ireland was hit hardest by the recession, with a GDP decline of 7,3% in 2009. The volume of construction was also lower in Finland and Great Britain at -14,2% and -12,6%, respectively. Portugal, Slovakia and Italy also remained weak, with the decline in construction exceeding the Euroconstruct average.

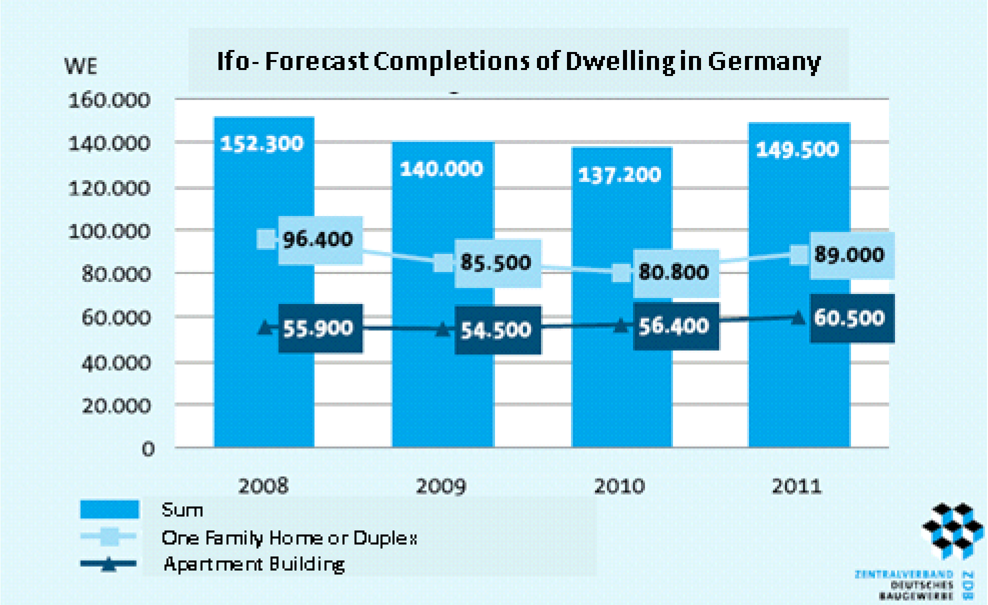
The outlook for the construction industry during the coming year is no longer as bleak as the current situation would indicate, but a clear upturn is still in the distant future. The industry will most likely resume its positive development in 2011, but growth rates of a magnitude recorded before the recession are not expected before 2012. Forecasts call for higher momentum in the economy as a whole than in the construction sector during 2010, and roughly parallel development in 2011. In 2012 growth in the construction sector will most likely outpace the economy. Various types of economic stimulus packages were implemented in many countries to fight the recession, and these funds were directed in part to the construction sector. The expiration of these stabilization and stimulation measures as well as the necessary consolidation of public finances will have a negative influence on public-financed construction in the coming years. (Source KOF: Press Release on the 68th Eurocontruct Conference; Nov. 2009)

[1] The Euroconstruct region comprises Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Netherlands and Great Britain.

The construction branch in Germany

Building permits for residential construction (new construction and renovation; based on total construction costs) rose by 4,6% in November. (Note: the calculation base for this indicator includes not only primary construction services, but also completion costs.) This initial increase marked the start of a year-long trend. Even though building permits for the first quarter were nearly 6% below the comparable prior year period, the upturn continued during the second quarter. The increase in building permits during 2009 should exceed 5% on a cumulative basis. In spite of the crisis, the stable situation on the labor market has apparently led to increased optimism in many segments of the population.

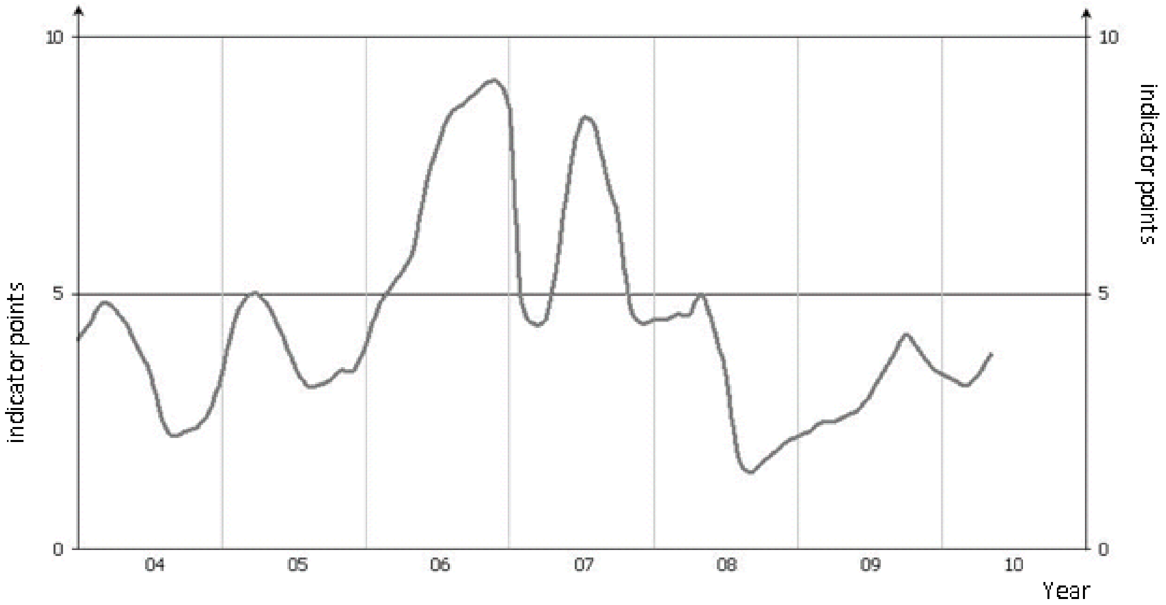
The development of building permits is a sign of stabilization in the demand for new residential construction, although at a low level. Potential homeowners are finding added support in mortgage rates, which were still historically low at the beginning of 2010. The number of building permits may be increasing, but the interaction of several factors speaks against an improvement in revenues: the low level of orders, negative expectations for the employment market and a lack of momentum for income growth as well as inadequate stimuli for institutional investors. Revenues in the new residential construction sector should remain at the low prior year level of € 24.5 billion. However, the trend in building permits provides grounds for hope that 2010 will not bring another historical low. (Source ZDB: “Bauwirtschaftlicher Bericht 2009/2010“; Feb. 2010).



Source: ZDB “Bauwirtschaftlicher Bericht 2009/2010“; Feb. 2010

The consumer climate (Germany)

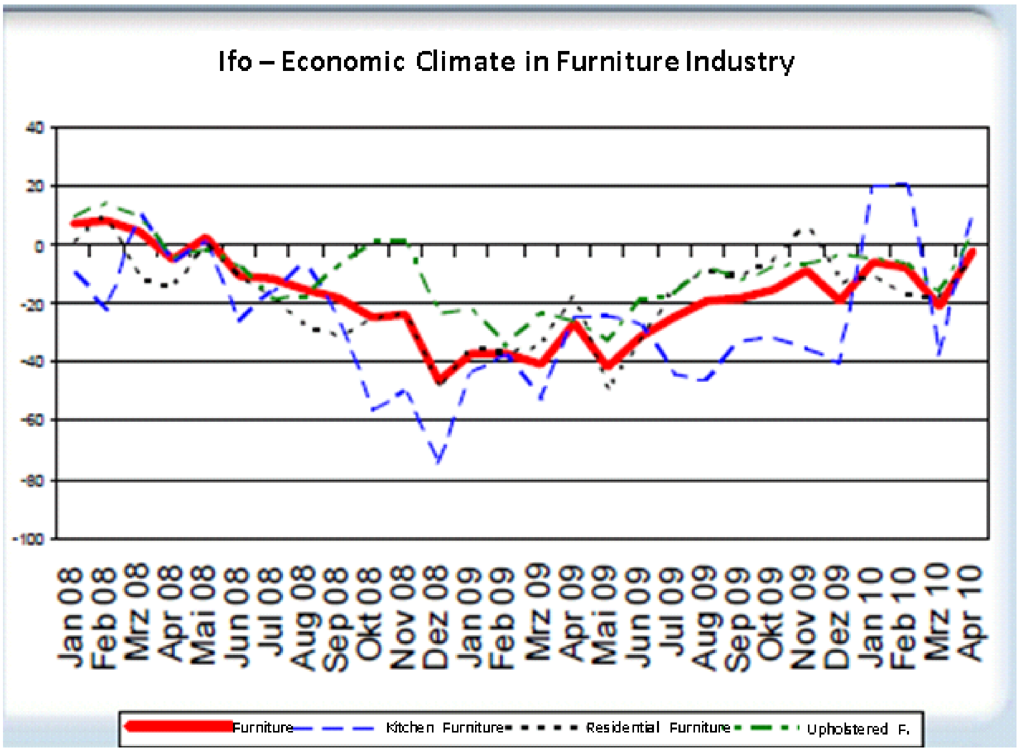
The overall indicator registered 3,8 points for May 2010, compared with a revised 3,4 points in April. This change indicates a halt in the negative trend that characterized the consumer climate during spring 2010. However, the sustainability of this shift in mood will only become clear over the coming months. The unmistakable signs of economic recovery and positive forecasts for the employment market in 2010 should support this favorable development, especially since inflation is also expected to remain moderate. (Source: GFK Press Release on April 27, 2010).



Source: “GFK Konsumklimaindex”, 04.2010

The furniture industry in Germany

The German furniture industry began to react to the global economic downturn in late 2008 by reducing personnel and capacity, and continued these measures through the end of 2009. Weak demand and a resulting sharp drop in orders in several segments at the beginning of the year, above all export-related production, was reflected in workforce adjustments that exceeded short-time work regulations. Fixed term contracts were not extended in many cases, and there were increased reports of terminations as a result of low order levels. In particular, export-oriented firms as well as producers in the high-quality segment were affected by these capacity utilization problems. (Source: “Euwid Möbel“ 51/52 2009).



Source: "HDH/VDM, Wirtschaft kompakt", 04.2010

Furniture industry indicators followed a complete collapse in March with a renewed strong increase in April. The business climate improved from -21 points in March to the current -2 points. An extremely positive attitude shift was noted among producers of kitchen furniture: the increase from -38 to 10 points is a definite sign of sustainable improvement. The indicator for home furnishings rose from -18 to -6, while upholstered furniture was a sound three points higher than the -16 points reported in the previous month. (Source: "HDH/VDM, Wirtschaft kompakt", 04.2010).

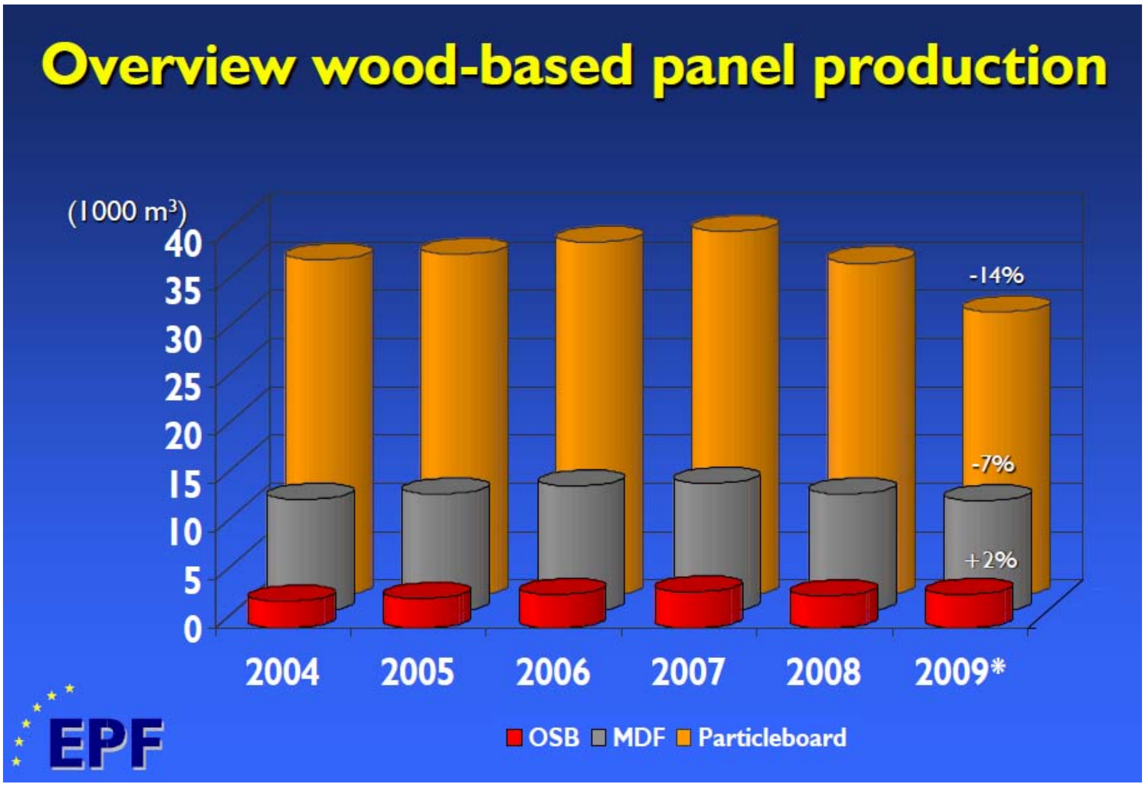
The branch environment

The European wood materials producers implemented numerous measures to adjust capacity in 2009, continuing the efforts started in mid-2008 to bring production volumes in line with the weakening demand. Chipboard, MDF/HDF and OSB producers made further production cuts, above all during the first half-year, and reacted to the continuing difficult market conditions with the permanent shutdown of individual locations, temporary standstills in plants and production lines and the extension of scheduled maintenance stoppages or vacation closings ("Euwid Holz Nr. 51/52", 17.12.2009).

The following standstills were reported in the wood materials branch ("Euwid Holz Nr. 51/52", 17.12.2009):

- Homanit GmbH & Co. KG, Losheim, halted the production of raw and processed MDF/HDF thin chipboard at its plant in Herzberg.
- Isoroy S.A. Rungis/France, largely completed negotiations over the shutdown of its plants in St. Dizier and Châtellerault. Production was halted at both locations in early July; the final closing took place at the end of 2009.

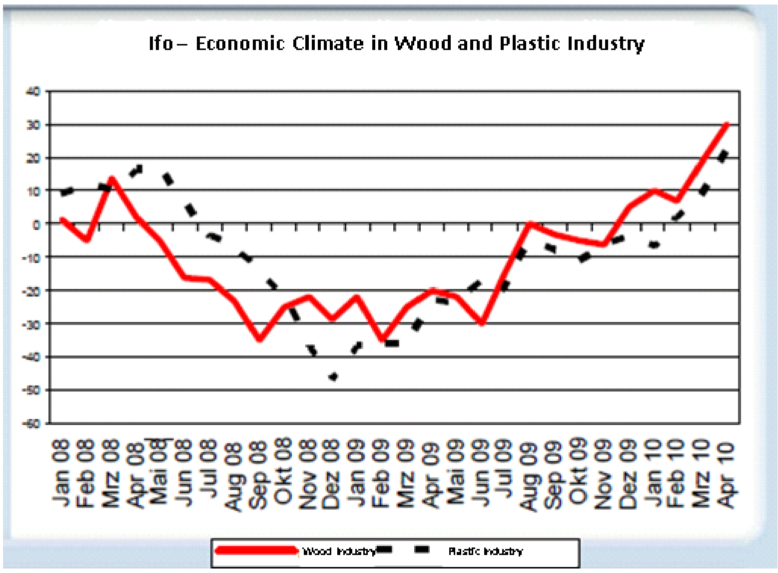
- Österreichische Novopan Holzindustrie GmbH, Leoben-Göss, stopped the production of raw chipboard and adhesive resins.
- Glunz AG, Meppen, plans to shut down operations at its Logistikgesellschaft Tool GmbH chipboard plant and logistics company in Kaisersesch during October.
- Glunz AG intends to close the chipboard plant in Duisburg at the end of 2009.



Source: EPF Word furniture outlook, Milan 2010

The business climate in the wood materials branch:

The business climate in the wood materials industry is slowly improving. The wood sector recorded a sharp rise from 19 to 30 points, a level not seen by this branch in many years.



Source: "HDH/VDM, Wirtschaft kompakt", 04.2010

Current market developments

Austria / Switzerland / Italy

Demand in the Swiss and Austrian retail trade sectors is generally constant and, in total, matches the prior year level. In Italy, the general attitude in both industry and the retail trade is very reserved because of the unfavorable economic climate. Industry demand in Switzerland fell below the prior year in the residential furniture segment; there is continuing pressure on prices from Germany and Austria, above all because of exchange rate fluctuations. In Austria, business in the office furniture and shopfitting branches has stagnated at an extremely low level and there are no indications of improvement before 2011. The kitchen and residential furniture industries registered a brief recovery, but activity will remain slow over the mid- to long-term. Demand in the Austrian and Swiss wood construction segment (OSB/DHF) is still strong and sales volumes are rising. In Italy, where the largest share of OSB volumes is sold to packaging producers, there are no signs of a trend reversal.

Eastern Europe

Developments in Eastern Europe are still influenced by the economic crisis, which has had a strong negative effect on private consumption and construction activity throughout the entire region.
Romania: Many furniture producers recorded revenue declines of up to 40% during the first four months of 2010; the situation for the retail trade is similar.
Czech Republic and Slovakia: The retail trade is stable, but a decline in orders from Ikea has led to underemployment.
Poland: Momentum is increasing, but the growing strength of the Zloty has started to have a negative effect on furniture exports.
Balkan States: Capacity utilization among the few furniture producers is low, and results reported by the retail trade are slightly below the prior year.
Credit insurance for customers is generally difficult to obtain due to a shortage of financing and a reduction in insurance limits.

Germany

The operating environment for the residential furniture industry improved slightly during the course of the reporting year, while the kitchen furniture industry registered a substantial improvement. The development of business in these branches was not uniform, but characterized by individual trends. In the office furniture segment, orders continue to decline due to the reluctance of potential customers to invest. Retailers and craftsmen are still reporting good capacity utilization.
The OSB segment has accumulated an order backlog of several months due to a significant increase in the demand for export packaging and an increase in construction activity combined with a parallel shortage of alternative plywood products.

Great Britain

Demand was stronger than expected throughout the year. The construction industry experienced a minor upturn, but this took place from a historically low base. Consumer confidence was not as shattered as expected, and unemployment did not increase as much as forecasted. Government social expenditures remained unchanged. The weak British Pound continued to provide domestic producers with protection against competition from other countries. All in all it was a better year than expected, but the slow economic recovery remains fragile and uncertain.

France / Spain

Momentum on the market in Southwestern Europe has risen in recent months. Low inventory levels have made it possible to successfully implement price increases. The Spanish and Portuguese competition has been heavily affected by the crisis, which has lasted longer in these countries than in France. Isoroy sold its Lure plant to Swedspan.

Russia

The Russian market has not yet recovered from the crisis. The furniture sector reported a decline of 23,4% in comparison with 2008, whereby the office furniture segment was especially hard hit with a sharp drop of 35%. Chipboard production fell by 20,7% in relation to 2008. There were still no signs of recovery at the beginning of 2010, but chipboard production did increase slightly year-on-year (+5,3%) during the first months of 2010. Sales volumes in the retail trade are stable, with the most customers found in the individual furniture segment. The pressure on chipboard prices has increased, and additional capacity can only be sold on a price basis.

Overseas

Housing starts in Japan fell to a historical low of 780.000 units in 2009 (2008: 1,09 million units). This downturn triggered a severe crisis for the Japanese construction industry that has resulted in numerous insolvencies. Kitchen producers are reacting to the heavy declines with cost cutting programs, which have had a corresponding effect on chipboard prices.
In contrast, China has recovered quickly from the crisis. There is strong pent-up demand, and the demand and prices for real estate have returned to a strong upward trend. Forecasts have estimated economic growth in 2010 at 9%. The exchange rates between the Yen and Renminbi to the Euro have improved the competitive position of imports from Europe.

Retail

The laminated flooring industry in Europe recorded a further year-on-year decline of nearly 10% in 2009. The West European market remained stable at the prior year level during the first quarter of 2010, while Eastern Europe recorded double-digit declines. Capacity utilization by the European producers has not improved, and the pressure on prices is still very high.
The cost increases that are expected to result from rising raw material prices will exert further pressure on margins and reduce profitability, since it is unlikely that the additional costs can be passed on in full to customers.
A moderate stabilization of volumes and slight improvement in prices (but not margins) is expected for 2010.

2.3 Marketing and Sales

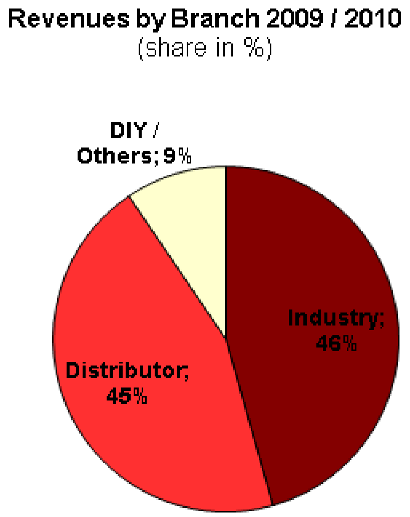
Brand architecture

The brand architecture of the Egger Group is organized into target group-specific communications based on the INDUSTRY, PROFESSIONAL and HOME segments.

INDUSTRY comprises our offering for major customers from the furniture and wood construction industries. We create specially designed, individual solutions that are functional and economical and also incorporate sustainability and modern design.

PROFESSIONAL solutions by Egger provide planners, architects and craftsmen with a perfectly coordinated range of products. A widespread network of specialized sales partners makes every product available in small quantities at every warehouse. We also provide an extensive range of services – from personal assistance through the Egger partner program up to a wide variety of information in the Internet and in printed form.

HOME comprises products for the retail customer – in keeping with the latest trends and easy to use. We supply well-known international building market chains with our product lines.



The most important customer groups for Egger in 2009/10 were the furniture industry with 46% and the retail trade with 45% (prior year: both 46%).

The share of the DIY (do-it-yourself) segment, which is supported by a separate retail organization, rose by one percentage point to 9% of revenues.

Marketing activities for the reporting year included numerous projects in the area of internal and external communications:

For the Egger umbrella brand:

- The further development of corporate design and corporate communications based on the brand processes defined in 2008; e.g. the definition of a new iconography and creation of a standardized Group-wide, system-supported picture archive
- Presentation of a new company brochure at the first annual press conference in August 2009
- Launch of a new Internet presence in May 2010: combination of all country, product and area websites into a common umbrella brand website that utilizes the latest technology

- The release of a new, web-based version of the Egger CRM software SAP CRM in May 2009; this software will serve as a central database and tool for integrated market development that is focused on target groups and user needs.

INDUSTRY Marketing:

- Successful placement of numerous decors and surfaces at the EGGERZUM trade fair: e.g. the Avola decor series with ST22 Matex structure
- Market launch of the ST30 gloss finish surface texture, which is produced in large board sizes (5.610 x 2.070 mm) in a short-cycle coating method
- Compact laminate in matching decors to Egger product line for the furniture industry
- Melamine-faced thin chipboard with a thickness up to 3 mm as a surface layer for the door industry or for use in the production of honeycomb boards
- Thin chipboard support edging for the processing of postformed worktops or for use on lightweight boards
- Extension of the acoustic board product line: all melamine-faced coreboards can now be used as a coreboard to meet the fire-resistant design requirements of Euroclass B Flammex;
- Market entry into digital printing with a full-service solution ranging from decor development with own decor development department, decor visualization via touch screen and multi-beamer presentation (VDS; virtual design studio) as well as investments in digital printers for further processing of the digital printed papers (start of production in June 2010)

PROFESSIONAL Marketing:

- Focus on architect, in particular retail architect, e.g. projects in the shop, retail, hotel and shopfitting segments; creation of Group-wide structures and procedures for market development
- ZOOM decor update 2009, launch of ST30 texture high gloss stock program, warehouse program for EUROLIGHT worktables, extension of the acoustic product line and the edging product line for the furniture industry and interior construction
- Market introduction of flooring specialist trade distributor collection Emotion Trend in January 2010 and preparation of Emotion New for autumn 2010
- Revision and presentation of the wood construction planning manual in April 2010: Internationalization of recommendations for technical application and construction
- Establishment of EGGER innovative as a fabricator platform for wood construction / carpenters and joiners in Austria and Germany; pilot project for Group-wide rollout

HOME Marketing:

- Introduction of the new MEGAFLOOR flooring collection in direct sales to retail customers through building materials markets/ DIY

2.4 Production

- Production capacity for wood materials

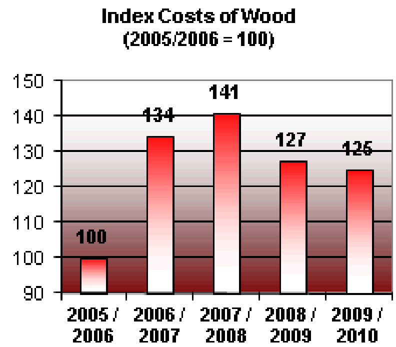
Capacity utilization in most of the aggregates improved during the reporting year.

The production of raw chipboard (chipboard, MDF and OSB) increased from 5,1 million m³ to 5,4 million m³ in 2009/10, and the production of impregnates totaled approx. 608 million m² (2008/09: 556 million m²). Laminate production rose to 20 million m² (2008/09: 19 million m²). The in-house manufacture of adhesives fell from approx. 325,000 tons in the prior year to approx. 318,000 tons due to the shutdown of the Leoben plant (AT). The lightweight board aggregate at the plant in St. Johann i.T. (AT) has an annual capacity of over 300.000 m^3.

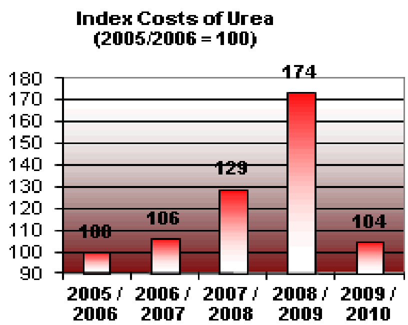
- Product and product line policies
  Egger places high value on the further processing of its products. Of the total volume of raw chipboard produced in 2009/10, approx.:
  - 199 million m² was laminated (2008/09: 192 million m²),
  - 53 million m² was converted into flooring (2008/09: 50 million m²) und
  - 27 million m² was processed into furniture components (2008/09: 25 million m²)

2.5 Procurement

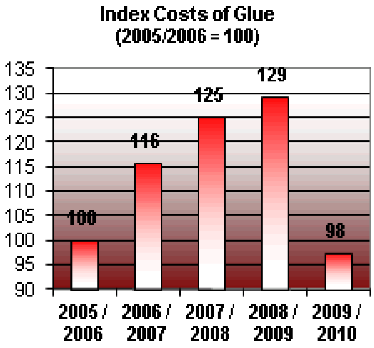
- The prices on raw materials markets, especially for chemicals, declined year-on-year in 2009/10. However, the price curve has turned upward since January of this year. The cost of wood has risen sharply, and similar developments have been noted on the energy market. This increasing volatility represents a major represents challenge for procurement.
- 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.
- Securing adequate supplies of timber represents the most important aspect of raw material procurement. The timber price index has risen by +25 points since the 2005/06 financial year, above all due to the increasing use of this product for energy generation (bio-mass power plants, pellets, bio-fuels). Timber prices increased slightly over the prior year, in part due to a more favorable procurement mix. However, the Egger Group has been confronted with rising timber prices since January 2010 due to increasing demand in the branch.



- The purchase costs for the wood fuels used in the Egger bio-mass plants increased substantially in year-on-year comparison.

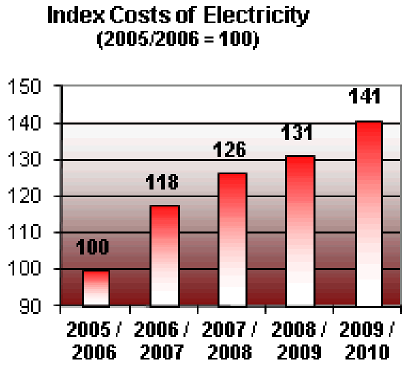


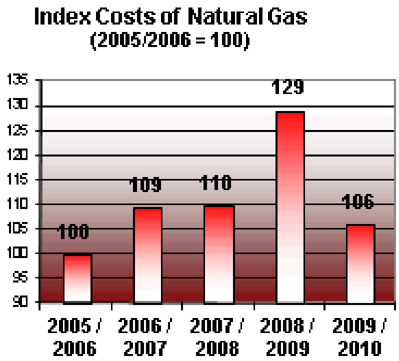
- The situation in the chemicals area varied during 2009/10. Prices declined to a very low level during the first six months as the result of weaker demand in the wake of the economic crisis, but rose again in the second half of the financial year. This development is illustrated above all by changes in the price of urea (see the graph on the right): after an increase of 45 percentage points in 2008/09, the indexed price fell sharply during the reporting year and currently equals 115 percentage points based on the 2005/06 financial year. The indexed price of glue fell from 129 points in the prior year to 98 percentage points, but returned to a strong upward trend in January 2010. Similar developments were noted in the price for impregnating resins, which form the basis for the processing of raw paper.



An analysis of the reporting year shows that the Egger Group benefited from positive variances in the price of chemicals compared with 2008/09. However, these declines were also connected with lower selling prices.

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 adhesive plants. This forms a benchmark for prices and costs. In this connection, a central department was established to expand the internal production of adhesives and impregnating resins. The Group is currently constructing an adhesives production facility at its plant in Radauti (RO).





- Energy procurement was influenced by higher costs for electricity and lower prices for natural gas. In year-on-year comparison, the favorable price variance for natural gas offset the higher cost of electricity. As illustrated by the graph on the right, the purchase price for electricity rose by 10 percentage points in 2009/10. The development of the natural gas price is similar to the cost of chemicals. Average prices for the reporting year remained below the 2008/09 high, but are currently on an upward trend. The Egger Group has optimized its energy balance through the increasing use of bio-mass power plants. This has led to a reduction in the required quantities of natural gas, for example at the plants in St. Johann (AT), Hexham (UK) and Rion des Landes (FR). Electricity requirements are met in part through combined power and heat generation, and have led to 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. One special example of these activities is the energy and environmental protection project at the plant in St. Johann i.T. (AT), which also supplies neighboring communities with long-distance heating. Nearly all Egger plants have concluded purchase contracts for electricity at market prices, which will safeguard long-term supplies over the coming years.

2.6 Employees

- The Egger Group employed an average workforce of 5.390 in 2009/10 (2008/09: 5.660).
- The regional distribution of these employees is as follows:

	2009/10	2008/09
- Austria	1.308	1.372
- France	693	709
- Great Britain .	556	568
- Germany	2.133	2.259
- Russia	287	314
- Romania	413	438
Total	5.390	5.660

- As a result of the decline in demand and subsequent production adjustments, the Group was forced to close the Novopan plant (Leoben, Austria) in September 2009. A redundancy plan was implemented for the 90 employees.
- Personnel marketing is conducted on a European basis (trade fairs / info brochure “Careers with Egger“). Strong ties between the Group and the managers of the future through support for specialized traineeships and dissertations. In 2009 Egger Austria received the “Great Place to Work“ award.
- Annual appraisal meetings are used as a forum to set goals for employees. Group-wide surveys are conducted on a regular basis, whereby the results flow into the development of improvement measures.
- The brand characteristic “quality“ formed the focal point for employees in 2009. Various programs were launched in the plants to jointly develop and implement relevant measures.
- The Group’s human resources strategy is managed by an HR cockpit. In addition to cost and process statistics, this system includes key personnel-related indicators on training as well as employee ties and personnel marketing.
- Special focus is also placed on the training of employees, both at the Group level and through special programs for skilled personnel and managers. The know-how, talent and expertise of employees represent a decisive factor for the success and continued growth of the Egger Group. A number of projects have been conducted to improve employee appraisals, competence models 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. Group-wide standardized catalogues ensure uniform training in all countries.
- Health management represents another focal point of personnel activities at Egger. Programs and events to promote health and healthcare are held at all locations. The motto for 2010 is “Run with Egger“. All employees are invited to take part in running events. For each kilometer “run“, Egger will donate EUR 5 to a social institution.
- The remuneration of managers in the country and plant organizations includes a variable component that is based on EBITDA targets as well as the attainment of individual goals.
- Modern self-service IT systems support management and employees in planning personnel requirements and reporting employee-related indicators as well as recording and approving working hours, vacations and travel expenses.
- A special portal (EggerNet) is used to provide employees with up-to-date information on their work location and the Group.

2.7 Environmental Protection and Sustainability

The protection of the environment has a high standing in the Egger Group and is firmly anchored in the Egger corporate philosophy. In addition to providing support for sustainable forestry management and the environmentally compatible use of raw materials and resources, all plants are equipped with state-of-the-art systems for waste water treatment, noise protection and air filtering. During the 2009/10 financial year, numerous investments were made to improve environmental protection measures. The utilization of bio-mass was increased through the conversion of existing gas-fired power plants, and will make a valuable contribution to the further reduction of emissions. Measures were also implemented to improve energy efficiency, and innovative technologies were used to enable the transfer of energy to regional heating providers.
The implementation of the REACH directive has changed regulations for the use of chemicals in Europe. The Egger Group ensures that the use of these materials in its plants will also meet all relevant requirements in the future.
The implementation of an environmental management system according to ISO 14.001 and EMAS underscores management's commitment to the careful use of resources and protection of the environment.

Egger's work to develop lightweight materials represents a further step towards energy savings and the protection of resources. In this area, the Group focuses on comprehensive concepts together with its customers in the furniture industry. The advantages of lightweight materials include better capacity utilization in transportation, lower package weight and easier handling during assembly. In times of resource shortages and rising timber costs, this creates significant benefits across the entire value added chain up to the final retail customer. 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.

In January 2009 Egger became the first wood materials producer at the international BAU trade fair in Munich to equip its entire product line with environmental product declarations (EPDs), which provide planners and builders with the data required for the sustainability certification of buildings. Egger is currently constructing a new office and administrative building at its location in Radauti / Romania, which will be built in modular form with wood and wood materials from the company's own production. This building is scheduled to open for operations in August 2010. Based on its own EPD's Egger has applied for certification of this building according to DGNB ("Deutsche Gesellschaft für nachhaltiges Bauen") standards. As a pilot project for other Egger locations, this certification is expected to document the excellent environmental performance of wood as a building material.

3 Asset, Financial and Earnings Positions

3.1 Asset and Financial Position

Balance Sheet		30.04.10	30.04.09	Dev. in %
Non-current assets	EUR mill.	1.057	1.087	-3%
Inventories	EUR mill.	190	204	-7%
Receivables	EUR mill.	47	42	12%
Cash and cash equivalents	EUR mill.	302	125	142%
Other current assets	EUR mill.	32	39	-18%
Balance sheet total	**EUR mill.**	**1.628**	**1.497**	**9%**
Equity (including subsidies)	EUR mill.	578	508	14%
Provisions	EUR mill.	53	52	2%
Financial liabilities / bonds	EUR mill.	726	692	5%
Other liabilities	EUR mill.	270	245	10%

- The balance sheet total rose by 9% from EUR 1.497 million in the prior year to EUR 1.628 million as of April 30, 2010. This growth resulted primarily from a EUR 177 million increase in cash and cash equivalents.

- Non-current assets declined 3% to EUR 1.057 million, and comprised 65% of the balance sheet total as of April 30, 2010 (2008/09: 73%). This reflects the high capital intensity of the Group’s production and is typical for the branch.

- Inventories fell by EUR 14 million to EUR 190 million (2008/09: EUR 204 million). The year-on-year decrease resulted, above all, from an increase in demand.

- Trade receivables rose slightly to EUR 47 million (2008/09: EUR 42 million). Receivables turnover increased from an average of 41 days to 45 days.

- Equity, including subsidies, increased 14% to EUR 578 million (2008/09: EUR 508 million). After the inclusion of subsidies, the equity ratio equaled 36% compared with 34% in the previous year.

- Interest-bearing liabilities (financial liabilities and bonds) rose to EUR 726 million (2008/09: EUR 692 million) and include a long-term financing component of 87% (2008/09: 90%). The major part of financing was concluded in the Euro.

- Net debt fell by EUR 143 million to EUR 424 million as of April 30, 2010 (2008/09: EUR 567 million). This decline resulted from positive cash flow, a relatively low level of capital expenditure and a reduction in working capital.

Net Debt		30.04.10	30.04.09	Dev. in %
Financial liabilities and bonds	EUR mill.	726	692	5%
Less liquid funds and securities	EUR mill.	302	125	142%
Net Debt	**EUR mill.**	**424**	**567**	**-25%**

- Activities by the treasury department focused on the optimization and expansion of corporate finance programs throughout the Group as well as the implementation of a financial guideline for the management of liquidity, interest rate and foreign exchange risk.
- The most important treasury indicators are the debt repayment period (net debt / EBITDA) and the equity ratio (equity/ balance sheet total), which are monitored on a regular basis.

Treasury Indicators		30.04.10	30.04.09
Equity ratio	in %	36%	34%
Net debt / EBITDA	years	1,8	3,2

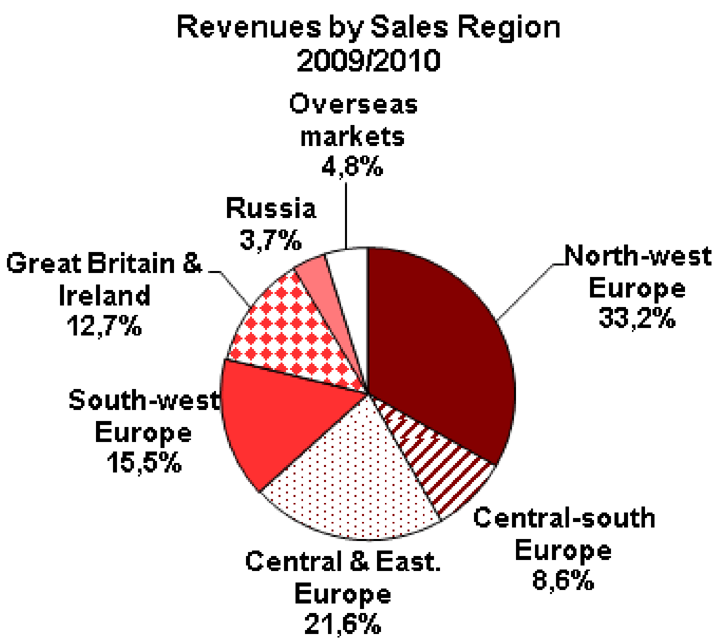
3.2 Earnings

- Consolidated revenues totaled EUR 1.478 million in 2009/10 (2008/09: EUR 1.503 million), which reflects a slight decrease of 2% in comparison with the prior year. This decline reflected a negative price variance of 9%, which was offset by a 7% volume increase. Lower revenues were reported by most markets. Revenues in Great Britain and the overseas markets increased over the low prior year level, above all due to higher volume sales.

- The distribution of consolidated revenues by segment is as follows:

- Decorative: EUR 1.156 million (2008/09: EUR 1.171 million)
- Retail: EUR 322 million (2008/09: EUR 332 million)

- The following graph shows the distribution of revenues by geographic region (based on the headquarters of the customer):



- The development of revenues in the individual sales regions was influenced by a difficult market environment in 2009/10, above all with respect to selling prices. The largest revenue decline was reported by Russia with -18%, whereby -8% of this amount resulted from a drop in the value of the Russian Ruble. In Southwestern Europe revenues matched the prior year level. In Great Britain and Ireland – two countries that were hit particularly hard by the economic crisis in the prior year – revenues rose by nearly 9% and the market share increased. Revenues recorded in the export markets rose by more than 40% year-on-year due to the low comparative level in 2008/09 and higher spot sales.

Revenue Development by Sales Region	Dev. to Prev.Year
North-west Europe	-5,1%
Central-south Europe	-7,2%
Central & East. Europe	-4,8%
South-west Europe	0,8%
Great Britain & Ireland	8,6%
Russia	-18,0%
Overseas markets	41,2%

- The Egger Group was able to exceed its 2009/10 targets, which had been set at a moderate level due to the economic crisis. EBITDA (earnings before interest, tax, depreciation and amortization) rose by roughly 33% from EUR 178 million in 2008/09 to EUR 236 million. However, this indicator is substantially less than the comparable figure for 2007/08. Earnings growth was driven, above all, by higher sales volumes and the resulting higher capacity utilization. The selling price declines were largely offset by lower raw materials costs. Moreover, numerous opportunities to optimize fixed costs were realized during the economic crisis. The EBITDA margin amounted to 16% in 2009/10 (2008/09: 12%).

Earnings Indicators		2009/10	2008/09	Dev. in %
Revenues	EUR mill.	1.478	1.503	-2%
EBITDA	EUR mill.	236	178	33%
EBITDA margin	in %	16%	12%	
EBIT	EUR mill.	100	48	108%
Financial results	EUR mill.	-32	-66	
Profit before tax (PBT)	EUR mill.	68	-18	
Profit after tax (PAT)	EUR mill.	60	1	

- Financial results (excl. income from financial investments and income from associates) amounted to EUR -30,4 million in 2009/10 (2008/09: EUR -64,9 million). Interest cover (the ratio of EBIT to net financing costs) equaled 3,3 (2008/09: 0,7). In addition to the decline in interest expense that resulted from the reduced level of debt, the improvement in financial results was also supported by a year-on-year decrease in currency translation losses.

- The tax rate in 2009/10 was 12,4%. The high tax income in 2008/09 resulted, among others, from major deductible items (permanent differences) and the resulting deferred tax assets on loss carryforwards.

3.3 Development of Earnings in the Individual Countries

- The Austrian plants recorded a substantial drop in revenues during 2009/10. This downturn was particularly severe in the pre-fabricated components area and the door branch as well as in Italy. However, earnings nearly matched the prior year following the implementation of wide-ranging measures to optimize production and costs.

- The situation in Germany was similar. Lower selling prices had a negative effect on revenues at the beginning of the year, but rising demand – especially in the retail trade and kitchen furniture segments – supported an improvement in earnings at the Egger plants. In spite of rising raw material prices, the sawmill business reported positive development and an increase in market shares.

- Great Britain started a gradual recovery from the economic crisis. Demand was better than expected, but the general environment for the British economy remains uncertain. Egger was able to increase volumes, but a shortage on the timber market triggered a rise in raw material prices during the final months of the year. Earnings improved in year-on-year comparison.

- In France and Spain, Egger was able to increase its share of these contested markets. The Group benefited from the modernized plant in Rion as well as the severe effects of the crisis on the competition.

- The retail segment was marked by differing developments in 2009/10. The excess production capacity that continues to characterize the European laminated flooring branch was responsible for increased pressure on prices and earnings. The demand for OSB products was significantly better, especially on markets in Central Europe. Revenues were slightly lower, but earnings to exceed the prior year level because of higher sales volumes and cost optimization.

- The economic crisis has had a long-lasting impact on the Russian market. Sales policies are directed to raising the share of finished products, but selling prices remain under pressure. Reporting year earnings nearly reached the 2008/09 level.

- The development of business in Romania during 2009/10 can be termed positive under the given circumstances. Sales volumes were higher in spite of the weak market climate. Earnings exceeded the prior year, in part due to the modern equipment. However, the tense liquidity position of many East European customers represents a growing challenge.

3.4 Cash Flow

- After the inclusion of changes in net working capital, cash flow from operating activities totaled EUR 234 million (2008/09: EUR 125 million). This increase resulted from an improvement in gross cash flow. Cash flow from financing activities includes the issue of the Egger bond.

Cash Flow Statement		2009/10	2008/09
Cash flow from operating activities	EUR mill.	234	125
Cash flow from investing activities	EUR mill.	-91	-199
Cash flow from financing activities	EUR mill.	34	-7
Change in cash and cash equivalents	EUR mill.	177	-81

3.5 Investments

- Investments in intangible assets and property, plant and equipment totaled EUR 89 million in 2009/10 (2008/09: EUR 202 million). This figure includes EUR 20 million (2008/09: 30 million EUR) of maintenance investments, which represents 15% (2008/09: 23%) of scheduled depreciation for the year.
  A total of EUR 69 million (2008/09: EUR 172 million) was spent on growth investments. The major growth projects for the reporting year included final investments for the plant modernization in Rion des Landes (FR) and the energy and environmental project in St. Johann i.T. (AT) as well as the extension of the Conti roll press in Brilon (DE). In addition, work started on the construction of an adhesives plant and administrative building in Radauti (RO).

  The following table shows the geographical distribution of investments:

Investment		2009/10	2008/09
Western and Central Europe	EUR mill.	78	181
Southern and Eastern Europe	EUR mill.	11	21
Total Investments	**EUR mill.**	**89**	**202**

3.6 Financing Measures and Plans

- 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 2009/10.
- 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 its strategic measures to safeguard liquidity, the Group also arranges for additional long-term lines of credit.
- Derivative financial instruments are used to hedge risk positions arising from basic business operations.
- The notes to the financial statements provide detailed information on derivates, the Egger bond, the perpetual bond and participation rights.

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:

Value Management		30.04.10	30.04.09
Operating EBITDA	EUR mill.	236	178
Historical capital employed	EUR mill.	2.272	2.255
CFROI	**in %**	**10,4%**	**7,9%**

- Group CFROI amounted to 10,4% as of April 30, 2010 (2008/09: 7,9%) as a result of the increase in earnings. In addition, historical capital employed rose by only a slight amount due to the reduction of working capital and a moderate volume of investments. An improvement in CFROI is expected over the mid-term.

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

- Construction on the adhesives plant in Radauti (RO) started soon after receipt of the final building permit in May 2010. After an approx. two-year construction period, this facility will produce bonding agents and resins for the Group's production at this location.

- In June 2010 Egger signed an agreement to acquire a 71,5% stake in the Turkish edgings producer Roma Plastik, whereby the transaction is subject to approval by the Turkish antitrust authorities. This step will allow Egger to expand its product lines to include edgings from its own production facilities and also strengthen positions in the key strategic markets of Southern and Eastern Europe.

5.2 Expected Developments / Outlook

Create perspectives – Utilize opportunities after the crisis – Stable growth

- Extensive investments and optimization measures in recent years have given the Group state-of-the art production facilities and a lean cost structure. Egger is therefore well positioned to look toward the future with optimism.

- The wood materials branch is still confronted with risks that should not be underestimated. In particular, these risks include a shortage of timber and the resulting rise in raw material costs as well as continuing uncertainty on key sales markets.

- In order to further strengthen our market position, we are continuing to concentrate on product diversity, market diversification and innovation. A solid financial basis supports long-term supply relationships with our customers and further stable, internally generated growth.

- We continue to place quality, respect and progress at the forefront of our activities. Over the coming financial year Egger has defined “Create perspectives“ as a Group-wide focal point. This focus will be implemented in each plant through specific projects and integrated into daily work activities.

Outlook on revenues and earnings

- We expect a slow recovery on the wood materials market. our goals are to improve capacity utilization over the prior year and to expand market shares. The challenge will be to offset the forecasted increases in material costs with selling price adjustments as best as possible. Accordingly, we plan to generate additional revenues primarily from higher volumes and to hold earnings at the prior year level.

- 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

“We see innovation as the key for sustained success.“ These sentences from the Egger vision statement underscore the significance of innovation for Egger as well as the high strategic importance accorded to the innovation process.

The development of ideas and their documentation as well as the organization of innovation projects up to market introduction follow a clearly defined process at Egger, which is firmly anchored throughout the Group. The central competence center focuses on the development of processes for low emission products, productivity improvement and the optimization of production equipment. Product management, which is also established as a central staff department, serves as an interface between the sales department and customers. As part of the innovation process, product management defines the most important product requirements and provides support for the sales force in market introduction. This department accompanies products throughout the development stage from the determination of an appropriate recommended selling price, sales force training and design of the marketing package together with local specialists and is also responsible for discontinuing the item at the end of the product life cycle.

Formaldehyde:
Egger has carried out a number of development projects to reduce the formaldehyde content in its wood materials and thereby meet the requirements of the EPF (European Panel Forum) and key customers in the retail and industrial sectors. The required tests for market introduction have been successfully completed.

The major innovation projects introduced to the market in 2009/10 are as follows:

- Market launch of the ST30 gloss finish surface texture, which is produced in large board sizes (5.610 x 2.070 mm) with a protective foil coating in a short-cycle coating method.
- Compact laminate in matching decors to Egger product line for the furniture industry.
- Melamine-faced thin chipboard with a thickness up to 3 mm as a surface layer for the door industry or for use in the production of honeycomb boards.
- Thin chipboard support edging for the processing of postformed worktops or for use on lightweight boards.
- Extension of the acoustic board product line: all melamine-faced coreboards can now be used as a coreboard to meet the fire-resistant design requirements of Euroclass B Flammex; numerous perforation and slit patterns that are also available on a made-to-order basis.
- Integration of LED lighting modules in acoustic solutions.
- Market entry into digital printing with a full-service solution ranging from decor development with own decor development department, decor visualization via touch screen and multi-beamer presentation (VDS; virtual design studio) as well as investments in digital printers for further processing of the digital printed papers.

St. Johann i.T., July 13, 2010

Walter Schiegl	Thomas Leissing	Ulrich Bühler
(CTO, Production, Engineering and Procurement)	(Corporate Speaker, CFO, Finance, Logistics and Personnel)	(CSO, Marketing and Sales)

The Managing Board

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 financial year from **May 1, 2009 to April 30, 2010**. These consolidated financial statements comprise the balance sheet as at April 30, 2010, 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, 2010, 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 13, 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
signed:

Mag. Gabriele Lehner
Austrian Chartered Accountant

i.V. Mag. Gerhard Dablander
Austrian Chartered Accountant

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

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Bestätigungsvermerk

Bericht zum Konzernabschluss

Wir haben den beigefügten Konzernabschluss der

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol,

für das **Geschäftsjahr vom 1. Mai 2009 bis zum 30. April 2010** geprüft. Dieser Konzernabschluss umfasst die Konzernbilanz zum 30. April 2010, die Konzern-Gewinn- und Verlustrechnung/Konzern-Gesamtergebnisrechnung, die Konzerngeldflussrechnung und die Konzern-Eigenkapitalveränderungsrechnung für das am 30. April 2010 endende Geschäftsjahr sowie den Konzernanhang.

Verantwortung der gesetzlichen Vertreter für den Konzernabschluss und die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Konzernbuchführung sowie für die Aufstellung eines Konzernabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns in Übereinstimmung mit den International Financial Reporting Standards (IFRSs), wie sie in der EU anzuwenden sind, vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Konzernabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage des Konzerns von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Konzernabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und der vom International Auditing and Assurance Standards Board (IAASB) der International Federation of Accountants (IFAC) herausgegebenen International Standards on Auditing (ISAs) durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Konzernabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Konzernabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Konzernabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage des Konzerns von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen des Konzerns abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Konzernabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Konzernabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage des Konzerns zum 30. April 2010 sowie der Ertragslage des Konzerns und der Zahlungsströme des Konzerns für das Geschäftsjahr vom 1. Mai 2009 bis zum 30. April 2010 in Übereinstimmung mit den International Financial Reporting Standards (IFRSs), wie sie in der EU anzuwenden sind.

Aussagen zum Konzernlagebericht

Der Konzernlagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Konzernabschluss in Einklang steht und ob die sonstigen Angaben im Konzernlagebericht nicht eine falsche Vorstellung von der Lage des Konzerns erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Konzernlagebericht mit dem Konzernabschluss in Einklang steht.

Der Konzernlagebericht steht nach unserer Beurteilung in Einklang mit dem Konzernabschluss.

Innsbruck, am 13. Juli 2010

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gabriele Lehner
Wirtschaftsprüfer

i.V. Mag. Gerhard Dablander
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Konzernabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Konzernabschluss samt Konzernlagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.