Egger Holzwerkstoffe GmbH,
St. Johann in Tirol

Consolidated Financial
Statements as of
April 30, 2011

Contents

MANAGEMENT REPORT

to the Consolidated Financial Statements of

EGGER HOLZWERKSTOFFE GMBH,

St. Johann in Tirol,

for the 2010/11 Financial Year

1 BUSINESS AND OPERATING ENVIRONMENT

1.1 GROUP STRUCTURE AND BUSINESS ACTIVITIES

1.1.1 Legal structure

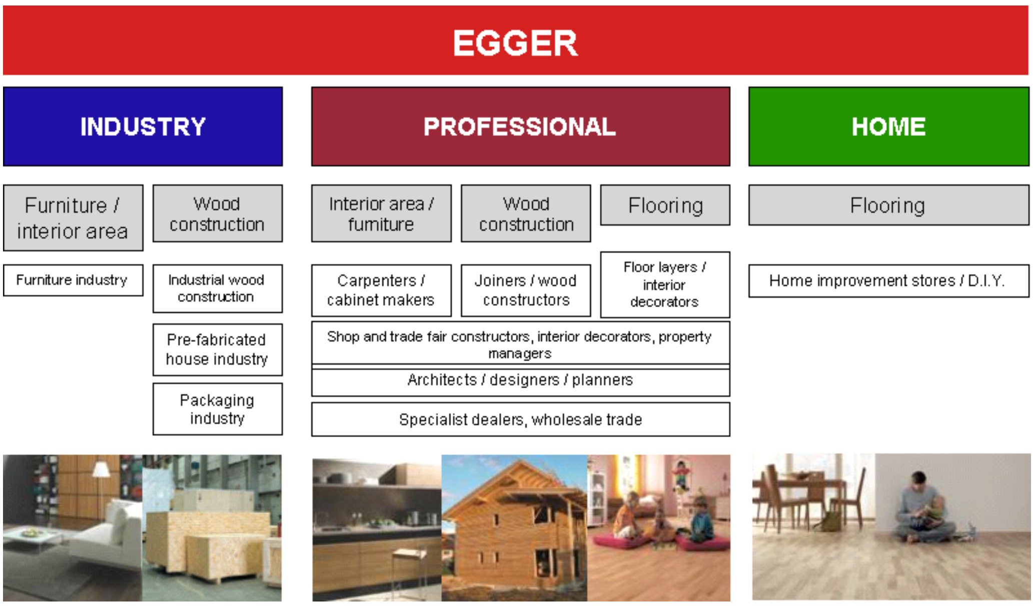
The EGGER Holzwerkstoffe Group comprises companies in Austria, Germany, France, England, Ireland, Russia, Romania and Turkey as well as sales organizations in Eastern Europe, the Benelux countries, Scandinavia and Asia. The members of the Managing Board of the parent company, EGGER Holzwerkstoffe GmbH, are Thomas Leissing (Corporate Speaker, CFO, Finance, Logistics and Personnel), Walter Schiegl (CTO, Engineering and Procurement) and Ulrich Bühler (CSO, Marketing, Sales and Communication).

1.1.2 Operating segments and organizational structure

EGGER was founded in 1961 as a family company with headquarters in St. Johann in Tirol. With approx. 6,000 employees at 16 locations in Europe, the Group produces over six million m³ of wood materials.

In addition to board plants, the company operates a sawmill in Brilon (DE). The EGGER product lines range from wood materials (chipboard, OSB and MDF boards) to sawn timber. EGGER's international customer base includes furniture producers, specialized wood dealers, construction markets and DIY stores. The company's products are used for numerous applications in both the private and public sector: above all for kitchens, bathrooms, offices, living rooms and bedrooms. EGGER views itself as a complete supplier for the furniture industry and interior construction, for wood construction and for laminated flooring.

The regional sales organizations of the EGGER Group ensure close proximity to the market. In the area of wood materials, the Group has defined three sales channels to service the following customer groups:



The EGGER Group operates through decentralized management structures. In addition to Group management, only the staff managers for production and engineering, sales and marketing, finance, administration and logistics operate from the Group headquarters. The company classifies its business operations according to markets:

- Central-South Europe – Austria, Switzerland, Italy
- North-West Europe – Germany, Benelux, Scandinavia
- South-West-Europe (SWE) – France, Spain, Portugal
- UK and Ireland
- Central and Eastern Europe – all East European countries excluding Russia, including Turkey and the Near East as well as the Baltic States and the former CIS countries
- Russia
- Overseas – all markets without their own plants and outside the above regions or countries

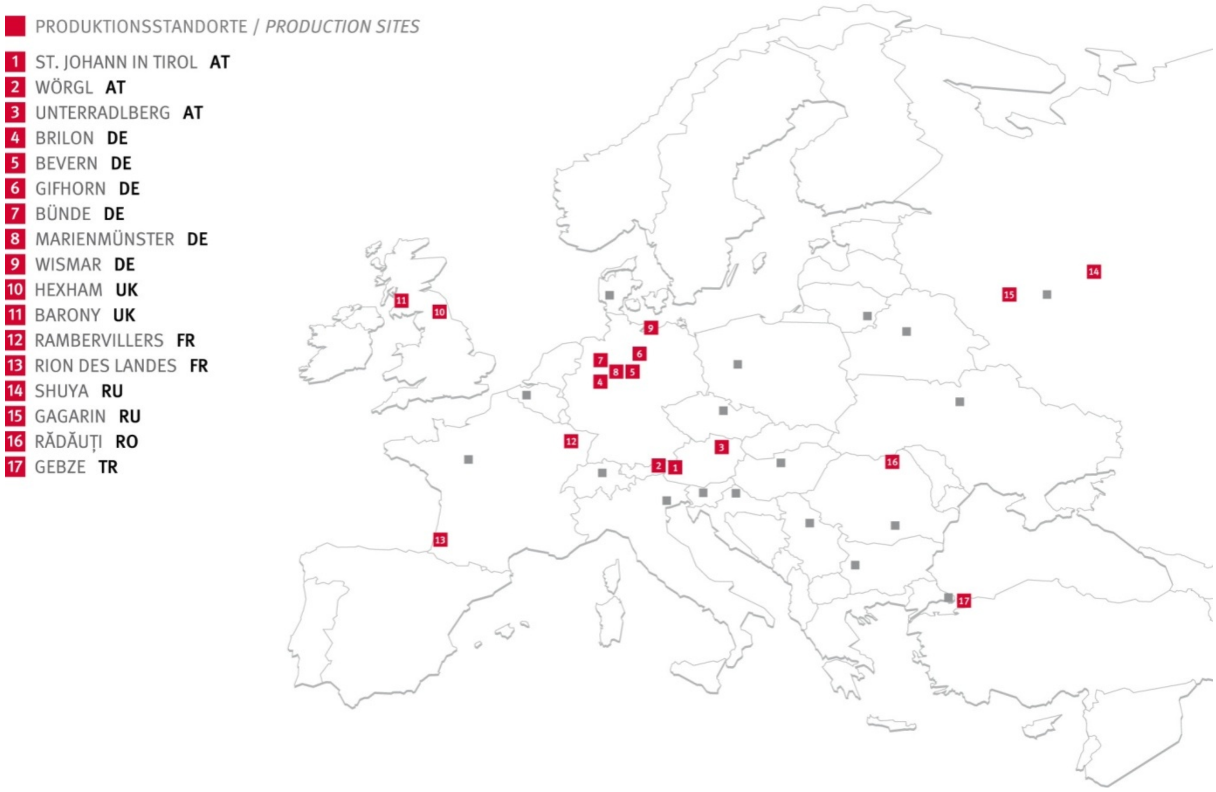
The country organizations are generally directed by a three-manager team that is responsible for production and engineering, sales and marketing as well as finance, administration and logistics.

In addition to the country organizations, EGGER operates a separate division – EGGER Retail Products (ERP) – that focuses primarily on the flooring business and is directed by three divisional managers. A new division, EGGER Building Products (EBP), that covers the OSB and sawn timber product groups was spun off at the beginning of the 2011/12 financial year to reflect the growing importance of these businesses.

Major locations

Egger operates 16 production facilities in seven European countries, including Russia and Turkey. The Group’s products are also sold in strategic export markets outside Europe. An extensive sales organization, efficient logistics, 22 company-operated sales offices and an international network of retail partners in more than 90 countries ensure the systematic development of markets.

The EGGER production locations are shown on the following map:



The following major products are produced at the locations listed below:

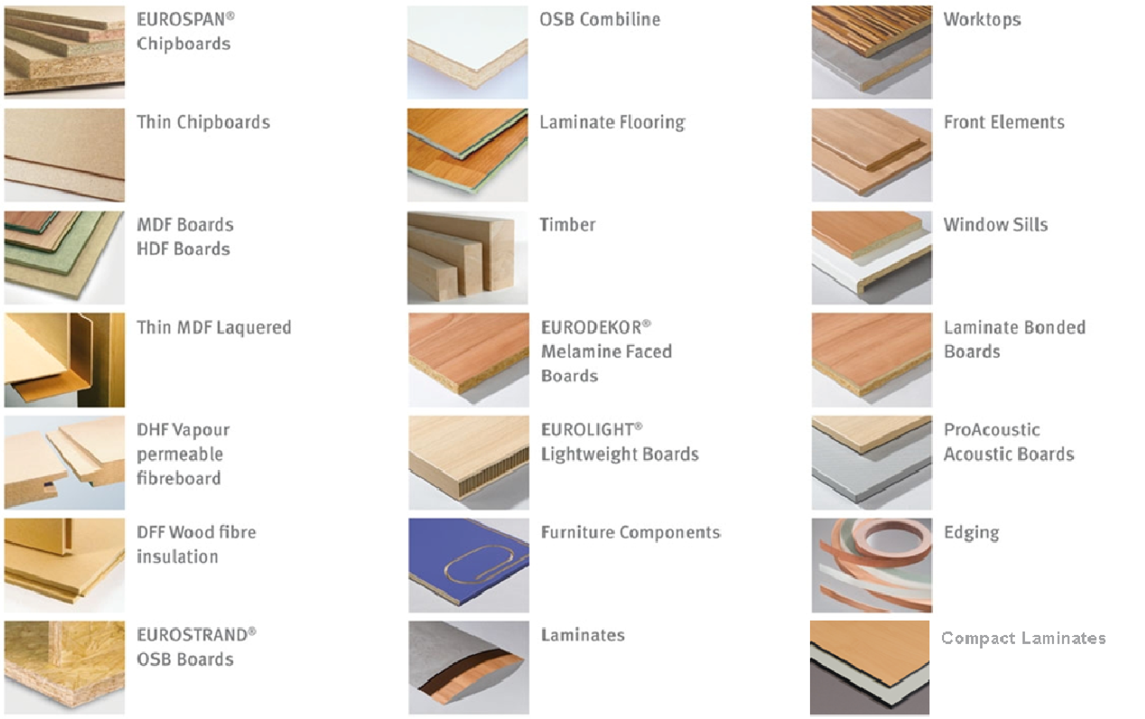
- Austria	St. Johann / Tirol:	Chipboard (raw and laminated), furniture elements, worktops, EUROLIGHT®
	Unterradlberg:	Chipboard (raw and laminated)
	Wörgl:	Thin chipboard (raw and laminated)
- Germany	Brilon:	Chipboard (raw and laminated), MDF, flooring, sawn timber, timber products
	Wismar:	MDF, OSB, flooring, adhesives
	Gifhorn:	Laminates, edgings
	Bevern:	Thin MDF
	Marienmünster:	Lacquering, prefabricated elements
	Bünde:	Furniture elements
- France	Rion des Landes:	Chipboard (raw and laminated)
	Rambervillers:	Chipboard (raw and laminated)
- Great Britain	Hexham:	Chipboard (raw and laminated), adhesives
	Barony:	Chipboard (raw)
- Russia	Shuya:	Chipboard (raw and laminated)

- Romania	Radauti:	Chipboard (raw and laminated)
- Turkey	Gebze:	Edgings

1.1.3 Key products and business processes

Products and product lines

EGGER offers a comprehensive range of products for furniture building and interior construction, wood construction and flooring. The company's product lines include raw chipboard as well as chipboard, MDF and OSB boards and sawn timber. Most of the raw products are processed further to produce melamine-laminated chipboard, laminated flooring, furniture elements and worktops as well as Eurolight lightweight boards. Complementary products such as laminated materials and thermoplastic edgings are also produced.



The EGGER product lines – source: company presentation

Innovations in products, processes and services

At EGGER, the customer is the starting point for the development and continuous improvement of products, processes and services. This forms the basis for increasing productivity and, in turn, for strengthening the long-term earning power of the company.

EGGER concentrates on precisely defined areas for the innovation of products, processes and services.

Products
- Decors, textures and surfaces
- Low-emission products
- Lightweight construction
- Fire-resistant products
- Compact boards

Processes
- Low-formaldehyde bonding agents
- Improved use of raw materials and resource optimization
- New production processes

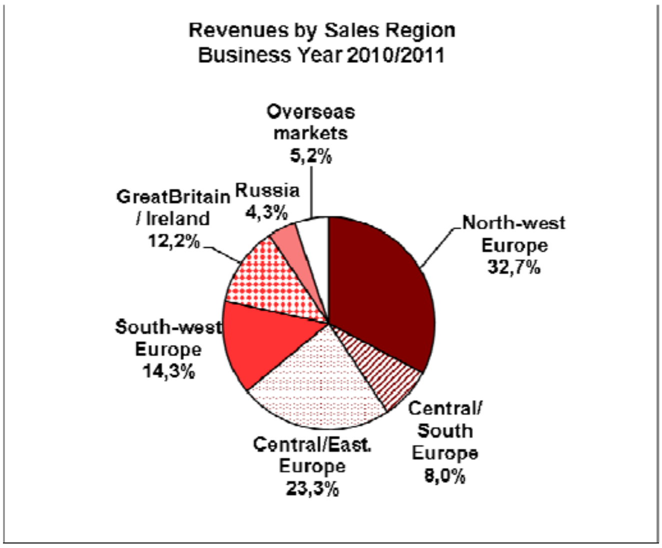
Services
- Digitalization (data management, visualization and printing)
- Internet (interactive offering)

EGGER connects the various participants in the value added chain – downstream to the consumer and upstream to its suppliers. The Group concentrates on integrated locations (clusters) that have the necessary expertise and capacity to cover all stages of wood processing and to utilize this wood in company biomass plants. In this way, the EGGER Group works to reduce the use of fossil fuels.

1.1.4 Key markets and competitive position

Classification of markets by region

EGGER is active, above all on the European wood materials market. Consolidated revenues of EUR 1.771 million for the reporting year (2009/10: EUR 1.478 million) are classified by region as follows based on the customer location:



____

1) North-West Europe comprises Germany, Belgium, the Netherlands, Luxembourg and Scandinavia.
2) South-West Europe covers France, Spain and Portugal.
3) Central-South Europe comprises Austria, Switzerland and Italy.
4) Central and Eastern Europe includes, above all, Czech Republic, Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Croatia, Slovenia, Ukraine, Belarus, Latvia, Estonia, Lithuania, Turkey and Greece.
5) The Overseas region covers all countries outside Europe.

The most important geographical market for EGGER is Western Europe (comprising the sales regions North-West Europe, Great Britain and Ireland, South-West Europe and Central-South Europe), which generated revenues of EUR 1.191 in 2010/11 (67% of consolidated revenues for the Group). Germany is the most important single market for EGGER with 25% of Group revenues. The significance of Germany for the wood materials market is based on the furniture industry, which is heavily represented in this country. German furniture manufacturers export their products to many other regions and have a high demand for wood materials.

Another important market is Central and Eastern Europe, including Russia, with revenues of EUR 488 million for the reporting year (28% of Group revenues). The countries outside Europe (the Overseas region) play only a secondary role. In this region EGGER recorded revenues of EUR 92 million in 2010/11 (5% of Group revenues).

EGGER's most important customer groups can be summarized under the following segments:

- Industry – large industrial customers (in particular, from the furniture industry) and industrial customers in the wood construction branch;
- Professional – planners, architects and skilled craftsmen as well as specialized retailers; and
- Home – building materials chains and other retailers that sell to the DIY segment.

The most important customer groups for EGGER in 2010/11 were the professional and industry groups with 45% and 46% of Group revenues, respectively. The home customer group generated 9% of Group revenues.

EGGER's competitive position on the wood materials market

Data published by the European Panel Federation (Annual Report 2009-2010) and estimates by EGGER show a total volume of 49 million m^3 on the European market for wood materials in 2010 (compared with 56 million m^3 in 2009). Of this total, chipboard represents 29,7 million m^3 (2009: 34,5 million m^3), MDF boards 11,4 million m^3 (2009: 12,2 million m^3) and OSB boards 3,6 million m^3 (2009: 3,3 million m^3). EGGER estimates its market share for 2010 at 11%, whereby this position was higher in countries with production facilities and in neighboring countries but lower in countries without production locations. Accordingly, EGGER is one of the largest suppliers in Europe. Competition among the European companies is characterized by consolidation in Western Europe as well as growth investments in Central and Eastern Europe and Russia. In addition, smaller groups play a role in local market developments.

The laminated flooring market registered dynamic growth up to and including 2007 because this product represents a low-cost, high-quality alternative to carpeting and, increasingly, also to solid wood floors. However, the production of laminated flooring has declined in recent years: the output in Europe amounted to 505 million m^2 in 2010, compared with 535 million m^2 in 2009 (source: European Panel Federation, Annual Report 2009-2010). Sales volumes in Europe totaled 423 million m^2 in 2010, and the remaining production was exported. Estimates by EGGER place its share of the laminated flooring market in Europe at 14%.

1.2 CORPORATE MANAGEMENT, GOALS AND STRATEGY

1.2.1 Strategic focus

EGGER pursues a dynamic growth strategy that is based on the vision to be the leading brand for living and working with wood in Europe. The EGGER mission is: We make more out of wood.

The strategic focus of the EGGER Group is derived from the mission statement, which serves as an orientation and guideline for everyday work. The central principles of the EGGER mission statement are:

Internationality
EGGER produces and sells its products in Europe, including Russia and Turkey. Outside Europe, EGGER is active in strategic export markets. In Southern and Western Europe the company is expanding its market positions by investing in existing plants and by acquiring additional locations. Investments in new plants are also planned for Eastern Europe, Russia and Turkey.

Innovation
The development and continuous improvement of products, processes and services are based primarily on the creation of added value for customers. This forms the starting point for increasing productivity and, in turn, for strengthening long-term profitability. EGGER uses a systematic process to increase the pace of innovation for products, processes and services.

Integration
EGGER integrates its value chain stakeholders – from end customers to suppliers. A focused procurement strategy and selective backwards integration safeguard supplies of raw materials and energy. In order to ensure the availability of sufficient raw materials, the EGGER Group also invests in sawmills.

Identification
EGGER has set a goal to be the best employer in each of its respective labor markets. The Group places high value on protecting the culture and values of this family company. Actions are governed by consideration, trust, mutual respect and loyalty. In addition, EGGER relies on effective management instruments, the creation of strong ties with valuable employees, long-term personnel development and proactive recruitment.

Financing
EGGER works to achieve and maintain profitable growth. The realization of the Group's strategic goals is supported by clear financial objectives, which create a framework for the financing and profitability of investments and management decisions.

1.2.2 EGGER value management

The goal of the EGGER Group is to achieve and maintain sustainable growth. Only a leading market position makes it possible to generate acceptable margins and positive earnings which, in turn, are the foundation for investments and further growth. This belief is supported by EGGER value management with its central focus on a sustainable increase in the value of the company. The principles of value management are derived from the EGGER strategy and corporate goals.

Within the framework of value management, EGGER is committed to realizing a sustainable increase in the value of the company over the medium- to long-term. This goal is linked to establishing a balance between the interests of owners, customers and employees.

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). Another important indicator is the difference between EBITDA and the weighted average cost of capital (=CVA; cash value added; the profit that exceeds the cost of capital (WACC)).
CFROI, which is one of the most important performance indicators for capital-intensive companies, measures the profitability of capital employed. EGGER has defined a minimum return of 12% for all areas of the company.

Calculation of Group CFROI:

Value Management		30.04.11	30.04.10	Dev. in %
Operating EBITDA	EUR mill.	229	236	-3%
Historical capital employed	EUR mill.	2.570	2.272	13%
CFROI	**in %**	**8,9%**	**10,4%**	**-14%**

Group CFROI equaled 8,49% as of April 30, 2011 (2009/10: 10,4%) and remained below the 12% hurdle rate. The year-on-year decline reflected the weaker development of earnings as well as an increase in historical capital employed due to growth investments and the expansion of working capital. Rising capacity utilization in the plants, the adjustment of selling prices to reflect higher raw material costs and a resulting increase in margins as well as investments in growth markets are expected to support an improvement in CFROI over the medium-term.

1.3 THE DEVELOPMENT OF BUSINESS

The development of business during the reporting year was significantly influenced by the following events:

1.3.1 Highlights of 2010/11

May – Internet relaunch

Users in Germany and Austria can now enjoy EGGER's new digital website under http://www.egger.com. The design, content and technical basis have been completely revised. New features include a special portal for each target group as well as a search function with categorized results that provides individualized information for customers and other visitors. Separate portal pages for the respective target groups provide a variety of interesting advantages.

May – Investment in adhesives plant at Radauti, Romania

Final approval for the construction of the adhesives plant was followed by the start of site installation work on May 10, 2010. After a construction period of roughly two years, this facility will be able to manufacture the resins and bonding agents for its own production.

June – Investment in Roma Plastik, Turkey

In mid-June 2010 EGGER acquired a 71,5% stake in the Turkish edging producer Roma Plastik, Gebze, and also signed an agreement for an option to purchase the remaining shares. This 28,5% stake is currently held by Roma management.

September – VDS Virtual Design Studio

EGGER's Virtual Design Studio (VDS) was recognized with the iF communication award for 2010 in gold. The international jury of 16 experts indicated that: "VDS triggers what is most important – the process that allows the customer to visualize products in his or her own four walls combined with the fun of trying out different combinations." VDS also won the red dot award: communication design 2010 for outstanding performance.

September – Investment in OSB equipment at Radauti, Romania

EGGER is planning a substantial increase in OSB (raw chipboard) capacity. The chipboard plant in Radauti, which opened in 2008, will be expanded to include an OSB aggregate that can produce up to 300.000 m^2. This project will add 100 new jobs. Construction is expected to start in mid-2011 after the necessary approvals are granted. The Romanian company will market this chipboard primarily in Central, Eastern and Southern Europe.

January – BAU trade fair

At the Bau 2011 the company received gold for sustainable construction.
Phillip Kaufmann, president of the Austrian Society for Sustainable Real Estate Management, presented Michael Egger with an award for the sustainable construction of a new administrative building at EGGER's plant in Radauti. The EN-certified fire prevention board Egger Flammex was only one of many innovations introduced at this event. EGGER also celebrated its 50th birthday at the Bau trade fair in Munich.

January – LANEO, the new flooring

LANEO is EGGER's latest flooring collection with new cork+ technology. Cork is a particularly eco-friendly material. The new EGGER flooring combines numerous positive features – it is environmentally friendly, warm, soft, quiet and robust at the same time.

January – new decors

EGGER presented its 2011 decor innovations under the motto "Authentic – Design goes Natural". The collection reflects the close-to-nature trend in interior design, with wood patterns taking on a particular importance. The special feature of these designs is their authentic look, which appears to have come directly from nature.

February – the EGGER bond

The new 2011 - 2018 bond was substantially oversubscribed on issue, and the volume was consequently raised to EUR 200 million. This bond has an interest rate of 5,625%, an issue price of EUR 100,818 and a seven-year term.

1.3.2 The Economic Environment

Economic developments

The global economy initially recovered more quickly than expected in 2010, but the effects of the financial crisis were still noticeable. Large government stimulus packages drove growth, especially in the first half of 2010. However, the upturn was slowed by the expiration of these programs during the second six months and massive cutbacks in public spending.

Economic development differed widely by region in 2010. Asia and Latin America served as the main drivers for global recovery, while the US economy lost substantial momentum after a good start at the beginning of 2010. The effects of the March 2011 earthquake and nuclear disaster in Japan on the worldwide economy are still difficult to estimate.

In the Euro zone, a key region for the EGGER Group, economic recovery was different but reserved. The countries that suffered from the massive effects of the financial and real estate crisis or high sovereign debt recorded only very moderate or even slightly negative growth. The German economy contrasted this trend with strong development of +3,6% in 2010, which was supported above all by higher exports and investments.

The following table provides an overview of the real change in 2010 gross domestic product compared with 2009 and 2008 for the most important EGGER markets:

Growth rate real GDP (Gross Domestic Product)
in %

	2008	2009	2010	FC 2011
EU 27	0,5	-4,2	1,8	1,7
Germany	1,0	-4,7	3,6	2,2
France	0,2	-2,6	1,6	1,6
Italy	-1,3	-5,2	1,3	1,1
Japan	-1,2	-6,3	3,9	1,3
Austria	2,2	-3,9	2,0	1,7
Poland	5,1	1,7	3,8	3,9
Romania	7,3	-7,1	-1,3	1,5
Russia	5,2	-7,9	3,7	4,5
Switzerland	1,9	-1,9	2,6	1,8
Slovakia	5,8	-4,8	4,0	3,0
Spain	0,9	-3,7	-0,1	0,7
Czech Republic	2,5	-4,1	2,4	2,3
Turkey	0,4	-4,5	7,5	5,5
United Kingdom	-0,1	-4,9	1,3	2,2
USA	0,0	-2,6	2,9	2,1

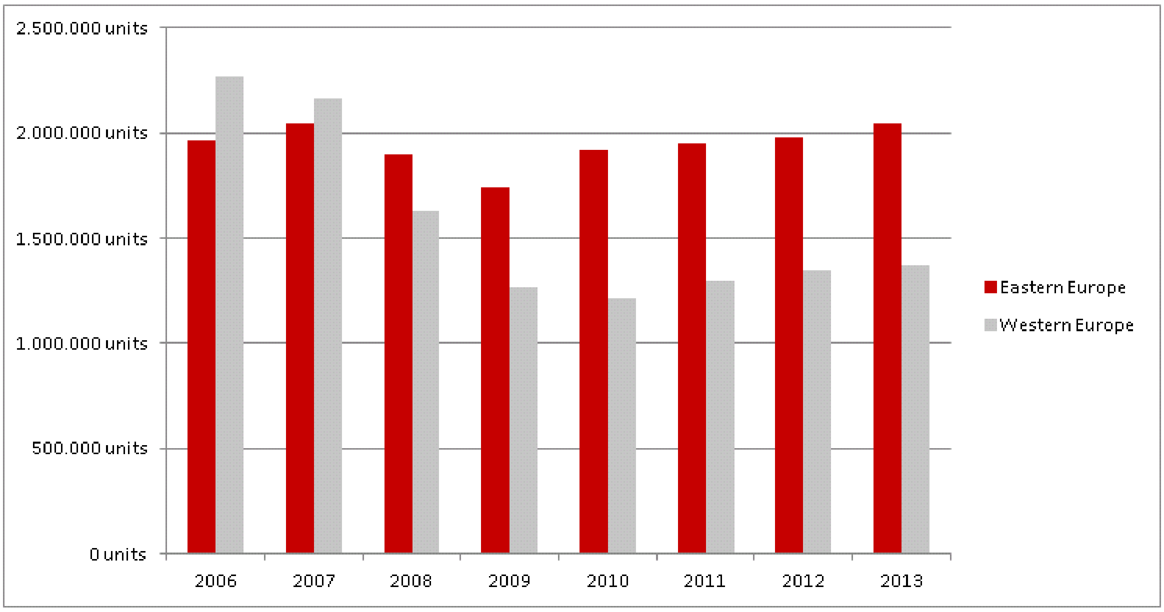
Source: Eurostat

The construction industry

The construction industry in Europe

The European construction industry has contracted significantly in recent years. The decline on the West European market was stronger than Eastern Europe, and recovery in this region will be slower. Statistics are significantly influenced by Spain, which registered a sharp drop in construction starts from 700.000 to 100.000 units. Forecasts indicate the market will not return to its former level in the coming years.

Development of residential units in Western and Eastern Europe from 2006 to 2013

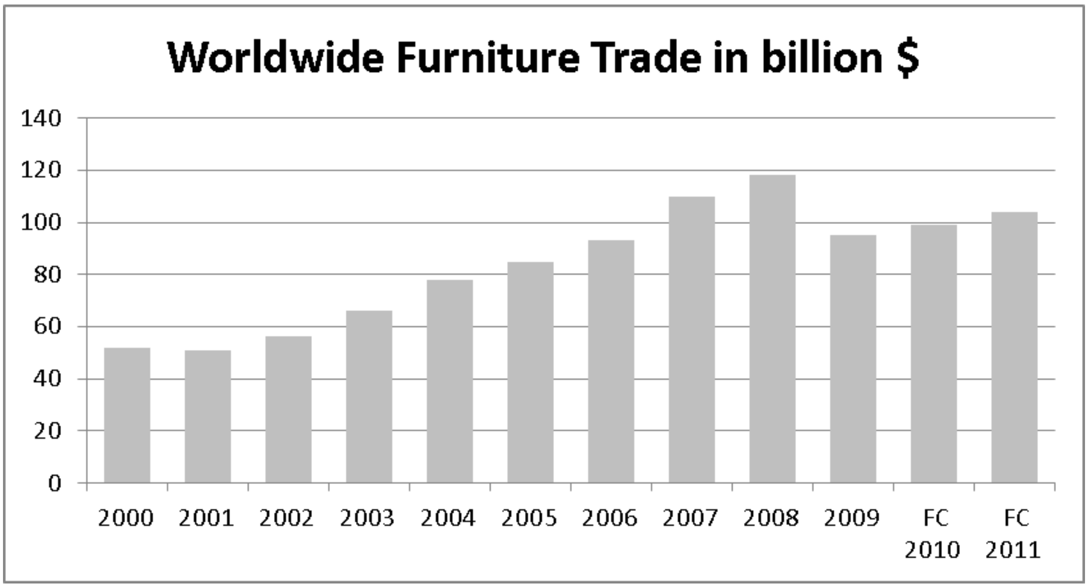


Source: EGGER internal calculations; B&L market data 04.2011

Apartment completions in Germany amounted to roughly 160.000 in 2010, which is less than the estimated demand of approx. 180.000 units. In France, apartment construction exceeded annual demand as a result of various housing subsidy programs. Apartment construction in Great Britain failed to meet the demand in 2009 and 2010. Turkey and Russia should remain the largest residential construction markets by far in the coming years.

The furniture industry

The global furniture market is expected to recover from the collapse in 2009 with annual growth of roughly 5% in the near future (source: CSIL Center for Industrial Studies, World furniture outlook 2010). Expenditures for furniture in Europe also increased during 2010, but at a considerably different rate in the various countries.



Source: CSIL World furniture outlook 2010/2011, 07.2010

The furniture industry in Germany

All in all, 2010 was a better-than-expected year for the German furniture branch. Market weakness in the early months due to the long winter and related transportation difficulties was offset by sound sales volumes throughout the rest of the year. However, the final months of 2010 were characterized by renewed weakness. Forecasts for 2011 are pointing to slightly positive results on the domestic market. Export sales have stabilized, but the hoped-for upturn has still not materialized. In spite of this, the export sector should again provide opportunities for growth during the next few years.
The German furniture industry reported cost increases by suppliers during 2010, and more substantial price hikes are expected for 2011. This will have a strong influence on companies‘ competitive ability and could lead to numerous bankruptcies in the branch. (Source: Euwid Möbel No. 51/52, 23.12.2010)

Wood materials industry / branch

A calm atmosphere during the first half of 2010 was followed by plant shutdowns and capacity adjustments in the last months of the year, above all in Central and Western Europe as well as Scandinavia. At the same time, investment activity in Eastern Europe accelerated significantly. A number of Central European wood materials producers finalized projects for new locations in Eastern Europe. A second focal point of investments is Turkey, where chipboard and MDF capacity is increasing. In the decorative paper industry, substantially improved capacity utilization has led to an upturn. Various investment projects were announced and, in part, already realized.

The operating environment for the wood materials and surfacing branch has improved due to higher capacity utilization, but this development was largely offset or negated by the steady rise in raw material prices. Up to now these costs have only been transferred to selling prices to a limited extent. (Source: EUWID Holz No. 51/52, 23.12.2010)

The period from 2009 to April 2011 was marked by sizeable capacity reductions. The decline amounted to roughly 600.000 m^3 in MDF capacity, to 120.000 m^3 in OSB and to 3,6 million m^3 for chipboard. (Sources: EPF Report March 2011, Euwid Holz No. 51/52 and own estimates)

1.3.3 Business development in the EGGER Group

EGGER recorded a strong 20% increase in Group revenues for 2010/11 as a result of the economic recovery and rising demand. An improvement in the economic environment was note in nearly all major markets.

Developments in the various areas of business

Market and branch developments in interior design and furniture

This segment comprises EGGER's decorative products, which are sold through the industrial and professional channels. The share of Group revenues generated by this segment in 2010/11 matched the previous year at 74%.

Developments in North-West Europe

The business climate in the furniture industry improved slightly during the course of the year, while the kitchen furniture industry recorded a stronger upturn and the residential furniture industry slight growth. Above all in the home furnishings industry, the pattern of growth differed from company to company. Office furniture producers recovered, in some cases substantially, from the weak prior year due to the increased readiness of customers to invest. Wood and board retailers as well as craftsmen reported good order levels.

Revenues rose by 17% year-on-year, above all on higher sales to the furniture industry and retail trade.

Despite the improvement in revenues, the EGGER plants in Germany were unable to completely match prior year results. This development reflected the fact that price adjustments were unable to fully offset the increase in material costs.

Developments in Central-South Europe

In Austria, the retail and carpentry sectors remain stable at a high level. The dynamic business climate for joiners and wood constructors in 2009/10 declined to a normal but stable pace of activity during the reporting year. The industry division stabilized at a moderate level in the areas of kitchen furniture and home furnishings, while the office furniture industry and shopfitters recorded slight growth. EGGER is expecting reserved development in 2011 because the hoped-for and forecasted recovery in this sector has not yet appeared.

The retail trade and industrial business in Switzerland are currently operating at a constant high level. Residential construction by both the private and public sectors remains sound. Momentum has only slowed in recent months in the areas of commercial construction and project business.

In Italy, economic recovery has been extremely hesitant. The operating environment for the construction industry is still subdued and consumer spending is reserved. Capacity utilization by producers is low due to the weak domestic market and limited exports. This situation has created financial difficulties for an increasing number of companies.

The Central-South Europe region recorded a 9% increase in revenues over the previous year, whereby the retail trade was the main driver for growth.
The Austrian plants exceeded prior year results by a slight margin due to positive developments in the second half of 2010/11.

Developments in Great Britain & Ireland

Economic development remains stable in Great Britain, but continues to decline in Ireland. Consumer confidence has fallen as a result of austerity measures in the public sector, rising taxes and a drop in disposable income. Public projects (with the exception of projects related to the Olympic Games) have been reduced. New residential construction is at the lowest level ever recorded with approx. 110.000 units per year.

In spite of this situation, demand for the Group's products was sound during the reporting year. Sales were supported, above all, by a decline in domestic production by competitors and lower imports. It is assumed that EGGER will continue to benefit from an improvement in economic performance in Great Britain & Ireland.

Revenues increased 14% over 2009/10. In the industry division, higher revenues were recorded above all on sales to living room and bedroom furniture manufacturers as well as element producers.

Higher capacity utilization in the British plants led to a slight year-on-year improvement in earnings.

Developments in South-West Europe

The improved balance between supply and demand in Northern Europe has had a positive effect on sales volumes and price levels in France since the beginning of 2011. Belipa S.A. permanently shut down its chipboard production facilities (capacity: 120.000 m³) at the end of 2010. The other French competitors have been operating at full capacity since the beginning of 2011.

The markets in Spain and Portugal remain difficult, and there are no signs of a noticeable improvement over the short-term. The price level is still low.

EGGER recorded a 12% year-on-year increase in revenues during 2010/11. In the industry division, revenues were higher above all on sales to living room and bedroom furniture manufacturers and to kitchen and bathroom furniture manufacturers.

The French plants were able to exceed prior year earnings due to further optimization measures and higher revenues.

Developments in Central-East Europe

The markets in Eastern Europe are slowly turning positive after the severe crisis. Exports to Western Europe (in particular to Germany) are providing support for growth in the major export markets. However, trade is still negatively influenced by foreign exchange issues. The East European competition continues to follow a very aggressive pricing policy.

Revenues in Eastern Europe rose by 8%. EGGER's Romanian facility reported higher capacity utilization in comparison with 2009/10, but failed to match prior year earnings. This development was attributable, above all, to higher material costs. Investments in a company-owned adhesives plant as well as further market expansion are expected to support an improvement in earnings.

The Turkish plant reported a sound market climate and earnings for 2010/11.

Developments in Russia

The Russian furniture market has still not completely returned to the pre-crisis level, a situation that is particularly evident in the office furniture segment. The kitchen furniture branch has now stabilized, and new residential construction is on the rise. Furniture producers are generally reporting good capacity utilization, but the price level has been negatively affected by excess production capacity.

Chipboard production is still roughly 8% below 2008, but capacity utilization is improving. The retail trade has reported satisfactory levels, which are a result of the high demand for individual patterns and surfaces.

Revenues in Russia increased 23% in 2010/11. In particular, sales to living room and bedroom furniture producers as well as the cash-and-carry segment more than doubled.
The EGGER company in Russia recorded a significant improvement in earnings, which was driven by the positive market development and a further increase in laminating volumes.

Developments in overseas markets

Developments in the two most important overseas markets, Japan and China, differed during the reporting year. Residential construction in Japan recovered slightly from an absolute low of 780.000 in 2009 to 810.000 units in 2010. Further developments in this country, the third largest economy in the world, are impossible to estimate after the severe earthquake and nuclear disaster in March 2011. However, high sovereign debt and the foreign exchange situation could bring an end to the traditional strength of the Japanese Yen versus the US Dollar and the Euro. As a reaction to the damage caused by the earthquake and resulting Tsunami, Japanese companies are now considering an increase in previous delivery volumes of OSB and construction chipboard as well as laminated chipboard for kitchen and bathroom furniture production.

The Chinese economy grew by 10% in 2010, and a continuation of this strong momentum is expected for 2011. However, this growth was accompanied by a 5% increase in consumer prices during the first quarter. The demand for furniture and flooring has been slowed by the government's real estate policy, which limits residential purchases to one unit per family and is designed to counter further overheating on the real estate market. At the same time support for furniture and flooring sales is provided by subsidies for residential construction in "second grade cities".

Revenues in the EGGER overseas business increased 17%, primarily as a result of higher sales to producers of kitchen, bathroom, living room and bedroom furniture.

Market and branch developments in flooring

Flooring sales are managed by a separate retail division, which services both the professional and home sales channels. The flooring segment generated 16% of Group revenues in 2010/11 (2009/10: 17%).

The demand for laminated flooring in Europe stabilized in 2010 after a strong decline in 2009. Demand in Europe was roughly 3% higher than the previous year. The markets in Western Europe, with the exception of Spain and Portugal, were more stable and predictable than Eastern Europe. However, upward trends have been noted in both Western and Eastern Europe. The Turkish market has recorded significant volume growth, but with high price sensitivity.

Capacity utilization in the laminated flooring industry is still unsatisfactory and characterized by high excess capacity. The sharp rise in raw material costs (wood, paper, resin) during

2010 could not be passed on in full to the market. This led to a reduction in margins, in part below cost. The first noticeable price adjustments were implemented at the end of 2010, but will be unable to completely offset the added costs. The result was a significant decline in earnings compared with the previous year.
A further slight improvement in demand is expected for 2011. However, developments will differ on a regional basis, especially in Eastern Europe. Slight price adjustments will have a positive effect on margins, as long as the increase in raw material costs remains moderate and does not follow the 2010 pattern.

Revenues in the flooring segment increased 13%.

Market and branch developments in sawn timber and OSB

As indicated in section 1.1.2, a new division – EBP EGGER Building Products – was created on May 1, 2011. This step reflects the growing importance of sawn timber and OSB for EGGER. Industry and the retail trade are the sales channels for this division. The share of Group revenues rose from 9% in 2009/10 to 10% for the reporting year.

Wood construction is gaining greater acceptance in many markets, among others due to growing ecological awareness on the part of consumers as well as numerous advantages as a construction method. This is reflected in a steady rise in wood construction as a share of the residential and industrial construction markets. Recovery in the construction industry will lead to higher demand for wood materials. Demand by the packaging industry is also growing with the rising economic momentum and increased activity (which requires additional packaging) in the export sector. The sawn timber business is characterized by excess capacity in Central Europe and a subsequent rise in the competition for prices and volumes.

Revenues from sales to the wood construction sector rose by 31% over the previous year. OSB earnings were lower than 2009/10, but the sawmill reported positive development due to a year-on-year increase in production output.

1.3.4 Marketing and sales

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

INDUSTRY comprises the EGGER offering for major customers from the furniture and wood construction industries.

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. EGGER also provides an extensive range of services – from personal assistance through the EGGER partner program up to a wide variety of information over the Internet and in printed form.

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

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

One focal point was the Group-wide rollout of the new internet presence in May 2010, which is based on target group-specific communications. The technological possibilities created by this new internet presence, combined with the web-based version of the CRM system that was introduced in May 2009, represent the foundation for EGGER's start in dialogue- or pull-marketing. Pull-marketing is intended above all to directly address the customers of EGGER's business partner, e.g. wood processors like carpenters, joiners, floor layers, interior decorators and wood constructers.

In the area of furniture building and interior design, the first dialogue-oriented, multistep international fire protection campaign was launched. The first customer campaigns were also started in the flooring area, using the CRM system, internet and mailing systems for data and new contact generation.

INDUSTRY Marketing:

- Introduction of numerous successful decor and surface innovations under the "Authentic" theme at the EGGERZUM trade fair.
- Compact boards in decors matching the Egger product line for the furniture industry.
- Extension of the acoustic board product line to include a new super fine perforation with 0,5 mm holes (more than 300.000 holes per m²).
- Further improvements to digital solutions for decor creation with an in-house 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.

PROFESSIONAL Marketing:

- Start of the EGGER road show: investment in an EGGER truck and start of a four-year European tour. The goals are to provide local support for business partners, to present the extensive range of products and applications and to offer first-hand training for retail partners. One focal point will be EGGER's new digital solutions (e.g. VDS).
- Cooperation with architects, above all in the retail sector. Examples include projects for shops, retail outlets, trade and hotel chains as well as shopfitters. Creation of standardized Group-wide structures and procedures for market development.
- Preparations for the ZOOM 2012 follow-up collection with the start of internal communications in autumn 2011.
- Market launch of the Emotion flooring trade distributor collection in autumn 2010.
- Revision and presentation of the wood construction planning manual in April 2010: internationalization of recommendations for technical application and construction (focus on fire prevention).
- Establishment of EGGER innovative as a fabricator platform for wood construction / carpenters and joiners in Austria and Germany; pilot project for Group-wide rollout (e.g. to the flooring or joiner segment in Switzerland).

HOME Marketing:

- MEGAFLOOR flooring collection in single-step sales to consumers through building materials markets / DIY.

Trade fair focal points in 2010/11:

- Participation in numerous trade fairs, including the Mosbuild in Moscow (April 2011), Interzum in China (March 2011), MTKT in Kiev, Ukraine (March 2011), EUROSHOP in Düsseldorf (March 2011), BAU in Munich (January 2011), ORGATEC in Cologne (October 2010) and SICAM in Pordenone (October 2010).

1.3.5 Production

Capacity utilization in the primary production facilities improved significantly year-on-year in 2010/11:

Production Development		2010/11	2009/10	Dev. in %
Rawboard incl. timber	m3 mill.	6,3	5,8	9%
Impregnated paper	m2 mill.	680,3	608,2	12%
Laminates	m2 mill.	22,3	19,8	12%
Glue	TO thsd.	351,0	317,9	10%

The production of raw chipboard (chipboard, MDF and OSB), including sawn timber, increased from 5,8 million m³ in 2009/10 to 6,3 million m³ in 2010/11. The production of impregnates rose to 680,3 million m² (2009/10: 608,2 million m²). Laminate production amounted to 22,3 million m² (2009/10: 19,8 million m²). The in-house manufacture of adhesives equaled 351 thousand tons, which is 10% higher than the prior year value of 317,9 thousand tons. The lightweight board aggregate at the plant in St. Johann i.T. (AT) has an annual capacity of over 300.000 m^3.

The chipboard produced in 2010/11 was processed as follows:
- 214 million m² were laminated (2009/10: 199 million m²),
- 62 million m² were converted into flooring (2009/10: 53 million m²)
- 33 million m² were processed into furniture components (2009/10: 27 million m²)

1.3.6 Procurement of raw materials and energy

The most important raw materials, 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. EGGER purchases most of its raw material supplies from partners with which it has long-standing business relationships. In the chemicals area, a large part of the required adhesives and impregnating resins are made at the company's adhesives plants in Wismar (DE), Hexham (UK) and, in the future, also in Radauti (RO). The EGGER Group currently produces 47% of the adhesives and impregnating resins required for its own production.

Prices on the raw materials markets relevant for EGGER, especially wood and chemicals, rose in part significantly year-on-year in 2010/11. The increase in wood and chemical prices had a negative impact of nearly EUR 100 million on earnings. Only the final months of the reporting year brought the first signs of a slight easing in this situation.

Securing adequate supplies of timber represents the most important aspect of raw material procurement. The timber price index has risen by 49 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). The purchase price for timber rose by 24 points on average over the previous year. All major types of wood were affected by this development, whereby a particularly strong increase was noted in the price of sawn stem wood.

Chemical prices also rose sharply in 2010/11. For urea, which is used primarily in the company's adhesives production, the purchase price (indexed based on the 2005/06 financial year) was 22 points higher than 2009/10. The development of prices for purchased adhesives was similar, with the index increasing 23 points over the 2009/10 level.

Energy procurement was characterized by a slight decrease in electricity prices as well as a strong rise in the cost of natural gas. The EGGER purchase price index for electricity declined a slight two points below the previous year. The gas price increased 10 points year-on-year, but the generation of energy through biomass power plants at all major locations held gas consumption at a low level. The plants in Unterradlberg (AT), Wismar and Brilon (DE) produce electricity with their own combined power and heat generation equipment.

2 EARNINGS, FINANCIAL AND ASSET POSITION

2.1 Earnings position

2.1.1 Revenues

Consolidated revenues totaled EUR 1.771 million in 2010/11 (2009/10: EUR 1.478 million), for a strong 20% increase over 2009/10. This year-on-year improvement comprised a positive price variance of 6% and a volume increase of 14%. EGGER registered substantial revenue growth in all sales regions during the reporting year due to the economic recovery and rising demand (a detailed description of the development of business during 2010/11 is provided in section 1.3.3).

Consolidated revenues are distributed between the two segments as follows:

- Decorative: EUR 1.407 million (2009/10: EUR 1.156 million)
- Retail: EUR 364 million (2009/10: EUR 322 million)

2.1.2 Earnings

The EGGER Group generated EBITDA (earnings before interest, taxes, depreciation and amortization) of EUR 229 million in 2010/11, which represents a slight year-on-year decline of 3% (2009/10: EUR 236 million). These results correspond to an improvement over EBITDA of EUR 178 million recorded in the 2008/09 crisis year, but are still substantially lower than the 2007/08 financial year with EUR 292 million. Despite the 20% increase in revenues, the Group was unable to implement price adjustments to an extent sufficient to counter the sharp rise in raw material costs. Improved capacity utilization in the plants and the resulting added shifts led to an increase in fixed personnel costs and other operating expenses. Fixed costs were also increased by ongoing projects and higher maintenance after the economic crisis. The EBITDA margin fell from 16% in 2009/10 to 13% for the reporting year.

Earnings Indicators		2010/11	2009/10	Dev. in %
Revenues	EUR mill.	1.771	1.478	20%
EBITDA	EUR mill.	229	236	-3%
EBITDA margin	in %	13%	16%	
EBIT	EUR mill.	96	100	-4%
Financial results	EUR mill.	-54	-32	68%
Profit before tax (PBT)	EUR mill.	42	68	-38%
Profit after tax (PAT)	EUR mill.	46	60	-23%

2.1.3 Net financing costs

Net financing costs (financial results excl. income from financial investments and income from associates) amounted to EUR -53,7 million for the reporting year (2009/10: EUR -30,4 million). Interest cover – the ratio of EBIT to net financing costs – equaled 1,8 (2009/10: 3,3). In addition to the increase in interest expense that resulted from additional borrowings, net financing costs were negatively influenced by higher currency translation losses and negative results from financial derivates.

2.1.4 Taxes

EGGER recorded tax income of EUR 4 million at the Group level in 2010/11 which resulted, among others, from major deductible items (permanent differences) in previous years and the resulting deferred tax assets on loss carryforwards. The tax rate in 2009/10 was 12,4%. A detailed overview of the calculation of income taxes is provided in the notes under section (15) Income taxes.

2.2 Financial position

2.2.1 Principles and goals of financial management / treasury

The primary goals of financial management/treasury in the EGGER Group are to limit the financial risks that may impair the company's continuing existence (liquidity and default risks) and earning power (foreign exchange, interest rate, market and price risks), while also protecting the ability to meet payment obligations at any time.

The limitation of risk does not mean complete exclusion, but rather the economically reasonable management of financial risks within a framework that is defined by the Group's comprehensive financial management guideline and supplementary operating rules.

In addition to the management of financial risks, another important goal is to protect and expand the circle of external financing sources and thereby safeguard the further development of the EGGER Group through organic growth and/or acquisitions.

The most important treasury indicators for the EGGER Group 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		30.04.11	30.04.10
Equity ratio	in %	36%	36%
Net debt / EBITDA	years	2,5	1,8

2.2.2 Financing analysis

The foremost strategic goal of EGGER's corporate financing is the diversification of capital sources and financing instruments.

A key element in the financing strategy of EGGER as a family company is the use of free cash flow for investments, which safeguards internally generated growth.

External financing in the EGGER Group follows a three-component model.

The first component is formed by bank financing. The main building blocks of this financing are syndicated bank loans and committed credit lines (for strategic liquidity protection), which are concluded with a selected circle of core banks. In 2010/11 the EGGER Group concluded a new syndicated loan (with OeKB refinancing) and also extended the term structure of existing credit lines.

The second component comprises capital market financing. The EGGER Group has successfully used the Austrian bond market as a financing source for many years. The bond placement in 2009/10 was followed by a similar issue in 2010/11 (volume: EUR 200 million, term: seven years) that further improved the financial position and term structure of liabilities.

Maturity profile - Financial liabilities and bonds		30.04.11	30.04.10
Remaining term over 5 years	EUR mill.	316	122
Remaining term 1 - 5 years	EUR mill.	337	512
Remaining term under 1 year	EUR mill.	101	92
Total	**EUR mill.**	**754**	**726**

The EGGER Group now has three senior bonds with a total volume of EUR 485 million on the market, and this component is therefore strategically overweighted at the present time.

The third component of external financing is a factoring program, under which receivables are sold on the basis of true sales. In 2010/11 the terms of the current factoring program were extended to April 30, 2014.

Derivative financial instruments are used to hedge risk positions in underlying transactions.

Detailed information on derivates, the Egger bond, perpetual bond and participation rights is provided in the notes.

2.2.3 Cash flow

After the inclusion of changes in net working capital, cash flow from operating activities totaled EUR 132 million (2009/10: EUR 234 million). This decline is primarily attributable to the decrease in profit before tax and the increase in net working capital. Cash flow from financing activities also includes the issue of the 2011 – 2018 Egger bond.

Cash Flow Statement		2010/11	2009/10
Cash flow from operating activities	EUR mill.	132	234
Cash flow from investing activities	EUR mill.	-236	-91
Cash flow from financing activities	EUR mill.	-5	34
Change in cash and cash equivalents	EUR mill.	-109	177

2.2.4 Investments

Investments in intangible assets and property, plant and equipment totaled EUR 167 million in 2010/11 (2009/10: EUR 89 million). This amount includes EUR 40 million (2009/10: EUR 20 million) of maintenance investments, which represents 30% (2009/10: 15%) of scheduled depreciation for the year.
A total of EUR 127 million (2009/10: EUR 69 million) was spent on growth investments. The major growth projects for the reporting year included the construction of the new OSB production, new adhesives plant and administrative building in Radauti (RO). Other growth investments involved the completion of wet chip preparation at the plant in Rion des Landes

(FR), the expansion of warehouse capacity in Hexham (UK), the construction of a recycling plant in Barony (UK) and the expansion of edging production capacity in Gebze (TR).

The following table shows the geographical distribution of investments:

Investment		2010/11	2009/10
Western and Central Europe	EUR mill.	80	78
Southern and Eastern Europe	EUR mill.	87	11
Total Investments	**EUR mill.**	**167**	**89**

In addition to the direct investments in intangible assets and property, plant and equipment, cash flow from investing activities was influenced by cash outflows of EUR 70,0 million for the purchase of an investment in the edging producer Roma Plastik Sanayi Ve Ticaret A.S, Gebze.

2.2.5 Cost of capital

The cost of capital (WACC = weighted average cost of capital) used in Egger value management represents the return expected on equity and debt financing. It is calculated as a weighted average of the cost of equity and debt for the Group. The after-tax WACC amounted to 7,0% in 2010/11 and reflected the prior year level.

2.3 Asset position

2.3.1 Analysis of the balance sheet structure

The balance sheet total rose by 7% from EUR 1.628 million in the prior year to EUR 1.740 million as of April 30, 2011. This development resulted above all from an increase in investments and the expansion of working capital (inventories + trade receivables – trade payables).

Balance Sheet		30.04.11	30.04.10	Dev. in %
Non-current assets	EUR mill.	1.191	1.057	13%
Inventories	EUR mill.	243	190	28%
Receivables	EUR mill.	66	47	40%
Cash and cash equivalents	EUR mill.	193	302	-36%
Other current assets	EUR mill.	47	32	47%
Balance sheet total	**EUR mill.**	**1.740**	**1.628**	**7%**
Equity (including subsidies)	EUR mill.	628	578	9%
Provisions	EUR mill.	48	53	-11%
Financial liabilities / bonds	EUR mill.	754	726	4%
Other liabilities	EUR mill.	310	270	15%

Non-current assets increased 13% to EUR 1.191 million and comprised 68% of the balance sheet total as of April 30, 2011 (2009/10: 65%). This reflects the high capital intensity of the Group's production and is typical for the branch.

2.3.2 Working capital

Inventories rose by EUR 53 million to EUR 243 million (2009/10: EUR 190 million), whereby this increase comprises both higher volumes and prices. The year-on-year increase was related primarily to higher demand, but was also influenced by acquisitions.

Trade receivables rose to EUR 66 million (2009/10: EUR 47 million), mainly due to acquisitions. The average receivables turnover declined from 45 days to 40 days.

2.3.3 Liquidity / net debt

Interest-bearing liabilities (financial liabilities and bonds) rose to EUR 754 million (2009/10: EUR 726 million) and included a long-term financing component of 87% (2009/10: 87%). The major part of financing was concluded in Euros.

Net debt rose by EUR 137 million to EUR 561 million as of April 30, 2011 (2009/10: EUR 424 million). This increase reflected the decline in cash flow as well as higher investments and the expansion of working capital.

Net Debt		30.04.11	30.04.10	Dev. in %
Financial liabilities and bonds	EUR mill.	754	726	4%
Less liquid funds and securities	EUR mill.	193	302	-36%
Net Debt	**EUR mill.**	**561**	**424**	**32%**

2.3.4 Equity

Equity, including government grants, increased 9% to EUR 628 million in 2010/11 (2009/10: EUR 578 million). The equity ratio, after the inclusion of government grants, equaled 36,1% compared with 35,5% in the previous year

2.3.5 Provisions and other liabilities

Provisions fell slightly from EUR 53 million to EUR 48 million, or by EUR 5 million, in 2010/11. As a percentage of the balance sheet total, provisions equaled only 2,8% as of April 30, 2011 (2009/10: 3,3%).

Other liabilities rose by 15% from EUR 270 million to EUR 310 million as of April 30, 2011. This development resulted chiefly from a higher balance of trade payables as well as an increase in deferred tax liabilities, income taxes payable and derivative financial liabilities.

3 CORPORATE SOCIAL RESPONSIBILITY (CSR), SUSTAINABILITY AND EMPLOYEES

3.1 Corporate Responsibility (CR)

We make more out of wood – that is not only a slogan for EGGER, but an incentive, motivation and obligation to live up to our role as the leading wood processor in Europe. EGGER strives to act responsibly and, in this way, documents its position as an employer and market participant to society and the environment.

3.2 Sustainable market development

Consideration, trust, mutual respect and loyalty influence our daily actions. We keep our word, and live our values as a family company.

These values also govern the interaction with our partners, from suppliers to customers. The development and improvement of long-term relationships are the basis for our success. Our work is based on reliable quality and qualified support as well as expertise in design and applications technology.

EGGER also implemented numerous measures in the areas of CSR and sustainability during the reporting year. The Romanian plant in Radauti was certified under ISO 14001 for environmental management and successfully recertified under ISO 9001 in the area of quality management.

With the acquisition of the edging producer ROMA Plastik, EGGER broadened its expertise as a full-service supplier that can meet all customer needs from a single hand – from decors that reflect the latest trends to suitable base materials and matching edgings. Turkey will also serve as a base for the increased development of markets in the Near East and the CIS countries.

3.3 Employees, Personnel and Society

In accordance with its goal to be the best employer in all relevant labor markets, EGGER concentrates on:

- Preserving and protecting the culture and values of this family company
- Sustainably improving leadership
- Creating strong ties with valuable employees
- Pursuing long-term personnel development
- Engaging in proactive personnel marketing

Accordingly, EGGER has implemented numerous measures to support the corporate culture and also promote training, the protection of employees' health and the recruitment of new personnel.

Training

EGGER regularly trains apprentices for a wide variety of professions. These programs lead to certification as a wood technician, electrical technician, mechanical engineering technician or office administrator.

Special focus is placed on continuing education, for example through the Startklar management trainee program. In order to retain know-how and experience in the company, EGGER promotes internal career development. Startklar trains young employees with management potential to prepare them for further career steps. This 15-month program covers both theoretical and practical subjects, and currently has 19 participants.

Health management

EGGER health management offers numerous services to promote healthy nutrition, exercise and advising at the various Group locations. In 2010 health days for the entire family were held at the plants in St. Johann / Wörgl and Unterradlberg, which were well received by employees and combined issues related to health, fitness and medical services with popular social get-togethers.

Employees

The Egger Group employed an average workforce of 6.012 in 2010/11 (2009/10: 5.390), which is distributed by country as follows:

Number of own personnel	2010/11	2009/10
Austria	1.313	1.308
Germany (incl. Retail)	2.137	2.133
France	713	693
Great Britain	589	556
Russia	296	287
Romania	444	413
Turkey	521	0
EGGER Total	**6.012**	**5.390**

The increase in the workforce resulted, above all, from higher capacity utilization in the plants and the integration of the newly acquired Roma Plastik Sanayi Ve Ticaret A.S in Turkey.

3.4 The Environment

EGGER takes its responsibility for society and the environment seriously. Environmental protection has a high standing in the Egger Group and is firmly anchored in the Egger corporate philosophy. The careful use of raw materials is given the highest priority. This goal is met with processing technologies that conserve resources, the generation of energy in company-owned biomass power plants and eco-friendly logistics systems which, for example, use rail traffic for transport. All Group plants are equipped with state-of-the-art waste water, noise protection and air purification systems.

Environmental management systems form a sound basis for the systematic and consequent pursuit of environmental goals to use resources and energy responsibly and minimize the effects on the environment. In a first step, the plants in Unterradlberg / Austria and Radauti / Romania were certified under ISO 14001. Unterradlberg also successfully completed the process for certification under EMAS. The environmental report can be reviewed online (under the following link: http://www.egger.com/downloads/bildarchiv/98000/1 98553_EMAS-ISO14001_Umwelterklärung_URB.pdf) and includes key environmental indicators as well as a statement of EGGER's commitment to continuous improvement in order to successively reduce the impact of business operations on the environment.

In 2010/11 EGGER strengthened its focus on strategies to safeguard wood supplies for its production facilities. This tactic reflects the intense market competition for wood, which not only drives prices but also affects availability. EGGER has therefore decided to increase the use of recycled wood, and has now also installed appropriate equipment in the Barony plant.

The company set a benchmark for sustainable construction with the new administrative building in Radauti (RO), which was built almost entirely with EGGER products. This building opened for operations in August 2010 and has already received the DGNB ("Deutsche Gesellschaft für nachhaltiges Bauen") building certificate in gold, which represents the official confirmation of its environmental compatibility.

One basis for building certification is the environmental product certificate, or so-called EPD. EGGER is the first wood materials producer to equip its entire product line with environmental product declarations. The certificate for sawn timber was presented in January at the international BAU trade fair in Munich. All other EPDs for EGGER products were renewed as scheduled.

The environmental compatibility of EGGER laminated flooring is underscored by the Blue Angel and European Eco Labels, which were received last year.

3.5 Society

In agreement with our fundamental values, EGGER respects the customs and traditions of the countries in which it does business. EGGER works to establish a position as an integral part of the respective environment and supports the use of qualified employees and managers from the regions near the Group's plants.

Great Britain represents one example of EGGER's social commitment. EGGER founded a welfare committee comprising 13 company employees, who consult on requests by local schools and charitable organizations and coordinate appropriate support measures.

The "Run with Egger" program was continued at all Group locations during the reporting year. For each completed kilometer, Egger donates EUR 5 to a social institution. These funds are distributed to various aid organizations in the regions surrounding the Group's plants. In 2010 14.056,2 km were covered for a total donation of EUR 70.281.

4 RESEARCH AND DEVELOPMENT / INNOVATION

4.1 Research and development as a key element of the corporate strategy

"The development and continuous improvement of products, processes and services are based primarily on the creation of added value for customers. This forms the starting point for increasing productivity and, in turn, for strengthening long-term earning power." Through this statement, the EGGER mission statement underscores the importance of innovation for the realization of the corporate vision. Accordingly, the innovation process is an important part of the EGGER strategy.

The development and documentation of ideas as well as the organization of innovation projects up through market introduction follow a clearly defined process at Egger, which is firmly anchored in the Group. The central competence center focuses on process development, productivity improvement and the optimization of production equipment with respect to costs, energy and raw material consumption. Product management, which operates through central staff departments, 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 supports the sales force in market introduction. This department accompanies products throughout the development stage up to the determination of a recommended selling price, training for the sales force and the 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.

The continuous improvement of the competence center and product management plays an important role in mastering the increasing challenges facing the EGGER Group. The new TechCenter in Unterradlberg has created laboratories and engineering facilities for key areas of the competence center. The modular construction method that proved successful in Radauti was also used for this building. In keeping with EGGER'S philosophy of responsible interaction with the environment and resources, the air in the building will be heated and cooled with a ground water pump that includes integrated energy recovery.

4.2 Focal points of research and development

EGGER's first investments in digital printing during 2010 have been followed by the steady expansion of digital solutions. This process follows the digital road map that was approved by Group management. It is intended to support the creation of complete, integrated solutions from decor development, visualization and printing up to the production of wood materials with decors produced in digital printing processes.

The EGGER Virtual Design Studio (VDS) was introduced in 2010/11. This visualization software uses touch screens and beamers to present a decor in its original size and in combination with other decors on 3D cubes directly in the showroom. VDS provides key support for sales and decor decision processes. The system has since been adapted for mobile use with the ipad as well as online and offline PC solutions. EGGER's digitally produced decorative wood materials were officially introduced at the INTERZUM trade fair in Cologne during May 2011. This event also marked the completion of the first stage of the process steps defined in the digital road map.

In order to bring its new solutions and steadily expanding product lines closer to customers, EGGER has adapted a special truck to serve as a mobile trade fair and information platform. This truck is currently on tour and presents the full range of EGGER's products and, above all, new digital solutions to business partners in their home locations. The tour is planned to cover Europe over a period of four years and was launched in Ukraine during March 2011.

EGGER has developed new special mixtures to **reduce the formaldehyde content in board materials** and thereby meet the requirements of specific markets and customers. Several customers communicated the new emission classes defined by the California Air Resources Board (CARB) to EGGER in its function as a materials supplier. In addition to changes in adhesives mixtures, technological adaptations were required to the chipboard and fiberboard production equipment. A certification system for external and internal monitoring was developed together with an external testing institution and successfully implemented at selected plants. This testing expertise at the board-producing plants will be expanded in the future with the installation of emission testing chambers. Together with the current formaldehyde testing procedures, this will allow for the continuous monitoring of formaldehyde emissions during board production. Product safety for our customers is the overriding objective.

Compact boards were also added to the EGGER product line during the reporting year. The existing equipment was adapted to optimize costs and meet the technical requirements of this production method.

A new flooring generation was launched in 2010/ with **Laneo**. The decor is printed on the upper, highly compressed cork layer with direct printing technology (DPR®) and permanently sealed with eco-friendly, elastic lacquers. The core board is a fiberboard with tongue and groove profiles that close the floorboards, just like customary flooring. Users should perceive Laneo as soft, warm and quiet.

5 RISK MANAGEMENT

5.1 The Egger risk management system

Entrepreneurial activities are always connected with opportunities and risks. The major goals of the risk management system are to protect the continued existence of the company and to safeguard a sustainable increase in its value. The EGGER risk management system therefore represents an integral part of the EGGER corporate strategy and the EGGER value management system. The central elements of the risk management system are systematic risk controlling and the internal control system (ICS), with Group-wide guidelines and standards, internal audit and reporting, planning and controlling processes as the main components.

5.1.1 Financial risks and general operating risks

Information on the corporate risk policy and a detailed description of the specific risks – e.g. financial, market, procurement, production and investment risks – that are monitored within the context of risk controlling can be found in the risk report in section 3 of the notes.

5.1.2 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.

ICS focal point audits

In connection with the audit of the financial statements, a different Group function is evaluated each year by the auditor for compliance with the ICS. The focal point for 2010/11 was personnel / payroll accounting in all Group companies. The following internal control areas were analyzed in recent years:

- Inventory and warehouse management / physical inventory count
- Accounts receivable management, customer credit management
- Procurement, IT general controls
- Treasury, selected IT processes
- Personnel / payroll accounting

Egger internal audit

Another element of the internal control system is the annual internal audit, where Group experts from the staff departments analyze processes along the value added chain together with local specialists. This procedure supports the optimization of processes and ensures compliance with Group standards and guidelines as well as the correct performance of duties and the economic feasibility of processes.

Reporting, planning and controlling processes

Group-wide standardized reporting and integrated planning and controlling processes are central elements of the internal control system. The development of the company and risk environment are documented and analyzed at the plant, country and Group level at regular intervals and integrated in operational and strategic decision-making processes.

The preparation of the consolidated financial statements is based on a central accounting manual that is updated regularly. Compliance with its rules is mandatory for all companies included in the consolidated financial statements.

In 2010/11 the operational planning process was converted from an annual basis to a quarterly rolling forecast to better reflect the increasing fluctuations on sales and procurement markets and to allow for more timely counteractions.

6 SUBSEQUENT EVENTS, OPPORTUNITIES AND OUTLOOK

6.1 Significant events after the balance sheet date

The contract to acquire the Russian chipboard producer OOO Gagarinskiy Fanerniy Zavos, Gagarin / Russia, was signed on May 20, 2011. The takeover was approved by the Russian antitrust authorities on June 24, 2011. In connection with the closing on June 30, 2011, the plant was formally taken over by EGGER. This transaction will strengthen EGGER's market position in Russia with a second production facility. The Gagarin plant started operations in 2009 and has a continuous press with the capacity to produce approx. 500.000 m3 of chipboard, three short-cycle laminating presses and 80.000 hectares of forestry operations. Gagarin employs a total workforce of 500.

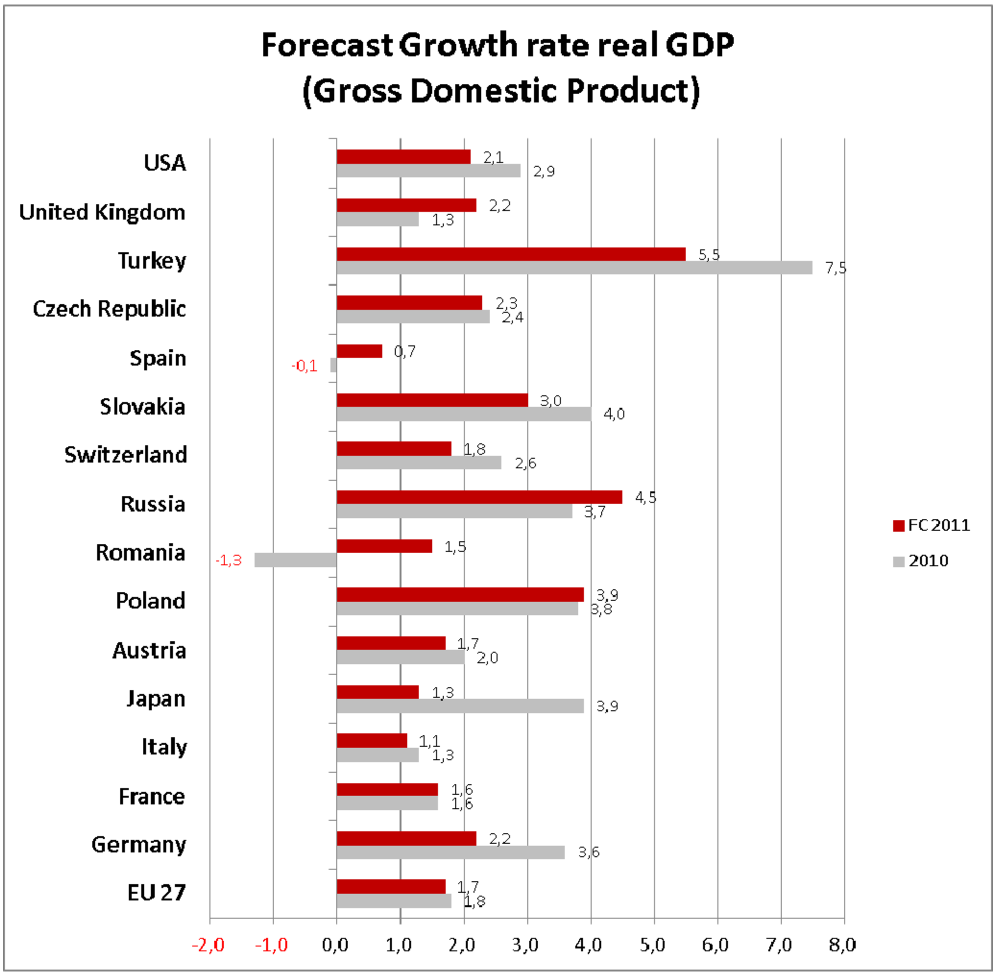
The management structure for the OSB and sawn timber product groups was changed at the start of the 2011/12 financial year. A new division, EGGER Building Products (EBP), was spun off to reflect the growing importance of these businesses.

In Wismar (Germany) the lawsuit filed against Ilim Nordic Timber GmbH & Co.KG (ILIM, formerly Klauser Nordic Timer GmbH & Co.KG) for the fulfillment of long-term supply obligations is still in progress. A court-recommended settlement was rejected by ILIM. In an announcement by the provincial court in Rostock on July 1, 2011, the contract was principally declared to be legally valid. The court also ordered an expert valuation of several points in the proceedings. Current deliveries by ILIM are based on short-term supply agreements.

6.2 Expected development / outlook

The latest forecasts by the European Commission call for real GDP growth of 1,7% in the Euro zone during 2011. However, momentum should slow in 2011 due to the weakening of global economic growth, fiscal consolidation measures in a number of countries and the expiration of economic stimulus packages.

The budgetary consolidation requirements of numerous governments could have a subduing effect on economic development. The budget deficits in nearly all European countries appear to have exceeded 3% of GDP in 2010. Particularly high gaps (approx. 7 to 8% of GDP) were reported by Romania, Poland and Slovakia. (Source: ÖNB, "Bericht zur wirtschaftlichen Lage" – January 2011)



Source: Eurostat and WEO World Economic Outlook IMF

Construction activity should stabilize or increase slightly over the coming years. Russia is expected to continue its development from a high level, and the forecasts for Turkey are similar. Most of the East European countries will register positive growth in the near future. A moderately favorable trend is also expected for Western Europe. However, a number of countries – e.g. Spain – will not reach the pre-crisis level for a longer period of time because of dramatic downturns. (Source EGGER internal estimates: B&L market data 04.2011)

6.3 Expected earnings, financial and asset situation

The EGGER Group expects a slight improvement in the general economic situation on its major sales markets, even though momentum may be weaker. However, the raw material markets and a shortage of timber could cause substantial uncertainty. The development of the construction industry, a key branch for EGGER, will differ widely by region in 2011 with no appreciable growth in Western Europe or Germany. The construction industry in Eastern and Central Europe should record moderate growth.

EGGER is looking toward generally full capacity utilization in all production facilities during 2011/12 due to the sound level of orders for all product groups. Moreover, the newly constructed OSB plant in Radauti (RO) has significantly increased OSB capacity. The construction and start-up of adhesives production in Radauti and continuous optimization of the cost structure should support a further improvement in earnings.

In order to further strengthen its market position, EGGER is 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.

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.

St. Johann i.T., July 15, 2011

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

The Managing Board

Consolidated Financial Statements
according to International Financial Reporting Standards (IFRS)
as of April 30, 2011
of

EGGER HOLZWERKSTOFFE GMBH,

St. Johann in Tirol

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Balance Sheet
as of April 30, 2011

ASSETS	Notes	30.4.2011 TEUR	30.4.2010 TEUR
Property, plant and equipment	(1)	1.018.923	971.774
Intangible assets	(1)	82.225	3.927
Financial assets	(2)	36.242	33.026
Investments in associates	(3)	3.845	2.362
Other assets	(4)	0	30
Deferred tax assets	(15)	49.851	45.815
Non-current assets		**1.191.086**	**1.056.933**
Inventories	(5)	242.747	189.768
Trade receivables	(6)	65.539	47.129
Other assets	(4)	46.073	31.672
Current tax assets		766	94
Securities and financial assets	(2)	647	148
Cash and cash equivalents	(7)	192.670	302.111
Current assets		**548.442**	**570.923**
Total Assets		**1.739.528**	**1.627.856**
EQUITY AND LIABILITIES			
Issued capital, participation rights, perpetual bond and reserves	(8,9)	539.855	520.137
Non-controlling interests		61.522	26.630
Equity		**601.377**	**546.767**
Bonds	(10)	392.890	284.032
Financial liabilities	(11)	260.069	350.322
Other liabilities	(12)	773	2.434
Government grants	(13)	27.044	31.497
Provisions	(14)	45.532	46.786
Deferred tax liabilities	(15)	17.202	12.748
Non-current liabilities		**743.509**	**727.819**
Financial liabilities	(11)	100.867	91.993
Trade payables	(16)	180.151	159.265
Other liabilities	(12)	89.617	78.888
Liabilities from income taxes		21.786	16.611
Provisions	(17)	2.220	6.512
Current liabilities		**394.641**	**353.269**
Total Equity and Liabilities		**1.739.528**	**1.627.856**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Income Statement
for the 2010/11 Financial Year

	Notes	2010/11 TEUR	2009/10 TEUR
Revenues	(18)	**1.770.937**	**1.478.083**
Other operating income	(19)	24.568	34.206
Increase/decrease in inventories		21.640	7.622
Own work capitalized		5.318	3.122
Cost of materials	(20)	-1.035.663	-806.537
Personnel expenses	(21)	-262.256	-236.821
Depreciation and amortization		-133.318	-136.056
Other operating expenses	(22)	-295.660	-243.496
Operating profit		**95.566**	**100.123**
Financial results	(23)	-53.675	-30.358
Income from financial investments	(24)	-245	61
Income from associates		547	-1.606
Profit before tax		**42.193**	**68.220**
Income taxes	(15)	4.164	-8.468
Profit after tax		**46.357**	**59.753**
Thereof attributable to non-controlling interests		3.469	1.765
Thereof attributable to equity holders of the parent company		42.888	57.988
		46.357	**59.753**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Statement of Comprehensive Income
for the 2010/11 Financial Year

	Notes	2010/11 TEUR	2009/10 TEUR
Currency translation adjustments		-236	10.987
Change in hedging reserve		1.941	3.612
Profit after tax recognized directly in equity	(25)	**1.705**	**14.599**
Profit after tax		46.357	59.753
Total comprehensive income for the period		**48.062**	**74.352**
Thereof attributable to non-controlling interests		3.468	1.766
Thereof attributable to equity holders of the parent company		44.594	72.586
		48.062	**74.352**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Cash Flow Statement
for the 2010/11 Financial Year

	Notes	2010/11 TEUR	2009/10 TEUR
Profit before tax		42.193	68.220
Depreciation and amortization	(1)	133.318	136.056
Impairment charges to and valuation of financial assets		355	81
Use of government grants	(19)	-4.009	-7.725
Income/loss from the disposal of fixed assets		1.977	67
Income from associates		-547	1.606
Increase/decrease in long-term provisions		-1.637	-4.275
Income taxes paid		-7.674	-796
Gross cash flow		**163.976**	**193.234**
Increase/decrease in inventories		-47.643	14.060
Increase/decrease in trade receivables		-762	-5.000
Increase/decrease in other assets		-10.952	7.181
Increase/decrease in trade payables		18.585	22.785
Increase/decrease in other liabilities		9.248	-8.925
Increase/decrease in current provisions		-4.292	5.092
Currency translation adjustments		4.021	5.506
Cash flow from changes in net current assets		**-31.794**	**40.699**
Cash flow from operating activities	(26)	**132.182**	**233.933**
Purchase of property, plant and equipment and intangible assets	(1)	-166.691	-88.600
Purchase of non-current financial assets		-6.499	-5.300
Payments made for the purchase of shares in associates		-936	0
Payments made for the acquisition of subsidiaries		-64.518	0
Increase/decrease in securities and current financial assets		-499	128
Proceeds from the disposal of non-current assets		3.344	2.389
Cash flow from investing activities		**-235.799**	**-91.383**
Issue of EGGER bond		198.636	119.166
Repurchase of bonds		-92.931	0
Issue of perpetual bond	(8)	16.500	0
Repurchase of participation rights		-2.873	0
Increase/decrease in current financial liabilities		6.205	21.108
Increase/decrease in non-current financial liabilities		-98.643	-106.207
Capital contributions		37.559	0
Distributions and interest payment on perpetual bond		-69.928	0
Cash flow from financing activities		**-5.475**	**34.067**
Net change in cash and cash equivalents		**-109.092**	**176.617**
Effects of exchange rate fluctuations on cash held		-349	388
Cash and cash equivalents at the beginning of the financial year		302.111	125.106
Cash and cash equivalents at the end of the financial year	(26)	**192.670**	**302.111**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Statement of Changes in Equity
as of April 30, 2011

	Share capital	Participa-tion rights	Perpetual bond	Reserves	Translation reserve	Controlling interests	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance on 30.04.2009	**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 30.04.2010	**10.000**	**356.637**	**132.536**	**96.812**	**-75.848**	**520.137**	**26.630**	**546.767**
Total comprehensive income for the period	0	0	0	44.829	-236	44.594	3.468	48.062
((Deferred) taxes not recognized through profit or loss	0	0	0	-9.576	0	-9.576	0	-9.576
Perpetual bond	0	0	16.500	0	0	16.500	0	16.500
Capital increase	1.509	0	0	36.051	0	37.559	0	37.559
Increase / decrease in non controlling interests	0	0	0	570	0	570	31.424	31.994
Distribution and interest payment on perpetual bond	0	0	0	-69.928	0	-69.928	0	-69.928
Balance on 30.04.2011	**11.509**	**356.637**	**149.036**	**98.757**	**-76.083**	**539.855**	**61.522**	**601.377**

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Notes to the Consolidated Financial Statements
as of April 30, 2011

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 16 production facilities are concentrated primarily on the following:

- Production and sale of boards made of wood materials (chipboard, MDF, HDF, compact and lightweight boards) as well as sawn timber and edgings.
- 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, 2011 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 and SIC) that were formulated by the International Accounting Standards Board (IASB), adopted by the European Union and called for mandatory application as of the balance sheet date.

The most important changes to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements", both of which required application in 2010/11, are as follows: an option was added to permit the recognition of non-controlling interests at fair value ("full goodwill method"); all acquisition-related costs must now be expensed as incurred; goodwill may no longer be increased or decreased to reflect subsequent adjustments of the purchase price; and, in connection with business combinations achieved in stages, a valuation method was defined for the previously held investment. In addition, transactions with non-controlling interests that do not result in a loss of control must be recognized directly in equity.

The following standards and interpretations were announced by the IASB, but do not require application in the financial year ending on April 30, 2011. Egger did not elect to utilize the option that permits earlier application and is currently evaluating the effects of these standards and interpretations on the consolidated financial statements. The future effect of the changes to IAS 19 “Employee Benefits“ would reduce equity by the amount of the accumulated actuarial loss, i.e. by TEUR 6.155, as of April 30, 2011.

IAS 12	Changes: realization of underlying assets
IAS 19	Employee Benefits (changes)
IAS 24	Related Party Disclosures
IFRIC 14	Voluntary payments in connection with minimum funding requirements (revised)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRS 1	Additional exemptions for first-time adopters in connection with IFRS 7
IFRS 1	Changes related to the removal of fixed dates for first-time adopters
IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments
IFRS 10	Consolidation
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities

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 (30.4.2010: 20) and 47 foreign (30.4.2010: 42) fully consolidated subsidiaries in which Egger Holzwerkstoffe GmbH has management control and directly or indirectly owns more than 50% of the shares. One Austrian (30.4.2010: one) and ten foreign (30.4.2010: nine) 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.

The following companies were included in the consolidation for the first time in 2010/11:

Company	Head-quarters	Stake owned	Consolida-tion date	Type of consolidation
Egger Retail Products SRL	Radauti	100,00	01.05.2010	Full consolidation
FE Agrar SRL	Radauti	100,00	01.05.2010	Full consolidation
Elm Builders Ltd.	Washington	90,00	01.08.2010	Full consolidation
Egger Orman Ürünleri A.S.	Istanbul	100,00	01.08.2010	At equity
Europrisma NV	Zulte	100,00	01.05.2010	Full consolidation
Romainvest Yatirim ve Ticaret A.S.	Gebze	71,50	01.05.2010	Full consolidation
Roma Plastik Sanayi Ve Ticaret A.S.	Gebze	71,50	01.05.2010	Full consolidation

In Romania, Egger Retail Products SRL, Radauti, was founded and 100% of the shares in F.E. Agrar SRL, Radauti, a company that grows plantation timber, were acquired.

The recycling company Elm Builders Ltd. in Washington, Great Britain, was acquired by Timberpak Limited, Woking. Egger (Ayrshire) Limited, Glasgow, purchased individual assets from a recycling firm located in Glasgow. This acquisition expanded Egger's locations for recycling products.

EHWS Beteiligungs GmbH, St. Johann in Tirol, founded the sales subsidiary Egger Orman Ürünleri A.S, Istanbul, during 2010/11.

Egger Belgien Beteiligungsverwaltung GmbH, St. Johann in Tirol, acquired Europrisma NV, which is headquartered in Zulte. The entire difference resulting from the consolidation was capitalized as goodwill.

In Turkey, Romainvest Yatirim ve Ticaret A.S, Gebze, was founded by EHWS Beteiligungs GmbH, St. Johann in Tirol. EHWS Beteiligungs GmbH holds 71,5% of the shares in Romainvest Yatirim ve Ticaret A.S.

Romainvest Yatirim ve Ticaret A.S. subsequently acquired 100% of the shares in Roma Plastik Sanayi Ve Ticaret A.S, an edging producer located in Gebze that was also included in the financial statements through fully consolidation. In connection with the initial consolidation as of May 1, 2010, customer relationships totaling TEUR 21.100 and goodwill of TEUR 58.545 were capitalized under intangible assets in accordance with IFRS 3. This transaction was recognized in accordance with the option that permits the application of the full goodwill method.

The Group held options to acquire the remaining non-controlling interests in Romainvest Yatirim ve Ticaret A.S, Gebze up to April 2011. These options were subsequently sold to the associate "FM England" – Privatstiftung, Vienna.

The following table shows the fair value of assets and liabilities as of the acquisition date as well as the respective carrying amounts under IFRS directly before the business combination. The fair values were determined by distributing the purchase price for the business combination to the acquired assets and assumed liabilities.

	IFRS carrying amount	Adjust-ments	Group total
Property, plant and equipment	13.987		13.987
Intangible assets	4	21.100	21.104
Other non-current assets	100		100
Inventories	5.336		5.336
Receivables and other assets	18.000		18.000
Cash and cash equivalents	9.500		9.500
Financial liabilities	-12.773		-12.773
Deferred tax liabilities	-543	-4.220	-4.763
Liabilities and provisions	-4.504		-4.504
Net total of acquired assets	**29.107**	**16.880**	**45.987**
Increase in non-controlling interests			-34.867
Goodwill			58.545
Acquisition price			**69.665**
Cash and cash equivalents acquired			-9.500
Net payment for Roma Plastik			**60.166**
Payments made for other subsidiaries			4.352
Net payments for business combinations			**64.518**

The acquisition of Roma Plastik increased Group revenues by TEUR 71.167 and operating profit by TEUR 15.385.

The following companies were immaterial for the presentation of financial position, financial performance and cash flows, and were included in the consolidated financial statements at cost:

Company	Headquarters
Common Sense IT-Consulting GmbH	St. Johann iT
E.F.P. Floor Products Fußböden GmbH	St. Johann iT
Verwaltungsgesellschaft Mecpom GmbH	Wismar
Egger Productos de Madera Limitada	Santiago
Roma Plastik Deutschland GmbH	Rheda-Wiedenbrück

In Austria, Fritz Egger GmbH & Co.OG, St. Johann in Tirol, purchased 100% of the shares in Common Sense IT-Consulting GmbH and E.F.P. Floor Products Fußböden GmbH, St. Johann iT.

Moreover, Egger Holzwerkstoffe Wismar GmbH & Co. KG, Wismar, acquired 100% of Mecpom GmbH, an administrative company in Wismar. During the reporting year EGGER Retail Products Beteiligungs-GmbH, Brilon, founded Egger Productos de Madera Limitada, a sales company located in Santiago.

Roma Plastik Deutschland GmbH, Rheda-Wiedenbrück, was acquired by Egger Holzwerkstoffe Brilon GmbH & Co. KG, Brilon, on June 14, 2010.

In December 2010 Egger Russland Beteiligungs GmbH, St. Johann iT, repurchased its participation rights from the associate „FM International“ GmbH. These participation rights, which are accounted for as non-controlling interests, were offset in equity (under reserves) during the consolidation.

E.F.P. Floor Products Fußböden GmbH & Co. KG, Brilon, was no longer consolidated as an independent entity following its merger into Egger Holzwerkstoffe Wismar GmbH & Co. KG, Wismar.

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). Acquisition-related costs are expensed as incurred.

Egger decides on an individual basis for each business combination whether the non-controlling interests in the acquired company will be accounted for at fair value or based on the proportional share of net assets in the acquired company.

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 foreign currency financial statements

The annual financial statements of Egger Holzwerkstoffe GmbH are prepared in Euros. The respective 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 the conclusion of 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**	
	30.4.2011 EUR	30.4.2010 EUR	2010/11 EUR	2009/10 EUR
1 British Pound	1,12147	1,14904	1,17242	1,13429
100 Russian Rubles	2,45100	2,58400	2,49408	2,34142
1 New Romanian Leu	0,24544	0,24227	0,23645	0,23893

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 new accounting rules that call for 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, 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.

Customer relationships obtained through a business combination are stated at their fair value as of the acquisition date. These customer relationships have a limited useful life.

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 incurred during the development phase of intangible assets were also expensed 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.

Borrowing costs, including 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
Customer relationships	4 - 7

Government grants 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 reported on the balance sheet results from the use of the purchase method to account for business combinations. Goodwill is recognized at acquisition cost.

In accordance with IFRS 3, goodwill is no longer 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 respective 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 as an 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, an impairment charge is recorded to reduce the carrying amount of the asset 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. 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, 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 reduced possibilities for use 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, 2011	April 30, 2010
Discount rate	5,25 – 5,3	5,25 – 5,6
Increase in salaries and wages	0,5 – 3,0	0,5 – 3,0
Increase in pensions	0 – 3,1	0 – 3,2
Expected income on pension plan assets	5,5 – 6,6	5,5 – 7,0
Retirement age for women (in years)	58,33 – 65	58,08 – 65
Retirement age for men (in years)	62,00 – 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). All actuarial gains and losses are recognized immediately to profit or loss.

The 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.

The 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 is not possible, the provision is not recognized.

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

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 the separate financial statements prepared by the Group companies for tax purposes and the consolidated 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 defined by tax regulations in the reporting company's country. 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 recognized directly in 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 standard calculation models, and also includes current interest rates and related 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. Finance costs and income from financial investments

Net financing costs comprise 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 the opinions of the involved experts.

— Judgments concerning the value of intangible assets and property, plant and equipment are based on forward-looking assumptions by management. These assumptions are related, above all, to the estimation of future cash surpluses based on the latest forecasts and to the estimation of the discount rate.

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 30.4.2009	**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**
Changes in the consolidation range	9.736	6.440	170	840	17.185
Foreign exchange increase/decrease	-2.701	-4.702	-364	21	-7.746
Additions	22.179	31.345	11.912	99.907	165.345
Disposals	-423	-6.491	-7.697	0	-14.611
Transfers	9.270	11.265	350	-20.939	-53
Acquisition or production cost as of 30.4.2011	**626.140**	**1.608.323**	**97.613**	**94.634**	**2.426.710**
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**
Foreign exchange increase/decrease	864	2.963	257	0	4.083
Ordinary depreciation	-24.180	-96.446	-8.760	0	-129.386
Disposals	298	6.087	5.948	0	12.333
Accumulated depreciation as of 30.4.2011	**-228.133**	**-1.108.735**	**-70.919**	**0**	**-1.407.787**
Carrying amount as of 30.4.2010	**382.964**	**549.127**	**24.878**	**14.804**	**971.774**
Carrying amount as of 30.4.2011	**398.007**	**499.587**	**26.694**	**94.634**	**1.018.923**

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 7.451 (30.4.2010: TEUR 7.970) for land and buildings, TEUR 1.828 (30.4.2010: TEUR 3.722) for machinery and equipment and TEUR 286 (30.4.2010: TEUR 376) 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 784 (30.4.2010: TEUR 17) of capitalized interest. Borrowing costs averaged 4% during the reporting year.

Land and buildings include land with a carrying amount of TEUR 62.889 (30.4.2010: TEUR 50.879).

INTANGIBLE ASSETS	Licenses TEUR	Goodwill TEUR	Customer relationships TEUR	Total TEUR
Acquisition or production cost as of 30.4.2009	**12.211**	**1.522**	**0**	**13.734**
Additions	751	0	0	751
Disposals	-137	0	0	-137
Transfers	4	0	0	4
Acquisition or production cost as of 30.4.2010	**12.829**	**1.522**	**0**	**14.352**
Changes in the consolidation range	4	59.742	21.100	80.846
Additions	981	0	364	1.345
Disposals	-526	0	0	-526
Transfers	53	0	0	53
Acquisition or production cost as of 30.4.2011	**13.342**	**61.264**	**21.464**	**96.070**
Accumulated amortization as of 30.4.2009	**-9.709**	**0**	**0**	**-9.709**
Ordinary amortization	-853	0	0	-853
Disposals	137	0	0	137
Accumulated amortization as of 30.4.2010	**-10.425**	**0**	**0**	**-10.425**
Ordinary amortization	-846	0	-3.085	-3.931
Disposals	511	0	0	511
Transfers	0	0	0	0
Accumulated amortization as of 30.4.2011	**-10.760**	**0**	**-3.085**	**-13.845**
Carrying amount as of 30.4.2010	**2.404**	**1.522**	**0**	**3.927**
Carrying amount as of 30.4.2011	**2.582**	**61.264**	**18.379**	**82.225**

Goodwill comprises the following:

	Carrying amount on 30.4.2011 TEUR	Carrying amount on 30.4.2010 TEUR
Egger Beschichtungswerk Marienmünster GmbH & Co. KG	1.522	1.522
Europrisma NV	1.197	0
Roma Plastik Sanayi Ve Ticaret A.S.	58.545	0
	61.264	**1.522**

In accordance with IFRS 3, goodwill is not amortized on a scheduled basis but tested each year for signs of impairment. The Egger Group defines cash-generating units as plants that are aggregated according to regional criteria. Impairment testing in 2010/11 did not indicate a need for any impairment charges to goodwill.

Impairment testing includes discounting the after-tax cash flows defined by the latest medium-term forecasts at a rate of 7,0% (2009/10: 7,0%) as well as the application of a growth rate of 0% to 1% to determine the perpetual yield.

(2) Securities and financial assets

Non-current financial assets

	Acquisition value 30.4.2011 TEUR	Accumulated incr./decr. in value 30.4.2011 TEUR	Carrying amount 30.4.2011 TEUR	Carrying amount 30.4.2010 TEUR
Shares in subsidiaries of other private foundations	16.263	0	16.263	16.263
Securities carried at fair value through profit or loss	3.086	-207	2.879	2.235
Investment property	5.492	-1.522	3.970	4.055
Other financial assets	8.581	-235	8.346	7.766
Loans due from				
Third parties	3.716	-316	3.400	2.647
Subsidiaries	1.286	0	1.286	0
Associates	98	0	98	59
	38.522	**-2.281**	**36.242**	**33.026**

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 consist primarily of shares in funds. The carrying amount of these items reflects fair value. During the 2010/11 financial year, net unrealized gains of TEUR 4 (2009/10: gains of TEUR 65) 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 30.4.2009	**5.492**
Additions	3
Disposals	-3
Acquisition or production cost as of 30.4.2010	**5.492**
Additions	0
Disposals	0
Acquisition or production cost as of 30.4.2011	**5.492**
Accumulated depreciation as of 30.4.2009	**-1.352**
Ordinary depreciation	-89
Disposals	3
Accumulated depreciation as of 30.4.2010	**-1.437**
Ordinary depreciation	-85
Disposals	0
Accumulated depreciation as of 30.4.2011	**-1.522**
Carrying amount as of 30.4.2010	**4.055**
Carrying amount as of 30.4.2011	**3.970**

The fair value of TEUR 5.053 (30.4.2010: TEUR 5.156) was determined using an income approach. Expenses arising from investment property totaled TEUR 157 for the reporting year (2009/10: TEUR 149) and income equaled TEUR 312 (2009/10: TEUR 313).

Securities and current financial assets

Current financial assets of TEUR 647 (30.4.2010: TEUR 148) represent loans with a remaining term of less than one year.

(3) Shares in associates

	Carrying amount 30.4.2010 TEUR	Additions TEUR	Results for the year TEUR	Distribution TEUR	Carrying amount 30.4.2011 TEUR
Shares in associates	2.362	936	548	0	3.845

The associates of the Egger Group are sales companies.

(4) Other assets

	Total 30.4.2011 TEUR	Thereof remaining term Over 1 year TEUR	Under 1 year TEUR	Total 30.4.2010 TEUR	Thereof remaining term Over 1 year TEUR	Under 1 year TEUR
Other assets						
Due from third parties	15.395	0	15.395	18.106	21	18.085
Tax credits (non-income based taxes)	18.505	0	18.505	7.921	0	7.921
Suppliers with debit balances	4.332	0	4.332	3.150	8	3.142
Due from subsidiaries of other private foundations	333	0	333	495	0	495
Due from subsidiaries	67	0	67	0	0	0
Due from associates	85	0	85	85	0	85
Derivative financial assets	5.318	0	5.318	308	0	308
Prepaid expenses	2.038	0	2.038	1.636	0	1.636
	46.073	**0**	**46.073**	**31.702**	**30**	**31.672**

Other assets due from third parties consist chiefly of insurance claims, government grants that have been approved but not yet received and prepayments on expenses. Disputed receivables of TEUR 5.604 (30.4.2010: TEUR 5.604) were written off in full during 2010/11.

Information on derivative financial instruments is provided under point 4.1.

(5) Inventories

	30.4.2011 TEUR	30.4.2010 TEUR
Raw materials and supplies	119.876	97.479
Semi-finished goods	13.973	11.914
Finished goods and merchandise	108.898	80.376
	242.747	**189.768**

Write-downs of TEUR 20.061 (30.4.2010: TEUR 18.243) were recorded to inventories.

Of total inventories, TEUR 13.574 (30.4.2010: TEUR 12.125) are carried at net realizable (proceeds on sale less sales deductions and any future production or selling costs).

(6) Trade receivables

	30.4.2011 TEUR	30.4.2010 TEUR
Trade receivables		
Due from third parties	63.800	44.415
Due from subsidiaries of other private foundations	0	5
Due from subsidiaries	488	0
Due from associates	1.251	2.710
	65.539	**47.129**

Valuation adjustments of TEUR 5.731 (30.4.2010: TEUR 4.194) were recognized to trade receivables.

In 2010/11 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 30.4.2011, receivables totaling TEUR 170.883 (30.4.2010: TEUR 161.637) were not recognized because they had been sold to an external financing institution.

(7) Cash and cash equivalents

	30.4.2011 TEUR	30.4.2010 TEUR
Cash on hand	101	159
Short-term deposits (time deposits)	23.545	83.121
Deposits with financial institutions	167.821	204.355
Cash pooling with associates	1.203	14.477
	192.670	**302.111**

(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 growth 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 annual general meeting on December 11, 2010 approved an increase in the **capital stock** of Egger Holzwerkstoffe GmbH from TEUR 10.000 to TEUR 11.509. In connection with this capital increase, the company received funds totaling TEUR 37.559 on December 13, 2010.

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 46,6% share 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 is payable in May of each year and must only be paid by the issuer if a distribution to shareholders has been approved. Equity was reduced by TEUR 9.576 to reflect a change in the estimated tax deductibility of interest on the perpetual bond.

Another **perpetual bond** was issued in January 2011. This instrument has a total nominal value of EUR 16,5 million and a fixed coupon of 9,0%. If the bond is not cancelled after ten years, the coupon will change to variable interest (6-month EURIBOR plus a step-up of 7,0%).

Egger uses cash flow hedges to limit the risk associated with interest payments on variable interest liabilities. Reserves include interest rate swaps of TEUR 881 (30.4.2010: TEUR -1.060), which had a total positive fair value of TEUR 1.174 on April 30, 2011 (30.4.2010: negative fair value of TEUR 1.414).

(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.

Unrealized foreign exchange differences of TEUR -22.367 (30.4.2010: TEUR -22.008) 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 30.4.2011 TEUR	Carrying amount 30.4.2010 TEUR
Bond 2005-12	105.200	7 years	1 year	3,875 %	3,914 %	fixed	**105.107**	**164.843**
Bond 2010-17	112.500	7 years	6 years	5,750 %	5,849 %	fixed	**111.808**	**119.189**
Bond 2011-18	177.310	7 years	7 years	5,625 %	5,722 %	fixed	**175.975**	**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. Egger Holzwerkstoffe GmbH held bonds with a nominal value of TEUR 59.800 as of April 30, 2011 (30.4.2010: TEUR 0) over which it has the right of disposal. The nominal value of the outstanding bonds totals TEUR 105.200 (30.4.2010: TEUR 165.000), which represents a fair value of TEUR 106.147 (30.4.2010: TEUR 164.835).

In February 2010 Egger Holzwerkstoffe GmbH issued a 5,75% fixed coupon bond with a volume of EUR 120 million. The bond has a seven-year term that ends in February 2017. Interest payments are due each year in February. As of April 30, 2011 Egger Holzwerkstoffe GmbH held bonds with a nominal value of TEUR 7.500 (30.4.2010: TEUR 0) over which it has the right of disposal. The nominal value of the outstanding bonds totals TEUR 112.500 (30.4.2010: TEUR 120.000), which represents a fair value of TEUR 113.906 (30.4.2010: TEUR 123.600).

In March 2011 Egger Holzwerkstoffe GmbH issued another bond, which has a volume of EUR 200 million and a fixed coupon of 5,625 %. The bond has a seven-year term that ends in March 2018. Interest payments are due each year in March. As of April 30, 2011 Egger Holzwerkstoffe GmbH held bonds with a nominal value of TEUR 22.690 (30.4.2010: TEUR 0) over which it has the right of disposal. The nominal value of the outstanding bonds totals TEUR 177.310, which represents a fair value of TEUR 175.094.

(11) Financial liabilities

	Total	Thereof remaining term		
		Over		Under
	30.4.2011	5 years	1 to 5 years	1 year
	TEUR	TEUR	TEUR	TEUR
Financial liabilities owed to credit institutions				
Bank loans	346.725	28.000	229.797	88.928
Accrued interest	5.830	0	0	5.830
	352.555	**28.000**	**229.797**	**94.758**
Other financial liabilities				
Finance leases	822	0	348	473
Cash pooling liabilities / settlement liabilities due to				
Subsidiaries of other private foundations	2.131	0	0	2.131
Associates	3.505	0	0	3.505
Other	1.923	0	1.923	0
	8.380	**0**	**2.271**	**6.109**
	360.935	**28.000**	**232.068**	**100.867**

	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**

All of the bank loans were concluded in Euros.

Financial liabilities of TEUR 86.782 (30.4.2010: TEUR 114.560) are secured by the following collateral.

Collateral	Financial liabilities 30.4.2011 TEUR	Collateral 30.4.2011 TEUR	Financial liabilities 30.4.2010 TEUR	Collateral 30.4.2010 TEUR
Shareholder rights to consolidated subsidiaries	86.782	214.010	103.659	214.010
Property, plant and equipment	0	0	10.901	10.901
	86.782		**114.560**	

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

Type of financing	Carrying amount zum 30.4.2011 TEUR	Fair value 30.4.2011 TEUR	Effective interest rate 2010/11 %	Interest rate fixed/variable
Bank loans	170.193	167.539	3,85	fixed
	176.532	176.532	2,78	variable
	346.725	**344.071**		

Finance lease liabilities comprise the following:

	Total	Thereof remaining term		
	30.4.2011 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Present value	822	0	348	473
Interest	48	0	20	28
Payment amount	**870**	**0**	**368**	**501**

(12) Other liabilities

	Total 30.4.2011 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	12.344	101	270	11.973
Due to employees	27.300	0	0	27.300
Outstanding customer bonuses	18.378	0	0	18.378
Due to subsidiaries of other private foundations	14	0	0	14
Due to subsidiaries	60	0	0	60
Due to associates	96	0	0	96
Taxes (non-income based taxes)	9.840	0	0	9.840
Social security	7.564	0	0	7.564
Derivative financial instruments (liabilities)	13.869	0	299	13.570
Deferred income	926	0	102	824
	90.390	**101**	**671**	**89.617**

	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**

Information on derivative financial liabilities is provided under point 4.1.

(13) Government grants

Government grants developed as follows during the 2010/11 financial year:

	Balance on 1.5.2010 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2011 TEUR
Government grants	31.497	-17	206	-4.009	-633	27.044

The government grants are released to profit or loss over the useful life of the respective item of property, plant and equipment.

(14) Non-current provisions

	Balance on 1.5.2010 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2011 TEUR
Provisions for termination benefits	15.260	0	0	1.502	-334	0	16.429
Provisions for pensions	13.509	0	-196	159	-1.113	-124	12.236
Other provisions for employees	16.898	383	0	2.039	-2.405	-467	16.447
Other non-current provisions	1.119	0	0	0	-698	0	420
	46.786	**383**	**-196**	**3.700**	**-4.550**	**-591**	**45.532**

Provisions for termination benefits

	30.4.2011 TEUR	30.4.2010 TEUR
Present value (DBO) of obligation = provision recognized as of May 1	15.260	16.445
Change in consolidation range	0	0
Service cost	820	944
Interest expense	798	780
Recognized actuarial gain	-116	-2.134
Termination payments	-334	-775
Present value (DBO) of obligation = provision recognized as of April 30	**16.429**	**15.260**

Termination benefits for the 2011/12 financial year are expected to equal TEUR 183.

Provisions for pensions

Reconciliation to provisions shown on the balance sheet	30.4.2011 TEUR	30.4.2010 TEUR
Present value (DBO) of obligation covered by pension fund assets	53.122	50.668
Fair value of pension fund assets	-37.537	-34.880
Net value of obligation covered by pension fund assets	15.585	15.788
Present value (DBO) of obligation not covered by pension fund assets	2.805	2.981
Unrecognized actuarial loss	-6.155	-5.260
Provisions recognized as of April 30	**12.236**	**13.509**

Composition of pension plan assets	30.4.2011 in %	30.4.2010 in %
Stocks and shares in funds	50	57
Fixed-interest securities	46	38
Other	4	5

Development of present value (DBO) of obligation	30.4.2011 TEUR	30.4.2010 TEUR
Present value (DBO) of obligation as of May 1	53.649	45.995
Currency translation adjustment	-1.157	940
Service cost	362	388
Interest expense	2.970	2.706
Actuarial loss	1.607	6.645
Pension payments	-1.504	-3.025
Present value(DBO) of obligation as of April 30	**55.927**	**53.649**

Development of the fair value of pension plan assets	30.4.2011 TEUR	30.4.2010 TEUR
Fair value of pension plan assets as of May 1	34.880	28.214
Currency translation adjustment	-860	712
Expected return on investment	2.449	1.869
Actuarial gain	845	5.114
Contributions to fund	1.557	1.342
Pension payments by fund	-1.335	-2.370
Fair value of pension plan assets as of April 30	**37.537**	**34.880**

The following amounts were recognized to profit or loss for the period:	30.4.2011 TEUR	30.4.2010 TEUR
Service cost	362	388
Interest expense	2.970	2.706
Expected return on investment	-2.449	-1.869
Realized actuarial gain	-217	-277
Expenses included under personnel expenses / financial results	**666**	**949**
Actual gain on investments	-3.294	-6.983

Development of unrealized actuarial results:	30.4.2011 TEUR	30.4.2010 TEUR
Balance of accumulated actuarial losses / gains as of May 1	-5.260	-3.447
Currency translation adjustment	85	-5
Actuarial loss for the year from the DBO	-1.914	-6.922
Actuarial gain for the year on pension plan assets	845	5.114
Amortization for the financial year (excess over corridor)	89	0
Balance of accumulated actuarial losses as of April 30	**-6.155**	**-5.260**

Historical information on obligation covered by fund assets:	2011 TEUR	2010 TEUR	2009 TEUR	2008 TEUR	2007 TEUR
Present value (DBO)	53.122	50.668	42.859	50.790	56.582
Present value of pension plan assets (PA)	37.537	34.880	28.214	37.991	43.561
Deficit from pension plan	**-15.585**	**-15.788**	**-14.646**	**-12.799**	**-13.021**
Adjustment of loss / (gain) from DBO based on experience	0	-115	1.015	0	1.320

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 1.808 in 2011/12.

Other non-current employee provisions

	30.4.2011 TEUR	30.4.2010 TEUR
Present value(DBO) of obligation as of May 1	16.898	18.002
Change in consolidation range	383	0
Service cost	2.024	1.618
Interest expense	745	826
Recognized actuarial gain	-1.198	-1.679
Long-service bonuses, shift-work bonuses granted on retirement or part-time work for older employees	-2.404	-1.870
Present value(DBO) of obligation = recognized provision as of April 30	**16.447**	**16.898**

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 2.243 (30.4.2010: TEUR 1.604) that are secured by collateral in the form of fund shares.

(15) Income taxes

Income taxes comprise the following:

	2010/11 TEUR	2009/10 TEUR
Income taxes paid	10.847	10.410
Taxes resulting from equity items	-10.036	786
Deferred taxes	-4.975	-2.728
	-4.164	**8.468**

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

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

	30.4.2011		30.4.2010	
	Deferred tax assets TEUR	Deferred tax liabilities TEUR	Deferred tax assets TEUR	Deferred tax liabilities TEUR
Property, plant and equipment	8.410	24.058	4.569	23.405
Intangible assets	3.793	4.096	3.732	399
Financial assets	3.824	100	2.998	161
Inventories	965	173	1.083	499
Trade receivables	448	255	158	183
Other assets	1.097	1.565	1.659	520
Financial liabilities	265	241	1.051	155
Trade payables	0	8	182	1
Other liabilities	2.568	1.809	1.379	1.650
Provisions	5.602	426	6.260	120
Equity (perpetual bond, net investment)	77	368	93	0
Special depreciation for tax purposes	93	5.075	106	5.375
Tax loss carryforwards	43.681	0	42.265	0
Deferred tax assets/liabilities	**70.823**	**38.174**	**65.535**	**32.468**
Offset within legal tax units and jurisdictions	-20.972	-20.972	-19.720	-19.720
Deferred taxes (net)	**49.851**	**17.202**	**45.815**	**12.748**

Transition to deferred income tax expense

	TEUR	TEUR	TEUR
Deferred tax assets as of 30.4.2010	45.815		
Deferred tax liabilities as of 30.4.2010	-12.748	33.067	
Deferred tax assets as of 30.4.2011	49.851		
Deferred tax liabilities as of 30.4.2011	-17.202	32.649	
Change in deferred taxes during 2010/11			**418**
Currency translation adjustment			-245
Changes in consolidation range			-4.763
Changes recognized directly in equity			-384
Deferred income tax expense			**-4.975**

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, will generally remain 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 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 is attributable to the following factors:

	2010/11		2009/10	
	TEUR	%	TEUR	%
Profit before tax	42.193		68.220	
Thereof income tax at a rate of 25%	10.548	25,0	17.056	25,0
Decrease / increase in taxes due to				
Other tax rates	1.008	2,4	1.875	2,7
Tax expense and income from prior periods	-1.295	-3,1	837	1,2
Changes in tax rates	628	1,5	21	0,0
Non-deductible expenses	610	1,4	2.575	3,8
Amortization of goodwill for tax purposes	-3.183	-7,5	-3.183	-4,7
Partial write-down / write-up to investments for tax purposes	-1.748	-4,1	-560	-0,8
Tax-deductible interest on risk capital	-8.920	-21,1	-9.689	-14,2
Tax-free income	-2.026	-4,8	-1.052	-1,5
Other	215	0,5	588	0,9
Effective tax expense	**-4.164**	**-9,9**	**8.468**	**12,4**

(16) Trade payables

	30.4.2011 TEUR	30.4.2010 TEUR
Trade payables		
Due to third parties	179.836	159.087
Due to subsidiaries of other private foundations	78	72
Due to subsidiaries	45	0
Due to associates	192	106
	180.151	**159.265**

(17) Current provisions

	Balance on 1.5.2010 TEUR	Change in consolida-tion range TEUR	Foreign exchange incr./decr. TEUR	Addition s TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2011 TEUR
Current provisions	6.512	0	0	903	-595	-4.601	**2.220**

(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 boards made of wood materials (chipboard, MDF, HDF, compact and lightweight boards) as well as sawn timber and edgings.
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 generally reflects third party conditions.

Segment information by area of business

	April 30, 2011			
	Decorative TEUR	Retail TEUR	Consolidation TEUR	Total TEUR
Third party revenues	1.407.330	363.606	0	1.770.937
Inter-company revenues	33.627	43.724	-77.350	0
	1.440.957	**407.330**	**-77.350**	**1.770.937**
Segment EBIT	**106.001**	**-8.438**	**-1.998**	**95.566**
Financial results				-53.675
Income from financial investments				-245
Results from associates				547
Profit before tax				**42.193**
Income taxes				4.164
Profit after tax				**46.357**
Segment assets	1.706.812	220.898	-188.182	1.739.528
Segment liabilities	1.116.452	207.713	-186.015	1.138.150
Capital expenditure	257.468	7.254	0	264.721
Depreciation	109.471	23.847	0	133.318

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

	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“.

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
30.4.2011 Third-party revenues	1.088.671	571.114	111.152	0	1.770.937
30.4.2010 Third-party revenues	931.561	456.428	90.094	0	1.478.083

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

(19) Other operating income

	2010/11 TEUR	2009/10 TEUR
Income from investment property	312	313
Gains on the sale of property, plant and equipment	205	1.346
Reversal of government grants	4.009	7.725
Miscellaneous operating income	20.042	24.822
	24.568	**34.206**

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

(20) Cost of materials and services

	2010/11 TEUR	2009/10 TEUR
Cost of materials	1.029.703	803.116
Cost of services	5.960	3.421
	1.035.663	**806.537**

(21) Personnel expenses

	2010/11 TEUR	2009/10 TEUR
Wages	121.537	111.103
Salaries	85.730	77.801
Expenses for pensions	1.636	975
Expenses for termination payments and contributions to external employee pension funds	1.044	-837
Payroll-related taxes and duties	47.716	44.461
Other employee benefits	4.593	3.318
	262.256	**236.821**

The average number of employees is as follows:

	2010/11	2009/10
Production and logistics	5.018	4.522
Sales and administration	994	868
	6.012	**5.390**

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

(22) Other operating expenses

	2010/11 TEUR	2009/10 TEUR
Freight	139.155	115.856
Temporary personnel	31.645	19.869
Legal and consulting fees	13.006	10.601
Advertising	9.878	5.597
Lease and rental fees	8.815	8.312
Miscellaneous taxes	8.534	8.487
Insurance	6.345	6.147
Losses on the disposal of non-current assets	2.182	1.413
Expenses arising from investment property	157	149
Miscellaneous operating expenses	75.942	67.064
	295.660	**243.496**

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

(23) Financial results

	2010/11 TEUR	2009/10 TEUR
Interest expense	35.153	28.994
Interest expense on provisions for employee benefits	4.513	4.313
Interest income	-2.928	-3.506
Currency translation gains/losses from financing	8.052	6.202
Income/expenses from financial derivatives	8.885	-5.644
	53.675	**30.358**

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

	2010/11 TEUR	2009/10 TEUR
Recognized income/loss on securities (net expense / income)	-14	-4
Unrecognized income/loss on securities (net income / expense)	4	65
Expenses arising from other financial assets	-235	0
	-245	**61**

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**:

	2010/11 TEUR		2009/10 TEUR	
Currency translation differences:				
Change in translation reserve arising from foreign currency translation	-2.072		7.768	
Reclassification to the income statement	1.836	-236	3.219	10.987
Change in hedging reserve:				
Change recognized directly in equity	1.297		3.257	
Reclassification to the income statement	644	1.941	355	3.612
Total income and expense recognized directly in equity		**1.705**		**14.599**

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

	2010/11 TEUR			2009/10 TEUR		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
From currency translation differences	-32	-204	-236	11.423	-436	10.987
From the hedging reserve	2.588	-647	1.941	4.816	-1.204	3.612
Total income and expense recognized directly in equity	**2.556**	**-851**	**1.705**	**16.239**	**-1.640**	**14.599**

The testing of hedges in 2010/11 and 2009/10 did not reveal any ineffectiveness that required recognition through profit or loss.

(26) Additional information on the consolidated cash flow statement

	2010/11 TEUR	2009/10 TEUR
Interest income received	946	1.869
Interest expense paid	-32.552	-27.360
Income taxes paid	-8.030	-3.082
Income taxes refunded	356	2.286

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 13.432 (30.4.2010: TEUR 18.000) 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 to 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 aggregated 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 on a quarterly basis for a 12-month planning horizon. This risk analysis also includes any necessary short-term hedging during the payment period (the period between the date the foreign currency invoice is issued and the date of expected payment) that is required to deal with 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 price equals the 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, RON and TRY, 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 pre-determined 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	Cash flows					
		Total	Under 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
30.4.2011	352.555	**377.369**	38.482	61.836	157.184	89.219	30.648
30.4.2010	394.315	**422.170**	26.067	26.488	133.741	232.653	3.221

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% (30.4.2010: ca 15%). The maximum risk of default is TEUR 35.202 (30.4.2010: TEUR 30.908).

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.

4. Additional Disclosures

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:

	30.4.2011			30.4.2010		
	Currency	Nominal value in thous.	Fair value TEUR	Currency	Nominal value in thous.	Fair value TEUR
Interest rate swaps with positive fair value	EUR	431.786	1.715	EUR	4.542	92
Interest rate swaps with negative fair value	EUR	41.667	-299	EUR	231.764	-1.666
Interest rate CAPs	EUR	329.929	5	EUR	358.115	26
	GBP	21.188	0	GBP	23.129	7
Interest rate floor	EUR	0	0	EUR	6.359	-69
Forward exchange contracts	AUD	10.579	-207	AUD	1.824	4
	CAD	0	0	CAD	230	-1
	CHF	8.423	-132	CHF	23.666	-655
	GBP	79.182	1.634	GBP	61.557	-699
	PLN	77.175	-364	PLN	62.350	-141
	RON	149.670	1.570	RON	24.245	15
	RUB	915.576	-668	RUB	754.600	-1.012
	USD	5.600	-397	USD	10.729	92
Other derivative financial instruments	EUR	13.032	-11.408	EUR	15.041	-5.401
			-8.551			**-9.410**

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	30.4.2011 Carrying amount MEUR	30.4.2011 Fair value MEUR	30.4.2010 Carrying amount MEUR	30.4.2010 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	2,9	2,9	2,2	2,2
Investment property	IAS 40		4,0	5,1	4,1	5,2
Other financial assets(B)	AFS/FAAC		8,3	-	7,8	-
Originated loans	LAR		4,8	4,8	2,7	2,7
			36,2		**33,0**	
Other assets						
Due from third parties	LAR		15,4	15,4	18,1	18,1
Tax credits (non-income based taxes)			18,5	18,5	7,9	7,9
Suppliers with debit balances	LAR		4,4	4,4	3,2	3,2
Due from subsidiaries of other private foundations	LAR		0,3	0,3	0,5	0,5
Due from subsidiaries	LAR		0,1	0,1	0,0	0,0
Due from associates	LAR		0,1	0,1	0,1	0,1
Derivative financial assets	FAFVTPL	2	5,3	5,3	0,3	0,3
Prepaid expenses	LAR		2,0	2,0	1,6	1,6
			46,1		**31,7**	
Trade receivables	LAR		**65,5**	65,5	**47,1**	47,1
Cash and cash equivalents	LAR		**192,7**	192,7	**302,1**	302,1
Aggregated by valuation category						
Financial assets measured at amortized cost	*FAAC*		*24,6*		*24,1*	
Financial assets at fair value through profit or loss	*FAFVTPL*		*8,2*		*2,5*	
Loans and receivables	*LAR*		*285,3*		*375,4*	
LIABILITIES						
Bonds and financial liabilities	FLAC		**753,8**	753,4	**726,3**	732,2
Other liabilities						
Due to third parties	FLAC		12,3	12,3	9,7	9,7
Due to employees	FLAC		27,3	27,3	26,5	26,5
From unpaid customer bonuses	FLAC		18,4	18,4	17,6	17,6
Due to subsidiaries	FLAC		0,1	0,1	0,0	0,0
Due to associates	FLAC		0,1	0,1	0,1	0,1
From taxes (non-income based taxes)			9,8	9,8	10,4	10,4
From social security			7,6	7,6	5,2	5,2
Derivative financial liabilities	FLFVTPL	2	13,9	13,9	9,7	9,7
Deferred income	FLAC		1,0	1,0	2,2	2,2
			90,4		**81,3**	
Trade payables	FLAC		**180,2**	180,2	**159,3**	159,3
Aggregated by valuation category						
Financial liabilities measured at amortized cost	*FLAC*		*993,2*		*941,7*	
Financial liabilities at fair value through profit or loss	*FLFVTPL*		*13,9*		*9,7*	

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

(B) Generally AFS (available for sale); since 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 30.4.2011	Total		Thereof due	
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	7.565	20	3.959	3.586
Rental agreements	14.979	7.652	5.791	1.536
	22.544	**7.672**	**9.750**	**5.122**

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**

Lease and rental expenses totaled TEUR 8.815 in 2010/11 (2009/10: TEUR 8.312).

Uncertain liabilities

Innovation implies that intangible property rights, above all technical property rights, can be relevant for business activities and this situation leads to general legal uncertainty. Patent disputes are prevalent in 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, the Group works to limit these legal risks through 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. Provisions were 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 these proceedings will not have a material effect on the asset, financial or earnings position of Egger Holzwerkstoffe GmbH.

In March 2009 the German antitrust authorities conducted investigations in the plants of all major chipboard producers headquartered in Germany. These investigations were carried out in reaction to suspicions of anticompetitive arrangements and also covered EGGER activities in Germany. Based on the various steps in this process, the Group does not expect to incur any related costs. The provision created to reflect the costs of these antitrust proceedings was therefore reversed.

The Romanian “Administratia Fondului de Mediu“ has fined EGGER Romania S.R.L, Radauti, TEUR 3.425 for the delayed return of emission certificates. Egger has filed an appeal against this fine. A provision was not created because management and the company’s attorney believe the appeal will, in all probability, be successful and result in cancellation of the fine.

Contingent liabilities

The transfer of options in connection with the non-controlling interests in Romainvest Yatirim ve Ticaret A.S, Gebze, resulted in liabilities of TEUR 38.250 for Egger Holzwerkstoffe GmbH, St. Johann iT.

4.3. Auditor’s Fees

The fees charged by the auditor, KPMG Austria GmbH, in 2010/11 comprise TEUR 157 (2009/10: TEUR 163) for the audit of the annual financial statements and other assurance services for Austrian companies included in the consolidated financial statements of Egger Holzwerkstoffe GmbH as well as other services totaling TEUR 77 (2009/10: TEUR 95).

4.4. Transactions with Related Parties 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:

	30.4.2011 TEUR	30.4.2010 TEUR
Revenues	16.223	14.112
Cost of materials (procurement from associates)	5	2.047
Receivables	2.744	17.461
Liabilities	3.793	17.633

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 65 persons (30.4.2010: 64) who received salaries totaling TEUR 10.008 in 2010/11 (2009/10: TEUR 8.088).

The members of the Managing Board in 2010/11 are listed below:

Thomas Leissing
Walter Schiegl
Ulrich Bühler

All business transactions with related persons are conducted at third party conditions.

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 15, 2011

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

Consolidation Range

Company	Headquarters		Nominal capital in 1,000	Stake in %	Type of consolidation
Egger Holzwerkstoffe GmbH	St. Johann i. T.	EUR	11.509	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	100,00	Full consolidation
Egger Belgien Beteiligungsverwaltung GmbH	St. Johann i. T.	EUR	35	100,00	Full consolidation
Egger Building Products GmbH (formerly: Egger Holzprodukte Management GmbH)	St. Johann i.T.	EUR	35	94,90	Full consolidation
EHWS Beteiligungs GmbH	St. Johann i.T.	EUR	35	100,00	Full consolidation
Egger ADLB Management GmbH	St. Johann i.T.	EUR	35	100,00	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	23.000	94,90	Full consolidation
Egger Retail 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
Romainvest Yatirim ve Ticaret A.S.	Gebze	EUR	31	71,50	Full consolidation
Roma Plastik Sanayi Ve Ticaret A.S.	Gebze	EUR	27.347	71,50	Full consolidation
Egger Orman Ürünleri A.S.	Istanbul	TRY	51	100,00	Equity method
Egger Benelux GCV	Zulte	EUR	653.570	100,00	Full consolidation
Egger Benelux Management BVBA	Zulte	EUR	19	100,00	Full consolidation
Europrisma NV	Zulte	EUR	62	100,00	Full consolidation

Company	Headquarters		Nominal capital in 1,000	Stake in %	Type of consolidation
Fritz Egger Beteiligungs GmbH & Co.KG [1/2]	Brilon	EUR	90.640	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
Trans Lignum Transport GmbH	Brilon	EUR	1.304	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 Scandinavia ApS	Tistrup	DKK	200	94,90	Equity method
Egger Polska 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	1.632	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 Kabushiki Kaisha	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	71.067	100,00	Full consolidation
Egger Technologia S.R.L.	Radauti	RON	40.641	100,00	Full consolidation
Energy Trust S.R.L.	Radauti	RON	2.340	100,00	Full consolidation
F.E. Agrar S.R.L.	Radauti	RON	9.200	100,00	Full consolidation
Egger Retail Products S.R.L.	Radauti	RON	1.089	100,00	Full consolidation
Silvarec S.R.L.	Radauti	RON	340	50,00	Equity method
OOO Egger Drevprodukt	Shuya	RUB	1.839.511	100,00	Full consolidation

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

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

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, 2010 to April 30, 2011**. These consolidated financial statements comprise the balance sheet as at April 30, 2011, 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, 2011, 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 15, 2011

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.

3. Bestätigungsvermerk

Bericht zum Konzernabschluss

Wir haben den beigefügten Konzernabschluss der

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol,

für das **Geschäftsjahr vom 1. Mai 2010 bis zum 30. April 2011** geprüft. Dieser Konzernabschluss umfasst die Konzernbilanz zum 30. April 2011, die Konzern-Gewinn- und Verlustrechnung/Konzern-Gesamtergebnisrechnung, die Konzerngeldflussrechnung und die Konzern-Eigenkapitalveränderungsrechnung für das am 30. April 2011 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 2011 sowie der Ertragslage des Konzerns und der Zahlungsströme des Konzerns für das Geschäftsjahr vom 1. Mai 2010 bis zum 30. April 2011 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 15. Juli 2011

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gabriele Lehner	i.V. Mag. Gerhard Dablander
Wirtschaftsprüfer	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.