Consolidated Financial Statements

(Translation)

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol

Consolidated Financial Statements as of April 30, 2014
Management Report for the Group and Auditor's Report

We draw attention to the fact that the English translation of these consolidated financial statements, this management report for the Group and this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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Contents

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

MANAGEMENT REPORT

on the Consolidated Financial Statements of

EGGER HOLZWERKSTOFFE GMBH,

St. Johann in Tirol,

for the 2013/14 Financial Year

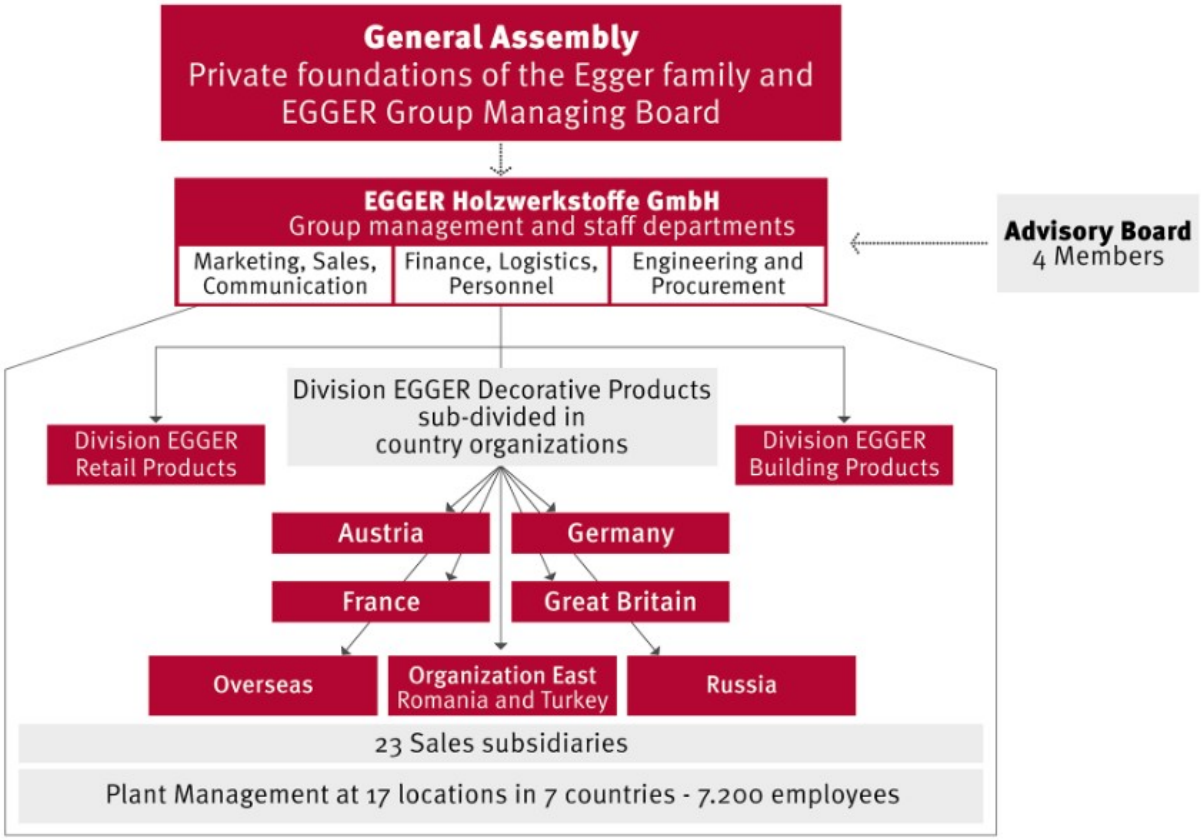
1 BUSINESS AND OPERATING ENVIRONMENT

1.1 GROUP STRUCTURE AND BUSINESS ACTIVITIES

1.1.1 Organizational and Management Structure of the EGGER Group

EGGER was founded in 1961 as a family company with headquarters in St. Johann in Tirol. With approx. 7.200 employees at 17 locations throughout Europe, including Russia and Turkey, the Group produces over 7,5 million m³ of wood materials and is one of the leading companies in the European wood materials industry. Its international customer base includes firms from the furniture and construction industries, the retail trade, home improvement markets and DIY (do-it-yourself) stores.

EGGER Holzwerkstoffe GmbH is the parent company of the Group, which includes companies in Austria, Germany, France, Great Britain, Ireland, Russia, Romania and Turkey (Organization East) as well as sales companies in Eastern Europe, Benelux, Scandinavia, Switzerland and Overseas (Asia, Australia and South America) that report directly to the respective country organizations.



Simplified organizational structure of the EGGER Group

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

The Advisory Board serves as a consultative committee that supports the Managing Board on strategic issues. The members of the Advisory Board are Fritz Egger (Chairman), Michael Egger, Robert Briem and Michael Pollak.

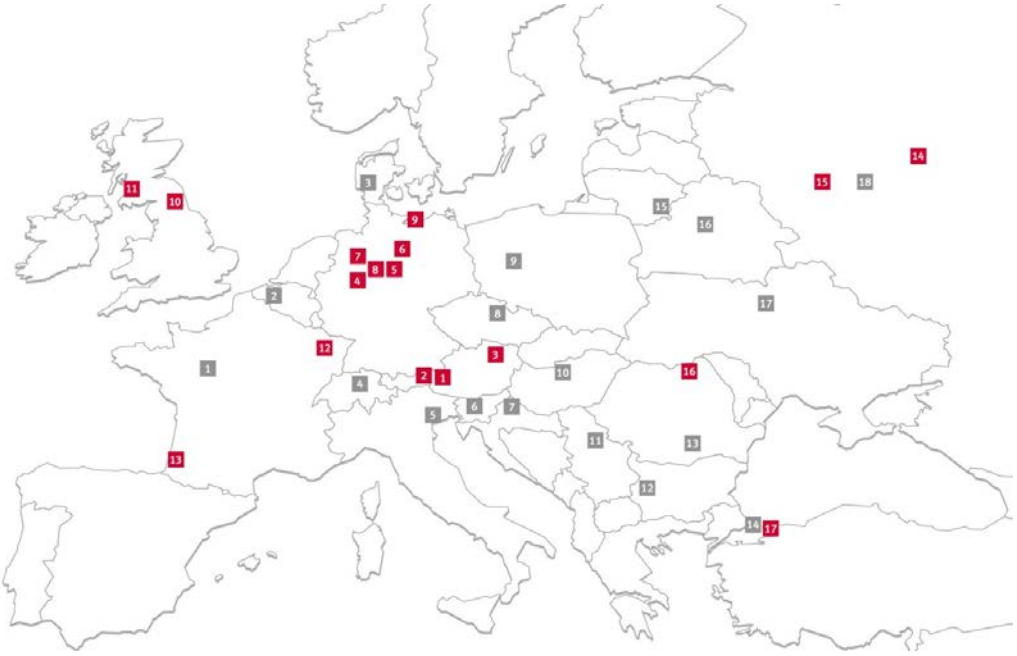
EGGER relies on teams for the management of its organizational units, whereby the individual responsibilities cover production and engineering, sales and marketing as well as logistics, finance and administration. This structure has been implemented for the Group's management, for divisional and country management and for the regional organizations. In addition, staff managers are responsible for the following areas: engineering / production / procurement / marketing / communication and sales controlling as well as IT / logistics / human resources / accounting / treasury / legal & tax.

1.1.2 Operating segments and market structure

EGGER's products are used in numerous private and public sector applications that include kitchens, bathrooms, offices, living rooms and bedrooms. EGGER views itself as a complete supplier for the decorative furniture industry and interior construction, for wood construction and for laminated flooring. Its direct and indirect customers include the furniture and wood industry, wood and building material retailers, home improvement markets, architects and fabricators.

Markets and production facilities

EGGER operates 17 production facilities in seven European countries and markets its products throughout the world. The Group's products are also sold in strategic export markets outside Europe. A global sales organization, efficient logistics, 23 company-operated sales offices and an international network of retail partners in over 90 countries ensure the systematic development of markets.



PRODUKTIONSSTANDORTE / *PRODUCTION SITES*

1 ST. JOHANN IN TIROL **AT**
2 WÖRGL **AT**
3 UNTERRADLBERG **AT**
4 BRILON **DE**
5 BEVERN **DE**
6 GIFHORN **DE**
7 BÜNDE **DE**
8 MARIENMÜNSTER **DE**
9 WISMAR **DE**
10 HEXHAM **UK**
11 BARONY **UK**
12 RAMBERVILLERS **FR**
13 RION DES LANDES **FR**
14 SHUYA **RU**
15 GAGARIN **RU**
16 RĂDĂUȚI **RO**
17 GEBZE **TR**

VERTRIEBSBÜROS / *SALES OFFICES*

1 TOURS **FR**
2 ZULTE **BE**
3 TISTRUP **DK**
4 KRIENS **CH**
5 TREVISO **IT**
6 ŠENČUR **SI**
7 VARAŽDIN **HR**
8 HRADEC KRÁLOVÉ **CZ**
9 POZNAŃ **PL**
10 BUDAPEST **HU**
11 SMEDEREVO **RS**
12 SOFIA **BG**
13 BUCUREȘTI **RO**
14 İSTANBUL **TR**
15 VILNIUS **LT**
16 MINSK **BY**
17 KIEV **UA**
18 MOSCOW **RU**
19 SHANGHAI **CN**
20 TOKYO **JP**
21 NEW DELHI **IN**
22 SANTIAGO DE CHILE **CL**
23 CARLTON SOUTH **AU**

In order to ensure optimal market development and close proximity to its customers, EGGER's organizational structure is based on divisions and markets. The largest organizational unit is formed by the EGGER Decorative Products Division, which produces and sells wood materials and accessories for decorative furniture and interior construction. The Group also has two other divisions: EGGER Retail Products, which concentrates primarily on the production and marketing of laminated flooring, and EGGER Building Products for construction materials like OSB boards and sawn wood products.

The EGGER Decorative Products Division is also classified into regional organizations (markets) because of its size:

- Central-South Europe (CSE) – Austria, Switzerland, Italy
- North-West Europe (NWE) – Germany, Benelux, Scandinavia
- South-West Europe (SWE) – France, Spain, Portugal
- Great Britain and Ireland
- Central and Eastern Europe (CEE) – all East European countries excluding Russia, but 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

EGGER also classifies its customer groups by market into the following sales channels / branches:

- Retail: comprises specialized retailers that sell to fabricators and smaller to medium-sized industrial companies
- Industry: covers large customers from the furniture industry and industrial customers involved in wood construction
- DIY: includes building material retailers and DIY stores that sell directly to consumers

Products and services

The EGGER product line includes carrier materials made of wood (chipboard, MDF/HDF, compact and lightweight boards) for furniture construction, interior construction and laminated flooring as well as OSB boards and sawn timber for wood construction and packaging. Most of the raw boards produced by the Group are processed further with modern decors and surfaces. Complementary products such as laminated materials and thermoplastic edgings are also produced.

EGGER connects the participants in the value added chain – downstream to consumers and upstream to its suppliers. The Group focuses on integrated locations that provide maximum coverage for the various stages of wood processing and also utilize this raw material internally in biomass plants. In this way, the EGGER Group works to reduce the use of fossil fuels.

EGGER offers its customers a wide range of services that not only facilitate working relationships, but also create added value and provide the required solutions. In addition to routine personal advising, various innovative solutions are available as assistance for all processes from planning to product delivery. ZOOM®, an international wood materials collection developed by EGGER that includes decors, products and services, supports the direct expansion of partnerships with the retail trade, architects, planners and fabricators to make their processes easier and more efficient. Electronic links to customers via EDI (Electronic Data Interchange) and online portals are standard in many cases, and product samples can be ordered directly from an online sample shop. With its Virtual Design Studio (VDS), EGGER makes it possible for fabricators and architects to visualize decors in the proposed setting and facilitates decor selection, design and planning. The ROOMDESIGNER® planning software for carpenters and cabinetmakers provides support for furniture planning and can also be used to place orders for the production and delivery of components for the designed items.

An overview of the products in the three EGGER divisions is presented below:

EGGER DECORATIVE PRODUCTS Division


EUROSPAN® chipboards

Thin chipboard

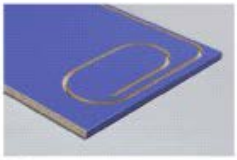
MDF boards

HDF boards


Thin MDF lacquered


OSB Combiline


EURODEKOR®
Melamine faced board


Furniture components


EUROLIGHT®
Lightweight boards


Laminates


Laminate bonded boards


Compact laminates


EUROLIGHT®
Worktops


EUROSPAN®
Worktops


Front elements


Window sills


ProAcoustic acoustic boards


Thin chipboard support edge


Melamine Edging


ABS and Accent Edging

EGGER BUILDING PRODUCTS Division


Timber green, kiln-dried and dressed


EUROSTRAND®
OSB boards


EUROSTRAND®
OSB tongue and groove


EUROSPAN®
Raw chipboards


DHF Vapour permeable fibreboard

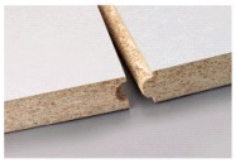

Thin chipboards

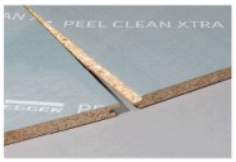

EUROSPAN®
tongue and groove flooring


PROTECT


DECORATIVE PROTECT

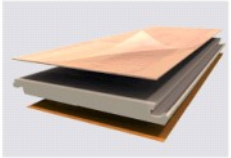

DECORATIVE PROTECT LOFT PANELS


HDX

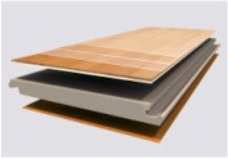


PEEL CLEAN XTRA

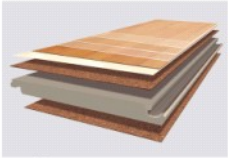
EGGER RETAIL PRODUCTS Division



DPL Direct pressure laminate flooring



DPR® – Direct Print Laminate flooring



cork+-Technology

Skirtings

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

- Austria	St. Johann / Tirol:	Chipboard (raw and laminated), furniture elements, worktops, lightweight boards, compact boards
	Unterradlberg:	Chipboard (raw and laminated), Compact boards
	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 and thin chipboard (raw and laminated)
	Gagarin:	Chipboard (raw and laminated),
- Romania	Radauti:	Chipboard (raw and laminated) OSB, adhesives
- Turkey	Gebze:	Thermoplastic edgings

1.2 CORPORATE MANAGEMENT, GOALS AND STRATEGY

1.2.1 Strategic focus

The family-owned EGGER company has grown from a Tyrolean chipboard producer to become one of the leading wood materials producers in Europe since its founding in 1961. The corporate vision reflects the company's claim: "To be Europe's leading brand for wood-based solutions." The EGGER Group follows a long-term, profitable international growth strategy. Only adequate and sustainable margins and earnings as well as a leading market position can create the foundation for investments and further growth. The short- and medium-term objectives in all areas are always focused on overriding strategic goals and adjusted to reflect the company's changing environment. In order to safeguard the realization of its strategic goals, the company has defined clear financial targets that form the framework for the financial viability and profitability of investments and management decisions. The EGGER mission is: "We make more out of wood".

Strategic medium-term forecasts are prepared annually and include the definition and planning of specific Group-wide goals and measures as well as investment focal points for the next five financial years.

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

Internationality

The EGGER Group produces and sells its products throughout Europe, including Russia and Turkey. Outside Europe, EGGER operates through sales offices in key strategic markets. The Group also works with strategic customers in export markets where there are no sales offices. The expansion of existing locations and the construction or acquisition of new locations is always dependent on the availability of wood supplies, the market characteristics and logistics. In Western Europe, the Group is expanding its market position by investing in existing plants and acquiring further locations. In Eastern Europe and Russia, plans also call for investments in new plants.

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 strengthening long-term profitability. Innovation protects the Group's market position as a leading brand for living and working with wood, whereby the environment and sustainability play an important role in these efforts. EGGER relies on a systematic course of action to increase the pace of innovation for products, processes and services. Employees are actively included in these activities through idea management.

Integration

EGGER integrates the process-related partners in its value chain – from end customers to suppliers. The objective is to establish integrated locations for raw materials, energy and the strategic product groups and thereby optimize investments and create synergies in raw material utilization, logistics and organization. A focused procurement strategy and selective backwards integration safeguard supplies of raw materials, energy and working capital. In order to ensure the availability of sufficient wood volumes at all times, the EGGER Group has invested in a sawmill and is also involved in active forestry management and recycling. In the sales area, EGGER follows differentiated concepts for the strategic Industry, Professional and DIY sales channels. A well-defined brand philosophy strengthens customers' ties to the company.

Identification

EGGER has set a goal to be the best employer in its respective labor markets. The Group is a modern, transparent family-owned company whose corporate culture is based on consideration, trust, mutual respect and loyalty. EGGER relies on effective management instruments, the creation of strong ties with valuable employees, long-term personnel development and proactive recruitment to create and maintain the best possible balance between the interests of employees and the employer. These objectives are underscored by contemporary working time and remuneration models as well as a feedback culture. Employee satisfaction is also supported by a health management system and the promotion of internal careers.

Financial goals

Sustainable profitable growth is a focal point of the EGGER strategy. Profitable growth is achieved by the continuous optimization of costs and prices, organic growth and acquisitions. Key goals for the Group's financing include the protection of liquidity and the diversification of capital sources and financing instruments. In order to safeguard the realization of its strategic goals, the company has defined clear financial benchmarks that form the framework for the financial viability and profitability of investments and management decisions. The following indicators are used to evaluate the implementation and measurement of goal achievement over the medium-term:

- Net debt / EBITDA < 3 years (at the Group level)
- Equity ratio > 30% (at the Group level)

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 profits which, in turn, create 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 steady and 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, suppliers and employees. Increasing the value of the company requires consequent actions that are based on EGGER value management. Specific drivers are identified to create and maintain value through optimization and growth at all levels in daily business operations. Training courses and workshops are held for the managers and employees in relevant areas at regular intervals to provide coaching in value-oriented thinking, calculations, actions and management and to help these men and women focus their decisions accordingly.

The most important indicator for value-oriented management at EGGER is CFROI (cash flow return on investment). As a sustainable, medium-term target, EGGER has defined a minimum return of 12% (target rate) for all areas of the company.

1.3 THE DEVELOPMENT OF BUSINESS

1.3.1 The economic environment and influencing factors

The development of business in the EGGER Group is influenced by the following key factors:

- In all countries where EGGER is present, its business activities are closely linked to the **development of the economy** and the gross domestic product (GDP). GDP growth influences the purchasing power and investment behavior of private households and business customers and, in this way, has an impact on the Group's customers and their business with EGGER.
- The **development of the construction industry** has a significant influence on the demand for wood materials. It has a direct effect on the EGGER Building Products Division because OSB and sawn wood are used primarily in new construction. Business in the EGGER Retail Products Division, with its flooring products, is also shaped by the volume of new construction and, in particular, by renovation. Key customers for decorative wood material products include the kitchen and office furniture industries, which are the most heavily influenced by new residential and commercial construction. However, sales by other furniture producers, such as the bathroom, living room and bedroom furniture industries, also increase when residential construction is stronger. The major drivers for new residential construction include widely differing demographic developments, bank lending policies, interest rate trends and consumer confidence. Increasing consumer confidence is seen as a sign of higher consumer spending.
- Each new construction project triggers up to four relocations, which generally involve the renovation of the old apartment(s). These **renovation activities** have an impact on the flooring, kitchen and furniture businesses and can vary significantly depending on the region and previous level of construction (renovation cycles).
- Business in the EGGER Decorative Products Division is heavily influenced, above all, by **developments in the furniture industry**, which is the most important customer for laminated wood materials.
- The **development of competition** in the wood materials industry also has a significant impact on business in the EGGER Group. Newly constructed capacity or the shutdown of production facilities or equipment can lead to major shifts in market shares and/or to a surplus or shortfall of market capacity and thereby have a substantial influence on market prices.
- As an industrial company that uses substantial quantities of raw materials, EGGER is heavily dependent on the **availability and price levels of key raw materials**.

1.3.2 Economic developments in Europe and the world

The industrialized economies showed signs of stabilization and the emerging economies generated moderate growth during the course of the year, even though further turbulence materialized over the short-term. Serious threats to global recovery were blocked – including the sharp drop in confidence on the European market and the imminent fiscal cliff in the USA – and financial stability improved. However, growth remained slow in spite of these efforts. The result was a recovery at different speeds, which poses a rising danger for the global economy in this increasingly connected world (source: International Monetary Fund (IMF)).

Economic recovery in the Euro zone has remained hesitant, with real GDP rising by only 0.3% from the third to the fourth quarter of 2013. This increase resulted primarily from a 0,4% plus in net exports, but private consumption and capital expenditure also played a positive role. In contrast, GDP growth was subdued by government spending and de-stocking, whereby the latter could also be seen as a favorable sign since it was accompanied by an unexpected rise in demand. Recent estimates place the increase in economic performance at 0,2% to 0,4% for the first quarter of 2014. Both industrial production and retail revenues have shown positive development since the start of the year. Confidence indicators also point toward stronger momentum in the first quarter of 2014. GDP growth in the Euro zone is expected to reach 1,1% to 1,2% in 2014 and accelerate further to 1,4% to 1,8% in 2015, with domestic demand making a more important contribution. Expectations over the extent of the increase differ, above all in the underlying assumptions for the trend in capital expenditure. The risks related to higher energy prices and weakening export demand in the wake of the Ukraine/Crimea crisis are also slightly higher.

Global economic growth is gaining speed: the latest estimate by the International Monetary Fund (IMF) in April 2014 calls for a 3,6% increase in the worldwide economy during 2014. This represents a substantial improvement over the previous year (3,0%) and also reflects the views of the European Commission. Further acceleration to 3,9% is expected in 2015. Growth will be driven primarily by the industrialized countries, which generated a plus of 2.3% in 2014, or a year-on-year GDP increase of one percentage point, according to the IMF. The improvement will be based primarily on the gradual loosening of restrictive government fiscal policies (except in Japan) and the continuation of expansive monetary policies. In contrast, momentum in the emerging and developing countries will be reserved. These regions are confronted, in particular, with more difficult external financing conditions because investors tend to react much more sensitively to vulnerability in the emerging countries when the outlook for the industrialized states indicates an improvement in growth and the related gradual normalization of monetary policies.

The USA is expected to generate the strongest growth among the industrialized states. According to an IMF forecast, the US economy should increase by 2,9% in 2014 (2013: 1,9%) and by a slightly stronger 3,0% in 2015. Japan, in contrast, was substantially weaker during the second half of 2013 with GDP growth of only +0,2% in the fourth quarter (vs. the previous quarter). Domestic demand served as the major driver, while net exports were negative as in the previous quarter. Economic growth in China declined steadily from approx. 10% in 2010 to 7,7% in 2013 and is not expected to accelerate over the coming years. This subdued development is the result of structural factors (slower population and productivity growth) as well as the reduction of internal imbalances (source: OeNB).

Real GDP (gross domestic product) growth rate in % (2008 to 2013)

	2008	2009	2010	2011	2012	2013
World	2,7	-0,4	5,2	3,9	3,1	3,0
EU (27 countries)	0,4	-4,5	2,0	1,7	-0,4	0,1
Belgium	1,0	-2,8	2,3	1,8	-0,1	0,2
China	9,6	9,1	10,3	9,3	7,8	8,0
Germany	1,1	-5,1	4,0	3,3	0,7	0,4
France	-0,1	-3,1	1,7	2,0	0,0	0,2
Italy	-1,2	-5,5	1,7	0,4	-2,4	-1,9
Japan	-1,0	-5,5	4,7	-0,5	1,4	1,6
Netherlands	1,8	-3,7	1,5	0,9	-1,2	-0,8
Norway	0,1	-1,6	0,5	1,3	2,9	0,6
Austria	1,4	-3,8	1,8	2,8	0,9	0,4
Poland	5,1	1,6	3,9	4,5	2,0	1,6
Romania	7,3	-6,6	-1,1	2,3	0,6	3,5
Russia	5,2	-7,8	4,0	4,3	3,6	3,7
Sweden	-0,6	-5,0	6,6	2,9	0,9	1,5
Switzerland	2,2	-1,9	3,0	1,8	1,0	2,0
Slovakia	5,8	-4,9	4,4	3,0	1,8	0,9
Spain	0,9	-3,8	-0,2	0,1	-1,6	-1,2
Czech Republic	3,1	-4,5	2,5	1,8	-1,0	-0,9
Turkey	0,7	-4,8	9,0	:	:	:
USA	-0,3	-2,8	2,5	1,8	2,8	1,9
Great Britain	-0,8	-5,2	1,7	1,1	0,3	1,7

Source: Eurostat (16/05/2014)

The Euro zone economy is recovering slowly after the crisis years. However, many countries are still challenged by high unemployment and massive sovereign debt. The upturn remains moderate and is still instable. According to the EU Currency Commission, economic performance in the 18 Euro zone countries will equal 1,2% in 2014. Rising domestic demand should lead to more balanced and sustainable growth this year. Germany will play a key role in this development: the GDP in this country rose by 0.4% year-on-year in 2013 and experts are projecting stronger growth in 2014, which the EU Commission estimates at 1,8% (source: dw.de).

The construction industry in Europe

The construction industry in Europe was characterized by crisis-related declines in recent years, which resulted primarily from government austerity measures, the sovereign debt crisis and uncertainty over future economic developments. Construction activity fell by roughly 3% in 2013, but should increase by 0,9% in 2014 in view of the improved economic outlook. The upward trend is expected to gain momentum in 2015 and 2016, since growth should remain constant. A trend reversal took hold in all sectors – residential construction, other construction and civil engineering – during 2014, but from a very low level. Residential construction will emerge from the turbulent past years in almost all countries. Other construction should benefit from the economic recovery starting in 2015, i.e. with a slight delay, and from the resulting improvement in corporate profits. The pressure to reduce government spending will be countered by necessary infrastructure measures and investments to reach energy targets. Civil engineering should resume its growth course starting in 2014. Developments in the construction industry differ by country at the present time: there is a continued decline in countries where the real estate market and economy are weak. Only a few countries reported an improvement in 2013: especially Norway and Denmark as well as Central European countries like Germany, Austria and Switzerland (source: WIFO).

Consumer confidence / private consumption

Global consumer confidence has improved since the beginning of 2014. The consumer confidence index rose to 96 in the first quarter of 2014, which represents the highest level since the first quarter of 2007 and a return to the pre-recession standing. The increase equaled two points over the fourth quarter of 2013 and three points in year-on-year comparison (first quarter of 2013). Further positive signs have also been noted: the outlook on the employment market has improved in all regions, with the exception of Latin America; the negative sentiment over the economy is fading in most regions; and planned capital expenditure is on the rise in all regions.

The positive sentiment is attributable to the world's largest economies. Consumer confidence rose by six points to an index score of 100 in the USA and remained stable at 111 in China. Japan recorded an increase of one point to 81 and Germany an increase of four points to 99. The index increased eight points to 59 in France and three points to 87 in Great Britain. The index is now at the highest level since 2007 in the USA and at the highest level since 2005 in Germany and Japan.

These indicators were taken from the Global Survey of Consumer Confidence and Spending Intentions, a worldwide survey of consumer confidence that has been compiled by Nielsen since 2005 (www.nielsen.com). The survey covers 30,000 respondents with Internet access in 60 countries. Its results indicate an improvement in consumer confidence in 60% of the surveyed markets.

Renovation

Renovation activity fluctuates, above all, with the number of housing completions because each completed apartment generally leads to new occupancy in the previous dwelling. A new housing unit therefore triggers a number of relocations, which means every completed apartment also contributes to the renovation rate. Consequently, the demand for furniture rises together with the volume of newly completed apartments in each country.

Another factor is renovation in connection with the service life of the respective products. For example, a kitchen is replaced after roughly 15 to 20 years. The post-reunification construction boom in Germany from 1995 to 2000 should therefore lead to a higher demand for the renovation of kitchens between 2010 and 2020.

The furniture industry

For most of the companies in the German and European furniture industry, the development of business failed to meet expectations in 2013. Many of the German companies reduced their forecasts for 2013 as a reaction to the increasing weakness that characterized 2012. The furniture industry is anticipating stagnation on the German market as well as further declines in the other West European countries, at least during the first half-year. Exports to Western and Southern Europe in 2013 were still negatively influenced by the effects of the financial and economic crisis. Order levels were lower than the previous year in nearly all segments of the furniture market. The Netherlands and France were particularly hard hit, but Southern Europe (i.e. Italy, Spain, Portugal and Greece) was also affected. A number of East European and Scandinavian markets contrasted these results with more positive development. The German companies were able to increase revenues in markets outside Europe, above all through exports to Asia and North America. However, the comparatively positive development in Eastern and Northern Europe and the markets outside Europe was unable to offset the weak development in the key West European markets, and exports by the German furniture industry remained below the previous year.

The start into 2014 was positive for many companies, but the first quarter brought increasing weakness at a much earlier time than in previous years. The buffer for the traditionally weaker second quarter was therefore limited. In the summer months, many producers

reduced working time or extended company holidays beyond the previous years as a result of low order levels. The hoped-for recovery of demand after the summer vacation period also came later than expected. Business was weaker than projected in September, but orders began to increase in October. However, this recovery in demand came too late to offset the accumulated minus for most of the branch. Restructuring measures increased, above all in the Central European office furniture segment, starting with the third quarter. This represents a reaction to the market decline that took hold in mid-2012 as well as the recovery that failed to materialize in the second half of 2013 and the resulting increase in economic pressure.

Based on the weak development of business in 2013, furniture producers are looking toward 2014 with reserved optimism. Forecasts tend to be conservative, with virtually no projections for sound growth. Many producers hope the downward cycle will soon bottom out in Germany and the most important export markets. This optimism is supported by economic indicators, which point to an upturn (source: EUWID Möbel).

1.3.3 EGGER's competitive environment

The EGGER Group is one of the leading companies in the European wood materials industry. Its objective is to develop and maintain a strong position with its core products on all relevant markets. A wide-ranging product portfolio makes EGGER a complete supplier for decorative wood materials, wood construction and laminated flooring. These three areas of business have a highly differentiated competitive landscape.

The competitive situation for the EGGER Decorative Products Division

The consolidation process in the Central European wood materials industry continued during the past months and even accelerated in individual submarkets. There were a number of major transactions, similar to the situation at the end of 2012, including the recent takeover of two French plants. In spite of these developments, the long-standing structural overcapacity remained. The results included a number of divestments, especially in Belgium, France and Italy. Capital expenditure by the European wood materials industry has been limited in recent years and rose by only a slight margin in 2013 (source: EUWID).

Russia was classified as a growth market in 2012, but the past 12 months have brought stagnation. This shift is attributable to the devaluation of the Ruble, weak domestic demand and declining construction activity as well as the now critical political situation. Nevertheless, the industry is still following its plans to expand chipboard and MDF capacity. The construction of new production capacity in Belarus is based more on the sound domestic market and less on the weaker demand from Russia. The situation in Ukraine is influenced by the current political developments and the related economic consequences. Exports from Ukraine to Russia (main customer group: furniture production) are becoming more difficult. The elimination or reduction of customs duties on Ukrainian imports into the EU could create new opportunities for Ukrainian furniture producers and competitors.

The competitive situation for the EGGER Retail Products Division

The flooring market in Europe is following a generally downward trend, which was also reflected in a decline in the laminated flooring segment. This development resulted from reserved consumer spending, the uncertain political situation in a number of countries and unfavorable exchange rates in countries outside the Euro zone.

Another factor is the substantial growth in so-called "design flooring", especially in Western Europe, and the resulting negative effect on sales of laminated flooring. The flooring industry is still characterized by excess capacity and the resulting continued high pressure on prices. This situation is also not expected to improve significantly in 2014.

The competitive situation for the EGGER Building Products Division

Rising production volumes, especially in Eastern Europe, have been met with higher demand on many East European markets. However, the further development of the political situation in Ukraine remains an open question.

The demand for OSB in Central Europe was reserved during the first quarter of 2014, but the increase in housing starts leads to expectation of sound demand for construction products.

EGGER's share of the sawn wood market in Europe is of lesser importance. In this segment, the Group operates only one plant in Brilon, Germany.

1.3.4 Raw material supplies and prices

Expenditures for raw materials and energy represent a major component of total costs for the EGGER Group. Accordingly, top priority is given to the protection and continuous improvement of supply availability and the monitoring of price trends for key raw materials on the increasingly volatile procurement markets. 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 synergies for the Group. EGGER purchases most of its raw material supplies from partners with which it has long-standing business relationships.

Developments on the raw material markets differed during the reporting year. The price of oil rose quickly from approx. USD 100 per barrel (Brent) at the beginning of 2013/14 to over USD 115 in August 2013 and then stabilized between USD 107,50 and USD 110,50 during the remainder of the year. The prices for wood and chemicals tend to follow the development of the oil price, but with a delay.

Securing adequate supplies of timber represents the most important aspect of raw material procurement in the EGGER Group. In particular, the growing use of this product for energy generation (biomass power plants, pellets, bio-fuels) will create long-term pressure on timber prices. After reaching an all-time high in 2011/12 and stabilization in 2012/13, the average purchase price for timber in the EGGER Group reached a new record high during the reporting year. In order to safeguard and improve timber supplies, EGGER relies mainly on long-term partnerships and contracts with suppliers and is also developing a backwards integration strategy. This includes investments by the Group in a sawmill and in a forestry management and wood recycling company as well as short rotation plantations, harvesting and logistics systems.

The development of chemical prices differed by raw material component in 2013/14. The purchase price of urea, which is used primarily in the company's adhesives production, declined in year-on-year comparison. This favorable development was contrasted by an increase in the price of methanol and melamine, two other necessary raw materials. In total, the price of chemicals declined slightly year-on-year in 2013/14. The prices of purchased adhesives and impregnating resins followed the same trend and were slightly lower than the previous year. A substantial part of the Group's adhesive and impregnating resin requirements are covered by the adhesive plants in Wismar (DE), Radauti (RO) and Hexham (UK). In Hexham, EGGER is currently investing in the wide-ranging modernization of the existing adhesives plant.

In addition to wood and chemicals, raw paper for the production of laminating materials is the third major element of raw material supplies. The average purchase price for paper was slightly lower than the prior year in 2013/14. The purchase of paper in the EGGER Group is based on medium-term contracts with leading suppliers and a central procurement structure.

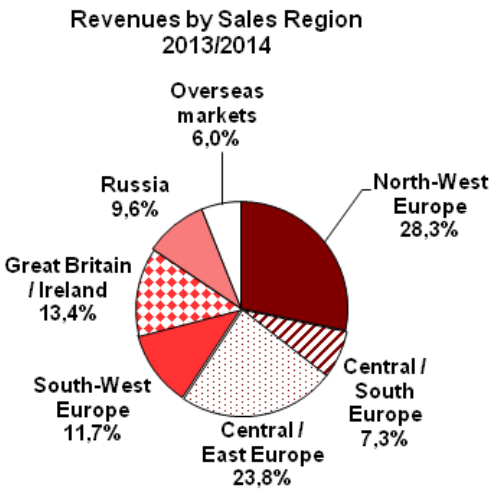
Energy prices declined slightly during the reporting year. The overall electricity price for the EGGER Group fell from a high in 2012/13 to the 2011/12 level during the reporting year. The price of natural gas has remained stable for the EGGER Group in recent years and declined slightly in 2013/14. At all major locations, the generation of energy in biomass power plants

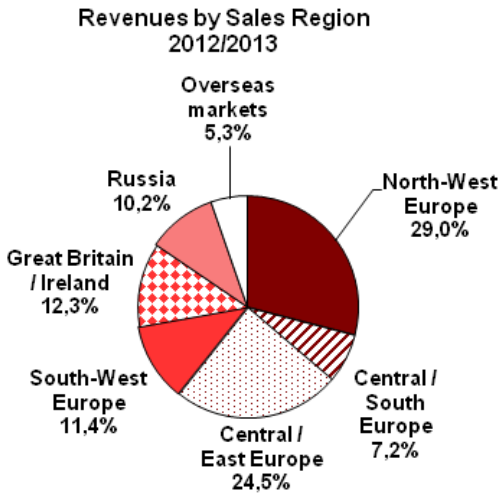
holds gas consumption at a low level. EGGER is working to minimize the use of fossil fuels, but avoids the thermal utilization of raw materials that can be used in production as part of the wood lifecycle. EGGER is opposed to the one-sided subsidy of wood burning for thermal energy generation and supports the cascading use of wood. Under this second approach, wood is used as an input material as long as possible before final thermal utilization. The plants in Unterradlberg (AT), Wismar and Brilon (DE) and Radauti (RO) produce electricity with their own combined power and heat generation equipment, and thereby work to maximize the efficiency of energy generation.

1.3.5 Business development in the EGGER Group

The EGGER Group recorded an increase of approx. 1,7% in revenues to EUR 2,22 billion in 2013/14 (2012/13: EUR 2,18 billion), in spite of the difficult economic environment. Revenues were lower in Russia and in the flooring business. However, these declines were offset by higher revenues, above all in Great Britain and the OSB business (optimization of the OSB plant in Radauti, which started operations in 2012).

EGGER is active, above all, on the European wood materials market. The following graphs show the classification of revenues by region, based on the location of the customers:





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, Greece and the Middle East.
5) The Overseas region covers all countries outside Europe.

The most important geographic market for EGGER is Western Europe (i.e. the sales regions of North-West Europe, Great Britain and Ireland, South-West Europe and Central-South Europe) with revenues of approx. EUR 1.346 million in 2013/14 (approx. 60,7% of Group revenues). The significance of Germany for the wood materials market is based mainly 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.

Two other important and rapidly growing markets are Central and Eastern Europe and Russia, which generated revenues of approx. EUR 739 million in 2013/14 (approx. 33,3% of Group revenues). The countries outside Europe (the Overseas region) play only a secondary role. In this region EGGER recorded revenues of approx. EUR 133 million in the reporting year (approx. 6,0% of Group revenues).

Business development by division

The EGGER Decorative Products Division (interior design and furniture) generated the highest share of Group revenues for reporting year at 73,3% and grew by 0,2% over the previous year. Revenues were lower in Scandinavia and Russia, but higher in Great Britain and Central and Eastern Europe.

The EGGER Retail Products Divisions (flooring) was responsible for approx. 14,2% of Group revenues and declined by approx. -8,8% during the reporting year. This development resulted primarily from the devaluation of the Turkish Lira – which reduced the company's competitive ability in comparison with local production – and to the excess capacity on the German market. In this operating environment, EGGER consciously avoided unprofitable volume transactions.

Revenues in the EGGER Building Products Division (OSB and sawn timber) rose by approx. 18,1% year-on-year following the optimization of the new OSB plant in Radauti (RO). The share of this newest EGGER division in Group revenues increased to approx. 12,5% compared with 10,6% in the previous year.

Revenues by Segment / Division		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Decorative Products	EUR mill.	1.743,9	1.739,9	1.575,1	0,2%
Retail Products	EUR mill.	337,4	369,8	348,0	-8,8%
Building Products	EUR mill.	296,3	250,8	167,1	18,1%
Total (unconsolidated)	**EUR mill.**	**2.377,6**	**2.360,5**	**2.090,2**	**0,7%**
Consolidation	EUR mill.	-158,9	-179,3	-127,0	-11,4%
Total	**EUR mill.**	**2.218,7**	**2.181,2**	**1.963,2**	**1,7%**

Share of unconsolidated Revenues		2013/14	2012/13	2011/12
Decorative Products	in %	73,3%	73,7%	75,4%
Retail Products	in %	14,2%	15,7%	16,6%
Building Products	in %	12,5%	10,6%	8,0%
Total	**in %**	**100,0%**	**100,0%**	**100,0%**

Retail and industry were the most important sales channels for EGGER in 2013/14 with 48,1% and 43,5%, respectively, of consolidated revenues (2012/13: 47,7% and 43,6%). The share of revenues recorded in the DIY sales channel was slightly lower than the previous year at approx. 8,4% (2012/13: 8,7%) due to lower sales of EGGER retail products.

Market and branch developments in the EGGER Decorative Products Division

The EGGER Decorative Products division covers all decorative products sold through the industry and retail channels. This division is classified geographically by markets into North-West Europe (NWE), South-West Europe (SWE), Central-South Europe (CSE), Great Britain and Ireland (GB, IR), Central and Eastern Europe (CEE), Russia (RU) and Overseas.

Revenues recorded by the EGGER Decorative Products Division in 2013/14 were slightly higher than the previous year. This growth was supported, above all, by the markets in the UK and Overseas but also by MSE and SWE.

Developments in North-West Europe

Revenues in NWE were slightly lower in year-on-year comparison. This decline resulted chiefly from business development in Scandinavia, while revenues in Germany reflected the prior year level and equaled 22% of the revenues in this division. Revenues in Benelux were positive in the retail segment, but lower in the DIY and industry channels. NWE has recorded a positive year-on-year variance since December 2013.

Developments in Central-South Europe

CSE recorded a sound increase in revenues for the reporting year, which was based on strong growth in Italy and the industrial segment. Retail revenues stagnated at the prior year level. The increase in revenues on the Swiss market was attributable chiefly to the furniture industry.

Developments in Great Britain & Ireland

Great Britain recorded the strongest year-on-year revenue growth in absolute numbers. This trend has strengthened since the end of 2013 and is related, above all, to the retail sales channel. A strong increase in revenues was also registered in Ireland, particularly in the industrial business.

Developments in South-West Europe

SWE also reported positive development in comparison with the previous year. Revenues in France were higher, above all from sales to the furniture industry, while the retail segment stagnated at the prior year level. Spain generated a sound improvement in revenues, especially in the industrial segment, in spite of the difficult economic situation.

Developments in Central-East Europe

Revenues in CEE remained constant at the prior year level. Strong growth was recorded in the retail segment, above all in Bulgaria, Greece, Poland, Belarus and the Baltic States. In contrast, sales to the furniture industry were generally lower, especially in Poland, Belarus, Turkey and parts of Southeast Europe.

Developments in Russia

Russia reported a year-on-year decrease in EUR-revenues as the result of foreign exchange effects from the declining Ruble, above all in the first quarter of 2014. An analysis of revenues in local currency shows a slight increase over the previous year.

Developments in the overseas markets

Revenues in the overseas business were substantially higher than the previous year, above all due to sound growth in Japan and an increase in Chile and China. Other regions in America also reported very positive development. In contrast, revenues declined in Australia and Southeast Asia.

Market and branch developments in the EGGER Retail Products Division

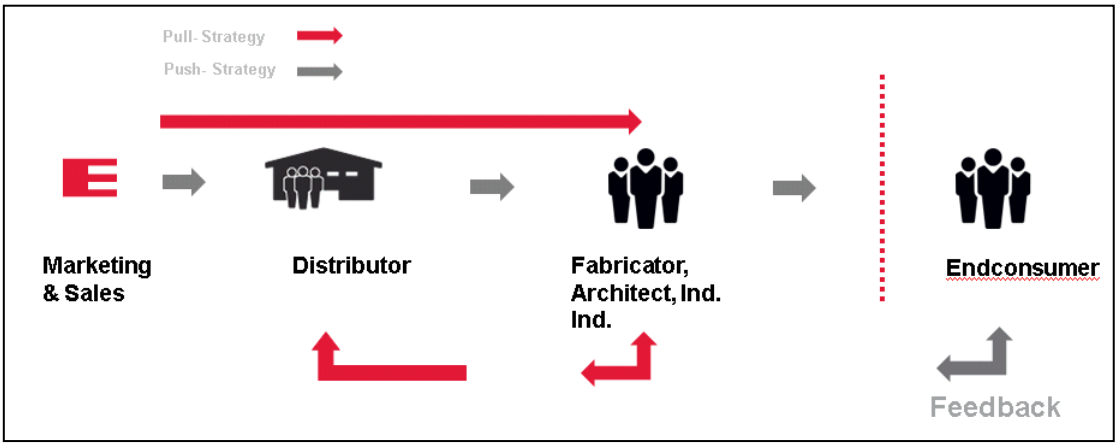
Flooring sales are managed by the EGGER Retail Products Division, which supplies the retail trade and DIY outlets. Revenues on flooring sales were substantially lower than the previous year, primarily due to a sharp drop in business on the Turkish market. However, year-on-year declines were also recorded on the markets in Scandinavia, Benelux, Great Britain, Italy, Austria and parts of Southeastern Europe. Sound growth was registered by the overseas business and in Hungary, France and Russia.

Market and branch developments in the EGGER Building Products Division

The EGGER Building Products Division is responsible for sales of OSB products and sawn timber. The retail trade is the main sales channel for this division. Revenues increased in nearly all markets during the reporting year, with the exception of South Asia, CSE and Czech Republic/Slovakia. Revenue growth in the east was generated mainly in Serbia, Kazakhstan, Russia and Turkey, and in the west chiefly in Germany, Norway, France, Great Britain, Denmark and the overseas business.

1.3.6 Marketing and sales

EGGER's marketing organization is based primarily on a professional, multi-stage sales channel, i.e. the distributor, fabricator (carpenters, floor layers, wood constructors) and architect target groups.



The "pull" marketing approach is gaining greater importance for the Group as a whole, whereby retailers' customers and other decision-makers (architects, craftsmen, etc.) are becoming more involved in EGGER's marketing activities.

In 2013/14 Group-wide marketing activities in the retail sales channel focused on the following:

- Expansion of the successful ZOOM collection for furniture and interior construction to include an update with 20 new decors, including six completely new surfaces. The worldwide market launch took place between February and May 2014 at numerous trade fairs and retailers' events and also included the distribution of over 400.000 collection books, sample folders and sample chains.
- The launch of the ZOOM update was supported by a cross-media campaign (trade fairs, customer events, film, online and print mailings) under the motto "experience the difference". In autumn 2013 the best references from fabricators and architects on the new EGGER decors were presented through the Group-wide "Trendspot" campaign. Prizes were awarded in February 2014 at the world's leading retail, shop and shopfitting trade fair in Düsseldorf.
- The cork flooring line was expanded to include the EGGER Cork+ collection, which was introduced at the Domotex, the leading international trade fair for flooring, during January 2014 in Hannover.
- Activities in the Building Products Division focused on the development of application technology and product management for wood construction in Eastern Europe and Russia. Existing marketing concepts were adapted for use in the East European countries.
- The Virtual Design Studio family was expanded to include an App that will permit the visualization of decors and room designs on mobile devices (Android or iOS).

The "EGGER-ZUM", an in-house trade fair concept established 20 years ago for the furniture industry, was expanded during the reporting year. "MatchworX" supports the presentation of decor innovations to an even larger number of visitors at the company's locations and showrooms. The focus was place on two-sided "synchronous pores" under the "Feelwood" name and deep surface structures like Brushed Wood (ST36) and Ceramic (ST87).

The following product developments were released in 2013/14:

- A surface campaign including two-sided “synchronous pores” under the “Feelwood“ brand (with the Elegance, Nature and Ambiance models) as well as Brushed Wood and Painted Wood deep-brushed surfaces and a ceramic surface.
- Compact boards for interior construction that are also available in very small volumes with EGGER decors.
- EGGER “CLIC“ furniture elements, which allow for furniture assembly without tools. Following the initial introduction at the Interzum trade fair during May 2013 in Cologne, the Clic profile was modified to also include corpus thicknesses up to 16 mm.
- MDF Flammex: expansion of the company’s line of fireproof decor wood materials to include the EGGER MDF Flammex E1 Carb2 Euroclass B, which is produced in Brilon. It meets the requirements of fire protection classification B-s1, d0 under EN 13501-1 as well as the strict formaldehyde requirements of the CARB Phase 2 class.
- The A2 laminated compound board and the A2 Pro Acoustic board represent two new fire protection products with mineral carrier boards that are also available in the EGGER decor lines.

1.3.7 Production

The production volume in the primary facilities increased year-on-year in 2013/14:

Production Development		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Rawboard incl. timber	m³ mill.	7,5	7,3	6,7	3%
Impregnated paper	m² mill.	784,8	781,6	711,8	0%
Laminates	m² mill.	26,5	25,6	23,0	3%
Glue	TO thsd.	513,4	489,5	402,7	5%

The production of raw chipboard (chipboard, MDF and OSB), including sawn timber, rose from 7,3 million m^3 in 2012/13 to 7,5 million m^3 in 2013/14. The production of impregnates increased to 784,8 million m^2 (2012/13: 781,6 million m^2). Laminate production amounted to 26,5 million m^2 (2012/13: 25,6 million m^2). The in-house manufacture of adhesives increased 4,9% over the previous year to 513,4 thousand tons. The raw chipboard produced during the reporting year was processed as follows:

- 258,7 million m^2 were laminated (2012/13: 250,1 million m^2),
- 60,9 million m^2 were converted into flooring (2012/13: 69,1 million m^2)
- 34,0 million m^2 were processed into furniture components (2012/13: 33,1 million m^2)

2 EARNINGS, FINANCIAL AND ASSET POSITION

2.1 Earnings position

2.1.1 Revenues

The EGGER Group recorded consolidated revenues of EUR 2.218,7 million in 2013/14 (2012/13: EUR 2.181,2 million), for an increase of +1,7% over the previous year. This growth was supported, in particular, by the economic recovery in Great Britain and higher volumes in the OSB business. A detailed description of the development of business in the individual divisions during the reporting year is provided under point 1.3.5.

2.1.2 Earnings

Earnings Indicators		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Revenues	EUR mill.	2.218,7	2.181,2	1.962,8	1,7%
EBITDA	EUR mill.	312,3	303,2	262,5	3,0%
EBITDA margin	in %	14,1%	13,9%	13,4%	
EBIT	EUR mill.	148,8	147,1	121,5	1,2%
Financial results*	EUR mill.	-48,2	-62,1	-49,8	-22,4%
Profit before tax (PBT)	EUR mill.	100,6	85,0	71,7	18,4%
Profit after tax (PAT)	EUR mill.	78,7	75,9	49,3	3,7%

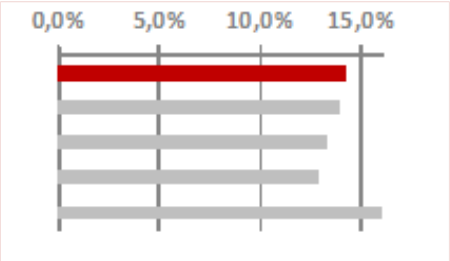
* incl. financial investments and affiliated companies

EBITDA (earnings before interest, taxes, depreciation and amortization) in the EGGER Group totaled EUR 312,3 million in 2013/14, for an increase of EUR 9,1 million (+3,0%) over the prior year level of EUR 303,2 million[1]. This development was supported by the following factors: an increase in the Decorative Products Division in Great Britain and Romania; an increase in the Building Products Division, above all in OSB at Radauti (RO); and an improvement in earnings through a shift in the mix to higher value products.

The EBITDA margin increased slightly from 13,9% in the previous year to 14,1% in 2013/14.

EBITDA-Margin

2013/14	14,1%
2012/13	13,9%
2011/12	13,4%
2010/11	12,9%
2009/10	16,0%



EBIT (earnings before interest and taxes) rose by +1,2% from EUR 147,1 million in 2012/13 to EUR 148,8 million for the reporting year.

[1] The prior year value of EUR 298,0 million was adjusted to EUR 303,2 million based on the change in IAS 19.

Development of earnings in the segments / divisions

EBITDA by Segment / Division		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Decorative	EUR mill.	244,5	263,5	240,1	-7,2%
Retail	EUR mill.	30,3	27,5	20,0	10,2%
Building	EUR mill.	37,4	12,2	2,4	206,7%
Total	**EUR mill.**	**312,3**	**303,2**	**262,5**	**3,0%**

Development of earnings in the EGGER Decorative Products Division

EBITDA in the EGGER Decorative Products Division fell by -7,2% from EUR 263,5 million in 2012/13 to EUR 244,5 million in 2013/14. The largest declines were recorded in Russia, France and Austria. In contrast, EBITDA increased year-on-year in Great Britain, Romania and Turkey. The Decorative Products Division continues to focus on the further optimization of the product mix to increase the share of higher value products and on the continuous optimization of production costs. Capacity utilization remained at a good level and allowed for the optimal coverage of fixed costs.

Development of earnings in the EGGER Retail Products Division

Earnings in the EGGER Retail Products Division are still influenced by substantial excess production capacity and the resulting very high pressure on prices. The very difficult market environment in the previous years was followed by a slight improvement in 2013/14. Foreign exchange factors led to a revenue decline in Turkey and EGGER consciously avoided unprofitable volume transactions, which led to an improvement in the division's profitability. EBITDA in the Retail Products Division rose by 10,2% from EUR 27,5 million in 2012/13 to EUR 30,3 million in the reporting year.

Development of earnings in the EGGER Building Products Division

EBITDA in the EGGER Building Products Division increased substantially from EUR 12,2 million in the prior year to EUR 37,4 million in 2013/14. This improvement was supported, above all, by higher capacity utilization and the optimized use of timber and chemicals at the OSB plant in Radauti (RO), which came on line in January 2012. Energy consumption in Radauti (RO) was optimized by the installation of a biomass power generation plant with integrated co-generation that started operations at the end of 2013.

Earnings in the sawn timber business showed only a slight improvement over the prior year and remain at a low level. Margins were unsatisfactory due to the strong price competition and the limited availability of round timber in Germany.

2.1.3 Net financing costs

Net financing costs (financial results excl. income from financial investments and income from associates) amounted to EUR -49,0 million for the reporting year (2012/13: EUR -59,4 million[2]). Interest expense was lower than the previous year due to the further reduction of gross debt and active interest rate management. The improvement in net financing costs also reflected a decrease in the negative currency translation adjustment.

[2] The prior year value was adjusted to reflect the change in IAS 19.

2.1.4 Taxes

Income tax expense totaled EUR 21,9 million for the reporting year (2012/13: EUR 9,2 million[3]). This increase resulted primarily from higher tax expense for prior periods, non-recurring deferred tax income in the previous year and changes in estimates. The effective tax rate equaled 21,7% in 2013/14 (2012/13: 10,8%). A detailed overview of the calculation of income taxes is provided in the notes under point (15) Income taxes.

2.2 Financial position

2.2.1 Financing and 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 protecting the ability to meet payment obligations at all times and minimizing financing costs.

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. EGGER has set the following targets for its internal strategic goals, which are also used to measure results at the Group level: an equity ratio of at least 30% and net debt / EBITDA of less than three years over the long-term.

Treasury Indicators		30.04.14	30.04.13	30.04.12
Equity ratio	in %	39,2%	35,3%	33,2%
Net debt / EBITDA	years	2,1	2,4	2,8

The debt repayment period declined from 2,4 to 2,1 years as of April 30, 2014. This reduction is chiefly attributable to the 3,0% year-on-year improvement in EBITDA, but was also supported by a 9,0% decrease in net debt.

2.2.2 Financing analysis

The foremost strategic goals of EGGER's corporate financing are the protection of liquidity and the diversification of capital sources and financing instruments.

A key element of the financing strategy 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. The term of an existing committed credit line was extended in 2013/14.

[3] The prior year value was adjusted to reflect the change in IAS 19.

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 EGGER Group now has three corporate bonds with a total volume of EUR 470 million on the market.

The third component of external financing is a factoring program, under which receivables are sold on the basis of actual sales.

Maturity profile Financial liabilities and bonds		30.04.14	30.04.13	30.04.12
Remaining term over 5 years	Mio. EUR	229,3	315,7	273,5
Remaining term 1 - 5 years	Mio. EUR	531,3	507,9	325,9
Remaining term under 1 year	Mio. EUR	74,4	61,5	283,6
Total	**Mio. EUR**	**835,0**	**885,1**	**883,1**

Derivative financial instruments are used only to hedge risk positions in underlying transactions. Detailed information on derivatives and the EGGER bonds is provided in the notes.

2.2.3 Cash flow

Cash Flow Statement		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Gross Cash Flow	EUR mill.	292,6	274,7	245,4	6,5%
Cash Flow from changes in net current asset	EUR mill.	-38,6	-76,7	28,3	
Cash Flow from operating activities	EUR mill.	254,0	198,0	273,7	28,3%
Cash Flow from investing activities	EUR mill.	-214,5	-136,6	-403,0	
Cash Flow from financing activities	EUR mill.	-23,7	-49,5	85,9	
Net change in cash and cash equivalents	**EUR mill.**	**15,9**	**12,0**	**-43,3**	**32,6%**

Based on EBITDA and after the inclusion of changes in net working capital, cash flow from operating activities totaled EUR 254,0 million in 2013/14 (2012/13: EUR 198,0 million). The increase of EUR +56,0 million resulted from the improvement in gross cash flow and from lower cash outflows for changes in current assets.

Free Cash Flow Statement		2013/14	2012/13	2011/12	Dev. in % 14 - 13
Cash Flow from operating activities	EUR mill.	254,0	198,0	273,7	28,3%
Cash Flow from investing activities	EUR mill.	-214,5	-136,6	-403,0	57,1%
+ Growth Investment	EUR mill.	142,6	82,4	355,5	73,1%
Free Cash Flow	**EUR mill.**	**182,2**	**143,8**	**226,2**	**26,7%**

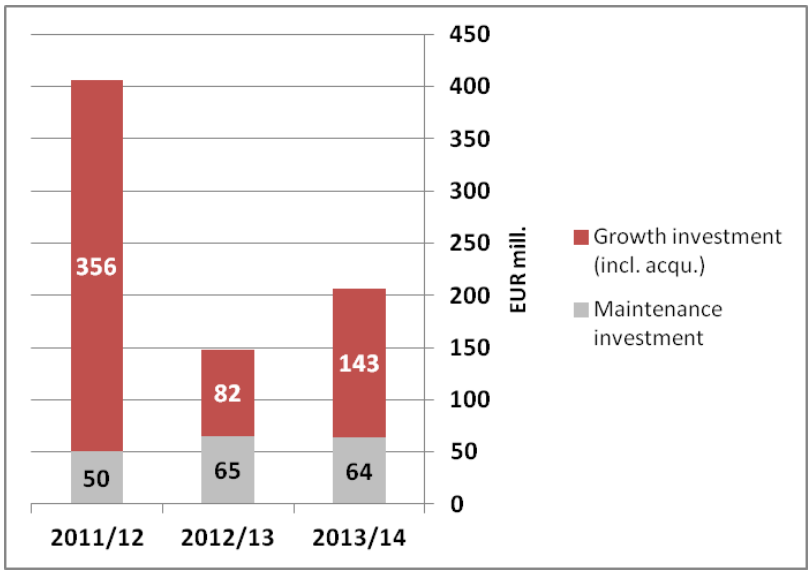
Cash flow from investing activities (incl. acquisitions) amounted to EUR 214,5 million in 2013/14 and was substantially higher than the prior year value of EUR 136,6 million.

Free cash flow (cash flow from operating activities less cash flow from investing activities plus growth investments) totaled EUR 182,2 million for the reporting year. This represents an increase of EUR 38,4 million over 2012/13 and resulted, above all, from the improvement in cash flow from operating activities.

Cash flow from financing activities included cash outflows of only EUR -23,7 million in 2013/14 (2012/13: EUR -49,5 million) due to the issue of a hybrid bond and after the deduction of interest expense and repayments.

2.2.4 Investments

Investments in intangible assets, property, plant and equipment and acquisitions totaled EUR 206,9 million for the reporting year (2012/13: EUR 147,7 million). This amount includes EUR 64,3 million EUR (2012/13: EUR 65,3 million) of maintenance investments, which represent 39% (2012/13: 42%) of scheduled depreciation for the year.



A total of EUR 131,7 million was spent on growth investments (excluding acquisitions) in 2013/14 (2012/13: EUR 82,4 million). The major growth projects for the reporting year included the installation of a short-cycle laminating line, a high-bay warehouse and an administrative building in St. Johann (AT). Other growth investments involved the modernization of the adhesives plant in Hexham (UK) as well as the completion of a biomass plant, incl. electricity generation capacity, and the installation of a recycling plant in Radauti (RO). Expansion projects were also carried out at the plants in Gagarin (RU), Gifhorn (DE) and Brilon (DE).

In addition to direct investments in property, plant and equipment and intangible assets, cash flow from investing activities included the purchase of additional shares in a subsidiary for EUR 10,9 million.

The following table shows the geographical distribution of investments:

Investment (incl. acquisitions)		2013/14	2012/13	2011/12
Western Europe	EUR mill.	128,7	92,7	99,0
Central and Eastern Europe incl. RU	EUR mill.	78,3	55,0	306,8
Total Investments	**EUR mill.**	**206,9**	**147,7**	**405,8**

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 equaled 6,93% for the reporting year, which is slightly lower than the prior year level of 7,20%.

2.2.6 EGGER value management

The financial aspect of EGGER value management is based on a simple and transparent, but strong analytical method that is intended to realize a sustainable increase in cash flow (EBITDA) in relation to historical capital employed, i.e. CFROI (cash flow return on investment; the return on capital employed in relation to acquisition costs).

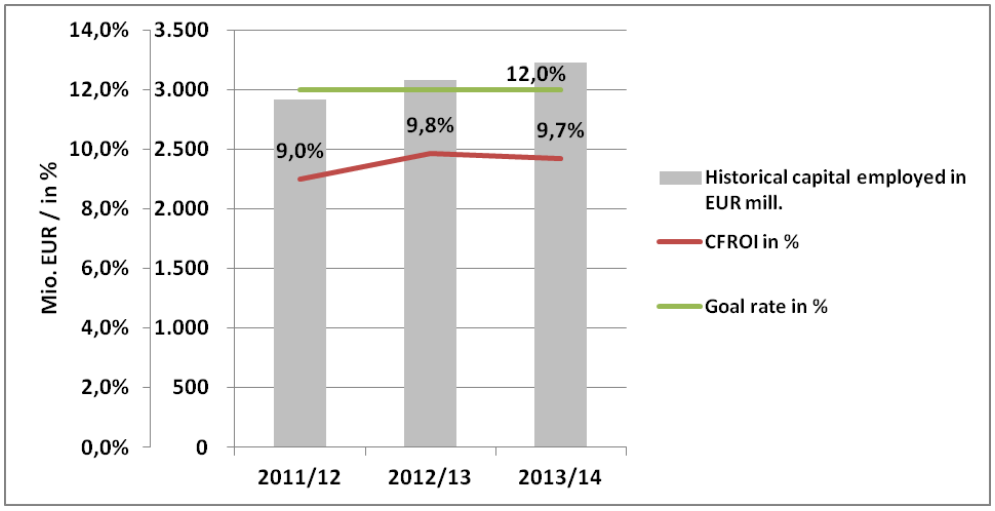
$$\text{CFROI} = \frac{\text{EBITDA}}{\text{Hist. capital employed}}$$

Goal: CFROI >= 12 %

CFROI, which is one of the most important performance indicators for capital-intensive companies, measures the profitability of capital employed. As a sustainable strategic target, EGGER has defined a minimum return of 12% for all areas of the company.

Calculation of Group CFROI:

Value Management		30.04.14	30.04.13	30.04.12	Dev. in % 14 - 13
EBITDA	EUR mill.	312,3	303,2	262,5	3,0%
Historical capital employed	EUR mill.	3.223,6	3.081,0	2.914,1	4,6%
CFROI	**in %**	**9,7%**	**9,8%**	**9,0%**	



At 9,7% as of April 30, 2014, Group CFROI reflected the prior year level (9,8%) but remained below the defined target rate of 12%. The year-on-year improvement in EBITDA was accompanied by a rise in historical capital employed[4], which resulted primarily from higher investment activity and an increase in working capital. An improvement in CFROI is expected because a large part of the growth projects are still in progress or in the start-up phase and working capital will be optimized through the planned reduction of the currently very high raw material stocks. An improvement in CFROI toward the target rate of 12% is expected over the medium-term.

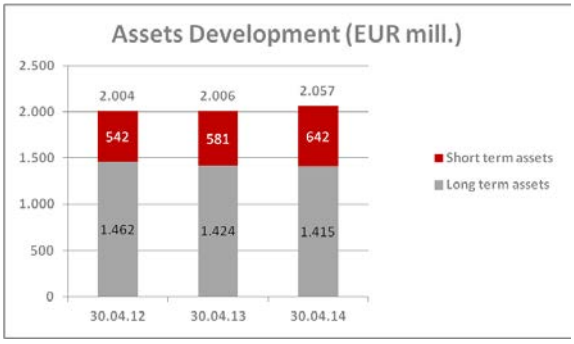
[4] The prior year value was adjusted to reflect the change in IAS 19.

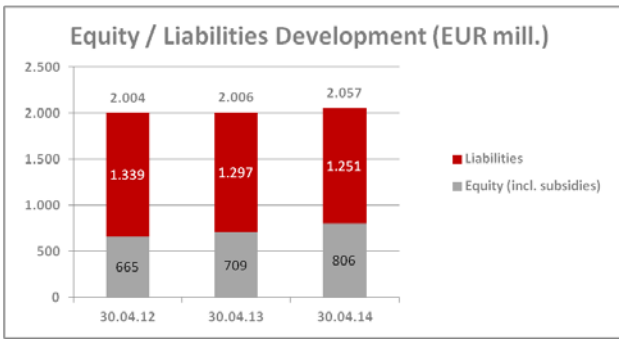
2.3 Asset position

2.3.1 Analysis of the balance sheet structure

The balance sheet total rose only slightly during the reporting year from EUR 2.005,8 million[5] to EUR 2.057,3 million.

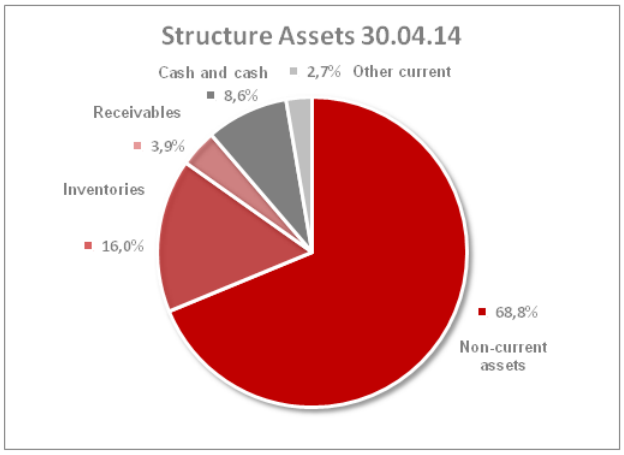
Balance Sheet		30.04.14	30.04.13	30.04.12	Dev. in % 14 - 13
Non-current assets	EUR mill.	1.414,9	1.424,4	1.461,7	-0,7%
Inventories	EUR mill.	329,5	287,9	272,7	14,4%
Receivables	EUR mill.	80,2	79,2	61,3	1,3%
Cash and cash equivalents	EUR mill.	176,9	161,9	150,7	9,3%
Other current assets	EUR mill.	55,8	52,4	57,2	6,5%
Balance sheet total	**EUR mill.**	**2.057,3**	**2.005,8**	**2.003,6**	**2,6%**
Equity (including subsidies)	EUR mill.	806,3	708,9	665,0	13,7%
Provisions	EUR mill.	74,5	72,0	62,8	3,5%
Financial liabilities / bonds	EUR mill.	835,0	885,1	883,1	-5,7%
Other liabilities	EUR mill.	341,5	339,8	392,7	0,5%

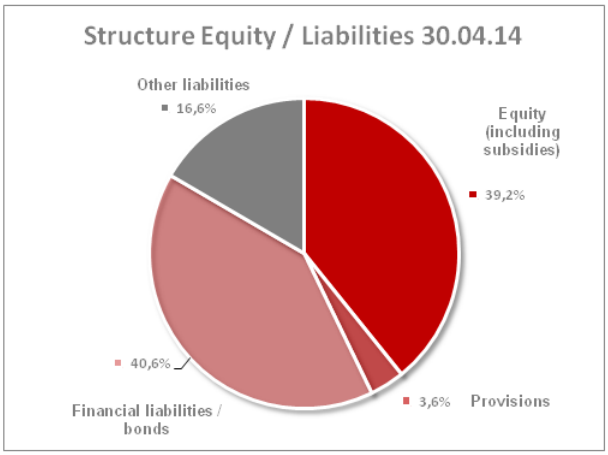




Non-current assets were -0,7% lower than on April 30, 2013 and comprised 68,8% of the balance sheet total at the end of the reporting year (2012/13: 71,0%). This reflects the high capital intensity of the Group's production and is typical for the branch.

<u>The following graphs show the balance sheet structure as of April 30, 2014:</u>





[5] The prior year values were adjusted to reflect the change in IAS 19.

2.3.2 Working capital

Working capital (inventories plus trade receivables less trade payables) increased from EUR 179,5 million at the end of the prior year to EUR 205,2 million as of April 30, 2014.

Working Capital		30.04.14	30.04.13	30.04.12	Dev. in % 14 - 13
Inventories	EUR mill.	329,5	287,9	272,7	14,4%
+ Receivables	EUR mill.	80,2	79,2	61,3	1,3%
- Trade payables	EUR mill.	204,5	187,6	234,1	9,0%
Working Capital	**EUR mill.**	**205,2**	**179,5**	**99,9**	**14,3%**
Revenues	EUR mill.	2.218,7	2.181,2	1.962,8	1,7%
Working Capital in % of revenues	in %	9,2%	8,2%	5,1%	

Inventories rose by EUR 41,6 million to EUR 329,5 million as of April 30, 2014 (2012/13: EUR 287,9 million). This increase resulted, above all, from optimized production processes, higher production and warehouse volumes and the recent purchase of additional raw materials at more favorable prices.

Trade receivables rose from EUR 79,2 million as of April 30, 2013 to EUR 80,2 million at year-end 2013/14. The average receivables turnover increased slightly to 40 days (2012/13: 39 days).

Trade payables increased by 9,0% from EUR 187,6 million to EUR 204,5 million as of April 30, 2014 due to a higher balance of outstanding payables for raw materials and investments.

2.3.3 Liquidity / net debt

Interest-bearing liabilities (financial liabilities and bonds) declined to EUR 835,0 million as of April 30, 2014 (2012/13: EUR 885,1 million) and included a long-term financing component of 91,1% (2012/13: 93,1%). Most of the financing was concluded in Euros.

Net debt totaled EUR 658,1 million as of April 30, 2014 (2012/13: EUR 723,2 million), which represents a year-on-year reduction of EUR 65,1 million (-9,0%). The decline in net debt was based, among others, on the issue of a hybrid bond with a nominal value of EUR 100 million in October 2013, which is reported as equity in accordance with IFRS.

Net Debt		30.04.14	30.04.13	30.04.12	Dev. in % 14 - 13
Financial liabilities and bonds	EUR mill.	835,0	885,1	883,1	-5,7%
Less liquid funds and securities	EUR mill.	176,9	161,9	150,7	9,3%
Net Debt	**EUR mill.**	**658,1**	**723,2**	**732,3**	**-9,0%**

2.3.4 Equity

The negative effects on equity from the application of the new IAS 19 (involving the provision for pensions) and currency translation differences from Russia, Romania and Turkey were offset by positive effects from the issue of the hybrid bond and total comprehensive income recorded for the year.

Equity, including government grants, rose by 13.7% to EUR 806,3 million in 2013/14 (30.04.2013: EUR 708,9 million). The equity ratio, after the inclusion of government grants, equaled 39,2%, compared with 35,3% at the end of the previous year

2.3.5 Provisions and other liabilities

Provisions rose by +3,5% year-on-year to EUR 74,5 million as of April 30, 2014 due to the adjustment of the interest rate applied to termination benefits. As a percentage of the balance sheet total, provisions equaled only 3,6% (30.04.2013: 3,6%).

Other liabilities rose by +0.5% from EUR 339,8 million to EUR 341,5 million as of April 30, 2014, primarily due to an increase in trade payables that resulted from investments and increased raw materials purchases.

3 CORPORATE RESPONSIBILITY (CR)

Sustainability, fairness and transparency are the key factors for EGGER's success. As one of the leading wood processing companies in Europe, EGGER strives to act responsibly and, in this way, documents its position as an employer, market participant, member of society and supporter of the environment. Sustainable development and sustainable growth are key elements of EGGER's corporate strategy. The goals of EGGER Cares – as the guiding principle for corporate responsibility - are designed not only to ensure compliance with legal regulations, but to also meet higher standards that are based on clear ethical values and respect toward fellow human beings, communities, the environment and all other stakeholders of the EGGER Group.

The following section describes the four dimensions of corporate responsibility at EGGER:

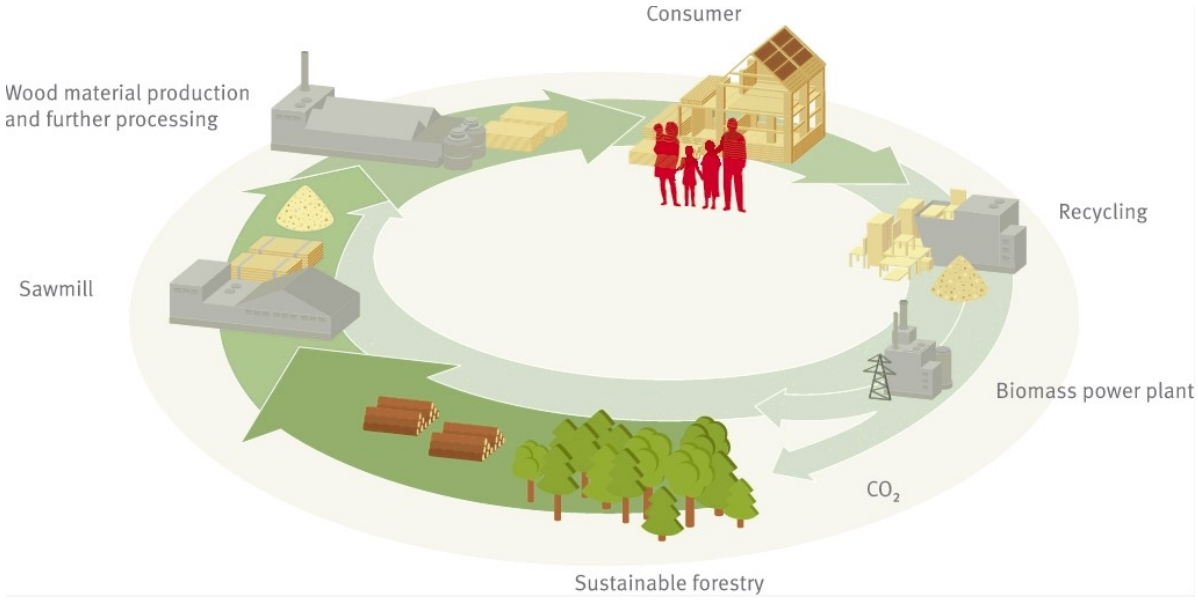
3.1 Marketplace

EGGER is well aware that today's entrepreneurial actions will influence the quality of the environment in the future. This wood materials producer therefore operates with the latest equipment based on state-of-the-art technology. From the living tree to the finished product, EGGER relies on integrated locations that fully utilize the key raw material wood in a closed cycle. Sustainability represents an important aspect in the development and improvement of products, services and production equipment and plays a major role in the success of the company.

3.1.1 Integrated locations

At EGGER's integrated locations, wood initially represents a raw material. The various uses range from the production of sawn wood in the sawmill to the manufacture of wood materials. Residual wood and recycling wood that cannot be used in production are utilized thermally in the company's own biomass power plants and converted into energy for the production process. Fresh wood supplies come from sustainable forestry operations. Accordingly, the EGGER plants are certified according to PEFC and/or FSC standards.

3.1.2 EGGER's environmental cycle



3.1.3 Product responsibility

Wood materials make an important contribution to reducing greenhouse gas emissions in the earth's atmosphere. In maintaining intact living areas and protecting the climate, the natural CO_2 storage medium wood in EGGER products plays a particularly important role and helps to achieve a positive eco-balance.

The processing of wood into EGGER's products during the reporting year represents the binding of 5,1 million tons of CO_2 equivalents* (2012/13: 4,7 million t CO_2 equivalents). That corresponds to the CO_2 emissions of nearly 900.000 households (2012/13: 825.000 households). The EGGER biomass power plants saved roughly 690.000 tons of CO_2 compared with the burning of natural gas.

1m³ of spruce wood binds 825 kg (1,819 pounds) CO_2

1m³ of OSB board binds 864 kg (1,905 pounds) of CO_2

1m³ of raw chipboard binds 745 kg (1,642 pounds) of CO_2

1m³ of MDF board binds 505 kg (1,113 pounds) of CO_2

* Calculated based on the greenhouse gas potential of selected EGGER EPDS (GWP 100, cradle-to-gate) based on sales data for 2013/14.

** An average European household with four persons produces approx. 5,7 tons of CO_2 per year (EUROSTAT 22/2011).

The sustainability and environmental compatibility of all products have been confirmed by independent audits and are disclosed in environmental product declarations (EPDs) based on the international ISO Standard 14025. These EPDs are used to certify the sustainability of buildings and are available for all EGGER product groups.

Ensuring the quality of its products is a key objective for EGGER. The Group's quality management is certified under ISO 9001, a standing that guarantees customer satisfaction and a long service life for the company's products. Quality management is reviewed annually in internal audits and every three years through an external audit. EGGER also complies with the principles of the EU Timber Regulation.

3.1.4 Relations with customers and suppliers

EGGER strives to establish reliable, trusting and long-term relationships with its customers and suppliers. The development and continuous improvement of these long-term associations are the basis for the Group's success. The foundation for this work is formed by consistent quality, competent advising and expertise in design and applications technology.

EGGER complies with all applicable legal regulations and has issued clear anti-corruption and anti-trust guidelines.

3.2 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 corporate philosophy. EGGER has defined uniform Group standards for emissions (CO_2, noise, odor and water), which are based on local regulations and technical benchmarks as a minimum.

The careful use of raw materials is given top 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.

The goal of environmental management at EGGER is to ensure compliance with legal regulations and to avoid or minimize the negative effects of business operations on the environment. Accordingly, environmental management systems form the basis for the methodical and steady pursuit of environmental goals to ensure the responsible use of resources and energy. The plants in Unterradlberg, St. Johann i. T. and Wörgl (all AT), Radauti (RO), Gifhorn (DE), Hexham (UK) and Rion-des-Landes (FR) are certified under ISO 14001. The plants in Germany are certified under the ISO 50001 energy management scheme, and the plant in Unterradlberg is validated under EMAS. These management systems are audited regularly based on a certification matrix.

One of EGGER's major strategic challenges is to safeguard wood supplies for its plants. This goal must be met against the backdrop of intense competition for wood that not only drives the price, but also affects the availability. EGGER therefore relies increasingly on the use of recycling wood. On average, approx. 22% of the wood used by the EGGER Group comes from recycling sources. The average for the plants with on-site recycling equipment equals approx. 34%.

All larger locations in the EGGER Group operate with biomass power plants (Brilon, Wismar, Unterradlberg and Radauti) or biomass heating plants (St. Johann, Rion-des-Landes and Hexham). Biomass power plants generate electrical energy through the firing of biomass. In contrast, biomass heating plants only produce heat for oil heating and the generation of hot gas.

The EGGER biomass power plants save approx. 690.000 ton of CO_2 each year compared with the burning of natural gas (unchanged from the previous year). EGGER uses the energy in its plants optimally as heat and/or co-generation, depending on the specific aggregate structure. The company's power plants cover the heating requirements of approx. 160.000 households (2012/13: approx. 140.000). Moreover, approx. 330.000 MWh (2012/13: 260.000 MWh) of electricity, which equals the requirements of roughly 60.000 households, is fed into public grids.

All documents relating to the environment and sustainability at EGGER are available for review in the Internet under www.egger.com/umwelt.

3.3 Employees

EGGER wants to be the best employer in all relevant labor markets. In order to reach this goal, the Group implements extensive measures to support the corporate culture and also promote training, the protection of employees' health and the recruitment of new personnel.

3.3.1 Employer branding and recruiting

In order to strengthen its positioning as an attractive employer, EGGER continued its recruiting and employer branding activities during the reporting year. E-Recruiting was finalized in all countries, with the exception of Russia. This tool supports the online management and handling of the application process. Various CIPs were also implemented in E-Recruiting to improve the process and increase the user friendliness for applicants. Recruiter training courses were developed and scheduled for managers in all countries during the past year and are now being implemented.

EGGER also continued to work on its presentation as an employer (employer branding) in 2013/14. In this connection, a survey was carried in 2012 out to determine how EGGER is viewed by the general public. The results showed that EGGER enjoys a high standing and recognition as an employer, above all in the wood branch. EGGER was associated with certain terms and values that define the company: wood, family company, stability, respect, local recognition and future orientation. The results of the analysis were used in the past year to develop an apprenticeship campaign for Austria, Germany and Great Britain. This campaign was designed to create a greater awareness of EGGER, particularly among young people. Specific activities included the development of a separate apprentice website that also addresses teachers and parents. A professional video and the use Facebook support the application process. EGGER's presence in Facebook also involves the apprentices and their reports on interesting events at work. On Kununu, an Internet portal that allows employees to rate their company, EGGER was ranked first for apprenticeship training.

Apprentices and university students also formed a special focal point for personnel marketing during the reporting year. The process for handling internships, vacation jobs and university theses was evaluated and a number of optimization steps are planned. In addition, the number of internships and vacation jobs was analyzed and will be gradually increased. Focused contacts with universities and schools were organized, and the EGGER Group was represented at numerous career fairs. In 2013/14 139 university trainees (2012/13: 134) and 187 secondary school students (2012/13: 185) were given an opportunity to learn about the company during an internship or summer job.

3.3.2 Performance management

Work continued on the roll-out of the SAP performance management system to support the efficient administration of the rising number of variable remuneration models. This process requires the acceptance by managers, since they must evaluate target achievement through

a self-service access. Feedback indicates that the involved managers have found the module to be very user friendly.

3.3.3 Training

EGGER works to train specialized personnel and managers from its own ranks, and regularly educates apprentices for a wide variety of professions. These programs lead to certification in technical areas – e.g. as a wood technician, electrical technician or mechanical engineering technician – and in commercial areas, e.g. as an office administrator. The development of employees is supported by regular feedback from the trainers as well as courses for personal development. One example is the “apprenticeship and secondary school program“ offered by EGGER. It gives trainees an opportunity to complete both professional and secondary school education at the same time. A number of workshops also offer courses in basic skills and preparation for examinations. For these and other measures, the EGGER headquarters in St. Johann received the quality seal from the province of Tyrol as the Excellent Apprenticeship Company 2002-2013. EGGER also received a similar award in Germany during the past year. In Romania, France and Great Britain, a special focus was placed on the advertisement of apprenticeship positions during the past year. These countries do not have a similar public training system, and engineering and HR are therefore challenged to create the structures and conditions necessary to make apprenticeship attractive.

The Group-wide internal training guideline for electrical and mechanical engineering technicians that was completed during the past year is now used in all countries. Country exchange programs were also launched to give apprentices an opportunity to work for one to two weeks with colleagues and apprentices in other plants. This facilitates the creation of networks and broadens the learning experience. Group-wide exchange programs are planned for the coming year.

As of April 30, 2014, a total of 219 apprentices attended training programs in the EGGER Group (2012/13: 200).

3.3.4 Personnel development

Sustainable personnel development at EGGER is intended to strengthen employees’ ties to the company and identify opportunities for their development. This process also supports succession planning, especially for key positions. Personnel development activities in 2013/14 also included an annual appraisal meeting between employees and their supervisors in all plants.

EGGER also operates a number of target group-specific training programs for the advancement of employees. The fourth class of the “Startklar“ program for potential future managers was completed, and the selection of candidates for the next course is currently in progress. The candidates for this program are selected from all areas of the company. In addition to various subject areas (presentation, leadership, etc.), the program includes work on an international project and familiarization with another specialized area for roughly one week. The goals are to create an international pool for mid-level management, to development the management skills of future talents and to build Group-wide networks and teams.

Sales training courses were also offered, especially for staff members and managers in the eastern countries. The training content is focused on communication, customer orientation, target orientation, negotiations, etc.

EGGER supports internal career development with special concepts for IT and logistics. Employees can therefore follow a conventional career path in their chosen discipline, while pursuing new development opportunities in a specialized area. This concept has been implemented throughout the IT unit in connection with specially created development

programs and was continued during the past year. In logistics, the concept has been rolled out at all major locations in the areas of transport management and production and materials management. A successful pilot project for the commercial area – warehouse management (warehouse/distribution) in St. Johann – was followed in 2013/14 by preparations for a specialization in warehouse management at the other plants that will now be implemented in connection with the annual appraisal meetings.

EGGER invested approx. EUR 5,3 million in employee training during the reporting year (2012/13: EUR 5,2 million).

3.3.5 Health management

EGGER health management offers numerous services to promote healthy nutrition, exercise and advising at the various Group locations.

This focus on active health management is reflected in an illness rate of only 2,4% for the entire Group (2012/13: 2,4%). The accident rate (incl. accidents during travel to and from work) equals 0,2% (2012/13: 0,3%) and is regularly monitored and actively optimized by an occupational safety committee.

3.3.6 Employees

The Egger Group employed an average workforce of 7.215 in 2013/14 (2012/13: 7.087), which is classified by country as follows:

Number of own personnel	Status 30.04.14 2013/14	yearly average 2013/14	yearly average 2012/13	yearly average 2011/12
Austria	1.415	1.381	1.351	1.327
Germany	2.360	2.344	2.254	2.179
France	766	746	727	716
Great Britain	686	670	645	612
Russia	731	741	827	757
Romania	784	787	732	644
Turkey	543	546	552	553
EGGER Total	**7.285**	**7.215**	**7.087**	**6.788**

The increase in the workforce is related to the expansion of existing plants, in particular to additional laminating capacity in Austria and Germany, as well as the expansion of laminating capability in Gifhorn (DE) and the installation of recycling equipment in Radauti (RO).

Employee turnover remained at an acceptable level of 3,7% for the reporting year (2012/13: 3,8%). EGGER‘s international workforce includes men and women from 50 different countries, whereby 83% work in engineering/production and logistics and 17% in finance/personnel/IT/sales and marketing. The average age of the workforce equaled 39,3 years, and the average length of service equaled 8,4 years. Various project groups in the West European plants are working to address the challenges of the aging workforce (higher retirement age, lower number of young skilled employees). The focal points of these project groups include, among others, the revision of work time and shift models, further training/qualifications in production and the age-appropriate design of production jobs. Women represent 15% of the total workforce (2012/13: 15%) and hold 11% of management positions (2012/13: 11%). This level is typical for the wood materials branch. In the traditional salaried employee areas, 54% of the employees at EGGER are women (2012/13: 52%).

3.4 Society

In agreement with its fundamental values, EGGER respects the customs and traditions of the countries in which it operates. EGGER works to establish a position as an integral part of the local environment and supports the use of qualified employees and managers from the regions near the Group's plants. The EGGER plants also have a positive long-term influence on the economic development at their locations.

EGGER's commitment to social responsibility is evidenced at the local level, where it provides support for society, education and the environment. The Group donated a total of EUR 595.600 for such purposes in 2013/14 (2012/13: EUR 460.000). These funds were concentrated on social and educational projects, whereby roughly 41,5% of the donations were directed to Russia and Romania. Germany was also a focal point of donations in 2013/14 with 33,7% of the total funds.

One activity that promotes team spirit at EGGER and also creates a bridge between health management and social commitment is the "Run with Egger" program. It was successfully continued at all 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.

A total of 761 EGGER employees took part in fun runs, charity runs or plant-organized events covering 24.508,80 km during the reporting year. The resulting donation totaled EUR 122.544. In comparison with 2012/13, the total number of kilometers rose by +3,3% (2012/13: 23.696,16 km). "Run with EGGER" will also be continued in 2014/15.

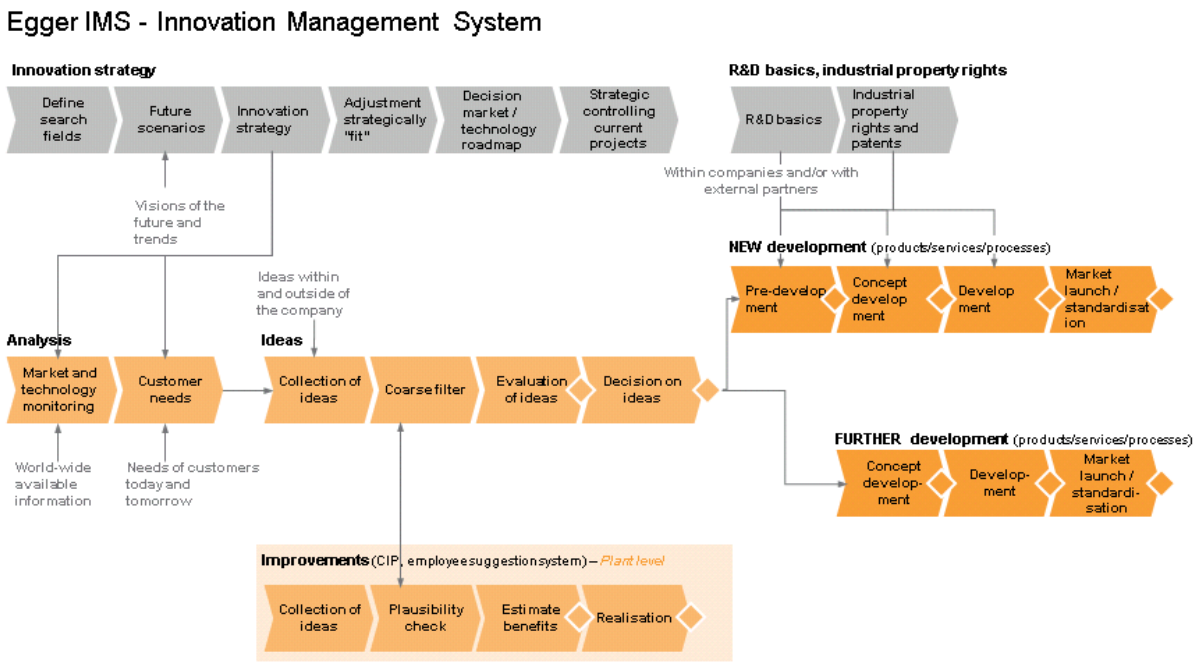
4 INNOVATION, RESEARCH AND DEVELOPMENT

4.1 Innovation management 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." This declaration from the EGGER mission statement underscores the importance of innovation for the realization of the corporate vision and emphasizes the significance of the innovation process for the EGGER strategy.

The development and documentation of ideas as well as the organization of innovation projects up to market introduction follow a clearly defined, structured process, which is firmly anchored throughout the Egger Group. Project implementation involves close cooperation between the various product management units and the competence center. 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 is also centralized, defines the most important product requirements during the innovation process and assists 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.

Activities in 2013/14 involved the final steps in the implementation of an innovation management system in all business areas. All committees responsible for the innovation process are now in place for product management in furniture and interior design, construction products and flooring, and in the competence center organization.



The responsibilities were restructured and extended in summer 2013. The competence center organization (CC) is structured into the following two groups with specialized focal points:

- Engineering and technology
  - CC Chemicals
  - CC Decorative surfaces
  - CC Wood materials
  - CC Production technology
- R&D and technical compliance
  - CC research and development
  - CC Products
  - CC Environmental and technical law

Engineering and technology are focused on the implementation of technical standards throughout the entire EGGER Group. The competence center for R&D and technical compliance is responsible for measures resulting from changes in the technical and legal environment.

4.2 Product, process and service innovations

The innovation process at EGGER is concentrated, above all, on defined fields for products, processes and services.

Products:
- Decors, structures and surfaces
- Emission-reduced products
- Lightweight construction
- Functional materials (acoustics, fire behavior,…)

Processes:
- Formaldehyde-reduced bonding agents
- Improve use of raw materials and resource optimization
- New production processes

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

All innovation projects are monitored continuously by the client and by a special controlling process that measures progress, applicability, probability of implementation, opportunities for return and potential subsidies as well as budgets and costs. Research and development expenses amounted to EUR 5,8 million in 2013/14 (2012/13: EUR 5,5 million).

Five priority patent registrations were filed during the reporting year. The EGGER Group currently holds approx. 1.500 patents (granted and registered) and roughly 1.000 trademarks worldwide. The administration and management of the various industrial property rights are handled centrally by the patent department.

Cooperation with external research partners also represents an important part of R&D. These activities are focused on raw materials processing, the optimization of laminating systems, new bonding agent technologies and improved production processes. A number of these development projects are co-financed with public funds.

Workshops on special topics promote the exchange of information with selected suppliers and customers. These meetings are used to present and evaluate product and technology trends for their possible influence on EGGER's products, production processes and services.

4.3 Focal points of research and development

In 2013/14 ten research projects were concluded, seven were started and eight will be continued during 2014/2015. The main focal points of this work are described by area below.

Wood materials:

Research in the area of wood materials concentrated primarily on the improvement of resource efficiency, the reduction of emissions and the further development of production technology.

A wood k-plus project is designed not only to save valuable timber, but also to develop lighter wood boards. This project demonstrated that the alignment of the chips in chipboard allows for a reduction in the raw thickness with the same amount of binding agents without impairing the mechanical properties of the finished product. Further steps will now be taken to evaluate the specific technical implementation.

A central focus of research and development at EGGER is the reduction of emissions from wood materials. In addition to formaldehyde emissions, which come mainly from the binding agents used in production, the VOC emissions from the raw material wood also play a role. The reduction and elimination of formaldehyde emissions is a continuous part of the research process. The in-house production of binding agents at three EGGER locations places the company in an optimal position with the latest know-how to meet this challenge. Development and testing also involves improved additives that can lower the use of binding agents and, in this way, help to reduce formaldehyde. Another objective is to minimize VOC emissions in the OSB boards used in construction. A project carried out with wood k-plus tested various options for the biochemical treatment of the wood, which break down VOC precursor substances and thereby reduce the emissions from OSB boards.

A project completed during the reporting year involved the identification of fragmenting methods for various materials as part of extensive patent research. The results were evaluated together with project partners from different areas in the wood industry to determine their possible use for EGGER's raw materials. A follow-up project will now assess the most promising technologies more closely to determine new methods for wood processing that save more energy and improve cost efficiency.

Decorative surfaces:

One of the most important focal points in this area during 2013/14 and the coming year involves a research project whose goal is to create a surface with antibacterial properties. In cooperation with an Austrian partner, previously patented technologies were adapted to meet the specific requirements of melamine resin-based laminating systems and their antibacterial effectiveness was optimized. The goal is to provide hospital operators and public authorities with products that will help them to reach increased hygiene standards (keyword: "the germ-free hospital").

Another project involves the development of a surface structure with so-called "anti-fingerprint" properties. The goal is to prevent changes in the gloss level, especially for matt surfaces, on contact with skin oils and generally independent of the decor's color. The work during the reporting year concentrated on determining which structures would be suitable for this treatment. The next steps will include the use of EGGER's press technology to imprint the suitable structure onto the surface.

5 RISK MANAGEMENT

5.1 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, external auditing by certified public accountants, internal auditing by EGGER and standardized reporting, planning and controlling processes as the main components.

5.2 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 are provided in the risk report in the notes.

5.3 Internal control system (ICS)

EGGER views the internal control system 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 order to prevent or reduce damage to the Group.

Key features of the internal control system with respect to accounting processes:

5.3.1 Group-wide uniform and mandatory guidelines

The internal control system at EGGER is based on Group guidelines and process standards. In accordance with the decentralized structure of the EGGER Group, local management is responsible for the implementation of and compliance with these guidelines and standards. The Group guidelines are reviewed regularly by the responsible process manager and updated whenever necessary. Relations and dealings between the EGGER procurement organizations and their suppliers and service providers are based on the Group‘s Code of Conduct, which was issued in 2009.

5.3.2 External examination by the auditors

The annual financial statements of all Group companies that are subject to mandatory audits and the consolidated financial statements are audited by independent accounting firms. These firms guarantee the application of uniform auditing standards through their international networks and ensure the complete and efficient examination of the annual financial statements.

5.3.3 ICS focal point audits

In connection with the audit of the Group's financial statements, a different corporate function is evaluated each year by the auditor for compliance with the ICS. The focal point for 2013/14 involved the sales area. The following internal control areas were analyzed in recent years:

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

5.3.4 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 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 systems.

5.3.5 Monitoring, reporting, planning and controlling processes

EGGER uses a standardized Enterprise Resource Planning (ERP) system (SAP) throughout the Group[6], which facilitates the application of uniform standards and processes for accounting. This system also permits efficient reviews by the Group's central IT department and external process reviews, e.g. by the auditor.

The Group's monitoring activities rely on automated IT process controls, authorization and role concepts. Also included are organizational procedures such as dual controls and the separation of administrative, execution, settlement and approval functions.

The central elements of the internal control system include Group-wide standardized monthly reporting and integrated planning and controlling processes. The development of the company and the risk environment are documented and analyzed at the plant, country and Group levels at regular intervals. Variances between actual and expected situations are analyzed, and the results are integrated in operational and strategic decision-making processes. The full harmonization of internal and external accounting allows for the monthly reconciliation of reporting and creates a common database for a wide range of internal decisions at all levels.

The preparation of the consolidated financial statements is based on a corporate accounting guideline that is updated regularly and requires mandatory application by all companies included in the consolidation. This guideline defines the most important accounting and valuation methods based on IFRS.

In 2010/11 the operational planning process was converted from an annual basis to quarterly rolling forecasts to better reflect the increasing fluctuations on sales and procurement markets and to allow for more timely counteractions. This rolling planning process is based on sales volumes that are continually updated and adjusted to reflect available capacity and also includes the latest developments in selling and procurement prices. It allows EGGER to forecast earnings for five quarters in advance and thereby react quickly to changes in the market environment.

[6] Roll-out of EGGER SAP at Roma Plastik by April 30, 2015.

6 SUBSEQUENT EVENTS, OPPORTUNITIES AND OUTLOOK

6.1 Major risks, opportunities and uncertainties

No risks have been identified at the present time that could endanger the continued existence of the EGGER Group. EGGER identifies, assesses and manages risks continuously within the context of its risk management system in accordance with predefined principles.

6.2 Significant events after the balance sheet date

No significant reportable events occurred after the end of the reporting year on April 30, 2014.

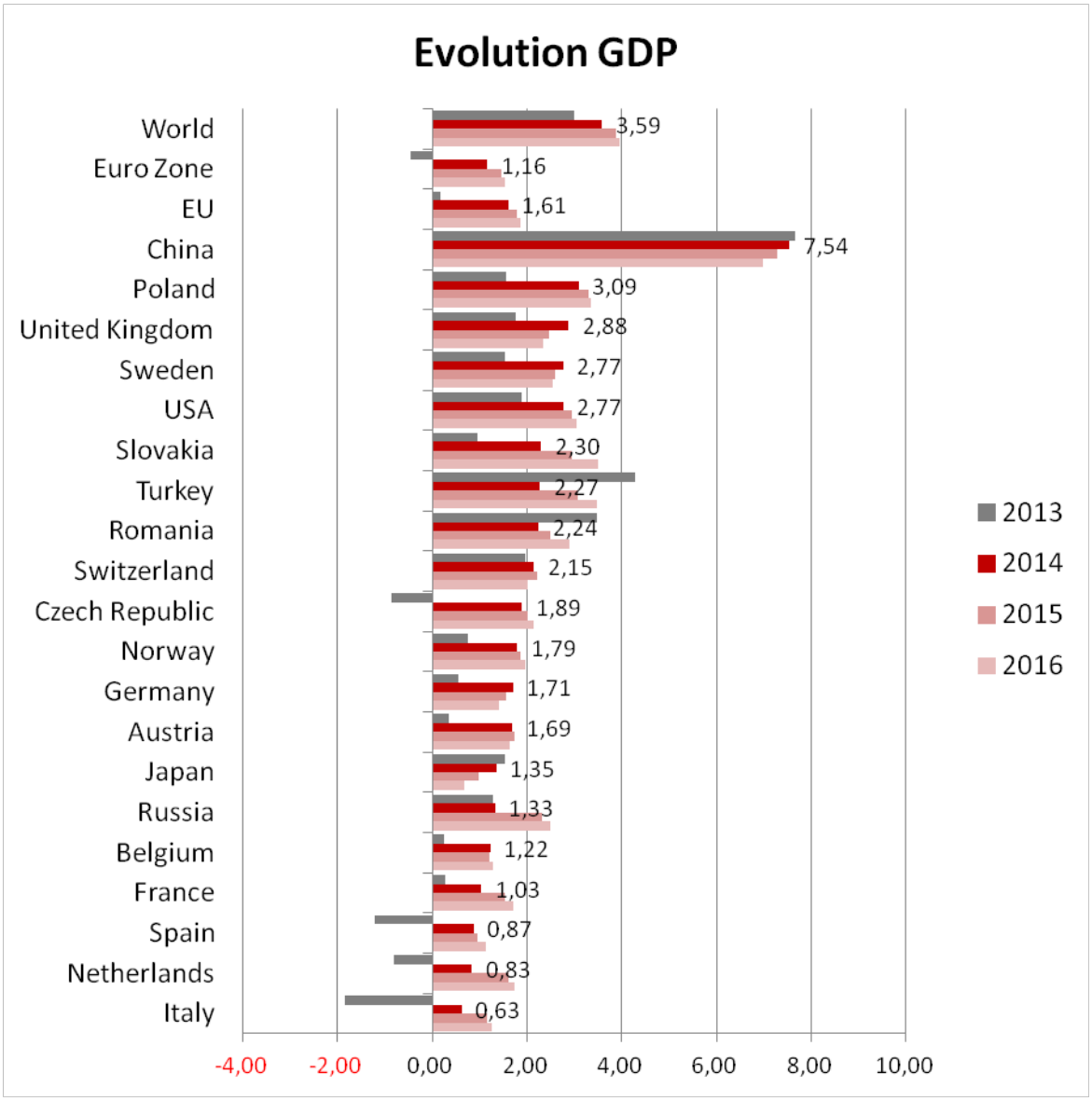
6.3 Expected development / outlook

The outlook for the global economy is positive according to estimates by the World Bank, and this trend should also continue in the coming years. The turning point has been reached, whereby the World Bank's projections for the upturn are based on developments in the industrial countries that were negatively affected by the financial and economic crisis in recent years. The effects of government austerity programs and political uncertainty have weakened, and there are signs of sustainable recovery in the wealthier countries for the first time in five years. These states could complement the emerging countries as a second major growth driver. Stronger growth is expected, especially in the USA. GDP in the wealthy nations should rise from 1,3% to 2,4% between 2013 and 2016. Forecasts for the emerging and developing countries call for growth of 4,8% to 5,7%.

Estimates for the Euro zone also point to an upward trend: GDP growth should reach 1,1% in 2014, 1,4% in 2015 and 1,5% in 2016. Development in the USA should be even stronger: for the world's largest economy, the World Bank forecasts growth of 2,8% in 2014, 2,9% in 2015 and 3,0% in 2016.

However, the World Bank has also warned of global risks. The emerging countries could be faced with problems, above all from more restrictive monetary policies by central banks and the related rise in interest rates (source: suc/Reuters/dpa).

In its World Economic Outlook, the International Monetary Fund assumes strong growth in a number of EU countries outside the Euro zone – above all Poland with an increase of more than 3%, but also for Great Britain. Development is projected to be weaker in Italy, the Netherlands, Spain and France, but the trend should improve in comparison with 2013. This recovery should be confirmed in the following years. The IMF's World Economic Outlook also sees a continuation of the positive trend for the USA, but slightly lower growth rates for China (however at a still very high level).



Source: WEO World Economic Outlook IMF

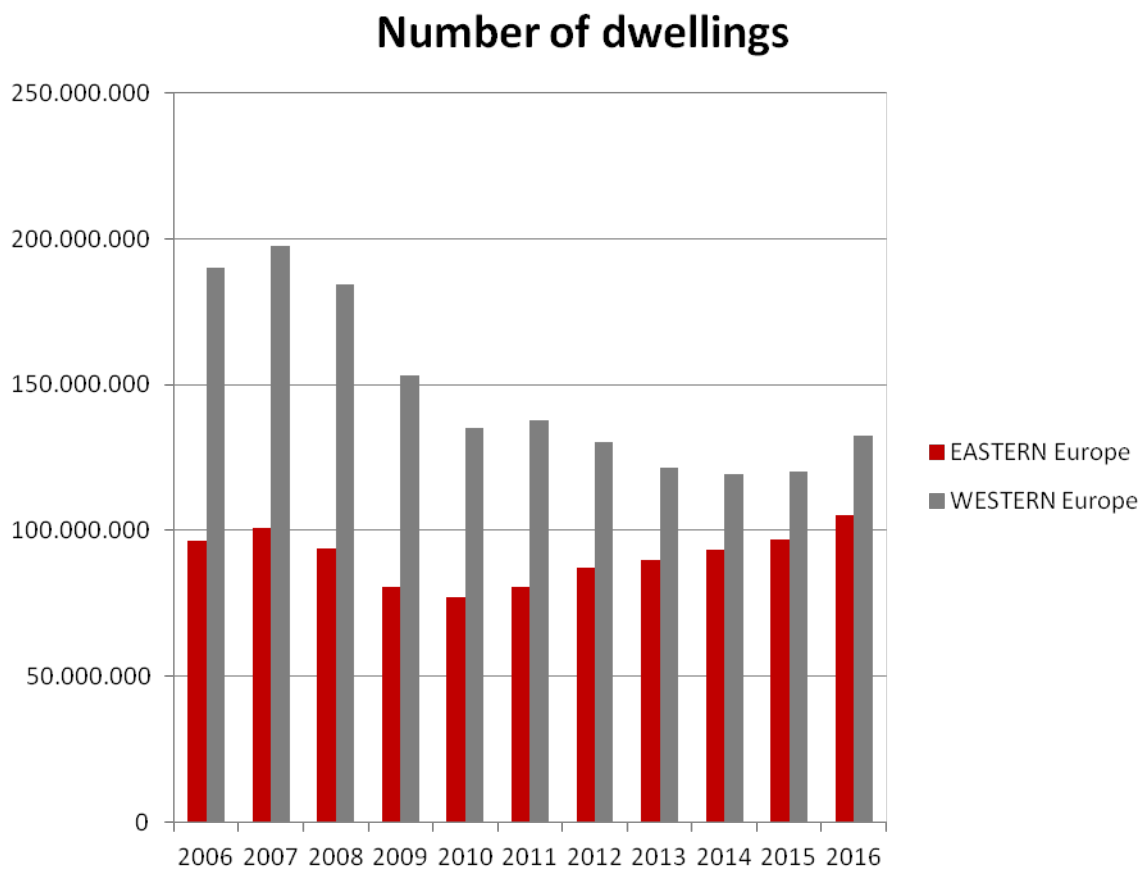
Flash estimates by Eurostat indicate that seasonally adjusted GDP rose by 0,2% in the Euro zone (EU-18) and by 0,3% in the EU-28 from the final quarter of 2013 to the first quarter of 2014. This increase was particularly evident in Poland and Hungary (+1,1%) as well as Great Britain and Germany (+0,8%). Development was negative, above all, in the Netherlands (-1,4%), Portugal (-0,7%) and Italy (-0,1%). In comparison with the first quarter of 2013, seasonally adjusted GDP rose by 0,9% in the Euro zone and by 1,4% in the EU-28 during the first quarter of 2014 and by 0,5% and 1,0% in the previous quarter. The strongest growth was recorded in Romania (+3,8%), Poland (+3,5%), Hungary (+3,2%) and Great Britain (+3,1%), while Germany, the Czech Republic and Slovakia recorded a plus of approx. 2%.

In the first quarter of 2014, GDP in the USA remained unchanged in comparison with the previous quarter (versus +0,7% in the fourth quarter of 2013). A comparison with the first quarter of the previous year shows a GDP increase of 2,3% (versus +2,6% in the previous quarter) (source: Eurostat).

The Q4 2013 report by the “Europäische Architektenbarometer”, a quarterly survey of 1.600 architects in eight European countries, indicates that the sentiment among architects in Italy, France, Spain and Poland remains subdued. European architects are seen as a reliable indicator for construction activity. Based on the negative development of building permits in 2013, the construction industry in these countries can be expected to decline in 2014.

For architects in the Netherlands, Q4 2013 was the best quarter since Q2 2011. In spite of this development, the construction volume in 2014 is expected to be lower than 2013. The isolated signs of recovery seen by French architects in Q3 2013 have proven to be unstable and only temporary. The renewed decline in orders and revenues reinforces the impression that the situation in France is deteriorating. The latest statistics on building permits confirm this picture and point to a decline in the construction sector during 2014. Spanish architects grew more optimistic with every quarter in 2013: the dominant feeling was that the economy had bottomed out and was on course to recovery. There was unfortunately no correlation between this positive sentiment and the number of building permits, which declined significantly especially in the residential construction sector. An improvement in the situation is not expected before 2016. After a weak year in 2013, the majority of Italian architects reported further negative development in orders and revenues during Q4. Even if the architects hope for a better year in 2014, an improvement in the construction sector in Italy appears to be in the distant future. In Great Britain, the number of architects with growing order books was higher than ever before (source: Presse Box).

Development of residential units in Western and Eastern Europe from 2006 to 2016

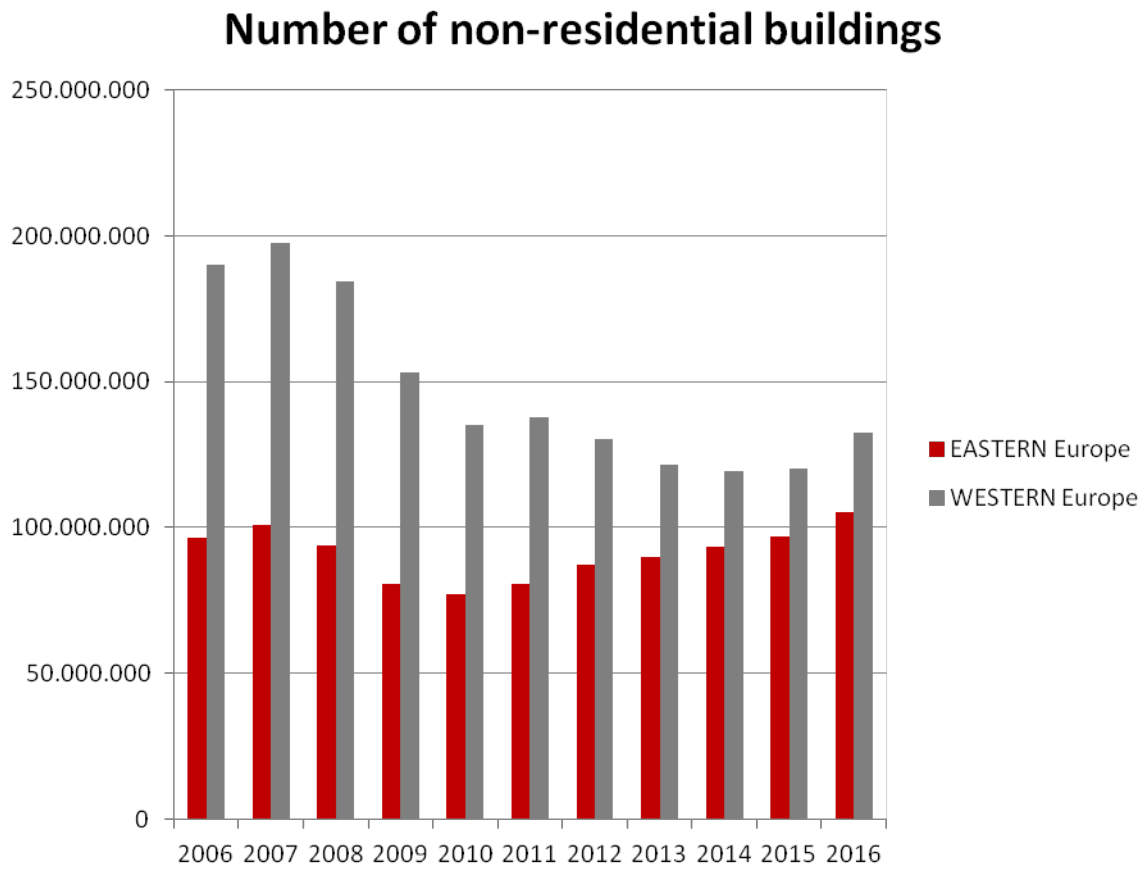


Source: B&L Marktdaten

The rising trend in the number of residential construction permits in Eastern Europe appeared to end in 2013. This development is a result of the situation in Russia, Ukraine and Turkey. In countries like Poland, Romania and the Czech Republic, the downward trend that characterized recent years has slowed and a return to growth is expected in 2015.

The number of residential construction permits issued in Western Europe has stagnated. Sound development is forecasted for Germany, Great Britain and parts of Scandinavia, but a further decline is expected in other countries – above all France, Spain, the Netherlands and Belgium.

Development of non-residential construction in Western and Eastern Europe from 2006 to 2015



Source: B&L Marktdaten

The upward trend in the number of non-residential construction permits continues in the east, above all Russia, Ukraine and Bulgaria. Other regions can be expected to generate stronger growth starting in 2014, e.g. Romania, Slovakia and Belarus.

In Western Europe, the previous downward trend in non-residential construction permits should slow substantially or even turn positive in 2014 in a number of countries, e.g. Germany, France, Spain, Italy, the Netherlands, Austria and parts of Scandinavia. A renewed increase in building permits is expected in all regions during 2015, with the exception of Germany, France and Belgium.

6.4 Expected earnings, financial and asset situation at EGGER

The EGGER Group expects stabilization or moderate growth in its major markets in North-West Europe, South-West Europe, Central-South Europe and Central and Eastern Europe. Consequently, the company is forecasting only stable or slightly higher revenues for the producing plants in Germany, Austria, France and Romania.

Russia is expected to record a decline in revenues because of the current instability, the crisis in Ukraine and gas price negotiations as well as the devaluation of the Ruble. Slightly lower revenues are also expected in the EGGER Retail Products Division based on the conscious avoidance of unprofitable volume transactions and foreign exchange-based revenue declines on exports from Turkey and Russia.

In contrast, Great Britain should record a sound improvement in revenues. EGGER's estimates for this market are positive due to the economic recovery and government support for the creation of housing. Higher revenues are also forecasted for the Roma Plastik edgings plant (TR) and the EGGER Building Products Division, where increased synergies in the existing sales structures will be utilized and capacity will be optimized.

Greater uncertainty could come from further developments on the raw material markets and the increasing scarcity of wood. EGGER is working to counter these risks by expanding its processing capacity and investing to improve the raw material and energy situation and by continuously optimizing the use of materials and cost structures. EGGER expects these measures will lead to nearly full capacity utilization in all plants and an improvement in earnings over the 2013/14 financial year.

In order to further strengthen its market position, EGGER is continuing to concentrate on product diversity, market diversification and continuous innovation in products, processes and services. A solid financial basis forms the foundation for long-term supply relations with customers and suppliers and continued stable, internally generated growth. EGGER works to counter the increasing market volatility with continuous monitoring and quarterly rolling forecasts as well as fast decisions and measures to react to fluctuations in orders or other changes in the operating environment.

This outlook includes forecasts that are based on current estimates for future developments in the EGGER Group. 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 11, 2014

Walter Schiegl	Thomas Leissing	Ulrich Bühler
CTO, Production, Engineering and Procurement	Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources	CSO, Marketing and Sales

The Managing Board

Consolidated Financial Statements
according to International Financial Reporting Standards (IFRS)
as of April 30, 2014
of

EGGER HOLZWERKSTOFFE GMBH,

St. Johann in Tirol

Egger Holzwerkstoffe GmbH, St. Johann i.T.

Consolidated Balance Sheet
as of April 30, 2014

	Notes	30.4.2014 TEUR	30.4.2013 TEUR	1.5.2012 TEUR
ASSETS				
Property, plant and equipment	(1)	1.233.730	1.230.479	1.245.565
Intangible assets	(1)	97.053	109.061	114.073
Investment property	(1)	2.246	2.304	2.363
Financial assets	(2)	24.969	16.161	36.734
Investments in associates	(3)	1.745	12	21
Other assets	(4)	20.045	16.080	16.209
Deferred tax assets	(15)	35.064	50.301	46.687
Non-current assets		**1.414.851**	**1.424.398**	**1.461.652**
Inventories	(5)	329.500	287.911	272.735
Trade receivables	(6)	80.214	79.238	61.295
Other assets	(4)	52.705	50.587	56.524
Current tax assets		3.154	1.777	693
Securities and financial assets	(2)	1.103	102	108
Cash and cash equivalents	(7)	175.814	161.835	150.633
Current assets		**642.491**	**581.451**	**541.987**
Total Assets		**2.057.342**	**2.005.849**	**2.003.639**
EQUITY AND LIABILITIES				
Issued capital, reserves, perpetual bond	(8,9)	736.160	620.317	572.601
Non-controlling interests		48.033	66.138	66.667
Equity		**784.193**	**686.455**	**639.268**
Bonds	(10)	473.002	468.310	301.612
Financial liabilities	(11)	287.539	355.328	297.850
Other liabilities	(12)	331	1.273	2.838
Government grants	(13)	22.127	22.424	25.760
Provisions	(14)	70.574	66.824	57.919
Deferred tax liabilities	(15)	13.295	14.161	18.427
Non-current liabilities		**866.869**	**928.320**	**704.406**
Bonds	(10)	0	0	118.771
Financial liabilities	(11)	74.443	61.461	164.837
Trade payables	(16)	204.549	187.624	234.148
Other liabilities	(12)	98.859	104.488	108.530
Liabilities from income taxes		24.475	32.299	28.749
Provisions	(17)	3.954	5.202	4.929
Current liabilities		**406.280**	**391.074**	**659.964**
Total Equity and Liabilities		**2.057.342**	**2.005.849**	**2.003.639**

The prior year amounts were adjusted to reflect the change in IAS 19.

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Income Statement
for the 2013/14 Financial Year

	Notes	2013/14 TEUR	2012/13 TEUR
Revenues	(18)	**2.218.662**	**2.181.247**
Other operating income	(19)	34.193	41.519
Increase/decrease in inventories		12.305	3.304
Own work capitalized		6.534	4.835
Cost of materials	(20)	-1.283.773	-1.256.942
Personnel expenses	(21)	-315.836	-308.003
Depreciation and amortization		-163.496	-156.092
Other operating expenses	(22)	-359.820	-362.732
Operating profit		**148.769**	**147.137**
Financial results	(23)	-49.004	-59.359
Income from financial investments	(24)	800	-2.742
Income from associates		-12	-9
Profit before tax		**100.553**	**85.027**
Income taxes	(15)	-21.862	-9.156
Profit after tax		**78.692**	**75.871**
Thereof attributable to non-controlling interests		4.013	4.365
Thereof attributable to equity holders of the parent company		74.679	71.506
		78.692	**75.871**

The prior year amounts were adjusted to reflect the change in IAS 19.

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Statement of Comprehensive Income for the 2013/14 Financial Year

	Notes	2013/14 TEUR	2012/13 TEUR
Revaluation of obligations arising from post-employment benefits for employees		-3.088	-5.100
Items that will not be reclassified to profit or loss		**-3.088**	**-5.100**
Currency translation adjustments		-43.924	-7.964
Change in hedging reserve		530	1.050
Items that will be reclassified to profit or loss		**-43.394**	**-6.914**
Profit after tax recognized directly in equity	(25)	**-46.482**	**-12.015**
Profit after tax		78.692	75.871
Total comprehensive income for the period		**32.210**	**63.855**
Thereof attributable to non-controlling interests		3.887	4.147
Thereof attributable to equity holders of the parent company		28.323	59.708
		32.210	**63.855**

The prior year amounts were adjusted to reflect the change in IAS 19.

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Consolidated Cash Flow Statement for the 2013/14 Financial Year

	Notes	2013/14 TEUR	2012/13 TEUR
Profit before tax		100.553	85.027
Depreciation and amortization	(1)	163.496	156.092
Impairment charges to and valuation of financial assets	(24)	189	3.957
Net interest income / expense	(23)	43.040	52.628
Use of government grants	(19)	-4.202	-3.691
Income/loss from the disposal of fixed assets		1.462	516
Income from associates		12	9
Increase/decrease from changes in the consolidation range		0	-1.673
Increase/decrease in long-term provisions		-3.195	-663
Income taxes paid (net)		-8.750	-17.525
Gross cash flow		**292.604**	**274.677**
Increase/decrease in inventories		-41.589	-15.176
Increase/decrease in trade receivables		-976	-17.943
Increase/decrease in other assets		-3.126	3.689
Increase/decrease in trade payables		16.925	-46.524
Increase/decrease in other liabilities		-2.563	-3.703
Increase/decrease in current provisions		-1.248	273
Currency translation adjustments		-6.027	2.695
Cash flow from changes in net current assets		**-38.604**	**-76.689**
Cash flow from operating activities		**254.000**	**197.988**
Purchase of property, plant and equipment and intangible assets	(1)	-195.988	-147.690
Purchase of non-current financial assets		-11.051	-279
Increase in cash and cash equivalents from the disposal of shares in other companies		0	9.298
Successive purchase of shares in subsidiaries		-10.938	0
Increase/decrease in securities and current financial assets		-1.001	6
Proceeds from the disposal of non-current assets		4.505	2.104
Cash flow from investing activities		**-214.473**	**-136.561**
Issue of Egger bond 2012-2019		0	149.682
Redemption of Egger bond 2005-2012		0	-165.000
Repurchase of bonds		0	65.008
Redemption of Egger perpetual bond 2011		-16.500	0
Issue of Egger perpetual bond 2013	(8)	98.849	0
Increase in financial liabilities		709	140.326
Repayment of financial liabilities		-56.932	-187.787
Interest paid		-39.017	-50.193
Interest received		1.030	490
Distribution and interest paid on perpetual bond		-11.801	-1.992
Cash flow from financing activities		**-23.662**	**-49.466**
Net change in cash and cash equivalents		**15.865**	**11.961**
Effects of exchange rate fluctuations on cash held		-1.886	-759
Cash and cash equivalents at the beginning of the financial year		161.835	150.633
Cash and cash equivalents at the end of the financial year		**175.814**	**161.835**

The prior year amounts were adjusted to reflect the change in IAS 19.

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Statement of Changes in Equity
as of April 30, 2014

	Share capital	Perpetual bond	Reserves	Reserve for cash flow hedges	Trans-lation reserve	Control-ling interests	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance on April 30, 2012	**11.509**	**26.500**	**621.939**	**-1.580**	**-76.877**	**581.492**	**66.697**	**648.189**
Change in accounting method	0	0	-8.891	0	0	-8.891	-30	-8.921
Balance on April 30, 2012 (adjusted)	**11.509**	**26.500**	**613.048**	**-1.580**	**-76.877**	**572.601**	**66.667**	**639.268**
Total comprehensive income for the period	0	0	66.620	1.050	-7.962	59.708	4.147	63.855
Perpetual bond	0	-10.000	0	0	0	-10.000	0	-10.000
Distribution and interest paid on perpetual bond	0	0	-1.992	0	0	-1.992	-4.676	-6.668
Balance on April 30, 2013	**11.509**	**16.500**	**677.676**	**-530**	**-84.839**	**620.317**	**66.138**	**686.455**
Total comprehensive income for the period	0	0	71.721	530	-43.928	28.323	3.887	32.210
Redemption of perpetual bond 2011	0	-16.500	0	0	0	-16.500	0	-16.500
Issue of perpetual bond 2013	0	99.137	0	0	0	99.137	0	99.137
(Deferred) taxes on items not recognized through profit or loss	0	0	954	0	0	954	0	954
Increase / decrease in non-controlling interests	0	0	6.033	0	0	6.033	-16.970	-10.938
Distribution and interest paid on perpetual bond	0	0	-2.103	0	0	-2.103	-5.022	-7.125
Balance on April 30, 2014	**11.509**	**99.137**	**754.281**	**0**	**-128.767**	**736.160**	**48.033**	**784.193**

The prior year amounts were adjusted to reflect the change in IAS 19.

Egger Holzwerkstoffe GmbH, St. Johann i.T.
Notes to the Consolidated Financial Statements
as of April 30, 2014

1. Accounting and Valuation Methods

1.1. The Company

Egger Holzwerkstoffe GmbH, together with its subsidiaries, is one of the leading producers and suppliers of wood materials in Europe. The business activities at the 17 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 edgings and laminates.
– Production and sale of laminated flooring.
– Production and sale of OSB boards and sawn timber.

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

In accordance with the provisions of § 245a of the Austrian Commercial Code, the consolidated financial statements as of April 30, 2013 were prepared in agreement with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (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 revised IAS 19 (Employee Benefits) had a significant effect on the accounting treatment of post-employment benefits and the required disclosures. These changes involve the

elimination of the corridor method, the immediate recognition of actuarial gains and losses in other comprehensive income, the calculation of net interest expense and the immediate recognition of past service cost to profit or loss. The revised standard was applied retroactively in agreement with IAS 8 and the comparable periods were adjusted accordingly.

The adjustments to the balance sheet are summarized in the following table:

	1.5.2012 TEUR	Adjustment IAS19 rev. TEUR	1.5.2012 adjusted TEUR	30.4.2013 TEUR	Adjustment IAS19 rev. TEUR	30.4.2013 adjusted TEUR
Deferred tax assets	44.196	2.491	46.687	47.606	2.695	50.301
Issued capital, reserves, perpetual bond	581.492	-8.891	572.601	630.407	-10.090	620.317
Non-controlling interests	66.697	-30	66.667	66.196	-58	66.138
Non-current provisions	46.314	11.605	57.919	53.606	13.218	66.824
Deferred tax liabilities	18.620	-193	18.427	14.536	-375	14.161

The effects on the statement of comprehensive income are as follows:

	2012/13 TEUR	Adjustment IAS19 rev. TEUR	2012/13 adjusted TEUR
Personnel expenses	-313.234	5.231	-308.003
Financial results	-59.313	-46	-59.359
Income taxes	-7.845	-1.311	-9.156
Revaluation of obligations arising from post-employment benefits for employees	0	-5.100	-5.100

The other standards, revisions and interpretations that required mandatory application in the 2013/14 financial year had no material effect on the consolidated financial statements.

The following standards and interpretations were announced by the IASB, but did not require application in the 2013/14 financial year. Based on preliminary analyses, IFRS 10 is not expected to have a significant effect on the investments currently held by the Group. Egger Holzwerkstoffe GmbH 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.

IAS 16 IAS 38	Changes: clarification of acceptable depreciation methods
IAS 16 IAS 41	Changes: producing biological assets
IAS 19	Defined benefit plans: employee contributions
IAS 27	Separate financial statements
IAS 28	Investments in associates and joint ventures
IAS 32	Changes: offsetting financial assets and liabilities
IAS 36	Disclosures on the recoverable amount of non-financial assets
IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 11	Changes: accounting for the purchase of shares in a joint arrangement
IFRS 12	Disclosure of interests in other entities
IFRS 10 IFRS 11 IFRS 12	Changes: disclosure requirements for first-time adopters
IFRS 10 IFRS 12 IAS 27	Changes: investment companies
IFRS 14	Regulatory deferral account
IFRS 15	Revenue from contracts with customers

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 19 Austrian (30.4.2013: 21) and 40 foreign (30.4.2013: 43) fully consolidated subsidiaries over which Egger Holzwerkstoffe GmbH has management control and directly or indirectly owns more than 50% of the shares. One Austrian company (30.4.2013: one) and two foreign companies (30.4.2013: one) 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 2013/14 Egger Holzprodukte Vertriebs GmbH, St. Johann i.T., was merged into Fritz Egger Gesellschaft m.b.H, St. Johann i.T.; Egger Rumänien Beteiligungs GmbH, St. Johann i.T., was merged into Egger Osteuropa Beteiligungsverwaltung GmbH, St. Johann i.T.; Egger Elemente GmbH & Co. KG, Bünde, was merged into Egger Holzwerkstoffe Brilon GmbH & Co. KG, Brilon; Egger Elemente Beteiligungs-GmbH, Bünde, was merged into Egger Holzwerkstoffe Brilon Beteiligungs-GmbH, Brilon; and EGGER Energia S.R.L, Radauti, was merged into EGGER Romania S.R.L, Radauti. The transferring companies therefore ceased to exist as independent consolidated entities.

Fritz Egger Gesellschaft m.b.H, St. Johann i.T., acquired 10% of the shares in Hackgut Logistik & Handel GmbH, St. Pölten, for TEUR 2 and now owns 100% of the shares in this company.

In May 2013 EHWS Beteiligungs GmbH, St. Johann i.T., acquired a further 11,4% of Romainvest Yatirim ve Ticaret A.S, Gebze, and now holds 82,9% of the shares. The purchase price for this successive share purchase amounted to TEUR 10.936.

In Germany, Egger purchased 25,55% of the shares in the furniture component producer Horatec GmbH, Hövelhof. The initial at-equity valuation resulted in goodwill of TEUR 1.047, which is reported under investments in associates.

In France, Eco 3 Bois SAS, Venissieux, was founded by EGGER Panneaux & Décors SAS, Rion des Landes. EGGER Panneaux & Décors SAS holds 50% of the shares in Eco 3 Bois SAS and was recorded in the consolidated financial statements at cost based on the materiality threshold.

1.4. Basis of Consolidation

In accordance with IFRS 3, subsidiaries included for the first time are consolidated as of the acquisition date 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 reported as a separate position under equity. The share of annual profit after tax attributable to non-controlling interests is shown separately on the income statement.

A change in the amount of an investment in a subsidiary without a loss of control is accounted for as a transaction within equity. Accordingly, the difference between the cost of the additional shares and the proportional carrying amount of the non-controlling interests is 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 average rate in effect on the balance sheet date. Any resulting translation gains and losses are recognized to profit or loss in the respective 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, with the exception of Roma Plastik Sanayi ve Ticaret A.S. and Romainvest

Yatirim ve Ticaret A.S. whose functional currency is the Euro. The assets and liabilities (including goodwill and valuation adjustments resulting from initial consolidations) in the financial statements of the companies that do not report in the Euro are translated at the average rate in effect on the balance sheet date. 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. The income statement items are translated at the weighted average exchange rate for the financial year.

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

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

		Closing rate on		**Average rate for the year**	
		30.4.2014 EUR	30.4.2013 EUR	2013/14 EUR	2012/13 EUR
1	British Pound	1,21508	1,18443	1,18975	1,22227
100	Russian Rubles	2,02000	2,44900	2,20917	2,47883
1	New Romanian Leu	0,22470	0,23128	0,22474	0,22463

1.6. Significant Accounting Policies

The accounting and valuation methods applied by the Group remained unchanged from the previous year, with the exception of the initial application of new accounting rules that required mandatory application.

1.6.1. Property, plant and equipment, intangible assets and investment property

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 (CO_2 certificates) are recorded under intangible assets at their acquisition cost – which in this case equals zero because of the free allocation; 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 certified emission reduction certificates issued in Romania are recorded at their fair value, whereby any changes in fair value are recognized to profit or loss and reported on the income statement. The fair value of the Romanian certificates is based on the market price as of the balance sheet date. The sale of both types of certificates is reported under other operating income.

Customer relations obtained through a business combination are stated at their fair value as of the acquisition date. These customer relations 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 recognition criteria defined by IAS 38 were not met or the relevant amounts were immaterial. Research and development expenses totaled TEUR 5.808 in 2013/14 (2012/13: TEUR 5.512).

Intangible assets 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 comprises direct costs and an appropriate component of overhead. 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 respective 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 by applying 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.

Investment property is carried at acquisition or purchase cost less scheduled depreciation based on the useful life and any necessary impairment charges.

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 the 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.

Assets obtained through operating leases are attributed to the lessor. The related lease payments are expensed by the lessee on a straight-line basis over the lease term.

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 reported under current assets on the balance sheet and initially recognized as of the value date.

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 at least once each year 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 value.

The value in use corresponds to the present value of the estimated future cash inflows and outflows expected to be derived from the use of the asset, which are calculated by applying an ordinary market interest rate. The net realizable value represents the amount obtainable from the sale of an asset in a transaction between independent parties, less any costs necessary to make the sale. If it is not possible to identify independent cash surpluses for a particular asset, the asset is included in the next larger unit (cash-generating unit) for which independent cash surpluses can be determined.

Impairment charges are recognized through profit or loss. If the circumstances responsible for the 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. Borrowing costs 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 initially recognized at fair value and subsequently measured at amortized 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

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 end of employment, and equals up to 12 monthly salary or wage installments. A provision was created for this obligation based on calculations by an independent actuary.

The provision is determined by applying the projected unit credit method, which uses financial procedures to determine the present value of future payments for the periods in which the maximum claims are earned (25 years).

The current service cost and interest expense are included in the annual financial statements. Actuarial gains and losses are recorded in other comprehensive income without recognition through profit or loss in accordance with IAS 19.

For employees in the Austrian subsidiaries whose employment relationship started after January 1, 2003, a monthly contribution (1,53% of the gross wage or salary) is made to an employee severance compensation fund. The employees earn claims to severance compensation from the fund, and the company has no further obligations.

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 was 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 provision reported on the balance sheet represents the present value of the defined benefit obligation after the deduction of the fair value of plan assets. The required amount of the provision is calculated by independent actuaries as of each balance sheet date.

The actuarial gains and losses on pension obligations are recorded under other comprehensive income as required by IAS 19. The current service cost is included in personnel expenses, while the net interest expense is part of financial results.

The employees of the Austrian subsidiaries are entitled to a company pension under certain circumstances. The monthly payments for this **defined contribution obligation** are included in personnel expenses. The company has no further obligations above and beyond the employer contributions. The employees of the subsidiaries in England are entitled to a company pension after three months of employment if they also make a contribution. The company has no obligations apart from the employer contribution to the Standard Life pension fund, which equals 4,5% of the gross monthly salary.

Other long-term employee benefits

Contractual agreements in Austria and Germany require the company to pay 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. However, the current service cost, actuarial gains and losses and interest expense are recorded to the income statement.

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 the 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 defined by IAS 12 for 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 home 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. The corporate income tax rate in Great Britain was reduced to 21% (previously 23%).

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 initially recognized at the fair value of the consideration received and subsequently measured at amortized cost.

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. The financial instruments used by the Egger Group consist primarily of forward exchange contracts, interest rate swaps and interest rate options.

Derivative financial instruments are recognized at cost on the date the contract is concluded and measured at fair value in subsequent periods. The valuation models applied to derivatives reflect both the company's own credit risk and external credit risk. Unrealized changes in value are recognized to profit or loss.

Hedge accounting as defined in IAS 39 is applied to cash flow hedges. The portion of the gain or loss arising from a change in the value of a derivative financial instrument that is determined to be an effective hedge is recognized under equity and transferred to profit or

loss when the underlying transaction is realized. The ineffective portion of the gain or loss on the hedge is recognized immediately to profit or loss.

The accounting treatment for a fair value hedge includes the measurement at fair value through profit or loss of the derivative hedging instrument as well as the underlying transaction based on the hedged risk. Therefore, only the ineffective portion of the hedge is included in results for the period.

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 by applying standard calculation models and also incorporates 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 major 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 interest, dividends and similar income received from the investment of cash and cash equivalents and investments in financial assets 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

The preparation of the consolidated financial statements requires the estimation of certain amounts as well as the use of assumptions that influence the recording of assets and liabilities, the disclosure 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 years:

- The valuation of existing obligations for pensions, termination benefits 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. Tax regulations and their interpretation by the taxation authorities can change over time. The risk that any such changes could have an effect on the deferred tax assets recognized on loss carryforwards and recorded in these consolidated financial

statements (also see the carrying amounts under note 15 Income taxes) is appropriately estimated and continuously monitored by Group management.

— The assessment of risks arising from pending legal proceedings also incorporates a best possible estimate of the potential future payment outflows, which is based on the opinions of the involved experts.

— Judgments concerning the value of intangible assets, goodwill 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, intangible assets and investment property

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 30.4.2012	**755.375**	**1.859.684**	**112.527**	**47.082**	**2.774.667**
Foreign exchange increase/decrease	-5.041	-8.953	-705	-574	-15.273
Additions	32.890	37.700	17.820	58.152	146.561
Disposals	-6.720	-15.523	-8.021	-4	-30.268
Transfers	18.805	20.056	669	-39.478	52
Acquisition or production cost as of 30.4.2013	**795.308**	**1.892.963**	**122.290**	**65.178**	**2.875.740**
Foreign exchange increase/decrease	-16.176	-23.400	-2.070	-2.006	-43.652
Additions	30.000	68.112	18.512	77.973	194.597
Disposals	-6.681	-19.301	-8.256	-193	-34.430
Transfers	13.027	41.858	1.771	-56.740	-84
Acquisition or production cost as of 30.4.2014	**815.479**	**1.960.231**	**132.248**	**84.211**	**2.992.170**
Accumulated depreciation as of 30.4.2012	**-260.093**	**-1.193.029**	**-75.979**	**0**	**-1.529.102**
Foreign exchange increase/decrease	1.588	5.073	438	0	7.098
Scheduled depreciation	-31.755	-107.293	-12.549	0	-151.598
Disposals	6.053	15.089	7.198	0	28.340
Accumulated depreciation as of 30.4.2013	**-284.208**	**-1.280.161**	**-80.892**	**0**	**-1.645.261**
Foreign exchange increase/decrease	2.658	7.833	1.129	0	11.620
Scheduled depreciation	-31.836	-109.770	-13.813	0	-155.419
Disposals	6.249	18.106	6.266	0	30.620
Accumulated depreciation as of 30.4.2014	**-307.137**	**-1.363.993**	**-87.310**	**0**	**-1.758.440**
Carrying amount as of 30.4.2013	**511.100**	**612.803**	**41.398**	**65.178**	**1.230.479**
Carrying amount as of 30.4.2014	**508.342**	**596.239**	**44.938**	**84.211**	**1.233.730**

In accordance with IAS 17, property, plant and equipment obtained through leases are recorded under non-current assets if the lease agreement substantially transfers the risks and benefits of ownership to the lessee. The carrying amount of these assets includes TEUR 5.894 (30.4.2013: TEUR 6.413) for land and buildings, TEUR 171 (30.4.2013: TEUR 456) for machinery and equipment and TEUR 278 (30.4.2013: TEUR 484) for other equipment, furniture, fixtures and office equipment. At the end of the lease, ownership of the asset is transferred to the lessee. The liabilities arising from these leases are reported under financial liabilities.

Additions to property, plant and equipment include TEUR 1.585 (30.4.2013: TEUR 506) of capitalized interest. Borrowing costs averaged 3,8% for the reporting year.

Land and buildings include land with a carrying amount of TEUR 91.300 (30.4.2013: TEUR 81.800).

INTANGIBLE ASSETS	Licenses	Goodwill	Customer relationships	Other intangible assets	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition or production cost as of 30.4.2012	**14.597**	**88.710**	**21.450**	**7.111**	**131.868**
Foreign exchange differences	6	-1.282	0	-332	-1.609
Additions	1.055	0	74	0	1.129
Disposals	-123	0	0	0	-123
Transfers	-52	0	0	0	-52
Acquisition or production cost as of 30.4.2013	**15.483**	**87.428**	**21.524**	**6.779**	**131.213**
Foreign exchange differences	-48	-4.583	0	-1.187	-5.818
Additions	1.391	0	0	0	1.391
Disposals	-87	0	0	0	-87
Transfers	84	0	0	0	84
Acquisition or production cost as of 30.4.2014	**16.824**	**82.844**	**21.524**	**5.591**	**126.783**
Accumulated amortization as of 30.4.2012	**-11.313**	**0**	**-6.186**	**-296**	**-17.795**
Foreign exchange differences	-2	0	0	18	16
Ordinary amortization	-1.049	0	-3.103	-343	-4.494
Disposals	122	0	0	0	122
Accumulated amortization as of 30.4.2013	**-12.243**	**0**	**-9.288**	**-621**	**-22.152**
Foreign exchange differences	30	0	0	426	457
Ordinary amortization	-1.255	0	-3.112	-3.709	-8.076
Disposals	42	0	0	0	42
Accumulated amortization as of 30.4.2014	**-13.425**	**0**	**-12.401**	**-3.904**	**-29.729**
Carrying amount as of 30.4.2013	**3.240**	**87.428**	**12.235**	**6.158**	**109.061**
Carrying amount as of 30.4.2014	**3.398**	**82.844**	**9.123**	**1.688**	**97.053**

The forestry rights in Gagarin (Decorative Segment), which are included under other intangible assets, were reduced through an impairment charge of TEUR 3.403 during the reporting year. This impairment charge reflects the reduction of forestry activities due to forestry-related circumstances.

Goodwill comprises the following:

	Carrying amount on 30.4.2014 TEUR	Carrying amount on 30.4.2013 TEUR
Egger Beschichtungswerk Marienmünster GmbH & Co. KG	1.522	1.522
Egger Benelux GCV	1.197	1.197
Roma Plastik Sanayi ve Ticaret A.S.	58.545	58.545
OOO Egger Drevprodukt Gagarin	21.580	26.163
	82.844	**87.428**

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 includes discounting the expected cash flows defined by medium-term planning for the next five years.

Assumptions for the calculation of the value in use:

	Roma Plastik		Egger Gagarin	
	30.4.2014	30.4.2013	30.4.2014	30.4.2013
Growth rate	3% - 9%	5% - 9%	5% - 6%	5% - 7%
Growth rate perpetual annuity	1%	1%	1%	1%
Pre-tax discount rate	9,2%	9,6%	9,2%	9,6%

Impairment testing did not indicate a need for any impairment charges to goodwill in 2013/14. Realistic possible changes in the key parameters (a 1% change in the discount rate and growth rate) that formed the basis for the determination of the recoverable amount by management would also not have led to the recognition of any impairment charges to goodwill.

INVESTMENT PROPERTY	Land and buildings TEUR
Acquisition or production cost as of 30.4.2012	**3.581**
Additions	0
Disposals	0
Acquisition or production cost as of 30.4.2013	**3.581**
Additions	0
Disposals	0
Acquisition or production cost as of 30.4.2014	**3.581**
Accumulated depreciation as of 30.4.2012	**-1.218**
Scheduled depreciation	-59
Disposals	0
Accumulated depreciation as of 30.4.2013	**-1.277**
Scheduled depreciation	-58
Disposals	0
Accumulated depreciation as of 30.4.2014	**-1.335**
Carrying amount as of 30.4.2013	**2.304**
Carrying amount as of 30.4.2014	**2.246**

The fair value of TEUR 2.347 (30.4.2013: TEUR 2.450) was determined by an income capitalization method (Level 3). The expenses arising from investment property amounted to TEUR 138 in 2013/14 (2012/13: TEUR 203), and income totaled TEUR 131 (2012/13: TEUR 133).

(2) Securities and financial assets

Non-current financial assets

	Acquisition value 30.4.2014 TEUR	Accumulated incr./decr. in value 30.4.2014 TEUR	Carrying amount 30.4.2014 TEUR	Carrying amount 30.4.2013 TEUR
Securities carried at fair value through profit or loss	2.486	-125	2.361	3.340
Other financial assets	15.818	-3.900	11.918	12.172
Loans due from				
Third parties	10.601	-520	10.081	535
Subsidiaries	609	0	609	114
	29.514	**-4.545**	**24.969**	**16.161**

Securities consist primarily of shares in funds. The carrying amount of these items reflects fair value. Net unrealized gains of TEUR 1 were included under income from financial investments during the reporting year (2012/13: gains of TEUR 35).

Securities and current financial assets

Current financial assets of TEUR 196 (30.4.2013: TEUR 102) represent loans with a remaining term of less than one year and TEUR 907 (30.4.2013: TEUR 0) represent allocated emission certificates with a remaining term of up to one year.

(3) Shares in associates

	Carrying amount 30.4.2013 TEUR	Additions TEUR	Results for the year TEUR	Distributions TEUR	Carrying amount 30.4.2014 TEUR
Shares in associates	12	1.745	-12	0	1.745

The carrying amount is related primarily to Horatec GmbH (production of furniture components), Hövelhof. The annual financial statements of Horatec that formed the basis for valuation were prepared in accordance with the German Commercial Code. However, the deviations from IFRS were not considered significant. These annual financial statements show assets of TEUR 4.068, liabilities of TEUR 3.084 and net profit of TEUR 236 as of the balance sheet date.

(4) Other assets

	Total 30.4.2014 TEUR	Thereof remaining term Over 1 year TEUR	Under 1 year TEUR	Total 30.4.2013 TEUR	Thereof remaining term Over 1 year TEUR	Under 1 year TEUR
Other assets						
Due from third parties	32.655	15.555	17.100	30.972	15.850	15.122
Tax credits (non-income based taxes)	23.181	0	23.181	23.430	0	23.430
Suppliers with debit balances	7.824	0	7.824	6.999	0	6.999
Accrued emission certificates	1.093	0	1.093	0	0	0
Due from subsidiaries of other private foundations	934	0	934	2.826	0	2.826
Due from subsidiaries	42	0	42	309	0	309
Due from associates	31	0	31	2	0	2
Derivative financial assets	4.353	4.333	20	38	0	38
Prepaid expenses	2.640	158	2.482	2.092	230	1.862
	72.750	**20.045**	**52.705**	**66.667**	**16.080**	**50.587**

Other assets due from third parties consist chiefly of insurance claims, government grants that have been approved but not yet received, compensation for damages and prepayments on expenses. The disputed receivables written off in 2010/11 amounted to TEUR 5.604 and remained unchanged during the reporting year (30.4.2013: TEUR 5.604).

Information on derivative financial instruments is provided under point 4.1.

(5) Inventories

	30.4.2014 TEUR	30.4.2013 TEUR
Raw materials and supplies	164.771	137.860
Semi-finished goods	18.577	15.846
Finished goods and merchandise	146.153	134.206
	329.500	**287.911**

Write-downs of TEUR 8.538 (30.4.2013: TEUR 6.977) were recorded to inventories during the reporting year.

Of the total inventories, TEUR 9.110 (30.4.2013: TEUR 15.159) are carried at net realizable (proceeds on sale less sales deductions and any future production or selling costs).

(6) Trade receivables

	30.4.2014 TEUR	30.4.2013 TEUR
Trade receivables		
Due from third parties	77.291	76.760
Due from subsidiaries	2.857	2.479
Due from associates	67	0
	80.214	**79.238**

Valuation adjustments of TEUR 8.953 were recognized to trade receivables during the reporting year (30.4.2013: TEUR 8.327).

Trade receivables totaling TEUR 202.256 were sold through factoring in 2013/14 (30.4.2013: TEUR 193.922). In accordance with IAS 39, trade receivables are not recognized if income, control and the major risks are transferred to the buyer.

The residual risk from the factoring contract resulted in an obligation of TEUR 111 as of 30.4.2014 (30.4.2013: TEUR 122), which is reported under other liabilities (fair value, Level 3). The Egger Group recognized expenses of TEUR 2.684 in this connection during the reporting year (2012/13: TEUR 2.464).

The maximum risk of loss for the Egger Group – which in this case represents the residual risk from the partial acceptance of default risk for the receivables sold and derecognized as of 30.4.2014 – totaled TEUR 30.905 (30.4.2013: TEUR 32.443). This amount reflects the maximum default risk for all transferred receivables.

(7) Cash and cash equivalents

	30.4.2014 TEUR	30.4.2013 TEUR
Cash on hand	67	76
Deposits with financial institutions	174.547	160.557
Cash pooling	1.201	1.202
	175.814	**161.835**

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

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 **issued capital** of Egger Holzwerkstoffe GmbH totals TEUR 11.509 and remains unchanged in comparison with the prior year.

In October 2013 Egger Holzwerkstoffe GmbH issued a **perpetual bond** (hybrid bond) with a total nominal value of EUR 100 million (transaction costs: EUR 1,2 million). In accordance with IFRS, this bond is reported as equity. It has a perpetual term and a fixed coupon of 7% for the first three years, and can be cancelled by the company for the first time in October 2016. If the bond is not cancelled, the coupon will change to the four-year swap rate on 12.10.2016 plus a fixed step-up of 6.56% for the period from October 2016 to October 2020. If the bond is not cancelled after seven years, the coupon will change to variable interest at a rate equal to the three-month EURIBOR plus a step-up. The cancellation rights of bondholders are excluded. This bond represents subordinated debt issued by the company.

The interest payments, which are deductible for tax purposes, are due each year on 14.10. The issuer is entitled to postpone these interest payments under certain circumstances, which are defined in the terms of the bond. Interest will not be paid on any outstanding interest payments. However, the issuer is required to pay the current interest (plus any outstanding interest payments) when:

- interest, other distributions or payments (including payments for a buyback) on instruments with an equal or subordinate ranking are approved or paid within 12 months prior to the date on which interest on the bond is due; or
- the perpetual bond is redeemed, or
- the ratio of (i) investments and acquisitions to (ii) depreciation exceeds 150%.

Egger uses cash flow hedges to manage the risk arising from fluctuating interest rates on the cash flows from variable interest liabilities. Interest rate swaps of TEUR 0 (30.4.2013: TEUR -530) were recorded under reserves. Forward exchange contracts were concluded to

hedge direct foreign exchange risk. No hedges were recorded under reserves at the end of the reporting year.

(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 -29.059 (30.4.2013: TEUR -17.884) 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 30.4.2014 TEUR	Carrying amount 30.4.2013 TEUR
Bond 2010-17	120.000	7 years	3 years	5,750 %	5,849 %	fixed	**120.476**	**119.547**
Bond 2011-18	200.000	7 years	4 years	5,625 %	5,722 %	fixed	**199.249**	**199.054**
Bond 2012-19	150.000	7 years	5 years	4,500 %	4,530 %	fixed	**153.276**	**149.709**

In February 2010 (2009/10 financial year) Egger Holzwerkstoffe GmbH issued a 5,75% fixed coupon bond with a volume of EUR 120 million. The bond has a seven-year term ending in February 2017. Interest payments are due each year in February. The fair value of the bond totals TEUR 128.400 (30.4.2013: TEUR 129.900, Level 1).

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 ending in March 2018. Interest payments are due each year in March. The fair value of the bond equals TEUR 218.000 (30.4.2013: TEUR 218.900, Level 1).

In October 2012 Egger Holzwerkstoffe GmbH issued a 4,50% fixed coupon bond with a volume of EUR 150 million. The bond has a seven-year term ending in October 2019.

Interest payments are due each year October. The fair value of the bond totals TEUR 158.625 (30.4.2013: TEUR 158.475, Level 1).

(11) Financial liabilities

	Total	Thereof remaining term		
	30.4.2014 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Financial liabilities owed to credit institutions				
Bank loans	346.759	76.001	211.316	59.442
Accrued interest	9.772	0	0	9.772
	356.531	**76.001**	**211.316**	**69.213**
Other financial liabilities				
Finance leases	358	0	222	136
Cash pooling liabilities / settlement liabilities due to				
Subsidiaries	5.094	0	0	5.094
	5.452	**0**	**222**	**5.230**
	361.983	**76.001**	**211.538**	**74.443**

	Total	Thereof remaining term		
	30.4.2013 TEUR	Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Financial liabilities owed to credit institutions				
Bank loans	403.598	166.000	186.641	50.957
Accrued interest	8.303	0	0	8.303
	411.901	**166.000**	**186.641**	**59.260**
Other financial liabilities				
Finance leases	483	0	330	153
Cash pooling liabilities / settlement liabilities due to				
Subsidiaries	4.405	0	2.357	2.048
	4.888	**0**	**2.687**	**2.201**
	416.789	**166.000**	**189.328**	**61.461**

All bank loans were concluded in Euros.

No collateral was provided for financial liabilities during the reporting year (30.4.2013: TEUR 0).

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

Type of financing	Carrying amount 30.4.2014 TEUR	Fair value 30.4.2014 TEUR	Effective interest rate 2013/14 %	Interest rate fixed/variable
Bank loans	272.759	278.820	3,52	fix
	73.999	73.999	2,14	variable
	346.759	**352.820**		

Finance lease liabilities comprise the following:

	Total 30.4.2014 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Present value	358	0	222	136
Interest	33	0	18	16
Payment amount	**391**	**0**	**240**	**152**

(12) Other liabilities

	Total 30.4.2014 TEUR	Thereof remaining term Over 5 years TEUR	1 to 5 years TEUR	Under 1 year TEUR
Other liabilities				
Due to third parties	18.901	0	331	18.570
Due to employees	35.180	0	0	35.180
Outstanding customer bonuses	21.350	0	0	21.350
Due to subsidiaries of other private foundations	13	0	0	13
Due to subsidiaries	266	0	0	266
Taxes (non-income based taxes)	15.781	0	0	15.781
Social security	7.097	0	0	7.097
Derivative financial instruments (liabilities)	104	0	0	104
Deferred income	498	0	0	498
	99.190	**0**	**331**	**98.859**

	Total 30.4.2013 TEUR	Thereof remaining term Over 5 years TEUR	Over 5 years TEUR	Over 5 years TEUR
Other liabilities				
Due to third parties	20.675	0	479	20.196
Due to employees	33.578	0	0	33.578
Outstanding customer bonuses	23.887	0	0	23.887
Due to subsidiaries of other private foundations	42	0	0	42
Due to subsidiaries	811	0	0	811
Taxes (non-income based taxes)	17.053	0	0	17.053
Social security	7.963	0	0	7.963
Derivative financial instruments (liabilities)	950	0	793	157
Deferred income	803	0	1	802
	105.761	**0**	**1.273**	**104.488**

Information on derivative financial liabilities is provided under point 4.1.

(13) Government grants

Government grants developed as follows during the 2013/14 financial year:

	Balance on 1.5.2013 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2014 TEUR
Government grants	22.424	-13	3.920	-4.203	-1	**22.127**

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 1.5.2013 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2014 TEUR
Provisions for termination benefits	23.621	0	4.195	-1.415	0	26.401
Provisions for pensions	25.307	484	3.435	-2.145	0	27.082
Other provisions for employees	17.706	0	1.625	-2.415	0	16.916
Other non-current provisions	188	0	0	0	-13	175
	66.824	**484**	**9.256**	**-5.975**	**-13**	**70.574**

The calculations are based on the following **actuarial assumptions**:

	30. April 2014	30. April 2013
Discount rate	3,30 – 4,50	3,81 – 4,30
Increase in wages/salaries	2,95	2,95
Increase in pensions	2,20	2,10
Retirement age	Based on legal regulations	
Biometric calculation base:		
Austria	AVÖ 2008-P	AVÖ 2008-P
Great Britain	135% S2PXA YOB CMI_2013 1,5%	170% PNA00 YOB LC 1%

Sensitivity analyses

The most important actuarial assumptions involve the discount rate and the future increase in wages/salaries and pensions. The following sensitivity analyses show the effects of changes in the actuarial assumptions. The simulation procedure involves changing one assumption at a time while holding the others constant.

Sensitivity analysis as of 30.4.2014	Change in assumption	Change in obligation Increase TEUR	Decrease TEUR
Termination benefits			
Discount rate	+ / - 1 %	4.665	3.736
Increase in wages/salaries	+ / - 1 %	4.385	3.707
Pension benefits (fund-financed)			
Discount rate	+ / - 1 %	13.009	10.295
Increase in wages/salaries	+ / - 1 %	1.246	1.087
Increase in pensions	+ / - 1 %	3.749	3.300

Provisions for termination benefits

	30.4.2014 TEUR	30.4.2013 TEUR
Present value (DBO) of obligation = provision recognized as of May 1	23.621	18.275
Service cost	969	772
Interest expense	960	892
Recognized to profit or loss (income statement)	**1.929**	**1.664**
Revaluation based on change in financial assumptions	3.906	3.167
Revaluation based on change demographic assumptions	94	169
Revaluation based on change in experience-based assumptions	-1.735	1.255
Recognized to other comprehensive income	**2.266**	**4.591**
Termination payments	-1.415	-908
Present value (DBO) of obligation = provision recognized as of April 30	**26.401**	**23.621**

The present value of the obligation includes severance compensation payments of TEUR 503 (30.4.2013: TEUR 1.280), which were previously classified under other non-current employee-related provisions.

The obligation to pay severance compensation exposes Egger to actuarial risks, e.g. interest rate and salary/wage risks. The estimated payments for these benefits on termination by the company or retirement at the standard age total TEUR 453 for 2014/15. The severance compensation obligations have a weighted average term of 20 years.

Provisions for pensions

One Austrian subsidiary has a defined benefit pension that guarantees eligible employees retirement benefits for life. The circle of beneficiaries, which is now closed, earns 1,5% of the last salary as a pension claim for each year of service with the company, up to a maximum of 40% of the last salary or a maximum of 80% of the last salary plus legal retirement benefits. VBV-Pensionskasse AG manages the contributed assets and secures the future pension payments. The employer's monthly contributions are based on the amount that would allow payment of the promised benefits. This calculation is based on an annual increase of 3% in wages/salaries, but does not include an inflation-related increase in pensions. Insufficient coverage for the plan can lead to subsequent contributions by the company. When the employees retire, the capital accumulated in the pension fund is converted to a lifelong pension and the employer's obligations end.

VBV-Pensionskasse AG is a legally independent pension fund which is subject to the provisions of the Austrian Pension Fund Act. Decisions on the investment strategy are made by an investment committee in which Egger is represented. This pension plan exposes Egger to actuarial risks, e.g. interest rate, investment, salary and longevity risk.

The English subsidiaries have a defined benefit pension plan that guarantees retirement benefits to the eligible employees for life. The circle of beneficiaries, which was closed in 2002, earned 1/80, respectively 1/60 of the last salary as a pension claim for each year of service with the company. The employer's monthly contributions to the Egger (UK) Pension Scheme are based on the amount that would allow payment of the promised benefits. This calculation includes an inflation-linked increase in pension payments. Insufficient coverage for the plan leads to subsequent contributions by the company.

The Egger (UK) Pension Scheme is managed by the pension plan's trustee. The investment strategy is defined by a committee of eligible employees. This pension plan exposes Egger to actuarial risks, e.g. interest rate, investment, longevity and inflation risk.

Reconciliation with the provisions recorded on the balance sheet	30.4.2014 TEUR	30.4.2013 TEUR
Present value (DBO) of the fund-financed obligation	70.778	68.142
Fair value of plan assets	-47.534	-46.083
Net liability of the fund-financed obligations	23.244	22.059
Present value (DBO) of the obligation not covered by fund assets	3.838	3.248
Provisions recognized as of April 30	**27.082**	**25.307**

Of the fund-financed obligation, TEUR 3.899 (30.4.2013: TEUR 3.350) are attributable to the pension plan with VBV-Pensionskasse AG, Vienna, and TEUR 19.345 (30.4.2013: TEUR 18.709) to the Egger (UK) Pension Scheme.

Development of the present value (DBO) of the obligation	30.4.2014 TEUR	30.4.2013 TEUR
Present value (DBO) of the obligation as of May 1	71.390	66.223
Service cost	513	380
Interest expense	3.059	3.131
Recognized to profit or loss (income statement)	**3.572**	**3.510**
Revaluation based on change in financial assumptions	-668	5.835
Revaluation based on change demographic assumptions	-1.109	0
Revaluation based on change in experience-based assumptions	2.014	341
Recognized to other comprehensive income	**237**	**6.176**
Pension payments	-2.145	-2.381
Currency translation differences	1.561	-2.138
Present value (DBO) of the obligation as of April 30	**74.616**	**71.390**

Development of the fair value of plan assets	30.4.2014 TEUR	30.4.2013 TEUR
Fair value of plan assets as of May 1	46.083	42.124
Theoretical interest income	1.936	2.005
Difference between the actual income on plan assets and the theoretical interest income	-1.562	3.971
Fund – contributions	1.767	1.528
Pension payments by the fund	-1.736	-2.131
Currency translation differences	1.046	-1.414
Fair value of plan assets as of April 30	**47.534**	**46.083**

Composition of plan assets	30.4.2014 TEUR		30.4.2013 TEUR	
	Listed	Not listed	Listed	Not listed
Equity instruments:				
Europe	12.069	0	11.407	0
North America	2.535	0	2.388	0
Asia and Pacific	1.746	0	1.654	0
Other	5.035	0	4.875	0
Fixed-interest securities:				
Government bonds	2.557	0	2.731	0
Corporate bonds	22.323	0	21.789	0
Cash and cash equivalents	727	0	605	0
Other	162	380	152	483
Total	**47.534**		**46.083**	

The estimated fund contributions for the fund-financed pension obligations in 2014/15 total TEUR 1.845.

The pension obligations have a weighted average term of nine years (VBV-Pensionskasse AG, 30.4.2013: nine years), respectively 19 years (Egger (UK) Pension Scheme, 30.4.2013: 19 years).

Other non-current employee provisions

	30.4.2014 TEUR	30.4.2013 TEUR
Present value (DBO) of the obligation = provisions recognized as of May 1	17.706	15.735
Service cost	1.231	1.500
Interest expense	797	772
Revaluation based on change in financial assumptions	1.267	1.502
Revaluation based on change demographic assumptions	38	74
Revaluation based on change in experience-based assumptions	-1.708	231
Recognized to profit or loss (income statement)	**1.625**	**4.079**
Long-service bonuses or payments for semi-retirement programs	-2.415	-2.108
Present value (DBO) of the obligation = provisions recognized as of April 30	**16.916**	**17.706**

The other non-current employee provisions include the provisions for long-service bonuses and the provisions for semi-retirement programs for older employees.

Of the provision for semi-retirement programs, TEUR 1.728 (30.4.2013: TEUR 2.708) is secured by collateral in the form of fund shares.

(15) Income taxes

Income taxes comprise the following:

	2013/14 TEUR	2012/13 TEUR
Income taxes paid	6.536	15.472
Deferred taxes	15.326	-6.316
	21.862	**9.156**

Income taxes paid include TEUR 2.495 (2012/13: TEUR 252) of taxes resulting from equity items, which represent outstanding interest payments on the perpetual bond, the hedging reserve and currency translation differences on net investments.

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

	30.4.2014		30.4.2013	
	Deferred tax assets TEUR	Deferred tax liabilities TEUR	Deferred tax assets TEUR	Deferred tax liabilities TEUR
Property, plant and equipment	7.444	29.083	8.240	30.334
Intangible assets	2.729	3.353	2.228	4.172
Financial assets	1.184	31	1.915	34
Other assets	173	105	129	161
Financial liabilities	5	25	21	61
Provisions	9.843	195	9.119	0
Other liabilities	2.335	34	2.633	25
Equity (perpetual bond)	266	0	0	0
Special depreciation for tax purposes	55	3.742	68	4.118
Tax loss carryforwards	30.486	0	48.091	0
Non-current deferred taxes (subtotal)	**54.520**	**36.568**	**72.444**	**38.905**
Inventories	2.390	694	1.686	680
Trade receivables	422	63	382	145
Other assets	2.050	1.278	861	179
Financial liabilities	16	1	30	0
Trade payables	42	0	0	0
Other liabilities	402	50	624	76
Provisions	581	0	98	0
Current deferred taxes (subtotal)	**5.903**	**2.086**	**3.681**	**1.080**
Deferred tax assets/liabilities	**60.423**	**38.654**	**76.125**	**39.985**
Offset within legal tax units and jurisdictions	-25.359	-25.359	-25.824	-25.824
Deferred taxes (net)	**35.064**	**13.295**	**50.301**	**14.161**

Transition to deferred income tax expense

	TEUR	TEUR	TEUR
Deferred tax assets as of 30.4.2013	50.301		
Deferred tax liabilities as of 30.4.2013	-14.161	36.140	
Deferred tax assets as of 30.4.2014	35.064		
Deferred tax liabilities as of 30.4.2014	-13.295	21.769	
Change in deferred taxes during 2013/14			**14.371**
Currency translation difference			-289
Changes recognized directly in equity			1.244
Deferred income tax expense			**15.326**

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 where it is probable that sufficient taxable profit will be available to utilize these carryforwards within the next five to seven years. The use of loss carryforwards is limited to ten years for companies in Russia and to seven years for companies in Romania. 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:

	2013/14		2012/13	
	TEUR	%	TEUR	%
Profit before tax	100.553		85.027	
Thereof income tax at a rate of 25%	25.138	25,0	21.257	25,0
Decrease / increase in taxes due to				
Other tax rates	-2.548	-2,5	-544	-0,6
Tax expense and income from prior periods	6.613	6,6	1.782	2,1
Changes in tax rates	626	0,6	88	0,1
Non-deductible expenses	1.632	1,6	2.659	3,1
Amortization of goodwill for tax purposes	-3.183	-3,2	-3.183	-3,7
Tax-deductible interest on risk capital	-6.980	-6,9	-7.780	-9,2
Changes in estimates	0	0,0	-5.560	-6,5
Tax-free income	-1.591	-1,6	-1.489	-1,8
Other	2.156	2,1	1.926	2,3
Effective tax expense	**21.862**	**21,7**	**9.156**	**10,8**

In 2013/14 tax expense and income from prior periods includes TEUR 8.582 of taxes resulting from tax audits for 2009 to 2013.

(16) Trade payables

	30.4.2014 TEUR	30.4.2013 TEUR
Trade payables		
Due to third parties	204.179	187.236
Due to subsidiaries of other private foundations	121	81
Due to subsidiaries	172	278
Due to associates	78	29
	204.549	**187.624**

(17) Current provisions

	Balance on 1.5.2013 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.4.2014 TEUR
Provisions for legal proceedings and legal costs	651	0	0	-12	-115	**524**
Other current provisions	4.551	-179	2.501	-233	-3.210	**3.430**
	5.202	**-179**	**2.501**	**-246**	**-3.325**	**3.954**

The additions to other current provisions include TEUR 2.267 for measures related to the reduction of forestry activities in Gagarin.

The legal proceedings against EGGER Romania S.R.L, Radauti, for delayed submission of emission certificates were decided in favor of EGGER and the accrued penalty of TEUR 3.177 was reversed.

(18) Revenues and segment reporting

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

These 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 edgings and laminates.
Retail:	Production and sale of laminated flooring.
Building:	Production and sale of OSB boards and sawn timber.

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, 2014				
	Decorative TEUR	Retail TEUR	Building TEUR	Consoli-dation TEUR	Total TEUR
Third party revenues	1.680.265	277.709	260.688	0	2.218.662
Inter-company revenues	63.584	59.733	35.582	-158.899	0
	1.743.850	**337.442**	**296.270**	**-158.899**	**2.218.662**
Segment results (EBITDA)	244.536	30.315	37.414	0	312.265
Depreciation	126.748	14.479	22.269	0	163.496
Segment assets	1.761.665	195.069	314.493	-213.885	2.057.342
Segment liabilities	1.152.857	169.468	151.170	-200.346	1.273.149
Capital expenditure	169.884	6.299	19.806	0	195.988

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

	April 30, 2013				
	Decorative TEUR	Retail TEUR	Building TEUR	Consoli-dation TEUR	Total TEUR
Third party revenues	1.646.674	313.655	220.918	0	2.181.247
Inter-company revenues	93.234	56.163	29.893	-179.291	0
	1.739.908	**369.818**	**250.811**	**-179.291**	**2.181.247**
Segment results (EBITDA)	263.515	27.542	12.172	0	303.229
Depreciation	120.528	14.649	20.915	0	156.092
Segment assets	1.835.847	213.946	290.468	-334.412	2.005.849
Segment liabilities	1.297.925	190.323	161.187	-330.042	1.319.394
Capital expenditure	113.953	7.176	26.562	0	147.690

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.

	Western Europe TEUR	Central and Eastern Europe plus Russia TEUR	Other countries TEUR	Consoli-dation TEUR	Total TEUR
30.4.2014					
Third party revenues	1.345.733	739.453	133.476	0	2.218.662
30.4.2013					
Third party revenues	1.308.793	755.967	116.486	0	2.181.247

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

	2013/14 TEUR	2012/13 TEUR
Income from investment property	131	133
Gains on the sale of property, plant and equipment	798	464
Use of government grants	4.202	3.691
Miscellaneous operating income	29.061	37.231
	34.193	**41.519**

Miscellaneous operating income consists primarily of reimbursements for damages, income from recycling, expenses charged out, compensation for damages, proceeds from the sale of emission certificates and rental income.

(20) Cost of materials and services

	2013/14 TEUR	2012/13 TEUR
Cost of materials	1.275.915	1.250.405
Cost of services	7.857	6.536
	1.283.773	**1.256.942**

(21) Personnel expenses

	2013/14 TEUR	2012/13 TEUR
Wages	143.635	139.710
Salaries	106.520	103.788
Expenses for pensions	2.026	2.215
Expenses for termination payments and contributions to external employee pension funds	1.424	1.014
Payroll-related taxes and duties	57.481	55.990
Other employee benefits	4.750	5.285
	315.836	**308.003**

The average number of employees is as follows:

	2013/14	2012/13
Production and logistics	6.045	5.937
Sales and administration	1.170	1.150
	7.215	**7.087**

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

(22) Other operating expenses

	2013/14 TEUR	2012/13 TEUR
Freight	160.516	161.683
Temporary personnel	38.706	41.839
Legal and consulting fees	14.360	12.655
Miscellaneous taxes	13.427	13.470
Advertising	11.140	11.842
Lease and rental fees	8.509	8.366
Insurance	6.997	7.119
Losses on the disposal of non-current assets	2.260	980
Expenses arising from investment property	138	203
Miscellaneous operating expenses	103.768	104.576
	359.820	**362.732**

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

	2013/14 TEUR	2012/13 TEUR
Interest expense	41.281	51.262
Interest expense on provisions for employee benefits	2.880	2.790
Interest income	-1.121	-1.424
Currency translation gains/losses from financing	5.962	6.350
Income/expenses from financial derivatives	2	382
	49.004	**59.359**

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

Part of the fixed-interest bond financing was converted to variable interest through interest rate swaps. The following table shows the changes in the underlying transactions and hedging instruments that were recognized to profit or loss for fair value hedges.

	2013/14 TEUR	2012/13 TEUR
From hedged items (underlying transactions)	4.333	0
From hedging instruments	-4.333	0
Ineffectiveness	**0**	**0**

(24) Income from financial investments

	2013/14 TEUR	2012/13 TEUR
Realized income/loss on securities (net income)	52	7
Unrealized income/loss on securities (net income)	1	35
Expenses arising from other financial assets	0	-3.900
Income from investments in other companies and from the disposal of other financial assets	747	1.116
	800	**-2.742**

The expenses arising from other financial assets in 2012/13 resulted from the write-off of a participation right.

Since all securities are carried at fair value through profit or loss, the above results are attributable entirely to this category of financial instruments. The income and expenses from other financial assets are attributable to the category of “measured at amortized cost”.

(25) Additional information on the statement of comprehensive income

Income and expenses recognized directly in equity – **reclassification**:

	2013/14 TEUR		2012/13 TEUR	
Revaluation of obligations arising from post-employment benefits for employees:				
Change recognized directly in equity	-3.088	-3.088	-5.100	-5.100
Currency translation differences:				
Change in translation reserve arising from foreign currency translation	-44.115		-7.964	
Reclassification to the income statement	191	-43.924	0	-7.964
Change in cash flow hedge (interest rate swap):				
Change recognized directly in equity	114		9	
Reclassification to the income statement	416	530	1.041	1.050
Change in cash flow hedge (forward exchange contract):				
Change recognized directly in equity	0		-155	
Reclassification to the income statement	0	0	155	0
Total income and expenses recognized directly in equity		**-46.482**		**-12.015**

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

	2013/14 TEUR			2012/13 TEUR		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Revaluation of obligations arising from post-employment benefits for employees	-4.066	978	-3.088	-6.796	1.696	-5.100
Currency translation differences	-45.637	1.713	-43.924	-8.555	591	-7.964
Cash flow hedge (interest rate swap)	707	-177	530	1.400	-350	1.050
Total income and expense recognized directly in equity	**-48.996**	**2.514**	**-46.482**	**-13.951**	**1.937**	**-12.015**

The testing of hedges in 2013/14 and 2012/13 did not reveal any ineffectiveness that required recognition through profit or loss.

3. Risk Report

Principles of risk management

Egger is an international industrial corporation that operates production facilities in Europe (incl. Russia and Turkey). The Group is therefore exposed to a wide range of risks, which are analyzed within the framework of a comprehensive risk management system. 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 positions of the Egger Group and to also identify future opportunities to generate earnings and realize growth. A decentralized organizational and management structure in connection with increasing geographical diversification allows the Egger 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. The risk management system is coordinated centrally at the Group level and continuously expanded and improved. 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 in the Group's key business regions, 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 most important operating and strategic risks. The quantitative and qualitative effects of the major risks for Egger and the probability of their occurrence are identified, assessed and documented in regular strategy meetings. Risk management activities are concentrated on the major risks, which are analyzed and monitored regularly together with designated "risk owners". Financial risks, e.g. interest rate and foreign exchange risks, are analyzed and appraised by the corporate treasury department each quarter based on revised forecast data.

A risk aggregation process ("Monte Carlo simulation") at the Group level is used to estimate the overall risk to which the Group is exposed. This system simulates and evaluates various scenarios based on a five-year forecast. It incorporates the uncertainties associated with forecast assumptions and thereby allows for a high degree of planning certainty. The

simulation of various scenarios shows the expected values for performance indicators (e.g. EBITDA) and identifies the risk-related ranges for these indicators. The system also supports the transparent valuation and documentation of individual risks. Risk management in the Egger Group includes a focus on financial covenants as well as internal value management indicators that were selected to provide a reasonable benchmark for operations and long-term growth. 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 framework 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 at Egger represents an integral part of all decisions and business processes.

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. The 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 for the next 12 months.

Interest rate and foreign exchange risk

The risks arising from changes in interest rates are generally related to debt instruments. As part of the general risk analysis, a risk position is calculated for the expected interest rate risk arising from borrowings under the assumption that the financing structure is comprised entirely of variable interest instruments. The parameters for this analysis also include interest rates that reflect the terms of the various instruments as well as diversification effects (correlations) and a 95% probability of occurrence.

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 regular business operations of the Group are associated with foreign exchange risk on cash transactions, above all in AUD, CHF, GBP, PLN, RUB and TRY. Free cash flows in GBP, RON, RUB 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 can be 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.

Planned revenues and planned free cash flows form the starting point for the risk analysis. The foreign exchange risks are simulated individually based on the implied volatility of diversification effects (correlations) and a defined probability of occurrence, and then added to determine the total foreign exchange risk.

The final step in the risk analysis involves a reciprocal simulation of the interest rate and foreign exchange risks based on the related diversification effects (correlations) and the calculation of the overall financial risk position.

The risk position is limited by the use of forward exchange contracts (for foreign exchange risks) and by interest rate swaps, forward rate agreements and the conclusion of fixed-interest borrowings (for interest rate risk) if the risk position exceeds the Group's risk capacity.

The derivative financial instruments used to hedge interest rate and foreign exchange risk are included in the list of financial instruments. 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 monitored on the basis of a monthly analysis. Translation risk is only hedged when the potential risk would result in an equity ratio of less than 25%.

Sensitivity of foreign exchange and interest rate positions

If EUR-interest rates had been 100 basis points higher or lower on April 30, 2014 and assuming all other variables remained constant, profit after tax would have been TEUR 1.013 (2012/13: TEUR 593) lower or higher. This change would have resulted primarily from the higher or lower interest expense on variable interest financial liabilities. A fluctuation of 100 basis points in EUR-interest rates would have changed equity by TEUR 295 (2012/13: TEUR 931).

If the exchange rate between the EUR and the above-mentioned key currencies for Egger had been 10% higher or lower on April 30, 2014, and assuming all other variables remained constant, profit after tax for the reporting year would have been TEUR 4.433 (2012/13: TEUR 2.502) lower or TEUR 4.635 (2012/13: TEUR 3.495) higher. This change would have resulted primarily from the following factors: currency translation gains/losses on foreign currency-denominated trade receivables, cash and cash equivalents, financial liabilities, trade payables and derivative financial instruments. The effect on equity would be the same, with the exception of a related change in the translation reserve.

Liquidity risk

Liquidity risk represents a danger to the continuing 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 all times. 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 weekly forecasts, liquidity planning for 18 months and medium-term planning for five years. Budgeted short-term liquidity requirements are covered by cash balances, which include a pre-determined liquidity reserve. Medium-term requirements are safeguarded by pre-arranged lines of credit and individual financing agreements.

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

	Cash flows in TEUR					
	Total	Under 6 months	6 – 12 months	1 – 2 years	2 – 5 years	Over 5 years
Balance on 30.4.2014						
Bonds	576.200	6.750	18.150	24.900	369.650	156.750
Financial liabilities owed to credit institutions	391.091	50.147	19.907	11.222	231.063	78.753
Trade payables	204.549	202.353	95	0	2.101	0
Derivative financial instruments	104	104	0	0	0	0
Contractual cash flows	**1.171.945**	**259.354**	**38.152**	**36.122**	**602.814**	**235.503**
Balance on 30.4.2013						
Bonds	601.100	6.750	18.150	24.900	387.800	163.500
Financial liabilities owed to credit institutions	461.695	53.625	9.888	76.690	148.896	172.595
Trade payables	187.624	180.540	157	11	6.916	0
Derivative financial instruments	906	511	258	138	0	0
Contractual cash flows	**1.251.325**	**241.426**	**28.453**	**101.738**	**543.612**	**336.095**

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 an average deductible of approx. 15% (30.4.2013: ca 15%). The maximum risk of default is TEUR 59.658 (30.4.2013: TEUR 59.194).

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 major fluctuations in earnings to the greatest extent possible, the Group pursues a strategy of geographic, product and branch 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 depending on the market situation. In order to provide the best possible protection for price risks, the Group monitors procurement markets continuously, minimizes fluctuations with appropriate stock levels and concludes long-term contracts with its suppliers. Supply independence is further improved by the in-house production of adhesives and resins. Moreover, the increasing use of environmentally friendly bio-mass power plants minimizes 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, organizes support from other Egger production facilities as needed and safeguards supplies of key raw materials through long-term delivery contracts wherever possible.

Production and warehouse capacity is monitored regularly on the basis of rolling quarterly forecasts. Any necessary adjustments to reflect the market situation are made over the medium-term through appropriate measures in the sales area and the adjustment of production volumes.

All investments and growth projects must meet pre-defined return and profitability targets, and are monitored regularly to ensure these targets are met. Efficient and effective monitoring is guaranteed by clearly defined value management principles, indicators, investment calculation models and an integrated investment management process.

4. Additional Disclosures

4.1. Financial instruments

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

Derivative financial instruments comprise the following:

	30.4.2014			30.4.2013		
	Cur-rency	Nominal value in thous.	Fair value TEUR	Cur-rency	Nominal value in thous.	Fair value TEUR
Interest rate swaps with negative fair value	EUR	25.000	-98	EUR	3.000	-86
Interest rate swaps with negative fair value – cash flow hedges	EUR	0	0	EUR	27.556	-707
Interest rate swaps with positive fair value – fair value hedges	EUR	270.000	4.333	EUR	0	0
Forward exchange contracts	AUD	186	0	AUD	0	0
	CHF	1.860	-3	CHF	0	0
	GBP	45.379	0	GBP	42.124	-147
	PLN	33.707	11	PLN	29.085	12
	RON	7.536	3	RON	29.367	26
	USD	2.899	2	USD	0	0
Other derivative financial instruments	EUR	0	0	EUR	85	-10
			4.248			**-912**

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	30.4.2014 Carrying amount MEUR	30.4.2014 Fair value MEUR	30.4.2013 Carrying amount MEUR	30.4.2013 Fair value MEUR
ASSETS						
Financial assets						
Securities at fair value through profit or loss	FAFVTPL	1	2,4	2,4	3,3	3,3
Allocated emission certificates	FAFVTPL	1	0,9	0,9	0,0	0,0
Other financial assets (B)	AFS/FAAC		11,9	-	12,2	-
Originated loans (D)	LAR		10,8	-	0,8	-
			26,1		**16,3**	
Other assets						
Due from third parties (D)	LAR		32,7	-	31,0	-
Accrued emission certificates	FAFVTPL	1	1,1	1,1	0,0	0,0
Tax credits (non-income based taxes) (C)			23,2	-	23,4	-
Suppliers with debit balances (D)	LAR		7,8	-	7,0	-
Due from subsidiaries of other private foundations (D)	LAR		0,9	-	2,8	-
Due from subsidiaries (D)	LAR		0,0	-	0,3	-
Derivative financial assets	FAFVTPL	2	4,4	4,4	0,0	0,0
Prepaid expenses (D)	LAR		2,6	-	2,1	-
			72,8		**66,7**	
Trade receivables (D)	LAR		**80,2**	-	**79,2**	-
Cash and cash equivalents (D)	LAR		**175,8**	-	**161,8**	-
Aggregated by valuation category						
Financial assets measured at amortized cost	*FAAC*		*11,9*		*12,2*	
Financial assets at fair value through profit or loss	*FAFVTPL*		*8,8*		*3,3*	
Loans and receivables	*LAR*		*310,8*		*285,0*	
LIABILITIES						
Bonds and financial liabilities	FLAC		**835,0**	873,1	**885,1**	934,8
Other liabilities						
Due to third parties (D)	FLAC		18,8	-	20,6	-
Residual risk from factoring	FLFVTPL	3	0,1	0,1	0,1	0,1
Due to employees (D)	FLAC		35,2	-	33,6	-
From unpaid customer bonuses (D)	FLAC		21,4	-	23,9	-
Due to subsidiaries (D)	FLAC		0,3	-	0,8	-
From taxes (non-income based taxes) (C)			15,8	-	17,1	-
From social security (C)			7,1	-	8,0	-
Derivative financial liabilities	FLFVTPL	2	0,1	0,1	1,0	1,0
Deferred income (D)	FLAC		0,5	-	0,8	-
			99,2		**105,8**	
Trade payables (D)	FLAC		**204,5**	-	**187,6**	-
Aggregated by valuation category						
Financial liabilities measured at amortized cost	*FLAC*		*1.115,7*		*1.152,4*	
Financial liabilities at fair value through profit or loss	*FLFVTPL*		*0,2*		*1,1*	

(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.

(C) Not a financial instrument.

(D) The carrying amount approximates fair value.

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.

Additional information on other liabilities, Level 3 (residual risk from factoring), is not provided because the amounts are immaterial.

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

4.2. Other Obligations and Uncertain Liabilities

Supply contracts

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

Obligations as of 30.4.2014	Total	Thereof due		
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	9.958	2	5.860	4.096
Rental agreements	11.835	5.610	4.621	1.604
	21.793	**5.612**	**10.481**	**5.700**

Obligations as of 30.4.2013	Total	Thereof due		
		Over 5 years	1 to 5 years	Under 1 year
	TEUR	TEUR	TEUR	TEUR
Operating leases	10.509	64	6.173	4.272
Rental agreements	9.390	4.699	3.658	1.033
	19.899	**4.763**	**9.831**	**5.305**

Lease and rental expenses totaled TEUR 8.509 in 2013/14 (2012/13: TEUR 8.366).

Uncertain liabilities

Innovation implies that intangible property rights, above all technical property rights, can be relevant for business activities. Patent discussions occur frequently 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 disagreements, both actively and passively. However, the Group works to limit the related legal risks through a corporate headquarters department and close cooperation with external consultants as well as the conclusion of licensing agreements where appropriate.

Certain subsidiaries of Egger Holzwerkstoffe GmbH are also parties to various legal proceedings arising from ordinary business activities. Provisions were created 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.

Contingent liabilities

Egger Holzwerkstoffe GmbH, St. Johann i.T., holds liabilities of TEUR 24.553 (30.4.2013: TEUR 30.152) for options related to the non-controlling interests in Romainvest Yatirim ve Ticaret A.S, Gebze.

Egger Holzwerkstoffe GmbH is subject to foreign tax systems. There is a low probability that pending proceedings could result in a charge of EUR 3,6 million (30.4.2013: EUR 4,1 million) for Egger.

4.3. Auditor's Fees

The fees charged by the Group auditor comprise TEUR 111 (2012/13: TEUR 112) 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 TEUR 40 (2012/13: TEUR 52) for other services.

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 at the end of the notes. All transactions between subsidiaries of Egger Holzwerkstoffe GmbH are eliminated during the consolidation.

The shareholders of Egger Holzwerkstoffe GmbH are MFE Vermögensverwaltung Privatstiftung, the investment "FM Deutschland" – Privatstiftung, the investment "FM England" – Privatstiftung, Fritz Egger, Michael Egger, TAL Verwaltungs GmbH, Walter Schiegl and Ulrich Bühler. In addition, there are other private foundations that were directly or indirectly established by members of the Egger family. These foundations are listed below:

– Beteiligung "FM Getränke" – Privatstiftung, Vienna
– METHME Privatstiftung, Vienna
– Privatstiftung FE, Vienna

These three 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.

As of April 30, 2014 a liability of TEUR 4.920 (30.4.2012: TEUR 6.817) was due and payable to Fritz Egger, Brunnhof, St. Johann i.T., in connection with property transactions. All other business relations with related persons are immaterial.

Top management comprised 97 persons (30.4.2013: 92) who received salaries totaling TEUR 14.065 during the reporting year (2012/13: TEUR 12.926).

The members of the Managing Board in 2013/14 are listed below:

Thomas Leissing
Walter Schiegl
Ulrich Bühler

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

4.5. Events after the Balance Sheet Date

No significant events occurred after the balance sheet date.

4.6. 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 it faces.

St. Johann i.T, July 11, 2014

Walter Schiegl	Thomas Leissing	Ulrich Bühler
CTO, Production, Engineering and Procurement	Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources	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 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	St. Johann i.T.	EUR	35	100,00	Full consolidation
EHWS Beteiligungs GmbH	St. Johann i.T.	EUR	35	100,00	Full consolidation
Egger Ost Management GmbH	St. Johann i.T.	EUR	35	100,00	Full consolidation
Egger Konstruktiv Beteiligungs GmbH	St. Johann i.T.	EUR	35	100,00	Full consolidation
Beteiligung “FM International” GmbH	St. Johann i.T.	EUR	35	94,90	Full consolidation
Fritz Egger Beteiligungsverwaltung GmbH	St. Johann i.T.	EUR	35	94,90	At cost
Ortswärme St. Johann in Tirol GmbH	St. Johann i.T.	EUR	500	24,67	At cost
Hackgut Logistik & Handel GmbH	St. Pölten	EUR	100	94,90	Full consolidation
Österreichische Novopan Holzindustrie OG	Leoben	EUR	2.907	47,45	Equity method
Egger France SAS	Rion des Landes	EUR	2,000	94,90	Full consolidation
EGGER Panneaux & Décors SAS	Rion des Landes	EUR	30.000	94,90	Full consolidation
Eco 3 Bois SAS	Venissieux	EUR	100	47,45	At cost
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 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	30.406	82,90	Full consolidation
Roma Plastik Sanayi ve Ticaret A.S.	Gebze	EUR	27.347	82,90	Full consolidation
Egger Orman Ürünleri A.S.	Gebze	TRY	53	100,00	At cost
Egger Benelux GCV	Zulte	EUR	754.740	100,00	Full consolidation
Egger Benelux Management BVBA	Zulte	EUR	19	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	90.641	94,86	Full consolidation
Egger Holzwerkstoffe Brilon GmbH & Co. KG [1/2]	Brilon	EUR	1.063	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 Kunststoffe Beteiligungs-GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Sägewerk Brilon GmbH	Brilon	EUR	25	94,86	Full consolidation
Egger Forst GmbH	Brilon	EUR	25	94,86	Full consolidation
Romaplastik Deutschland GmbH	Brilon	EUR	25	94,86	At cost
Horatec GmbH	Hövelhof	EUR	69	24,24	Equity method
Egger Holzwerkstoffe Wismar GmbH & Co. KG [1]	Wismar	EUR	1.000	94,86	Full consolidation
Egger Holzwerkstoffe Wismar Beteiligungs GmbH	Wismar	EUR	26	94,86	Full consolidation
Egger Kunststoffe GmbH & Co. KG [1]	Gifhorn	EUR	282	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	513	94,86	Full consolidation
Timberpak GmbH	Lehrte	EUR	25	94,86	Full consolidation
EGGER Romania S.R.L.	Radauti	RON	960.201	100,00	Full consolidation
Egger Technologia S.R.L.	Radauti	RON	90.871	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	39.385	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-Methode
OOO „Egger Drevprodukt Shuya“	Shuya	RUB	1.839.511	100,00	Full consolidation
OOO Egger Drevprodukt Gagarin	Gagarin	RUB	6.340.935	100,00	Full consolidation
Egger Productos de Madera Limitada	Sanitago	CLP	16.600	94,86	At cost
Egger Scandinavia APS	Tistrup	DKK	200	94,90	At cost
Egger Polska Sp.z.o.o.	Poznan	PLN	65	94,90	At cost
Egger Baltic UAB	Vilnius	LTL	10	100,00	At cost
Egger CZ s.r.o.	Hradec Kralove	CZK	100	94,90	At cost
TOV Egger Holzwerkstoffe	Cherniwzi	UAH	1.632	100,00	At cost
IOOO Egger Drevplit	Minsk	BYR	44.000	100,00	At cost
Egger Holzwerkstoffe Schweiz GmbH	Kriens	CHF	100	94,90	At cost
Fritz Egger Kabushiki Kaisha	Tokyo	JPY	5.000	94,90	At cost
Egger Australasia Pty Ltd	Sydney	AUS	45	94,90	At cost

1 These 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.

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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, for the fiscal year from May 1, 2013 to April 30, 2014. These consolidated financial statements comprise the consolidated balance sheet as of April 30, 2014, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended April 30, 2014, and the notes to the consolidated financial statements.

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

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with the statutory provisions of Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of April 30, 2014 and of its financial performance and its cash flows for the fiscal year from May 1, 2013 to April 30, 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

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

Vienna, July 11, 2014

PwC Wirtschaftsprüfung GmbH

signed:

Aslan Milla
Austrian Certified Public Accountant

Bestätigungsvermerk

Bericht zum Konzernabschluss

Wir haben den beigefügten Konzernabschluss der Egger Holzwerkstoffe GmbH, St. Johann in Tirol, für das Geschäftsjahr vom 1. Mai 2013 bis 30. April 2014 geprüft. Dieser Konzernabschluss umfasst die Konzernbilanz zum 30. April 2014, die gesonderte Konzern-Gewinn- und Verlustrechnung, die Konzerngesamtergebnisrechnung, die Konzerngeldflussrechnung und die Konzerneigenkapitalveränderungsrechnung für das am 30. April 2014 endende Geschäftsjahr sowie den Konzernanhang.

Verantwortung der gesetzlichen Vertreter für den Konzernabschluss und für 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 (IFRS), wie sie in der EU anzuwenden sind, und den nach § 245a UGB zu beachtenden unternehmensrechtlichen Vorschriften 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 Grundsätze ordnungsgemäßer Abschlussprüfung sowie der vom International Auditing and Assurance Standards Board (IAASB) der International Federation of Accountants (IFAC) herausgegebenen International Standards on Auditing (ISA) 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 von den gesetzlichen Vertretern vorgenomme-

nen 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 2014 sowie der Ertragslage des Konzerns und der Zahlungsströme des Konzerns für das Geschäftsjahr vom 1. Mai 2013 bis zum 30. April 2014 in Übereinstimmung mit den International Financial Reporting Standards (IFRS), 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.

Wien, den 11. Juli 2014

PwC Wirtschaftsprüfung GmbH

Mag. Dr. Aslan Milla
Wirtschaftsprüfer