

Success. Our definition.

ANNUAL FINANCIAL REPORT 2011



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### Declaration of the Management Board 214

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# Management Report 2011

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## General Market Environment<sup>1</sup>

Global economic growth slowed down considerably in the course of 2011. The International Monetary Fund (IMF)<sup>2</sup> estimated average global economic growth to be 3.8% for the year under review (2010: 5.2%). Growth perspectives significantly deteriorated, especially as a consequence of the sovereign debt crisis in the eurozone which impacts economic activity in the rest of the world.

The IMF predicted GDP growth of 1.6% for the Western industrialized nations in 2011. In contrast, the IMF forecast for the developing and emerging countries was an average growth rate of 6.2% in 2011. But growth turned out to be weaker than expected in these emerging markets due to restrictive credit policies.

The original growth forecasts published by the IMF for 2012 were revised downwards to an average of 3.3%. Experts in the USA anticipate a growth rate of 1.8% in 2012 in the Western industrialized markets, whereas the economy in the eurozone is expected to contract by 0.5%. On balance, GDP in the Western industrialized markets should expand by 1.2% in 2012. The IMF predicts economic growth of 5.4% in the developing and emerging countries in the year 2012. China and India will continue to provide the biggest impetus to the global economy, with forecasts showing GDP growth in the two countries of between seven and eight percent in 2012.

## New all-time high for fiber production

Global fiber demand in 2011 was particularly driven by the rapid population growth and increase in prosperity in the emerging markets.

According to preliminary estimates, global fiber production rose by 4.1% to 79.1 mn tons in 2011. This comprises a new record figure, which once again significantly surpassed the fiber production volumes of previous years.

Cotton production could be increased by 6.7% to 26.8 mn tons. Accordingly, the total cotton harvest once again reached the comparable record levels achieved in the years 2006 and 2007, but could not substantially surpass these yields. As a consequence, experts do not expect cotton production in the coming years to be raised to the same extent as in the past, due to the limited availability of arable land. Moreover, China has already announced a 10% reduction in the land dedicated to cotton cultivation for 2012. Worldwide cotton cultivation intensively competes with acreage devoted to more productive plants such as soybeans and various grains required to fulfill growing demand for food, feed and biofuels.

Wool production stagnated at an annual production estimated at about one million tons.

## Increased chemical fiber production

Preliminary figures show an increase in global chemical fiber production of 2.9% in 2011, to 51.2 mn tons, thus setting a new record once again. The synthetic fiber polyester accounted for close to three-quarters (73%) of total chemical fiber production. The comparable figures for man-made cellulose fibers (viscose, modal, lyocell, acetate etc.) show production rising by 4.2% in 2011 to a new record level of 4.6 mn tons.

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<sup>1</sup> CIRFS, Fiber Economics Bureau, The Fiber Year, PCI, Lenzing Estimates (Initial estimates can deviate considerably from the final figures.)

<sup>2</sup> IMF, World Economic Outlook Update, January 2012

As in past years, growth in 2011 was once again driven by demand in China, which accounted for 31.3 mn tons or approximately 61% of the world's chemical fiber production.

### Record production volume for man-made cellulose fibers

The new record production level of 4.6 mn tons of man-made cellulose fibers (+4.2% from 2010) can be primarily attributed to the 6.1% increase in viscose staple fibers to 3.3 mn tons (2010: 3.1 mn). Furthermore, there was a 1.9% decline in the production of filaments and a slight rise in acetate output of 0.2%.

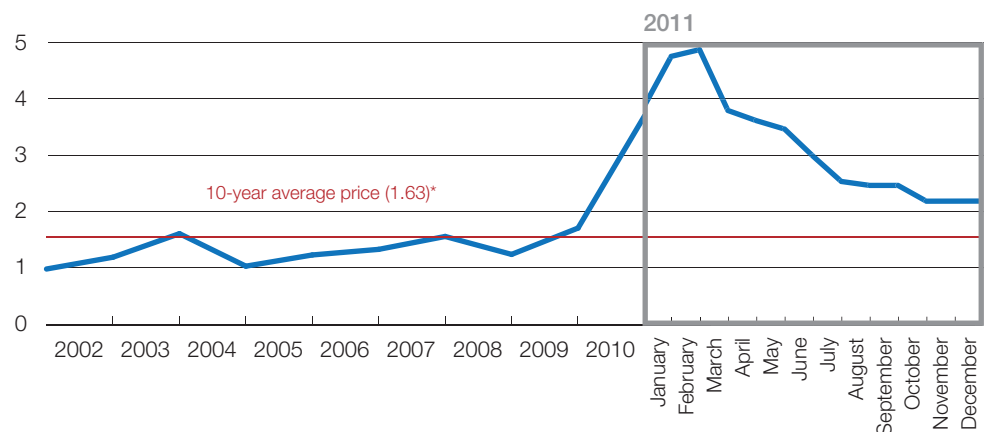
Asia and Europe are responsible for more than 90% of worldwide viscose staple fiber manufacturing. Production growth was 8.8% in China, 6.0% in Indonesia and 5.4% in India.

### Fiber prices

Strong demand in the light of limited availability led to an unprecedented price rally for cotton in 2011. The selling price for cotton was about 171 US cents per pound at the beginning of 2011. Cotton prices reached their absolute all-time high in March 2011 at 244 US cents per pound. Following a good cotton harvest, prices decreased and leveled off at an average between 95 and 115 US cents per pound in the period August to December 2011<sup>1</sup>. The lowest selling price during the reporting year was approximately 92 US cents per pound in the middle of December 2011.

### Development of cotton price

Cotton A-Index – in USD/kg



<sup>1</sup> This corresponds to 74 US cents per pound, the customary price quotation in cotton trading

Source: Cotton Outlook

# Management Report 2011

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The selling prices for polyester, the most important chemical fiber with respect to total production volume, initially rose at the beginning of 2011 due to strong demand but ultimately leveled off in the course of the year to a lower average selling price.

The first half of 2011 also featured a strong upward movement of viscose staple fiber prices as a result of strong demand in Asia, but viscose selling prices were not subject to the same extreme price fluctuations as cotton. This resulted in viscose fibers being traded at an atypical price discount vis-à-vis cotton in the first three quarters of 2011, featuring price reductions which even reached a level of 30% during the first quarter of the year. The longstanding price premium for viscose staple fibers of 10-15% above the corresponding cotton prices first applied once again in the fourth quarter of 2011. The global viscose fiber market was clearly oversold until the second quarter, with the situation normalizing in the third and fourth quarters, enabling the textile pipeline to be filled once again.

## Development of the Lenzing Group

In 2011, the Lenzing Group seamlessly continued its dynamic growth path of previous years. In spite of a significant weakening of the global fiber market in the second half of 2011, Lenzing once again achieved double-digit percentage growth rates in 2011 with respect to both sales and earnings. For the first time, the company surpassed the sales threshold of EUR 2 bn. Operating margins also improved again from the already high level of 2010, and reached absolute record levels.

Consolidated sales in the reporting year 2011 rose by 21.2% to EUR 2.14 bn, up from EUR 1.77 bn in the previous year. A total of about 13 percentage points of this dynamic sales increase can be attributed to higher average fiber selling prices in Lenzing's core fiber segment, whereas approximately four percentage points are the result of higher fiber shipment volumes. Growth was also due to the first-time twelve-month full consolidation of the pulp plant Biocel Paskov, which was acquired in May 2010, as well as higher sales in all other business areas.

The core Segment Fibers accounted for 90.0% of consolidated sales, whereas the two smaller segments, the Segment Plastics Products generated 8.0%, the Segment Engineering contributed 1.9% and Others accounted for 0.1% (based on external sales).

Consolidated EBITDA (earnings before interest, tax, depreciation and amortization) amounted to EUR 480.3 mn, a rise of 45.3% from the prior-year figure of EUR 330.6 mn. The EBITDA margin reached an absolute all-time high of 22.4% (2010: 18.7%). The margin development was primarily due to the outstanding earnings situation of the Lenzing Group in the first half-year 2011, when high fiber prices related to market overheating served as the basis for record earnings. The ratio of net financial debt to EBITDA was only 0.33 at the reporting date, which is a particularly low level for a capital-intensive industry such as man-made cellulose fiber production.

There was a slightly disproportionate increase in the cost of material and other purchased services, which rose to EUR 1.28 bn compared to EUR 1.03 bn in the previous year. This development is due to the higher fiber production volumes as well as increased raw material costs for wood, pulp, chemicals and energy. Thus the cost of material and other purchased services climbed by 24.0% from the prior-year level, but was only slightly higher than sales growth. The cost of material comprised 59.6% of sales in the 2011 financial year (2010: 58.2%).



Personnel expenses, up 10.8% to EUR 287.1 mn from EUR 259.2 mn in the year 2010, rose at a disproportionately low rate compared to the increase in sales. At the end of 2011, the total number of employees was 6,444 people. The comparable figure for 2010 was 6,143, which already no longer included 387 employees from the discontinued operations in the Business Unit Filaments. Personnel expenses comprised 13.4% of sales (2010: 14.7%). Other operating expenses could be reduced by 6.1% from 2010, to EUR 204.6 mn, which is primarily related to the very high allocations in 2010.

The earnings before interest and tax (EBIT) climbed by 56.9%, to EUR 364.0 mn (2010: EUR 231.9 mn). This corresponds to an EBIT margin of 17.0% (2010: 13.1%), also a new absolute all-time high achieved by Lenzing.

A significant rise in the income from investments in associates, especially from the minority holding EQUI-Fibres, which also profited from the fiber boom, served as the basis for an improvement of the finance result from EUR -12.9 mn to EUR -11.9 mn, in spite of the slightly higher financing costs, which rose from EUR 16.1 mn to EUR 23.9 mn. The average interest rate for financial liabilities was 3.2% (2010: 2.9%).

As a consequence of these developments, the Lenzing Group generated earnings before tax (EBT) of EUR 351.9 mn, the highest in the company's history and an increase of 62.3% compared to EUR 216.9 mn in the previous year.

The strong improvement in earnings led to a doubling of the income tax to EUR 84.6 mn (2010: EUR 40.2 mn). The profit for the period after taxes for continuing operations climbed 51.4% to EUR 267.4 mn in the 2011 financial year, up from EUR 176.7 mn in the 2010 financial year.

The profit for the year attributable to shareholders of Lenzing AG of EUR 258.7 mn (2010: EUR 159.1 mn) corresponded to earnings per share of EUR 9.88 following EUR 6.19 per share in 2010, calculated on the basis of the weighted average number of shares for the particular period. Thus the earnings per share attributable to Lenzing AG shareholders rose by about 60% year-on-year.

### Strong financial position as the basis for further growth

Adjusted equity<sup>1</sup> rose to EUR 1,048.1 mn at the end of 2011, an increase of 38.2% from the prior-year level of EUR 758.8 mn. This corresponded to an adjusted equity ratio of 44.8% of total assets, up from 38.6%. The main reasons were the very good earnings development in the Group, as well as the increase in the capital reserves of Lenzing AG as a result of the capital increase carried out in 2011.

Despite the current level of capital expenditure, the net financial debt of the Lenzing Group was reduced by almost half, declining from EUR 307.2 mn at the end of 2010 to EUR 159.1 mn at the end of 2011. Accordingly, net gearing further decreased, from 40.5% to 15.2%.

Total liquid funds<sup>2</sup> at the disposal of the Lenzing Group increased once again, rising to EUR 493.8 mn at the reporting date of December 31, 2011. Unused lines of credit totaled approximately EUR 250 mn, the same as at the end of 2010. Thus Lenzing continues to be optimally prepared for the implementation of its strategic investment program, even in the light of considerable uncertainties on financial markets.

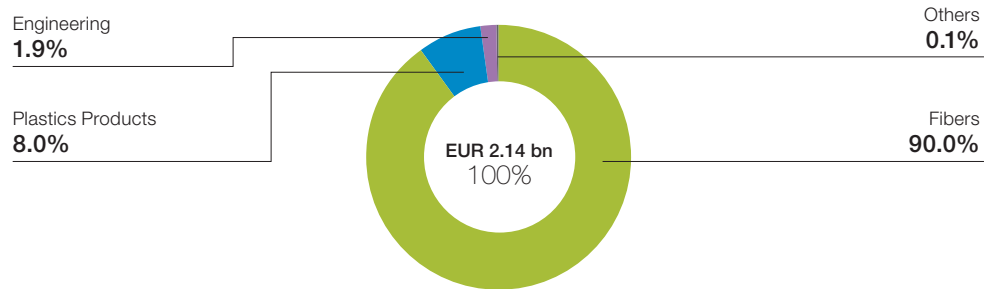
<sup>1</sup> Equity including government grants less prop. deferred taxes    <sup>2</sup> Includes cash and cash equivalents as well as marketable securities

# Management Report 2011

Capital expenditures of the Lenzing Group amounted to EUR 196.3 mn in the 2011 financial year, somewhat below the comparable figure of EUR 230.0 mn in the previous year, which had included the acquisition costs for Biocel Paskov. The contractually binding orders placed for the delivery of property, plant and equipment totaling EUR 105.5 mn as at December 31, 2011 was almost double the prior-year level. Similar to the investment activity in 2010, investment activity in the 2011 financial year focused on the expansion of fiber and pulp production capacities as well as infrastructure investments at the production sites. In particular, this applied to the Nanjing (China) plant, where the second expansion stage came on stream in the middle of 2011, and the Lenzing (Austria) site. Moreover, Lenzing also invested in the upgrading of its Paskov pulp plant (Czech Republic).

## Sales by segment

### Lenzing Group



## Segment Fibers

The business development of the Segment Fibers in 2011 was characterized by strong demand for Lenzing fibers, which was fueled even more by record cotton prices in the first half of the year. The market for standard viscose fibers significantly cooled off in the second half of 2011. This trend did not influence fiber shipment volumes but Lenzing's selling prices. The specialty fibers Lenzing Modal® and TENCEL® as well as the nonwovens sector were hardly impacted by this development.

In 2011 as a whole, Lenzing succeeded in raising average prices for all Lenzing fibers by close to 17% compared to the previous year, to EUR 2.22 per kilogram. The large-scale market success of the specialty fibers Lenzing Modal® and TENCEL® enabled Lenzing to partially detach itself from the volatile market trends of 2011.

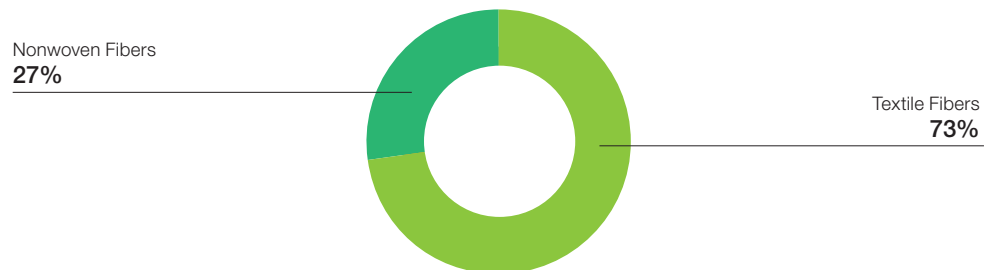
The overall very good volume demand for both textile and nonwoven fibers in 2011 once again confirmed the appropriateness of the Lenzing Group's ongoing capacity expansion program. All fiber production capacities were operating at over 95% of capacity throughout the entire year. The largely empty inventories at the beginning of the year were filled somewhat, but generally fiber stocks were at a low level. The additional fiber volumes produced by the second expansion



stage of Lenzing's viscose fiber plant in Nanjing (China), which came on stream in the middle of 2011 as scheduled, could also be sold at the discounted selling prices typical for the initial ramp-up phase. Higher demand for Lenzing Modal® fibers served as the basis for increasing capacity at the Lenzing site by close to 50% in the course of the year to more than 100,000 tons annually. Similarly, the TENCEL® fibers manufactured at the Heiligenkreuz/Burgenland facility were also successfully placed on the market. The plant had been subject to a capacity expansion drive concluded in the spring of 2011, which boosted annual production to about 60,000 tons p.a.

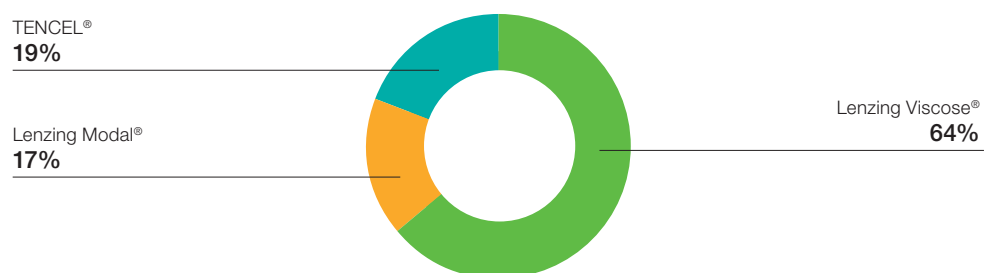
## Segment Fibers

### Sales by business unit



## Segment Fibers

### Sales by product group



## Sales and earnings development

Higher production and shipment volumes, the initial twelve-month full consolidation of the Paskov pulp plant as well as increased trading volumes enabled segment sales to rise from EUR 1,584.3 mn in 2010 to EUR 1,927.6 mn in 2011. This corresponds to a growth rate of 21.7%. Segment EBITDA improved to EUR 458.6 mn year-on-year, a rise of 47.0% from the prior-year level of EUR 312.1 mn. The EBITDA margin of the Segment Fibers climbed from 19.7% to 23.8%.

# Management Report 2011

**Left:** The planned construction of a TENCEL® plant in Lenzing is an important milestone for the Lenzing site.

**Top right:** The second expansion phase of the viscose fiber plant in Nanjing (China) came on stream in the second half of 2011.

**Bottom right:** Construction of the fifth production line at Lenzing's Indonesian subsidiary PT. South Pacific Viscose (SPV) was launched in the middle of 2011.



## New fiber capacities put into operation

The current fiber capacity expansion program was determinedly continued in 2011. The nominal annual capacity of the Lenzing Group correspondingly rose by about 8% to 770,000 tons at the turn of the year 2011/12 from the comparable figure of 710,000 tons at the beginning of 2011. Fiber shipment volumes were up 5.3% year-on-year to close to 713,000 tons.

The focal point was the coming on stream of the second expansion phase of the viscose fiber plant in Nanjing (China) in the second half of 2011. Construction lasted about one year, entailing investments of approximately EUR 53 mn. The ramp-up phase proceeded according to plan, so that the targeted qualities and volumes were available on the Chinese market in the course of the fourth quarter. The expansion program raised annual nominal capacity of the Nanjing facility from about 80,000 tons p.a. to some 140,000 tons of viscose fibers per year at present. Investments of about USD 18 mn will enable capacity to be increased by an additional 20,000 tons p.a. to 160,000 tons annually. This project will be concluded in the first half of 2012.

At the Heiligenkreuz/Burgenland site (Austria), the production capacity of 60,000 tons annually of TENCEL® fibers, which had been increased from the factory's former capacity of 50,000 tons, was available throughout the whole of 2011. The TENCEL® production plant in Grimsby (Great Britain) was converted to the TENCEL® specialty fiber A100 in 2011 thanks to appropriate investments. Construction of the fifth production line at Lenzing's Indonesian subsidiary PT. South Pacific Viscose (SPV) was launched in the middle of 2011. This new "jumbo line" involving an investment volume of about USD 130 mn will be designed to achieve an annual production capacity of 80,000 tons of viscose fibers. As a result, total capacity at SPV will climb to 325,000 tons at the beginning of the year 2013, making SPV the largest single viscose fiber plant in the world. These additional fiber volumes will be primarily sold on the local market in Indonesia.

In 2011, considerable progress was made in concluding the extensive administrative and approval procedures with public authorities overseeing the new viscose fiber production site in Patalganga (India), so that project implementation should begin in the course of 2012.

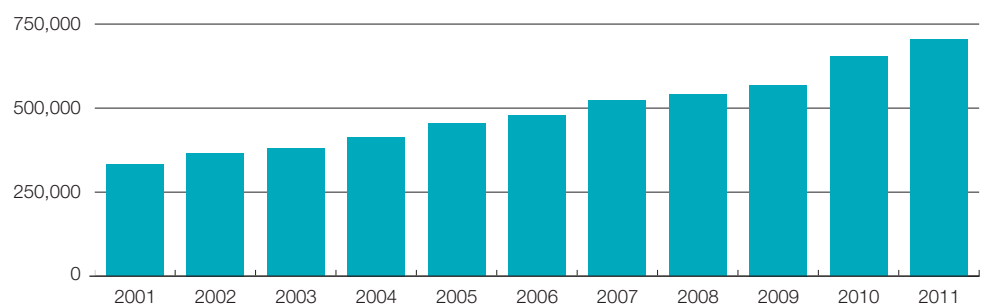
As mentioned above, investments for expanding Lenzing Modal® production capacities at the Lenzing site in 2011 were implemented in a timely manner so that approximately 100,000 tons of Lenzing Modal® fibers from this plant will be available in the future.

Furthermore, Lenzing initiated the licensing and approval process required as the basis for constructing the first TENCEL® production plant at the Lenzing site. This new facility should boast an annual nominal capacity of about 60,000 tons of TENCEL® fibers. Total investments will amount to about EUR 130 mn, to be accompanied by an expansion of the overall infrastructure. The TENCEL® factory in Lenzing is of considerable strategic importance for the sustainable further development of the Lenzing site, and is also a response to growing demand for TENCEL® fibers in both the textile and nonwovens sectors in Europe as well as overseas.

TENCEL® production in Lenzing will create 110 new jobs and be put into operation after a construction period of about two years. As a consequence, the Lenzing Group will boast total worldwide TENCEL® capacities of at least 210,000 tons p.a. This includes the expansion of the TENCEL® manufacturing facility in Mobile/Alabama (USA) which was also initiated in 2011. Annual production volumes are being currently raised to approximately 50,000 tons at a cost of about USD 30 mn. Start-up of the additional capacity is scheduled for the second quarter of 2012.

### Fiber production Lenzing Group

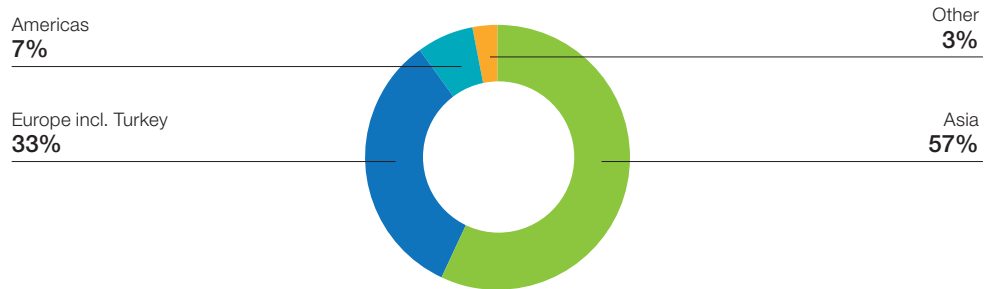
In tons



# Management Report 2011

## Segment Fibers

### Lenzing Group key markets\*



\* based on sold volumes

## Business Unit Textile Fibers

The Business Unit Textile Fibers performed very well in 2011 against the backdrop of a volatile market environment, and achieved sales successes in all regions of the world. Inventories at the turn of the year 2011/12 were at a low level, though higher than in the boom period of the first half-year. The average fiber selling prices of the Business Unit Textile Fibers rose by more than 17% to EUR 2.29/kg. Textile fiber shipment volumes increased by approximately 6% to a total of 507,000 tons.

With respect to selling prices for standard viscose fibers, there was a strong rise until the middle of the second quarter followed by a major decline until July 2011, which was related to selling price corrections for cotton. In turn, there was a subsequent sideways movement in the following weeks. Prices of standard viscose fibers once again decreased in the fourth quarter of 2011.

Standard viscose fibers were strongly impacted in 2011 by developments in China, the world's largest fiber market. The Chinese market was subject to pressure in the second half of the year due to the restrictive credit policy pursued by the Chinese Government. Other factors leading to a weakening of demand included the price decline for cotton following the record levels posted in the first half-year, as well as growing uncertainty on export markets pertaining to Chinese textile exports to Europe and the USA. This was accompanied by falling pulp prices which first served as the basis for the more volatile viscose fiber prices. As a result, the selling price of standard viscose fibers at the end of 2011 was 40% lower than the peak levels during the year.

The textile specialty fibers Lenzing Modal® and TENCEL® were largely able to detach themselves from the market volatility affecting the commodity fibers viscose and cotton. Accordingly, the selling price for Lenzing Modal® (including Lenzing FR®) remained virtually stable throughout the entire year 2011, against the backdrop of a 15% increase in shipment volumes. On average, modal prices showed a premium of more than 50% in 2011 in comparison to Lenzing's viscose fiber prices. This was mainly due to the good sales of high quality knitwear and lingerie and in home textiles (terry toweling) as well as the continuing market success of the flame-resistant specialty fiber Lenzing FR® (manufactured on the basis of modal fibers). From a regional perspective, Asia continues to be the strongest sales market for Lenzing Modal®.

The year 2011 also proceeded gratifyingly for TENCEL® textile fibers. Considering the entire year, TENCEL® continually obtained higher prices, and thus clearly distinguished itself from the general market trend. The price premium of TENCEL® textile fibers compared to Lenzing's standard viscose fibers was more than 35% on average in 2011. One of the main reasons for this development was the continuing growth in the range of applications for TENCEL®. Accordingly, TENCEL® is not only found in the world of fashion, but increasingly integrated into home textiles. With respect to bed linens, TENCEL® fibers exploit their moisture management properties and are winning over a growing number of friends. The specialty fiber TENCEL® A100 used in the activewear and life style segments also achieved very good market successes. Sales of TENCEL® fibers produced in an environmentally compatible manner are also being driven by an enhanced environmental awareness. Similar to Lenzing Modal®, Far Eastern sales markets for TENCEL® textile fibers proved to be more attractive in 2011 than their counterparts in the industrialized nations of the West.

The international expert audience attended Lenzing's presentations at numerous fairs in Europe, America and Asia, such as Texworld, Heimtextil, Techtextil and Expofil. Picture left: Intertextile Shanghai.



#### Outlook Business Unit Textile Fibers

The global textile fiber market at the beginning of 2012 was subject to uncertainties regarding future economic developments and the low price basis. Textile fiber sales markets are currently in the midst of a consolidation phase. A series of newly commissioned viscose fiber capacities in Asia and lower pulp prices than in 2011 currently enable the markets to be supplied with the required volumes without any problems. However, the overall economic recovery which is expected to become evident in the course of 2012 should have positive effects on global fiber markets.

# Management Report 2011

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In its positioning as the global quality leader, Lenzing assumes its textile production capacities will be fully utilized in 2012, and expects good demand for Lenzing Viscose® for the textile industry. Despite intensified competition and the high price difference to cotton, only a slight weakening in demand for Lenzing Modal® is anticipated on the basis of an expanded product portfolio and new modal qualities such as spun-dyed modal fibers. New industrial applications are being promoted for Lenzing FR®. New marketing efforts can be made with TENCEL® thanks to the increased availability of the specialty fiber A100. On balance, volume demand for TENCEL® is expected to remain just as strong in 2012.

## Business Unit Nonwoven Fibers

The Business Unit Nonwoven Fibers can also look back at a gratifying development in 2011. Inventories remained at a low level throughout the entire year. A weakening of demand for nonwoven viscose fibers also first became evident in the fourth quarter of 2011. This development was related to the dampened overall economic climate and increasing consumer restraint, especially in Europe and the USA.

On balance, the average selling price per kilogram for Lenzing's nonwoven fibers could be raised by close to 14% in 2011 to EUR 2.04/kg. Shipment volumes climbed by about 4% to 206,000 tons, thus accounting for almost 30% of Lenzing's total fiber shipment volumes. TENCEL® fibers comprised close to one fifth of nonwoven fiber shipment volumes.

In 2011 Lenzing succeeded in further expanding its market leader position for cellulosic nonwoven fibers used in the production of wipes. Lenzing profited from the strong demand along the value chain for fibers manufactured in an environmentally compatible manner but offering correspondingly good performance. Lenzing was granted PEFC<sup>1</sup> certification in 2011 for all its nonwoven products manufactured in Lenzing. This certificate as well as the Lenzing nonwoven FSC<sup>2</sup> certification ensures consumers that the raw material wood is derived from sustainable forestry.

In addition to the major successes with baby wipes, market success was also achieved in the fields of cosmetics, household goods and industry in 2011. The cooperation with private label manufacturers was further intensified. Lenzing is also supporting its customers on the cost side with innovative products made possible by technical improvements, for example low weight.

An increasing number of global partners of Lenzing's nonwoven fibers are relying on the positive reputation of the brands Lenzing Viscose® and TENCEL®. This trend strengthens the cooperation with important partners along the entire value chain.

For example, at the end of 2010, a Japanese retailer launched an improved version of its baby wipes made of 100% TENCEL® on the market. The retailer conveys his trust in the brand to his customers on the basis of the reference on the label to TENCEL® in the accompanying advertising materials. The high quality baby wipes were granted the "Kids Design Excellence Award" in September 2011.

Cosmetic facial masks made of nonwovens play an important role with Asian consumers. Here TENCEL® is also gaining in importance. Thanks to the pleasantly soft structure of the material which feels silky, an increasing number of skin-friendly facial masks are being manufactured with TENCEL®.



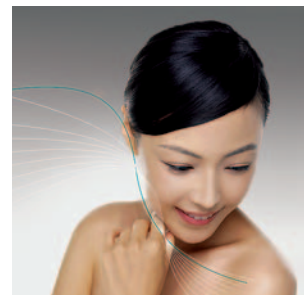
Medical applications comprised a further focal point in 2011. The use of Lenzing's nonwoven fibers for hygienic applications developed stably.

In the technical segment, Lenzing achieved good success in 2011 with capacitors to compensate for peak electricity demand in motor vehicles. In this case TENCEL® nonwoven products were deployed as separators for an optimal ion exchange, thus enhancing the performance of the capacitors. Increased sales with TENCEL® nonwoven applications were also reported for lithium-ion batteries for electric-powered vehicles.

**Left:** Lenzing intends to further expand its market leadership in cellulosic fibers used for wipes.

**Top right:** Cosmetic facial masks made of nonwovens play an important role with Asian consumers.

**Bottom right:** The elite of the nonwovens industry met at the "Index" in Geneva.



#### Outlook Business Unit Nonwoven Fibers

Market growth ranging between 5% and 7% is expected in 2012 for wipes, the most important sales market for Lenzing's nonwoven fibers. In particular, the Asian and South American markets boast a disproportionately pronounced catch-up potential due to their rapidly increasing prosperity as well as the population development.

Lenzing intends to further expand its market leadership in cellulosic fibers used for wipes by pursuing a determined push-pull marketing strategy. Absorbency, pureness and the sustainable raw material basis comprise the most important attributes of Lenzing nonwovens in this dynamically growing market.

Following a more volatile first half-year 2012, Lenzing anticipates a stable price and volume development on the whole in the nonwoven fiber market. The market should be able to easily absorb the additional production capacities in 2012.



# Management Report 2011

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## Business Unit Pulp

The main responsibility of the Business Unit Pulp is to provide a sufficient supply of suitable qualities of pulp for the fiber production plants of the Lenzing Group. In this regard, not only economic but also ecological considerations comprise an important basis for decision making. Dissolving pulp is the most important raw material used in the production of man-made cellulose fibers, and is made from the sustainable raw material wood.

The growing demand for viscose fibers and accordingly the increased need for pulp impacted the market in the 2011 financial year, and resulted in higher dissolving pulp prices. The prices for dissolving pulp reached record levels on spot markets. As of the middle of the year, the economic slowdown led to uncertainties on the market, and subsequently to declining prices. The coming on stream of new dissolving pulp capacities also had a dampening effect on prices.

The Business Unit Pulp operates its own pulp production facility at the fully integrated Lenzing site. Since the middle of 2010, the Lenzing Group has also had another pulp production plant at its disposal, namely Biocel Paskov (Czech Republic). This factory is currently being expanded and upgraded, and should boast a capacity of up to 300,000 tons p.a. of both paper pulp and dissolving pulp in the medium-term.

The fiber production facilities at the non-integrated sites are primarily provided with pulp on the basis of long-term supply contracts and to a lesser extent with pulp purchased on the free market. In the reporting year 2011, there were no difficulties ensuring that sufficient quantities of pulp were supplied to the entire Lenzing Group.

One of the strategic objectives of the Lenzing Group is to increase its level of self-sufficiency with respect to pulp (backward integration). During the reporting period Lenzing was already able to provide 50% of the required pulp from its own capacities, comprising a competitive edge for Lenzing in 2011. In the medium-term, up to two-thirds of the Lenzing Group's pulp supply should be derived from its own production.

### Pulp production in Lenzing and Paskov

At the Lenzing site, the annual pulp production volume reached 289,000 tons of dissolving pulp during the period under review. This served as the basis for the physical full integration of pulp manufacturing at the Lenzing facility. Moreover, some 20,000 tons of dissolving pulp were delivered to other Lenzing Group plants.

Rapid progress was made on the expansion project in Paskov. 60,000 tons of dissolving pulp were already produced in Paskov in the year 2011, and for the most part successfully used for fiber production within the Lenzing Group.

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## Wood supply

During the reporting period the wood supply at the Lenzing site was once again secured by a corresponding supply chain management and long-term delivery contracts. However, the uninterrupted strong demand for wood on the part of Central Europe's chipboard and pulp industry as well as the strongly promoted bioenergy industry led to further substantial price hikes. Costs for transporting wood by rail and road also rose. In the reporting year Lenzing continued its strategy of pursuing long-term partnerships with key suppliers, thus securing a large portion of the wood required by Lenzing on a medium-term basis.

In 2011 the Lenzing Group was confronted with strong price increases for spruce wood as a consequence of the privatization of state-owned forests in the Czech Republic. However, following these price distortions, Lenzing succeeded in pushing through price deductions for wood in the fourth quarter of 2011. The winter wood storage area in Paskov was sufficiently full at the end of 2011.

## Co-Products

The by-products (co-products) arising from fiber and pulp production are marketed by the division Lenzing Co-Products (Business Unit Pulp). In the year 2011 the mother liquor and xylose was certified for the food industry, after Lenzing's acetic acid and sodium sulfate production was already converted to food-grade quality in 2010. Thus the Lenzing Group will intensify its sales efforts focusing on higher-quality, higher-priced markets such as the food, animal feed and pharmaceutical industries. The cooperation with fiber production sites in Asia was reorganized and optimized within the context of the new global marketing strategy.

## Outlook Business Unit Pulp

A sufficient supply of dissolving pulp for the Lenzing Group was once again secured for the new 2012 financial year. The planned increased pulp volumes required for fiber production could be fulfilled by raising pulp production capacities at the Lenzing Group's own plants in Lenzing and Paskov, as well as by long-term supply contracts. The wood supply for the two pulp production facilities has also been secured.

On a short- or medium-term basis, there will no longer be a seller's market for dissolving pulp due to increasing capacities related to the market entry of new producers and the expansion of existing plants. Lenzing is monitoring and analyzing this market development, in order to be able, if necessary, to exploit opportunities which may arise for the Group to open up new pulp production capacities.

## Business Unit Energy

The Business Unit Energy is responsible for the conceptual development of the energy supply facilities of the Lenzing Group. It ensures the optimal availability of electricity, process water, steam and cooling energy to all global production sites. Pulp and fiber production are energy-intensive processes. Accordingly, the importance of the Business Unit Energy is increasing with respect to ensuring a sufficient energy supply and in relation to operating costs.

# Management Report 2011

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In the last three years a total of EUR 68 mn has been invested in energy projects in order to meet the energy-related challenges at a high technological level.

Following a strong rise in the first quarter of 2011, crude oil prices stabilized at a very high level during the reporting period. Prices for electricity and natural gas rose after the nuclear catastrophe in Fukushima in March 2011, but by the end of 2011 fell to the initial levels prevailing at the beginning of the year. In the course of the year, this development led to a slight increase in energy costs incurred by the Lenzing Group.

## Lenzing site, Upper Austria

Several projects designed to improve the energy supply at the Lenzing site were implemented in the course of 2011. A new steam pipeline reaching the hot water cascades and a new brine pump were installed in order to increase the reliability of the energy supply for fiber production.

## Paskov site, Czech Republic

Within the context of Lenzing's drive to convert the Paskov pulp plant into a swing capacity plant, machinery under construction in the year 2011 included a recovery boiler, a soda boiler, a condensation turbine and an evaporation plant for the bleaching plant wastewater.

## Purwakarta site, Indonesia

In the reporting period optimization work was carried out on the circulating fluidized bed boiler initially put into operation at the Indonesian subsidiary PT. South Pacific Viscose in the year 2010.

## Nanjing site, China

A project was launched at the Nanjing plant to secure steam production on the basis of an own gas-fired flame-tube boiler.

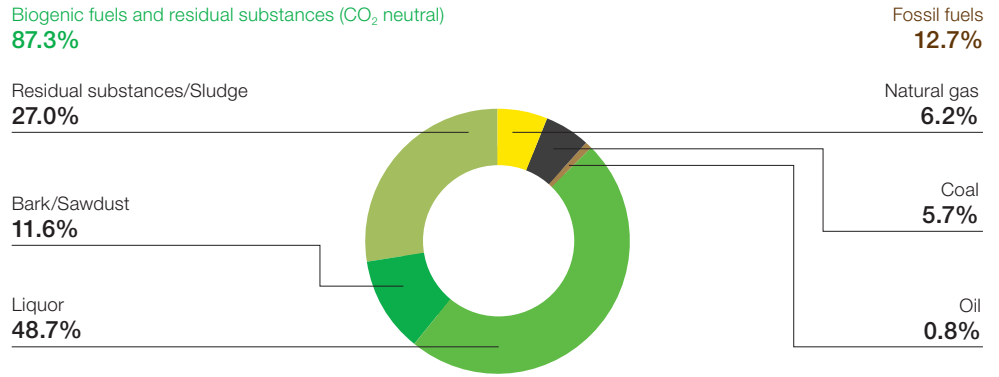
## Outlook Business Unit Energy

The Lenzing Group expects stagnating or slightly declining prices for crude oil, gas and electricity in the year 2012.

Several energy projects are either in the planning or implementation phase throughout the Group and will be continued in the current 2012 financial year. For example, a soda compacting plant is under construction at the Lenzing site. The new recovery boiler at the Paskov plant (Czech Republic) is scheduled to come on stream in 2012.

### Fuel mix at the Lenzing Site\*

Annual fuel input (2011): 13,262,587 GJ

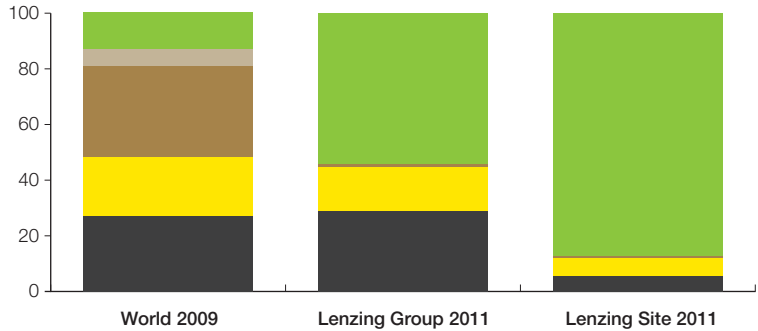


\* incl. RVL

### Comparison of energy sources

Global, Lenzing Group and Lenzing Site\*

Sources:  
World Energy Outlook 2011,  
Lenzing AG



Energy Source	World 2009	Lenzing Group 2011	Lenzing Site 2011
Renewable	13.3%	54.3%	87.3%
Nuclear	5.8%	0.0%	0.0%
Oil	32.9%	1.1%	0.8%
Gas	20.9%	15.7%	6.2%
Coal	27.1%	28.9%	5.7%

\* incl. RVL

# Management Report 2011

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## Segment Plastics Products

The Segment Plastics Products consists of the Business Unit Plastics and the Business Unit Filaments.

In the year 2011, the Segment Plastics Products developed satisfactorily. Segment shipment volumes reached a new record in the reporting period. Market successes were reported, for example, in the construction and insulation industries as well as in the cable industry. In the polytetrafluoroethylene (PTFE) business area, a turnaround was achieved in 2011 thanks to an improved product mix featuring more lucrative products.

The Segment Plastics Products was faced with a price rally in 2011 with respect to the required raw materials accompanied by supply shortages. Whereas prices for thermoplastic raw materials stabilized in the second half of 2011, polytetrafluoroethylene (PTFE) was impacted by further price hikes. This development was partially related to the capacity shortfalls on the part of manufacturers as well as the scarcity of fluorspar needed for PTFE production.

As previously reported, part of the operating units in the Business Unit Filaments was sold on February 18, 2011 as part of the Lenzing Group's strategy to concentrate on its core business.

Segment sales totaled EUR 170.6 mn in 2011, up from EUR 143.1 mn in the previous year. Segment EBITDA could be improved from EUR 13.8 mn to EUR 16.5 mn.

## Business Unit Plastics

The Business Unit Plastics encompasses the Thermoplastics and Polytetrafluoroethylene (PTFE) business divisions.

The Thermoplastics division consists of the construction, insulation, cable and packaging segments. In the construction and insulation segments, the business unit manufactured roof underlinings, wind and vapor barriers as well as laminates to protect insulating materials. Sales in this area developed very favorably in 2011. However, against the backdrop of satisfactory margins, raw material price increases could only be partially passed on to customers and with a corresponding time delay.

Demand on the part of the cable industry was positive throughout the year, with Lenzing reporting a good level of sales for high quality films. The packaging segment was once again characterized by overcapacities on the market. As a result, prices remained at a low level in the light of good volume demand.

The PTFE business division is divided into two segments, namely technical applications as well as medical and textile applications. Due to the critical raw material situation for PTFE, Lenzing decided to streamline its product offering in order to focus on higher-priced applications. The focus in the technical applications sector was on yarns for compression packings. In the medical and textile application segment, Lenzing concentrated on providing yarns for surgical purposes. Yarns for high quality fishing lines were successfully launched on the market in 2011.

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### Outlook Business Unit Plastics

Lenzing anticipates a further increase in sales by the Business Unit Plastics for the construction and insulation industry. Public subsidies for thermal renovation work are largely expiring. However, the awareness of the limited availability of resources combined with rising energy prices should continue to stimulate demand in the current financial year. In the PTFE business division the focus in 2012 will be on further developing yarns for medical applications.

In 2012 the Business Unit Plastics will renew its focus on process and product improvements in order to remain competitive vis-à-vis suppliers from other countries with significantly lower production costs.

### Business Unit Filaments

The Business Unit Filaments encompasses the business areas for acrylic fibers (marketed under the DOLAN® brand name) and precursors for carbon fibers. In its acrylic fiber business area, Lenzing manufactures high quality acrylic fibers for special applications such as awnings, boat and convertible tops. The precursor business area manufactures precursor materials for carbon fiber production.

Production in the special acrylic fiber business area operated at full capacity in 2011. DOLAN® in particular profited from the good market situation in the main sales segments for awnings and tops for boats and convertibles. The Business Unit Filaments once again posted increased sales for cover fabrics used in indoor and outdoor furniture. However, a slight slowdown in demand for DOLAN® was perceptible towards the end of the year.

Further improvements in product quality were achieved at European Precursor GmbH (EPG) during the reporting period. Production ran at full capacity throughout the entire year under review.

### Outlook Business Unit Filaments

The acrylic fiber business area will continue to exploit its market position in the year 2012, although a weakening of demand is expected, at least in the first quarter of the year. The future of EPG will strongly depend on the development of the global carbon fiber market.

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## Segment Engineering

The Segment Engineering encompasses Lenzing Technik GmbH and its subsidiary Lenzing Engineering & Technical Services (Nanjing) Co., Ltd. Both companies carry out projects, supply plants and equipment and services around the world in the fields of engineering and contracting, mechanical construction and industrial services as well as automation and mechatronics.

The Segment Engineering was able to optimally take advantage of the fundamentally positive mood in the capital goods market, and significantly increased both sales and earnings. Lenzing Technik profited from the extensive investment activity of the Lenzing Group but also growing demand from external customers. Capacity utilization was very good throughout the year across all segments. The order volume at the end of 2011 was considerably higher than in the previous year, with the order backlog already extending until the middle of 2012.

In the year 2011, the Segment Engineering generated total sales of EUR 107.0 mn, compared to EUR 96.4 mn in 2010. Of this amount, approximately 38% or EUR 40.4 mn (2010: EUR 37.7 mn) can be attributed to business with external customers outside of the Lenzing Group. Segment EBITDA was EUR 9.0 mn, precisely the same as the prior-year level of EUR 9.0 mn. A total of 690 people were employed by the Segment Engineering as at December 31, 2011 (2010: 627) including trainees. Temporary staff was also hired in 2011 in order to provide sufficient manpower for peak order times, as in previous years.

A subsidiary in Nanjing (China) was established in 2010 as a means of safeguarding the quality and know-how edge of Lenzing Technik on the important Asian market. This company is also responsible for ensuring the optimal servicing of the fiber production facilities of the Lenzing Group at the Nanjing plant. The Chinese subsidiary already firmly established itself in its first year of operation, thus vindicating the strategic decision to set up a separate engineering company in Asia.

## Engineering and Contracting

In the Engineering and Contracting business area, Lenzing Technik offers engineering and project services as well as mechanical and special machine construction for industrial customers. The sector is divided into three divisions: fiber and environmental technology, pulp technology as well as filtration and separation technology.

The fiber technology product group is responsible, among other things, for the conceptual design of the Lenzing Group's fiber production plants, and thus makes an important contribution to safeguarding the innovation and market leadership enjoyed by the Lenzing Group in the fiber segment. The environmental technology product group is concerned with biological reduction processes and the elimination of greenhouse gas emissions in industrial and municipal applications.

The pulp technology division carries out consulting and engineering projects for the pulp industry on a global basis. In the past financial year this division made a major know-how contribution to the conversion of the Lenzing Group's new pulp plant in Paskov (Czech Republic). The facility is being converted to a swing capacity pulp plant, which is able to manufacture both paper pulp as well as dissolving pulp.



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In the year 2011 the filtration and separation technology division was also able to defend its strong global market position by creating new applications and developing innovative products.

The Engineering and Contracting business area succeeded in considerably improving both sales and earnings in the reporting period. This upward development was related to the strong investment activity within the Lenzing Group, the increasing demand for waste air purification plants by external customers along with a large filtration and separation technology project implemented in Asia.

### Mechanical Construction and Industrial Services

The Mechanical Construction and Industrial Services business area of the Business Unit Engineering is positioned as a contract manufacturer for sophisticated applications. In the reporting year this business area registered good growth due to the high level of investment activity on the part of the Lenzing Group and very strong demand by external customers, especially for industrial services.

The sheet metal technology division continued its successful growth path despite a difficult market environment.

### Automation and Mechatronics

In its Automation and Mechatronics division, Lenzing Technik focuses on producer-independent automation solutions for the processing industry as well as the construction of electro-mechanical devices and printed circuit board assembly.

Sales in the Automation segment rose slightly in 2011, although prices were under extreme pressure. Sales were down somewhat in the Mechatronics segment due to volume shifts on the part of large customers.

### Outlook Segment Engineering

The Segment Engineering anticipates a slight rise in sales in the current 2012 financial year compared to the prior-year level, with earnings expected to remain stable for the most part. Sales growth will be driven by the intensive investment activity on the part of the Lenzing Group. Additional growth impetus is also expected to originate from the new subsidiary in Nanjing (China). Moreover, the persistent further development of existing products and services, a selective expansion of the product portfolio and sales markets as well as intensified marketing should contribute to a positive business development in 2012. The focus of innovation activities on the part of Lenzing Technik in 2012 will be on product innovations in the fields of separation technology and environmental technology.

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## Risk Report

### Current risk environment

Following a positive first half-year 2011, the global risk environment deteriorated in the second half of the year due to the ongoing sovereign debt crisis. The high public debt of many EU member states as well as the USA triggered a crisis of confidence leading to considerable uncertainties and volatilities on international financial markets. The real economy proved to be comparatively stable, but did not remain unaffected by developments. Forward-looking indicators point to a global slowdown in economic growth, but forecasts do not anticipate a long-lasting recession.

The various expansion projects in the Lenzing Group during the year under review were concluded on schedule or are being currently implemented as planned. On the basis of further investments Lenzing will defend its existing competitive position on the global fiber market and profit until the end of the decade from the expected increase in the market share held by man-made cellulose fibers. At present the market for viscose fibers is very volatile, which is related to cotton prices leveling off at a new level. On the procurement side, the major raw-material prices are in a downward trend. In particular, prices for dissolving pulp have declined the most. The Lenzing Group is prepared for all eventualities on the capital markets thanks to its high liquidity combined with a very low net debt.

Traditional risks such as natural catastrophes, environment or fire risks and the increased product liability risks continue to entail the danger of high potential losses for the Lenzing Group.

### Risk management

The Management Board of Lenzing AG and the corporate centers assigned to it carry out extensive coordination and controlling operations for the Business Units, which serve as the operating units of the Lenzing Group. This is done within the framework of a comprehensive integrated internal control system covering all sites. The timely identification, evaluation and response to strategic and operational risks are essential components of the management activities of the business units. A unified, Group-wide reporting system functioning on a monthly basis and ongoing monitoring of the strategic and operational plans comprise the basis of this approach.

Lenzing operates a Group-wide risk management system which is responsible for the central coordination and monitoring of risk management processes throughout the Group. The central risk management team identifies and analyzes the main risks in cooperation with the operating units and directly conveys its findings to the Management Board and the top management of the business units. This includes anticipatory analyses of potential events or near-misses as well. Another task is to actively work to mitigate risks and to implement appropriate countermeasures in cooperation with the affected business entities, or to purchase additional external coverage on the insurance market as required.

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## Risk management strategy

As part of its risk management strategy, Lenzing pursues a four-step approach in dealing with risks:

### 1. Risk analysis pursuant to the COSO<sup>®1</sup> Framework

Central risk management regularly conducts interviews and risk assessments at all of Lenzing's production sites. In this case, the risks are evaluated according to the likelihood of occurrence and financial impact pursuant to the international COSO<sup>®</sup> standards.

During the period under review, the perceived risk exposure levels (financial value action limits) with respect to the potential financial damage were adjusted during the reporting period due to the massive growth of the company, particularly over the last two years. The financial impact of potential damage on the main performance indicators was taken into account.

### 2. Risk mitigation

The potential impact of any evaluated risk is either minimized or intentionally accepted in certain cases.

### 3. Determining responsibility

The responsibility for managing a particular risk is clearly assigned.

### 4. Risk monitoring and control

Management holds regular meetings with the risk management team to discuss the development of the respective risk categories. The main risks are evaluated every six months, and the findings are integrated in the reporting process.

The following chart contains the most serious risks facing the company, according to the conclusions drawn by management. Due to the adjustment in the financial valuation limits as described in Point 1, the list of critical risks is shorter than in the previous year. Nevertheless, all risks are continually being evaluated in the context of the risk management process and will also be explained in the subsequent part of the text.

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<sup>1</sup> The Committee of Sponsoring Organizations of the Treadway Commission

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## Lenzing Group – Critical risks in 2011

		Financial impact	Probability	Change from prev. year*
<b>Pulp supply</b>	Lack of pulp supply can lead to production interruptions or higher production costs.	very high	moderate	=
<b>Substitution</b>	The failure of the “cellulose gap” and thus growth in the market for man-made cellulose fibers as well as new technologies developed by competitors (polyester, cotton) could negatively impact the market for cellulose fibers.	very high	moderate	=
<b>Fire damage</b>	Major fires or explosions could lead to long-term production disruptions at production sites and thus to a decline in profits.	very high	moderate	=
<b>Natural catastrophes</b>	Natural events could cause serious material damage, personal injury or production interruptions. Changed weather conditions at the respective production sites could lead to increasing environmental damage.	very high	moderate	=

\* refers to probability

In addition to fulfilling legal requirements, the main objective of the Group-wide risk management system is to increase the overall awareness of risk and to integrate subsequent findings into everyday business operations and strategic corporate development. The Risk Report only presents major risks which are not included in normal accounting standards (e.g. balance sheet, income statement).

Strategic market risks are assessed in a timely manner on the basis of Lenzing's global market intelligence activities. Moreover, risks are evaluated jointly with the heads of the respective business units at annual medium-term planning sessions.

## Crisis management

In addition to emergency preparedness plans, Lenzing has also developed a crisis communications concept which, in particular, regulates internal and external communications measures and channels in the event emergencies, breakdowns or accidents actually do take place. Real-life scenarios based on organizational work flows are an integral part of on-site training measures.

## General risks

As a globally operating company Lenzing is exposed to a broad range of macroeconomic risks. The price and volume development of the Business Unit Textile Fibers and, to a lesser extent, the Business Unit Nonwoven Fibers, is cyclical and thus dependent on global and

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regional economic conditions. Lenzing counteracts these risks with an international market presence, a specialized product portfolio, local presence combined with a first rate service and support network for customers as well as a high level of product diversification.

### Special risks

Lenzing fibers compete with cotton and synthetic fibers on some markets. Their price development influences sales volumes and revenues of Lenzing fibers. Lenzing counteracts this risk by continually increasing the share of specialty fibers (with lower substitution potential) in the product portfolio as well as ensuring high quality standards in connection with its offering of value added services for standard viscose fibers.

The strong increase in demand for cellulose fibers creates a significant opportunity for the Lenzing Group which is being taken into consideration as part of its ongoing growth strategy.

#### Procurement risk (incl. pulp supply)

Lenzing purchases large amounts of raw materials (wood, pulp, chemicals) and energy in order to manufacture man-made cellulose fibers. Fiber and plastics production and their margins are subject to risks related to raw material availability and price development which can fluctuate, decline or increase to the detriment of the Lenzing Group. Lenzing counteracts these risks by carefully selecting its suppliers according to specified criteria such as price, reliability and quality, but also focuses on establishing longstanding, stable supplier-customer partnerships, in some cases with supply agreements over a period of several years. Lenzing has also established long-term contractual relationships with several raw material suppliers and service partners (but with only a few customers). These agreements require Lenzing to purchase specified quantities of raw materials at standardized terms and conditions, which may also include price adjustment clauses. As a consequence, Lenzing may not be able to change prices, quantities purchased or other contractual terms in the short term as a means of appropriately responding to changed economic conditions. This risk is aggravated by the fact that the lion's share of Group revenue is derived from short-term contractual relationships. Lenzing's energy strategy focuses on maintaining a maximum degree of self-sufficiency and compensating for price fluctuations by hedging, which also includes gas forward delivery contracts.

#### Operational risk and environmental risk (incl. fire damage and natural catastrophes)

The production of man-made cellulose fibers requires a complex series of chemical and physical processes which entail certain environmental risks. These risks are well managed thanks to special, proactive and sustainable environmental management efforts, closed production cycles and the continuous monitoring of emissions. For decades the Lenzing Group has operated production facilities for industrial purposes at several locations. For this reason, risks related to environmental damage caused in the past cannot be fully excluded. Although the Lenzing Group sets high technological and safety standards in the construction, operation and maintenance of its production sites, the risk of breakdowns, disruptions and accidents cannot

# Management Report 2011

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be fully excluded. In particular, such difficulties can be caused by external factors over which the Lenzing Group has no control. There are no direct means of safeguarding against certain dangers (e.g. cyclones, earthquakes, floods). In addition, there is the risk of personal injury, material and environmental damage which could result in considerable claims for damages and even criminal liability. The Lenzing Group has concentrated its production operations at just a small number of sites. Any disruption at one of these facilities, for example in Lenzing (Austria) or in Indonesia (which feature the largest production capacities in the Lenzing Group) would impact a substantial part of the company's business operations.

## Sales risk

Lenzing is a niche player in all its business areas, and derives a significant share of its profits from a comparatively small number of large customers. Sales losses related to major clients or the complete loss of one or several large customers combined with the failure to attract new customers pose certain risks. Lenzing counteracts these risks by its global presence and the ongoing expansion of its customer base, sales segments and sales markets.

## Exchange rate risk

The international business relationships of the subsidiaries of the Lenzing Group expose them to currency risks. In particular, transaction and exchange rate risks exist with respect to the USD, GBP and CZK. This risk is contained by prospective hedging of the expected net exposure on an annual basis. The objective is to limit existing currency risks arising from already concluded or planned sales transactions. These derivatives are recognized as hedging instruments in hedge accounting on the basis of hedged transactions.

## Counterparty risk

The Lenzing Group concludes transactions with a variety of banks to invest its liquid funds. The risk of a counterparty defaulting and the related negative effects are counteracted by an annually accepted investment limit specified for each counterparty by the Management Board (counterparty risk limit). The investment limits set for each counterparty is based on its probability of default. The limits are determined by taking the respective ratings into account as well as the publicized "corporate default swap" in cooperation with an external consultant, and can be correspondingly adjusted during the year if changes occur.

## Innovation risk and competition risk

As a technology leader, Lenzing is exposed to the risk of losing its position on the fiber market due to technology imitators or new technologies developed by competitors. The loss of its market position could especially take place if Lenzing is no longer capable of offering its prod-

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ucts at competitive prices, if the products do not fulfill customer specifications or quality standards, or if its customer service fails to meet customer expectations. Lenzing counteracts this risk by carrying out research and development activities surpassing the industry average as well as a high level of product innovation and active technology screening. The Lenzing Group and other producers of man-made cellulose fibers face the risk that acceptable or even superior alternative products may become available and obtainable at more favorable prices than man-made cellulose fibers. The Lenzing Group counteracts this risk by continually increasing the share of specialty products with lower substitution potential in its global product portfolio.

#### Risk related to the expansion of production capacity

The Lenzing Group plans to continue to grow its business by expanding production capacities as well as its product offerings and range of applications, especially on the Asian market. Furthermore, the Lenzing Group aims at deriving larger quantities of pulp from its own pulp production sites. Developing and maintaining operations at a production site in the man-made cellulose fiber industry require considerable investments. The business activities of the Lenzing Group could be negatively impacted by its failure to finance or implement the planned expansion of production capacities. Even if the financing of the company's expansion plans has been secured, adverse economic or legal conditions, strong competition or a scarcity of raw materials (in particular the shortage of pulp) could hinder the planned expansion of the Lenzing Group. In addition, the Lenzing Group faces the risk that customer demand may prove to be insufficient in order to enable the full utilization of the increased production capacities.

#### Use of financial instruments

Clearly-defined, written guidelines developed by the Management Board exist for the treatment of financial risks, and are being continually monitored and evaluated. The Lenzing Group exclusively makes use of foreign currency forward contracts itself against exchange rate risks associated with business operations, mainly resulting from sales in US dollars. The objective of exchange rate risk management is to protect payment flows from business operations against adverse exchange rate fluctuations. Hedging activity as well as the correlation between risk and hedging instruments are continuously monitored and reported. The hedging transactions ensure that exchange rate changes do not influence payment flows. In principle currency translation risks are not hedged but are monitored on an ongoing basis. There is an active exchange of information between management, treasury and the affected business units.

The risk of loss with regard to these instruments is monitored on a regular basis and is rated as relatively small, taking into account the financial strength of the contractual partners.

Allowances are made for the identifiable risk of loss related to primary financial instruments, such as loans, securities, receivables and cash held at banks. The carrying amounts of these financial instruments represent the maximum risk entailed. In addition, the Lenzing Group accepted liability for associates (see note 41 for details). The risk of subsidiary liability is con-



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sidered to be small as the concerned companies can be expected to meet their payment obligations.

The risk of changes in the market value of primary financial instruments and their derivatives is rated as relatively small. No increased volatility until maturity is expected for short-term financial instruments. 59.16% of the company's long-term liabilities are linked to variable interest rates.

Liquidity risk, namely the risk of insufficient funds to meet obligations resulting from primary financial instruments and their derivatives, does not exist. The derivative financial instruments are exclusively employed for hedging. The resulting obligations are accordingly covered by the hedged business operations. Obligations resulting from primary financial instruments are covered by liquid funds and if needed by internal financing.

Cash flow risks related to financial instruments arise from fluctuations in their respective payment flows. These are essentially limited to variable interest rate liabilities.

If growth falls below the Lenzing Group's projections, sales volumes and prices would likely fall short of the Group's targets, adversely affecting sales, net profit or margins.

## Financing risk

The Lenzing Group requires extensive financial resources to implement its business plan and its growth strategy. Tighter credit markets in the long-term and the continuous tense situation on capital markets related to the current financial crisis in the EU member states could adversely affect the availability, terms and cost of capital. Declining demand or prices resulting from the financial crisis might lead to a negative impact on business operations and thus on the financial situation and earnings of the Lenzing Group.

## Insurance

All of Lenzing's tangible assets and investments are insured with internationally renowned insurers against loss resulting from unforeseeable events such as fire, explosion, natural disasters and the resulting business interruptions. The company's policy is to bear "frequency losses" itself and to obtain sufficient coverage in the event of a major loss. However, the Lenzing Group's insurance coverage could prove to be insufficient. A continuous update on insurance cover and regular risk surveys are being implemented in coordination with the various sites.

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Third-party liability damage caused by Lenzing itself or its products are covered by a liability insurance program. Potential losses of accounts receivable are largely covered within the context of a global credit insurance policy.

## Report on Essential Elements of the Internal Control System

(Section 243a para. 2 of the Austrian Commercial Code – UGB)

The internal control system of the Lenzing Group is defined as the process of monitoring and controlling efficiency and cost-effectiveness of business operations, the reliability of financial reporting and compliance with relevant legislation. The process is designed to ensure that business goals will not be compromised.

In principle, the monitoring of the efficiency of the internal control system of the company encompasses all aspects of company-wide risk management, financial reporting, corporate strategy, business processes and corporate compliance with prevailing laws and regulations.

The organizational structure and process organization of the Lenzing Group defining operational procedures comprise the main basis for the overall control environment and the internal control system.

With respect to the organizational structure, competencies and responsibilities are clearly assigned to the different management levels and hierarchies of the company, including all its Austrian sites and international subsidiaries. Essential corporate functions are centralized in corporate centers, which reflect the Group's global market presence as well as its decentralized business and site organization. The respective management is responsible for coordinating and monitoring business operations on a national level.

The process organization of the company is characterized by a pre-defined and comprehensive set of guidelines as an appropriate basis for a strong control environment and control system. The "Mandates of the Lenzing Group" define essential Group-wide approval processes and competencies. The management of the respective business unit or corporate center is responsible for monitoring compliance with the respective regulations and controls.

The corporate center Risk Management and Internal Audit is in charge of risk management and internal auditing. The company has established a clearly-structured risk management process which meets international standards and includes among other things the identification and assessment of risk as the fundamental elements of risk control.

The essential elements of the reporting and management information system of the Lenzing Group encompass the gathering of data and analyses by means of a centralized system and

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the preparation and distribution of regular reports. The supply of information in a timely, reliable and correspondingly structured manner combined with the possibility to carry out deviation analyses comprise a central control instrument for the company's management.

The corporate center Global IT manages information technology within the framework of a Group-wide IT strategy, ensuring a strong control environment. Lenzing is determinedly moving ahead with efforts to globally install a unified IT infrastructure and standardized enterprise resource planning processes as reflected in an SAP template system. Furthermore, individual systems and operational processes are carefully monitored by annual audits and special audits carried out on a case by case basis.

A global procurement organization has been established for purchasing all raw materials with the exception of wood. It focuses on the Group-wide bundling of procurement activities for all key raw materials. Pulp procurement is also centrally managed by the Business Unit Pulp.

The corporate center Global Finance is centrally responsible for financial reporting, thus ensuring a clearly-defined structure and designated responsibilities. A comprehensive set of regulations and guidelines detailing the way control functions are exercised has been developed and implemented.

Due to its direct access to the company's assets, the treasury and payment department is considered to be a highly sensitive area. Correspondingly, comprehensive regulations and instructions have been developed to take account of the enhanced need for security.

These clear guidelines stipulate the strict application of the four-eyes-principle for implementing transactions as well as the close cooperation and ongoing reporting to the central treasury department. Internal auditing is responsible for monitoring the use of and compliance with controls in day-to-day business operations.

The responsibility for human resources is shared by the corporate center Global Human Resources and the local, national sites. Globally applicable guidelines for human resources processes and their continuous analysis and monitoring by the corporate center provide for the central control and management of human resources issues. Essential tasks, such as job and staff assessments or career planning, are centrally coordinated.

The corporate center Legal Management is responsible for dealing with legal issues, in particular for those which go beyond standard business processes.

The corporate center Corporate Communications is responsible for corporate communications including generating regular publicity. On June 1, 2011, a separate corporate center Investor Relations was established, which focuses on maintaining investor contacts. The Issuers' Compliance Officer is the Head of Corporate Communications.

## Balance Sheet Structure and Liquidity

The Lenzing Group meets its payment obligations in a timely manner. Current payments are covered by the operating cash flow. The Group boasts a solid liquidity and equity basis as well as a sound balance sheet structure. Moreover, sufficient lines of credit which can be used for financing at any time have already been granted by various banks.

**On balance, the Management Board of Lenzing AG in its capacity as the management of the Lenzing Group is not aware of any risks as at the reporting date of December 31, 2011 that could endanger the continued existence of the company in the 2012 financial year.**

## Research and Development

Lenzing has been setting standards in the cellulose fiber industry for decades. This position of technological and innovation leadership is based on intensive research and development work. The ongoing further development of process technologies for pulp production as well as for fiber products (viscose, modal, lyocell/TENCEL®) ensures that Lenzing will be able to further extend its competitive edge in the future. Some 150 employees belong to an internationally renowned team of experts at the Lenzing site which focuses on innovations and state-of-the-art developments in the field of man-made cellulose fibers.

The research and development activities of the Lenzing Group are integrated into the operations of the individual business units, ensuring product development oriented to market requirements and customer needs. "Time to market" i.e. a short time span between product development and product launch is a major competitive advantage in the business-to-business area in which Lenzing operates.

Process innovations in 2011 focused on further developing processes for pulp manufacturing as well as viscose production on the basis of modern analytics, process simulation and new technologies.



# Management Report 2011

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Expenses for research and development in the 2011 financial year (calculated according to the Frascati<sup>1</sup> method) amounted to EUR 27.2 mn (2010: approx. EUR 22.7 mn).

Process innovations in 2011 focused on further developing processes for pulp manufacturing as well as viscose production on the basis of modern analytics, process simulation and new technologies. The experimental campaigns for dissolving pulp at the Paskov site carried out in 2011 with the support of process innovations led to a continuing improvement in pulp quantities and quality. The purity of the pulp was raised to a trend-setting level, taking account of current technical advances. At the same time, fundamental technological challenges were resolved. Other research focal points aimed to improve the recovery rate of the chemicals used as well as the development of the new co-product heavy soda for chemical sales. In the viscose fiber segment the focus of process innovation work was the spinning process, with the objective of achieving further capacity increases.

In the reporting year Lenzing also pressed ahead with the development of other non-fibrillating types of TENCEL<sup>®</sup> fibers. Due to their special properties these fibers are particularly suited for use in process-critical segments, for example in knitwear.

For the first time TENCEL<sup>®</sup> fibers were successfully integrated into car seat covers in combination with polyester. The biggest technological challenge for the researchers in Lenzing is fulfilling the specifications of automobile manufacturers with respect to wet rub fastness and light fastness. In particular, the enhanced sitting comfort resulting from the outstanding moisture management of TENCEL<sup>®</sup> is a good reason for integrating the fiber into car seat covers.

Following the successful market launch of TENCEL<sup>®</sup> powder in mattress foam in 2010, Lenzing's efforts in 2011 focused on scientifically evaluating expanding applications to other areas such as pharmaceuticals, cosmetics and detergents.

Furthermore, research was carried out in the reporting year on a completely new cellulose product from the lyocell technology. This refers to a gel consisting of submicroscopic TENCEL<sup>®</sup> fibrils which can form clear and closed films in drying. This new type of TENCEL<sup>®</sup> gel could be used in a broad range of applications in the future, from coatings for paper or nonwovens to the paint and lacquer industry.

During the year under review Lenzing also pressed ahead with the biggest development project at present, i. e. TencelWeb<sup>™</sup>. This innovative technology enables TENCEL<sup>®</sup> nonwovens to be directly produced from the spinning solution, which features a high share of microfibers as well as low weight. Further process and product optimization work was carried out in the pilot facility in 2011 along with the generation of customer samples.

Another focal point of the research carried out in the nonwovens segment in 2011 was the production of microfibers. Initial laboratory tests concluded that these microfibers have outstanding properties when used in battery separators.

A new anaerobic reactor designed for the biological purification of sulfurous wastewater was developed in the Segment Engineering in 2011. Furthermore, a new type of automatic backwashing filter was brought to market maturity. In the Segment Plastics Products the focus in 2011 was once again on the development of biodegradable materials and the further development of existing products.

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<sup>1</sup> Excl. the research premium

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## Environment and Sustainability

### Sustainability in the Lenzing Group

The Lenzing Group is committed to the fundamental principles of sustainable development. For Lenzing, operating profitably is equally important to safeguarding the ecological basis of life and achieving a social balance. The cornerstones of sustainable business development are the long-term, competitive creation of value in production as well as the preservation of natural resources, social responsibility and a human-friendly working environment. In this way, the company fulfills its obligations to society on behalf of all interest groups.

For the last quarter of a century the Lenzing Group has pursued forward-looking environmental policies, encompassing the responsible, foresighted and prudent use of available natural resources as the main sustainable criteria underlying its operations. Lenzing takes environmental considerations into account in all of its decisions and investments. New materials are evaluated with respect to their environmental compatibility, and new products are also already subject to ecological compatibility tests in the planning phase. Sustainable thinking and acting are part and parcel of the way all business areas in the Lenzing Group operate. As a future-oriented company, Lenzing takes a holistic view guided by the principles of sustainable development.

The Lenzing product portfolio is almost exclusively comprised of products manufactured from renewable raw materials with a high material utilization. The priority is achieving an ecologically exemplary form of production and highly efficient energy generation. Closed cycle operations and optimized production processes enable the complete use of Lenzing's main raw material wood as well as the generation of valuable by-products.

As an internationally operating company, the Lenzing Group always acts in accordance with the prevailing laws and regulations in each country in which it is active. It also shows due respect for the natural environment and culture of each region, and strives to understand and appreciate the special features of the respective host country. The guiding principles underlying Lenzing's corporate philosophy also include social responsibility and ensuring healthy and humane working conditions. Considering the fact that employees comprise the basis of corporate success, they are offered interesting and challenging work with the opportunity to develop their professional skills and advance their careers against the backdrop of a fair and secure working environment.

Lenzing is the only fiber producer in the world which belongs to the Sustainable Apparel Coalition. This association was founded by globally leading sustainability-oriented companies of the garment and shoe industry together with leading ecological and social organizations. The objective is to develop a mutually acceptable understanding of sustainability and to set standards for sustainability along the entire value chain. A comprehensive catalog of criteria taking ecological and social indicators into consideration is being prepared.



# Management Report 2011

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The Lenzing Group is actively implementing its three-tiered sustainability strategy at all its facilities. A long tradition of supporting local organizations exists at the Lenzing site. In particular, long-term partnerships are intensively cultivated in order to provide a sustainably positive impetus to the region. A regional SOS Children's Village is supported each year as well as the Upper Austrian chapter of the charitable organization Lebenshilfe which helps people with intellectual disabilities. The funding is provided for specific projects. For example, Lenzing helped to finance necessary renovation work on the buildings at both an SOS Children's Village as well as Lebenshilfe. Lenzing AG and Lebenshilfe Oberösterreich are linked to each other through a longstanding partnership. This is not only reflected in regular contacts and support, but also in existing projects which have been jointly carried out for years, such as the contracting of regular quality tests for fibers, which are carried out by clients of a day care center.

Lenzing's contribution to the field of culture also clearly focuses on longstanding partnerships for regional projects. One example of such a long-term partnership is the cooperation with the Academy of Fine Arts in Vienna. Within the context of this cooperation which dates back to 1992, about 100 students over the years have painted on the premises of Lenzing AG ("Artists at Work"). In addition to promoting the respective prize winners with prize money, a total of close to 420 works of art produced by the students at these times have been purchased by the company. Many of these works of art now decorate the offices and workshops at the Lenzing site.

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**Left:** An art student on the premises of Lenzing AG during the project "Artist at Work".

**Top right:** The Vienna Stock Exchange Prize 2011 placed Lenzing first in the category "Sustainability".

**Bottom right:** Clients of Lebenshilfe during fiber testing.

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## Awards and activities

This year Lenzing was once again given awards for its efforts in the field of sustainability. The Vienna Stock Exchange Prize 2011 placed Lenzing first in the category "Sustainability". The prize in this category is based on 100 criteria and 400 indicators, in which case the Annual Report and questionnaire as well as secondary sources such as media reports are taken into account.

Within the context of ISPO (International Trade Fair for Sports Equipment and Fashion), Lenzing's specialty fiber TENCEL® SUN was granted the Eco Responsibility Award in the category "Fabrics and Fibers". The criteria for this award encompass, amongst other things, logistics, production, eco-compatibility, use, corporate culture and CSR.

For the sixth year in a row Lenzing was accepted into the VÖNIX index (VBV Austrian Sustainability Index). VÖNIX includes Austrian companies listed on the Vienna Stock Exchange which take a leading role both with respect to ecological as well as social aspects. The performance of a company is evaluated by means of a comprehensive criteria catalogue.

During the reporting year Lenzing intensified its efforts to systematize its internal sustainability work. The objective of the Lenzing "sustainability initiative" is to expand the catalogue of ecological, economic and social sustainability criteria used by the company in order to improve transparency regarding the sustainability track record of the Lenzing Group. The results of this work will be integrated in the concept of the new Sustainability Report.

## Certifications

Certifications provide business partners and customers with confirmation of Lenzing's adherence to the corresponding quality, environmental and safety standards. They also represent a crucial indicator illustrating the status of an organization with respect to its systems and products. For years the Lenzing Group has been continually developing its management systems. In the year under review Lenzing consistently maintained its system certifications such as ISO 9001, ISO 14001 and OHSAS 18001 at all fiber production sites.

### Certification in the Lenzing Group

	ISO 9001	ISO 14001	OHSAS 18001
Lenzing	✓	✓	✓
Heiligenkreuz	✓	✓	✓
Grimsby	✓	✓	✓
Mobile	✓	✓	✓
Purwakarta	✓	✓	✓
Nanjing	✓	✓	✓

# Management Report 2011

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The U.S. Department of Agriculture (USDA) certified TENCEL® fibers as 100% bio-based and Lenzing FR® fibers as 96% bio-based. The certification of bio-based products is part of the USDA BioPreferred Program. It is designed to encourage public institutions and companies to purchase products which are bio-based products or which largely consist of biological materials.

## Environmental protection at the Lenzing site

Ongoing production increases by Lenzing AG in recent years require the continuing expansion and upgrading of environmental protection measures designed to minimize emissions into the environment. The environmental protection facilities operated by Lenzing's Environmental Protection Department once again carried out the corresponding measures needed to successfully deal with the production increases in 2011.

For example, the wastewater treatment plant was further enlarged during the year under review. The wastewater purification facility operated by the "Wasserreinhaltungsverband Lenzing – Lenzing AG" was adjusted to meet current requirements by expanding the aerobic biological treatment. The hydraulic capacity of the entire facility was enhanced due to the construction of a new intermediate clarifier basin, the expansion of the filtration plant including the elimination of any bottlenecks in the field of sewage engineering.

After the successful enlargement of the anaerobic facility in 2010, this was used, amongst other purposes, for testing the anaerobic cleaning of wastewater sub-streams. Furthermore, in 2011 the so-called gypsum precipitation plant was enlarged, thus once again significantly reducing the sulfate level in the wastewater purification process.

The accredited Lenzing Testing Laboratory for Ecological Analysis (UAL) was able to further expand upon its high quality laboratory services in the field of wastewater and waste analysis as well as ecotoxicological tests. The annual audit commissioned by the accreditation authority of the Federal Ministry of Economy, Family and Youth gave very high marks once again to the technical competence of the testing center and extended its accreditation.

A key task performed at the Lenzing site in 2011 by Lenzing's Environmental Protection Department was carrying out a leading function in the submission of the environmental impact assessment for the planned TENCEL® production facility in Lenzing. The individual auditing carried out by public authorities determined that an environmental impact assessment (EIA) had to be implemented for this project. At the beginning of October 2011 Lenzing AG applied to the Upper Austrian Provincial Government as the responsible EIA authority for formal approval to construct and operate a TENCEL® production plant in accordance with UVP-G 2000 (Federal Act on the Environmental Impact Assessment) by presenting comprehensive technical documents on the project. The materials were displayed in the Municipality of Lenzing and the EIA authority for public inspection starting on December 20, 2011.

## Human Resources

The Lenzing Group to a large extent owes its market leadership position and technological edge to the commitment, creativity and qualifications of its employees. Ultimately the sustainable success and further development of a company is essentially determined by its well-trained and motivated employees. For this reason, the Lenzing Group continuously implements measures for the promotion, continuing education and further training of its individual employees and to improve the working environment at the company.

Lenzing employees were once again offered a variety of specialized professional trainings as well as seminars on personal development in 2011. The professional development and further education efforts at the Lenzing site are bundled in a separate institute, the “Bildungszentrum Lenzing” (Lenzing Training Center).

About 30 staff members participated in the Global Management Development Program in 2011. The aim of this initiative is to provide Lenzing managers with the tools they need for everyday business, as well as to create strong networks spanning individual sites and business units. In 2011, innovative learning methods were also applied, such as leadership training using horses. In 2012 the Global Management Development Program will be extended to include Lenzing’s Asian production sites.

The comprehensive employee assessment program known as “360° Feedback”<sup>1</sup>, was expanded to other managers in the year 2011. It now involves about 180 executives who receive valuable feedback from employees, colleagues and line managers within the context of a 360° evaluation. The 360° Feedback process also yields valuable insights into further education and training needs on the part of Lenzing managers and thus serves as the basis for developing suitable measures.

As a result of the 360° Feedback Program, a Group-wide coaching training for managers was launched in 2011. This enables executives to more effectively support their employees in improving their qualifications and developing their skills. The first step was a three-day coaching seminar in 2011 which was concluded by some 150 people. The next step planned for 2012 is the launch of an 18-month coaching pilot program for selected managers.

Furthermore, employees were trained as process supervisors and moderators (“facilitators”) in 2011. These employees are now qualified to lead internal workshops. In turn, this can result in numerous advantages, due to the fact that these employees are well acquainted with company-specific processes.

### Higher number of employees due to global capacity expansion

At the reporting date of December 31, 2012, the Lenzing Group employed a total staff of 6,593<sup>2</sup> employees around the world (December 31, 2010: 6,530<sup>3</sup>). In Lenzing’s continuing operations the number of employees rose by 431 year-on-year. This considerable increase is a result of additional staff hired at almost all fiber production sites due to the current capacity expansion program being implemented by the Lenzing Group. In particular, new employees were recruited for the viscose fiber production line in the Nanjing (China) plant which came on stream in the reporting year, as well as for Lenzing headquarters and the TENCEL® facility in Mobile (USA).

<sup>1</sup> Feedback from employees, colleagues and managers    <sup>2</sup> Number of employees excl. pro-rata amount of part-time employees

<sup>3</sup> Incl. discontinued operations: 368 employees in the Hahl Group

# Management Report 2011

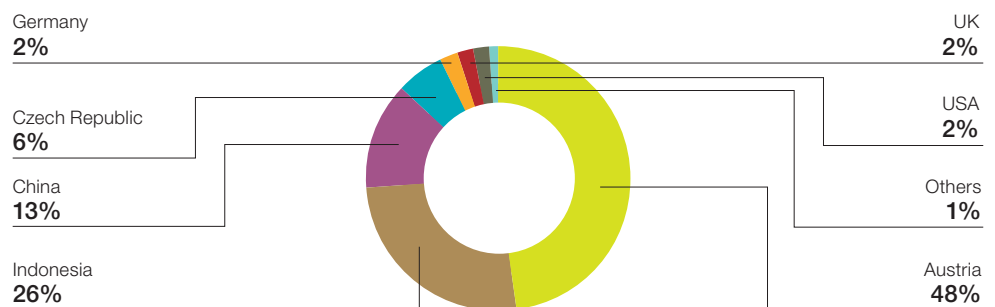
The growth strategy of the Lenzing Group means a greater focus is being put on recruiting qualified employees at all sites across the world. For this reason, global recruiting standards were implemented during the year under review to ensure a consistent approach throughout the Group.

The Group's biggest site in Lenzing employed a total number of 2,968<sup>1</sup> people at the reporting date of December 31, 2011 at its companies Lenzing AG, Lenzing Technik, Lenzing Plastics, Leno and BZL (December 31, 2010: 2,866). Of these, 188 were trainees (December 31, 2010: 177). Lenzing recognizes the importance of well trained skilled labor. For this reason, it takes its responsibility to provide vocational training very seriously. The further increase of 10% in the number of trainees underlines Lenzing's significance for the regional labor market as one of the most important employers in Upper Austria.

An additional 8 trainees received vocational instruction and training at Heiligenkreuz (Austria) and Grimsby (Great Britain).

## Staff Members by country

Lenzing Group headcount 31. December 2011: 6,593\*



\*<sup>1</sup> incl. trainees, excl. leased labor

## Safety and health

The Corporate Center "Global Safety, Health and Environment" is responsible for occupational safety and health as well as environmental protection issues on a Group level. During the year under review its work focused on the further development of the reporting system, performance indicators in the field of occupational safety and the revision of emergency plans, amongst other things. In 2011 the corporate center also focused on fire protection.

The "SHE<sup>2</sup>" conference held in June 2011 for the second time offered Lenzing's SHE managers the opportunity to exchange views and experiences. In the future this conference will be held once each year.

<sup>1</sup> Incl. trainees, excl. leased labor    <sup>2</sup> SHE: Abbreviation for Safety, Health, Environment

At the Lenzing site the external emergency plan was tested in 2011 in cooperation with the District Administration of Vöcklabruck as the responsible authority within the context of Lenzing's staff training efforts. Evacuation drills were practiced in various parts of the site together with the plant fire brigade, and the setting up of an on-site emergency control center was also tested. Furthermore the expansion of the internal alarm system proceeded on schedule.

Lenzing also promoted the use of e-learning as an important training tool to promote occupational safety. Documentation and procedures in the field of crisis management were revised and updated, and improvement measures were defined for implementation in 2012.

In addition, a project to develop and implement a comprehensive safety management system on a Group level was launched in 2011. Amongst other objectives, the project is designed to develop safety standards for the Lenzing site.

**Left and top right:** Lenzing recognizes the importance of well trained skilled labor. For this reason, it takes its responsibility to provide vocational training very seriously.

**Bottom right:** At the Global Management Development Program innovative learning methods were also applied in 2011, such as leadership training using horses.



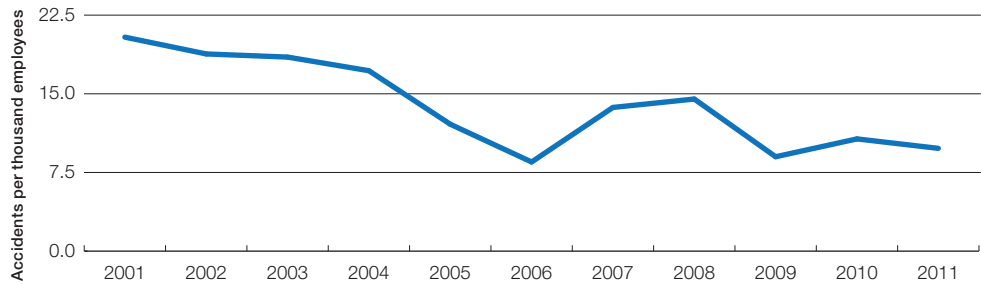
## Safety

In the reporting year the rate of injuries per 1,000 employees was kept at a similarly low level in line with the previous year's figures.

# Management Report 2011

## Development of accident rates

Lenzing Group 2001 – 2011



## Health

The Lenzing site once again offered numerous health-related programs to employees during the 2011 financial year. The focus in 2011 was on “Ergonomics at the Workplace” and “Exercise” for promoting personal health.

Activities such as “Lenzing on the Move” in which 500 pedometers were handed out to stimulate people to move more in their daily work were widely applauded by employees. Other measures included a motivational lecture given by the three-time Olympic and World Champion Felix Gottwald as well as a climbing day for the entire family. Moreover, the tried and tested Lenzing Health Days were offered once again. The participants intensively focused on issues such as physical exercise, nutrition and relaxation for four days under the guidance of a professional instructor and occupational physician.

In order to prevent diseases of the musculoskeletal system from arising, the existing spinal training program was expanded in 2011. Now all employees have the opportunity to take part in an appropriate training program at a fitness center of their choice. Another highlight was the workplace counseling provided by a qualified ergonomist. A series of maintenance control rooms were analyzed in 2011 along with office and laboratory workplaces, and redesigned by taking ergonomic considerations into account.

The inspections and analyses carried out by the occupational physicians at the health care center “IBG-Gesundheitszentrums Lenzing” were further extended during the year under review. In 2011 some 320 employees were subject to an expanded eye examination.

Psychological health is an important factor in addition to a person’s physical condition. For this reason, seminars on dealing with stress and stress management were held in 2011, as well as a special offering for employees in difficult life situations.

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## Corporate Communications

For the Lenzing Group as a globally operating and publicly listed company, continuous and transparent communications are extremely important. The ongoing external communications with all stakeholders as well as an open information policy with company employees are essential features of the Lenzing Group's corporate culture.

At the Group level, the relevant communications processes are coordinated by the corporate center Corporate Communications. This ensures that effective and competent public relations work is being carried out. Particular importance is attached to a holistic approach, which is why the corporate centers Corporate Communications and Investor Relations work closely together in a cross-functional manner.

### Public Relations

In 2011 the Lenzing Group once again provided comprehensive and timely information to the public and employees about the business development, current projects and important activities. Information for external audiences was disseminated by means of numerous press conferences, press releases, other media events and individual talks with journalists.

Regular communication measures include e.g. information via employee and customer magazines, newsletters as well as feature stories broadcast on a local TV station.

The quarterly employee magazine "Der Lenzing" and the monthly magazine "Zpravodaj Biocel" (Paskov, Czech Republic) provide the latest news to employees at the respective sites in their native languages. "Der Lenzing" is also distributed to retired employees and numerous partners from the business community and society in the region surrounding the Lenzing site. "Lenzing Inside" reports on the developments in the entire Lenzing Group and is published bilingually in German and English. The semiannual magazine is distributed to employees at all company sites as well as to interested stakeholders and customers.

Within the context of the TV partnership "Lenzing TV", a total of more than 20 reports about issues of topical interest from the world of Lenzing were broadcast in the reporting year. The stories were broadcast by the local Upper Austrian TV station "BTV" but are also available in English on the Lenzing Group Intranet to all employees around the world.

As an exhibitor at numerous trade fairs in Europe, America and Asia, Lenzing once again took advantage of various opportunities to present the company to an international expert audience. These trade shows comprise a welcome opportunity for the Lenzing Group to provide information about product innovations as well as to maintain and expand contacts to customers and business partners.

Furthermore, Lenzing moved ahead with enhancing its internet-based communications with the public on a product level and social networks for the purpose of recruiting trainees. The Lenzing Website as a central information platform of the Lenzing Group was further expanded and upgraded.



# Management Report 2011

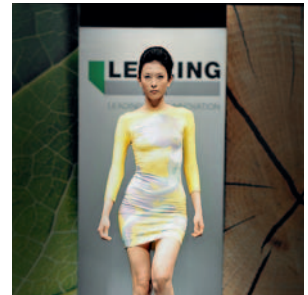
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More than 2,500 people took part in guided plant tours of the Lenzing site in the year 2011, and were thus able to gain a first-hand impression of viscose fiber production. In addition a new type of multimedia and interactive information system was introduced for people visiting the Lenzing facility.

The “Re-IPO” of Lenzing in 2011 was supported by strategic communications activities and used to further position the Lenzing Group as the world market leader for cellulose fibers and as a strong growth-oriented and sustainability-oriented company. An advertising campaign in Austria’s quality print and online media not only provided information about the capital market transaction in 2011 but also about the diverse range of innovative applications for Lenzing fibers.

**Left:** Lenzing won a record number of awards in the year 2011. Two awards within the context of “Austria’s Leading Companies”, the Golden Pegasus Award, the most important business prize of the Province of Upper Austria as well as the Sustainability Prize of the Vienna Stock Exchange.

**Right:** Lenzing fibers on the catwalk at the start of the stock market transaction in June 2011.



## Prizes and awards

Lenzing won a record number of awards in the year 2011.

Each year, the Wirtschaftsblatt, a leading Austrian business newspaper, honors Austria’s sustainably successfully and most financially stable companies which it calls “Austria’s Leading Companies Award”. Lenzing won the award in the category “Big Player” in 2011 as well as the special “Sales Billionaires” prize granted to Austria’s largest firms.

In addition, in June 2011 Lenzing won the Golden Pegasus Award, the most important business prize of the Province of Upper Austria.

Capital market prizes in 2011 are described in the Investor Relations section.



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## Investor Relations

A separate corporate center for Investor Relations with responsibility to serve investors and analysts was established within the context of the stock market transaction in 2011. This corporate center underlines the importance attached by the Lenzing Group to its new positioning on the capital market.

### “Re-IPO” and capital increase

With respect to investor relations activities, the year 2011 was shaped by the extensive preparations already launched in 2010 and the implementation of the secondary placement (“Re-IPO”) of Lenzing shares on the Vienna Stock exchange in June of the reporting year. The objectives of the transaction were to substantially increase free float, to enhance the long-term attractiveness of the Lenzing share and to strengthen the equity base of Lenzing AG.

Featuring an issue volume of about EUR 568 mn, the 2011 transaction was one of the biggest in Europe. 825,000 new shares as well as 5,351,379 existing shares from the company’s core and majority shareholder B & C Group were offered in a capital increase. The offering consisted of a public offering in Austria as well as a private placement for institutional investors outside of Austria. In order to facilitate access to US investors, a private placement for qualified investors was carried out in accordance with the US Regulation 144A of the Securities Act of 1933 as well as outside of the USA pursuant to the US “Regulation S”.

The transaction started on May 31, 2011 with a press conference and an investor lunch in Vienna along with an event for private shareholders in Linz. This was followed by a two-week international road show in which the Lenzing Management Board provided detailed information about the Lenzing Group and its strategic positioning to interested investors. Investor meetings were held in London, Vienna, Frankfurt, Zurich, Geneva, Paris, Amsterdam, Rotterdam, New York and Boston. A total of about 160 investors were informed in detail, partly in one-on-one meetings and partly in Group meetings.

In spite of an extremely difficult and highly volatile capital market, which witnessed the delay of a series of international capital market transactions, the Lenzing “Re-IPO” was successfully implemented.

The shares were allocated at an offer price of EUR 92.00. Lenzing generated net proceeds of about EUR 76 mn from the capital increase. In addition to the new shares, shares previously held by the B & C Group were also placed with Austrian and international investors. Lenzing thus attracted close to 90 new international institutional investors as shareholders, primarily from Great Britain, Germany, Norway, Austria and the USA. As a result of the transaction, free float rose to approx. 32.4% from the prior level of about 9.5%.

The successful “Re-IPO” not only enabled Lenzing to achieve greater autonomy from external lines of credit provided by banks but also optimal access to the international capital market. By increasing free float, the Lenzing share became liquid once again and thus also attractive for international and institutional investors.

# Management Report 2011

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## Lenzing share in the ATX

On April 18, 2011 the Lenzing share was switched from the Standard Market Continuous to the Prime Market of the Vienna Stock Exchange after Lenzing had met all the formal requirements of the Prime Market. In September 2011 Lenzing achieved a further milestone in the history of its stock market listing. The Lenzing share was accepted for listing in the ATX, the benchmark index of the Vienna Stock Exchange for the “top 20”. The positioning of the Lenzing share in the top league of stocks traded on the Vienna Stock Exchange was made possible by the significantly increased liquidity of the Lenzing share as a consequence of the “Re-IPO”.

## Nominal capital and shareholder structure

The nominal capital of Lenzing AG now amounts to EUR 27,574,071.43 and is divided into 26,550,000 individual shares. The majority owner is the B & C Group, which via its subsidiaries B & C Industrieholding GmbH, B & C Iota GmbH & Co KG und B & C Lenzing Holding GmbH holds a 67.6% stake in the voting share capital of Lenzing AG. Moreover, Oberbank AG, a leading Austrian regional bank, holds more than 5% of the voting rights of the company. The remaining shares are in free float with a broad shareholder base.

## Position of shareholders

Each no-par value share grants the shareholder one vote at the Lenzing AG Shareholders' Meeting. Unless mandatory provisions of the Stock Corporation Act provide otherwise, the Shareholders' Meeting passes resolutions by a simple majority of the votes cast and – if a majority of the nominal capital is required – by a simple majority of the nominal capital represented at the Shareholders' Meeting.

There are no shares that confer special rights to control. No share buy-back program exists. There are no provisions other than those stipulated by law with respect to the appointment or dismissal of members of the Management Board and Supervisory Board.

## Information on the capital

By resolution of the Shareholders' Meeting adopted on December 10, 2010, the Management Board was authorized, subject to the approval of the Supervisory Board, to increase the nominal capital of the company by up to EUR 13,358,625.00 within a period of five years running from the registration of the amendment to the Articles of Association in the commercial register by issuing up to 12,862,500 new no-par value bearer or registered shares against cash payment and/or contribution in kind – if need be in several tranches – and to determine the type of shares, the issue price and the conditions of the issue.

This authorization was partially exercised by issuing 825,000 no-par value bearer shares in the financial year 2011 (see above chapter “‘Re-IPO’ and capital increase”).

Moreover, on the basis of the resolution approved by the Shareholders' Meeting held on December 10, 2010 authorizing an increase in the nominal capital of the company pursuant to Section 159 Para. 2 (1) of the Austrian Stock Exchange Act by up to EUR 13,358,625.00 by

issuing up to 12,862,500 new non-par value bearer shares to owners of convertible bonds, the nominal capital was conditionally increased. The capital increase may only be carried out if the owners of convertible bonds exercise their subscription or conversion rights for shares in the company, or, if those owners obligated to subscribe or convert these shares fulfill their obligation and the Management Board resolves to issue new shares as a means of servicing the convertible bonds. Following the implementation of the capital increase, the number of issued shares from contingent capital and convertible bonds was reduced to 12,037,500.

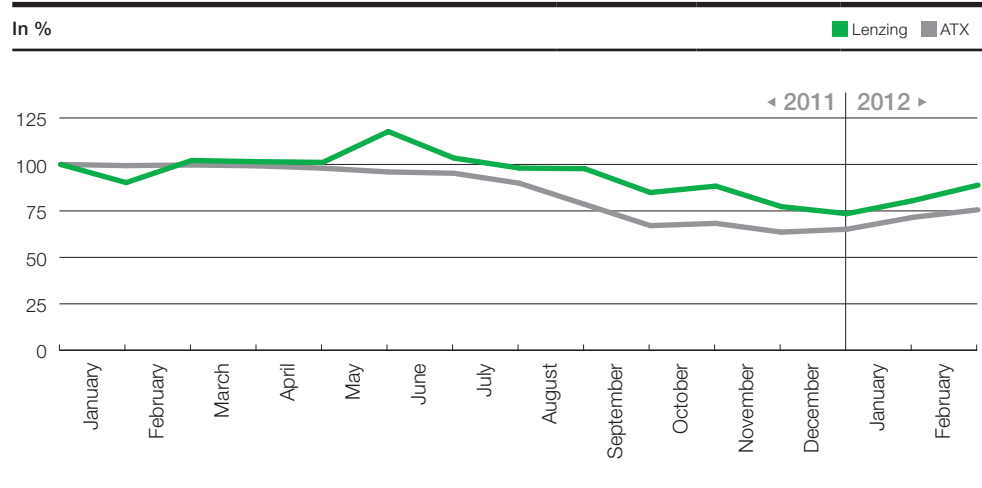
More information can be found in the current version of the Articles of Association of Lenzing AG, which can be downloaded from the Website of Lenzing AG at [www.lenzing.com](http://www.lenzing.com).

### Performance of the Lenzing share

The Lenzing share started 2011 at a price of EUR 87.00 and closed the year at EUR 63.94. The year's low was EUR 58.45 per share on December 14, 2011, whereas the peak value of the Lenzing share was reached on June 1, 2011, when it was traded at EUR 103.50.

This performance characterized by a -26.5% drop in value in 2011 showed that the Lenzing share was not immune to the share price losses on global stock markets in spite of the company's record business results. However, the Lenzing share did perform clearly better than the Vienna Stock Exchange. The Vienna benchmark index ATX began the year 2011 at 2,904.47 points and closed at 1,891.68 points, a decline of 34.9%. From the time of the "Re-IPO" and acceptance into the ATX index on June 15, 2011 until the end of the year, the Lenzing share developed parallel to the ATX.

### The Lenzing share price



# Management Report 2011

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## Vienna Stock Exchange Prize and Sustainability Index

In June 2011 Lenzing was given the Sustainability Prize of the Vienna Stock Exchange and also placed third in the ranking for the Corporate Bond Prize 2011 for its successful placement of Lenzing's corporate bond issue in 2010. The decisive factors taken into account for the Corporate Bond Prize were the annual report, information policy and the communications policy towards analysts as well as the existence of a rating, which Lenzing does not have for cost reasons. The Sustainability Prize was based on 100 criteria and 400 indicators, which took the annual report and questionnaire as well as secondary sources such as media reports into consideration.

The Lenzing share has been listed in the VÖNIX Sustainability Index since the year 2005. In the reporting year Lenzing once again succeeded in meeting the strict performance criteria demanded by this index. The VÖNIX Index (VBV Austrian Sustainability Index) encompasses publicly listed Austrian companies which are leaders in sustainability, both with respect to social as well as the ecological aspects of their business operations.

## Investor Relations activities

Lenzing regularly and comprehensively informs its shareholders by means of various communications channels, ranging from extensive quarterly reporting and press releases to personal contact maintained with close to 300 investors. In-depth information on the quarterly and annual results is conveyed to a wider private audience by means of advertisements placed in quality Austrian newspapers and magazines. Furthermore, the Investor Center on the Lenzing Website was given a considerable overhaul and relaunched in 2011. Comprehensive information on the company and the Lenzing share, the equity story as well as current dates and news are made available to investors on these pages. Moreover, private investors have access to up-to-date presentation materials of the Lenzing Group.

Following the successful "Re-IPO", the Lenzing Management Board and corporate center Investor Relations presented the company to an investor audience consisting of close to 140 investors in the second half of 2011 within the context of numerous road shows and investor meetings in Austria and abroad. This included important international events such as the Chemistry Conference in New York and London as well as private investor events such as the Sparkassen Investment Club of the Sparkasse Kremstal-Pyhrn. International conference calls were initiated as part of Lenzing's regular reporting efforts. Analysts at Deutsche Bank, Morgan Stanley, Erste Bank (The First Austrian Savings Bank), Raiffeisen Centrobank and Bank of America/Merrill Lynch regularly covered Lenzing AG in 2011.

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## Outlook Lenzing Group

### Fiber market

At the present time the global fiber market is well supplied with sufficient fiber volumes, and is in the midst of a consolidation phase which should extend into the first half of 2012.

Record prices for cotton in the 2010/11 harvest unleashed a lively expansion of cotton cultivation. As a consequence, a record harvest of 26.9 mn tons is expected in the 2011/12 season. This led to a stabilization of cotton prices at a high level, which leveled off at 1 USD per pound in the first weeks of 2012, significantly lower than the record prices in the first and second quarters of 2011 but considerably above the average in past years. Cotton is considered an important price benchmark for the entire fiber industry. Accordingly, this development is evidence for the sustainable structural change in overall global fiber price patterns as a consequence of the "cellulose gap". Despite a very good volume offering, the cotton price no longer fell to a range of between 50-70 US cents per pound. The ongoing high oil price also led to largely stable prices for synthetic fibers.

The prices of standard man-made cellulose fibers fell by approximately 20% in the fourth quarter of 2011. In contrast, prices rose by more than 10% in the first weeks of 2012, but the low starting level still influenced price developments in the first quarter of 2012.

Economic stabilization around the world is expected in the course of 2012. Increasing confidence with respect to the further development of the global economy should also provide positive impetus to the fiber market, so that increasing demand for fibers can be expected as of the middle of the year. Moreover, market analysts anticipate a lower cotton harvest for the 2012/13 crop year. In addition, the textile pipeline was once again receptive at the beginning of 2012.

### Lenzing Group

Once again the Lenzing Group expects a good year 2012, which should see quarterly development in a mirror-inverted manner. However, in terms of margins the current financial year will not be able to fully match the exceptional record year of 2011.

# Management Report 2011

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Due to Lenzing's positioning as a quality leader and leading provider of specialty fibers, the company expects fiber production facilities to operate at full capacity again. In particular, the availability throughout the entire year of additional fiber volumes manufactured by the Chinese fiber plant Lenzing Nanjing including debottlenecking as well as production increases achieved by the TENCEL<sup>®</sup> plant in the USA will result in a significant rise in shipment volumes compared to 2011 amounting to double-digit growth.

For the time being prices for Lenzing's standard viscose fibers should stabilize at a low level. In the course of 2012 Lenzing anticipates a higher price level than in the first quarter as a result of rising demand for both textile and nonwoven applications.

Good volume demand is expected for Lenzing Modal<sup>®</sup>, which should continue to ensure a fair price premium vis-à-vis standard viscose fibers and cotton. However, the considerable increase in the supply of modal is resulting in temporary price adjustments compared to 2011 price levels. With respect to TENCEL<sup>®</sup>, Lenzing foresees ongoing strong demand for textile and nonwoven applications and a largely stable price premium vis-à-vis standard viscose fibers.

A stable sales and earnings development is expected for the non-fiber Segments Engineering and Plastics Products.

As a consequence of higher fiber shipment volumes but in the light of lower average prices compared to the prior-year level, sales should rise to a level between EUR 2.2 bn and EUR 2.3 bn in 2012. EBITDA should range between EUR 400 mn and EUR 480 mn and EBIT is expected to be in the range of EUR 285-365 mn, depending on the development of raw material and fiber prices as well as the overall global economic environment.

All megatrends which are determining the growth of the Lenzing Group remain valid. For this reason, Lenzing will press ahead with its dynamic expansion program as planned. Investments will likely total about EUR 350 mn in 2012. The good earnings situation and continued high liquidity will enable the company to propose a dividend payout of approximately 25% of the consolidated net income for the 2011 financial year to the Shareholders' Meeting.

## Events after the Reporting Period

There are no significant events after the reporting data requiring disclosure.

**Lenzing, 2 March 2012**

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

# Corporate Governance Report 2011

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The Austrian Code of Corporate Governance (ACCG) provides Austrian stock corporations with a framework for the management and supervision of companies. This framework includes internationally recognized standards for good corporate governance as well as relevant regulations of Austrian stock corporation law.

The code aims to ensure a responsible management and control of companies and groups oriented towards sustainable and long-term value creation. It is intended to create a high degree of transparency for all stakeholders of the company.

Lenzing AG respects the ACCG. For the first time, the company committed itself in 2010 to complying with the stipulations contained in the code, which is available for download from the Internet at <http://www.corporate-governance.at>.

This Corporate Governance Report is publicly available on the website of Lenzing AG.

## 1) Explanation for deviations from the C-Rules of the Austrian Corporate Governance Code

### C-Rules 31/51 ACCG

Lenzing AG is of the opinion that disclosing the remuneration paid to individual Management Board or Supervisory Board members will not provide shareholders and other stakeholders with relevant supplementary information for the capital market. Accordingly, it will not provide any additional insights from an economic point of view.

## 2) Information on the Management Board

**Peter Untersperger** (born 1960)

Chairman of the Management Board

First appointed: January 1, 1999

Current mandate expires: March 31, 2013

**Responsibilities:** Business Unit Engineering, Corporate Communications, Global Human Resources, Internal Audit, Mergers & Acquisitions, Wood Purchasing

**Supervisory Board mandates in other companies:** none

**Friedrich Weninger** (born 1957)

Member of the Management Board

First appointed: January 1, 2009

Current mandate expires: December 31, 2014

**Responsibilities:** Business Unit Textile Fibers, Business Unit Nonwoven Fibers, Business Unit Pulp, Business Unit Energy, Business Unit Plastics, Business Unit Filaments, Global Safety, Health & Environment, Environment Lenzing Site, Infrastructure Lenzing Site, Business Planning

**Supervisory Board mandates in other companies:** none



**Thomas G. Winkler** (born 1963)  
 Member of the Management Board  
 First appointed: April 1, 2010  
 Current mandate expires: March 31, 2013

**Responsibilities:** Global Finance, Global Information Technology, Global Purchasing, Investor Relations, Legal Management, Risk Management

**Supervisory Board mandates in other companies:** none

### 3) Information on the Supervisory Board

#### 3.1. Composition

**Michael Junghans** (born 1967)  
 Since March 29, 2011: Chairman (up to March 29, 2011: Deputy Chairman)  
 First appointed: April 30, 2010  
 Current mandate expires: 2013

**Supervisory Board mandates in other publicly listed companies:**  
 Semperit AG Holding, Allg. Baugesellschaft – A. Porr AG

**Veit Sorger** (born 1942)  
 Since March 29, 2011: Deputy Chairman  
 First appointed: June 4, 2004  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:**  
 Mondi AG (Chairman), Semperit AG Holding (Chairman)

**Hermann Bell** (born 1932)  
 Term of office expired on March 29, 2011  
 Up to March 29, 2011: Chairman  
 First appointed: July 5, 1972

**Supervisory Board mandates in other publicly listed companies:** Oberbank AG (Chairman), BKS Bank AG

**Helmut Bernkopf** (born 1967)  
 First appointed: April 23, 2009  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:** CA Immobilien Anlagen AG

**Josef Krenner** (born 1952)  
 First appointed: April 23, 2009  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:** Voestalpine AG

# Corporate Governance Report 2011

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**Walter Lederer** (born 1961)  
 First appointed: June 27, 2002  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:**

Semperit AG Holding, Allg. Baugesellschaft – A. Porr AG, UBM Realitätenentwicklung AG

**Martin Payer** (born 1978)  
 First appointed: June 15, 2007  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:** Semperit AG Holding

**Patrick Prügger** (born 1975)  
 First appointed: March 29, 2011  
 Current mandate expires: 2014

**Supervisory Board mandates in other publicly listed companies:** Semperit AG Holding

**Andreas Schmidradner** (born 1961)  
 First appointed: June 12, 2008  
 Current mandate expires: 2012

**Supervisory Board mandates in other publicly listed companies:** Semperit AG Holding

**Supervisory Board members designated by the Works Council:** Rudolf Baldinger, Georg Liftingner, Gerhard Ratzesberger, Johann Schernberger

### 3.2. Independence (C-Rules 53 and 54 ACCG)

The Supervisory Board has adopted the guidelines relating to the independence of its members pursuant to Appendix 1 of the Austrian Corporate Governance Code.

All members of the Supervisory Board have declared themselves to be independent from the company and the Management Board.

Pursuant to C-Rule 54 of the ACCG, the Supervisory Board members Veit Sorger, Helmut Bernkopf and Josef Krenner declared in the 2011 financial year that they were neither shareholders with a stake of more than 10% in the company nor did they represent such a shareholder's interests.

### 3.3. Method of operation

To fulfill its responsibility of overseeing the work of the Management Board, the Supervisory Board of Lenzing AG convenes at least once every quarterly period for a meeting. A total of six Supervisory Board meetings took place during the year under review (C-Rule 36 ACCG).

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In the 2011 financial year the Supervisory Board of Lenzing AG constituted four committees consisting of its own members (C-Rules 34 and 39 ACCG):

#### 3.3.1. Audit Committee

The Audit Committee carries out the responsibilities assigned to it pursuant to Section 92 Para. 4a Austrian Stock Corporation Act. This stipulates that these responsibilities are primarily auditing and preparing the adoption of the annual financial statements and the evaluation of the proposal made by the Management Board on the distribution of profits as well as the Management Report. The Audit Committee also examines the consolidated financial statements of the Group and the Group Management Report and makes a recommendation for the selection of the auditors. Furthermore, the Audit Committee examines the effectiveness of the internal control system (ICS), internal auditing and the risk management system of the company. The committee is required to report to the Supervisory Board about its activities. In the 2011 financial year the Audit Committee convened three times.

**Members:** Michael Junghans (Chairman), Veit Sorger, Patrick Prügger, Rudolf Baldinger, Georg Liftinger

#### 3.3.2. Nomination Committee

The Supervisory Board has established a Nomination Committee which makes recommendations to the Supervisory Board on filling new or vacant positions on the Management Board, and also deals with issues relating to succession planning. Moreover, the committee makes proposals to the Annual Shareholders' Meeting for filling vacant positions on the Supervisory Board. One meeting of the Nomination Committee was held in the 2011 financial year, which focused on extending the Management Board contract of Friedrich Weninger.

**Members:** Michael Junghans (Chairman), Veit Sorger, Rudolf Baldinger; non-voting guest: Georg Liftinger

#### 3.3.3. Remuneration Committee

The Supervisory Board has set up a Remuneration Committee which deals with the terms and conditions of employment contracts with Management Board members, ensures compliance with C-Rules 27, 27a and 28 and also assesses the remuneration policy with respect to Management Board members in regular intervals. The Remuneration Committee convened twice in the 2011 financial year, focusing on the remuneration model applying to one Management Board member as of 2012.

**Members:** Michael Junghans (Chairman), Veit Sorger

#### 3.3.4. Special Committee

In connection with the capital increase carried out in 2011, the Supervisory Board established a temporary committee in order to grant the required approvals and resolutions for the pur-

# Corporate Governance Report 2011

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pose of the capital increase. One session of this committee took place, which primarily dealt with defining the final terms and conditions of the capital increase coordinated by the Management Board.

**Members:** Michael Junghans (Chairman), Veit Sorger, Rudolf Baldinger

## 4) Principles of Management Board and Supervisory Board remuneration (C-Rule 30 ACCG)

- The short-term profit sharing scheme for the Management Board is primarily determined by the criteria of the Group net profit for the year and operating cash flow. A bonus bank model has been set up with respect to the long-term bonus linked to the dividends paid, which stipulates a bonus payment distributed over a period of three years.
- The short-term variable salary component may comprise up to 50% of the total remuneration. In addition, the Supervisory Board may subsequently grant the Management Board a one-off bonus for extraordinary projects, which compensates for the achievements of the Management Board above and beyond the contractually stipulated services performed on behalf of the company (e.g. "Re-IPO") and which is commensurate to the total remuneration.
- Company pension benefits as well as severance payments claims and entitlements to benefits in case the employment contract of a board member is terminated are determined by valid legal regulations.
- The company has taken out legal protection insurance as well as a Directors and Officers Liability Insurance (D&O) policy for the Management Board members.

The principles underlying the remuneration of Management Board members are laid down in the Articles of Association of Lenzing AG (§ 13) published on the website of the company.

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## 5) Promoting the career advancement of women to Management Board, Supervisory Board and executive positions (L-Rule 60 ACCG)

Lenzing AG observes a strict equal opportunity policy and actively promotes the career development of women in management positions in all business areas, in particular by increasingly selecting women to take part in internal management training programs. In recent years the percentage of women holding qualified positions has steadily increased. Moreover, inasmuch as it is made possible by the respective position, the company promotes the compatibility of career and family life on the basis of flexible working time models and the possibility to work at home.

### **Lenzing Aktiengesellschaft**

Lenzing, January 2012

### **The Management Board**

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

# Consolidated Financial Statements as at 31 December 2011

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## Income Statement

EUR '000

Continuing operations	Note	2011	2010
Sales	(7)	2,140,032	1,766,323
Changes in inventories of finished goods and work in progress	(8)	28,489	(3,632)
Own work capitalized	(9)	30,269	33,839
Other operating income	(10)	53,134	43,525
Cost of material and other purchased services	(11)	(1,275,650)	(1,028,523)
Personnel expenses	(12)	(287,078)	(259,211)
Amortization of intangible assets and depreciation of property, plant and equipment	(13)	(120,591)	(102,523)
Other operating expenses	(14)	(204,625)	(217,870)
<b>Income from operations (EBIT)</b>	<b>(15)</b>	<b>363,979</b>	<b>231,928</b>
Income from investments in associates	(16)	6,472	1,411
Income from non-current and current financial assets	(17)	5,556	1,716
Financing costs	(17)	(23,895)	(16,051)
<b>Financial result</b>		<b>(11,867)</b>	<b>(12,924)</b>
Allocation of profit or loss to puttable non-controlling interests	(30)	(163)	(2,140)
<b>Income before tax (EBT)</b>		<b>351,949</b>	<b>216,864</b>
Income tax	(18)	(84,554)	(40,203)
<b>Profit for the year after taxes from continuing operations</b>		<b>267,395</b>	<b>176,661</b>
<b>Discontinued operations</b>			
Result from discontinued operations	(5)	9	(6,723)
<b>Profit for the year</b>		<b>267,404</b>	<b>169,938</b>
Attributable to shareholders of Lenzing AG		258,671	159,118
Attributable to non-controlling interests		8,732	10,820
<b>Earnings per share</b>	<b>(19)</b>	<b>EUR</b>	<b>EUR</b>
From continuing operations and discontinued operations		9.88	6.19
From continuing operations		9.88	6.45



# Consolidated Financial Statements as at 31 December 2011

## Statement of Comprehensive Income

EUR '000

	Note	2011	2010
<b>Profit for the year according to the income statement</b>		<b>267,404</b>	<b>169,938</b>
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gains/(losses) on defined benefit plans	(35)	(5,222)	(2,101)
Share of other comprehensive income of associates	(22)	0	(66)
Income tax relating to these items of other comprehensive income	(30)	1,275	546
		<b>(3,947)</b>	<b>(1,621)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising during the period	(30)	17,287	19,603
Net result on revaluation of available-for-sale financial assets during the period	(37.3)	930	(159)
Gains/losses from the valuation of cash flow hedges arising during the period	(37.3)	(8,969)	2,039
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss	(37.3)	(15,818)	2,731
Share of other comprehensive income of associates	(22)	0	(70)
Income tax relating to these items of other comprehensive income	(30)	5,730	(958)
		<b>(841)</b>	<b>23,187</b>
<b>Other comprehensive income for the year – net of tax</b>		<b>(4,788)</b>	<b>21,566</b>
<b>Total comprehensive income for the year</b>		<b>262,616</b>	<b>191,504</b>
Attributable to shareholders of Lenzing AG		254,668	179,459
Attributable to non-controlling interests		7,947	12,045

## Statement of Financial Position

## Assets

EUR '000

	Note	31/12/2011	31/12/2010
Intangible assets	(20)	90,072	87,681
Property, plant and equipment	(21)	1,091,697	1,002,798
Investments in associates	(22)	30,289	24,738
Financial assets	(23)	93,630	67,316
Deferred tax assets	(34)	10,771	10,150
Other non-current assets	(24)	9,311	2,475
<b>Non-current assets</b>		<b>1,325,770</b>	<b>1,195,158</b>
Inventories	(25)	284,577	222,761
Trade receivables	(26)	236,764	181,523
Income tax receivables		11,692	14,788
Other receivables and assets	(28)	64,377	58,630
Current securities	(29)	6,748	5,125
Cash and cash equivalents	(38)	410,534	249,388
		<b>1,014,692</b>	<b>732,215</b>
Assets of discontinued operations	(5)	0	36,076
<b>Total assets</b>		<b>1,014,692</b>	<b>768,291</b>
		<b>2,340,462</b>	<b>1,963,449</b>

## Equity and Liabilities

EUR '000

		31/12/2011	31/12/2010
Common stock		27,574	26,717
Capital reserves		133,919	63,600
Other reserves		828,223	613,601
<b>Share of shareholders of Lenzing AG</b>		<b>989,716</b>	<b>703,918</b>
Non-controlling interests		33,978	28,089
<b>Equity</b>	<b>(30)</b>	<b>1,023,694</b>	<b>732,007</b>
Government grants	(31)	23,061	30,200
Bonds, bank loans	(32)	488,519	518,989
Other loans	(32)	30,002	33,331
Trade payables		50	1,551
Deferred tax liabilities	(34)	28,197	36,873
Provisions	(35)	112,854	96,208
Puttable non-controlling interests	(30)	32,081	24,255
Other liabilities	(36)	19,574	18,855
<b>Non-current liabilities</b>		<b>734,338</b>	<b>760,262</b>
Government grants	(31)	8,171	4,134
Bank loans	(32)	122,570	50,607
Other loans	(32)	11,790	9,867
Trade payables		148,504	134,132
Income tax liabilities		74,864	31,774
Provisions	(35)	144,489	162,118
Puttable non-controlling interests	(30)	1,824	5,358
Other liabilities	(36)	70,219	38,640
		<b>582,430</b>	<b>436,630</b>
Liabilities of discontinued operations	(5)	0	34,550
<b>Current liabilities</b>		<b>582,430</b>	<b>471,180</b>
<b>Total equity and liabilities</b>		<b>2,340,462</b>	<b>1,963,449</b>

# Consolidated Financial Statements as at 31 December 2011

## Statement of Changes in Equity

	Common stock	Capital reserves	Foreign currency transla- tion reserve
<b>Balance at 1 January 2010</b>	<b>26,717</b>	<b>63,600</b>	<b>-18,707</b>
Profit for the year according to the income statement	0	0	0
Other comprehensive income for the year – net of tax	0	0	18,112
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>18,112</b>
Change in scope of consolidation and other changes	0	0	0
Dividends	0	0	0
<b>Balance at 31 December 2010 = 1 January 2011</b>	<b>26,717</b>	<b>63,600</b>	<b>-595</b>
Profit for the year according to the income statement	0	0	0
Other comprehensive income for the year – net of tax	0	0	16,931
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>16,931</b>
Increase in capital	857	70,320	0
Change in scope of consolidation and other changes	0	0	0
Dividends	0	0	0
<b>Balance at 31 December 2011</b>	<b>27,574</b>	<b>133,919</b>	<b>16,336</b>

see note 30.

Other Reserves				EUR '000		
Available-for-sale financial assets	Cash flow hedging reserve	Actuarial gains/ (losses) on benefit plans	Retained earnings	Total	Non-controlling Interests	Equity Total
64	(2,357)	(10,041)	516,633	575,909	9,497	585,406
0	0	0	159,118	159,118	10,819	169,937
(119)	3,888	(1,540)	0	20,341	1,226	21,567
<b>(119)</b>	<b>3,888</b>	<b>(1,540)</b>	<b>159,118</b>	<b>179,459</b>	<b>12,045</b>	<b>191,504</b>
0	0	0	0	0	6,583	6,583
0	0	0	(51,450)	(51,450)	(36)	(51,486)
<b>(55)</b>	<b>1,531</b>	<b>(11,581)</b>	<b>624,301</b>	<b>703,918</b>	<b>28,089</b>	<b>732,007</b>
0	0	0	258,671	258,671	8,732	267,404
697	(17,896)	(3,735)	0	(4,003)	(785)	(4,788)
<b>697</b>	<b>(17,896)</b>	<b>(3,735)</b>	<b>258,671</b>	<b>254,668</b>	<b>7,947</b>	<b>262,616</b>
0	0	0	0	71,176	0	71,176
0	0	0	(173)	(173)	(564)	(737)
0	0	0	(39,874)	(39,874)	(1,495)	(41,369)
<b>642</b>	<b>(16,365)</b>	<b>(15,317)</b>	<b>842,926</b>	<b>989,716</b>	<b>33,978</b>	<b>1,023,694</b>

# Consolidated Financial Statements as at 31 December 2011

## Cash Flow Statement

EUR '000

	Note	2011	2010
Gross cash flow			
from continuing operations		389,049	282,350
from discontinued operations		0	10,541
	(38)	<b>389,049</b>	<b>292,891</b>
Change in working capital	(38)	(79,381)	10,594
Net cash generated by discontinued operations	(5)	0	(9,488)
<b>Operating cash flow</b>		<b>309,669</b>	<b>293,997</b>
- Acquisition of non-current assets	(38)	(242,892)	(285,095)
+ Proceeds from the disposal/repayment of non-current assets	(38)	26,740	5,649
Net cash generated by discontinued operations	(5)	(0)	(1,273)
<b>Net cash used in investing activities</b>		<b>(216,152)</b>	<b>(280,719)</b>
+ Capital increase		71,176	0
+ Payments from puttable non-controlling interests		1,463	5,535
+ payments from other shareholders		589	0
- Dividends paid to shareholders		(41,369)	(51,487)
+ Government grants		3,326	6,019
+/- Changes in current financing		76,480	(16,687)
+ Receipts from bond-issue		0	119,295
+ Payments from other non-current financing		61,564	116,039
- Repayment of non-current borrowings		(110,747)	(64,769)
Net cash generated by discontinued operations	(5)	0	(680)
<b>Net cash used in (-)/ generated by (+) financing activities</b>		<b>62,482</b>	<b>113,266</b>
<b>Change in cash and cash equivalents total</b>		<b>155,999</b>	<b>126,544</b>
+/- Change in cash and cash equivalents of discontinued operations		0	900
<b>Change in cash and cash equivalents of continuing operations</b>		<b>155,999</b>	<b>127,444</b>
Cash and cash equivalents at beginning of the year		254,513	123,844
Currency translation adjustment relating to cash and cash equivalents		6,770	3,225
<b>Cash and cash equivalents at the end of the year</b>	(38)	<b>417,282</b>	<b>254,513</b>

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## Notes

### Note 1

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#### Introduction

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#### Description of business operations

The Lenzing Group ("the Group") consists of the Lenzing Aktiengesellschaft (Lenzing AG) and its subsidiaries. Lenzing AG is a public corporation under Austrian law and has its registered office at 4860 Lenzing, Austria. As at 31 December 2011 the majority shareholder of Lenzing AG is B & C Group which holds, directly or indirectly, 67.60% (31 December 2010: 90.54%) of Lenzing AG's share capital. B & C Industrieholding GmbH in turn is a full subsidiary of B & C Privatstiftung.

The Group's main activities are the production of fiber and pulp, engineering and plastics processing. It operates production sites in Austria, China, the Czech Republic, Germany, Great Britain, Indonesia and the USA. The global sales network includes trading companies in Shanghai and Hong Kong as well as sales offices in New York and Coimbatore.

#### Presentation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and mandatory at the time of preparation.

The financial statements are presented in euro (EUR) which is the functional currency of Lenzing AG and most of its subsidiaries. The figures provided in the financial statements and in these notes are rounded to the nearest thousand (EUR '000), unless specified otherwise. Summation differences may occur due to rounded amounts and percentage values.

#### Use of estimates

The preparation of financial statements in accordance with IFRS requires that the management board makes estimates and assumptions that affect the recognition and valuation of assets and liabilities at the reporting date and of revenues and expenses of the period, as well as the assessment of contingent assets and liabilities. The amounts ultimately realized may differ from these estimates.

Estimates and assumptions need to be made particularly with respect to the measurement of development costs, receivables, long-term construction contracts, provisions for pensions and similar obligations as well as other provisions. The results of the impairment tests performed depend significantly on the assumptions on discount rates, growth rates, development of prices and sales volumes and market risks used in the computation.

# Consolidated Financial Statements as at 31 December 2011

The underlying assumptions related to the estimates are reviewed and adjusted on an ongoing basis.

## Scope of consolidation

The consolidated financial statements of the Group comprise the parent company, Lenzing AG, and its subsidiaries. They incorporate the financial statements of the individual companies as at 31 December 2011. Deviating from this date Lenzing Beteiligungs GmbH was included with financial statements as at 30 September 2011. The effects on Lenzing Group are not material as this is a holding company. Note 43 provides a list of the fully consolidated entities.

Subsidiaries are defined as entities whose financial and operating policies can be governed by Lenzing AG in a way that allows it to obtain economic benefit from their activities. This is assumed to be the case if the parent holds more than 50% of the voting rights of all shareholders entitled to vote.

The number of consolidated entities has changed follows:

	2011		2010	
	Full-consolidation	Equity-consolidation	Full-consolidation	Equity-consolidation
<b>As at 1/1</b>	<b>43</b>	<b>7</b>	<b>39</b>	<b>6</b>
Consolidated for the first time in reporting period	1	0	4	1
Deconsolidated in reporting period	(10)	0	0	0
<b>As at 31/12</b>	<b>34</b>	<b>7</b>	<b>43</b>	<b>7</b>

Changes in the scope of consolidation are explained in note 4.

## Consolidation principles

The acquisition of subsidiaries is accounted for in accordance with IFRS 3 by applying the purchase method. According to this method, on acquisition all assets acquired and liabilities assumed are measured at their fair values as at the date of acquisition. The difference between the cost of acquisition and the fair values of the identifiable net assets acquired is recognized as goodwill.



Major intra-group balances, both in the statement of financial position and in the income statement, which result from transactions between consolidated companies, are eliminated upon consolidation.

Unrealized gains arising from intra-group transactions are eliminated if the assets concerned are still in possession of the Group at the reporting date.

Interests in the net assets of consolidated companies that are not attributable to Lenzing AG are shown separately within equity under the heading "Non-controlling interests". Puttable non-controlling interests are shown within short or long-term liabilities according to their limited contract period.

## Note 2

### Adoption of new and revised accounting standards

#### Standards and interpretations applicable in business year 2011

Lenzing Group adopts new or revised standards and interpretations that are relevant to the Group and which are to be applied in reporting periods starting on 1 January 2011.

The following new or revised IFRSs and interpretations of IFRIC were adopted by the European Union and are to be applied for the first time in business year 2011:

- IFRS 1 (revision) Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IAS 24 (revision) Related Party Disclosures
- IAS 32 (revision) Classification of Rights Issues
- IFRIC 14 (new) Prepayments of a Minimum Funding Requirement
- IFRIC 19 (new) Extinguishing Financial Liabilities with Equity Instruments
- Amendments to various IFRSs as a result of the annual improvement project 2010

#### Effect of the application of new or revised standards on the consolidated financial statements of Lenzing Group

The accounting standards, new or revised, to be adopted as of 1 January 2011 have no material effects on the financial statements of the Lenzing Group. The accounting policies and valu-

# Consolidated Financial Statements as at 31 December 2011

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ation methods applied in the consolidated financial statements basically remain unchanged as compared to the previous consolidated financial statements of the Lenzing Group for the year ended 31 December 2010.

## Standards and interpretations already issued but applicable for subsequent reporting periods

The following revised standards, new interpretations and amended standards had already been issued during 2011 and up to the time of preparation of these consolidated financial statements. Their application to business years beginning on or before 1 January 2011 is not mandatory, and the Group has not applied them early on a voluntary basis:

### Effective for business years beginning on or after 1 July 2011:

- Amendments to IFRS 1 First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates (not yet endorsed by the EU)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

### Effective for business years beginning on or after 1 January 2012:

- Amendments to IAS 12 Deferred Taxes: Recovery of Underlying Assets (not yet endorsed by the EU)

### Effective for business years beginning on or after 1 January 2013:

- IFRS 7 Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements (not yet endorsed by the EU)
- IFRS 11 Joint Arrangements (not yet endorsed by the EU)
- IFRS 12 Disclosure of Interests in Other Entities (not yet endorsed by the EU)
- IFRS 13 Fair Value Measurement (not yet endorsed by the EU)
- IAS 19 Employee Benefits (not yet endorsed by the EU)
- IAS 27 Separate Financial Statements (not yet endorsed by the EU)
- IAS 28 Investments in Associates and Joint Ventures (not yet endorsed by the EU)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (not yet endorsed by the EU)

**Effective for business years beginning on or after 1 January 2014:**

- IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities (not yet endorsed by the EU)

**Effective for business years beginning on or after 1 January 2015:**

- IFRS 9 Financial Instruments (not yet endorsed by the EU)

Concerning the presentation of IFRS consolidated financial statements three new standards were published in May 2011. A new control concept is introduced with IFRS 10. The effects on the composition of the subsidiaries included in the consolidated financial statements are currently analyzed. IFRS 11 will abolish the option to consolidate investments in joint ventures using the proportionate consolidation method. In the future these must be recognized using the equity method. Because this method is already used by Lenzing Group, no material changes will arise thereof. IFRS 12 combines all disclosures for consolidated and non-consolidated entities in a separate standard. The extent of necessary disclosures will be increased significantly by the new standard.

The new IFRS 9 provides extensive changes concerning the classification and measurement of financial instruments, impairment of financial assets and regulations for hedge accounting. Due to the ongoing revisions of this standard the impact on Lenzing Group cannot be measured reliably yet. According to the current project status application of IFRS 9 will only be mandatory for business years beginning on 1 January 2015.

There are further standards, changes or interpretations, which are either not relevant for the Group or do not have material effects on the result, net assets or the liabilities of Lenzing Group. Application of the standards and interpretations will be carried out when it is mandatory in the EU (after the so-called endorsement).

**Note 3****Accounting policies****Valuation principles**

Intangible assets, property, plant and equipment, loans receivable by the Group, inventories, receivables and liabilities are basically valued at historical cost.

Available-for-sale investments and derivative financial instruments are valued at their fair value at the reporting date.

# Consolidated Financial Statements as at 31 December 2011

## Foreign currency translation

Subsidiaries prepare their financial statements in their respective functional currency. The functional currency is the currency governing the business activities of the respective company.

The functional currency is the currency of the country where the respective subsidiary is located, the only exception being PT. South Pacific Viscose. The functional currency of PT. South Pacific Viscose is the US dollar.

Exchange rate gains or losses which result from transactions carried out by Group companies in a currency other than the functional currency are recognized in profit or loss of the reporting period. Monetary assets and liabilities of subsidiaries that are denominated in currencies other than the functional currency are translated at the foreign exchange rate of the reporting date (closing rate).

Assets and liabilities of subsidiaries are translated from functional currency to the reporting currency using the exchange rate prevailing on the reporting date. Sales and other income as well as expenses are translated at the average exchange rates of the month during which the transactions occurred. These exchange rates approximate the actual rates at the date of transaction. Translation differences resulting from the use of different exchange rates are recognized in other comprehensive income under a separate heading.

Fair value adjustments of acquired assets and liabilities and goodwill arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the acquired subsidiary and are therefore subject to currency translation.

The main rates applied in translating currencies to euro were the following:

Unit	Currency	2011		2010	
		Year end	Average	Year end	Average
1	EUR/USD US-Dollar	1.2935	1.3179	1.3376	1.3220
1	EUR/GBP British Pound	0.8352	0.8441	0.8616	0.8481
1	EUR/CZK Czech Koruna	25.7685	25.5140	25.0850	25.1739
1	EUR/CNY Renminbi Yuan	8.1413	8.3563	8.8150	8.7873
1	EUR/HKD Hong Kong Dollar	10.0486	10.2496	10.3965	10.2776
1	EUR/INR Indian Rupee	68.5670	69.2066	59.8030	59.6472

## Non-current assets held for sale or distribution

Non-current assets (or disposal groups), that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their

carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated in accordance with IAS 36. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortized or depreciated systematically.

### Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### Intangible assets

Intangible assets are stated at cost less any accumulated amortization and accumulated impairment losses at the reporting date. Amortization is determined on the basis of the estimated useful life of the asset, using the straight-line method. For goodwill there is only impairment.

The estimated useful lives of these assets are as follows:

	years
Goodwill and Trademarks	indefinite
Software	3 to 10
Licenses and other rights	
purchased	4 to 20
internally generated	5 to 15

Internally generated intangible assets are recognized, if they fulfill the recognition criteria according to IAS 38. Otherwise the respective research and development costs are recognized as expense. The amortization charge for the year is shown in the income statement under the heading "Amortization of intangible assets and depreciation of property, plant and equipment".

# Consolidated Financial Statements as at 31 December 2011

## Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses at the reporting date. Depreciation is determined on the basis of the estimated useful life of the asset, using the straight-line method.

The estimated useful lives of these assets are as follows:

	years
Land-use rights	30 to 50
Residential buildings	30 to 50
Office and factory buildings	10 to 50
Other buildings	7 to 33
Fiber production lines	10 to 15
Boiler stations, transformer stations, turbines	10 to 25
Other machinery and equipment	5 to 20
Vehicles	4 to 20
Office equipment and fixtures	2 to 15
IT hardware	3 to 10

Major rebuilding is capitalized, whereas maintenance or repair work, as well as minor rebuilding, is recognized in profit or loss as incurred.

The depreciation charge for the year is shown in the income statement under the heading "Amortization of intangible assets and depreciation of property, plant and equipment".

## Impairment

Cash-generating units with goodwill attributable to them and intangible assets with an indefinite useful life have to be tested for impairment at least annually. All other intangible assets and property, plant and equipment have to be tested for impairment if there is any indication of impairment.

An asset is deemed to be impaired if the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use equals the present value of the estimated future cash flows discounted at a pre-tax discount rate customary in the market and taking into account risks specific to the asset. If the recoverable amount of an asset cannot be determined the asset will be included in a cash-generating unit. A cash-generating unit is the smallest group of assets that generates cash flows independent of the cash flows from other assets or group of assets. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the respective business combination and represent the lowest level within the Group at which cash flows are monitored for management purposes.

Fair value less costs to sell of cash-generating units to which goodwill has been allocated is determined by the use of cash flow projection based on financial budgets for the next four years approved by management (in substantiated exceptional cases this period can be

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extended to seven years). For periods exceeding this period cash flows are projected at a perpetuity based on the assumptions of the last year and under consideration of a sustainable growth rate of 1.0%. The discount rate is an individually determined average of borrowing costs and the expected return on equity (WACC) that reflects current market assessments and the risks specific to the assets concerned. As at 31 December 2011 WACCs between 7.7% and 14.5% were used (as at 31 December 2010 between 6.6% and 10.4%).

If the recoverable amount of an asset is less than its carrying amount an impairment loss reflecting the amount of the difference has to be recognized in profit or loss. Impairment losses are recognized in the income statement under the heading "Amortization of intangible assets and depreciation of property, plant and equipment". Impairment losses of cash-generating units reduce the carrying amount of any goodwill allocated to the cash-generating unit in the first place. If the impairment loss exceeds the carrying amount of goodwill the exceeding amount reduces the carrying amount of the assets attributed to the cash-generating unit.

Where an impairment loss subsequently reverses, the assets are written up to their fair value, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined by applying the systematic amortization to original cost. An impairment loss recognized for goodwill must not be reversed in a subsequent period according to IAS 36.

### Financial assets

Investments in subsidiaries which are not consolidated and other investments for which no price on an active market exists are measured at cost. In the case of a non-temporary impairment those assets are carried at an applicable lower realizable value.

Loans receivable are carried at cost or in the case of impairment at their lower fair value.

Non-current securities are classified as available-for-sale financial assets. There is no intention to sell them within a year. The securities are stated at market value. Realized gains and losses are recognized in profit or loss under the heading "Income from non-current and current financial assets", unrealized gains and losses are recognized in other comprehensive income. The effective interest rate method is applied.

On the one hand non-current securities serve as strategic liquidity reserve and on the other hand they – among other things – also serve as partial funding for pension provisions as regulated by section 14 of the Austrian Income Tax Act (öEStG) (large-scale investor fund GF 82 – special fund, as regulated by section 20a of the Austrian Investment Fund Act (InvFG)).

# Consolidated Financial Statements as at 31 December 2011

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## Investments in associates

Investments in associates are accounted for by applying the equity method. On the basis of its voting rights the Group applies the equity method to investments in seven companies. These are EQUI-Fibres Beteiligungsgesellschaft mbH (EQUI) (45%) and its subsidiaries, WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H. (WWE) (25%), LKF Tekstil Boya Sanayi ve Ticaret A.S. (LKF) (33.34%), RVL Reststoffverwertung Lenzing GmbH (RVL) (50%), PT. Pura Golden Lion (PGL) (40%), Wood Paskov s.r.o. (LWP) (37.5%) and Lenzing Papier GmbH (LPP) (40%).

Under this method of accounting, investments in associates are initially recognized at cost. Thereafter the carrying amount of the investment is either increased by the Group's share of the associate's profit or reduced by its share of the associate's loss. Losses are only recognized to the extent that the carrying amount of the investment is written down to zero. According to IFRS 3, acquired goodwill is written down by default but only in the event of a reduction in value identified by an impairment test. If the acquisition cost of the investment is less than the investor's share in the fair value of the associate's net assets, the difference is credited to income in the year of acquisition.

## Deferred tax

Deferred tax assets or liabilities are recognized for all differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding amount recognized for tax purposes. Deferred tax is calculated at the tax rates that are expected to apply, under current legislation in the period when the liability is settled or the asset is realized. A deferred tax asset is fully recognized if it is probable that the asset can be realized. This applies to assets set up for tax loss carry-forwards in particular, but also to assets set up for other temporary differences. Otherwise a valuation allowance is accounted for.

Deferred taxes are recognized on the elimination of intra-group profits from inventories and fixed assets.

Deferred tax assets and deferred tax liabilities are offset in the Group if there is a right to set off current tax assets against current tax liabilities and if the current tax relates to taxable entities within the same tax group.

## Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized according to the degree of completion of the contract activity at the reporting date (percentage of completion method). This is measured input-oriented, based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs (cost to cost method). Project progress is continuously monitored and deviations of any kind from the initial scope and outcome of the project are included in the assessment.

If the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred which are likely to be recoverable. Contract costs are recognized as expenses in the period in which they occur.



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When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The amounts due from customers under construction contracts are presented under the heading "Trade receivables". The contract revenues recognized as revenue in the period are presented within "Sales".

### Inventories

Raw materials and supplies are stated at the lower of cost or net realizable value. The cost of inventories is determined by applying the weighted average method.

Work in progress and finished goods are also stated under the principle "lower of cost and net realizable value". Cost of production includes direct costs as well as fixed and variable overhead expenses.

### Receivables and other current assets

Receivables and other current assets are measured at amortized cost with the following exceptions: Derivative financial assets are measured at fair value; foreign currency receivables are translated at closing rates. Amortized cost of receivables and other current assets can be taken as a reasonable estimate of their fair values as the maturity of those assets is less than one year in most of the cases. Non-current receivables at no interest are discounted applying the effective interest method. Bad debt provisions are made for those items that are considered uncollectible or only partially collectible.

### Emission allowances

Emission allowances are capitalized at their fair value at the time of assignment. The difference between fair value and the amount paid by the Group is recognized under the heading "Government grants". Provisions are recognized at each reporting date for the obligation to deliver allowances representing the Group's actual emissions up to that date. The provision is measured at the fair value of the allowances capitalized, provided the allowances needed to settle the obligation are covered by the allowances held at the respective reporting date. To the extent that the allowances needed to settle the obligation exceed the allowances held, the provision for that part of allowances is valued at the additional fair value of allowances needed to settle the obligation. The government grant for emission allowances used up to that date is recognized as income.

### Current securities

Current securities are classified as available-for-sale financial assets and are valued at their market value. The difference between market value and acquisition cost is basically recognized in other comprehensive income and transferred to profit or loss on sale. Purchased or sold investments are recognized/derecognized on the settlement date.

# Consolidated Financial Statements as at 31 December 2011

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## Government grants

Investment grants are initially recognized as deferred income and credited to "Other operating income" systematically on a straight-line basis over the expected useful life of the subsidized asset. Recognition and valuation of emission allowances are detailed in section "emission allowances".

## Pension commitments and similar obligations

Almost all staff members of the Group are covered by defined benefit or defined contribution pension plans.

The pension payments under defined benefit pension plans are determined by the salary on retirement and by the duration of service. The pension commitments under the defined benefit plans of Lenzing Fibers Inc. and Lenzing Fibers (Hong Kong) Ltd. are financed by contributions to a retirement fund. The pension commitments of Lenzing AG are in part covered by qualifying insurance policies which are recognized as pension assets.

Under its defined contribution plans the Group makes payments to external pension funds.

In addition, staff members with employment contracts under Austrian law with a starting date up to 31 December 2002 are entitled to severance payments. Payment is due for any type of termination of contract when the employee has reached retirement age. The amount of severance payment depends on the remuneration level at termination time and the number of years of service. These claims of staff members must therefore be treated as if they were claims under defined benefit pension plans.

For those staff members with employment contracts under Austrian law with a starting date from 1 January 2003 the Group is required by law to contribute 1.53% of gross salary to an external pension fund.

Under defined contribution plans the Lenzing Group has no obligations beyond payment of the agreed contributions to the plan. A provision is not recognized in the statement of financial position.

The obligations arising from defined benefit pension plans and severance payment obligations have to be treated as post-employment benefits according to IAS 19 and are measured using the projected unit credit method, with actuarial valuations being carried out at each reporting date. The benefits expected to be paid are spread over the whole period of service. Future salary and pension increases are taken into account. Actuarial gains and losses are recognized in full in the period in which they occur. They are recognized in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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The obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of plan assets.

Interest cost accruing on pension and similar plans and return on plan assets are included in the income statement under heading "Personnel expenses".

### Obligations to pay anniversary bonuses

Collective bargaining agreements stipulate that Lenzing AG and some subsidiaries are obliged to pay anniversary bonuses to staff members who are in the service of the company for a specified number of years. The payments are generally based on the remuneration at the time of the respective anniversary. No company assets were segregated and no contributions were paid to any separate pension funds to finance these commitments.

Anniversary bonuses are regarded as other long-term employee benefits according to IAS 19. They are also measured according to the projected unit credit method using actuarial valuations. The benefits expected to be paid are spread over the whole period of service and future salary and pension increases are taken into account. Actuarial gains and losses and past service costs are recognized immediately in profit or loss.

Interest costs accruing on obligations to pay anniversary bonuses are included in the income statement under heading "Personnel expenses".

### Provisions

Provisions are recognized if the Group has legal or constructive obligations against third parties, which result from past transactions or events and probably lead to an outflow of economic benefits, which can be estimated reliably. They are recognized with the amount required to settle the obligation under consideration of all identifiable risks. Thereby the settlement amount with the highest probability of occurrence is used.

### Payables and other liabilities

Payables and other liabilities are measured at amortized cost with the following exceptions: Derivative financial instruments are measured at fair value; foreign currency liabilities are translated at closing rates.

Long-term liabilities at interest rates that deviate from market rates are discounted applying the effective interest method.

Carrying amounts of the other liabilities can be taken as a reasonable estimate of their fair values as the maturity of those liabilities is short-term in most of the cases.

# Consolidated Financial Statements as at 31 December 2011

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## Contingent liabilities

Contingent liabilities are possible or existing obligations, which arise from past events but where an outflow of resources embodying economic benefits is estimated to be not probable. These obligations are not recognized in the statement of financial position, but disclosed in the notes.

## Borrowing costs

Borrowing costs that are attributable to financing the acquisition or production of a qualifying asset and arise during the construction period are capitalized. All other borrowing costs are recognized in profit or loss in the period in which they arise.

## Recognition of income and expense

Sales are recognized at the time when the risks and rewards of product ownership pass to the customer, taking into account agreed delivery terms.

Dividends are generally recognized when the legal claim to payment arises. Interest is recognized as income or expense on an accrual basis using the effective interest method.

## Earnings per share

In accordance with IAS 33 earnings per share are computed by dividing net income for the year attributable to ordinary shareholders of the parent company by the average number of ordinary shares outstanding during the period. There are no effects of dilution. Please refer to note 19 for details of the computation.

## Derivative financial instruments

The Group uses derivative financial instruments to hedge currency risks arising in the course of business operations and to manage risk arising from commodity price volatility. Such derivative financial instruments serve to balance the variability of cash flows from future transactions. Hedging transactions are determined annually in advance on the basis of anticipated sales and consumption of commodities in the respective foreign currency.

The Group generally applies the rules of hedge accounting as set out in IAS 39. Hedge accounting can only be applied if the hedging relationship is continuously documented and if the effectiveness of the hedge, which has to lie within the range of 80% to 125%, is reliably measured.

If the conditions for the application of hedge accounting are met the result from changes in the market value of derivative financial instruments is either recognized in profit or loss or in other comprehensive income. This depends on whether the hedging transaction is a fair value

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hedge or a cash flow hedge. In the case of a fair value hedge the gain or loss from re-measuring the fair value of the hedging transaction and the result of the corresponding underlying transaction are both recognized in profit or loss as part of the income from operations. In the case of changes in the fair value of cash flow hedges unrealized gains and losses are initially recognized in other comprehensive income and affect profit or loss of the period at the time when the hedged transactions are realized. The ineffective portion of the changes in fair value of the cash-flow hedge and the measurement of derivatives for which a hedging relationship cannot be established is immediately recognized in profit or loss.

Derivatives embedded in financial instruments or other host contracts are treated as stand-alone derivatives if the economic characteristics and risks of the embedded derivative are not closely related to the host contract and the combined instrument is not measured at fair value through profit or loss.

## Presentation

Presentation of assets and liabilities, expenses and income, other comprehensive income and cash flows was basically unchanged in business year 2011 compared to the previous business year. To improve the informative value some of the items and presentations were structured differently (especially the separation of the item government grants to current and non-current liabilities, a more precise assignment of other financial and non-financial receivables and liabilities, a clearer arrangement of the statement of comprehensive income and the development of fixed assets).

The changes of presentation do not lead to any changes of measurement. Amounts of the previous year (including the relating disclosures in the notes) were adjusted accordingly.

## Note 4

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### Changes in the scope of consolidation and business transactions

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With effect of 19 January 2011 Beta LAG Holding GmbH was founded to take over holding functions. This entity was assigned to B & C Industrieholding GmbH and deconsolidated in Lenzing Group.

The other deconsolidations are related to the discontinued operation. Further explanations can be found in note 5.

Since April 2010 Lenzing Group has acquired several pieces of interest in Lenzing Modi Fibers India Private Limited, which is a joint venture with the Indian Modi Group. In the business year 2011 a non-proportional capital increase was carried out together with the Indian Modi Group. Thereby Lenzing Group's interest decreased from 99.9% (as at 31 December 2010) to 95.4% (as at 31 December 2011). Shares of non-controlling interests were increased by an amount of EUR 113 thousand because of this transaction.

# Consolidated Financial Statements as at 31 December 2011

## Note 5

### Discontinued operations

To focus the resources on the core business cellulose fibers in the future, Lenzing Group has sold parts of the plastics filaments business to a consortium around the Global Equity Partners Group (GEP) in February 2011 in the course of further streamlining of the portfolio. This sale was already presented as discontinued operations in the consolidated financial statements of Lenzing Group as at 31 December 2010.

GEP acquired 100% of the shares in the two German companies Hahl Filaments GmbH/ Munderkingen and Pedex GmbH/Affolterbach, in the US company Hahl Inc./Lexington and in the Czech company Hahl Filaments s.r.o./Plana as well as in the related real estate and holding companies. The sales price amounted to EUR 1,526 thousand.

Discontinued operations are part of the segment Plastics Products.

The result from discontinued operations comprises the following components in 2010:

	EUR '000
<b>Result from discontinued operations</b>	<b>2010</b>
Sales	50.511
Other income and expense	(45.469)
<b>EBITDA</b>	<b>5.042</b>
Depreciation and amortization	(5.472)
<b>EBIT</b>	<b>(430)</b>
Financial result	(634)
<b>Income before tax</b>	<b>(1.064)</b>
Attributable income tax	(176)
<b>Income after tax</b>	<b>(1.240)</b>
Result from measurement at fair value less costs to sell	(4.877)
Valuation adjustments and tax effects attributable to discontinued operations	(606)
<b>Loss for the period</b>	<b>(6.723)</b>
<b>Attributable to:</b>	
Shareholders of Lenzing AG	(0,26)
Non-controlling interests	0,00
Basic earnings per share	(0,26)

In the months of January and February 2011 discontinued operations generated sales of EUR 9,428 thousand and expenses of EUR 9,109 thousand. EBIT amounted to EUR 319 thousand and EBITDA amounted to EUR 757 thousand. After deduction of the financial result and attributable income tax a profit for the period of EUR 9 thousand resulted from discontinued operations. This profit for the period was recognized in the income statement of Lenzing Group under the heading „Result from discontinued operations“. Basic earnings per share from discontinued operations amounted to EUR 0.

Within other comprehensive income there are expenses/income (mainly from actuarial gains and losses) of EUR 0 thousand (2010: expenses of EUR -24 thousand) which are related to discontinued operations.

The major classes of assets and liabilities from discontinued operations are as follows at the time of deconsolidation:

	EUR '000
<b>Statement of financial position</b>	
Intangible assets	583
Property, plant and equipment	15,359
Deferred tax	1,187
Other non-current assets	41
<b>Non-current assets</b>	<b>17,170</b>
Inventories	11,795
Receivables and other assets	6,465
Cash at banks	646
<b>Current assets</b>	<b>18,906</b>
<b>Assets of discontinued operations</b>	<b>36,076</b>
Financial liabilities	21,261
Deferred tax	1,039
Provisions	3,776
<b>Non-current liabilities</b>	<b>26,076</b>
Financial liabilities	3,386
Trade payables	1,896
Provisions	2,204
Other payables	988
<b>Current liabilities</b>	<b>8,474</b>
<b>Liabilities of discontinued operations</b>	<b>34,550</b>
<b>Net assets of discontinued operations</b>	<b>1,526</b>

## Consolidated Financial Statements as at 31 December 2011

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The following cash flows are attributable to discontinued operations in 2010:

	EUR '000
<b>Cash flows from discontinued operations</b>	<b>2010</b>
Gross cash flow	10,541
Change in working capital	(9,488)
<b>Operating cash flow</b>	<b>1,053</b>
<b>Net cash used in investing activities</b>	<b>(1,273)</b>
<b>Net cash used in (-)/from (+) financing activities</b>	<b>(680)</b>
<b>Net cash flows</b>	<b>(900)</b>

In 2011 cash flows amounted to EUR 0 in total.



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## Note 6

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### Segment reporting

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#### Business segments

For internal reporting to management the following business segments are used in the Lenzing Group:

#### Segment Fibers:

Segment Fibers comprises Business Units Textile Fibers, Nonwoven Fibers, Pulp and Energy, as well as by-products and trading in wood. It constitutes the core business of the Group.

#### Segment Plastics Products:

Segment Plastics Products produces plastics specialties for processing and finishing. This segment comprises Business Units Plastics and Filaments.

#### Segment Engineering:

Segment Engineering corresponds to the Business Unit Engineering and is the technical competence center of the Group; it consists of three business divisions:

- Engineering and Contracting
- Mechanical construction and industrial services
- Automation and mechatronics

#### Other:

The residual segment Other mainly comprises the disclosures of BZL-Bildungszentrum Lenzing GmbH, an educational activity of the Lenzing Group. The headings "Share in the result of associated companies" and "Investments in associated companies" comprise the investments in WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H and Lenzing Papier GmbH.

The segments were defined on the basis of differences between products and services respectively. The chief operating decision maker relevant for the segment reporting is the entire management board of Lenzing AG.

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2011	Fibers	Plastics Products	Engineering
Sales to external customers	1,927,630	170,641	40,380
Inter-segment sales	11,848	1,984	66,644
<b>Total sales</b>	<b>1,939,477</b>	<b>172,624</b>	<b>107,024</b>
Segment result (EBIT)	360,943	(3,489)	7,531
Segment result (EBITDA)	458,638	16,476	9,014
Amortization / depreciation	101,951	19,982	1,487
thereof impairments	4,551	13,322	0
Share in the result of associated companies	6,474	0	0
Expenditure for property, plant and equipment and intangible assets	189,591	4,550	2,229
EBIT margin	18.6%	(2.0%)	7.0%
EBITDA margin	23.6%	9.5%	8.4%

31/12/2011	Fibers	Plastics Products	Engineering
Segment assets	1,659,175	105,816	45,466
Segment liabilities	479,933	29,049	30,455
Investments in associated companies	29,557	0	0

2010	Fibers	Plastics Products	Engineering <sup>1</sup>
Sales to external customers	1,584,305	143,062	37,683
Inter-segment sales	12,082	1,550	58,727
<b>Total sales</b>	<b>1,596,387</b>	<b>144,612</b>	<b>96,410</b>
Segment result (EBIT)	230,348	(4,326)	7,586
Segment result (EBITDA)	312,061	13,806	9,010
Amortization / depreciation	85,570	18,134	1,429
thereof impairments	741	11,885	0
Share in the result of associated companies	3,848	0	0
Expenditure for property, plant and equipment and intangible assets	224,422	5,838	1,023
EBIT margin	14.4%	(3.0%)	7.9%
EBITDA margin	19.5%	9.5%	9.3%

31/12/2010	Fibers	Plastics Products	Engineering
Segment assets	1,424,099	119,437	43,505
Segment liabilities	429,478	39,477	25,583
Investments in associated companies	24,004	0	0

<sup>1</sup> Adjustment of internal cross-segment sales    <sup>2</sup> Deconsolidation as of 28/02/2011

## EUR '000

Other	Consolidation	Continuing operations	Discontinued operations <sup>2</sup>
1,381	0	2,140,032	9,428
1,418	(81,893)	0	0
<b>2,799</b>	<b>(81,893)</b>	<b>2,140,032</b>	<b>9,428</b>
298	(1,304)	363,979	319
347	(4,182)	480,292	757
48	(2,878)	120,591	438
0	0	17,873	0
(2)	0	6,472	0
97	(3,114)	193,352	41
10.7%		17.0%	3.4%
12.4%		22.4%	8.0%

## EUR '000

Other	Consolidation	Continuing operations	Discontinued operations	Reconciliation	Group
454	(35,262)	1,775,649	0	564,813	2,340,462
979	(10,822)	529,594	0	787,174	1,316,768
733	0	30,289	0	0	30,289

## EUR '000

Other	Consolidation <sup>1</sup>	Continuing operations	Discontinued operations
1,273	0	1,766,323	50,374
1,359	(73,718)	0	137
<b>2,632</b>	<b>(73,718)</b>	<b>1,766,323</b>	<b>50,511</b>
242	(1,922)	231,928	(430)
290	(4,581)	330,586	5,042
48	(2,658)	102,523	5,472
0	0	12,626	0
(2,437)	0	1,411	0
22	(1,309)	229,996	1,279
9.2%		13.1%	(0.9%)
11.0%		18.7%	10.0%

## EUR '000

Other	Consolidation	Continuing operations	Discontinued operations	Reconciliation	Group
441	(32,765)	1,554,717	36,076	372,656	1,963,449
823	(14,244)	481,117	34,550	715,775	1,231,442
734	0	24,738	0	0	24,738

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For the internal performance measurement of the segments the result before interest, tax, depreciation of property, plant and equipment and amortization of intangible assets with consideration of reversal of government grants (EBITDA) and the income from operations (EBIT) are used, which are equal to the amounts in the income statement. The reconciliation to income before tax can be found in the income statement.

Segment expenditure includes those expenditures for intangible assets and property, plant and equipment, which were paid in the business year.

Segment assets mainly comprise intangible assets and property, plant and equipment, inventories, trade receivables and other receivables excluding income tax receivables. The reconciliation column shows those assets, which are not allocated to segments and mainly comprises financial assets, current securities, deferred taxes and income tax receivables as well as cash and cash equivalents.

Segment liabilities mainly comprise trade payables, provisions and other liabilities excluding income tax liabilities. The reconciliation column shows liabilities, which are not allocated to segments and mainly comprises government grants, the bond, bank loans, other loans, deferred tax and income tax liabilities.

The prices for inter-segment deliveries are determined on the same basis as for external customers.

Measurement for the segment reporting equals the accounting policies used for the IFRS consolidated financial statement.

### Information about products and services

The sales to external customers allocated by products and services are as follows:

	EUR '000	
	2011	2010
Textile Fibers	1,160,034	932,446
Nonwoven Fibers	421,092	355,461
By-products of Fibers production <sup>1</sup>	44,064	41,145
<b>Sales Fibers</b>	<b>1,625,190</b>	<b>1,329,052</b>
Other sales of segment Fibers <sup>2</sup>	314,287	267,335
<b>Segment Fibers</b>	<b>1,939,477</b>	<b>1,596,387</b>
<b>Segment Plastics Products</b>	<b>172,624</b>	<b>144,612</b>
<b>Segment Engineering</b>	<b>107,024</b>	<b>96,410</b>
Others and Consolidation	(79,093)	(71,086)
<b>Group</b>	<b>2,140,032</b>	<b>1,766,323</b>

<sup>1</sup> Sodium Sulfate and Black Liquor    <sup>2</sup> Pulp, Wood, Energy and Others

The Lenzing Group obtains its external revenues from many customers and is not depending on significant individual customers.

### Information about geographical areas

Sales to external customers presented by geographical markets, and assets and expenditure for property, plant and equipment and intangible assets analyzed by the geographical area are as follows:

EUR '000

	Sales		Assets		Capital expenditure	
	2011	2010	31/12/2011	31/12/2010	2011	2010
<b>Continuing operations</b>						
Austria	181,718	153,748	836,454	759,666	67,411	88,835
Europe <sup>1</sup>	780,483	672,390	258,836	278,910	41,188	69,992
Asia	962,222	751,271	638,755	491,816	72,990	69,991
The Americas	177,255	149,745	41,604	24,325	11,763	1,178
Other	38,353	39,169	0	0	0	0
Reconciliation	0	0	564,813	372,656	0	0
<b>Subtotal</b>	<b>2,140,032</b>	<b>1,766,323</b>	<b>2,340,462</b>	<b>1,927,373</b>	<b>193,352</b>	<b>229,996</b>
<b>Discontinued operations</b>						
Austria	0	1,273	0	0	0	0
Europe <sup>1</sup>	7,793	34,411	0	28,636	38	1,119
Asia	0	2,658	0	0	0	0
The Americas	1,635	10,952	0	7,440	4	160
Other	0	315	0	0	0	0
<b>Subtotal</b>	<b>9,428</b>	<b>49,609</b>	<b>0</b>	<b>36,076</b>	<b>42</b>	<b>1,279</b>
<b>Total</b>	<b>2,149,460</b>	<b>1,815,932</b>	<b>2,340,462</b>	<b>1,963,449</b>	<b>193,394</b>	<b>231,275</b>

The amounts shown above include all segments of Lenzing Group. Capital expenditure includes all expenditures for intangible assets and property, plant and equipment, which were paid in the business year.

The products of the Group are marketed globally. The production lines of Segment Fibers are located in Austria. The main site in Lenzing produces standard viscose fibers as well as specialties and there is the lyocell production site in Heiligenkreuz, Austria. Further lyocell production sites are in Grimsby, Great Britain and Mobile, USA. The Group has two viscose fiber production plants in Asia: Purwakarta, Indonesia and Nanjing, China. The pulp production plants are located in Lenzing, Austria and in Paskov, Czech Republic. The production facilities of the other segments are located in the Lenzing, Austria, in Kelheim, Germany and in Nanjing, China.

<sup>1</sup> Europe without Austria including Turkey

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## Note 7

### Sales

Compared to 2010, sales increased by 21.2% to EUR 2,140,032 thousand due to an increase of fiber shipments as well as due to higher selling prices for fiber. Sales by business segments and geographical markets are presented in note 6.

## Note 8

### Changes in inventories of finished goods and work in progress

This heading represents the credit/charge required to reflect the manufacturing costs for goods produced by the Group that were still on stock at the reporting date.

## Note 9

### Own work capitalized

This heading represents expenses of the Group that were capitalized as part of the production costs of fixed assets.

## Note 10

### Other operating income

This heading comprises:

	EUR '000	
	2011	2010
Foreign currency gains	0	4,199
Revenues from investment grants	4,278	3,865
Income from the disposal of fixed assets	2,607	75
Revenues from government grants for emission allowances	3,725	3,488
Refund for services rendered and maintenance costs	5,304	4,924
Revenues from staff canteen	1,960	1,722
Insurance compensation	2,089	1,178
Rental income	2,682	2,433
Green energy bonus	7,210	7,184
Sundry operating income	23,279	14,457
	<b>53,134</b>	<b>43,525</b>

## Note 11

### Cost of material

Cost of material mainly comprises expenses for pulp. In addition to this it primarily includes expenses for energy and sodium hydroxide.

## Note 12

### Personnel expenses

This heading comprises:

	EUR '000	
	2011	2010
Wages and salaries	222,421	201,081
Expenses for severance payments	5,569	5,250
Pension expense	4,614	4,397
Statutory security contributions	49,573	44,466
Voluntary social spending	4,901	4,017
	<b>287,078</b>	<b>259,211</b>

Collective bargaining agreements for the Austrian sites resulted in an increase of 3.05% to 3.15% as of 1 May 2011. Similar agreements at the subsidiaries resulted in increases of 4.6% in Great Britain, 4.0% in the Czech Republic and 5.98% in Indonesia. There were no corresponding, generally binding agreements in the other countries. Expenses for severance payments mainly comprise expenses for statutory commitments of Lenzing AG and its Austrian subsidiaries towards their staff members (please refer to note 35) and voluntary severance payments.

The number of employees in the Lenzing Group) is as follows:

Number of employees	2011	2010
Average	6,294	5,889
As at 31 December	6,444	6,143

<sup>1)</sup> including discontinued operations as at 31 December 2010: 6,530

# Consolidated Financial Statements as at 31 December 2011

## Note 13.

### Amortization of intangible assets and depreciation of property, plant and equipment

Amortization of intangible assets and depreciation of property, plant and equipment amounting to EUR 120,591 thousand (2010: EUR 102,523 thousand) includes impairment losses of EUR 17,873 thousand. (2010: EUR 12,626 thousand; please refer to notes 20 and 21.)

## Note 14

### Other operating expenses

This heading comprises expenses related to operating activities that do not fall under another heading according to the total expenditure format:

	EUR '000	
	2011	2010
Freight outward	67,774	61,674
Commissions and advertising costs	28,508	22,042
Service and maintenance and other purchased services	33,265	45,157
Insurance	9,492	9,251
Travel expenses	8,925	7,452
Legal, audit and consultancy fees	13,670	8,630
Rentals and leases	4,820	3,679
Waste disposal	6,384	4,971
Loss from the disposal of fixed assets	1,653	1,559
Emission allowances	3,867	3,618
Foreign currency losses	2,249	0
Other	24,018	49,837
	<b>204,625</b>	<b>217,870</b>

The expenses for the auditor of the parent company comprise the following:

	EUR '000	
	2011	2010
Audit of group accounts and year end audit	255	243
Other services (Comfort Letter)	697	0
Tax advisory services	97	176
	<b>1.049</b>	<b>419</b>



**Note 15****Income from operations (EBIT)**

EBIT improved from EUR 231,928 thousand to EUR 363,979 thousand, which equals an increase of 56.9%. Increased quantities of fiber sales as well as higher selling prices for fiber significantly influenced the increase of the result.

**Note 16****Income from investments in associates**

The income from investments in associates of EUR 6,472 thousand (2010: EUR 1,411 thousand) comprises the Group's share in the period result of the associated companies as well as the impairment of the carrying amount of associated companies.

**Note 17****Income from non-current and current financial assets and financing costs**

Income from non-current and current financial assets and financing costs comprise the following:

	EUR ,000	
	2011	2010
Income from non-current and current financial investments	5,556	1,716
Financing costs	(23,895)	(16,051)
	<b>(18,339)</b>	<b>(14,335)</b>

Income from non-current and current financial assets comprises the following:

	EUR ,000	
	2011	2010
Interest income from		
bank deposits, loans and other receivables	4,231	2,114
available-for-sale investments and others	1,759	855
Write-off of long-term loans	(19)	(2,349)
Result from the sale of available-for-sale investments	(631)	(25)
Net exchange gains/losses from financial assets	216	1,121
	<b>5,556</b>	<b>1,716</b>

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Financing costs comprise the following:

	EUR '000	
	2011	2010
Net exchange gains/losses from financial liabilities	(425)	207
Interest and other expense	(23,471)	(16,258)
	<b>(23,895)</b>	<b>(16,051)</b>

## Note 18

### Income taxes

Income taxes comprise current and deferred tax income/expense of the companies included in the consolidated financial statements.

	EUR '000	
	2011	2010
<b>Current tax expense</b>		
Relating to current year	91.167	39.099
Over-/underprovided in previous years	(4.489)	(758)
	<b>86.678</b>	<b>38.341</b>
<b>Deferred tax</b>		
Relating to current year	(3.057)	3.622
Relating to prior periods	933	(1.760)
	<b>(2.124)</b>	<b>1.862</b>
	<b>84.554</b>	<b>40.203</b>

The reconciliation from the computed tax expense according to the statutory Austrian corporate income tax rate of 25% (31 December 2010: 25%) to the effective tax expense is presented below:

	EUR '000	
	2011	2010
<b>Income before tax</b>	<b>351,949</b>	<b>216,864</b>
Tax at Austrian tax rate (25%)	87,987	54,216
Tax free income and tax allowances (in particular allowances for research and development)	(1,908)	(1,058)
Non-deductable expenses and withholding taxes	3,066	560
Income from investments in associates	(1,629)	(353)
Effect of different tax rates of subsidiaries	(63)	(6,638)
Changes of tax rates	(889)	83
Tax expense relating to prior periods	(3,556)	(2,519)
Exchange rate differences between functional and local currency	1,632	(2,588)
Effect of changes in tax losses and other temporary differences not recognized as deferred tax asset	1,786	(1,614)
Tax effect of puttable non-controlling interest	40	535
Other	(1,912)	(421)
<b>Effective tax expense</b>	<b>84,554</b>	<b>40,203</b>

This is equivalent to an average tax rate of 24.0% (2010: 18.5%).

The Austrian subsidiaries of Lenzing Group are subject to an income tax rate of 25%. The applied income tax rates for foreign entities are between 12.5% and 34%.

Compared to the previous business year there was a change of the applicable tax rate in Great Britain from 28% to 26%. Starting in business year 2012 a tax rate of 25% will be applicable there. This was already used at 31 December 2011 for deferred taxes.

As at 31 December 2011 tax loss carry-forwards amount to EUR 33,041 thousand (2010: EUR 38,831 thousand) in the Group. For some parts of these losses no deferred tax asset was recognized (EUR 28,933 thousand; 2010: EUR 32,405 thousand). The losses are available indefinitely for offset against future taxable profits.

# Consolidated Financial Statements as at 31 December 2011

## Note 19

### Earnings per share

Earnings per share from continuing operations and from discontinued operations are computed as follows:

	EUR '000	
	2011	2010
Profit used in the computation of earnings per share from continuing operations – (net result after non-controlling interests)	258,662	165,841
Profit from discontinued operations attributable to shareholders of Lenzing AG	9	(6,723)
<b>Profit attributable to shareholders of Lenzing AG used in the computation of earnings per share</b>	<b>258,671</b>	<b>159,118</b>
Weighted average number of shares	26,170,274	25,725,000
<b>Earnings per share (EUR)</b>	<b>EUR</b>	<b>EUR</b>
from continuing operations	9.88	6.45
from discontinued operations	0.00	(0.26)
<b>Earnings per share</b>	<b>9.88</b>	<b>6.19</b>

## Note 20

### Intangible assets

#### Development of intangible assets

Intangible assets comprise the following:

EUR '000

2011	Goodwill	Concessions, industrial property rights, licences and similar rights	Internally generated intangible assets	Total
<b>Costs of acquisition and production</b>				
<b>01/01/2011</b>	<b>80.948</b>	<b>16.567</b>	<b>24.180</b>	<b>121.694</b>
Currency translation adjustment	2.195	44	0	2.239
Changes in scope of consolidation	0	0	0	0
Additions	0	1.098	267	1.365
Disposals	0	(10)	0	(10)
Reclassifications	0	0	0	0
<b>31/12/2011</b>	<b>83.143</b>	<b>17.699</b>	<b>24.447</b>	<b>125.289</b>
<b>Accumulated amortization and impairment losses</b>				
<b>01/01/2011</b>	<b>(36)</b>	<b>(11.589)</b>	<b>(22.390)</b>	<b>(34.015)</b>
Currency translation adjustment	(87)	(26)	0	(113)
Changes in scope of consolidation	0	0	0	0
Amortization	0	(697)	(402)	(1.099)
Impairments	0	0	0	0
Reclassifications	0	0	0	0
Disposals	0	10	0	10
Write-ups	0	0	0	0
<b>31/12/2011</b>	<b>(122)</b>	<b>(12.302)</b>	<b>(22.792)</b>	<b>(35.216)</b>
Carrying amount 01/01/2011	80.913	4.978	1.790	87.681
<b>Carrying amount 31/12/2011</b>	<b>83.021</b>	<b>5.397</b>	<b>1.655</b>	<b>90.072</b>

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EUR '000

2010	Goodwill	Concessions, industrial property rights, licences and similar rights	Internally generated intangible assets	Total
<b>Costs of acquisition and production</b>				
<b>01/01/2010</b>	<b>73,658</b>	<b>18,979</b>	<b>22,765</b>	<b>115,402</b>
Currency translation adjustment	5,360	77	0	5,437
Changes in scope of consolidation	10,149	735	0	10,884
Additions	0	449	1,415	1,865
Disposals	0	(1,635)	0	(1,635)
Reclassifications	0	0	0	0
Reclassification to discontinued operations	(8,218)	(2,039)	0	(10,257)
<b>31/12/2010</b>	<b>80,948</b>	<b>16,567</b>	<b>24,180</b>	<b>121,696</b>
<b>Accumulated amortization and impairment losses</b>				
<b>01/01/2010</b>	<b>(5,219)</b>	<b>(12,596)</b>	<b>(9,570)</b>	<b>(27,385)</b>
Currency translation adjustment	(36)	(38)	0	(74)
Changes in scope of consolidation	0	733	0	733
Amortization	0	(669)	(935)	(1,603)
Impairments	0	(639)	(11,885)	(12,524)
Reclassifications	5,219	0	0	5,219
Disposals	0	1,619	0	1,619
Write-ups	0	0	0	0
<b>31/12/2010</b>	<b>(36)</b>	<b>(11,589)</b>	<b>(22,390)</b>	<b>(34,015)</b>
Carrying amount 01/01/2010	68,439	6,383	13,195	88,017
<b>Carrying amount 31/12/2010</b>	<b>80,913</b>	<b>4,978</b>	<b>1,790</b>	<b>87,681</b>

## Research and development expenses

In the business year 2011 Lenzing Group has incurred research and development expenses of EUR 23,622 thousand (2010: EUR 19,823 thousand) from continuing operations. These research and development expenses were determined according to the criteria of IFRS. Therefore they do not include any capitalizable expenditure and they consider income from reimbursement (especially subsidies). Research and development expenses are recognized in income from operations (EBIT).

## Goodwill and trademarks with indefinite useful lives

In the business year goodwill developed as follows:

	EUR '000	
	2011	2010
<b>Balance as at 1/1</b>	<b>80,913</b>	<b>68,439</b>
Amounts additionally recognized from acquisition of subsidiaries in the business year	0	10,149
Currency translation adjustments	2,108	5,325
Reclassification to discontinued operations	0	(3,000)
<b>Balance as at 31/12</b>	<b>83,021</b>	<b>80,913</b>

At the reporting date goodwill is allocated to the following segments:

	EUR '000	
	31/12/2011	31/12/2010
Fibers	82,798	80,690
Plastics Products	223	223
	<b>83,021</b>	<b>80,913</b>

At the reporting date trademarks with indefinite useful lives amount to EUR 3,090 thousand (31 December 2010: EUR 3,090 thousand) and are allocated to the segment Plastics Products in total.

## Impairment

Goodwill and trademarks with indefinite useful lives are tested annually for impairment in the fourth quarter of the reporting period. The recoverable amount is determined by the fair value less costs to sell, which is computed by application of discounted cash flow methods. These computations are based on cash flow projections from financial budgets approved by the management.

The tests identified, that there was no need for impairment in the two periods presented. A possible change of valuation parameters does not lead to impairment as at the valuation date too.

Development expenses relating to products with strongly increasing requirements were impaired in the amount of EUR 0 thousand (2010: EUR 11,885 thousand) in the reporting period. Other intangible assets were impaired in the amount of EUR 0 thousand (2010: EUR 639 thousand).

# Consolidated Financial Statements as at 31 December 2011

## Note 21

### Property, plant and equipment

#### Development of property, plant and equipment

Property, plant and equipment comprise the following:

EUR '000

2011	Land and buildings	Plants and machinery, fixtures, fittings and other assets	Assets under construction and Payments in advance	Total
<b>Costs of acquisition and production</b>				
<b>01/01/2011</b>	<b>339,687</b>	<b>1,710,898</b>	<b>84,587</b>	<b>2,135,172</b>
Currency translation adjustment	3,645	15,361	3,377	22,383
Changes in scope of consolidation	0	0	0	0
Additions	10,186	86,155	98,323	194,664
Disposals	(1,204)	(12,324)	(472)	(14,001)
Reclassifications	18,854	44,888	(63,742)	0
<b>31/12/2011</b>	<b>371,167</b>	<b>1,844,978</b>	<b>122,073</b>	<b>2,338,218</b>
<b>Accumulated depreciation and impairment losses</b>				
<b>01/01/2011</b>	<b>(157,519)</b>	<b>(974,808)</b>	<b>(46)</b>	<b>(1,132,374)</b>
Currency translation adjustment	(564)	(6,174)	38	(6,701)
Changes in scope of consolidation	0	0	0	0
Depreciation	(11,141)	(90,478)	0	(101,619)
Impairments	(2,977)	(14,896)	0	(17,873)
Reclassifications	(743)	261	481	0
Disposals	535	11,510	0	12,045
Write-ups	0	0	0	0
<b>31/12/2011</b>	<b>(172,410)</b>	<b>(1,074,585)</b>	<b>473</b>	<b>(1,246,521)</b>
Carrying amount 01/01/2011	182,168	736,089	84,541	1,002,798
<b>Carrying amount 31/12/2011</b>	<b>198,757</b>	<b>770,393</b>	<b>122,547</b>	<b>1,091,697</b>



EUR '000

2010	Land and buildings	Plants and machinery, fixtures, fittings and other assets	Assets under construction and Payments in advance	Total
<b>Costs of acquisition and production</b>				
01/01/2010	278,991	1,473,136	140,165	1,892,292
Currency translation adjustment	4,291	16,850	9,667	30,808
Changes in scope of consolidation	29,366	41,640	2,074	73,080
Additions	4,864	72,490	100,333	177,687
Disposals	(1,100)	(12,585)	(150)	(13,835)
Reclassifications	33,136	133,216	(166,352)	(0)
Reclassification to discontinued operations	(9,861)	(13,849)	(1,150)	(24,860)
31/12/2010	339,687	1,710,898	84,587	2,135,172
<b>Accumulated depreciation and impairment losses</b>				
01/01/2010	(147,997)	(902,597)	0	(1,050,594)
Currency translation adjustment	(981)	(8,378)	(47)	(9,406)
Changes in scope of consolidation	811	3,765	0	4,576
Depreciation	(9,448)	(78,846)	(102)	(88,396)
Impairments	0	0	0	0
Reclassifications	0	0	0	0
Disposals	96	11,247	103	11,446
Write-ups	0	0	0	0
31/12/2010	(157,519)	(974,809)	(46)	(1,132,374)
Carrying amount 01/01/2010	130,994	570,539	140,165	841,698
<b>Carrying amount 31/12/2010</b>	<b>182,168</b>	<b>736,089</b>	<b>84,541</b>	<b>1,002,798</b>

### Mortgages and other liens on property, plant and equipment and restrictions on disposal rights

Property, plant and equipment include assets acquired under a finance lease contract (please refer to note 33).

Furthermore there are collateral securities on property, plant and equipment for loans of the Group. Please refer to note 32 for details. The carrying amount of fixed assets pledged as collateral for financial liabilities is EUR 330,985 thousand (31 December 2010: EUR 269,974 thousand).

### Contractual commitments to purchase property, plant and equipment

Open purchase orders for the delivery of property, plant and equipment as at 31 December 2011 came to EUR 105,464 thousand (31 December 2010: EUR 53,447 thousand).

# Consolidated Financial Statements as at 31 December 2011

## Capitalization of borrowing costs

During the business year 2011 borrowing costs of EUR 304 thousand (2010: 0) are recognized in property, plant and equipment. Thereby a weighted average rate of interest costs on borrowings of 2.7% (2010: n/a) is applied.

## Impairment

Annual impairment tests are carried out on property, plant and equipment which give reason to assume that they might be impaired. In these tests, assumptions, in particular on the future development of production and sales volumes, have to be made which possibly may not be realized. In addition, the conditions to sell the assets in the market are estimated. Management makes these assumptions by appropriate extrapolation of previous developments.

Testing identified impairment losses in the amount of EUR 17,873 thousand (2010: EUR 102 thousand) that were recognized in the income statement under the heading "Amortization of intangible assets and depreciation of property, plant and equipment". They are allocated in the segments Plastics Products (EUR 13,322 thousand) and Fibers (EUR 4,551 thousand) respectively.

Material impairments on property, plant and equipment are mainly related to technical plant and machinery and buildings in the current business year. They are necessary due to technical and economical obsolescence as well as due to reduced economical profitability.

## Note 22

### Investments in associates

Investments in the following companies are accounted for at equity in the consolidated financial statements:

	EUR '000	
	31/12/2011	31/12/2010
EQUI-Fibres Beteiligungsgesellschaft mbH, Krefeld, Germany	26,330	20,204
LKF Tekstil Boya Sanayi ve Tikaret A.S., Istanbul, Turkey	0	0
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien, Austria	733	735
RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria	36	36
Lenzing Papier GmbH, Lenzing, Austria	0	0
PT Pura Golden Lion, Jakarta, Indonesia	3,167	3,742
Wood Paskov s.r.o., Paskov, Czech Republic	23	21
	<b>30,289</b>	<b>24,738</b>

These investments have developed as follows:

EUR '000

	2011	2010
<b>Balance as at 1/1</b>	<b>24,738</b>	<b>23,226</b>
Additions through business combinations	0	19
Income from investments in associates	6,472	1,411
Share of other comprehensive income of associates	0	-135
Currency translation adjustment	40	217
Dividends	(961)	0
<b>Balance as at 31/12</b>	<b>30,289</b>	<b>24,738</b>

The financial position and the financial performance of these associates are as follows:

EUR '000

2011	EQUI	LKF <sup>1</sup>	WWE	RVL	LPP <sup>1</sup>	PGL	LWP
Sales	178,193	0	0	10,875	66,196	0	292
Net income/loss	13,597	(31)	(7)	1	(3,005)	867	2
<b>31/12/2011</b>							
Non-current assets	65,195	1	0	0	8,859	2,635	36
Current assets	67,928	2,006	2,995	82	18,892	803	99
Non-current liabilities	22,065	0	0	0	11,192	0	29
Current liabilities	50,692	1,860	64	9	13,292	108	73
Government grants	2,117	0	0	0	13	0	0
Equity	58,250	147	2,931	73	3,253	3,330	33

EUR '000

2010	EQUI	LKF <sup>1</sup>	WWE	RVL	LPP <sup>1</sup>	PGL	LWP
Sales	164,820	0	0	10,061	64,571	0	178
Net income/loss	8,568	(29)	(7)	1	(1,888)	(23)	3
<b>31/12/2010</b>							
Non-current assets	52,115	1,916	0	0	9,258	2,448	4
Current assets	61,116	101	2,995	95	24,685	2,349	92
Non-current liabilities	19,823	1,804	0	0	18,500	0	0
Current liabilities	45,329	1	57	23	9,691	32	64
Government grants	3,442	0	0	0	24	0	0
Equity	44,637	212	2,938	72	5,728	4,765	32

<sup>1)</sup> preliminary

# Consolidated Financial Statements as at 31 December 2011

## Note 23

### Financial assets

Financial assets comprise the following:

	EUR '000	
	31/12/2011	31/12/2010
Non-current securities	90,948	65,362
Loans	2,682	1,954
	<b>93,630</b>	<b>67,316</b>

Non-current securities are measured at market prices and comprise the following:

EUR '000			
2011	Market value 31/12	Average effective interest rate in %	Income for the business year
Austrian federal bonds	36,723		
Bank bonds	20,163		
Other securities	34,062		
	<b>90,948</b>	1.92	1,062

EUR '000			
2010	Market value 31/12	Average effective interest rate in %	Income for the business year
Austrian federal bonds	15,843		
Bank bonds	33,630		
Other securities	15,889		
	<b>65,362</b>	2.46	855

The loans of EUR 2,682 thousand (31 December 2010: EUR 1,954 thousand) are entirely granted to third parties.

## Note 24

### Other non-current assets

Other non-current assets comprise the following:

	EUR '000	
	31/12/2011	31/12/2010
<b>Other non-current financial assets</b>		
Share held in a non-consolidated company	1,150	1,150
Non-current receivables	7,928	970
	<b>9,078</b>	<b>2,120</b>
<b>Other non-current assets (non-financial)</b>		
Pension assets	0	65
Prepaid expenses and deferred costs	233	290
	<b>233</b>	<b>355</b>
	<b>9,311</b>	<b>2,475</b>

## Note 25

### Inventories

Inventories comprise the following:

	EUR '000	
	31/12/2011	31/12/2010
Raw materials and supplies	181,960	148,283
Work in progress	11,270	9,788
Finished goods and merchandise	89,566	62,559
Down payments	1,781	2,131
	<b>284,577</b>	<b>222,761</b>

Raw materials and supplies essentially comprise beech wood for pulp production, pulp and chemicals for cellulose production, synthetic pellets, small parts and replacement parts.

Headings "Work in progress" and "Finished goods and merchandise" comprise viscose and lyocell fibers, sodium sulfate, acetic acid, furfural and plastics products, as well as products of business unit Engineering.

In the business year impairment of inventories amounting to EUR 2,261 thousand (2010: EUR 3,321 thousand) was recognized as expense.

# Consolidated Financial Statements as at 31 December 2011

## Note 26

### Trade receivables

Trade receivables comprise the following:

	EUR '000	
	31/12/2011	31/12/2010
Trade receivables	241,727	183,007
Provisions for doubtful accounts	(7,950)	(5,893)
	<b>233,776</b>	<b>177,114</b>
Amounts due from customers under construction contracts (please refer to note 27)	2,988	4,409
	<b>236,764</b>	<b>181,523</b>

The carrying amount of trade receivables pledged or assigned as collateral for financial liabilities is EUR 65,772 thousand (31 December 2010: EUR 93,377 thousand).

## Note 27

### Construction contracts

Heading "Trade receivables" includes amounts due from customers under construction contracts of EUR 2,988 thousand (31 December 2010: EUR 4,409 thousand). No financial retentions are included in the receivables from construction contracts.

At 31 December 2011 aggregate costs incurred under ongoing construction contracts and unrealized recognized profits, less recognized losses, amounted to EUR 4,257 thousand (31 December 2010: EUR 5,401 thousand). Progress billings and advances received from customers under ongoing construction contracts amounted to EUR 2,232 thousand (31 December 2010: EUR 2,482 thousand).

Advances for which related work has not been effected, and billings in excess of costs incurred are presented as "Other liabilities" and came to EUR 963 thousand as at 31 December 2011 (31 December 2010: EUR 1,490 thousand).

In the reporting period contract revenues amounting to EUR 1,143 thousand (2010: EUR 3,045 thousand) were recognized.

## Note 28

### Other receivables and assets

Other receivables and assets comprise:

EUR '000

	31/12/2011		31/12/2010	
<b>Other current financial assets</b>				
Down payments for derivatives and closed positions	2,472		2,365	
Derivative financial instruments (open positions)	16	2,488	4,317	6,682
Debit balances on creditors		2,715		2,271
Recharge of maintenance costs		5,075		3,939
Insurance compensation		0		262
Other		11,692		9,468
		<b>21,971</b>		<b>22,622</b>
<b>Other current assets (non-financial)</b>				
Other tax receivables		27,354		24,945
Government grants		0		1,341
Payments in advance		7,055		3,330
Emission allowances		4,936		4,534
Prepaid expenses and deferred costs		3,061		1,858
		<b>42,406</b>		<b>36,008</b>
		<b>64,377</b>		<b>58,630</b>

## Note 29

### Current securities

Current securities are related to money market investments, which are available for sale at any time. As at 31 December 2011 as well as at 31 December 2010 they were stated at their market value and comprise the following.

EUR '000

	Market Value		Average yield in %	
	31/12/2011	31/12/2010	2011	2010
Bonds	6.748	5.125	1,50%	1,15%

Securities were valued individually in order to determine gains and losses.

# Consolidated Financial Statements as at 31 December 2011

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## Note 30

### Equity

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#### Common stock and capital reserve

The common stock of Lenzing AG amounts to EUR 27,574,071.43 as at 31 December 2011 (31 December 2010: 26,717,250.00) and is divided into 26,550,000 no-par-value shares (31 December 2010: 25,725,000). The share of common stock that is allotted to one no-par-value share amounts to about EUR 1.04. Each ordinary share is of equal value and holds equal rights and duties. The share capital is fully paid. No other classes of shares are issued.

The resolution passed by the general shareholders' meeting of 10 December 2010 authorizes the management board – together with the consent of the supervisory board – to increase the common stock within 5 years – if need be in tranches – by a maximum amount of EUR 13,358,625.00 (equals 12,862,500 ordinary shares or 50% of common stock) for contribution in cash or in kind (“authorized capital stock”).

With effect of 17 June 2011 (first trading day of the new shares) Lenzing AG carried out the capital increase authorized in the extraordinary general shareholders' meeting of 10 December 2010. A number of 825,000 of new shares was issued. Common stock was fully paid. Changes of common stock and capital reserves are due to this capital increase.

Furthermore the management board was authorized with the resolution passed by the general shareholders' meeting of 10 December 2010 to issue convertible bonds, which grant or intend a purchase right or exchange obligation respectively, for up to 12,862,500 ordinary shares (equals 50% of common stock as at 10 December 2010) with the consent of the supervisory board until 9 December 2015 at the latest (“contingent capital”).

After the accomplishment of the capital increase the number of preemptive shares to be issued and of convertible bonds was decreased to 12,037,500.

The capital reserve is a restricted reserve of Lenzing AG which may only be used to offset accumulated losses of Lenzing AG. It is composed of shareholder's funds paid in to Lenzing AG in excess of common stock.



## Other reserves

Other reserves comprise:

	EUR'000	
	31/12/2011	31/12/2010
Revenue reserve of Lenzing AG	257,447	217,447
Accumulated profit of Lenzing AG	133,734	79,880
Retained earnings of the subsidiaries and effects of adjusting the financial statements of Lenzing AG and its subsidiaries to IFRS	437,042	316,869
<b>Total</b>	<b>828,223</b>	<b>614,196</b>

The revenue reserve of Lenzing AG may be released at any time and distributed to shareholders as part of accumulated profits.

Under Austrian law only the accumulated profit of the parent company as stated in the parent's approved individual financial statements is available for distribution to the shareholders.

For the distribution of the accumulated profit of 2011 the management board proposes the following:

	EUR '000
The business year 2011 of Lenzing AG ends with a net income under Austrian law of	93,728
Addition: profit carried forward from 2010 of	40,006
<b>Total accumulated profit</b>	<b>133,734</b>
The management board proposes the following distribution of profits:	
Payment of a dividend of EUR 2.50 per share of dividend-bearing capital stock of EUR 27,574,071.43 respectively 26,550,000 shares	66,375
<b>The balance to carry forward to next year be</b>	<b>67,359</b>

Dividends are subject to the deduction of capital gains tax of 25%. This covers income tax for individuals with unlimited tax liability (Austrian final taxation). Corporations with unlimited tax liability holding at least 25% of common stock are exempt from capital gains tax. Double taxation agreements must be observed in the event of limited tax liability.

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the consolidated subsidiaries' financial statements prepared in a foreign currency to the Group's currency EUR. The reserve for available-for-sale financial assets comprises the valuation gains/losses from the related assets less deferred tax, which were not affecting net income. Cash flow hedging reserve comprises the effective portion of cash flow hedge relationships less deferred tax until the underlying transaction is affecting profit or loss. Actuarial gains/losses comprise the effects (not affecting profit or loss) from the valuation of pensions and similar obligations, less deferred tax.

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The amounts relating to items of other comprehensive income comprise the following:

EUR '000

	2011			2010		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Currency translation	17,287	0	17,287	19,603	0	19,603
Revaluation adjustments relating to available-for-sale financial assets	930	(232)	697	(159)	40	(120)
Hedge Accounting	(24,787)	5,962	(18,825)	4,770	(998)	3,773
Actuarial effects on defined benefit plans	(5,222)	1,275	(3,947)	(2,101)	546	(1,555)
Share of other comprehensive income of associates	0	0	0	(134)	0	(135)
	<b>(11,793)</b>	<b>7,005</b>	<b>(4,788)</b>	<b>21,978</b>	<b>(412)</b>	<b>21,566</b>

## Non-controlling interests

Non-controlling interests represent the share of non-controlling shareholders in the equity and the net income of the consolidated subsidiaries. Non-controlling shareholders hold significant interests in PT. South Pacific Viscose.

Generally non-controlling interests are presented within equity. Shares of non-controlling shareholders of Lenzing (Nanjing) Fibres Co., Ltd. and European Precursor GmbH are presented as liabilities. According to IFRS these capital shares are liabilities due to time limitations under corporate law. These capital shares of non-controlling shareholders are presented in the position "Puttable non-controlling interests" with the amount of the proportionate net assets. Changes of net assets attributable to non-controlling shareholders are presented in the position "Allocation of profit or loss to puttable non-controlling interests" in the income statement.

## Note 31

### Government grants

The amount reported under this heading essentially represents grants received from the public sector to promote investment in economically underdeveloped regions, grants for investment in environmental protection projects and other grants aimed at stimulating capital expenditure, such as investment tax grants.

As the conditions attached to these grants are being adhered to, it is considered unlikely that even only part of the grants received will become repayable.

Moreover, this heading comprises the remaining government grants attributable to the emission allowances that were not used for emissions at the reporting date in the amount of EUR 1,193 thousand (31 December 2010: EUR 918 thousand).

### Note 32

#### Bank loans, bonds and other loans

Bank loans, bonds and other loans comprise the following as at 31 December:

EUR '000				
31/12/2011	Currency	Nominal amount	Carrying amount	Average effective interest rate in %
<b>Bond</b>				
Fixed interest	EUR	120,000	119,400	3.91
			<b>119,400</b>	
<b>Bank loans</b>				
<b>Loans:</b>				
Fixed interest	EUR	92,778	92,778	3.85
Variable interest	EUR	191,986	191,986	2.38
	USD	168,640	130,378	2.72
	CNY	311,500	38,262	6.01
<b>Working capital loans<sup>1</sup></b>				
variable interest	EUR	19,860	19,860	1.58
	CNY	150,000	18,425	7.23
			<b>491,689</b>	
<b>Lease payables</b>				
Fixed interest	EUR	1,781	1,781	4.00
			<b>1,781</b>	
<b>Other loans</b>				
Fixed interest	EUR	2,098	2,098	2.10
Fixed and variable interest	EUR	33,840	33,840	1.40
Variable interest	EUR	1,814	1,814	3.23
	USD	2,921	2,258	2.72
			<b>40,010</b>	
<b>Total</b>			<b>652,880</b>	
Current			134,359	
Non-current			518,521	

<sup>1</sup> Revolving credits and current accounts

# Consolidated Financial Statements as at 31 December 2011

EUR '000				
31/12/2010	Currency	Nominal amount	Carrying amount	Average effective interest rate in %
<b>Bond</b>				
Fixed interest	EUR	120,000	119,295	3.91
			<b>119,295</b>	
<b>Bank loans</b>				
<b>Loans:</b>				
Fixed interest	EUR	116,300	116,300	3.71
Variable interest	EUR	195,696	195,696	1.98
	USD	130,069	97,259	3.59
	CNY	110,500	12,536	5.85
<b>Working capital loans<sup>1</sup></b>				
variable interest	EUR	25,107	25,107	1.24
	CNY	30,000	3,403	5.49
			<b>450,301</b>	
<b>Lease payables</b>				
Fixed interest	EUR	986	986	4.00
			<b>986</b>	
<b>Other loans</b>				
Fixed interest	EUR	3,144	3,144	2.15
Fixed and variable interest	EUR	36,400	36,400	1.47
Variable interest	EUR	544	544	3.23
	USD	2,842	2,124	2.88
			<b>42,212</b>	
<b>Total</b>			<b>612,794</b>	
Current			60,474	
Non-current			552,320	

In the business year 2010 a bond with a maturity of 7 years, a fixed interest rate of 3.875% and a nominal amount of EUR 120,000 thousand was issued.

The next adjustment of interest rates for variable interest loans and loans combining fixed and variable interest will take place within the next six months, as detailed in the credit agreement.

<sup>1</sup> Revolving credits and current accounts

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The terms of loans under revolving lines of credit are fixed for a definite period of time and are subject to variable interest rates.

“Other loans” comprise mainly loans by the Austrian Research Promotion Fund and the ERP Fund as well as loans from non-controlling shareholders.

EUR 215,756 thousand (31 December 2010: EUR 161,507 thousand) of the total financial liabilities are secured by mortgages and other liens on property, plant and equipment and EUR 14,742 thousand (31 December 2010: EUR 9,788 thousand) are secured by receivables. Financing the purchase price of Biocel Paskov a.s. required to pledge the acquired shares.

### Note 33

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#### Commitments from finance leases

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Property, plant and equipment include construction rights and other plants from finance lease contracts.

The finance lease contract for construction rights relates to land, which can be used by Lenzing AG against payment of index-secured lease rates. After the contract period Lenzing AG has the right to purchase that land at market value.

The other finance lease contracts relate to agreements on the reconditioning of small water power stations which require the lessor to build, operate and maintain power stations. Lenzing AG purchases all energy generated at the price stipulated. Part of this price covers investment costs and therefore qualifies as contingent rent. At the end of the lease term the lease transfers ownership of the power stations to Lenzing AG against payment of a transfer fee.

The carrying amount of leased assets is EUR 1,332 thousand as at 31 December 2011 (31 December 2010: EUR 1,313 thousand) and is shown under the item “Plants and machinery” in table „Development of property, plant and equipment“.

# Consolidated Financial Statements as at 31 December 2011

The present value of future minimum lease payments consists of the following:

EUR '000

	31/12/2011				31/12/2010			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Total future minimum lease payments	22	81	6,533	6,636	0	0	2,167	2,167
Thereof interest component	(72)	(306)	(4,477)	(4,854)	0	0	(1,181)	(1,181)
<b>Present value of minimum lease payments</b>	<b>(50)</b>	<b>(225)</b>	<b>2,056</b>	<b>1,781</b>	<b>0</b>	<b>0</b>	<b>986</b>	<b>986</b>

Liabilities from finance leases are included in the item "Other loans" in the statement of financial position.

Contingent rent to the amount of EUR 346 thousand was recognized as expense in 2011 (2010: EUR 427 thousand).

## Note 34

### Deferred taxes

In accordance with IAS 12 deferred tax assets or liabilities generally have to be recognized for all differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding amounts recognized for tax purposes. Temporary differences arising from goodwill not deductible for tax purposes are not provided for. In addition, a deferred tax asset arising from unused tax losses carried forward is to be recognized only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax assets and liabilities are offset if they relate to the same taxable entity and within tax groups.

Deferred tax assets and liabilities relate to the following items of the statement of financial position:

EUR '000

Deferred tax assets	31/12/2011	31/12/2010
Intangible assets	15	77
Property, plant and equipment	1,942	1,805
Financial assets	4,930	7,707
Current assets	9,467	3,586
Provisions	14,779	12,983
Government grants	166	1,256
Other liabilities	3,646	123
Tax loss carry-forwards	8,957	10,784
	<b>43,903</b>	<b>38,321</b>
Valuation allowance	(10,298)	(8,996)
<b>Total deferred tax assets</b>	<b>33,605</b>	<b>29,325</b>
Offset against deferred tax liabilities	(22,834)	(19,175)
<b>Net deferred tax assets</b>	<b>10,771</b>	<b>10,150</b>

EUR '000

Deferred tax liabilities	31/12/2011	31/12/2010
Intangible assets	965	447
Property, plant and equipment	39,160	36,151
Financial assets	0	732
Current assets	3,371	5,340
Accelerated depreciation for taxation purposes	4,889	6,713
Government grants	2,246	1,715
Other liabilities	401	4,950
	<b>51,032</b>	<b>56,048</b>
Offset against deferred tax assets	(22,834)	(19,175)
<b>Net deferred tax liabilities</b>	<b>28,197</b>	<b>36,873</b>

# Consolidated Financial Statements as at 31 December 2011

Deferred taxes developed as follows:

	Balance as at 1/1/2010	Recognized in profit or loss	Recognized in other com- prehensive income
Intangible assets	(4,066)	3,763	0
Property, plant and equipment	(29,506)	(1,288)	0
Financial assets	1,413	1,306	40
Current assets	345	(1,838)	(821)
Special tax allowances	(2,303)	(4,411)	0
Government grants	(571)	106	0
Provisions	10,718	2,193	579
Other liabilities	(5,206)	584	(210)
Tax loss carry-forwards	12,256	(141)	0
Valuation allowances	(6,708)	(2,137)	0
	<b>(23,627)</b>	<b>(1,862)</b>	<b>(412)</b>

In the business year 2011 costs for the capital increase with an amount of EUR 6,298 thousand less the related deferred tax effects of EUR 1,575 thousand are recognized directly in equity.

At both 31 December 2011 and 31 December 2010, deferred tax assets were only recognized to the extent to which it will be probable that sufficient future taxable profit will be available against which the assets can be utilized.

## Note 35

### Provisions

Lenzing Group's provisions comprise:

#### Provisions for pensions and similar obligations

Severance payments

Pensions

Anniversary bonuses

**Subtotal**

#### Other provisions

Guarantees and warranties

Anticipated losses and other risks

Emission allowances

Other personnel costs

Other

**Subtotal**

**Provisions total**



EUR'000

Acquired in business combinations	Reclassification to discontinued operations	Currency translation adjustment	Balance as at 31/12/2010 = 1/1/2011	Recognized in profit or loss	Recognized in other comprehensive income	Currency translation adjustment	Balance as at 31/12/2011
0	(97)	30	(370)	(576)	0	(3)	(950)
(4,436)	1,496	(611)	(34,345)	(2,838)	0	(34)	(37,218)
0	4,215	2	6,975	(1,813)	(232)	0	4,930
601	(76)	32	(1,755)	6,749	1,126	(23)	6,096
0	0	0	(6,713)	1,825	0	0	(4,889)
0	5	0	(459)	(1,626)	0	6	(2,079)
305	(885)	72	12,983	310	1,272	214	14,779
0	(1)	6	(4,827)	3,196	4,839	36	3,245
0	(1,447)	117	10,785	(1,931)	0	104	8,957
0	(27)	(124)	(8,996)	(1,171)	0	(131)	(10,298)
<b>(3,530)</b>	<b>3,183</b>	<b>(476)</b>	<b>(26,723)</b>	<b>2,123</b>	<b>7,004</b>	<b>170</b>	<b>(17,426)</b>

There are no income tax related consequences for Lenzing AG from dividend payments to shareholders.

EUR'000

Total		Thereof current		Thereof non-current	
31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
54,803	53,479	1,960	1,965	52,843	51,514
31,143	27,854	1,922	1,928	29,221	25,926
12,075	11,906	1,021	866	11,054	11,040
<b>98,021</b>	<b>93,239</b>	<b>4,903</b>	<b>4,759</b>	<b>93,119</b>	<b>88,479</b>
22,919	9,590	9,619	9,590	13,300	0
22,872	18,818	16,437	11,090	6,435	7,728
3,828	3,691	3,828	3,691	0	0
46,766	40,574	46,766	40,574	0	0
62,935	92,414	62,935	92,414	0	0
<b>159,321</b>	<b>165,087</b>	<b>139,586</b>	<b>157,358</b>	<b>19,735</b>	<b>7,728</b>
<b>257,343</b>	<b>258,326</b>	<b>144,489</b>	<b>162,118</b>	<b>112,854</b>	<b>96,208</b>

# Consolidated Financial Statements as at 31 December 2011

## Provisions for pensions and similar obligations

### Provisions for pensions

#### Defined benefit plans

Lenzing AG and some of its subsidiaries have defined benefit pension plans providing retirement benefits based on the number of years of service and on remuneration received by eligible employees. These pension plans are partly covered by pension plan assets.

The Lenzing AG pension plan comprises mainly retired staff members. The assumed retirement age of eligible staff members ranges from 58 to 63 years, depending on gender and position in the company. Life expectancy calculations are based on Austrian actuarial mortality tables "AVÖ 2008 P – salaried employees". The pension commitments are partly covered by reinsurance contracts which were recognized as pension assets according to IAS 19.

The projected unit credit method is the actuarial valuation method that was used to measure the present value of defined benefit obligations accruing under defined benefit plans.

The principal applied assumptions are:

Actuarial assumptions	31/12/2011	31/12/2010
<b>Discount rate p. a. in %</b>		
Austria	4.5	4.5
Germany	4.5	4.5
USA	4.6	5.5
Indonesia	7.5	9.0
Hong Kong	1.5	3.0
<b>Estimated future salary and pension increases p. a. in %</b>		
Austria	2.5-3.0	3.0
Germany	2.0-2.5	2.0-3.5
USA	0.0	0.0
Indonesia	8.0	8.0
Hong Kong	4.0	4.0
<b>Expected rate of return on plan assets p. a. in %</b>		
Austria	4.7	4.7
Germany	n/a	4.0
USA	7.5	7.5
Indonesia	n/a	n/a
Hong Kong	6.0	8.0

The Group recognized the following amounts relating to these plans as pension expense in the income statement:

	EUR '000	
	2011	2010
Interest cost	1,812	1,815
Current service cost	601	513
Past service cost	52	52
Administrative and other costs	1	1
Expected return on plan assets	(423)	(414)
<b>Total expense</b>	<b>2,042</b>	<b>1,967</b>

Expenses are presented in the income statement under the heading "Personnel expenses", namely under "Pension expenses".

The actual loss on plan assets was EUR 78 thousand (gain 2010: EUR 485 thousand).

Actuarial gains/losses recognized in other comprehensive income developed as follows:

	EUR '000	
	2011	2010
Actuarial gain (+)/loss (-) as at 1/1	(9,678)	(8,489)
Actuarial gain (+)/loss (-) for the business year	(3,962)	(1,189)
<b>Actuarial gain (+)/loss (-) as at 31/12</b>	<b>(13,639)</b>	<b>(9,678)</b>

The amount presented in the statement of financial position as obligation from defined benefit pension plans (DBO) is derived as follows:

	EUR '000	
	31/12/2011	31/12/2010
Present value of obligation (DBO)	38,443	35,292
Fair value of plan assets	(7,209)	(7,363)
<b>Deficit in plan</b>	<b>31,233</b>	<b>27,929</b>
Unrecognized past service cost	(90)	(140)
<b>Net amount recognized in the statement of financial position</b>	<b>31,143</b>	<b>27,789</b>
Presented as:		
Non-current assets	0	(65)
Non-current provision	29,221	25,926
Current provision	1,922	1,928
	<b>31,143</b>	<b>27,789</b>

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According to its financing from a fund the present value of the obligation from defined benefit pension plans comprises the following:

	EUR '000	
	31/12/2011	31/12/2010
Defined benefit obligation (DBO) of funded plans – gross	29,112	28,142
Fair value of plan assets	(7,209)	(7,363)
<b>Obligations from pension plans-funded</b>	<b>21,902</b>	<b>20,779</b>
Defined benefit obligation (DBO) of unfunded plans	9,331	7,149
<b>Total obligations from pension plans</b>	<b>31,233</b>	<b>27,929</b>

The present value of obligations from defined benefit pension plans and the fair value of plan assets developed as follows:

	EUR '000	
	2011	2010
<b>Present value of obligation (DBO) as at 1/1</b>	<b>35,292</b>	<b>37,480</b>
Interest Cost	1,812	1,815
Current Service Cost	601	513
Actuarial (gain)/loss	3,461	1,201
Currency translation adjustment	256	799
Benefits paid	(2,979)	(2,339)
Discontinued operations	0	(4,177)
<b>Present value of obligation (DBO) as at 31/12</b>	<b>38,443</b>	<b>35,292</b>
<b>Fair value of plan assets as at 1/1</b>	<b>7,363</b>	<b>7,391</b>
Contributions	196	112
Administrative and other costs	(1)	(1)
Expected return on plan assets	423	414
Actuarial (loss)/gain	(501)	12
Benefits paid	(408)	(350)
Currency translation adjustment	137	220
Discontinued operations	0	(435)
<b>Fair value of plan assets as at 31/12</b>	<b>7,209</b>	<b>7,363</b>

The composition of plan assets by asset categories is as follows:

	EUR '000	
	2011	2010
Equity instruments	604	2,292
Debt instruments	2,532	1,074
Insurance policies qualifying as plan assets	3,876	4,414
Other assets	198	18
Discontinued operations	0	(435)
<b>Balance as at 31/12</b>	<b>7,209</b>	<b>7,363</b>

The history of pension obligations and assets and experience adjustments is as follows:

	EUR '000				
	2011	2010	2009	2008	2007
Present value of defined benefit obligation (DBO)	38,443	35,292	37,480	37,997	35,505
Fair value of plan assets	(7,209)	(7,363)	(7,391)	(6,951)	(7,705)
<b>Deficit</b>	<b>31,233</b>	<b>27,929</b>	<b>30,089</b>	<b>31,046</b>	<b>27,800</b>
<b>Experience adjustments (gain/(loss)):</b>					
on present value of obligation (DBO)	(1,825)	622	362	(1,527)	(343)
on plan assets	(475)	(17)	339	(1,038)	58

The Group expects to make contributions of EUR 308 thousand (2010: EUR 205 thousand) to the defined benefit plans during the next business year.

#### Defined contribution plans

The Group operates defined contribution pension plans for nearly all staff members not covered by defined benefit pension plans. The expense recognized in the income statement for these plans in 2011 came to EUR 2,572 thousand (2010: EUR 2,419 thousand).

#### Provisions for severance payments

The provisions for severance payments for staff members of Lenzing AG and its Austrian subsidiaries which become due with the beginning of statutory retirement age are considered as post-retirement benefits similar to pensions and are therefore calculated in accordance with the regulations of IAS 19.

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The following table shows the development of provisions for severance payments:

	EUR '000	
	2011	2010
<b>Present value of obligation (DBO) as at 1/1</b>	<b>53,479</b>	<b>51,549</b>
Interest cost	2,341	2,266
Current service cost	2,370	2,337
<b>Total expense</b>	<b>4,711</b>	<b>4,603</b>
Additions from business combinations	0	1,261
Benefits paid	(4,619)	(4,831)
Actuarial (gain)/loss	1,262	888
Currency translation adjustment	(29)	9
<b>Present value of obligation (DBO) as at 31/12</b>	<b>54,803</b>	<b>53,479</b>
Number of eligible persons	2,317	2,399
<b>Actuarial assumptions</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
Discount rate in % p.a.	4.5	4.5
Estimated future salary increases in % p.a.	3.0	3.0

Employee turnover is determined company by company based on the composition of staff and duration of job tenure.

Expenses are presented in the income statement under the heading "Personnel expenses", namely under "Expenses for severance payments".

Actuarial gains/losses recognized in other comprehensive income developed as follows:

	EUR '000	
	2011	2010
<b>Actuarial gain (+)/loss (-) as at 1/1</b>	<b>(5,710)</b>	<b>(4,822)</b>
Actuarial gain (+)/loss (-) for the business year	(1,262)	(888)
<b>Actuarial gain (+)/loss (-) as at 31/12</b>	<b>(6,972)</b>	<b>(5,710)</b>

The history of obligations for severance payments and experience adjustments is as follows:

	EUR '000				
	2011	2010	2009	2008	2007
Present value of defined benefit obligation (DBO)	54,803	53,479	51,549	55,215	51,817
<b>Experience adjustments (gain/(loss)):</b>					
on present value of obligation (DBO)	(1,278)	(840)	(138)	(3,505)	(1,642)

Staff members with employment contracts under Austrian law with a commencement date later than 31 December 2002 obtain no entitlement for severance payment. Contributions in the form of 1.53% of the respective wage or salary are paid in to a separate precautionary fund for employees ("Mitarbeitervorsorgekasse"). In 2011 contributions of EUR 793 thousand (2010: EUR 576 thousand) were paid.

#### Provisions for anniversary bonuses

In accordance with collective bargaining agreements, Lenzing AG and some of its subsidiaries are required to pay anniversary bonuses to employees on the occasion of specific service anniversaries. The provisions for anniversary bonuses were measured in accordance with the regulations of IAS 19. The amounts due on the respective anniversaries are accrued evenly over the service period up to the anniversary date and the amounts attributable to the service period at the valuation date are discounted.

The following table shows the development of the provision:

	EUR '000	
	2011	2010
<b>Present value of obligation (DBO) as at 1/1</b>	<b>11,906</b>	<b>11,763</b>
Interest cost	518	572
Current service cost	575	628
Actuarial (gain)/loss	(53)	(186)
<b>Total expense</b>	<b>1,040</b>	<b>1,014</b>
Additions from business combinations	0	7
Benefits paid	(869)	(879)
Currency translation adjustment	(2)	1
<b>Present value of obligation (DBO) as at 31/12</b>	<b>12,075</b>	<b>11,906</b>
Number of eligible persons	3,167	3,065
<b>Actuarial assumptions</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
Discount rate in % p.a.	4.5	4.5
Estimated future salary increases in % p.a.	2.5 - 3.0	2.5 - 3.0

Employee turnover is determined company by company based on the composition of staff and duration of job tenure.

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## Other provisions

The other provisions developed as follows:

	Balance as at 1/1	Currency translation adjustment	Additions from business combinations
<b>2011</b>			
Guarantees and warranties	9,590	42	0
Anticipated losses and other risks	18,819	357	0
Emission allowances	3,691	1	0
Other personnel costs	40,574	252	0
Other	92,414	954	0
	<b>165,087</b>	<b>1,606</b>	<b>0</b>

	Balance as at 1/1	Currency translation adjustment	Additions from business combinations
<b>2010</b>			
Restructuring	4,438	0	0
Guarantees and warranties	2,042	73	0
Anticipated losses and other risks	20,625	186	0
Emission allowances	2,492	3	0
Other personnel costs	32,341	411	0
Other	36,937	868	679
	<b>98,875</b>	<b>1,540</b>	<b>679</b>

Provisions for guarantees and warranties mainly comprise provision for warranty risks relating to the sale of deficient products.

Provisions for anticipated losses and other risks mainly relate to obligations to render infrastructure services to third parties.

Provisions for emission allowances consist of the equivalent value of the used emission allowances.

Provisions for other personnel costs essentially include provision for current claims of present or former employees.



EUR '000

Reclassification to discontinued operations	Utilization	Reversal	Period Charge	Unwind of discount	Balance as at 31/12	thereof current	thereof non-current
0	(391)	(637)	14,316	0	22,919	9,619	13,300
0	(55)	(1,819)	4,302	1,267	22,872	16,437	6,435
0	(3,215)	0	3,351	0	3,828	3,828	0
0	(37,498)	(1,399)	44,838	0	46,766	46,766	0
0	(37,191)	(33,070)	39,828	0	62,935	62,935	0
<b>0</b>	<b>(78,350)</b>	<b>(36,924)</b>	<b>106,636</b>	<b>1,267</b>	<b>159,321</b>	<b>139,586</b>	<b>19,735</b>

EUR '000

Reclassification to discontinued operations	Utilization	Reversal	Period Charge	Unwind of discount	Balance as at 31/12	thereof current	thereof non-current
0	(1,062)	(3,376)	0	0	0	0	0
(88)	(176)	(334)	8,072	0	9,590	9,590	0
(41)	(1,810)	(3,621)	1,513	1,966	18,818	11,090	7,728
0	(2,295)	0	3,492	0	3,691	3,691	0
(978)	(27,827)	(500)	37,127	0	40,574	40,574	0
(993)	(17,863)	(19,918)	92,703	0	92,413	92,414	0
<b>(2,100)</b>	<b>(51,033)</b>	<b>(27,749)</b>	<b>142,907</b>	<b>1,966</b>	<b>165,086</b>	<b>157,358</b>	<b>7,728</b>

Other provisions mainly relate to – in addition to provisions for compensation for profit cuts, obligatory maintenance costs and litigation – provisions for restoration and infrastructure measures in connection with planned investments. The site in Lenzing has been used for industrial purposes over decades and therefore carries the inherent risk of environmental damages. In 1990 Lenzing AG was informed about a suspected contaminated area which could be polluted due to its former use as a sewage pond. The entity has sealed the area to avoid contamination of ground water.

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## Note 36

### Other liabilities

Other liabilities comprise:

	EUR '000	
	31/12/2011	31/12/2010
<b>Other long-term financial liabilities</b>		
Dividend guarantee for non-controlling interests	18,821	17,752
Interest accruals	16	19
	<b>18,838</b>	<b>17,771</b>
<b>Other non-current liabilities (non-financial)</b>		
Early retirement	590	1,006
Deferred income	146	78
	<b>736</b>	<b>1,084</b>
<b>Other non-current liabilities</b>	<b>19,574</b>	<b>18,855</b>
<b>Other short-term financial liabilities</b>		
Settled derivative financial instruments (closed positions)	514	910
Derivative financial instruments (open positions)	25,126	1,288
Credit balances on debtors	3,850	4,106
Sundry	9,004	10,674
	<b>38,494</b>	<b>16,978</b>
<b>Other current liabilities (non-financial)</b>		
Tax liabilities	6,903	3,925
Payroll	4,751	4,500
Social security and other statutory contributions	4,432	4,105
Early retirement	1,304	974
Advance payments from customers	13,510	7,666
Deferred income	825	492
	<b>31,725</b>	<b>21,663</b>
<b>Other current liabilities</b>	<b>70,219</b>	<b>38,640</b>

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## Note 37

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### Financial instruments

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#### 37.1. Capital risk management

The Lenzing Group manages its equity and debt with the clear goal of optimizing revenues, costs and assets of its individual operations, its business units and the Group as such for the purpose of a desired sustainable and high profitability and a solid structure of the statement of financial position. Financial leveraging, sufficient liquidity at any time, and a clear focus on cash-based management ratios and control parameters in line with the strategy and the long-term goals of the Group are essential.

This ensures that all Group companies can operate on a going concern basis. Furthermore the authorized capital and the contingent capital allow Lenzing Group to flexibly raise further equity to make use of market opportunities arising in the future.

The Group's capital structure consists of interest bearing financial liabilities, including borrowings detailed in note 37.3, cash and cash equivalents and equity attributable to shareholders of the parent. Equity comprises common stock, capital reserves and other reserves.

The aim of Lenzing Group's equity management strategy is that the Group entities have an equity base, which is in accordance to the local requirements. In addition to that, some of the credit agreements with banks include covenants, which especially relate to the amount of equity in the entities of the Group. The equity ratio of the concerned entities and the liquidity risk in the case of default (partly banks can demand repayment of the loans) is monitored by the treasury department continuously.

In the reporting period all related capital requirements were basically fulfilled. Until the date of preparation of the consolidated financial statements management got informed, that for one credit agreement in one subsidiary of Lenzing Group the related covenants were not fulfilled. In the worst case the financing bank could request repayment of the loan. Lenzing Group is negotiating with this bank. Due to the – from the Group's point of view – relatively low amount as well as due to the high solvency and the high strategic liquidity reserves of Lenzing Group, this will not have significant impact on the liquidity position of the Group.

# Consolidated Financial Statements as at 31 December 2011

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For internal regulation management uses an adjusted equity ratio. The adjusted equity is determined according to IFRS and includes, in addition to equity, government grants and deferred tax relating thereon. The adjusted equity ratio was 44.8% as at 31 December 2011 (31 December 2010: 38.6%).

Dividend policy of Lenzing AG as the parent of Lenzing Group is oriented on the principles of continuity and longevity with the aim to foster the future development of the company, to distribute a dividend to the shareholders that matches the opportunity and risk situation of the company and to adequately include the interests of all other stakeholders, which are relevant for the company's success.

## Net financial debt

The management board and the supervisory board of the Lenzing AG jointly and regularly survey the development of capital structure and the underlying control parameters, key data and influencing factors. In the course of these surveys, various risk profiles and sensitivity analyses are prepared and considered for any investments in property, plant and equipment and intangible assets and for specific projects and acquisitions. Projects and investments are planned on the basis of projected future cash flows, applying individual weighted discount rates (WACCs) dependent on the risks attached to specific countries and other micro risks. These processes are regularly surveyed and revised and agreed with the management board. Development of competitors and market factors and market elasticity play an essential role.

Special attention is paid to the development of net financial debt as the two key parameters, net financial debt and EBITDA, have become essential key control parameters for the management of the Group as well as for lending banks over the past years. Therefore a continuing optimum development of the Lenzing Group is only ensured by very good equity financing power being the basis for enhanced debt capacity.

Net financial debt and EBITDA are as follows:

EUR '000		
Net financial debt	2011	2010
Interest bearing financial debt <sup>1</sup>	652,881	612,794
Strategic liquidity reserve (-) <sup>2</sup>	(493,800)	(305,578)
<b>Net financial debt</b>	<b>159,081</b>	<b>307,216</b>

EUR '000		
EBITDA <sup>3</sup>	2011	2010
EBIT	363,979	231,928
Depreciation, amortization (+)	120,591	102,523
Reversal of government grants (-)	(4,278)	(3,865)
<b>EBITDA</b>	<b>480,292</b>	<b>330,586</b>
<b>Net financial debt / EBITDA</b>	<b>0.3</b>	<b>0.9</b>

### 37.2. Significant accounting policies

Details of the significant accounting policies and valuation methods by type of financial asset and financial liability are presented in note 3.

<sup>1</sup> Interest-bearing financial debt is defined as non-current and current financial liabilities    <sup>2</sup> Comprises cash and cash equivalents as well as marketable securities  
<sup>3</sup> From continuing operations

# Consolidated Financial Statements as at 31 December 2011

## 37.3. Categories of financial instruments

The carrying amounts, fair values and the valuation of financial assets by valuation category were as follows as at 31 December 2011 and 31 December 2010 respectively:

EUR '000						
	31/12/2011		Valuation according to IAS 39			
	Carrying amount	Fair Value	At amortized cost	At cost	At fair value through profit or loss	At fair value through other comprehensive income
<b>Loans and receivables:</b>						
Cash and cash equivalents	410,534	410,534	✓			
Trade receivables	236,764	236,764	✓			
Other financial assets – long-term loans to third parties	2,682	2,682	✓			
Other long-term financial assets – other long-term receivables	7,928	7,928	✓			
Other short-term financial assets – other short-term receivables	21,955	21,955	✓			
<b>Available-for-sale financial assets:</b>						
Non-current securities	90,945	90,945				✓
Current securities	6,748	6,748				✓
Share held in a non-consolidated company	1,150	1,150		✓		
Other investments	3	3		✓		
<b>Other:</b>						
Other short-term financial assets – derivative financial instruments at positive fair value (cash flow hedges)	0	0				✓
Other short-term financial assets – derivative financial instruments at positive fair value (fair value hedges)	0	0			✓	
Other short-term financial assets – derivative financial instruments at positive fair value (trading)	16	16			✓	
	<b>778,724</b>	<b>778,724</b>				
<b>Thereof:</b>						
At amortized cost	679,862	679,862				
At cost	1,153	1,153				
At fair value through profit or loss	16	16				
At fair value through other comprehensive income	97,693	97,693				
	<b>778,724</b>	<b>778,724</b>				

EUR '000

	31/12/2010 <sup>1</sup>		Valuation according to IAS 39			
	Carrying amount	Fair Value	At amortized cost	At cost	At fair value through profit or loss	At fair value through other comprehensive income
<b>Loans and receivables:</b>						
Cash and cash equivalents	249,388	249,388	✓			
Trade receivables	181,523	181,523	✓			
Other financial assets – long-term loans to third parties	1,954	1,954	✓			
Other long-term financial assets – other long-term receivables	970	970	✓			
Other short-term financial assets – other short-term receivables	18,305	18,305	✓			
<b>Available-for-sale financial assets:</b>						
Non-current securities	65,359	65,359				✓
Current securities	5,125	5,125				✓
Share held in a non-consolidated company	1,150	1,150		✓		
Other investments	3	3		✓		
<b>Other:</b>						
Other short-term financial assets – derivative financial instruments at positive fair value (cash flow hedges)	4,214	4,214				✓
Other short-term financial assets – derivative financial instruments at positive fair value (fair value hedges)	103	103			✓	
Other short-term financial assets – derivative financial instruments at positive fair value (trading)	0	0			✓	
	<b>528,095</b>	<b>528,095</b>				
<b>Thereof:</b>						
At amortized cost	452,142	452,142				
At cost	1,153	1,153				
At fair value through profit or loss	103	103				
At fair value through other comprehensive income	74,697	74,697				
	<b>528,095</b>	<b>528,095</b>				

The market values of cash and cash equivalents and non-current and current securities are equivalent to their carrying amounts. The carrying amount of loans receivable approximately corresponds to the market value, because they are mostly bearing variable interest.

<sup>1)</sup> The allocation of financial instruments to the single categories was adjusted on 31 December 2011 in comparison to the previous year. For comparison purposes the notes as at 31 December 2010 were adjusted accordingly.

## Consolidated Financial Statements as at 31 December 2011

The market value of receivables and other assets approximately corresponds to their carrying amount, as these mainly are of a short-term nature and credit risk is covered by adequate allowances.

The carrying amounts, fair values and the valuation of financial liabilities by valuation category are as follows as at 31 December 2011 and 31 December 2010 respectively:

EUR '000

	31/12/2011		Valuation according to IAS 39				
	Carrying amount	Fair Value	At amortized cost	At cost	At fair value through profit or loss	At fair value through other comprehensive income	Measurement according to IAS 17
<b>Financial liabilities at amortized cost</b>							
Bond	119,400	123,360	✓				
Bank loans	491,689	493,891	✓				
Other loans	40,010	39,373	✓				
Trade payables	148,553	148,553	✓				
Puttable non-controlling interests	33,906	33,906					
Other long-term financial liabilities	18,838	18,838	✓				
Other short-term financial liabilities	13,368	13,368	✓				
<b>Other</b>							
Other loans – lease payables	1,781	1,781					✓
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	21,169	21,169				✓	
Other financial liabilities – derivative financial instruments at negative fair value (fair value hedges)	2,515	2,515			✓		
Other financial liabilities – derivative financial instruments at negative fair value (trading)	1,442	1,442			✓		
	<b>892,671</b>	<b>898,196</b>					

<b>Thereof:</b>		
At amortized cost	831,859	837,383
At fair value through profit or loss	3,956	3,956
At fair value through other comprehensive income	21,169	21,169
Measurement according to IAS 17	1,781	1,781
Not applicable	33,906	33,906
	<b>892,671</b>	<b>898,196</b>



EUR '000

	31/12/2010 <sup>1</sup>		Valuation according to IAS 39				
	Carrying amount	Fair Value	At amortized cost	At cost	At fair value through profit or loss	At fair value through other comprehensive income	Measurement according to IAS 17
<b>Financial liabilities at amortized cost</b>							
Bond	119,295	116,760					
Bank loans	450,301	455,405	✓				
Other loans	42,212	41,082	✓				
Trade payables	135,683	135,683	✓				
Puttable non-controlling interests	29,613	29,613					
Other long-term financial liabilities	17,771	17,771	✓				
Other short-term financial liabilities	15,691	15,691	✓				
<b>Other</b>							
Other loans – lease payables	986	986					✓
Other financial liabilities – derivative financial instruments at negative fair value (cash flow hedges)	468	468				✓	
Other financial liabilities – derivative financial instruments at negative fair value (fair value hedges)	820	820			✓		
Other financial liabilities – derivative financial instruments at negative fair value (trading)	0	0			✓		
	<b>812,840</b>	<b>814,278</b>					
<b>Thereof:</b>							
At amortized cost	780,953	782,392					
At fair value through profit or loss	820	820					
At fair value through other comprehensive income	468	468					
Measurement according to IAS 17	986	986					
Not applicable	29,613	29,613					
	<b>812,840</b>	<b>814,278</b>					

The market value of the bond was determined by the stock-market price at year end. The market value of bank loans and other loans was established by discounting the future cash flows related to these liabilities with the market interest rate at the reporting date. The market value of other financial liabilities corresponds to their carrying amount, due to their predominant short-term nature.

<sup>1)</sup> The allocation of financial instruments to the single categories was adjusted on 31 December 2011 in comparison to the previous year. For comparison purposes the notes as at 31 December 2010 were adjusted accordingly.

## Consolidated Financial Statements as at 31 December 2011

The following chart shows an analysis of financial instruments measured at fair value considering the valuation method. Therefore three levels of valuation methods were defined.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

EUR '000

As at 31/12/2011	Level 1	Level 2	Level 3	Total
Securities, investments	97,693	0	0	97,693
Derivative financial instruments at positive fair value	0	16	0	16
Cash flow hedges	0	0	0	0
Fair value hedges	0	0	0	0
Trading	0	16	0	16
Derivative financial instruments at negative fair value	2,214	22,912	0	25,126
Cash flow hedges	2,214	18,955	0	21,169
Fair value hedges	0	2,515	0	2,515
Trading	0	1,442	0	1,442

EUR '000

As at 31/12/2010	Level 1	Level 2	Level 3	Total
Securities, investments	70,487	0	0	70,487
Derivative financial instruments at positive fair value	560	3,757	0	4,317
Cash flow hedges	560	3,654	0	4,214
Fair value hedges	0	103	0	103
Trading	0	0	0	0
Derivative financial instruments at negative fair value	(56)	1,344	0	1,288
Cash flow hedges	(56)	524	0	468
Fair value hedges	0	820	0	820
Trading	0	0	0	0

The net result of financial instruments by valuation categories according to IAS 39 comprises net gains/losses from measurement and disposal, interest gains/losses and impairment losses and was as follows:

EUR '000

2011	Interest result	Result from subsequent measurement at fair value	Result from subsequent measurement (impairment)	Result on disposal	Net result (total)
Loans and receivables	4,231	0	(2,727)	0	1,504
Available-for-sale financial assets	1,679	930	0	(632)	1,977
Financial assets at fair value through profit or loss	0	(1,426)	0	0	(1,426)
Financial liabilities at amortized cost	(23,471)	0	0	0	(23,471)
	<b>(17,561)</b>	<b>(496)</b>	<b>(2,727)</b>	<b>(632)</b>	<b>(21,415)</b>

EUR '000

2010	Interest result	Result from subsequent measurement at fair value	Result from subsequent measurement (impairment)	Result on disposal	Net result (total)
Loans and receivables	2,114	0	(2,549)	0	(435)
Available-for-sale financial assets	855	(159)	0	(25)	671
Financial assets at fair value through profit or loss	0	659	0	0	659
Financial liabilities at amortized cost	(16,220)	0	0	0	(16,220)
	<b>(13,251)</b>	<b>500</b>	<b>(2,549)</b>	<b>(25)</b>	<b>(15,325)</b>

The change in bad debt provisions provided for impairment losses of loans and receivables are recognized as "Other operating expenses".

That part from the subsequent measurement at fair value of available-for-sale financial assets that is not affecting profit or loss is presented in the reserve for "available-for-sale financial assets".

The other components of the net result of financial instruments are recognized as "Income from non-current and current financial assets" or "Financing costs".

### 37.4. Financial risk management

As an enterprise operating internationally, the Group is exposed to various financial risks and other market risks. A group-wide risk management system comprehensively governed by guidelines ensures that potential risks are identified at an early stage and valued. Maximum risk transparency and quality of information shall be accomplished by quantifying all risk categories.

## Consolidated Financial Statements as at 31 December 2011

The efficiency of the group-wide risk management system is regularly assessed and monitored by the internal control system and the internal audit department.

Financial risks (credit risk, liquidity risk, foreign currency risk – particularly USD – and interest rate risk) and price risk (pulp, natural gas, electricity, wood, aluminum) were identified as the areas of risk for the Lenzing Group. Appropriate hedging arrangements are used to control and minimize those risks.

### Credit risk

Credit risk describes the risk of incurring a loss due to individual business partners not meeting their contractual obligations. The risk of non payment inherent in the Group's operating activities is largely covered by credit insurance and bank collaterals (guarantees, letters of credit).

The development of bad debt provisions was as follows:

	EUR '000		
	Loans (non-current and current)	Trade receivables	Other receivables (non-current and current)
<b>Bad debt provisions as at 01/01/2010</b>	210	2,763	553
Additions from business combinations	0	3,983	0
Utilization	0	(388)	0
Reversal	(185)	(443)	0
Addition	2,016	41	0
Currency translation adjustment	0	28	0
Reclassification to discontinued operations	0	(91)	0
<b>Bad debt provisions as at 31/12/2010</b>	<b>2,041</b>	<b>5,893</b>	<b>553</b>
Additions from business combinations	0	0	0
Utilization	0	(542)	0
Reversal	0	(103)	0
Addition	19	2,813	0
Currency translation adjustment	51	(111)	0
Reclassification to discontinued operations	0	0	0
<b>Bad debt provisions as at 31/12/2011</b>	<b>2,111</b>	<b>7,950</b>	<b>553</b>

The bad debt provisions for trade receivables include bad debt provisions from associated companies with an amount of EUR 1,566 thousand (2010: 0).

Aging of loans and receivables is as follows:

EUR '000

	Loans (non-current and current)	Trade receivables	Other receivables (non-current and current)
Carrying amount as at 31/12/2011	2,682	236,764	31,033
Thereof not impaired at the reporting date and			
not overdue	2,493	203,516	31,033
overdue up to 30 days	0	23,501	0
overdue for 31 to 90 days	0	1,980	0
overdue for 91 to 365 days	0	510	0
overdue for more than one year	0	164	0
Thereof impaired	188	7,093	0

EUR '000

	Loans (non-current and current)	Trade receivables	Other receivables (non-current and current)
Carrying amount as at 31/12/2010	1,954	181,523	24,742
Thereof not impaired at the reporting date and			
not overdue	1,817	162,731	24,742
overdue up to 30 days	0	17,077	0
overdue for 31 to 90 days	0	950	0
overdue for 91 to 365 days	0	330	0
overdue for more than one year	0	167	0
Thereof impaired	137	268	0

The maximum credit risk from financial assets recognized in the statement of financial position is equivalent to the carrying amount of monetary assets. These assets consist of loans EUR 2,682 thousand (31 December 2010: EUR 1,954 thousand), non-current and current securities of EUR 97,696 thousand (31 December 2010: EUR 70,487 thousand), other financial instruments of EUR 267,813 thousand (31 December 2010: EUR 206,265 thousand) and cash and cash equivalents of EUR 410,534 thousand (31 December 2010: EUR 249,388 thousand).

There are no doubts regarding the collectability of financial assets that are not impaired and not overdue.

Receivables are measured individually. If a receivable is entirely uncollectible, this receivable is impaired with 100% (on the basis of the net amount). For all other receivables a bad debt provision is recognized, as far as they are presumably not collectible in full.

In addition, the Group has assumed liability for other companies amounting to EUR 1,167 thousand (31 December 2010: EUR 3,325 thousand) of which EUR 1,167 thousand (31 December 2010: EUR 3,325 thousand) relate to associated companies. The Group will be charged if these companies do not meet their commitments.

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There is no considerable concentration of risk arising from the placement of financial assets with just one single business partner.

### Liquidity risk

Liquidity risk is defined as the risk of not being able to obtain funds at any time, in order to meet liabilities incurred. Corporate guidelines require uniform and anticipatory liquidity planning throughout the Group. As part of the budgeting process, all Group data is consolidated in a short-term (one-year) and a medium-term (four-year) liquidity plan.

	Valuation category according to IAS 39	31/12/2011	
			Carrying amount
Bond	Financial Liabilities at Amortized Cost (FLAC)	119,400	
Bank loans	Financial Liabilities at Amortized Cost (FLAC)	491,689	
Other loans	Financial Liabilities at Amortized Cost (FLAC)	40,010	
Trade payables	Financial Liabilities at Amortized Cost (FLAC)	148,553	
Puttable non-controlling interests	Financial Liabilities at Amortized Cost (FLAC)	33,906	
Other liabilities – other financial liabilities	Financial Liabilities at Amortized Cost (FLAC)	32,206	
Lease payables	n/a (IAS 17)	1,781	
<b>Non-derivative financial instruments</b>		<b>867,545</b>	
Derivative financial instruments	n/a or At Fair Value through Profit or Loss (Trading)	25,126	
<b>Total</b>		<b>892,671</b>	

	Valuation category according to IAS 39	31/12/2010	
			Carrying amount
Bond	Financial Liabilities at Amortized Cost (FLAC)	119,295	
Bank loans	Financial Liabilities at Amortized Cost (FLAC)	450,301	
Other loans	Financial Liabilities at Amortized Cost (FLAC)	42,212	
Trade payables	Financial Liabilities at Amortized Cost (FLAC)	135,683	
Puttable non-controlling interests	Financial Liabilities at Amortized Cost (FLAC)	29,613	
Other liabilities – other financial liabilities	Financial Liabilities at Amortized Cost (FLAC)	33,461	
Lease payables	n/a (IAS 17)	986	
<b>Non-derivative financial instruments</b>		<b>811,551</b>	
Derivative financial instruments	n/a or At Fair Value through Profit or Loss (Trading)	1,288	
<b>Total</b>		<b>812,839</b>	

The Lenzing Group has a strategic liquidity reserve of cash, cash equivalents and marketable securities amounting to EUR 493,800 thousand (31 December 2010: EUR 305,578 thousand).

As at 31 December 2011 the Group had at its disposal open credit lines confirmed in writing of EUR 250,757 thousand (31 December 2010: 252,225 thousand) for financing required operating resources, as well as for covering potential shortfall caused by economic cycles.

The contractual undiscounted cash flows (interest and repayment) of financial liabilities are as follows:

EUR '000

Cash flows 2012				Cash flows 2013 to 2016				Cash flows from 2017			
Fixed interest	Fixed and variable interest	Variable interest	Repayment	Fixed interest	Fixed and variable interest	Variable interest	Repayment	Fixed interest	Fixed and variable interest	Variable interest	Repayment
4,650	0	0	0	18,600	0	0	0	4,650	0	0	120,000
3,126	0	11,461	122,570	4,073	0	18,286	318,384	2	0	2,506	50,735
40	472	79	11,790	65	759	94	28,123	0	0	0	97
0	0	0	148,504	0	0	0	50	0	0	0	0
0	0	0	1,824	0	0	0	0	0	0	0	32,081
0	0	0	13,368	0	0	0	12,517	0	0	0	12,500
72	0	0	(50)	306	0	0	(225)	4,477	0	0	2,056
<b>7,888</b>	<b>472</b>	<b>11,540</b>	<b>298,006</b>	<b>23,044</b>	<b>759</b>	<b>18,380</b>	<b>358,848</b>	<b>9,129</b>	<b>0</b>	<b>2,506</b>	<b>217,469</b>
0	0	0	23,414	0	0	0	1,712	0	0	0	0
<b>7,888</b>	<b>472</b>	<b>11,540</b>	<b>321,420</b>	<b>23,044</b>	<b>759</b>	<b>18,380</b>	<b>360,560</b>	<b>9,129</b>	<b>0</b>	<b>2,506</b>	<b>217,469</b>

EUR '000

Cash flows 2011				Cash flows 2012 to 2015				Cash flows from 2016			
Fixed interest	Fixed and variable interest	Variable interest	Repayment	Fixed interest	Fixed and variable interest	Variable interest	Repayment	Fixed interest	Fixed and variable interest	Variable interest	Repayment
4,650	0	0	0	18,600	0	0	0	9,300	0	0	120,000
4,395	0	8,353	50,607	9,959	0	14,865	356,594	18	0	1,319	43,100
47	516	71	9,867	40	1,082	103	31,407	0	7	0	938
0	0	0	134,132	0	0	0	1,551	0	0	0	0
0	0	0	5,358	0	0	0	0	0	0	0	24,255
0	0	0	15,690	0	0	0	7,519	0	0	0	17,500
0	0	0	0	0	0	0	0	1,181	0	0	986
<b>9,092</b>	<b>516</b>	<b>8,424</b>	<b>215,654</b>	<b>28,599</b>	<b>1,082</b>	<b>14,968</b>	<b>397,071</b>	<b>10,499</b>	<b>7</b>	<b>1,319</b>	<b>206,779</b>
0	0	0	1,120	0	0	0	168	0	0	0	0
<b>9,092</b>	<b>516</b>	<b>8,424</b>	<b>216,774</b>	<b>28,599</b>	<b>1,082</b>	<b>14,968</b>	<b>397,239</b>	<b>10,499</b>	<b>7</b>	<b>1,319</b>	<b>206,779</b>

# Consolidated Financial Statements as at 31 December 2011

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## Exchange rate risk

The exchange rate risk of the Lenzing Group results from investing and operative business activities. This risk is hedged to the greatest extent if it affects the Group's cash flows. Risk not affecting Group cash flows (such as exchange rate risk resulting from the consolidation of investments in a foreign operation) is not hedged as a matter of policy.

Operative business exposes the Group's individual companies to exchange rate risk arising from scheduled incoming and outgoing payments not denominated in their functional currency. The exchange rate risk arising from foreign currency positions and expected future transactions outside an entity's functional currency is hedged with foreign currency forward contracts and options which are recognized at market value. Despite its hedging activities the Lenzing Group was exposed to operative exchange rate risk at the reporting date.

The Lenzing Group has compiled foreign currency sensitivity analyses on the basis of the following assumptions:

Exchange rate related changes in the values of fair value hedges designated to hedge exchange rate risk almost fully offset exchange rate related changes in the values of the underlying transaction in the same period in the income statement. These financial instruments therefore do not affect the development of results and equity in terms of currency risk.

Basically the Lenzing Group is therefore only exposed to exchange rate risk arising from accounting for cash flow hedges. For companies with the same functional currency, the respective net exposures in foreign currencies for the next business year are determined in the course of the budgeting process. Purchases in a specific foreign currency and sales in the same foreign currency are pooled and hedged as a group. From the budgeted net exposure for the dominating currency pair EUR/USD for the following business year about 69% were hedged as at 31 December 2011 (31 December 2010: about 65%).

If the Euro had increased or decreased 10% against the other foreign currencies as at 31 December 2011, the result from the valuation of cash flow hedges would have been higher by EUR 16,491 thousand (or lower by EUR 20,670 thousand, respectively) (31 December 2010: higher by EUR 13,067 thousand or lower by EUR 16,831 thousand, respectively).



### Instruments for hedging exchange rate risk

Cash flow hedges are designated for sales denominated in the hedged currency and relating to the operating business of the following business year. The resulting cash flows are planned monthly and the total of cash inflows and cash outflows of a month are cleared at the close of each month. Fair value hedges are used to hedge receivables and payables that are already recognized in the statement of financial position but where cash flows will result after the reporting date (31 December).

### Cash flow hedges

Gains or losses from measuring cash flow hedges are recognized in other comprehensive income and reclassified to operating profit or loss when the hedged transactions affect profit or loss.

At the reporting dates the nominal values and market values of these hedging instruments are as follows:

EUR '000

Type of derivative financial instrument	31/12/2011			31/12/2010		
	Nominal amount	Market value	Maturity up to months	Nominal amount	Market value	Maturity up to months
<b>Forward contracts</b>						
CZK purchase/EUR sale	CZK 200,000	(187)	12		0	
USD purchase/EUR sale		0		USD 1,216	26	10
EUR sale/CZK purchase	EUR 17,200	(873)	13	EUR 38,700	(266)	14
EUR sale/GBP purchase	EUR 6,000	273	13		0	
GBP sale/EUR purchase		0		GBP 150	(9)	1
USD sale/CZK purchase	USD 52,200	(4,086)	13	USD 17,400	(170)	14
USD sale/EUR purchase	USD 276,246	(13,510)	13	USD 249,035	3,637	16
USD sale/GBP purchase	USD 31,800	(573)	12	USD 24,550	(88)	14
<b>Total</b>		<b>(18,955)</b>			<b>3,130</b>	

### Fair value hedges

From the point in time when the underlying transactions (receivables or payables) are recognized in the statement of financial position, the hedging transactions are regarded as fair value hedges. Gains and losses from fair value hedges as well as gains and losses from hedged items are recognized as income or expense in the operating result.

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At the reporting dates the nominal values and market values of these hedging instruments are as follows:

EUR '000

Type of derivative financial instrument	31/12/2011		31/12/2010	
	Nominal amount	Market value	Nominal amount	Market value
<b>Forward contracts</b>				
USD purchase/EUR sale	USD 226	13		
CNY sale/EUR purchase	CNY 36,000	(41)		
EUR sale/CZK purchase	EUR 7,300	(373)	EUR 8,500	5
USD sale/CZK purchase	USD 3,700	(329)	USD 1,500	39
USD sale/EUR purchase	USD 44,112	(1,717)	USD 25,175	(800)
USD sale/GBP purchase	USD 3,600	(68)	USD 1,600	(22)
USD sale/IDR purchase			USD 13,850	61
<b>Total</b>		<b>(2,515)</b>		<b>(717)</b>

### Trading

Some entities of the Group use derivatives for hedging exchange rate risks, which are not allocated to underlying transactions as of the statement of financial position. For this reason hedge accounting is not applied to these derivatives.

At the reporting dates the nominal values and market values of these derivatives are as follows:

EUR '000

Type of derivative financial instrument	31/12/2011		31/12/2010	
	Nominal amount	Market value	Nominal amount	Market value
<b>Forward contracts</b>				
CHF purchase/USD sale	CHF 610	(26)	0	0
EUR purchase/CNY sale	EUR 376	16	0	0
EUR purchase/USD sale	EUR 10,760	(801)	0	0
IDR purchase/USD sale	IDR 385,847,350	(618)	0	0
JPY purchase/USD sale	JPY 6,700	0	0	0
SGD purchase/USD sale	SGD 1,795	3	0	0
<b>Total</b>		<b>(1,426)</b>		<b>0</b>

### Commodity price risk

Purchasing of natural gas by the Group had been centralized to the greatest possible extent as part of optimizing energy cost. The Group uses futures traded at the respective commodity exchange to control the risk arising from gas price volatility. The hedging strategies are defined on the basis of planned consumption in the respective currency and analyzed by market to market comparison on a monthly basis.

### Instruments for hedging commodity price risk

The involved risks are hedged by purchasing future contracts covering gas/aluminum purchases. Before the end of the month preceding the month when the hedged deliveries take place the future contracts are sold and at the same time the prices for the purchases of the next month are determined.

At the reporting dates the nominal values and market values of these hedging instruments are as follows:

EUR '000

Type of derivative financial instrument	31/12/2011			31/12/2010		
	Nominal contract value	Market value	Maturity up to months	Nominal contract value	Market value	Maturity up to months
<b>Natural gas futures</b>						
	USD 6,015	(984)	36	USD 5,589	56	24
	GBP 11,778	(1,230)	36	GBP 2,965	538	12
				EUR 132	22	1
<b>Total</b>		<b>(2,214)</b>			<b>616</b>	

The risks of price changes of natural gas futures are presented with a sensitivity analysis. If the market prices for natural gas increase (decrease) by 10%, other comprehensive income or equity respectively change by +/- EUR 1,572 thousand (31 December 2010: +/- EUR 848 thousand)

Apart from that, the Group's business activities expose it to common price risks in the line of business which are not hedged with derivatives.

Currently embedded derivatives are mainly included in non-current natural gas contracts. These embedded derivatives are considered to be closely related to the underlying contracts. Therefore these instruments are not separated from the according underlying contracts.

# Consolidated Financial Statements as at 31 December 2011

## Interest rate risk

Interest rate changes affect the Group's financing and investing activities. Concerning non-current items the Group mainly has non-current securities with fixed interest with a market value or a carrying amount close to the fair value amounting to EUR 93,630 thousand (31 December 2010: EUR 67,316 thousand; please refer to note 23). The fair value of these assets is subject to fluctuations because of changes in market interest rates.

Interest rate risks arising from floating-rate liabilities mainly result from bank loans and other loans; they were described by sensitivity analyses. These risks show the impact of changes in the market interest rate on interest payments and interest expense. Changes in market interest rates affect interest expense.

Had the market interest rate been 100 basis points higher (lower) as at 31 December 2011, interest expense for the above mentioned floating-rate liabilities would have been higher (lower) by EUR 3,545 thousand (31 December 2010: EUR by 3,126 thousand higher (lower)), respectively.

## Note 38

### Notes on the cash flow statement

The cash flow statement shows the change in liquid funds over the year as a result of cash receipts and payments. The principles used in translating income and expenses for the income statement as set out in note 3 also apply to the translation of cash flows.

Gross cash flow is computed as follows:

	EUR '000	
	2011	2010
<b>Profit for the year after taxes from continuing operations</b>	<b>267,395</b>	<b>176,661</b>
+ Depreciation of		
property, plant and equipment and amortization of intangible assets	120,591	102,523
financial assets	19	2,362
- Release of investment grants previously recognized as deferred income	(4,278)	(3,865)
- Write-ups of financial assets	(3)	(1)
+ Charge for/- Consumption or reversal of non-current provisions	11,491	(5)
- Gains/+ Losses on the disposal of		
intangible assets, property, plant and equipment	(955)	1,484
financial assets and current securities	289	0
- Deferred tax income/+ deferred tax expense	(2,124)	1,862
+ Allocation of profit or loss to puttable non-controlling interests	(163)	2,140
- Non-cash income from associated companies	(5,511)	(1,411)
- Other non-cash income/+ expense	2,299	600
<b>Gross cash flow from continuing operations</b>	<b>389,049</b>	<b>282,350</b>

EUR '000

	2011	2010
Result from discontinued operations	9	(6,723)
- Non-cash income /+ expense	(9)	17,264
<b>Gross cash flow from discontinued operations</b>	<b>0</b>	<b>10,541</b>

The change in working capital of continuing operations comprises:

EUR '000

	2011	2010
+ Decrease/- increase in inventories	(51,411)	(41,135)
+ Decrease/- increase in accounts receivable	(87,814)	(47,780)
- Decrease/+ increase in operating liabilities	59,844	99,509
<b>Change in working capital</b>	<b>(79,381)</b>	<b>10,594</b>

The cash flow from investing activities of continuing operations comprises:

EUR '000

	2011	2010
- Acquisition of non-current assets		
Intangible assets and property, plant and equipment	(193,352)	(229,996)
Financial assets	(49,540)	(55,099)
	<b>(242,892)</b>	<b>(285,095)</b>
+ Proceeds from the sale/repayment of non-current assets		
Intangible assets and property, plant and equipment	2,910	921
Financial assets	23,830	4,728
	<b>26,740</b>	<b>5,649</b>

Payments from puttable non-controlling interests in the amount of EUR 1,436 thousand (2010: EUR 5,535 thousand) concern payments from the non-controlling shareholders of Lenzing (Nanjing) Fibers Co., Ltd. on their share in capital. In the reporting period a cash inflow amounting to EUR 589 thousand (2010: 0) resulted from the change of interest in Lenzing Modi Fibers India Pvt. Ltd.

# Consolidated Financial Statements as at 31 December 2011

The Group's liquid funds comprise:

	EUR '000	
	31/12/2011	31/12/2010
Cash and cash equivalents	410,534	249,388
Current securities	6,748	5,125
<b>Total</b>	<b>417,282</b>	<b>254,513</b>

Cash and cash equivalents comprise cash in hand and cash at banks, sight deposits and short-term time deposits at banks. Current securities are securities with a maturity of less than three months at the time of purchase. These securities are only subject to insignificant risks of changes in value.

Cash flow from operating activities of continuing operations includes the following interest and dividend tax payments and receipts:

	EUR '000	
	2011	2010
Interest received	5,199	1,602
Interest paid	22,641	14,775
Income taxes paid	41,835	22,535

## Note 39

### Operating leases

The Group has commitments under operating leases of property, plant and equipment that are not recognized in the statement of financial position. Operating expenses for 2011 include leasing and rental expenses of EUR 4,820 thousand (2010: EUR 3,679 thousand).

Future minimum lease payments for the non-cancellable term of these leases that mainly relate to IT equipment, vehicles and office premises will be due as follows:

	EUR '000	
	2011	2010 <sup>1)</sup>
Within one year	4,164	3,226
In the following 2 to 5 years	6,719	4,850
Thereafter	618	672
<b>Total</b>	<b>11,501</b>	<b>8,748</b>

<sup>1)</sup> from continuing operations

## Note 40

### Related party transactions

Related parties (companies and persons) of Lenzing Group comprise all subsidiaries and associated companies, as well as the members of the corporate bodies (management and supervisory boards) of Lenzing AG, B & C Industrieholding GmbH and B & C Privatstiftung. B & C Industrieholding GmbH and its subsidiaries are also considered related parties. Other shareholders of Lenzing AG or its subsidiaries are considered related parties if they are in a position to exercise significant influence on the operating policies of the company.

### Business relationships with related parties

A tax group was formed between Lenzing AG as well as subsidiaries of Lenzing AG and B & C Industrieholding GmbH and the supporting contract was concluded on 25 September 2009. The contract partners are Lenzing AG and those of its subsidiaries mentioned in the contract as Group members ("Gruppenmitglied") and B & C Industrieholding GmbH as the head and taxable subject of the tax group ("Gruppenträger").

The contract obligates Lenzing AG to pay a tax allocation to the head of the tax group. The tax allocation equals the income tax payable by Lenzing AG and its subsidiaries included in the tax group based on their taxable profits. Potential tax loss of the tax group head is taken into account. A tax loss of Lenzing AG and its included subsidiaries is kept on record and will be used to offset future taxable profits. It is agreed that a compensation for tax losses that could not be used to offset profits shall be paid at contract end.

Lenzing Group received a tax credit amounting to EUR 5,066 thousand (2010: EUR 5,966 thousand) from the tax group in 2011.

As at 31 December 2011 the Lenzing Group recognized a liability for tax allocation payable to B & C Industrieholding GmbH in the amount of EUR 57,732 thousand (2010: EUR 15,948 thousand). The tax allocation payable is presented under the heading "Income tax liabilities" in the statement of financial position.

### Business relationships with non-controlling shareholders of subsidiaries

Lenzing AG provided loans to non-controlling shareholders of subsidiaries, the outstanding balance being EUR 353 thousand as at 31 December 2011 (31 December 2010: EUR 344 thousand). The balance of the bad debt provision relating to these loans is EUR 200 thousand (31 December 2010: EUR 196 thousand).

Liabilities include loans of non-controlling shareholders amounting to EUR 363 thousand (31 December 2010: EUR 342 thousand). These are subordinated loans at variable interest. The interest rate is based on LIBOR plus a surcharge and is adjusted every six months. Furthermore the Group has other liabilities with non-controlling shareholder of subsidiaries of EUR 102 thousand (31 December 2010: EUR 2,116 thousand).

# Consolidated Financial Statements as at 31 December 2011

## Business transactions with associated companies

These transactions were essentially with:

### EQUI-Fibres Beteiligungsgesellschaft mbH and its subsidiaries (EQUI):

- Supply of pulp, machinery and equipment
- Use of infrastructure and purchase of assembly and administrative services
- Purchase of spinning raw material

### Lenzing Papier GmbH (LPP):

- Provision of infrastructure and supply of administrative services

### PT. Pura Golden Lion (PGL):

- Loans payable

### RVL Reststoffverwertung Lenzing GmbH (RVL):

- Operation of a recycling facility and purchase of generated steam

### Wood Paskov s.r.o. (LWP):

- Delivery of wood

Significant transactions and outstanding balances with associated companies are:

	EUR '000				
	EQUI	LPP	PGL	RVL	LWP
<b>2011</b>					
Sales	58,144	10,292	0	10,583	0
Other operating income	1,115	0	0	0	18
Cost of material	(46,254)	(5)	0	0	(151)
Cost of purchased services	(10,626)	0	0	(10,583)	0
Other operating expenses	(871)	(1,765)	0	(9)	0
Interest expense	0	0	(63)	0	0
Interest income	0	0	0	0	0
<b>31/12/2011</b>					
Trade receivables	10,930	3,230	0	0	7
Trade payables	4,797	4	0	0	14
Loans	0	0	1,895	0	0
Other liabilities	74	0	0	0	0



EUR '000

	EQUI	LPP	PGL	RVL	LWP
<b>2010</b>					
Sales	56,902	10,254	0	9,754	0
Other operating income	1,067	0	0	0	18
Cost of material	(42,366)	(4)	0	0	(135)
Cost of purchased services	(10,866)	0	0	(9,754)	0
Other operating expenses	(1,084)	(10)	0	(16)	0
Interest expense	0	0	(75)	0	0
Interest income	0	15	0	0	0
<b>31/12/2010</b>					
Trade receivables	8,007	2,206	0	0	11
Trade payables	6,698	8	0	1	13
Loans	0	0	1,783	0	0
Other liabilities	0	0	514	0	0

Lenzing AG assumed proportionate liability for loans to a subsidiary of EQUI-Fibres Beteiligungsgesellschaft mbH (refer to note 41).

### Remuneration of management and supervisory board members

The remuneration granted by Lenzing AG for active members of the management board is as follows according to categories of remuneration:

EUR '000

	2011	2010
Short-term employee benefits	2,919	2,894
Post-employment benefits	94	90
<b>Total</b>	<b>3,013</b>	<b>2,984</b>

In addition to that the active members of the management board received a one-time special bonus amounting to EUR 3,500 thousand relating to the capital increase of Lenzing AG in the past business year 2011, whereas two thirds of the expenses (EUR 2,333 thousand) were assumed by B & C Industrieholding GmbH as agreed.

Benefits for former members of the management board or their dependents came to EUR 860 thousand in 2011 (2010: EUR 838 thousand).

Expenses for short-term employee benefits for members of the supervisory board of Lenzing AG amounted to EUR 234 thousand in the business year 2011 (2010: EUR 224 thousand).

# Consolidated Financial Statements as at 31 December 2011

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## Note 41

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### Contingent liabilities and financial guarantee contracts

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As at 31 December 2011 the Group has assumed liability for associated companies amounting to EUR 1,167 thousand (31 December 2010: EUR 3,325 thousand).

Moreover, the Group gave bank guarantees in the amount of EUR 3,190 thousand in 2011 (2010: EUR 4,102 thousand) especially for securing of claims of suppliers and for liability escrow paid. It is considered unlikely that the Group will be held liable as a result of these commitments. As the fair value amounts to EUR 0 thousand as at the reporting date (31 December 2010: 0), no liability was recognized in the statement of financial position for these financial guarantees.

The management board is not aware of any other commitments with any material effect on the financial position and performance of the Group.

Various legal proceedings resulting from the ordinary course of business are pending. The management board believes that these proceedings will not have material adverse effect on the present and future earnings of the Group.

## Note 42

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### Events after the reporting period

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After the reporting date of 31 December 2011 there were no events with special relevance for Lenzing Group, which would have led to different presentation of net assets, financial position and results of operations.

## Note 43

## Direct and indirect investments of Lenzing AG as at 31 December 2011

	Cur- rency	Common stock	Owner- ship interest  in %
<b>Fully consolidated companies:</b>			
ASIA Fiber Engineering GmbH, Vienna, Austria	EUR	36,336	100.00
Avit Investments Limited, Providenciales, Turks and Caicos	USD	2,201,000	100.00
Beech Investment s.r.o., Zlaté Moravce, Slovakia	EUR	6,639	100.00
Biocel Paskov a.s., Paskov, Czech Republic	CZK	280,000,000	75.00
BZL – Bildungszentrum Lenzing GmbH, Lenzing, Austria	EUR	43,604	75.00
Cellulose Consulting GmbH, Vienna, Austria	EUR	36,336	100.00
Dolan GmbH, Kelheim, Germany	EUR	1,000,000	100.00
Energie- und Medienzentrale Heiligenkreuz GmbH, Heiligenkreuz, Austria	EUR	72,673	100.00
European Precursor GmbH, Kelheim, Germany	EUR	25,000	51.00
European Carbon Fiber GmbH, Kelheim, Germany	EUR	25,000	100.00
LENO Electronics GmbH, Lenzing, Austria	EUR	40,000	100.00
Lenzing Beteiligungs GmbH, Lenzing, Austria	EUR	35,000	100.00
Lenzing Engineering and Technical Services (Nanjing) Co., Ltd., Nanjing, China	USD	2,100,000	100.00
Lenzing Fibers (Shanghai) Co., Ltd., Shanghai, China	USD	200,000	100.00
Lenzing Fibers GmbH, Heiligenkreuz, Austria	EUR	363,364	100.00
Lenzing Fibers Grimsby Limited, Grimsby, UK	GBP	1	100.00
Lenzing Fibers Holding GmbH, Lenzing, Austria	EUR	35,000	100.00
Lenzing Fibers (Hongkong) Ltd., Hongkong	HKD	16,000,000	100.00
Lenzing Fibers Inc., Mobile, USA	USD	10	100.00
Lenzing Fibers Ltd., Manchester, UK	GBP	1	100.00
Lenzing Holding GmbH, Lenzing, Austria	EUR	35,000	100.00
Lenzing Modi Fibers India Private Limited, Mumbai, India	INR	899,064,800	95.41
Lenzing (Nanjing) Fibers Co., Ltd., Nanjing, China	USD	64,440,000	70.00
Lenzing Plastics GmbH, Lenzing, Austria	EUR	35,000	100.00
LP Automotive GmbH, Lenzing, Austria	EUR	35,000	100.00
Lenzing Technik GmbH, Lenzing, Austria	EUR	35,000	100.00
Lyocell Holding Limited, Manchester, UK	GBP	1,000	100.00
Penique S.A., Panama	USD	5,000	100.00
PT. South Pacific Viscose, Purwakarta, Indonesia	IDR	72,500,000,000	90.56 <sup>1</sup>
Pulp Trading GmbH, Lenzing, Austria	EUR	40,000	100.00
Reality Paskov s.r.o., Paskov, Czech Republic	CZK	900,000	75.00
Tencel Holding Limited, Manchester, UK	GBP	1	100.00
Tencel Holding Overseas Limited, St. Helier, Jersey	GBP	1,001	100.00
Wasserreinhaltungsverband Lenzing – Lenzing AG, Lenzing, Austria	EUR	0	Member- ship
<b>Companies accounted for at equity:</b>			
RVL Reststoffverwertung Lenzing GmbH, Lenzing, Austria	EUR	36,336	50.00
WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Vienna, Austria	EUR	36,336	25.00
EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Germany	EUR	2,000,000	45.00
LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Turkey	TRY	200,000	33.34
Lenzing Papier GmbH, Lenzing, Austria	EUR	35,000	40.00
PT. Pura Golden Lion, Jakarta, Indonesia	IDR	2,500,000,000	40.00
Wood Paskov s.r.o., Paskov, Czech Republic	CZK	2,000,000	37.50
<b>Company that is not consolidated:<sup>2</sup></b>			
Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck, Lenzing, Austria	EUR	1,155,336	99.90

<sup>1</sup> Thereof holding 4.77% indirectly through PT. Pura Golden Lion, Jakarta, Indonesia <sup>2</sup> Although the Lenzing Group holds the majority of shares in this company it is not consolidated as the Group does not exercise any control in the management sense of the term.

# Consolidated Financial Statements as at 31 December 2011

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## Note 44

### Corporate Bodies

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#### Members of the Supervisory Board

**Michael Junghans, Vienna**

Deputy Chairman (until 29 March 2011)

Chairman (from 29 March 2011)

**Hermann Bell, Linz**

Chairman (until 29 March 2011)

**Veit Sorger, Vienna**

Deputy Chairman (from 29 March 2011)

**Helmut Bernkopf, Vienna****Josef Krenner, Linz****Walter Lederer, Vienna****Martin Payer, Leoben****Patrick Prügger, Vienna**

(from 29 March 2011)

**Andreas Schmidradner, Vienna**

#### Works Council Representatives

**Rudolf Baldinger**

Chairman of the Company's Works Committee

Chairman of the Blue-Collar Workers' Council

**Georg Liftinger**

Deputy Chairman of the Company's Works Committee

Chairman of the White-Collar Workers' Council

**Gerhard Ratzesberger**

Deputy Chairman of the White-Collar Workers' Council

**Johann Schernberger**

Deputy Chairman of the Blue-Collar Workers' Council

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## Members of the Management Board

**Peter Untersperger**

Chairman

**Friedrich Weninger****Thomas G. Winkler**

The present consolidated financial statements were released on 2 March 2012 by the management board for examination by the supervisory board, for submission to the general shareholders' meeting and for subsequent publication. The supervisory board is entitled to initiate changes to the consolidated financial statements within the framework of its supervisory duty.

Lenzing, 2 March 2012

## The Management Board:

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

# Auditor's Report

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## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lenzing Aktiengesellschaft, Lenzing, for the fiscal year from 1 January 2011 to 31 December 2011. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2011, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

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

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal 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; and 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 (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2011 and of its financial performance and its cash flows for the fiscal year from January 1, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) 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 and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

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

Vienna, March 2, 2012

## Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

Harald Breit  
Certified Public Accountant

ppa. Ulrich Dollinger  
Certified Public Accountant

The publication or dissemination of the consolidated financial statements bearing our opinion may only take place in the approved version. This Opinion relates exclusively to the German language version of the complete consolidated financial statements including the Group management report. For any other versions, the regulations contained in Section 281 para 2 UGB (Austrian Commercial Code) are to be observed.

# Report of the Supervisory Board of Lenzing AG

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To the 68<sup>th</sup> Shareholders' Meeting:

Dear shareholders!

At six meetings held during the 2011 financial year, the Supervisory Board of Lenzing AG was informed by the Management Board about the company's business development, discussed the further strategic development as well as important business transactions and measures with the Management Board and passed the required resolutions. The Management Board submitted a detailed written report to the Supervisory Board at each meeting about all relevant issues relating to the business development, the financial position and profit and loss of Lenzing AG and the Lenzing Group. In addition, the Chairman and Deputy Chairman of the Supervisory Board were provided with information on a regular basis.

A major focal point of the work carried out by the Supervisory Board in 2011 was the "Re-IPO" of Lenzing AG in June 2011 with the subsequent listing of the Lenzing share on the ATX index. The financing structure for the planned investment program and the future growth of Lenzing AG was optimized on the basis of the capital increase and the broader free float. Furthermore, the transaction considerably improved the company's long-term access to the capital market.

The Audit Committee of the Supervisory Board convened three times, and in addition to examining the annual and consolidated financial statements, also fulfilled its duties and responsibilities as stipulated in Section 92 Para. 4a Austrian Stock Corporation Act, in particular the monitoring of financial reporting processes as well as the internal control, audit and risk management systems.

One meeting of the Nomination Committee was held in the 2011 financial year, which in particular focused on extending the Management Board contract of Friedrich Weninger.

The Remuneration Committee convened twice in the 2011 financial year, focusing on the remuneration model applying to one Management Board member as of 2012.

In connection with the capital increase carried out in 2011, the Supervisory Board established a temporary committee in order to grant the required approvals and resolutions for the purpose of the capital increase. One session of this committee took place, which primarily dealt with defining the final terms and conditions of the capital increase coordinated by the Management Board.

Further information pertaining to the composition and mode of operation of the Supervisory Board and its remuneration is available in the Corporate Governance Report.

In the meeting held on September 23, 2011, the Supervisory Board resolved to reappoint Friedrich Weninger as Chief Operating Officer (COO) for three more years until December 31, 2014.

The annual financial statements including the Management Report and Corporate Governance Report of Lenzing AG as well as the consolidated financial statements and the Group Management Report of the Lenzing Group as at 31 December 2011 were audited by Deloitte Audit Wirtschaftsprüfungsgesellschaft mbH, Vienna and granted an unqualified auditor's opinion.



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The Audit Committee of the Supervisory Board reviewed the annual and consolidated financial statements, the Management Report and Group Management Report, the proposal of the Management Board for the appropriation of the total accumulated profit, as well as the Corporate Governance Report. The Audit Committee also intensively focused on the auditor's reports and exhaustively discussed the results of the audit in detail with the auditor. On the basis of its own review, the Audit Committee concurred with the results of the auditor's report. The Audit Committee dutifully reported to the Supervisory Board on this matter and recommended that the Supervisory Board propose the appointment of Deloitte Audit Wirtschaftsprüfungsgesellschaft mbH, Vienna again to the Shareholders' Meeting to serve as the auditors for the 2012 financial year.

Following its own detailed review, the Supervisory Board declared its formal approval of the Management Report and Corporate Governance Report, and thus hereby adopted the annual financial statements for 2011 pursuant to Section 96 Para. 4 Austrian Stock Corporation Act. Furthermore, it declared its approval of the consolidated financial statements and Group Management Report in accordance with Section 244 and Section 245a Austrian Commercial Code. The Supervisory Board concurred with the Management Board's proposal on the distribution of the total accumulated profit, according to which a dividend of EUR 66,375,000.00 or EUR 2.50 per no par value share is to be paid from the reported accumulated profit of EUR 133,734,490.63 and to carry forward the balance of EUR 67,359,490.63 to the new account.

The Supervisory Board agreed with the recommendation of the Audit Committee and will thus propose to the 68<sup>th</sup> Shareholders' Meeting to appoint Deloitte Audit Wirtschaftsprüfungsgesellschaft mbH, Vienna, as the auditors for the annual financial statements of the 2012 financial year.

Hermann Bell, the Chairman of the Supervisory Board, retired from the Supervisory Board of the company effective at the end of the Shareholders' Meeting on March 29, 2011. Mr. Bell served on the Supervisory Board of Lenzing AG for more than 39 years, the last three as Chairman, and in this phase was involved in major strategic decisions contributing to the company's development.

The Supervisory Board would like to thank the Management Board and all employees of the company for their commitment and hard work along with the very good results achieved during the past financial year.

Vienna, March 2012

Michael Junghans  
Chairman of the Supervisory Board

# Long-term comparison

## under IFRS

Sales and result		2011	2010	2009*	2009	2008	2007	2006	2005	2004
Sales	EUR mn	2,140.0	1,766.3	1,218.0	1,254.7	1,329.1	1,260.5	1,042.6	942.6	871.1
Sales outside of Austria	%	91.5	91.3	88.1	88.4	87.8	85.9	85.6	85.0	83.7
Income from operations (EBIT)/Operating result	EUR mn	364.0	231.9	114.2	100.7	130.3	162.3	107.8	81.8	104.3
Financial result	EUR mn	(12.0)	(15.1)	(11.3)	(12.2)	(15.6)	(11.3)	(8.5)	(2.5)	(0.8)
Income before taxes (EBT)	EUR mn	351.9	216.9	102.9	88.5	114.7	151.0	99.2	79.3	103.5
Income taxes	EUR mn	(84.6)	(40.2)	(23.0)	(21.6)	(36.6)	(32.8)	(10.4)	(18.6)	(26.0)
Profit for the year	EUR mn	267.4	169.9	66.8	66.8	78.7	117.6	88.4	60.7	77.5
Profit for the year attributable to shareholders of Lenzing AG	EUR mn	258.7	159.1	64.4	64.4	77.7	109.6	83.9	56.9	67.7
<b>Cash flow</b>										
Gross cash flow	EUR mn	389.0	282.3	147.4	140.9	157.8	203.6	146.9	120.4	128.5
Gross cash flow as percentage of sales	%	18.2	16.0	12.1	11.2	11.9	16.2	14.1	12.8	14.7
Net cash from operating activities	EUR mn	309.7	294.0	250.9	250.9	50.4	223.8	146.1	124.3	95.3
Free cash flow	EUR mn	93.5	13.3	92.9	92.9	(96.3)	(36.4)	43.7	35.1	(36.2)
Capital expenditure (Intangible assets, property, plant and equipment)	EUR mn	193.4	230.0	150.4	151.7	158.6	136.7	104.1	82.4	60.9
<b>Assets structure</b>										
Non-current assets	%	56.6	60.9	67.5	67.5	64.2	62.1	63.0	63.5	64.9
Current assets	%	43.4	39.1	32.5	32.5	35.8	37.9	37.0	36.5	35.1
Total assets	EUR mn	2,340.5	1,963.4	1,447.2	1,447.2	1,415.8	1,308.6	1,061.7	1,010.1	946.1
<b>Capital structure</b>										
Adjusted Equity <sup>1</sup>	%	44.8	38.6	42.0	42.0	42.7	44.8	51.1	48.0	48.7
Post employment benefits	%	3.7	4.2	5.7	5.7	6.2	6.3	7.0	7.2	6.3
Liabilities (excl. post employment benefits)	%	51.5	57.2	52.3	52.3	51.1	48.9	41.9	44.8	45.0
<b>Key data</b>										
Return on sales (ROS) <sup>2</sup>	%	12.8	10.8	7.0	5.7	7.1	10.6	7.8	6.5	8.8
Return on capital employed (ROCE) <sup>3</sup>	%	23.3	18.4	8.6	7.2	10.0	17.5	11.9	9.0	12.2
Return on equity (ROE)	%	29.6	24.9	11.0	11.0	13.2	20.8	17.2	12.8	17.9
EBIT <sup>4</sup>	EUR mn	364.0	231.9	114.2	100.7	130.3	162.3	107.8	81.8	104.3
EBIT margin	%	17.0	13.1	9.4	8.0	9.8	12.9	10.3	8.7	12.0
EBITDA <sup>5</sup>	EUR mn	480.3	330.6	187.9	182.0	200.8	229.3	169.3	141.6	160.4
EBITDA margin	%	22.4	18.7	15.4	14.5	15.1	18.2	16.2	15.0	18.4
Earnings per share <sup>6</sup>	EUR	9.9	6.2	2.5	2.5	3.0	4.3	3.3	2.2	2.6
<b>Number of employees at year-end</b>		<b>6,593</b>	<b>6,530</b>	<b>6,021</b>	<b>6,021</b>	<b>5,945</b>	<b>6,043</b>	<b>5,044</b>	<b>4,860</b>	<b>4,845</b>

The computation of several ratios does not follow the recommendation for the computation of financial performance indicators as per Expert Opinion KFS/BW3 published by the Austrian Chamber of Chartered Accountants. Management runs the business using these.

1) = Equity incl. grants less prop. deferred taxes

2) =  $\frac{\text{NOPAT} = (\text{Income from operations (EBIT) less proportional income taxes})}{\text{sales}}$

3) =  $\frac{\text{NOPAT}}{\text{((The average of stockholders' equity and non-controlling interests including grants less proportionally deferred taxes + Interest bearing debt - Cash - Current and non-current securities and loans - Investments in associates and other financial assets) 01/01+31/12)/2}}$

4) = Income before taxes and financial result

5) = EBIT plus amortization of intangible fixed assets and depreciation of property, plant and equipment less revenues from investment grants

6) In December 2010 the number of shares in circulation was increased to 25,725,000 by a stock split with a proportion of 1:7. The comparative figures were adjusted.

\* values adjusted according to IFRS 5

# Financial Calendar 2012

Publication	
Final results	Thursday, 22 March
68 <sup>th</sup> Shareholders' Meeting	Thursday, 19 April
Quotation ex dividend	Monday, 23 April
Dividend distribution	Wednesday, 25 April
Results 1 <sup>st</sup> quarter	Thursday, 10 May
Half year results	Wednesday, 22 August
Results 3 <sup>rd</sup> quarter	Thursday, 15 November

## Notes

This English translation of the financial statements for the financial year ending 31 December 2011 was prepared for the company's convenience only. It is a non-binding translation of the German financial statements for the financial year ending 31 December 2011. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This annual report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing AG. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar terms. The projections that are related to the future development of the Lenzing AG represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed. The annual report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Editorial deadline: 21 March 2012

Erfolg. Unsere Definition.

GESCHÄFTSBERICHT 2011 · Lenzing AG



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# Lagebericht 2011

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## Allgemeines Marktumfeld<sup>1</sup>

Das globale Wirtschaftswachstum schwächte sich im Jahresverlauf 2011 merklich ab. Für das Berichtsjahr berechnete der Internationale Währungsfonds (IWF)<sup>2</sup> zuletzt ein durchschnittliches globales Wachstum von 3,8% (nach 5,2% im Jahr 2010). Die Wachstumsperspektiven verschlechtern sich vor allem infolge der Staatsschuldenkrise im Euroraum, die auch auf den Rest der Welt ausstrahlt, deutlich.

Für die westlichen Industriestaaten nannte der IWF für 2011 ein BIP-Wachstum von 1,6%. Die Wirtschaft der Entwicklungs- und Schwellenländer wuchs laut IWF 2011 durchschnittlich um 6,2%. Doch auch in diesen aufstrebenden Ländern fiel das Wachstum aufgrund einer restriktiveren Kreditpolitik zuletzt schwächer aus als erwartet.

Die Wachstumsprognosen für die Weltwirtschaft für 2012 wurden vom IWF auf durchschnittlich 3,3% gesenkt. Bei den westlichen Industriestaaten rechnen Experten in den USA 2012 mit einem Wachstum von 1,8%, während die Wirtschaft in der Eurozone um 0,5% schrumpfen soll. Insgesamt soll das BIP in den westlichen Industriestaaten 2012 um 1,2% zulegen. Für die Entwicklungs- und Schwellenländer prognostiziert der IWF 2012 ein Wirtschaftswachstum von 5,4%. Die stärksten Impulse für die Weltwirtschaft werden weiterhin von China und Indien ausgehen, die auch 2012 BIP-Zuwächse zwischen sieben und acht Prozent verbuchen sollen.

## Erneute Rekordproduktionsmenge bei Fasern

Die globale Fasernachfrage wurde im Jahr 2011 vor allem durch den raschen Wohlstands- und Bevölkerungszuwachs in den Schwellenländern angekurbelt.

Ersten Schätzungen zufolge stieg die weltweite Faserproduktion 2011 um 4,1% auf 79,1 Mio Tonnen. Dies entsprach einem neuen Rekordproduktionswert, der alle in vorangegangenen Jahren erzeugten Fasermengen nochmals deutlich übertraf.

Die Baumwollproduktion konnte um 6,7% auf 26,8 Mio Tonnen gesteigert werden. Damit erreichte die Baumwollernte erneut die Höchststände der Jahre 2006 und 2007, konnte diese aber nicht substantiell übertreffen. Experten gehen daher davon aus, dass die Baumwollproduktion in den nächsten Jahren nicht weiter im bisherigen Ausmaß gesteigert werden kann, da Ackerflächen begrenzt sind und China für 2012 schon eine Reduktion um 10% angekündigt hat. Der weltweite Baumwollanbau steht in starker Konkurrenz zu Anbauflächen mit ertragreicheren Pflanzen wie Soja sowie diversen Getreidearten zur Abdeckung der wachsenden Nachfrage nach Nahrungs- und Futtermitteln sowie Biokraftstoffen.

Wolle stagnierte bei einer Jahresproduktion von geschätzten rund 1 Mio Tonnen.

## Steigende Chemiefaserproduktion

Im Jahr 2011 verbuchte die globale Chemiefaserproduktion nach vorläufigen Zahlen ein Plus von 2,9% auf 51,2 Mio Tonnen und damit einen neuen Rekordwert. Beinahe drei Viertel der Chemiefaserproduktion (73%) entfielen auf die Synthefaser Polyester. Auch die Produktion von cellulosischen Chemiefasern (Viscose, Modal, Lyocell, Acetat usw.) konnte sogar nochmals um 4,2% auf 4,6 Mio Tonnen gesteigert werden, und erreichte damit eine Rekordhöhe.

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<sup>1</sup> CIRFS, Fiber Economics Bureau, The Fiber Year, PCI, Lenzing Estimates (Erste Schätzungen können erheblich von den endgültigen Zahlen abweichen.)

<sup>2</sup> Vgl. IWF, World Economic Outlook Update, Jänner 2012

Wie in den vorangegangenen Jahren wurde das Wachstum erneut von China getrieben, wo 2011 rund 61% (31,3 Mio Tonnen) aller Chemiefasern weltweit produziert wurden.

### Rekordproduktion bei Man-made Cellulosefasern

Der neue Rekordwert von 4,6 Mio Tonnen Man-made Cellulosefasern (+4,2% gegenüber 2010) war vor allem auf 6,1% Zuwächse bei Viscosestapelfasern (3,3 Mio Tonnen nach 3,1 Mio Tonnen in 2010) zurückzuführen, weiters gab es einen Rückgang bei Filament (-1,9%) und eine leichte Steigerung bei Acetat (0,2%).

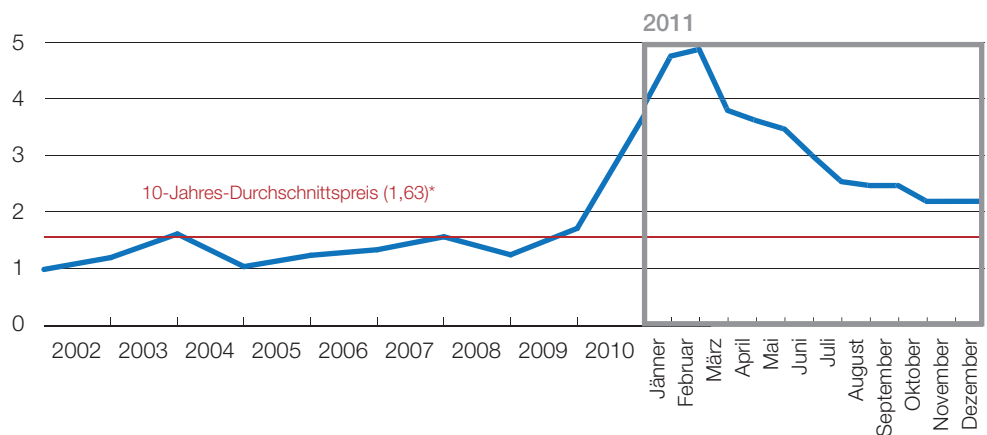
Mehr als 90% der weltweiten Viscosestapelfaserproduktion konzentriert sich dabei auf Asien und Europa. So betrug beispielsweise der Zuwachs in China +8,8%, in Indonesien +6,0% und in Indien +5,4%.

### Faserpreise

Aufgrund der starken Nachfrage bei gleichzeitig begrenzter Verfügbarkeit legten die Baumwollpreise im Jahr 2011 eine bisher noch nie gesehene Preisrally hin. Baumwolle startete zu Jahresbeginn 2011 mit einem Preis von rund 171 US-Cents/Pfund. Seinen bisher absoluten Höchststand erreichte der Baumwollpreis im März 2011 mit rund 244 US-Cents/Pfund. Nach einer guten Baumwollernte 2011 sanken die Preise und pendelten sich von August bis Dezember zwischen durchschnittlich 115 und 95 US-Cents/Pfund<sup>1</sup> ein. Seinen Jahrestiefststand erreichte der Baumwollpreis Mitte Dezember 2011 mit rund 92 US-Cents/Pfund.

### Entwicklung des Baumwollpreises

Cotton A-Index – in USD/kg



<sup>1</sup> Dies entspricht 74 US-Cents/Pfund, der gebräuchlichen Quotierung im Baumwollhandel.

Quelle: Cotton Outlook



# Lagebericht 2011

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Auch die Preise für Polyester, die mengenmäßig wichtigste Chemiefaser, stiegen zu Jahresbeginn 2011 aufgrund der starken Nachfrage, pendelten sich dann im Jahresverlauf aber auf ein niedrigeres Niveau ein.

Die Viscosestapelfaserpreise entwickelten sich im ersten Halbjahr 2011 aufgrund der starken Nachfrage in Asien zwar ebenfalls kräftig nach oben, machten aber die extremen Preisschwankungen bei Baumwolle nicht mit. Dies führte dazu, dass Viscosefaser in den ersten drei Quartalen mit einem atypischen Preisabschlag gegenüber Baumwolle gehandelt wurde, der im ersten Quartal 2011 sogar um die 30% betrug. Erst im vierten Quartal 2011 begann sich die langjährige Preisprämie von Viscosestapelfasern gegenüber Baumwolle von 10% bis 15% wieder einzustellen. Bis ins zweite Quartal hinein war der weltweite Viscosefasermarkt klar überverkauft, im dritten und vierten Quartal normalisierte sich die Situation und es füllte sich insbesondere die textile Pipeline wieder.

## Entwicklung der Lenzing AG

Die Lenzing AG schloss 2011 an den Wachstumskurs des Vorjahres nahtlos an. Trotz einer deutlichen Abschwächung des Weltfasermarktes im zweiten Halbjahr 2011 konnte eine überdurchschnittlich hohe Prozent-Zuwachsrate bei Umsatz und fast eine Verdreifachung des Ergebnisses vor Zinsen und Steuern erreicht werden.

Der Umsatz des Berichtsjahres 2011 stieg im Vergleich zum Vorjahr von EUR 698,7 Mio auf EUR 839,5 Mio um 20,2% an. Dieser dynamische Umsatzzuwachs war auf höhere Faser-Durchschnittserlöse sowie einen deutlich verbesserten Produktmix mit einem höheren Anteil an Spezialfasern als im Vorjahr zurückzuführen.

Die Aufwendungen für Material und sonstige bezogene Herstellungsleistungen stiegen von EUR 322,8 Mio um 18,9% auf EUR 383,8 Mio. Hauptursache dafür waren höhere Holz-Einkaufspreise für die Zellstoffherstellung sowie höhere Chemikalienpreise.

Der Personalaufwand stieg um 11,8% von EUR 134,0 Mio auf EUR 149,8 Mio. Dies war im Wesentlichen auf die kollektivvertragliche Lohn- und Gehaltsrunde und erhöhte Mitarbeiterzahlen zurückzuführen.

Die sonstigen betrieblichen Aufwendungen sanken leicht auf EUR 143,4 Mio (nach EUR 151,9 Mio im Vorjahr).

Das EBITDA (Ergebnis vor Abschreibungen, Zinsen und Steuern) stieg somit um 100,9% von EUR 119,5 Mio auf EUR 240,2 Mio. Das EBIT konnte von EUR 67,1 Mio auf EUR 183,6 Mio gesteigert werden. Höhere Beteiligungserträge und steigende Veranlagungserträge ermöglichten eine Verbesserung des Finanzergebnisses von zuvor minus EUR 18,4 Mio auf minus EUR 4,7 Mio im Geschäftsjahr 2011. Das Ergebnis der gewöhnlichen Geschäftstätigkeit stieg folglich von EUR 56,9 Mio um das Dreifache auf EUR 172,0 Mio, der Jahresüberschuss um das Zweieinhalbfache von EUR 51,2 Mio auf EUR 133,4 Mio. Unter Hinzurechnung des vorjährigen Gewinnvortrages und der Zuweisung von Gewinnrücklagen ergab sich ein Rekord-Bilanzgewinn von EUR 133,7 Mio.



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Die Investitionen in immaterielle Vermögensgegenstände und Sachanlagen betragen insgesamt EUR 59,6 Mio (nach EUR 53,4 Mio). Schwerpunkte waren wie in den Jahren zuvor Investitionen in den Bereichen Zellstoff und Energie sowie in den massiven Ausbau der Kapazitäten für Modalfasern.

## Bilanzstruktur und Liquidität

Das bereinigte Eigenkapital der Lenzing AG betrug zum Bilanzstichtag Ende 2011 EUR 574,5 Mio (nach EUR 405,8 Mio). Diese starke Verbesserung war auf den hohen Bilanzgewinn 2011 und die Erhöhung der gebundenen Kapitalrücklage im Zuge der 2011 erfolgten Kapitalerhöhung zurückzuführen. Die Eigenkapitalquote betrug rund 48% der Bilanzsumme.

Die Verbindlichkeiten gegenüber Kreditinstituten konnten von zuvor EUR 202,4 Mio auf EUR 178,7 Mio zurückgefahren werden. Die Nettofinanzverschuldung (Net Financial Debt) der Lenzing AG betrug zum Jahresende 2011 EUR 45,9 Mio (nach EUR 161,7 Mio im Jahr zuvor).

Die liquiden Mittel<sup>1)</sup> der Lenzing AG verbesserten sich zum Bilanzstichtag 2011 von EUR 126,2 Mio auf EUR 199,1 Mio. Die überdurchschnittlich hohe Liquidität steht vor allem für das laufende Kapazitätserweiterungsprogramm zur Verfügung.

Die Lenzing AG kommt ihren Zahlungsverpflichtungen zeitgerecht nach. Die laufenden Zahlungen können aus dem operativen Cashflow gedeckt werden. Die Gesellschaft verfügt über eine solide Liquiditäts- und Eigenkapitalbasis sowie eine ausgewogene Bilanzstruktur. Zusätzlich bestehen ausreichende Liquiditätslinien bei verschiedenen Banken, die jederzeit zur Finanzierung bereitstehen.

**Insgesamt sind dem Vorstand der Lenzing AG zum Bilanzstichtag 31. Dezember 2011 keine Risiken bekannt, die den Bestand des Unternehmens im Geschäftsjahr 2012 gefährden könnten.**

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<sup>1)</sup> Inkl. Wertpapiere des Umlaufvermögens

# Lagebericht 2011

## Kennzahlen der Lenzing AG

<sup>1)</sup> EBITDA=Ergebnis der gewöhnlichen Geschäftstätigkeit + Zinsen und ähnliche Aufwendungen + Abschreibungen  
– Auflösung Investitionszuschüsse der öffentlichen Hand

<sup>2)</sup> EBITDA Marge= EBITDA/Um-satzerlöse

<sup>3)</sup> EBIT=Ergebnis der gewöhnlichen Geschäftstätigkeit + Zinsen und ähnliche Aufwendungen

<sup>4)</sup> bereinigtes Eigenkapital=Eigenkapital + unbesteuerter Rücklagen + Investitionszuschüsse – anteilige Ertragsteuern

<sup>5)</sup> Eigenkapitalrentabilität (ROE)=Ergebnis der gewöhnlichen Geschäftstätigkeit/Ø bereinigtes Eigenkapital

Ø bereinigtes Eigenkapital=Durchschnitt des bereinigten Eigenkapitals zum 31.12.2011 und 31.12.2010

<sup>6)</sup> Gesamtkapitalrentabilität (ROI)= EBIT/Ø Gesamtkapital

Ø Gesamtkapital=Durchschnitt des Gesamtkapitals zum 31.12.2011 und 31.12.2010

<sup>7)</sup> Nettoverschuldung=Verzinsliches Fremdkapital abzüglich Kassenbestand, Guthaben bei Kreditinstituten, Wertpapieren des Umlaufvermögens und des Anlagevermögens, soweit diese in Zusammenhang mit verzinslichem Fremdkapital stehen

<sup>8)</sup> Nettoverschuldungsgrad= Nettoverschuldung/bereinigtes Eigenkapital

<sup>9)</sup> Nettofinanzverschuldung= Verzinsliches Fremdkapital ohne Personalrückstellungen abzüglich Kassenbestand, Guthaben bei Kreditinstituten, Wertpapieren des Umlaufvermögens und des Anlagevermögens, soweit diese in Zusammenhang mit verzinslichem Fremdkapital stehen

<sup>10)</sup> Im Geschäftsjahr 2010 erfolgte ein Aktiensplit im Verhältnis 1:7. Die Vergleichszahlen 2009 wurden angepasst.

### Ergebnissituation

	2011	2010	2009
	EUR Mio	EUR Mio	EUR Mio
Umsatz	839,52	698,72	650,77
EBITDA <sup>1)</sup>	240,17	119,53	134,35
EBITDA Marge <sup>2)</sup>	28,61%	17,11%	20,64%
EBIT <sup>3)</sup>	183,57	67,13	77,94
Ergebnis der gewöhnlichen Geschäftstätigkeit	171,99	56,92	70,61

### Investitionskennzahlen (Immaterielle Vermögensgegenstände und Sachanlagen)

	2011	2010	2009
	EUR Mio	EUR Mio	EUR Mio
Investitionen	59,56	53,38	53,00
Abschreibungen	58,06	53,58	57,43

### Kapitalstruktur/Rentabilität

	2011	2010	2009
	EUR Mio	EUR Mio	EUR Mio
Fremdkapital (ohne Sozialkapital)	550,66	540,61	382,92
Sozialkapital	75,37	74,92	75,72
Eigenkapital <sup>4)</sup>	574,49	405,80	408,25
Eigenkapitalquote	47,85%	39,73%	47,09%
ROE in % <sup>5)</sup>	35,09%	13,99%	17,35%
ROI in % <sup>6)</sup>	16,52%	7,11%	9,01%
Nettoumlaufvermögen	157,39	64,66	62,76
Nettoverschuldung <sup>7)</sup>	121,26	236,57	218,52
Nettoverschuldungsgrad <sup>8)</sup>	21,11%	58,30%	53,53%
Nettofinanzverschuldung <sup>9)</sup>	45,88	161,65	142,80

### Cash Flow

	2011	2010	2009
	EUR Mio	EUR Mio	EUR Mio
Cash Flow aus der Betriebstätigkeit	139,57	148,72	174,42
Cash Flow aus der Investitionstätigkeit	-86,10	-146,93	-36,95
Cash Flow aus der Finanzierungstätigkeit	19,48	79,17	-80,71
Veränderung der liquiden Mittel	72,9	80,95	56,76
Anfangsbestand liquide Mittel Lenzing AG	126,2	65,79	9,04
Anfangsbestand liquide Mittel LAGG	0,00	-20,55	0,00
Endbestand liquide Mittel	199,1	126,2	65,79

### Börsenkennzahlen

	2011	2010	2009
	EUR Mio	EUR Mio	EUR Mio
Grundkapital	27,6	26,7	26,7
Anzahl der Aktien am Bilanzstichtag in Stk.	26.550.000	25.725.000	3.675.000
Börsenkapitalisierung	1.697,6	2.238,1	915,1
Anzahl der Aktien in Stk. <sup>10)</sup>	26.550.000	25.725.000	25.725.000
Aktienkurs am Bilanzstichtag in EUR <sup>10)</sup>	63,94	87,00	35,6

## Die Lenzing Aktie

### „Re-IPO“ und Kapitalerhöhung

Das Jahr 2011 war geprägt von den bereits im vierten Quartal 2010 gestarteten umfangreichen Vorarbeiten und der Durchführung der Zweitplatzierung („Re-IPO“) der Lenzing Aktien an der Wiener Börse im Juni des Berichtszeitraumes. Die Ziele der Transaktion waren eine substanzielle Erhöhung des Streubesitzes und damit die langfristige Steigerung der Attraktivität der Lenzing Aktie sowie eine Stärkung der Eigenkapitalbasis der Lenzing AG.

Mit einem Volumen von insgesamt rund EUR 568 Mio war die Transaktion 2011 eine der größten in Europa. Angeboten wurden im Zuge einer Kapitalerhöhung 825.000 Stück neue Aktien sowie 5.351.379 Stück Altaktien aus dem Bestand des Kern- und Mehrheitsaktionärs B & C Gruppe. Das Angebot bestand aus einem öffentlichen Angebot in Österreich sowie einer Privatplatzierung außerhalb Österreichs für institutionelle Investoren. Um den Zugang für US-Investoren zu erleichtern, wurde zudem eine Privatplatzierung für qualifizierte Investoren nach der US-Regel 144A des Securities Act von 1933 sowie außerhalb der USA unter der US-„Regulation S“ durchgeführt.

Trotz eines überaus schwierigen und höchst volatilen Kapitalmarktumfeldes, das auf internationaler Ebene eine Reihe von auf unbestimmte Zeit verschobenen Kapitalmarkttransaktionen nach sich zog, konnte der Lenzing „Re-IPO“ erfolgreich umgesetzt werden.

Die Aktien wurden zum Kurs von EUR 92,00 zugeteilt. Lenzing flossen vor Abzug der Transaktionskosten Mittel in Höhe von rund EUR 76 Mio aus der Kapitalerhöhung zu. Neben den neuen Aktien wurden die Aktien der B & C Gruppe bei österreichischen und internationalen Investoren platziert. Lenzing erhielt durch die Transaktion knapp 90 neue, internationale institutionelle Aktionäre, vorwiegend aus Großbritannien, Deutschland, Norwegen, Österreich und den USA. Durch die Transaktion stieg der Streubesitz von zuvor rund 9,5% auf ca. 32,4% an.

### Umreihung in den Prime Market, Listing im ATX

Bereits per 18. April 2011 erfolgte die Umreihung der Lenzing Aktie in den Prime Market der Wiener Börse, nachdem Lenzing auch in formeller Hinsicht alle Voraussetzungen des Prime Market erfüllte. Im September 2011 konnte ein weiterer Meilenstein in der Geschichte der Börsennotiz der Lenzing AG gesetzt werden: Die Lenzing Aktie wurde im ATX, dem Leitindex der Wiener Börse für die „Top 20“, gelistet. Die Positionierung der Lenzing Aktie in der obersten Spielklasse der Wiener Börse wurde durch die deutlich erhöhte Liquidität als Folge des „Re-IPO“ ermöglicht.

### Grundkapital und Aktionärsstruktur

Das Grundkapital der Lenzing AG beträgt nunmehr EUR 27.574.071,43 und ist eingeteilt in 26.550.000 Stückaktien. Mehrheitseigentümer ist die B & C Gruppe, welche über ihre Töchter B & C Industrieholding GmbH, B & C Iota GmbH & Co KG und B & C Lenzing Holding GmbH insgesamt 67,6% am stimmberechtigten Grundkapital der Lenzing AG hält. Weiters hält die Oberbank AG, eine führende österreichische Regionalbank, mehr als 5% der Stimmrechte der Gesellschaft. Die restlichen Anteile befinden sich im Streubesitz.

# Lagebericht 2011

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## Stellung der Aktionäre

Jede Stückaktie gewährt dem Aktionär in der Hauptversammlung der Lenzing AG eine Stimme. Die Beschlüsse der Hauptversammlungen werden, soweit nicht zwingende Vorschriften des Aktiengesetzes etwas Abweichendes bestimmen, mit einfacher Mehrheit der abgegebenen Stimmen und in Fällen, in denen Kapitalmehrheit erforderlich ist, mit einfacher Mehrheit des bei der Beschlussfassung vertretenen Grundkapitals gefasst.

Es gibt keine Aktien mit besonderen Kontrollrechten. Es besteht kein Aktienrückkaufprogramm.

Hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates bestehen keine über das Gesetz hinausgehenden Bestimmungen betreffend deren Bestellung und Abberufung.

## Angaben zum Kapital

Der Vorstand wurde am 10. Dezember 2010 von der Hauptversammlung ermächtigt, mit Zustimmung des Aufsichtsrates das Grundkapital der Gesellschaft innerhalb von 5 Jahren ab Eintragung der Satzungsänderung in das Firmenbuch – allenfalls in mehreren Tranchen – gegen Bar- und/oder Sacheinlage um bis zu EUR 13.358.625,00 durch Ausgabe von bis zu 12.862.500 Stück neue, auf Inhaber oder Namen lautende Stückaktien zu erhöhen und die Art der Aktien, den Ausgabekurs und die Ausgabebedingungen festzulegen.

Von dieser Bestimmung wurde durch Ausgabe von 825.000 Stück auf Inhaber lautende Aktien im Geschäftsjahr 2011 (siehe oben Kapitel „Re-IPO“ und Kapitalerhöhung“) teilweise Gebrauch gemacht.

Weiters wurde mit Beschluss der Hauptversammlung vom 10. Dezember 2010 das Grundkapital der Gesellschaft gemäß § 159 Abs. 2 Z 1 AktG um bis zu EUR 13.358.625,00 durch Ausgabe von bis zu 12.862.500 Stück auf Inhaber lautende neue Aktien ohne Nennwert (Stückaktien) zur Ausgabe an Gläubiger von Wandelschuldverschreibungen, zu der der Vorstand in der Hauptversammlung vom 10. Dezember 2010 ermächtigt wurde, bedingt erhöht. Die Kapitalerhöhung darf nur soweit durchgeführt werden, als Gläubiger von Wandelschuldverschreibungen von ihrem Bezugs- oder Umtauschrecht auf Aktien der Gesellschaft Gebrauch machen bzw. jene, die zum Bezug oder Umtausch verpflichtet sind, ihre Verpflichtung zum Bezug oder Umtausch erfüllen, und der Vorstand beschließt, diese Wandelschuldverschreibungen mit neuen Aktien zu bedienen. Nach Durchführung der Kapitalerhöhung wurde die Stückanzahl der auszugebenden Bezugsaktien und der Wandelschuldverschreibungen auf 12.037.500 Stück verringert.

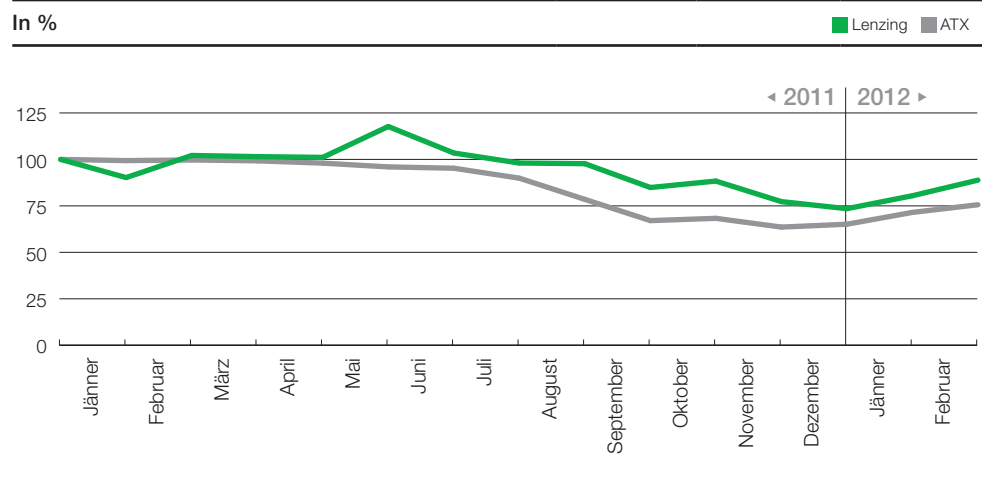
Weitere Details sind der jeweils aktuellen Ausfertigung der Satzung der Lenzing AG zu entnehmen, die auf der Website der Lenzing AG [www.lenzing.com](http://www.lenzing.com) abgerufen werden kann.

## Aktien-Performance

Die Lenzing Aktie startete mit einem Kurs von EUR 87,00 in das Jahr 2011 und notierte zum Jahresende bei EUR 63,94, der Emissionskurs betrug EUR 92,00. Das Jahrestief betrug am 14. Dezember 2011 EUR 58,45 je Aktie. Am 1. Juni 2011 erreichte die Lenzing Aktie mit EUR 103,50 ihr Jahreshoch.

Mit dieser Performance 2011 von -26,5% konnte sich die Lenzing Aktie den Kurseinbrüchen an den weltweiten Börsen trotz Unternehmens-Rekordergebnissen nicht entziehen. Der Wiener Leitindex ATX startete zu Jahresbeginn 2011 mit 2.904,47 Punkten und schloss mit 1.891,68 Punkten, was einen Indexrückgang von 34,9% bedeutete. Seit dem „Re-IPO“ mit Notierungsaufnahme am 15. Juni 2011 bis Jahresende verlief die Entwicklung der Lenzing Aktie insgesamt parallel zum ATX.

### Entwicklung der Lenzing Aktie



Der erfolgreiche „Re-IPO“ ermöglichte Lenzing nicht nur eine größere Unabhängigkeit von der Kreditfinanzierung durch Banken, sondern nunmehr auch einen optimalen Zugang zum internationalen Kapitalmarkt. Durch die Anhebung des Streubesitzes wurde die Lenzing Aktie wieder liquide und damit auch für internationale und institutionelle Investoren attraktiv.

## Risikobericht

### Aktuelles Risikoumfeld

Die globale Risikolandschaft hat sich nach einem positiven ersten Halbjahr 2011 im zweiten Halbjahr aufgrund der anhaltenden Schuldenkrise verschlechtert. Die hohen Staatsschulden vieler EU-Länder sowie der USA lösten eine Vertrauenskrise aus und führten zu starken Unsicherheiten und Volatilitäten auf den internationalen Finanzmärkten. Die reale Wirtschaft zeigt sich zwar vergleichsweise stabil, aber nicht ganz unbeeinflusst. Vorlaufende Indikatoren lassen weltweit gesehen eine Wachstumsdelle erwarten, gehen jedoch nicht von einer längerfristigen Rezession aus.

Die verschiedenen Ausbauprojekte in der Lenzing AG wurden im Berichtsjahr zeitgerecht abgeschlossen bzw. sind wie geplant in der Umsetzungsphase. Lenzing wird durch weitere Investitionen seine bestehende Wettbewerbsposition am weltweiten Fasermarkt verteidigen

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und von dem erwarteten Anstieg des Anteils von Man-made cellulosischen Fasern bis zum Ende der Dekade profitieren. Im Zusammenhang mit dem Einpendeln der Baumwollpreise auf einem neuen Niveau verhält sich auch der Markt für Viscosefaser aktuell sehr volatil. Auf der Beschaffungsseite bewegen sich die wesentlichen Rohstoffmärkte ebenfalls nach unten, allen voran sind die Preise für Viscosezellstoff am stärksten gefallen. Aufgrund der hohen Liquidität, verbunden mit der sehr niedrigen Nettofinanzverschuldung, ist die Lenzing AG für alle Eventualitäten auf den Kapitalmärkten gerüstet.

Klassische Risiken wie Naturkatastrophen, Umwelt- oder Feuerrisiken sowie in zunehmendem Maße auch Produkthaftpflichtrisiken beinhalten nach wie vor ein hohes Verlustpotenzial für die Lenzing AG.

## Risikomanagement

Der Vorstand der Lenzing AG und die ihm zugeordneten Corporate Centers übernehmen für die in Business Units aufgeteilten operativen Einheiten der Lenzing Gruppe gemeinsam mit der Leitung dieser Business Units umfangreiche Steuerungs- und Controllingaufgaben im Rahmen eines internen, alle Standorte umfassenden integrierten Kontrollsystems. Das rechtzeitige Erkennen, Evaluieren und Reagieren auf strategische und operative Risiken ist ein wesentlicher Bestandteil der Führungstätigkeit dieser Einheiten. Ein einheitliches und konzernweites, auf Monatsbasis arbeitendes Berichtswesen und eine laufende Überwachung der operativen und strategischen Pläne sind Grundlage dafür.

Lenzing verfügt über ein unternehmensweites Risikomanagement-System, welches die zentrale Koordination und Überwachung des Risikomanagement-Prozesses für den gesamten Konzern innehat. Das zentrale Risikomanagement erfasst und bewertet gemeinsam mit den operativen Einheiten die wesentlichsten Risiken und kommuniziert diese direkt dem Vorstand und dem Management der Business Units. Eine präventive Analyse von potenziellen oder Beinahe-Ereignissen ist ebenso mit eingeschlossen. Eine weitere Aufgabe ist es, bei der Abschwächung von Risiken aktiv mitzuarbeiten und entsprechende Maßnahmen mit den betroffenen Abteilungen umzusetzen oder extern am Versicherungsmarkt eine entsprechende Deckung zuzukaufen.

## Risikomanagement-Strategie

Lenzing verfolgt bei seiner Risikomanagement-Strategie einen Ansatz, der sich in vier Schritte aufteilt:

### 1. Risikoanalyse nach COSO<sup>®1</sup> Framework

Das zentrale Risikomanagement führt regelmäßig Interviews bzw. „Risiko-Assessments“ an sämtlichen Produktionsstandorten durch. Die Risiken werden dabei gemäß den internationalen COSO<sup>®</sup>-Standards nach Eintrittswahrscheinlichkeit und finanzieller Auswirkung bewertet.

Im Berichtszeitraum wurden aufgrund des massiven Wachstums, insbesondere in den letzten beiden Jahren, die Bewertungsgrenzen beim finanziellen Schadensausmaß an die gewachsene Unternehmensgröße angepasst. Dabei wurde die finanzielle Auswirkung eines möglichen Schadens auf die wesentlichen Unternehmenskennzahlen berücksichtigt.

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<sup>1)</sup> The Committee of Sponsoring Organizations of the Treadway Commission

## 2. Risikomitigation

Evaluierte Risiken werden je nach Auswirkung auf das Unternehmen minimiert oder zur Gänze vermieden bzw. in bestimmten Fällen bewusst in Kauf genommen.

## 3. Festlegung der Verantwortlichkeit

Jedes Risiko ist dem jeweiligen Management klar zugeordnet.

## 4. Risikoüberwachung/-kontrolle

Das Management bespricht in regelmäßigen Meetings die Entwicklung der jeweiligen Risikokategorien mit dem Risikomanagement. Die wesentlichen Risiken werden halbjährlich neu bewertet und fließen in die Berichterstattung mit ein.

Die folgende Tabelle enthält die nach der Einschätzung des Managements bedeutendsten Risiken. Aufgrund der unter Punkt 1 erwähnten Anpassung bei den finanziellen Bewertungsgrenzen reduziert sich die Liste der Kritischen Risiken im Vergleich zum Vorjahr. Sämtliche Risiken werden jedoch nach wie vor im Risikomanagement-Prozess laufend analysiert und sind auch im nachfolgenden Textteil erläutert.

### Lenzing Gruppe – Kritische Risiken 2011

		Finanzielle Auswirkung	Wahrscheinlichkeit	Veränderung Vorjahr*
<b>Zellstoffversorgung</b>	Mangelnde Zellstoffversorgung kann zu Produktionsausfällen sowie zu steigenden Herstellkosten führen.	sehr hoch	mäßig	=
<b>Substitution</b>	Das Ausbleiben des „Cellulose Gap“ und somit des Wachstums von Man-made cellulosischen Fasern sowie neue Technologien von Mitbewerbern (Polyester/Baumwolle) können den Markt für cellulosische Fasern negativ beeinflussen.	sehr hoch	mäßig	=
<b>Feuerschaden</b>	Große Brand- oder Explosionsereignisse können zu langfristigen Ausfällen der Produktionsanlagen und in Folge zu Gewinnentgang führen.	sehr hoch	mäßig	=
<b>Naturkatastrophen</b>	Naturereignisse können schwere Sach- und Personenschäden sowie Produktionsausfälle verursachen. Auch durch veränderte Wetterbedingungen in den jeweiligen Produktionsstätten kann es verstärkt zum Auftreten von Umweltschäden kommen.	sehr hoch	mäßig	=

\*1 bezieht sich auf die Wahrscheinlichkeit

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Hauptziel des unternehmensweiten Risikomanagements ist es, neben der Erfüllung der gesetzlichen Erfordernisse auch eine Steigerung des Risikobewusstseins zu bewirken und die Erkenntnisse, die sich daraus ergeben, in die operative Arbeit und strategische Unternehmensentwicklung zu integrieren. Im Risikomanagement stellt Lenzing nur solche wesentliche Risiken dar, welche im ordentlichen Rechnungslegungswerk (Bilanz, Gewinn- und Verlustrechnung) nicht abgebildet sind.

Strategische Marktrisiken werden auf Basis einer global agierenden, Lenzing-internen Marktforschung rechtzeitig analysiert. Zudem werden Risiken mit den Leitern der Business Units in Zusammenhang mit der jährlich zu erstellenden Mittelfristplanung evaluiert.

## Krisenmanagement

Zusätzlich zu den Krisenvorsorgeplänen besteht auch ein Krisenkommunikationskonzept, das insbesondere die internen und externen Kommunikationswege in Not- und Störfällen regelt. Entsprechende Übungsannahmen und Organisationsfälle werden vor Ort trainiert.

## Allgemeine Risiken

Als weltweit agierendes Unternehmen ist Lenzing einer Vielzahl von makroökonomischen Risiken ausgesetzt. Die Preis- und Mengenentwicklung der Business Units Textile Fibers und in geringerem Maße auch Nonwoven Fibers ist zyklisch. Sie ist von globalen und regionalen Konjunkturlagen abhängig. Lenzing setzt diesen potenziellen Risiken internationale Marktpräsenz, ein spezialisiertes Produktportfolio, Vor-Ort-Präsenz gemeinsam mit einem erstklassigen Betreuungszentrum für die Kunden und eine hohe Produkt-Diversifikation entgegen.

## Spezielle Risiken

Auf bestimmten Märkten konkurrieren Lenzing Fasern mit Baumwolle und Synthefasern. Deren Preisentwicklung beeinflusst somit auch die Erlöse und Mengenbewegungen von Lenzing Fasern. Diesem Risiko wirkt Lenzing durch einen immer höheren Spezialitätenanteil (geringere Austauschbarkeit) im globalen Produktportfolio sowie durch hohe Qualitätsstandards in Verbindung mit dem Angebot von Mehrwertdiensten im Standardbereich Viscosefasern entgegen.

Aufgrund des starken Anstiegs der Nachfrage nach Cellulosefasern resultiert daraus auch eine bedeutungsvolle Chance für die Lenzing AG, die im Rahmen einer kontinuierlichen Wachstumsstrategie für die nächsten Jahre berücksichtigt wird.

### Beschaffungsrisiko (inkl. Zellstoffversorgung)

Zur Herstellung von Man-made Cellulosefasern kauft Lenzing große Mengen an Rohstoffen (Holz, Zellstoff, Chemikalien) und Energie zu. Die Faser- und auch die Kunststoffproduktion und deren Margen sind Risiken bei der Verfügbarkeit und der Preisentwicklung dieser Rohstoffe unterworfen, die zum Nachteil der Lenzing AG schwanken, sich verringern oder vergrößern können. Diesen Risiken wirkt Lenzing durch eine sorgfältige Auswahl der Lieferanten nach den Kriterien Preis, Zuverlässigkeit und Qualität, aber auch durch langjährig ausgerichtete, stabile Lieferanten-Kunden-Beziehungen mit teilweise mehrjährigen Abnahmeverträgen entgegen.



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Lenzing ist mit einigen Rohstofflieferanten und Dienstleistungspartnern (aber mit nur wenigen Abnehmern) dauerhafte Vertragsbeziehungen eingegangen. Diese verpflichten Lenzing dazu, festgesetzte Mengen an Rohstoffen zu standardisierten Konditionen und mit möglichen Preis-anpassungsklauseln abzunehmen. Daraus könnte für Lenzing resultieren, dass Preise, Abnahmemengen oder andere Vertragsbedingungen (kurzfristig) nicht angepasst werden können, um auf wirtschaftliche Änderungen adäquat zu reagieren. Dieses Risiko wird dadurch verschärft, dass dem überwiegenden Teil der Konzernumsätze kurzfristige Vertragsbeziehungen zugrunde liegen. Bei Energie verfolgt Lenzing die Strategie, den Autarkiegrad möglichst hoch zu halten bzw. Preisschwankungen durch Sicherungsgeschäfte auszugleichen.

#### Betriebliches Risiko und Umweltrisiko (inkl. Feuerschaden und Naturkatastrophen)

Zur Herstellung von Man-made Cellulosefasern bedarf es komplexer chemischer und physikalischer Vorgänge, die gewisse Umweltrisiken bedingen. Durch spezielles, proaktives und nachhaltiges Umweltmanagement, geschlossene Produktionskreisläufe und laufendes Monitoring der Emissionen werden diese Risiken dank heutiger Produktionstechniken sehr gut beherrscht. Obwohl die Lenzing AG bei Bau, Betrieb und Erhaltung ihrer Produktionsstandorte hohe Standards im Bereich Technik und Sicherheit anlegt, kann das Risiko von Betriebsstörungen und -unfällen nicht gänzlich ausgeschlossen werden. Solche Störungen können insbesondere von äußeren Faktoren verursacht werden, die sich dem Einflussbereich der Lenzing AG entziehen. Gegen bestimmte Gefahren (Wirbelstürme, Erdbeben, Überflutungen etc.) ist keine unmittelbare Absicherung möglich. Zudem besteht das Risiko von Personen-, Sach- und Umweltschäden, welche zu beträchtlichen Schadenersatzforderungen und sogar strafrechtlicher Verantwortlichkeit führen können. Die Lenzing AG hat einen beträchtlichen Teil ihrer Produktionstätigkeit auf einige wenige Betriebsstätten konzentriert. Jegliche Störung in einer dieser Betriebsstätten, zum Beispiel in Lenzing/Österreich oder in Indonesien (um die beiden Betriebsstätten mit der größten Produktionskapazität zu nennen), würde einen wesentlichen Teil der Geschäftstätigkeit beeinträchtigen.

#### Absatzrisiko

Lenzing ist ein Nischenplayer in allen Geschäftsfeldern und bezieht einen signifikanten Anteil der Gewinne von einer vergleichsweise kleinen Anzahl an Großkunden. Abnahmeausfälle bei diesen Großkunden oder der gänzliche Verlust eines oder mehrerer Großkunden, ohne zeitgleich Ersatz zu finden, stellen gewisse Risiken dar, denen Lenzing durch globale Präsenz und die laufende Erweiterung des Kundenspektrums bzw. der Absatzsegmente und Absatzmärkte entgegenwirkt.

#### Währungsrisiko

Aufgrund internationaler Handelsbeziehungen der Konzerngesellschaften ist die Lenzing AG Währungsrisiken ausgesetzt. Transaktionsrisiken und Wechselkursrisiken bestehen insbesondere mit Blick auf USD, GBP und CZK. Dieses Risiko wird durch vorausgehendes Hedging des erwarteten Netto-Exposures auf Jahresbasis großteils eingegrenzt. Ziel ist es, bestehende Fremdwährungsrisiken aus bereits abgeschlossenen oder geplanten Umsatzgeschäften zu begrenzen. Diese Derivate werden bilanziell als Sicherungsinstrumente in Sicherungsbeziehungen mit abgesicherten Grundgeschäften dargestellt.

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## Kontrahentenrisiko

Die Lenzing AG schließt mit einer Vielzahl von Banken Geschäfte zur Veranlagung ihrer liquiden Mittel ab. Das Risiko eines möglichen Ausfalles dieser Kontrahenten und dessen negative Auswirkung wird durch ein vom Vorstand jährlich maximal akzeptiertes Veranlagungslimit (Kontrahentenrisikolimit) pro Kontrahent limitiert. Die Limitierung der Veranlagung bei jedem einzelnen Kontrahenten basiert auf dessen Ausfallswahrscheinlichkeit. Die Limits werden unter Berücksichtigung des jeweiligen Ratings und der publizierten „Corporate Default Swap“ Spreads in Zusammenarbeit mit einem externen Berater festgelegt und können auch unterjährig bei Veränderung entsprechend angepasst werden.

## Innovationsrisiko und Wettbewerbsrisiko

Als Technologieführer ist Lenzing dem Risiko ausgesetzt, seine Position auf dem Fasermarkt durch Technologie-Nachahmungen oder neue Technologien von Mitbewerbern zu verlieren. Der Verlust der Marktposition könnte insbesondere dann erfolgen, wenn Lenzing nicht in der Lage ist, seine Produkte zu wettbewerbsfähigen Preisen anzubieten, wenn die Produkte nicht den Vorgaben oder Qualitätsstandards der Kunden entsprechen oder wenn die Kundenbetreuung hinter den Erwartungen der Kunden zurückbleibt. Diesem Risiko steuert Lenzing durch eine für die Branche überdurchschnittliche Forschungs- und Entwicklungstätigkeit, eine hohe Produkt-Innovationsrate sowie durch aktives Technologie-Screening entgegen. Die Lenzing AG sieht sich – ebenso wie andere Hersteller von Man-made Cellulosefasern – mit dem Risiko konfrontiert, dass annehmbare oder sogar überlegene Alternativprodukte verfügbar werden und zu günstigeren Preisen als Man-made Cellulosefasern erhältlich werden könnten. Die Lenzing AG begegnet diesem Risiko durch kontinuierliche Erhöhung des Spezialitätenanteils (geringere Austauschbarkeit) ihres globalen Produktportfolios.

## Risiko durch Erweiterung der Produktionskapazität

Die Lenzing AG plant, ihr bisheriges Wachstum durch Erweiterung der Produktionskapazitäten sowie des Produktangebotes und der Anwendungen – insbesondere auf dem asiatischen Markt – fortzusetzen. Überdies beabsichtigt die Lenzing AG, größere Mengen an Zellstoff von ihren eigenen Zellstoffproduktionsstandorten zu beziehen. Aufbau und Aufrechterhaltung des Betriebs einer Produktionsstätte im Bereich der Man-made Cellulosefaserindustrie erfordern einen beträchtlichen Investitionsaufwand. Die Geschäftstätigkeit der Lenzing AG kann beeinträchtigt sein, wenn es nicht gelingt, geplante Erweiterungen der Produktionskapazitäten zu finanzieren oder umzusetzen. Selbst wenn die Finanzierung von Expansionsplänen gesichert ist, können ungünstige ökonomische oder rechtliche Bedingungen, starker Wettbewerb oder Rohstoffknappheit (insbesondere Knappheit von Zellstoff) einer geplanten Expansion der Lenzing AG entgegenstehen. Die Lenzing AG ist weiters mit dem Risiko konfrontiert, dass sich die Nachfrage auf Abnehmerseite als unzureichend erweisen könnte, um eine volle Ausnutzung der erweiterten Produktionskapazitäten zu gewährleisten.

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## Verwendung von Finanzinstrumenten

Für die Behandlung finanzieller Risiken bestehen klare, schriftliche Richtlinien, die vom Vorstand der Gesellschaft erlassen und laufend überwacht und überprüft werden. Die Lenzing AG verwendet zur Absicherung von operativen Währungsrisiken – hauptsächlich aus Umsätzen in US-Dollar – ausschließlich Devisentermingeschäfte. Ziel des Fremdwährungs-Risikomanagements ist die Absicherung der operativen Zahlungsströme gegen Schwankungen der Wechselkurse. Sowohl das Sicherungsgeschäft als auch die Korrelation zwischen dem Risiko und dem Sicherungsinstrument werden laufend beobachtet und berichtet. Entsprechende Sicherungsgeschäfte bewirken, dass sich Wechselkursänderungen nicht auf die Zahlungsströme auswirken. Translationsrisiken werden grundsätzlich nicht abgesichert, jedoch laufend beobachtet.

Es findet ein reger Austausch von Informationen zwischen Management, Treasury und den betroffenen Business Units statt.

Das Ausfallsrisiko in Bezug auf diese derivativen Finanzinstrumente ist im Hinblick auf die gute Bonität der Vertragspartner als relativ gering einzustufen und wird regelmäßig überprüft.

Ausfallsrisiken in Bezug auf originäre Finanzinstrumente (nämlich Ausleihungen, Wertpapiere, Forderungen und Guthaben bei Kreditinstituten) wurde, soweit solche erkennbar waren, durch Wertberichtigungen Rechnung getragen. Das maximale Ausfallsrisiko stellen grundsätzlich die in Bezug auf diese Finanzinstrumente in der Bilanz ausgewiesenen Buchwerte dar. Zusätzlich hat die Lenzing AG Haftungen für andere Unternehmen (siehe Seite 48) übernommen. Das Risiko subsidiär in Anspruch genommen zu werden, wird als gering eingestuft, da davon ausgegangen werden kann, dass die betroffenen Unternehmen ihren Verpflichtungen nachkommen werden.

Auch das Marktwertänderungsrisiko in Bezug auf originäre wie derivative Finanzinstrumente wird als relativ gering eingestuft. Bei kurzfristigen Finanzinstrumenten ist bis zur Fälligkeit mit keinen großen Schwankungen zu rechnen. Die langfristigen Verbindlichkeiten sind zu 25,39% variabel verzinst.

Ein Liquiditätsrisiko, nämlich ein Risiko derart, dass die zur Erfüllung der aus den derivativen und den originären Finanzinstrumenten resultierenden Verpflichtungen erforderlichen Finanzmittel nicht zur Verfügung stehen, besteht nicht. Die derivativen Finanzinstrumente dienen ausschließlich Sicherungszwecken. Die resultierenden Verpflichtungen sind demgemäß durch die gesicherten Geschäfte gedeckt. Die Verpflichtungen aus originären Finanzinstrumenten können mit den vorhandenen liquiden Mitteln und allenfalls zusätzlichen Mitteln aus der Innenfinanzierung gedeckt werden.

Auch die mit Finanzinstrumenten verbundenen Cashflow-Risiken – das sind Risiken, dass die aus den Finanzinstrumenten resultierenden Zahlungsströme Schwankungen unterliegen – sind im Wesentlichen auf variabel verzinsten Verbindlichkeiten begrenzt.

Falls das Wachstum hinter den Erwartungen der Lenzing AG zurückbleibt, könnten auch Absatzvolumen und Preise die Unternehmensziele nicht erreichen, wodurch Absatz, Bilanzgewinn oder die Gewinnmarge beeinträchtigt werden könnten.

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## Finanzierungsrisiko

Die Lenzing AG benötigt erhebliche finanzielle Mittel, um ihren Business-Plan und ihre Wachstumsstrategie umsetzen zu können. Ein langfristig anhaltender erschwerter Zugang zu Kreditmärkten und eine weiterhin angespannte Situation auf den Kapitalmärkten aufgrund der aktuellen Finanzkrise in den EU-Ländern können Verfügbarkeit, Bedingungen und Kosten der Kapitalbeschaffung nachhaltig negativ beeinträchtigen. Nachteilige Auswirkungen auf die Geschäftstätigkeit und somit auf die finanzielle Lage und Ergebnisse der Lenzing AG könnten zusätzlich aus einer geringeren Nachfrage oder einem Absenken der Preise, welche durch die Finanzkrise hervorgerufen werden, resultieren.

## Versicherung

Lenzing hat sämtliche Sach- und Vermögenswerte bei international renommierten Versicherungsgesellschaften gegen den Verlust aus unvorhersehbaren Ereignissen abgesichert. Solche Ereignisse können insbesondere in Form von Feuer, Explosionen, Naturkatastrophen sowie von damit verbundenen Betriebsunterbrechungen auftreten. Bei der Sachversicherung verfolgt Lenzing den Ansatz, Kleinschäden selbst zu tragen und für Großschäden ausreichende Deckung zu gewährleisten. Dieser Versicherungsschutz könnte sich gleichwohl als nicht ausreichend erweisen. In Abstimmung mit den verschiedenen Produktionsstätten werden regelmäßige Überprüfungen des Versicherungsschutzes sowie Risikoanalysen durchgeführt.

Haftpflichtschäden, welche durch Lenzing verursacht werden oder durch Produkte die Lenzing vertreibt eintreten, sind in einem eigenen Haftpflicht-Versicherungsprogramm versichert. Mögliche Verluste aus dem Ausfall von Forderungen sind weitgehend im Rahmen einer globalen Kreditversicherungspolize gedeckt.

## Bericht über wesentliche Merkmale des internen Kontrollsystems (§ 243a Abs. 2 UGB)

Das interne Kontrollsystem der Lenzing AG wird als Prozess definiert, durch den die Effektivität und Wirtschaftlichkeit der betrieblichen Tätigkeit, die Zuverlässigkeit der Finanzberichterstattung und Einhaltung der für das Unternehmen maßgeblichen gesetzlichen Vorschriften überwacht und kontrolliert wird. Dadurch soll gewährleistet sein, dass das Erreichen der Unternehmensziele nicht beeinträchtigt wird.

Die Überwachung der Wirksamkeit des internen Kontrollsystems der Gesellschaft umfasst grundsätzlich alle Bereiche eines unternehmensweiten Risikomanagements, die Finanzberichterstattung, die Unternehmensstrategie, betriebliche Abläufe sowie die Einhaltung von Gesetzen und Vorschriften.

Die Aufbau- und Ablauforganisation der Lenzing AG bilden die wesentliche Basis für das Kontrollumfeld und das interne Kontrollsystem im Unternehmen.

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Im Bereich der Aufbauorganisation bestehen eindeutige Kompetenz- und Verantwortungszuweisungen auf den unterschiedlichen Führungs- und Hierarchieebenen des Konzerns. Dies umfasst, neben den österreichischen Standorten ebenso alle internationalen Tochtergesellschaften. Der globalen Präsenz der Lenzing Gruppe und damit den dezentralen Gesellschafts- und Standortstrukturen wird durch die Zentralisierung von wesentlichen Unternehmensfunktionen in Corporate Centers Rechnung getragen. Die Wahrnehmung und Steuerung der nationalen Geschäftstätigkeiten obliegt dem jeweiligen Management.

Die Ablauforganisation des Unternehmens ist durch ein stark ausgeprägtes und umfangreiches Regelwerk gekennzeichnet. Dies stellt eine angemessene Basis für ein starkes Kontrollumfeld und Kontrollsystem dar. Die wesentlichen Bereiche im Hinblick auf Freigaben und Kompetenzen für den Gesamtkonzern regeln die „Mandates of the Lenzing Group“. Die Überwachung der Einhaltung der Regelungen und Kontrollen liegt in der Verantwortung des jeweils zuständigen Business Unit oder Corporate Center Managements.

Die Aufgaben des Risikomanagements und der Internen Revision werden durch das Corporate Center Risk Management und Internal Audit zentral wahrgenommen. Im gesamten Unternehmen ist ein klar strukturierter Risikomanagementprozess etabliert, der internationalen Standards entspricht und unter anderem in die Aufgabenbereiche der Risikoidentifikation, Risikobeurteilung und darauf aufbauend eine Risikosteuerung unterteilt ist.

Das Berichtswesen und Managementinformationssystem der Lenzing AG wird im Wesentlichen über die Bereitstellung von Daten und Auswertungen über ein zentrales System sowie die Erstellung und Verteilung regelmäßiger Berichte gebildet. Eine zeitnahe, verlässliche und entsprechend strukturierte Bereitstellung von Informationen und die Möglichkeit von Abweichungsanalysen stellen ein zentrales Kontrollinstrument für die Unternehmensführung dar.

Der Bereich Informationstechnologie wird von Global IT im Rahmen einer konzernweiten IT-Strategie geführt. Diese zentrale Verantwortungszuordnung stellt ein starkes Kontrollumfeld für diesen Themenbereich dar. Lenzing arbeitet auch konsequent am weltweiten Einsatz einer einheitlichen IT-Infrastruktur und standardisierten Warenwirtschafts-Prozessen, abgebildet in einem SAP Template System. Weiters unterliegen einzelne Systeme und operative Abläufe einer starken Überwachung durch im Rahmen der Jahresabschlussprüfung stattfindende IT-Überprüfungen sowie anlassbezogene Sonderüberprüfungen.

Im Bereich des Einkaufes gibt es, mit Ausnahme des Rohstoffes Holz, eine globale Einkaufsorganisation, welche auf eine konzernweite Bündelung der Einkaufstätigkeiten für die wesentlichen Rohstoffe fokussiert. Der Zellstoffeinkauf wird ebenfalls zentral von der Business Unit Pulp wahrgenommen.

Mit der zentralen Zuständigkeit von Global Finance für den Bereich der Finanzberichterstattung ist eine klare Struktur und Verantwortlichkeit für diesen Bereich gesichert. Zur Ausübung der Kontrollfunktion in diesem Bereich wurden ein umfassendes Regelwerk und Richtlinien definiert und eingesetzt.

Der Bereich Treasury und Zahlungsverkehr ist, aufgrund des direkten Zugriffs auf Vermögenswerte des Unternehmens, als besonders sensibel einzustufen. Dem erhöhten Sicherheitsbedürfnis wird durch umfassende Regelungen und Anweisungen im Bereich der einschlägigen Prozesse entsprechend Rechnung getragen.

# Lagebericht 2011

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Diese klaren Vorgaben sehen ein strenges Vier-Augen-Prinzip in der Abwicklung von Transaktionen sowie eine enge Zusammenarbeit und laufende Information der zentralen Treasury-Funktion vor. Die Überwachung der Anwendung und Einhaltung der Kontrollen im operativen Betrieb obliegt der internen Revision.

Die Verantwortung für die Wahrnehmung der Aufgaben im Bereich Human Resources ist zwischen dem Corporate Center Global Human Resources sowie den lokalen, nationalen Standorten aufgeteilt. Durch global geltende Richtlinien für die Personalprozesse und deren laufende Analyse und Überwachung durch das zentrale Corporate Center werden Personalthemen stark zentral gesteuert und kontrolliert. Als besonders wesentlich eingestufte Personalaufgaben, wie beispielsweise Stellen- und Mitarbeiterbewertungen oder Karriereplanungen, werden zentral gesteuert.

Das Rechtsmanagement der Lenzing AG wird vom Corporate Center Legal Management wahrgenommen. Diese zentrale Funktion ist für alle Rechtsangelegenheiten des Konzerns zuständig und insbesondere mit allen Rechtsangelegenheiten betraut, die keine Standardabläufe darstellen.

Dem Corporate Center Corporate Communications obliegt die Steuerung der gesamten Konzernkommunikation inklusive der Regelpublizität. Am 1. Juni 2011 wurde ein eigenes Corporate Center Investor Relations neu installiert, welches sich schwerpunktmäßig mit der Pflege von Investorenkontakten befasst. Emittenten Compliance Officer ist die Leiterin von Corporate Communications.

## Forschung und Entwicklung

Im Geschäftsjahr 2011 beliefen sich die Ausgaben für Forschung und Entwicklung (berechnet nach Frascati<sup>1)</sup>) auf EUR 22,6 Mio (2010: rund EUR 17,7 Mio).

Im Bereich der Prozessinnovation wurden 2011 die Verfahren für die Zellstoffherzeugung sowie die Viscosefaserherstellung auf Basis moderner Analytik, Prozesssimulation und neuer Technologien weiterentwickelt. Die mit Unterstützung der Prozessinnovation durchgeführten Versuchskampagnen für Chemiezellstoff am Standort Paskov im Jahr 2011 bewirkten eine kontinuierlichen Verbesserung der Zellstoffmengen und -qualität. Die Reinheit des Zellstoffs wurde unter Berücksichtigung der derzeitigen technischen Möglichkeiten auf ein richtungsweisendes Niveau gebracht. Gleichzeitig konnten fundamentale technologische Herausforderungen bewältigt werden. Weitere Forschungsthemen zielten auf eine Verbesserung der Rückgewinnungsraten der eingesetzten Chemikalien sowie die Entwicklung des neuen Co-Produktes Schwesoda für den Chemikalienverkauf. Im Viscosefaserbereich lag der Schwerpunkt der Prozessinnovationen auf dem Spinnprozess, mit dem Ziel, weitere Kapazitätssteigerungen zu erreichen.

Im Berichtsjahr wurde die Entwicklung weiterer nicht fibrillierender TENCEL® Fasertypen vorangetrieben. Diese sind durch ihre speziellen Eigenschaften besonders für den Einsatz in verarbeitungskritischen Bereichen geeignet, zum Beispiel in Strickwaren.

TENCEL® Fasern konnten 2011 erstmals erfolgreich in Autositzbezugsstoffen als Mischpartner mit Polyester integriert werden. Die größte technische Herausforderung für die Forscher in Lenzing stellten dabei die Spezifikationen der Automobilhersteller betreffend Nassreib- und

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<sup>1)</sup> Ohne Berücksichtigung der Forschungsprämie

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Heißlichtechtheit dar, die erfüllt werden mussten. Für die Verwendung von TENCEL® in Auto-sitzbezügen spricht insbesondere der erhöhte Sitzkomfort durch das hervorragende Feuchtigkeitsmanagement der Faser.

Nach der erfolgreichen Markteinführung von TENCEL® Pulver in Matratzenschaum 2010 wurde im Berichtsjahr die Ausweitung auf weitere Anwendungen wie Pharma, Kosmetik und Waschmittel wissenschaftlich geprüft.

Weiters wurde im Berichtsjahr ein völlig neues Celluloseprodukt aus der Lyocell-Technologie erforscht. Ein Gel, welches aus submikroskopischen TENCEL® Fibrids besteht, die beim Trocknen klare, geschlossene Filme bilden können. Dieses neuartige TENCEL® Gel könnte zukünftig in verschiedensten Anwendungen von Coatings für Papier oder Nonwovens Einsatz finden bis zur Verwendung in der Farben- und Lackindustrie.

In der Business Unit Nonwoven Fibers wurde im Berichtsjahr das derzeit größte Entwicklungsprojekt TencelWeb® vorangetrieben. Durch diese neuartige Technologie können TENCEL® Vliesstoffe direkt aus der Spinnlösung hergestellt werden, welche sich durch ihren hohen Mikrofaseranteil und ihr geringes Flächengewicht auszeichnen. Im Jahr 2011 wurden weitere Prozess- und Produktoptimierungen an der Pilotanlage durchgeführt sowie die Kundenbemusterungen fortgesetzt.

Ein weiterer Forschungsansatz im Nonwovens-Bereich war 2011 die Produktion von Mikrofasern. Erste Versuche im Labor ergaben, dass diese herausragende Eigenschaften bei der Anwendung in Batterieseparatoren zeigen.

## Umwelt und Nachhaltigkeit

Die stetigen Produktionssteigerungen der Lenzing AG der vergangenen Jahre fordern den laufenden Ausbau sowie die Anpassung der Umweltschutzleistungen mit dem Ziel der Minimierung der Umweltemissionen. Der Geschäftsbereich Umweltschutz konnte im Jahr 2011 mit seinen Umweltschutzanlagen erneut die Produktionserhöhungen durch entsprechende Maßnahmen gut bewältigen.

So wurde im Berichtsjahr die Verbandskläranlage weiter ausgebaut. Die Abwasserreinigungsanlage des Wasserreinigungsverbandes Lenzing – Lenzing AG wurde durch die Erweiterung der aeroben Biologie an die nunmehrigen Erfordernisse angepasst. Durch die Errichtung eines neuen Zwischenklärbeckens und die Erweiterung der Filteranlage einschließlich der Beseitigung von Engpässen im Bereich der Abwasserführungen konnte die hydraulische Kapazität der Gesamtanlage gesteigert werden.

Nach der 2010 erfolgten Erweiterung der Anaerobie wurde diese im Berichtsjahr unter anderem auch für Versuche zur anaeroben Reinigung von Abwasserteilströmen genutzt. Weiters erfolgte 2011 die Erweiterung der sogenannten Gipsfällungsanlage, wodurch die Sulfatbelastung in der Abwassereinigung nochmals reduziert werden konnte.

Die akkreditierte Prüfstelle Umweltanalytik Lenzing (UAL) konnte im Berichtsjahr ihr hohes Niveau an Laborleistungen in den Bereichen Abwasser- und Abfallanalytik bzw. ökotoxikologische Untersuchungen weiter festigen. Bei der jährlich durchzuführenden Begutachtung

# Lagebericht 2011

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im Auftrag der Akkreditierungsstelle Bundesministerium für Wirtschaft, Familie und Jugend wurde wiederum die technische Kompetenz der Prüfstelle sehr positiv beurteilt und die Akkreditierung verlängert.

Eine zentrale Aufgabenstellung für den Umweltschutz am Standort Lenzing im Jahr 2011 war die federführende Betreuung der UVP-Einreichung für die geplante TENCEL® Anlage in Lenzing. Bei der behördlich erfolgten Einzelfallprüfung wurde festgestellt, dass für dieses Vorhaben eine Umweltverträglichkeitsprüfung durchzuführen ist. Die Lenzing AG suchte Anfang Oktober 2011 mit Vorlage eines umfangreichen Einreichprojektes bei der oberösterreichischen Landesregierung als UVP-Behörde um die Genehmigung nach dem UVP-G 2000 für die Errichtung und den Betrieb des Vorhabens einer TENCEL® Produktionsanlage an. Die Einreichunterlagen wurden ab 20. Dezember 2011 bei der Marktgemeinde Lenzing und der UVP-Behörde zur öffentlichen Einsichtnahme aufgelegt.

## Mitarbeiter

Die Lenzing AG verdankt ihre Marktführerschaft und ihren technologischen Vorsprung ganz wesentlich dem Engagement, der Kreativität und der Qualifikation ihrer Mitarbeiter.

Schließlich bilden gut ausgebildete und motivierte Mitarbeiter ein wichtiges Fundament für den nachhaltigen Erfolg und die Weiterentwicklung eines Unternehmens. Aus diesem Grund werden seitens Lenzing laufend Maßnahmen zur Förderung und Fortbildung der einzelnen Mitarbeiter sowie zur Verbesserung des Betriebsklimas gesetzt.

Im Jahr 2011 standen Lenzing Mitarbeitern eine Vielzahl an fachlichen Ausbildungen, aber auch Seminaren zur Persönlichkeitsbildung offen. Die Aus- und Weiterbildungsmöglichkeiten sind in einem eigenen Institut, dem Bildungszentrum Lenzing, gebündelt.

Das umfassende Leistungs-Beurteilungsprogramm, das sogenannte „360°-Feedback“<sup>1</sup>, wurde im Jahr 2011 auf weitere Führungskräfte ausgedehnt. Im Rahmen einer 360°-Evaluation erhalten diese wertvolles Feedback von Mitarbeitern, Kollegen und Vorgesetzten. Das 360°-Feedback bringt aber auch wichtige Erkenntnisse zum Weiterbildungsbedarf bei Lenzing Führungskräften, aus denen in der Folge entsprechende Maßnahmen abgeleitet werden.

Den Mitarbeitern standen im Berichtsjahr wieder zahlreiche Angebote im Gesundheitsbereich zur Auswahl. Die Schwerpunktthemen bildeten dabei 2011 „Ergonomie am Arbeitsplatz“ und „Bewegung“ zur persönlichen Gesundheitsförderung. Aktionen wie „Lenzing in Bewegung“, bei der 500 Schrittzähler als Ansporn für mehr Bewegung im Alltag ausgegeben wurden, fanden bei den Mitarbeitern großen Anklang. Weitere Maßnahmen waren beispielsweise ein Motivationsvortrag des dreifachen Olympiasiegers und Weltmeisters Felix Gottwald sowie ein Klettertag für die ganze Familie. Auch die bewährten Gesundheitstage, bei denen sich die Teilnehmer vier Tage lang unter Anleitung eines Trainers und eines Arbeitsmediziners mit Themen wie Bewegung, Ernährung und Entspannung befassen, wurden 2011 erneut angeboten.

Neben der physischen stellt auch die psychische Gesundheit einen wichtigen Faktor dar. Daher gab es 2011 Seminare zum Umgang mit Stress und zur Stressbewältigung, aber auch spezifische Angebote für Mitarbeiter in belastenden Lebenssituationen.

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<sup>1</sup> Beurteilungen durch vorgesetzte, unterstellte und gleichrangige Mitarbeiter



Zum Stichtag 31. Dezember 2011 beschäftigte die Lenzing AG 1.951 Mitarbeiter (davon 114 Lehrlinge) nach 1.878 Ende 2010 (davon 106 Lehrlinge). Der Anstieg war auf das positive Marktumfeld und das gestiegene Geschäftsvolumen zurückzuführen.

## Ausblick

Der globale Fasermarkt ist derzeit mengenmäßig ausreichend versorgt und durchlebt eine Konsolidierungsphase, die sich in das erste Halbjahr 2012 erstrecken dürfte. In Europa herrscht angesichts der Staatsschuldenproblematik bzw. europaweiter Sparprogramme und der schwachen Wirtschaftsentwicklung ein hohes Maß an Verunsicherung bei den Konsumenten.


Bei Lenzing Modal® ist eine gute Mengennachfrage zu erwarten, welche auch weiterhin eine faire Preisprämie gegenüber Standard-Viscosefaser und gegenüber Baumwolle sicherstellt. Das erheblich gesteigerte Mengenangebot bei Modal führt jedoch zu temporären Preisanpassungen im Vergleich zu 2011.

Die Lenzing AG erwartet somit 2012 bei anhaltender Mengennachfrage ein gutes Jahr mit einer über den letzten Jahren liegenden Ergebnisentwicklung. Das angelaufene Geschäftsjahr wird jedoch marginemäßig voraussichtlich nicht an das Ausnahme-Rekordjahr 2011 anschließen können.

## Ereignisse nach dem Bilanzstichtag

Berichtspflichtige Ereignisse nach dem Bilanzstichtag liegen nicht vor.

**Lenzing, am 20. Februar 2012**



Mag. Dr. Peter Untersperger



Dipl.-Ing. Friedrich Weninger, MBA



Mag. Thomas G. Winkler, LL.M.

# Einzelabschluss 2011

## Gewinn- und Verlustrechnung

für das Geschäftsjahr 2011

	2011	2010
	EUR	TEUR
1. Umsatzerlöse	839.523.861,46	698.717,9
2. Veränderung des Bestandes an fertigen und unfertigen Erzeugnissen	6.280.999,38	-6.391,5
3. andere aktivierte Eigenleistungen	1.362.579,28	1.114,5
4. sonstige betriebliche Erträge:		
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	2.415.741,41	9,5
b) Erträge aus der Auflösung von Rückstellungen	33.598.558,84	18.362,5
c) übrige	27.052.927,60	24.627,1
	<b>63.067.227,85</b>	<b>42.999,1</b>
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	-331.311.187,84	-279.061,6
b) Aufwendungen für bezogene Leistungen	-52.528.986,55	-43.697,8
	<b>-383.840.174,39</b>	<b>-322.759,4</b>
6. Personalaufwand:		
a) Löhne	-54.102.734,59	-50.671,6
b) Gehälter	-57.981.901,58	-49.614,4
c) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-4.901.916,11	-4.595,8
d) Aufwendungen für Altersversorgung	-2.638.343,40	-1.545,3
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-27.759.264,67	-25.412,4
f) sonstige Sozialaufwendungen	-2.378.741,66	-2.161,2
	<b>-149.762.902,01</b>	<b>-134.000,7</b>
7. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen		
a) planmäßige Abschreibungen	-55.818.160,96	-53.576,4
b) außerplanmäßige Abschreibungen	-2.238.529,55	0,0
c) Auflösung Investitionszuschüsse der öffentlichen Hand	1.449.814,68	1.176,9
	<b>-56.606.875,83</b>	<b>-52.399,5</b>
8. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Ziffer 18 fallen	-905.956,72	-148,6
b) übrige	-142.466.739,69	-151.755,5
	<b>-143.372.696,41</b>	<b>-151.904,2</b>
9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)	<b>176.652.019,33</b>	<b>75.376,3</b>

## für das Geschäftsjahr 2011

	2011	2010
	EUR	TEUR
<b>9. Zwischensumme aus Ziffer 1 bis 8 (Übertrag)</b>	<b>176.652.019,33</b>	<b>75.376,3</b>
10. Erträge aus Beteiligungen	10.037.389,51	2.279,7
davon aus verbundenen Unternehmen EUR 9.031.557,79 (2010: TEUR 2.279,1)		
11. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	7.500.044,23	2.418,4
davon aus verbundenen Unternehmen EUR 4.960.251,34 (2010: TEUR 1.233,3)		
12. sonstige Zinsen und ähnliche Erträge	2.928.279,80	776,4
davon aus verbundenen Unternehmen EUR 101.263,89 (2010: TEUR 0,0)		
13. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen	184.664,12	124,8
davon aus verbundenen Unternehmen EUR 120.685,20 (2010: TEUR 120,0)		
14. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens	-13.736.823,68	-13.849,1
davon:		
a) Abschreibungen EUR 13.479.897,99 (2010: TEUR 13.849,1)		
b) Aufwendungen aus verbundenen Unternehmen EUR 12.415.440,0 (2010: TEUR 8.985,6)		
15. Zinsen und ähnliche Aufwendungen	-11.577.135,81	-10.203,2
<b>16. Zwischensumme aus Ziffer 10 bis 15</b>	<b>-4.663.581,83</b>	<b>-18.453,0</b>
<b>17. Ergebnis der gewöhnlichen Geschäftstätigkeit</b>	<b>171.988.437,50</b>	<b>56.923,3</b>
18. Steuern vom Einkommen und Ertrag	-38.562.979,28	-5.721,0
<b>19. Jahresüberschuss</b>	<b>133.425.458,22</b>	<b>51.202,4</b>
20. Auflösung unverteilter Rücklagen	303.039,16	282,5
21. Zuweisung zu unverteilter Rücklagen	0,00	-10.056,8
<b>22. Jahresgewinn</b>	<b>133.728.497,38</b>	<b>41.428,0</b>
23. Auflösung von Gewinnrücklagen (freie)	0,00	38.400,0
24. Zuweisung von Gewinnrücklagen (freie)	-40.000.000,00	0,0
25. Gewinnvortrag aus dem Vorjahr	40.005.993,25	51,7
<b>26. Bilanzgewinn</b>	<b>133.734.490,63</b>	<b>79.879,7</b>

# Einzelabschluss 2011

## Bilanz zum 31. Dezember 2011

Aktiva	31.12.2011	31.12.2010
	EUR	TEUR
<b>A. Anlagevermögen</b>		
I. Immaterielle Vermögensgegenstände		
Rechte	973.572,11	625,4
II. Sachanlagen		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	75.819.374,38	77.169,0
2. technische Anlagen und Maschinen	229.817.451,58	230.852,3
3. andere Anlagen, Betriebs- und Geschäftsausstattung	10.802.772,59	10.127,0
4. Anlagen in Bau	25.589.232,90	21.820,4
5. geleistete Anzahlungen	215.299,20	1.702,9
	<b>342.244.130,65</b>	<b>341.671,7</b>
III. Finanzanlagen		
1. Anteile an verbundenen Unternehmen	254.420.495,33	261.999,0
2. Ausleihungen an verbundene Unternehmen	57.911.027,97	59.205,1
3. Beteiligungen	5.110.143,91	5.110,1
4. Wertpapiere (Wertrechte) des Anlagevermögens	94.345.715,93	69.219,3
5. sonstige Ausleihungen	1.355.599,37	2.123,8
	<b>413.142.982,51</b>	<b>397.657,3</b>
	<b>756.360.685,27</b>	<b>739.954,4</b>
<b>B. Umlaufvermögen</b>		
I. Vorräte		
1. Roh-, Hilfs- und Betriebsstoffe	29.443.205,18	20.929,4
2. unfertige Erzeugnisse	613.628,00	509,2
3. fertige Erzeugnisse und Waren	28.715.754,00	22.539,2
4. geleistete Anzahlungen	632.550,58	429,6
	<b>59.405.137,76</b>	<b>44.407,4</b>
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	64.967.714,51	45.677,6
2. Forderungen gegenüber verbundenen Unternehmen	95.322.043,00	37.950,9
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	3.114.374,91	2.191,3
4. sonstige Forderungen und Vermögensgegenstände	20.925.696,97	24.181,5
	<b>184.329.829,39</b>	<b>110.001,3</b>
III. Wertpapiere und Anteile	6.748.000,00	5.124,6
IV. Kassenbestand, Guthaben bei Kreditinstituten	192.378.695,71	121.073,8
	<b>442.861.662,86</b>	<b>280.607,1</b>
<b>C. Rechnungsabgrenzungsposten</b>	<b>1.301.427,32</b>	<b>774,9</b>
	<b>1.200.523.775,45</b>	<b>1.021.336,4</b>

**Passiva**

	31.12.2011	31.12.2010
	EUR	TEUR
<b>A. Eigenkapital</b>		
I. Grundkapital	27.574.071,43	26.717,3
II. Kapitalrücklagen		
gebundene	138.642.770,74	63.599,6
III. Gewinnrücklagen		
freie	257.446.687,82	217.446,7
IV. Bilanzgewinn	133.734.490,63	79.879,7
davon Gewinnvortrag EUR 40.005.993,25 (31.12.2010: TEUR 51,7)		
	<b>557.398.020,62</b>	<b>387.643,3</b>
<b>B. Zuschüsse der öffentlichen Hand</b>	<b>5.568.726,31</b>	<b>6.511,7</b>
<b>C. Unversteuerte Rücklagen</b>		
Bewertungsreserve auf Grund von Sonderabschreibungen gem. § 7a EStG bzw. § 8 EStG	<b>17.077.038,97</b>	<b>17.380,1</b>
<b>D. Rückstellungen</b>		
1. Rückstellungen für Abfertigungen	42.640.953,35	42.213,6
2. Rückstellungen für Pensionen	23.959.833,00	24.022,1
3. Steuerrückstellungen	232.339,68	278,5
4. sonstige Rückstellungen	111.736.696,34	119.554,0
	<b>178.569.822,37</b>	<b>186.068,3</b>
<b>E. Verbindlichkeiten</b>		
1. Anleihen	120.000.000,00	120.000,0
2. Verbindlichkeiten gegenüber Kreditinstituten	178.693.666,65	202.444,9
3. sonstige zinstragende Verbindlichkeiten	22.833.981,12	16.469,5
4. erhaltene Anzahlungen auf Bestellungen	527.079,85	1.970,2
5. Verbindlichkeiten aus Lieferungen und Leistungen	44.733.393,99	45.806,6
6. Verbindlichkeiten gegenüber verbundenen Unternehmen	65.443.437,55	26.561,1
7. Verbindlichkeiten gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	30,58	1,1
8. sonstige Verbindlichkeiten	9.397.796,66	10.294,3
davon aus Steuern EUR 241.682,53 (31.12.2010: TEUR 202,4)		
davon im Rahmen der sozialen Sicherheit EUR 2.595.789,51 (31.12.2010: TEUR 2.400,4)		
	<b>441.629.386,40</b>	<b>423.547,7</b>
<b>F. Rechnungsabgrenzungsposten</b>	<b>280.780,78</b>	<b>185,3</b>
	<b>1.200.523.775,45</b>	<b>1.021.336,4</b>
Haftungsverhältnisse	87.343.468,44	90.469,2

# Einzelabschluss 2011

## Entwicklung der Zuschüsse der öffentlichen Hand und der un versteuerten Rücklagen

Zuschüsse der öffentlichen Hand	Stand am 01.01.2011	Zugang
	EUR	EUR
<b>A. Investitionszuschüsse</b>		
<b>I. Investitionszuschüsse der öffentlichen Hand</b>		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	1.967.948,10	0,00
2. technische Anlagen und Maschinen	2.679.691,46	728.000,00
3. andere Anlagen, Betriebs- und Geschäftsausstattung	302.926,84	115.500,00
	<b>4.950.566,40</b>	<b>843.500,00</b>
<b>II. Emissionszertifikate</b>	<b>595.451,92</b>	<b>2.712.849,90</b>
<b>B. Investitionszuwachsprämie</b>	<b>965.696,47</b>	<b>0,00</b>
	<b>6.511.714,79</b>	<b>3.556.349,90</b>
<b>Unversteuerte Rücklagen</b>		
<b>Bewertungsreserve auf Grund von Sonderabschreibungen gem. § 7a EStG bzw. § 8 EStG</b>		
<b>I. Sachanlagen</b>		
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund	2.953.157,48	0,00
2. technische Anlagen und Maschinen	6.725.170,08	0,00
3. andere Anlagen, Betriebs- und Geschäftsausstattung	6.624.739,17	0,00
	<b>16.303.066,73</b>	<b>0,00</b>
<b>II. Finanzanlagen</b>		
Anteile an verbundenen Unternehmen	1.077.011,40	0,00
	<b>17.380.078,13</b>	<b>0,00</b>

Abgang	Auflösung	Umbuchung	Stand am 31.12.2011
EUR	EUR	EUR	EUR
0,00	-116.871,52	0,00	1.851.076,58
0,00	-770.498,26	0,00	2.637.193,20
0,00	-35.450,18		382.976,66
0,00	<b>-922.819,96</b>	0,00	<b>4.871.246,44</b>
<b>-263.504,70</b>	<b>-2.786.019,00</b>	0,00	<b>258.778,12</b>
0,00	<b>-526.994,72</b>	0,00	<b>438.701,75</b>
<b>-263.504,70</b>	<b>-4.235.833,68</b>	0,00	<b>5.568.726,31</b>
-29.832,36	-270.843,84	0,00	2.652.481,28
0,00	-2.362,96	5.386.637,41	12.109.444,53
0,00	0,00	-5.386.637,41	1.238.101,76
<b>-29.832,36</b>	<b>-273.206,80</b>	0,00	<b>16.000.027,57</b>
0,00	0,00	0,00	1.077.011,40
<b>-29.832,36</b>	<b>-273.206,80</b>	0,00	<b>17.077.038,97</b>

# Einzelabschluss 2011

## Entwicklung des Anlagevermögens

	Anschaffungs- bzw. Herstellungs- kosten	Zugänge	Abgänge	Umbuchungen
	01.01.2011	2011	2011	2011
	EUR	EUR	EUR	EUR
<b>I. Immaterielle Vermögensgegenstände</b>				
Rechte	53.497.604,54	736.752,75	-8.097,29	21.998,50
<b>II. Sachanlagen</b>				
1. Grundstücke, grundstücksgleiche Rechte und Bauten, einschließlich der Bauten auf fremdem Grund				
a) Wohngebäude				
Grundwert	709.376,90	129.800,00	0,00	0,00
Gebäudewert	1.500.790,30	219.368,55	-47.240,00	0,00
b) Geschäfts- und Fabriksgebäude und andere Baulichkeiten				
Grundwert	1.811.807,32	0,00	-128.684,75	0,00
Grundstücksgleiche Rechte	659.676,21	0,00	0,00	0,00
Gebäudewert	169.102.235,69	829.122,99	-51.053,87	1.438.751,54
c) unbebaute Grundstücke	1.584.327,38	0,00	-91.763,74	0,00
	<b>175.368.213,80</b>	<b>1.178.291,54</b>	<b>-318.742,36</b>	<b>1.438.751,54</b>
2. technische Anlagen und Maschinen	909.351.730,89	28.762.786,74	-1.490.113,03	20.519.759,93
3. andere Anlagen, Betriebs- und Geschäftsausstattung	46.190.039,92	4.338.019,52 <sup>1)</sup>	-1.990.404,06 <sup>1)</sup>	279.524,56
4. Anlagen in Bau	21.820.448,32	24.325.885,10	0,00	-20.557.100,52
5. geleistete Anzahlungen	1.702.934,01	215.299,20	0,00	-1.702.934,01
<b>Summe Sachanlagen</b>	<b>1.154.433.366,94</b>	<b>58.820.282,10</b>	<b>-3.799.259,45</b>	<b>-21.998,50</b>
<b>III. Finanzanlagen</b>				
1. Anteile an verbundenen Unternehmen	402.551.624,19	4.871.908,08	-35.000,00	0,00
2. Ausleihungen an verbundene Unternehmen	71.335.932,92	1.194.640,08	-10.722.597,73	0,00
3. Beteiligungen	7.142.928,86	0,00	0,00	0,00
4. Wertpapiere (Wertrechte) des Anlagevermögens	90.457.045,94	41.485.800,00	-15.463.799,90	0,00
5. sonstige Ausleihungen	4.373.191,95	3.143.844,94	-3.833.539,59	0,00
<b>Summe Finanzanlagen</b>	<b>575.860.723,86</b>	<b>50.696.193,10</b>	<b>-30.054.937,22</b>	<b>0,00</b>
	<b>1.783.791.695,34</b>	<b>110.253.227,95</b>	<b>-33.862.293,96</b>	<b>0,00</b>

<sup>1)</sup> Inklusive geringwertige Vermögensgegenstände in Höhe von EUR 545.202,43



Anschaffungs- bzw. Herstellungskosten	Abschreibungen kumuliert	Buchwert	Buchwert	Abschreibungen	Zuschreibungen
31.12.2011	31.12.2011	31.12.2011	31.12.2010	2011	2011
EUR	EUR	EUR	EUR	EUR	EUR
54.248.258,50	53.274.686,39	973.572,11	625.374,14	410.553,28	0,00
839.176,90	0,04	839.176,86	709.376,86	0,00	0,00
1.672.918,85	906.415,98	766.502,87	612.045,35	28.063,83	0,00
1.683.122,57	0,00	1.683.122,57	1.811.807,32	0,00	0,00
659.676,21	59.970,60	599.705,61	606.369,01	6.663,40	0,00
171.319.056,35	100.880.753,52	70.438.302,83	71.845.100,70	3.674.672,40	0,00
1.492.563,64	0,00	1.492.563,64	1.584.327,34	0,00	0,00
<b>177.666.514,52</b>	<b>101.847.140,14</b>	<b>75.819.374,38</b>	<b>77.169.026,58</b>	<b>3.709.399,63</b>	<b>0,00</b>
957.144.164,53	727.326.712,95	229.817.451,58	230.852.306,03	50.213.265,00	0,00
48.817.179,94	38.014.407,35	10.802.772,59	10.126.956,95	3.723.472,60 <sup>1</sup>	0,00
25.589.232,90	0,00	25.589.232,90	21.820.448,32	0,00	0,00
215.299,20	0,00	215.299,20	1.702.934,01	0,00	0,00
<b>1.209.432.391,09</b>	<b>867.188.260,44</b>	<b>342.244.130,65</b>	<b>341.671.671,89</b>	<b>57.646.137,23</b>	<b>0,00</b>
407.388.532,27	152.968.036,94	254.420.495,33	261.999.027,25	12.415.440,00	0,00
61.807.975,27	3.896.947,30	57.911.027,97	59.205.072,87	0,00	-111.315,02
7.142.928,86	2.032.784,95	5.110.143,91	5.110.143,91	0,00	0,00
116.479.046,04	22.133.330,11	94.345.715,93	69.219.323,21	983.307,38	0,00
3.683.497,30	2.327.897,93	1.355.599,37	2.123.757,86	81.150,61	-2.686,77
<b>596.501.979,74</b>	<b>183.358.997,23</b>	<b>413.142.982,51</b>	<b>397.657.325,10</b>	<b>13.479.897,99</b>	<b>-114.001,79</b>
<b>1.860.182.629,33</b>	<b>1.103.821.944,06</b>	<b>756.360.685,27</b>	<b>739.954.371,13</b>	<b>71.536.588,50</b>	<b>-114.001,79</b>

# Einzelabschluss 2011

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## Anhang

### 1

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#### **Anwendung der unternehmensrechtlichen Vorschriften und allgemeine Angaben**

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Der vorliegende Jahresabschluss zum 31. Dezember 2011 der Lenzing Aktiengesellschaft (Lenzing AG) wurde nach den Vorschriften des österreichischen Unternehmensgesetzbuches (UGB) in der aktuellen Fassung erstellt.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm des § 222 Abs. 2 UGB, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, erstellt.

Bei der Erstellung des Jahresabschlusses wurden die Grundsätze der Vollständigkeit und der ordnungsmäßigen Bilanzierung eingehalten. Bei der Bewertung wurde im Rahmen der Grundsätze ordnungsmäßiger Bewertung von der Fortführung des Unternehmens ausgegangen.

Bei Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewendet. Dem Vorsichtsgrundsatz wurde Rechnung getragen, indem insbesondere nur die bis zum Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gliederungsvorschriften gem. §§ 224 und 231 Abs. 2 UGB wurden eingehalten, wobei die Gewinn- und Verlustrechnung nach dem Gesamtkostenverfahren aufgestellt wurde.

Die bisher angewandten Bewertungsmethoden wurden bei der Erstellung des vorliegenden Jahresabschlusses mit folgender Ausnahme beibehalten:

Die negativen Marktwerte der derivativen Finanzinstrumente wurden in den Vorjahren als Rückstellung bilanziell berücksichtigt. Am 24. September 2010 veröffentlichte das AFRAC die Stellungnahme „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“, welche von der Gesellschaft zum Stichtag 31. Dezember 2011 erstmals angewendet wird.

Von der Schutzklausel gem. § 241 Abs. 2 Z 2 UGB wurde in Bezug auf die Angabe der Eigenkapitalien und der Jahresergebnisse der Beteiligungsgesellschaften teilweise Gebrauch gemacht.

Bei der Gesellschaft handelt es sich um eine große Kapitalgesellschaft.

Die Zahlenangaben im vorliegenden Jahresabschluss und in den Erläuterungen werden auf die nächsten Tausend gerundet angegeben („TEUR“), sofern keine abweichende Angabe erfolgt. Bei Summierung von gerundeten Beträgen und Prozentangaben können durch Verwendung automatisierter Rechnungshilfen rundungsbedingte Rechendifferenzen auftreten.

## 2

## Bilanzierungs- und Bewertungsmethoden

### Anlagevermögen

Erworbene **immaterielle Vermögensgegenstände** und **Sachanlagen** werden mit den Anschaffungs- bzw. Herstellungskosten, vermindert um die planmäßige, nach der linearen Methode vorgenommenen Abschreibung angesetzt.

Der Rahmen der Nutzungsdauer beträgt für die einzelnen Anlagegruppen:

Jahre	von	bis
<b>Immaterielle Vermögensgegenstände</b>		
a) Lizenzen, Know-how und Mietrechte	5	20
b) Software	4	4
<b>Sachanlagen</b>		
a) Grundstücksgleiche Rechte	99	99
b) Gebäude		
Wohngebäude	50	50
Geschäfts- und Fabriksgebäude	33	50
c) technische Anlagen und Maschinen	10	20
d) andere Anlagen, Betriebs- und Geschäftsausstattung	4	20

Über das Ausmaß der planmäßigen Abschreibung hinausgehende voraussichtliche dauernde Wertminderungen bei Anlagegegenständen werden durch außerplanmäßige Abschreibungen berücksichtigt.

Geringwertige Vermögensgegenstände werden gem. § 226 Abs. 3 UGB aufgrund ihrer Unwesentlichkeit im Zugangsjahr aktiviert und voll abgeschrieben.

**Anteile an verbundenen Unternehmen** und **Beteiligungen** werden mit den Anschaffungskosten, oder bei voraussichtlich dauernder Wertminderung, mit dem niedrigeren beizulegenden Wert zum Bilanzstichtag angesetzt.

**Ausleihungen** werden mit dem Nominalwert, bei Unverzinslichkeit mit dem Barwert bzw. dem allfällig niedrigeren beizulegenden Wert zum Bilanzstichtag angesetzt.

**Wertpapiere (Wertrechte) des Anlagevermögens** werden mit den Anschaffungskosten oder dem niedrigeren Kurswert zum Bilanzstichtag bewertet.

# Einzelabschluss 2011

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## Umlaufvermögen

**Roh-, Hilfs- und Betriebsstoffe** werden mit den Anschaffungskosten nach dem gewogenen Durchschnittspreisverfahren in Bezug auf Holz und nach dem gleitenden Durchschnittspreisverfahren in Bezug auf sonstige Roh-, Hilfs- und Betriebsstoffe unter Beachtung des strengen Niederstwertprinzips bewertet.

**Unfertige Erzeugnisse und fertige Erzeugnisse** sind zu Herstellungskosten (im Sinne des § 206 UGB), jedoch höchstens zum voraussichtlichen Verkaufserlös – abzüglich der bis zum Verkauf noch anfallenden Kosten – angesetzt. Die Herstellungskosten umfassen neben den Einzelkosten auch Gemeinkosten des Produktionsbereiches. Wirtschaftliche und technische Risiken werden durch Abschläge angemessen berücksichtigt.

**Forderungen und sonstige Vermögensgegenstände** werden gemäß dem strengen Niederstwertprinzip angesetzt. Falls Risiken hinsichtlich der Einbringlichkeit bestehen, werden Wertberichtigungen gebildet. Betreffend die Bewertung von Forderungen in Fremdwährungen verweisen wir auf den Punkt Fremdwährungsumrechnung.

Die gemäß Emissionszertifikatengesetz unentgeltlich zugeteilten Emissionszertifikate werden in der Bilanz entsprechend der Stellungnahme des AFRAC vom 22. Februar 2006 dargestellt. Für 2011 wurden insgesamt 179.066 Stück Emissionszertifikate zugeteilt, von denen 134.068 Stück bis zum Bilanzstichtag verbraucht wurden. Die aus 2011 und dem Vorjahr nicht verbrauchten Emissionszertifikate von insgesamt 110.356 Stück hatten zum 31. Dezember 2011 einen Marktwert von TEUR 761,5.

Betreffend die Bewertung von **Guthaben bei Kreditinstituten** in Fremdwährungen wird auf die unter dem Punkt Fremdwährungsumrechnung beschriebene Vorgehensweise verwiesen.

**Wertpapiere des Umlaufvermögens** werden mit den Anschaffungskosten oder dem niedrigeren Kurswert zum Bilanzstichtag bewertet.

Vom Wahlrecht des bilanziellen Ansatzes des **gemäß § 198 Abs. 10 UGB aktivierbaren Betrages** für aktive Steuerabgrenzungen von TEUR 7.044,3 (31.12.2010: TEUR 8.127,5) wird nicht Gebrauch gemacht.

## Rückstellungen

**Rückstellungen für Pensionen, Abfertigungen und Jubiläumsgelder** werden im Einklang mit dem Fachgutachten KFS/RL 2 der Kammer der Wirtschaftstreuhänder nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19 unter Anwendung der Projected-Unit-Credit-Method (laufendes Einmalprämienverfahren) berechnet. Dabei werden die erwarteten Versorgungsleistungen auf den gesamten Zeitraum der Beschäftigung verteilt. Zukünftige Gehalts- und Pensionssteigerungen werden berücksichtigt. Versicherungsmathematische Gewinne und Verluste werden zur Gänze in der Periode, in der sie anfallen, angesetzt. Die in der Bilanz erfasste leistungsorientierte Verpflichtung aus einem Versorgungsplan stellt den Barwert der leistungsorientierten Verpflichtung dar.

Die Aufwendungen aus der Aufzinsung der oben genannten Personalrückstellungen sowie die Zahlungen für beitragsorientierte Verpflichtungen sind im Personalaufwand ausgewiesen.

**Sonstige Rückstellungen** werden in jener Höhe angesetzt, die nach vernünftiger unternehmerischer Beurteilung notwendig ist. Bei der Bewertung werden Rückgriffsansprüche auf andere Parteien angemessen berücksichtigt.

### Verbindlichkeiten

**Verbindlichkeiten** werden mit dem Rückzahlungsbetrag angesetzt. Die Bewertung von Verbindlichkeiten in Fremdwährungen wird unter dem Punkt Fremdwährungsumrechnung erläutert.

### Fremdwährungsumrechnung

Bestehen Sicherungsgeschäfte in Bezug auf eine Währung, so werden auf diese Währung lautende monetäre Posten bis zum Nominale der Sicherungsgeschäfte mit einem Kurs umgerechnet, der dem gewogenen Durchschnitt aus den Terminkursen der Sicherungsgeschäfte entspricht.

Soweit das Nominale der monetären Posten über das Nominale der Sicherungsgeschäfte hinausgeht und sofern keine Sicherungsgeschäfte in Bezug auf eine Währung bestehen, so werden auf diese Währung lautende monetäre Posten entsprechend dem imparitätischen Realisationsprinzip mit dem Kurs zum Zeitpunkt der Erfassung, im Fall eines Kursverlustes aber mit dem Stichtagskurs umgerechnet.

Folgende wesentliche Kurse wurden für die Währungsumrechnung in Euro herangezogen:

<b>Forderungen</b>		<b>31.12.2011</b>	<b>31.12.2010</b>
Stichtagskurs	EUR/USD	1,29360	1,33765
durchschnittlicher Sicherungskurs	EUR/USD	1,36180	1,40981
<b>Verbindlichkeiten</b>		<b>31.12.2011</b>	<b>31.12.2010</b>
Stichtagskurs	EUR/USD	1,29340	1,33755

# Einzelabschluss 2011

## 3

### Erläuterungen zur Bilanz

#### Aktiva

#### Anlagevermögen

Das Anlagevermögen der Lenzing AG stellt sich zum Bilanzstichtag wie folgt dar:

#### Immaterielle Vermögensgegenstände und Sachanlagen

Der Posten **Rechte** beinhaltet zum Großteil ein Mitbenützungsrecht an der Abwasserreinigungsanlage des Wasserreinigungsverbandes Lenzing-Lenzing AG sowie das Recht auf Energiebezug von der RVL Reststoffverwertung Lenzing GmbH, einer von der Gesellschaft gemeinsam mit der AVE Österreich GmbH betriebenen Reststoffverwertungsanlage.

Im Berichtsjahr wurden TEUR 59.557,0 (31.12.2010: TEUR 53.380,7) in **immaterielle Vermögensgegenstände** sowie in **Sachanlagen** investiert. Nach Unternehmensbereichen ergibt sich folgende Aufgliederung:

Unternehmensbereich	2011	2010
	in TEUR	in TEUR
Fasern	28.371,8	22.268,6
Zentralbereiche (Umwelt, Information & Kommunikation, Infrastruktur)	16.012,8	4.535,8
Zellstoff	11.606,0	11.437,9
Energie	3.426,6	15.062,2
Übrige	139,8	76,2
<b>Gesamt</b>	<b>59.557,0</b>	<b>53.380,7</b>

Die Abgänge von immateriellen Vermögensgegenständen und von Sachanlagen hatten Anschaffungs- und Herstellungskosten von TEUR 3.807,4 (2010: TEUR 7.956,4) und einen Buchwert von TEUR 579,7 (2010: TEUR 1.166,4).

Die grundstücksgleichen Rechte beinhalten im Wesentlichen ein erworbenes Baurecht mit einem Buchwert von TEUR 599,7 (31.12.2010: TEUR 606,4).

Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen liegen aufgrund von Leasing- und Mietverträgen in folgendem Umfang vor:

Nutzungsverpflichtungen	2011	2010
	in TEUR	in TEUR
im Folgejahr	1.704,3	1.009,3
in den folgenden fünf Jahren	6.719,7	3.316,2

## Finanzanlagen

Die Zugänge bei den **Anteilen an verbundenen Unternehmen** betreffen im Wesentlichen die Eigenkapitalzufuhr an die Lenzing (Nanjing) Fibers Co., Ltd. (TEUR 3.440,0) sowie an die Lenzing Modi Fibers India Private Limited (TEUR 1.397,0).

Die Auflistung der **Beteiligungen** der Lenzing AG kann der am Ende dieses Anhangs ange-schlossenen Übersicht entnommen werden.

Die **Ausleihungen** über insgesamt TEUR 59.266,6 (31.12.2010: TEUR 61.328,8) setzen sich wie folgt zusammen:

Ausleihungen	Bilanzwert	mit einer Restlaufzeit bis zu 1 Jahr	mit einer Restlaufzeit über 1 Jahr
	in TEUR	in TEUR	in TEUR
<b>Ausleihungen an verbundene Unternehmen</b>	<b>57.911,0</b>	<b>11.200,0</b>	<b>46.711,0</b>
Vorjahr	59.205,1	19.097,6	40.107,5
<b>Sonstige Ausleihungen</b>	<b>1.355,6</b>	<b>750,3</b>	<b>605,3</b>
Vorjahr	2.123,7	665,1	1.458,6
<b>Gesamt</b>	<b>59.266,6</b>	<b>11.950,3</b>	<b>47.316,3</b>
Vorjahr	61.328,8	19.762,7	41.566,1

Die **Wertpapiere (Wertrechte) des Anlagevermögens** enthalten festverzinsliche Anleihen (TEUR 76.518,2) sowie den Großanlegerfonds GF82 (TEUR 8.221,0), der zur Deckung der Pensionsrückstellung dient. Dieser Fonds veranlagt nach den Vorschriften des Pensionskassengesetzes. Der Fonds ist per Jahresende im Wesentlichen in Euro-Renten veranlagt.

Ebenfalls beinhaltet dieser Posten Ansprüche aus Rückdeckungsversicherungen (TEUR 3.875,6) betreffend Pensionsverpflichtungen und sonstige Wertpapiere (Wertrechte) des Anlagevermögens (TEUR 5.730,6).

# Einzelabschluss 2011

## Umlaufvermögen

Die **Roh-, Hilfs- und Betriebsstoffe** beinhalten im Wesentlichen Buchenholz für die Zellstoffproduktion, Chemikalien für sämtliche Geschäftsbereiche sowie diverse Kleinmaterialien und Ersatzteile.

Die **Bestände an unfertigen und fertigen Erzeugnissen** betreffen im Wesentlichen Viscosefaser und Zellstoff.

Die **geleisteten Anzahlungen** betreffen Vorauszahlungen an Lieferanten für Roh-, Hilfs- und Betriebsstoffe.

Die **Forderungen und sonstigen Vermögensgegenstände** über insgesamt TEUR 184.329,8 (31.12.2010: TEUR 110.001,3) setzen sich wie folgt zusammen:

<b>Forderungen</b>	<b>Bilanzwert</b>
	<b>in TEUR</b>
<b>Forderungen aus Lieferungen und Leistungen</b>	<b>64.967,7</b>
Vorjahr	45.677,6
<b>Forderungen gegenüber verbundenen Unternehmen</b>	<b>95.322,0</b>
Vorjahr	37.950,9
<b>Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht</b>	<b>3.114,4</b>
Vorjahr	2.191,3
<b>sonstige Forderungen und Vermögensgegenstände</b>	<b>20.925,7</b>
Vorjahr	24.181,5
<b>Gesamt</b>	<b>184.329,8</b>
Vorjahr	110.001,3

Sämtliche Forderungen und sonstigen Vermögensgegenstände sind bis auf Forderungen gegenüber verbundenen Unternehmen in Höhe von TEUR 2.010,4 (31.12.2010: TEUR 0) kurzfristig.

Von den **Forderungen aus Lieferungen und Leistungen** sind TEUR 49.549,4 (31.12.2010: TEUR 36.395,8) nach Abzug von Selbstbehalten versichert. Wechselmäßige Verbriefungen liegen weder zum 31. Dezember 2011 noch zum 31. Dezember 2010 vor.

**Forderungen gegenüber verbundenen Unternehmen** resultieren überwiegend aus Warenlieferungen, Leistungen, Steuerumlagen und gewährten kurzfristigen Darlehen. Die Forderungen aus Steuerumlagen betragen zum Stichtag TEUR 16.808,0 (31.12.2010: TEUR 7.169,6).

Soweit Forderungen und Verbindlichkeiten zwischen verbundenen Unternehmen in wirtschaftlicher Betrachtungsweise einander aufrechenbar gegenüberstehen, werden diese bei Gleichheit von Gläubiger und Schuldner gegeneinander aufgerechnet.

**Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht**, resultieren aus der Leistungsverrechnung an die Lenzing Papier GmbH.



Die **sonstigen Forderungen und Vermögensgegenstände** beinhalten u. a. Guthaben aus der Verrechnung mit dem Finanzamt in Höhe von TEUR 8.823,4 (31.12.2010: TEUR 11.929,2), sonstige Leistungen betreffende An- und Vorauszahlungen von TEUR 1.459,2 (31.12.2010: TEUR 462,3), die Abgrenzung von Kostenersätzen von TEUR 5.713,5 (31.12.2010: TEUR 4.494,9), Zinsforderungen von TEUR 2.843,4 (31.12.2010: TEUR 1.511,3) und Forderungen betreffend Emissionszertifikate in Höhe von TEUR 2.469,0 (31.12.2010: TEUR 2.743,4).

In den sonstigen Forderungen und Vermögensgegenständen sind Erträge in Höhe von TEUR 11.501,6 (31.12.2010: TEUR 12.025,9) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

## Passiva

### Eigenkapital

Das **Grundkapital** der Lenzing AG beträgt TEUR 27.574,1 (31.12.2010: TEUR 26.717,3) und ist in 26.550.000 Stückaktien (31.12.2010: 25.725.000) eingeteilt. Der auf eine Stückaktie entfallende Anteil am Grundkapital beträgt etwa 1,04 EUR. Jede Stammaktie ist am Kapital im gleichen Ausmaß beteiligt und vermittelt die gleichen Rechte und Pflichten. Der Ausgabebetrag der Aktien ist voll einbezahlt. Andere Klassen von Anteilen sind nicht ausgegeben worden.

Mit Hauptversammlungsbeschluss vom 10. Dezember 2010 wurde der Vorstand ermächtigt, mit der Zustimmung des Aufsichtsrats das Grundkapital innerhalb von 5 Jahren – allenfalls in Tranchen – gegen Bar- und Sacheinlagen um maximal 13.358.625,00 EUR (entspricht 12.862.500 Stammaktien oder 50% des Grundkapitals) zu erhöhen („genehmigtes Kapital“).

Mit Wirkung vom 17. Juni 2011 (erster Handelstag der neuen Aktien) führte die Lenzing AG eine in der außerordentlichen Hauptversammlung vom 10. Dezember 2010 genehmigte Kapitalerhöhung durch. Es wurden 825.000 Stück neue Aktien ausgegeben. Das Grundkapital wurde voll einbezahlt. Die Veränderung des Grundkapitals und der Kapitalrücklagen ist auf diese Kapitalerhöhung zurückzuführen.

Darüber hinaus wurde der Vorstand mit Hauptversammlungsbeschluss vom 10. Dezember 2010 ermächtigt, bis spätestens 9. Dezember 2015 mit Zustimmung des Aufsichtsrats Wandelschuldverschreibungen auszugeben, die ein Bezugsrecht bzw. eine Umtauschpflicht auf bis zu 12.862.500 Stammaktien (entspricht 50% des Grundkapitals per 31.12.2010) gewähren bzw. vorsehen („bedingtes Kapital“).

Nach Durchführung der Kapitalerhöhung wurde die Stückanzahl der auszugebenden Bezugsaktien und der Wandelschuldverschreibungen auf 12.037.500 Stück verringert.

Die **Kapitalrücklagen** betragen TEUR 138.642,8 (31.12.2010: TEUR 63.599,6) und betreffen überwiegend das bei den Aktienemissionen erzielte Agio. Die Veränderung zum Vorjahr ist auf das Agio aus der Kapitalerhöhung 2011 zurückzuführen.

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## Zuschüsse der öffentlichen Hand

Die **Investitionszuschüsse der öffentlichen Hand** für Umweltinvestitionen einschließlich der **Emissionszertifikate** und der **Investitionszuwachsprämie** werden wie die un versteuerten Rücklagen als gesonderter Hauptposten zwischen Eigenkapital und Fremdkapital ausgewiesen.

Die Auflösung der Investitionszuschüsse von TEUR 922,8 (2010: TEUR 639,1) sowie der Auflösung der Investitionszuwachsprämie in der Höhe von TEUR 527,0 (2010: TEUR 537,8) erfolgt entsprechend der Nutzungsdauer der geförderten Anlagen und wird in Summe mit TEUR 1.449,8 (2010: TEUR 1.176,9) offen mit den Abschreibungen saldiert. Der Zuschuss aus Emissionszertifikaten wurde dem Verbrauch entsprechend aufgelöst.

## Unversteuerte Rücklagen

Die Aufgliederung der **unversteuerten Rücklagen** ist aus der Übersicht über die Entwicklung der Zuschüsse der öffentlichen Hand und der un versteuerten Rücklagen ersichtlich.

## Rückstellungen

Die **sonstigen Rückstellungen** setzen sich wie folgt zusammen:

Rückstellungen für	Stand 01.01.2011	Verbrauch	Auflösung	Zugang	Stand 31.12.2011
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
noch nicht abgerechnete Warenlieferungen/-leistungen	5.775,6	4.718,9	3,5	7.259,9	8.313,1
Jubiläumsgelder	8.683,3	649,3	0,0	739,0	8.773,0
Sonderzahlungen	12.397,2	12.397,2	0,0	14.871,6	14.871,6
Resturlaube	4.143,2	4.143,2	0,0	4.781,4	4.781,4
sonstige Personalaufwendungen	6.310,7	4.278,7	970,6	5.263,4	6.324,8
drohende Verluste	39.144,4	2.295,9	18.718,3	11.100,0	29.230,2
Schadensfälle	30.305,4	973,3	6.223,2	7.497,6	30.606,5
übrige	12.794,2	4.497,1	7.682,9	8.221,9	8.836,1
<b>Gesamt</b>	<b>119.554,0</b>	<b>33.953,6</b>	<b>33.598,5</b>	<b>59.734,8</b>	<b>111.736,7</b>

Die **Rückstellungen für drohende Verluste** betreffen im Wesentlichen Vorsorgen für Haftungsübernahmen und Verpflichtungen aus zu erbringenden Infrastrukturleistungen.

In den **Rückstellungen für Schadensfälle** sind vor allem Rückstellungen für Sanierungs- und Infrastrukturmaßnahmen in Zusammenhang mit geplanten Investitionen sowie für Prozessrisiken enthalten. Der Standort Lenzing wird schon seit Jahrzehnten für industrielle Zwecke genutzt und birgt daher das inhärente Risiko von Umweltschäden. 1990 wurde die Lenzing AG in Kenntnis gesetzt, dass sich hier eine Verdachtsfläche befindet, die früher als Klärteich benutzt

wurde und daher belastet sein könnte. Die Gesellschaft hat die Fläche versiegelt, um eine Belastung des Grundwassers zu verhindern.

Die **übrigen Rückstellungen** betreffen vor allem Prüfungs- und Beratungskosten, Provisionen, Nachlässe und Rabatte sowie die verbrauchten Emissionszertifikate.

Die Entwicklung der **Rückstellung für Pensionen, Abfertigungen und Jubiläumsgelder** stellt sich wie folgt dar:

	Pensionen	Abfertigungen	Jubiläumsgelder
	in TEUR	in TEUR	in TEUR
<b>In der Bilanz erfasste Werte:</b>			
<b>Rückstellung zum 01.01.2011</b>	<b>24.022,1</b>	<b>42.213,6</b>	<b>8.683,3</b>
Periodenaufwand	2.007,7	4.389,1	738,9
Auszahlungen	-2.070,0	-3.961,8	-649,2
<b>Rückstellung zum 31.12.2011</b>	<b>23.959,8</b>	<b>42.640,9</b>	<b>8.773,0</b>
Wert nach § 14 EStG	17.338,1	32.281,6	6.661,2
<b>Aufwand im Geschäftsjahr:</b>			
Laufender Dienstzeitaufwand	5,6	1.637,8	362,9
Zinsaufwand	1.037,8	1.838,2	376,9
Realisierung versicherungsmathematischer Verlust (+)/Gewinn (-)	964,3	913,1	-0,9
<b>Periodenaufwand</b>	<b>2.007,7</b>	<b>4.389,1</b>	<b>738,9</b>
<b>Annahmen zur Berechnung des Pensionsaufwands und der erwarteten leistungsorientierten Ansprüche zum 31.12.2011:</b>			
Diskontierungszinssatz	4,5%	4,5%	4,5%
Pensionssteigerung	2,5%/3,0%	-	-
Gehaltssteigerung	3,0%	3,0%	3,0%

In der Lenzing AG gibt es sowohl beitrags- als auch leistungsorientierte Pensionsvorsorgepläne. Im Geschäftsjahr 2000 wurde einem Großteil der Dienstnehmer der vertragliche Pensionsanspruch abgefunden und ein beitragsorientiertes Pensionskassensystem eingeführt. Bei beitragsorientierten Pensionszusagen treffen die Gesellschaft nach Zahlung der vereinbarten Prämien keine Verpflichtungen mehr. Eine Rückstellung wird daher nicht angesetzt. Den leistungsorientierten Pensionsverpflichtungen wird durch die Bildung von Pensionsrückstellungen Rechnung getragen. Das Risiko im Zusammenhang mit diesen leistungsorientierten Pensionsplänen verbleibt bei der Lenzing AG. Die Berechnung erfolgte nach versicherungsmathematischen Grundsätzen entsprechend den Vorschriften des IAS 19 unter Berücksichtigung eines Fluktuationsabschlages und auf Basis eines Pensionseintrittsalters von 58 Jahren bei Frauen bzw. von 63 Jahren bei Männern und 57 Jahren bei Schwerarbeitern. Die Fluktuation wird nach Dienstjahren gestaffelt und beruht auf den durchschnittlichen Austrittszahlen der letzten fünf Jahre.

Mitarbeiter, deren Dienstverhältnisse österreichischem Recht unterliegen und nach dem 31. Dezember 2002 begonnen haben, erwerben keine Abfertigungsansprüche. Für sie sind Beiträge in Höhe von 1,53% des Lohnes bzw. Gehaltes an eine Mitarbeitervorsorgekasse zu zahlen.

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Aufgrund kollektivvertraglicher Regelungen ist die Lenzing AG verpflichtet, Jubiläumsgeldzahlungen zu leisten, sofern ein Arbeitnehmer für eine bestimmte Dauer im Unternehmen beschäftigt war. Diese Zahlungen basieren auf der Höhe des Bezuges zum Zeitpunkt des betreffenden Dienstnehmerjubiläums.

Die bei den betreffenden Jubiläen voraussichtlich zu zahlenden Beträge werden gleichmäßig auf die Dienstzeit bis zu den Jubiläen verteilt und der Barwert des auf die Dienstzeit bis zum Bilanzstichtag entfallenden Betrages rückgestellt. Die Berechnung erfolgte auf Basis eines Pensionseintrittsalters von 58 Jahren bei Frauen bzw. von 63 Jahren bei Männern und 57 Jahren bei Schwerarbeitern. Die Fluktuation wird nach Dienstjahren gestaffelt und beruht auf den durchschnittlichen Austrittszahlen der letzten fünf Jahre.

Die Verpflichtungen gegenüber ehemaligen Mitarbeitern des verkauften Geschäftsbereiches Kunststoffmaschinen (nunmehr SML Maschinengesellschaft mbH) sowie für ehemalige Mitarbeiter der ausgegliederten Bereiche Technik (nunmehr Lenzing Technik GmbH) und Folie (nunmehr Lenzing Plastics GmbH), Bildungszentrum (nunmehr BZL-Bildungszentrum Lenzing GmbH) bis zur Höhe der fiktiven Ansprüche zum Zeitpunkt des Verkaufs bzw. der Ausgliederung werden weiterhin von der Gesellschaft getragen. Der Barwert zum Bilanzstichtag wird in Bezug auf diese Verpflichtungen rückgestellt, wobei für die Barwertermittlung angenommen wird, dass die Abfertigungen mit dem Übertritt der betreffenden Dienstnehmer in den Ruhestand fällig werden.

## Verbindlichkeiten

Die **Verbindlichkeiten** stellen sich zum Bilanzstichtag wie folgt dar:

Verbindlichkeiten	Bilanzwert	mit einer	mit einer	mit einer
		Restlaufzeit bis zu 1 Jahr	Restlaufzeit 1 bis 5 Jahren	Restlaufzeit über 5 Jahren
	in TEUR	in TEUR	in TEUR	in TEUR
<b>Anleihen</b>	<b>120.000,0</b>	<b>0,0</b>	<b>0,0</b>	<b>120.000,0</b>
Vorjahr	120.000,0	0,0	0,0	120.000,0
<b>Verbindlichkeiten gegenüber Kreditinstituten</b>	<b>178.693,7</b>	<b>54.263,9</b>	<b>124.202,3</b>	<b>227,5</b>
Vorjahr	202.444,9	16.738,8	185.023,6	682,5
<b>Sonstige zinstragende Verbindlichkeiten</b>	<b>22.834,0</b>	<b>6.355,3</b>	<b>14.701,9</b>	<b>1.776,8</b>
Vorjahr	16.469,5	5.991,5	10.478,0	0,0
<b>Erhaltene Anzahlungen auf Bestellungen</b>	<b>527,1</b>	<b>527,1</b>	<b>0,0</b>	<b>0,0</b>
Vorjahr	1.970,2	1.970,2	0,0	0,0
<b>Verbindlichkeiten aus Lieferungen und Leistungen</b>	<b>44.733,4</b>	<b>44.684,4</b>	<b>49,0</b>	<b>0,0</b>
Vorjahr	45.806,6	44.256,8	1.549,8	0,0
<b>Verbindlichkeiten gegenüber verbundenen Unternehmen</b>	<b>65.443,4</b>	<b>65.443,4</b>	<b>0,0</b>	<b>0,0</b>
Vorjahr	26.561,1	26.561,1	0,0	0,0
<b>Verbindlichkeiten gegenüber Unternehmen mit Beteiligungsverhältnis</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Vorjahr	1,1	1,1	0,0	0,0
<b>Sonstige Verbindlichkeiten</b>	<b>9.397,8</b>	<b>9.089,4</b>	<b>308,4</b>	<b>0,0</b>
Vorjahr	10.294,3	9.452,9	841,4	0,0
<b>Gesamt</b>	<b>441.629,4</b>	<b>180.363,5</b>	<b>139.261,6</b>	<b>122.004,3</b>
Vorjahr	423.547,7	104.972,4	197.892,8	120.682,5

In 2010 wurde eine 7-jährige **Anleihe** mit einem Fixzinssatz von 3,875% begeben.

Die **sonstigen zinstragenden Verbindlichkeiten** enthalten ERP-Kredite, Forschungsförderungskredite und Verbindlichkeiten aus Finanzierungsleasing.

Von den **Verbindlichkeiten gegenüber Kreditinstituten und sonstigen zinstragenden Verbindlichkeiten** von TEUR 201.527,7 (31.12.2010: TEUR 218.914,4) sind TEUR 6.453,3 (31.12.2010: TEUR 5.723,4) durch Grundpfandrechte und sonstige dingliche Sicherheiten besichert.

Die **Verbindlichkeiten gegenüber verbundenen Unternehmen** resultieren aus Lieferungen und Leistungen sowie aus Steuerumlagen. Zum 31. Dezember 2011 betragen die Verbindlichkeiten aus Steuerumlagen TEUR 58.171,1 (31.12.2010: TEUR 19.304,5).

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In den **sonstigen Verbindlichkeiten** sind Aufwendungen in Höhe von TEUR 8.365,8 (31.12.2010: TEUR 7.097,6) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden. Davon betreffen TEUR 1.083,7 (31.12.2010: TEUR 1.272,1) Verbindlichkeiten für das Altersteilzeitmodell gem. § 27 ALVG.

## Rechnungsabgrenzungsposten

Die **Passive Rechnungsabgrenzung** beinhaltet im Wesentlichen transitorisch abgegrenzte Zinszuschüsse des Umwelt- und des Forschungsförderungsfonds.

## Haftungsverhältnisse

Haftungsverhältnisse liegen in folgendem Umfang vor:

<b>Haftungsverhältnisse</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>in TEUR</b>	<b>in TEUR</b>
Bürgschafts- und Garantierklärungen für den Wasserreinhalteverband Lenzing-Lenzing AG für den Bau der zweiten und dritten Ausbaustufe der Abwasserreinigungsanlage	9.913,8	11.612,4
Haftungsübernahmen für verbundene Unternehmen	76.263,0	75.531,8
Haftungsübernahmen für Unternehmen, mit denen ein Beteiligungsverhältnis besteht	1.166,7	3.325,0
<b>Gesamt</b>	<b>87.343,5</b>	<b>90.469,2</b>

Aufgrund der Personalüberlassung von Mitarbeitern der Lenzing Services Ltd. (nunmehr Lenzing Fibers Grimsby Ltd.) an die Lenzing Fibers Inc. (Agreement of the Secondment of the Employees) hat sich die Lenzing AG verpflichtet, die Lenzing Fibers Grimsby Ltd. aus diesem Titel schad- und klaglos zu halten (Deed of Undertaking).

Im Übrigen gibt es rechtlich unverbindliche Erklärungen, Tochtergesellschaften mit ausreichend finanziellen Mitteln auszustatten („weiche Patronatserklärungen“), die sich nicht an bestimmte Personen richten.

Bankgarantien für Verbindlichkeiten aus laufenden Geschäftsbeziehungen betragen zum 31. Dezember 2011 TEUR 2.644,7 (31.12.2010: TEUR 2.643,3).

## 4

## Erläuterungen zur Gewinn- und Verlustrechnung

### Umsatzerlöse

Im Berichtsjahr erzielte die Gesellschaft einen Umsatz von TEUR 839.523,9 (2010: TEUR 698.717,9), der sich wie folgt gliedert:

Märkte	2011	2010
	in TEUR	in TEUR
Österreich	147.349,5	127.772,7
Europa inkl. Türkei ohne Österreich	368.697,5	324.876,2
Asien	240.851,1	157.077,8
Amerika	63.824,7	67.872,9
Sonstige	18.801,2	21.118,3
<b>Gesamt</b>	<b>839.523,9</b>	<b>698.717,9</b>

Business Units	2011	2010
	in TEUR	in TEUR
Textile Fibers	475.500,0	383.552,3
Nonwoven Fibers	221.050,0	202.392,1
Pulp, Energy, Sonstige	142.973,9	112.773,5
<b>Gesamt</b>	<b>839.523,9</b>	<b>698.717,9</b>

### Sonstige betriebliche Erträge

Die **übrigen sonstigen betrieblichen Erträge** beinhalten insbesondere Kostenersätze in Höhe von TEUR 11.280,9 (2010: TEUR 6.757,6), Beiträge des Österr. Forschungsförderungsfonds zur teilweisen Finanzierung von Forschungsprojekten von TEUR 1.522,1 (2010: TEUR 3.031,8), diverse Mieteinnahmen von TEUR 1.971,8 (2010: TEUR 1.988,0), die Auflösung des Zuschusses iZm. Emissionszertifikaten von TEUR 2.786,0 (2010: TEUR 1.968,5), Forschungs-, Lehrlings- und Bildungsprämien von TEUR 3.057,3 (2010: TEUR 1.723,6) sowie die Umsätze der werkseigenen Küche zur Verpflegung unserer Arbeitnehmer in Höhe von TEUR 1.383,7 (2010: TEUR 1.364,5).

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## Personalaufwand

Die **Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen** setzen sich wie folgt zusammen:

Aufwendungen für	2011	2010
	in TEUR	in TEUR
Abfertigungen (inkl. freiwilligen Abfertigungen)	4.459,9	4.294,8
Leistungen an betriebliche Mitarbeitervorsorgekassen	442,0	301,0
<b>Gesamt</b>	<b>4.901,9</b>	<b>4.595,8</b>

Die Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen (inkl. Rückstellungsdotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2011	2010
	in TEUR	in TEUR
Mitglieder des Vorstandes		
aktive Mitglieder	60,9	-57,3
Leitende Arbeitnehmer	-42,6	-22,2
Andere Arbeitnehmer	4.883,6	4.675,3
<b>Gesamt</b>	<b>4.901,9</b>	<b>4.595,8</b>

Die **Aufwendungen für Altersversorgung** (inkl. Rückstellungsdotierungen und -auflösungen) verteilen sich wie folgt:

Aufwendungen für	2011	2010
	in TEUR	in TEUR
Mitglieder des Vorstandes		
aktive Mitglieder	93,5	90,3
ehemalige Mitglieder und deren Hinterbliebene	-128,3	-308,8
Leitende Arbeitnehmer	67,5	96,8
Andere Arbeitnehmer	2.605,6	1.667,0
<b>Gesamt</b>	<b>2.638,3</b>	<b>1.545,3</b>

## Abschreibungen

Die **Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen** beinhalten die planmäßigen Abschreibungen in Höhe von TEUR 55.818,2



(2010: TEUR 53.576,4) sowie außerplanmäßige Abschreibungen von TEUR 2.238,5 (2010: TEUR 0,0). Die Erträge aus der Auflösung von Investitionszuschüssen der öffentlichen Hand von TEUR 922,8 (2010: TEUR 639,1) sowie die Erträge aus der Auflösung der Investitionszuwachsprämie in der Höhe von TEUR 527,0 (2010: TEUR 537,8) vermindern die Abschreibungen in Summe um TEUR 1.449,8 (2010: TEUR 1.176,9).

### Sonstige betriebliche Aufwendungen

Die **übrigen sonstigen betrieblichen Aufwendungen** umfassen Vertriebs- inkl. Werbeaufwendungen in Höhe von TEUR 39.841,6 (2010: TEUR 39.811,1), Instandhaltungen und Fremdleistungen von TEUR 23.220,8 (2010: TEUR 44.022,2), Rechts-, Prüfungs- und Beratungsaufwendungen von TEUR 10.003,5 (2010: TEUR 5.426,7), Versicherungsaufwendungen von TEUR 4.264,0 (2010: TEUR 4.287,1) und Aufwendungen für Abfallentsorgung in Höhe von TEUR 4.979,7 (2010: TEUR 5.022,4) sowie sonstige Aufwendungen.

### Finanzergebnis

Die **Erträge aus Beteiligungen** betreffen im Wesentlichen Dividenden der Lenzing Fibers (Shanghai) Co., Ltd. (TEUR 4.594,5), der PT. South Pacific Viscose (TEUR 4.246,6) sowie der PT. Pura Golden Lion (TEUR 1.005,8).

In den **Erträgen aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens** sind Erträge aus Zinsforderungen an verbundene Unternehmen von TEUR 4.960,3 (2010: TEUR 1.233,3) erfasst.

Die **Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens** beinhalten im Wesentlichen Wertberichtigungen von Anteilen an verbundenen Unternehmen von TEUR 12.415,4 (2010: TEUR 0,0) sowie von Wertpapieren des Anlagevermögens in Höhe von TEUR 983,3 (2010: TEUR 564,2).

### Steuern vom Einkommen und Ertrag

Die **Steuern vom Einkommen und Ertrag** umfassen in Höhe von TEUR 36.266,8 (2010: TEUR 4.204,8) die auf das Berichtsjahr entfallende und an den Gruppenträger zu entrichtende Steuerumlage sowie die negativen und positiven Steuerumlagen gegenüber den einbezogenen Tochtergesellschaften.

Die laufenden Steuern betragen TEUR 2.296,2 und enthalten im Wesentlichen ausländische Quellensteuern in Höhe von TEUR 1.165,0 (2010: TEUR 294,5) sowie Steuern aus Vorjahren.

Der Ertrag aus der **Auflösung unverteuerter Rücklagen** in der Höhe von TEUR 303,0 ist in voller Höhe steuerpflichtig, sodass daraus eine Steuerbelastung von insgesamt TEUR 75,8 resultiert. Im Geschäftsjahr 2010 führte die Zuweisung (TEUR 10.056,8) und die Auflösung (TEUR 282,5) unverteuerter Rücklagen insgesamt zu einer Steuergutschrift von TEUR 2.443,6.

# Einzelabschluss 2011

## 5

### Sonstige Angaben

#### Verwendung von derivativen Finanzinstrumenten

Die Lenzing AG setzt Devisentermingeschäfte als Sicherungsgeschäfte ein, um Währungsrisiken aus dem operativen Geschäft zu vermindern. Die Sicherungsgeschäfte werden jährlich im Vorhinein auf Basis der voraussichtlichen Umsatzerlöse bzw. Materialaufwendungen in der betreffenden Fremdwährung festgelegt.

Zum Bilanzstichtag bestanden folgende Devisentermingeschäfte:

31.12.2011						
Art der derivativen Finanzinstrumente		Nominale	Sicherungszeitraum	Beizulegender Wert	Buchwert	Bilanzposten
<b>Termingeschäfte</b>						
CZK-Kauf/EUR-Verkauf	CZK	200.000,0	12/2012	-186,7	0,0	-
CNY-Verkauf/EUR-Kauf	CNY	36.000,0	01/2012	-41,0	0,0	-
USD-Verkauf/EUR-Kauf	USD	273.000,0	01/2013	-13.003,0	0,0	-
<b>Summe</b>				<b>-13.230,7</b>	<b>0,0</b>	

31.12.2010						
Art der derivativen Finanzinstrumente		Nominale	Sicherungszeitraum	Beizulegender Wert	Buchwert	Bilanzposten
<b>Termingeschäfte</b>						
CZK-Kauf/EUR-Verkauf	CZK	2.500,0	-	3,2	0,0	-
CZK-Verkauf/EUR-Kauf	CZK	2.500,0	-	-3,2	0,0	-
GBP-Verkauf/EUR-Kauf	GBP	150,0	-	-8,7	0,0	-
USD-Verkauf/EUR-Kauf	USD	231.750,0	-	2.686,1	0,0	-
<b>Summe</b>				<b>2.677,4</b>	<b>0,0</b>	

Darüber hinaus schließt die Lenzing AG für verbundene Unternehmen Rohstoffpreisderivate mit externen Banken auf eigenem Namen und eigene Rechnung ab.

Zum Bilanzstichtag bestanden folgende Rohstoffpreisderivate:

Art der derivativen Finanzinstrumente	31.12.2011					
	Einheit	Menge	Siche- rungs- zeitraum	Beizu- legender Wert	Buchwert	Bilanz- posten
			bis	in TEUR	in TEUR	in TEUR
Gas-Futures	MMBtu <sup>1</sup>	840.000	12/2014	-384,0	0,0	-
	Therms <sup>2</sup>	12.635.000	01/2015	-603,1	0,0	-
<b>Summe</b>				<b>-987,1</b>	<b>0,0</b>	

Zum 31. Dezember 2010 gab es keine Rohstoffpreisderivate.

Die in den obigen Tabellen angegebenen beizulegenden Werte der derivativen Finanzinstrumente entsprechen den Marktwerten zum Bilanzstichtag. Sie wurden unter Anwendung anerkannter finanzmathematischer und ggf. statistischer Bewertungsmodelle und aktueller Marktparameter zum Bilanzstichtag durch Banken, andere externe Partner bzw. intern ermittelt.

Bei den beizulegenden Werten handelt es sich um unrealisierte Gewinne bzw. Verluste, die sich mit den gegenläufigen Verlusten bzw. Gewinnen aus den dazugehörigen Sicherungsgeschäften (bestehende und künftige Fremdwährungsforderungen bzw. -verbindlichkeiten) ausgleichen.

Die Lenzing AG wendet die AFRAC-Stellungnahme „Die unternehmensrechtliche Bilanzierung von Derivaten und Sicherungsinstrumenten“ vom September 2010 für alle am 31. Dezember 2011 bestehenden Derivate an.

In Anwendung dieser Stellungnahme werden zum Bilanzstichtag dokumentierte Sicherungsbeziehungen (Bewertungseinheiten) zwischen Devisentermingeschäften, die als Sicherungsinstrumente dienen, und Grundgeschäften zur Absicherung von Fremdwährungsrisiken gebildet.

Liegt eine derartige Sicherungsbeziehung vor, ist ein Derivat am Bilanzstichtag nicht gesondert zu bewerten. Bewertungsobjekt ist vielmehr das bereits bilanzierte abgesicherte Grundgeschäft (Fremdwährungsforderung bzw. -verbindlichkeit) zusammen mit dem Sicherungsgeschäft (Devisentermingeschäft). Außerdem werden bei der Bemessung einer allfälligen Drohverlustrückstellung mit an Sicherheit grenzender Wahrscheinlichkeit eintretende gegenläufige, erfolgswirksame Zahlungsströme berücksichtigt (zukünftige Zahlungseingänge aus geplanten Umsatzerlösen bzw. Zahlungsausgänge für geplante Materialaufwendungen in Fremdwährung).

Zum 31. Dezember 2011 wurde insgesamt auf eine Drohverlustrückstellung aus Sicherungsbeziehungen zukünftiger Zahlungsströme in Höhe von TEUR 11.733 verzichtet, da sich diese unrealisierten Verluste mit hoher Eintrittswahrscheinlichkeit mit den gegenläufigen unrealisierten Gewinnen aus den zukünftigen Zahlungseingängen in Fremdwährung ausgleichen werden.

Der wirksame Ausgleich zwischen unrealisierten Verlusten und Gewinnen wird durch Effektivitätstests nachgewiesen. Bei Fremdwährungsabsicherungen werden die Grundgeschäfte und die Sicherungsinstrumente für die Effektivitätsmessung je Währung in zumindest quartals-

<sup>1</sup> MMBtu= Million British Thermal Units (1.000 MMBtu entsprechen 293,07 MWh) <sup>2</sup> 10.000 Therms entsprechen 293,07 MWh

# Einzelabschluss 2011

weisen Laufzeitbändern zusammengefasst. Die prospektive Sicherungswirkung der Sicherungsbeziehungen wird durch einen Vergleich der wesentlichsten Konditionen nachgewiesen. Dabei werden die geplanten Grundgeschäfte den abgeschlossenen Sicherungsinstrumenten gegenübergestellt. Die retrospektive Sicherungswirkung der Bewertungseinheiten wird durch Vergleich der seit Sicherungsbeginn tatsächlich erfolgten Zahlungsströme der Grundgeschäfte mit den tatsächlichen Zahlungsströmen der Sicherungsinstrumenten nach der Kompensierungsmethode beurteilt. Aufgrund der identen, aber gegenläufigen Parameter kann von einer hoch wirksamen Sicherungsbeziehung ausgegangen werden.

Nach den obigen Grundsätzen werden auch für die Rohstoffpreisderivate Bewertungseinheiten zwischen den auf der einen Seite mit den Banken und den auf der anderen Seite mit den verbundenen Unternehmen abgeschlossenen Derivaten gebildet. Die beiden Seiten werden im Sinne der kompensatorischen Bewertung als Einheit gemeinsam bewertet.

An der Bonität der Kontrahenten, die an einer Bewertungseinheit beteiligt sind, bestehen zum Bilanzstichtag keinerlei Zweifel.

## Organe und Arbeitnehmer

durchschnittliche Zahl der Mitarbeiter	2011	2010
Angestellte	714	659
Arbeiter	1.187	1.178
<b>Gesamt</b>	<b>1.901</b>	<b>1.837</b>

## Bezüge der Mitglieder des Vorstandes und der Mitglieder des Aufsichtsrates

Die seitens der Lenzing AG gewährten Bezüge der aktiven Mitglieder des Vorstandes setzen sich, nach Vergütungskategorien aufgliedert, wie folgt zusammen:

	2011	2010
	in TEUR	in TEUR
Kurzfristig fällige Vergütungen	2.919	2.894
Nach Beendigung des Vorstandsvertrages fällige Vergütungen	94	90
<b>Gesamt</b>	<b>3.013</b>	<b>2.984</b>

Darüber hinaus erhielten die aktiven Mitglieder des Vorstandes für ihre Leistungen in Zusammenhang mit der Kapitalerhöhung der Lenzing AG im abgelaufenen Geschäftsjahr 2011 einen einmaligen Sonderbonus in Höhe von TEUR 3.500, wobei vereinbarungsgemäß zwei Drittel der Aufwendungen (TEUR 2.333) von der B & C Industrieholding GmbH übernommen wurden.

Die Bezüge für ehemalige Mitglieder des Vorstandes der Lenzing AG oder deren Hinterbliebenen betragen 2011 TEUR 860 (2010: TEUR 838).

Die Aufwendungen für kurzfristig fällige Vergütungen für Mitglieder des Aufsichtsrates der Lenzing AG betragen im Geschäftsjahr 2011 TEUR 234 (2010: TEUR 224). Mitgliedern des Vorstandes sowie des Aufsichtsrats wurden keine Vorschüsse oder Kredite gewährt.

### Aufwendungen für den Abschlussprüfer

	2011	2010
	in TEUR	in TEUR
Prüfung des Jahresabschlusses (inkl. Konzernabschluss)	255,3	243,4
Sonstige Leistungen (Comfort Letter)	697,3	0,0
Steuerberatung	96,7	176,2

### Konzernabschluss

Mehrheitseigentümer der Lenzing AG ist die B & C Gruppe, welche über ihre Töchter B & C Industrieholding GmbH, B & C Iota GmbH & Co KG und B & C Lenzing Holding GmbH 67,6% am stimmberechtigten Grundkapital hält. Die Gesellschaft erstellt einen Konzernabschluss, der beim Firmenbuch Wels hinterlegt wird.

Der Konzernabschluss für den größten Kreis von Unternehmen, der öffentlich zugänglich ist und in den die Gesellschaft und ihre Tochtergesellschaften einbezogen sind, wird von der B & C Industrieholding GmbH, Wien, aufgestellt und beim Firmenbuch Wien hinterlegt. Oberstes Mutterunternehmen der B & C Industrieholding GmbH und somit der Gesellschaft ist die B & C Privatstiftung, Wien.

### Angaben zur Gruppenbesteuerung

Die Gesellschaft ist Gruppenmitglied in der zwischen der B & C Industrieholding GmbH als Gruppenträger und der Lenzing AG als Gruppenmitglied am 25. September 2009 abgeschlossenen steuerlichen Unternehmensgruppe gem. § 9 KStG.

Der Gruppen- und Steuerausgleichsvertrag verpflichtet die Lenzing AG eine Steuerumlage in Höhe der auf den steuerpflichtigen Gewinn der Gesellschaft und der miteinbezogenen Tochtergesellschaften entfallenden Körperschaftsteuer unter Berücksichtigung etwaiger Verluste des Gruppenträgers an den Gruppenträger zu entrichten. Ein steuerlicher Verlust der Lenzing AG inkl. der beteiligten Tochtergesellschaften wird evident gehalten und mit künftigen steuerlichen Gewinnen verrechnet. Für bei Beendigung des Vertrages nicht verrechnete Verluste ist eine Ausgleichszahlung vereinbart.

Mit den einbezogenen Tochtergesellschaften wurde ein Ergänzungsvertrag abgeschlossen. Dieser Vertrag verpflichtet das jeweilige österreichische Gruppenmitglied eine Steuerumlage in Höhe der auf seinen steuerpflichtigen Gewinn entfallenden Körperschaftsteuer an die Lenzing AG zu entrichten. Andererseits ist die Lenzing AG verpflichtet, der jeweiligen Gesellschaft im Fall eines Verlustes eine Steuergutschrift in der Höhe der durch den Verlust bewirkten Steuerentlastung zu erteilen.

# Einzelabschluss 2011

## Beziehungen zu verbundenen Unternehmen

Von verbundenen Unternehmen hat die Gesellschaft im Berichtsjahr Lieferungen und Leistungen von TEUR 62.070,4 (2010: TEUR 61.393,4) bezogen. Im Berichtsjahr wurden insgesamt TEUR 100.516,3 (2010: TEUR 47.460,5) für erbrachte Faser- und Zellstofflieferungen sowie TEUR 40.483,7 (2010: TEUR 31.574,9) für erbrachte Leistungen an die verbundenen Unternehmen verrechnet.

## Direkte Beteiligungen zum 31.12.2011

	Beteiligung	Währung	Stammkapital	Anteil in %	Eigenkapital 31.12.2011	Jahresüberschuss/-verlust 2011
					in TEUR	in TEUR
1) 2010						
2)	Der direkt von der Lenzing AG gehaltene Anteil beträgt 41,98%, inkl. der indirekt gehaltenen Anteile beträgt der durchgerechnete Anteil 90,56%.					
3)	Eigenkapital und Ergebnis wurden nach lokalem Recht ermittelt.					
4)	Das Eigenkapital und Ergebnis wurden aus den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend IFRS aufgestellt wurden, entnommen.					
k. A.	Von der Angabe des Eigenkapitals und des Ergebnisses wurde gemäß § 241 Abs. 2 Z 2 UGB abgesehen.					
	<b>Geschäftsfeld Fasern:</b>					
	Avit Investments Limited, Providenciales, Turks & Caicos	USD	2.285.548	100,00	79.563,7 <sup>4</sup>	2.708,6 <sup>4</sup>
	Beech Investment s.r.o., Zlaté Moravce, Slowakische Republik	EUR	6.639	100,00	76,7 <sup>4</sup>	13,0 <sup>4</sup>
	EQUI-Fibres Beteiligungsgesellschaft mbH, Kelheim, Deutschland	EUR	2.000.000	45,00	1.451,5 <sup>3</sup>	-92,0 <sup>3</sup>
	Lenzing Fibers Holding GmbH, Lenzing	EUR	35.000	100,00	88.718,8	174,6
	Lenzing Fibers (Hong Kong) Ltd., Hongkong	HKD	16.000.000	100,00	4.946,7 <sup>4</sup>	100,9 <sup>4</sup>
	Lenzing Fibers (Shanghai) Co. Ltd., Shanghai, China	USD	200.000	100,00	k. A.	k. A.
	Lenzing Modi Fibers India Private Limited Mumbai, Indien	INR 1.000	761.600	95,4	k. A.	k. A.
	LKF Tekstil Boya Sanayi ve Ticaret Anonim Sirketi, Istanbul, Türkei	TRY	200.000	33,34	146,9 <sup>3</sup>	-31,1 <sup>3</sup>
	Penique S.A., Panama	USD	5.000	100,00	25.041,5 <sup>4</sup>	1.022,6 <sup>4</sup>
	PT. Pura Golden Lion, Jakarta, Indonesien	IDR 1.000	2.500.000	40,00	3.329,8 <sup>3</sup>	867,1 <sup>3</sup>
	PT. South Pacific Viscose, Purwakarta, Indonesien	IDR 1.000	72.500.000	41,98 <sup>2</sup>	k. A.	k. A.
	<b>Sonstige Beteiligungen:</b>					
	BZL-Bildungszentrum Lenzing GmbH, Lenzing	EUR	43.604	75,00	611,7	216,5
	European Carbon Fiber GmbH, Kelheim, Deutschland	EUR	25.000	100,00	25,2 <sup>4</sup>	-0,3 <sup>4</sup>
	European Precursor GmbH, Kelheim, Deutschland	EUR	25.000	51,00	k. A.	k. A.
	Gemeinnützige Siedlungsgesellschaft m.b.H. für den Bezirk Vöcklabruck	EUR	1.155.336	99,90	27.106,3 <sup>1</sup>	1.582,0 <sup>1</sup>
	Lenzing Papier GmbH, Lenzing	EUR	35.000	40,00	3.432,2	-2.227,0
	Pulp Trading GmbH, Lenzing	EUR	40.000	100,00	50.286,1	15.482,3
	RVL Reststoffverwertung Lenzing GmbH, Lenzing	EUR	36.336	50,00	72,9	0,7
	WWE Wohn- und Wirtschaftspark Entwicklungsgesellschaft m.b.H., Wien	EUR	36.336	25,00	2.931,20	-7,2

## Gewinnverteilung

	EUR
Das Geschäftsjahr 2011 endet nach Dotierung von Rücklagen mit einem Gewinn von	93.728.497,38
nach Hinzurechnung des Gewinnvortrages aus 2010 von	40.005.993,25
<b>ergibt sich ein Bilanzgewinn von</b>	<b>133.734.490,63</b>
<b>Der Vorstand schlägt folgende Verteilung des Bilanzgewinnes vor:</b>	
Ausschüttung einer Dividende von	66.375.000,00
entsprechend einem Betrag von EUR 2,50 je Aktie auf das dividendenberechtigte Grundkapital von EUR 27.574.071,43 bzw. 26.550.000 Stückaktien	
<b>Auf neue Rechnung werden vorgetragen</b>	<b>67.359.490,63</b>

Vorbehaltlich des Beschlusses der Hauptversammlung erfolgt auf je eine Aktie die Auszahlung einer Dividende in der oben angegeben Höhe. Die Dividendenauszahlung erfolgt ab 25. April 2012 bei der

Uni Credit Bank Austria AG  
Schottengasse 6-8  
1010 Wien

Die Aktien werden ab 23. April 2012 an der Wiener Börse ex Dividende gehandelt.

# Einzelabschluss 2011

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## Organe der Gesellschaft

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### Mitglieder des Aufsichtsrates

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**MMag. Dr. Michael Junghans, Wien**

Stellvertretender Vorsitzender (bis 29. März 2011)

Vorsitzender (ab 29. März 2011)

**Konsul KR Dkfm. Dr. Hermann Bell, Linz**

Vorsitzender (bis 29. März 2011)

**Dr. Veit Sorger, Wien**

Stellvertretender Vorsitzender (ab 29. März 2011)

**Mag. Helmut Bernkopf, Wien****Dr. Josef Krenner, Linz****Dr. Walter Lederer, Wien****Mag. Martin Payer, Leoben****Mag. Patrick Prügger, Wien**

(ab 29. März 2011)

**Mag. Andreas Schmidradner, Wien**

Vom Betriebsrat delegiert

**Rudolf Baldinger**

Vorsitzender des Betriebsausschusses

Vorsitzender des Arbeiterbetriebsrates

**Georg Liftinger**

Stellv. Vorsitzender des Betriebsausschusses

Vorsitzender des Angestelltenbetriebsrates

**Ing. Gerhard Ratzesberger**

Stellv. Vorsitzender des Angestelltenbetriebsrates

**Johann Schernberger**

Stellv. Vorsitzender des Arbeiterbetriebsrates



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## Mitglieder des Vorstandes

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**Mag. Dr. Peter Untersperger**  
Vorstandsvorsitzender

**Dipl.-Ing. Friedrich Weninger, MBA**

**Mag. Thomas G. Winkler, LL.M.**

Lenzing, 20. Februar 2012

## Der Vorstand:

**Mag. Dr. Peter Untersperger**  
Vorstandsvorsitzender

**Dipl. Ing. Friedrich Weninger, MBA**

**Mag. Thomas G. Winkler, LL.M.**

# Bestätigungsvermerk

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## Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der Lenzing Aktiengesellschaft, Lenzing, für das Geschäftsjahr vom 1. Jänner 2011 bis zum 31. Dezember 2011 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2011, die Gewinn- und Verlustrechnung für das am 31. Dezember 2011 endende Geschäftsjahr sowie den Anhang.

### Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung und den Inhalt des Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft 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 Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung 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 Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. 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 Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

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 Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Lenzing Aktiengesellschaft zum 31. Dezember 2011 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2011 bis zum 31. Dezember 2011 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

## Aussagen zum Lagebericht

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung im Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, am 20. Februar 2012

**Deloitte.**

Deloitte Audit Wirtschaftsprüfungs GmbH



**Mag. Harald Breit**  
Wirtschaftsprüfer



**ppa. Mag. Michael Horntrich**  
Wirtschaftsprüfer

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

# Declaration of the Management Board

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## Declaration of the Management Board pursuant to Section 82 Para. 4 (3) of the Stock Exchange Act

We declare to the best of our knowledge that the consolidated financial statements of the Lenzing Group for the 2011 financial year ending on December 31, 2011, which were prepared in accordance with the applicable accounting standards pursuant to the International Financial Reporting Standards (IFRS) give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit or loss of the Lenzing Group. Furthermore, we declare to the best of our knowledge that the Group Management Report gives a true and fair view of the business development, earnings and position of the Lenzing Group, and that the Group Management Report also describes the most important risks and uncertainties facing the Lenzing Group.

In addition, we declare to the best of our knowledge that the annual financial statements of Lenzing AG Group for the 2011 financial year ending on December 31, 2011, which were prepared in accordance with the applicable accounting standards pursuant to the Austrian Commercial Code give a true and fair view, in all material respects, of the assets, liabilities, financial position and profit or loss of Lenzing AG. Furthermore, we declare to the best of our knowledge that the Management Report gives a true and fair view of the business development, earnings and position of Lenzing AG, and the Group Management Report also describes the most important risks and uncertainties facing Lenzing AG.

Lenzing, 2 March 2012

### The Management Board:



**Peter Untersperger**

Chief Executive Officer  
Chairman of the Board



**Friedrich Weninger**

Chief Operating Officer  
Member of the Board



**Thomas G. Winkler**

Chief Financial Officer  
Member of the Board

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#### Responsible for:

Business Unit Engineering  
Corporate Communications  
Global Human Resources  
Internal Audit  
Mergers & Acquisitions  
Wood Purchasing

#### Responsible for:

Business Unit Textile Fibers  
Business Unit Nonwoven Fibers  
Business Unit Pulp  
Business Unit Energy  
Business Unit Plastics  
Business Unit Filaments  
Global Safety, Health & Environment  
Environment Lenzing Site  
Infrastructure Lenzing Site  
Business Planning

#### Responsible for:

Global Finance  
Global Information Technology  
Global Purchasing  
Investor Relations  
Legal Management  
Risk Management

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