A matter of lifestyle

QUARTERLY REPORT 03/2011 · Lenzing Group

LENZING
LEADING FIBER INNOVATION

www.lenzing.com

A matter of lifestyle

Every challenge in life has its unique charm. But whether a fleeting moment will become a lasting memory or just fade away is a matter of lifestyle. Lenzing fibers make the event permanent: Be it in nature or at sports, be it with oneself or with and for others. Lenzing's fiber variety offers the right choice whenever and wherever the matter of lifestyle really matters.

Contents

We don’t rest on our laurels

Beddings made of TENCEL® tempt us to drift off into a pleasant sleep. Nevertheless we stayed awake and active in the year 2011. The results speak for themselves. But the competition never sleeps. As the market leader we also want to expand our position in the future and exploit growth opportunities in the market.

MANAGEMENT REPORT

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General market environment

Global economy

Global economic growth was subject to an unexpectedly strong slowdown in the third quarter of 2011. The International Monetary Fund (IMF) now forecasts an average global growth rate of 4.0%* for the entire year 2011 featuring significant deviations between the Western industrialized nations on the one hand and the emerging markets and developing countries on the other hand.

For one thing, economic expansion in the Western industrialized countries is being dampened by the debt crisis in several Southern European member states of the EU. This crisis threatens to spread to the real economy in the entire eurozone. In addition, growth could also be hampered in the USA by political obstacles as well as the ongoing unfavorable development of the real estate market. The IMF anticipates GDP growth to reach a level of only 1.6%* in the industrialized Western markets in the year 2011.

In particular, positive impetus for the global economy is being provided by the emerging markets and developing countries, whose economies are predicted to expand by an average of 6.4% in 2011*. The IMF continues to anticipate the strongest growth of 9.5% to be achieved in China, followed by India posting a growth rate of 7.8%. Especially robust growth is expected in those economies which succeed in compensating for weaker foreign demand on the basis of increasing domestic consumption resulting from less restrictive credit policies and potential interest rate reductions. In the months ahead a "soft landing" is foreseen for China, the world's largest fiber sales market.

World fiber market

Following a very strong first half-year, the world fiber market weakened in the third quarter of 2011. The decisive factors were primarily pipeline effects along the textile chain and seasonal reasons accompanied by uncertainties pertaining to the further development of the global economy. Volume demand remained very favorable until the end of the third quarter, but the fiber market no longer showed signs of overheating, as it had displayed in the second quarter. Record high fiber price levels in the first half of 2011 were followed by the expected strong price decline for standard viscose fibers up until the end of July and slightly rising prices in the period lasting until mid-October. However, on balance, the world fiber market showed itself to be at a generally expanded level during the first three quarters of 2011. Demand for fibers by the textile and nonwovens industry in the emerging markets as well as in the Western industrialized nations developed as expected and was very positive for the Lenzing Group on the whole.

Following record price levels for cotton driven by speculation in the first half-year, the cotton price steadied once again and hovered at a level of EUR 1.84/kg during the third quarter, which corresponds to an average price of USD 1.15/lb. The cotton price is an important benchmark for the entire fiber industry. Despite expectations of a record cotton harvest in the 2011/12 season, market analysts expect price levels to be considerably higher than the average prices quoted during the past decade. Due to the ongoing rise in demand for cellulose fibers and the insufficient supply in 2010/11, cotton inventories remain very low. The current development on the cotton market continues to support the theory of a "cellulose gap" which expects demand for cellulose fibers to exceed the available supply by about 5 mill. tons in the year 2020.

*) See IMF, World Economic Outlook Update, September 2011

Development of the Lenzing Group

The Lenzing Group maintained its very good economic development in the third quarter of 2011 within the context of the expectations defined in the first half-year. Accordingly, all relevant performance indicators could be improved once again in the first nine months of 2011 compared to the prior-year period.

Consolidated sales in the first nine months of 2011 climbed 23.9% year-on-year, from EUR 1,285.5 mill. to EUR 1,592.2 mill. A total of 3.5 percentage points of this increase can be attributed to the higher fiber shipment volumes, whereas 13.6 percentage points are the result of the higher average fiber selling prices. Growth in other business areas as well as the full consolidation of the Paskov pulp plant over three quarters also contributed to the rise in consolidated sales.

The cost of material and purchased services rose from EUR 757.9 mill. to EUR 930.8 mill., an increase of 22.8% or slightly less than the growth in sales. This development underlines the ongoing favorable cost position of the Lenzing Group compared to competitors.

Personnel expenditures rose 8.8%, from EUR 191.9 mill. to EUR 208.8 mill., which is mainly due to the hiring of additional staff in connection with the capacity expansion drive at the Nanjing, China production plant. Depreciation was up 12.6%, from EUR 67.5 mill. to EUR 76.0 mill., which was the result of the lively investment activity on the part of the Lenzing Group in expanding fiber and pulp production capacities. The 7.7% rise in other operating expenses from EUR 145.6 mill. to EUR 156.9 mill. was disproportionately low.

Earnings before interest, tax, depreciation and amortization (EBITDA) in the first three quarters of 2011 totaled EUR 362.9 mill. (Q1-3 2010: 233.6 mill.), an increase of 55.3%. This corresponds to an EBITDA margin of 22.8% (Q1-3 2010: 18.2%).

The operating profit (EBIT) climbed 71.6% to EUR 289.7 mill., up from EUR 168.8 mill. in the previous year, which can be attributed to the higher fiber prices as well as the higher fiber shipment volumes compared to the prior-year period. Thus the corresponding EBIT margin was 18.2% (Q1-3 2010: 13.1%).

Due to the company's extensive investment activity, finance costs in the first nine months of 2011 climbed to EUR 16.1 mill. (Q1-3 2010: EUR 12.1 mill.). Higher income from investments in associates as well as an increase in proceeds from financial investments enabled a slight improvement in the financial result of minus EUR 7.4 mill. from minus EUR 7.8 mill. in the previous year.

As a consequence of these developments, income before tax (EBT) amounted to EUR 277.0 mill., an increase of 77.8% from the prior-year level of EUR 155.8 mill. After taking account of the income tax totaling EUR 59.0 mill. in the first three quarters of 2011 (Q1-3 2010: EUR 33.4 mill.), the profit for the period of the Lenzing Group was EUR 217.9 mill., a rise of 77.5% from EUR 122.8 mill. in Q1-3 2010.) The tax rate was 21.3%, approximately the same level as in the previous year.

In line with expectations, the third quarter could not quite match the outstandingly good sales and earnings achieved in the second quarter of 2011. Nevertheless, third-quarter EBITDA and EBIT did in fact reach the level of the excellent first quarter despite the price-related weakening of sales predicted by the company in the middle of the year. The quantitatively higher share of specialty fibers at 38% (Q1 2011: 30%) was the basis of the good earnings performance.

Earnings per share in the first nine months of 2011 almost doubled, rising to EUR 8.09 from EUR 4.51 per share in the prior-year period. The earnings per share are calculated on the basis of the weighted average number of shares, and in this case also include to the exact day the impact of the capital increase of Lenzing AG carried out with effect from June 17, 2011.

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Investments in intangible assets and property, plant and equipment rose to EUR 130.5 mill. in the first nine months of 2011, up from EUR 118.2 mill. in the first nine months of 2010. These investments reflect the dynamic fiber and pulp production capacity expansion program.

On the balance sheet side, equity* of the Lenzing Group amounted to EUR 997.8 mill. at the end of September 2011 (December 31, 2010: EUR 758.8 mill.), which is the result of the capital increase implemented in June 2011 as well as the enhanced profitability of the Group. Net financial debt was significantly reduced by half, declining from EUR 307.2 mill. at the end of 2010 to EUR 150.0 mill. at the end of September 2011. Accordingly, net gearing reached a new record low of only 15.0% compared to 40.5% at the end of 2010. The adjusted equity ratio on the reporting date of September 30, 2011 improved to 44.1% of the balance sheet total as compared to 38.6% at the end of 2010.

Total cash and cash equivalents at the disposal of the Lenzing Group amounted to EUR 494.8 mill. at the end of the third quarter of 2011 (December 31, 2010: EUR 305.6 mill.), whereas unused lines of credit totaled EUR 242.9 mill. compared to EUR 252.2 mill. at the end of 2010.

The Lenzing Group employed a staff of 6,472 employees as at September 30, 2011 (December 31, 2010: 6,530 employees). The number of employees reported at the end of 2010 includes the staff of the plastic filaments business sold in February 2011.

Segment Fibers

The first half of 2011 was characterized by extremely strong fiber demand. A corresponding price consolidation took place starting in the middle of the year, also for standard viscose fibers, alongside the general market development. On balance, the global market for standard viscose fibers recently featured high price volatility against the backdrop of good volume demand. The average fiber selling prices for Lenzing fibers in the third quarter were even somewhat higher than expected, and in any case considerably above the prior-year levels.

Segment sales of the first nine months amounted to EUR 1,436.1 mill., and segment EBIT was at EUR 275.9 mill.

The Business Unit Textile Fibers of the Lenzing Group was not immune to the latest price decline for standard viscose fibers, especially in Asia, which was related to falling cotton prices. Nevertheless, the proceeds from fiber sales of the Business Unit Textile Fibers during the first nine months of 2011 were significantly higher than in the previous year.

As expected, the market development of the specialty fibers Modal and TENCEL® was more stable than for standard viscose fibers. New record shipment volumes were recorded for Lenzing Modal® fibers in the first nine months of 2011. Demand for TENCEL® fibers remained very strong in the entire reporting period in the light of continually rising selling prices.

The good volume demand in the Business Unit Nonwoven Fibers largely continued during the entire first three quarters of 2011. Following a considerable rise in selling prices in the second quarter of 2011, nonwoven fiber prices most recently moved downwards close to first quarter price levels as a result of a slight cyclically-related market slowdown, but remained significantly above the prices for textile applications. For this reason, in the first nine months the Business Unit Nonwoven Fibers served as a balancing factor in accordance with its strategic orientation. Due to strong demand for TENCEL® nonwoven fibers, selling prices for TENCEL® nonwovens continued to climb throughout the entire year even in this weaker environment.

*) Including investment grants less proportionate deferred taxes

The strong volume demand for both textile and nonwoven fibers enabled Lenzing to fully utilize all available production capacities in the entire reporting period. At the Lenzing site, the seven millionth ton of viscose fibers left the production lines in September 2011, and the five millionth ton of sodium sulfate was delivered. At the end of the third quarter inventories at Lenzing continued to develop underproportionately.

In July 2011, the new production line came on stream within the framework of the second expansion phase implemented at the Chinese subsidiary Lenzing Nanjing Fibers. The new facility will boast a nominal capacity of 80,000 tons p.a. after completion of a debottlenecking drive in 2012, up from the current level of 60,000 tons p.a., making it one of the largest viscose fiber lines in the world. At the beginning of the fourth quarter of 2011, Lenzing Nanjing will achieve a total nominal capacity of about 140,000 tons per year. On the basis of the above-mentioned debottlenecking, Lenzing Nanjing Fibers should be able to manufacture a total of approx. 160,000 tons p.a. in 2012. Construction of the fifth production line at PT. South Pacific Viscose (Indonesia) is proceeding on schedule. The debottlenecking program at the TENCEL® production site in Heiligenkreuz was successfully implemented.

Outlook Business Units Textile Fibers and Nonwoven Fibers

In the Business Unit Textile Fibers, a largely stable price and volume development for specialty fibers is expected to continue in the fourth quarter. Despite ongoing good volume demand in the course of the fourth quarter, the prospect of increased volatility and declining prices cannot be excluded for standard viscose fibers, not least due to the cooling off of the global economy. The price and volume development in the Business Unit Nonwoven Fibers should be less volatile.

Business Units Pulp and Energy

Following a strong upward trend in the first half of 2011, demand for dissolving pulp slackened starting in the middle of the year, which in turn led to greater price fluctuations in the third quarter. The situation is expected to ease thanks to the coming on stream of new pulp capacities in China and North America.

The expansion of Lenzing's Paskov pulp plant (Czech Republic) is proceeding on schedule. Some 40,000 tons of dissolving pulp were already produced at the site in the first nine months of 2011. Most of this quantity was successfully processed into fibers by the Lenzing Group, and the rest marketed to third parties.

On balance, a sufficient supply of pulp at good prices was fully secured for the non-integrated fiber production sites throughout the first three quarters of 2011 thanks to long-term delivery agreements and corresponding storage.

In particular, rising gas prices were perceptible in the Business Unit Energy, which in turn resulted in additional costs for the non-integrated production facilities of the Lenzing Group.

Outlook Business Units Pulp and Energy

The supply of sufficient volumes of raw materials at stable prices to be used in the fiber production of the Lenzing Group is expected for the rest of the year. In 2011 the pulp plant in Paskov will already supply between 50,000 and 60,000 tons of dissolving pulp for the production of fibers by the Lenzing Group. With respect to energy prices, a further increase in gas selling prices is expected.

Segments Plastics Products and Engineering

The good development of the Segment Plastics Products in the first half-year 2011 continued in the third quarter, driven by strong demand on the part of the construction materials and insulation industries. The polytetrafluoroethylene (PTFE) business remained somewhat below expectations in line with the overall market development. Raw material prices, which

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tended to rise in the first half of 2011, recently remained stable or declined slightly. Segment sales of the reporting period amounted to EUR 135.5 mill. On balance, segment results were at a considerably higher level in the first nine months of 2011, with EBITDA rising to EUR 13.3 mill. (Q1-3 2010: EUR 8.3 mill.) and EBIT at EUR 8.3 mill. (Q1-3 2010: EUR 4.0 mill.).

The Segment Engineering achieved a gratifying sales and earnings development in the first three quarters of 2011 against the backdrop of an ongoing good investment climate in the fiber and pulp industry. Segment sales amounted to EUR 79.8 mill. Segment earnings were about 30% higher than in the previous year for both EBITDA at EUR 7.0 mill. (Q1-3 2010: EUR 5.5 mill.) and EBIT at EUR 5.9 mill. (Q1-3 2010: EUR 4.5 mill.).

Outlook Segments Plastics Products and Engineering

The Lenzing Group expects the satisfactory business development in the Segment Plastics Products to continue in the fourth quarter of 2011. The Segment Engineering should show a stable continuation of its business in line with the level achieved during the first nine months of the year.

Outlook Lenzing Group

The Lenzing Group confirms its outlook for the entire year 2011 published with its half-year results, in which the company is expected to achieve total sales between EUR 2.1 billion and EUR 2.2 billion. The expected EBITDA is also unchanged and will be in the range of EUR 470 mill. to a maximum of EUR 500 mill.

From today's perspective, average selling prices are expected to decline somewhat in the company's core fiber business in the course of the fourth quarter, which can be attributed to the current market situation and a slight temporary cooling off of economic growth in China. Lenzing's specialty fibers will only be impacted by this development to a lesser extent. This means that as we now see it, average prices in the fourth quarter are expected to be at about the same level as in the third quarter. Sales volumes for standard and specialty fibers manufactured by the Lenzing Group will also likely be satisfactory until the end of the year for both Business Units Textile Fibers and Nonwoven Fibers. As a consequence, Lenzing continues to anticipate the full utilization of its existing production capacities. No major changes are likely to occur with respect to the raw material situation, as experience has shown that a slowdown in economic growth first impacts raw material selling prices with a time delay. As expected, the Segments Plastics Products and Engineering will post good results in 2011 which surpass the comparable performance achieved in the previous year.

Due to the company's good earnings and cash flow situation, net financial debt at year-end should be comparable to the level on September 30, 2011 in spite of the ongoing efforts to press ahead with the investment program. Total investments in 2011 will remain at about 10% of consolidated sales for the year, as several partial project invoices will first be reported in the financial statements of the 2012 business year.

Although Lenzing is heading towards new record results in 2011, customer behavior will be shaped by overly cautious and short-term decision making with respect to the uncertainty regarding the further development of the European and US economy as well as the temporarily lower growth in credit volumes in China. From today's perspective, reliable forecasts pertaining to the development of the fiber market in 2012 are not yet possible at the present time. In any case, Lenzing is convinced that the demand for man-made cellulose fibers will continue to rise in accordance with the long-term upward trend. For this reason, Lenzing will continue to implement its planned expansion program, with the aim of being able to optimally supply the market with about 1.2 million tons annually of Lenzing fibers by 2015.

We will inform you about the further development of the Lenzing Group on the occasion of reporting about the annual results for the year 2011.

Risk report

The global risk environment has deteriorated due to the continuing debt crisis in Europe in the third quarter of 2011. However, the predicted global economic growth of about 4.0% in the year 2012* compared with the approximate growth rate of 5% in 2010* assumes that the economic problems in Europe and in the USA will be effectively contained by next year.

The fiber markets remained relatively stable in the third quarter in the light of a price consolidation for standard viscose fibers. It remains to be seen how the macro environment will develop in the fourth quarter. In any case the Lenzing Group is optimally prepared for all eventualities due to its high liquidity and a record low level of net financial debt.

On the procurement side, the supply situation has largely eased for the time being.

All other risks such as natural catastrophes, environmental or fire hazards as well as product liability risks remain unchanged in comparison to the Quarterly Report for the first half of 2011.

*) See IMF, World Economic Outlook Update, September 2011

We‘ve done our homework

Whoever wants to be the best in class must always be alert and diligently do his or her homework. This means Lenzing focuses on ensuring ongoing innovation, maintaining a dialog with customers and employees and developing appropriate responses to market challenges. Lenzing finished the first three quarters 2011 with the best possible marks.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Financial Statements

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Income Statement

		7-9/2011	7-9/2010[1]	1-9/2011	1-9/2010[1]
Continuing operations	Note	EUR mill.	EUR mill.	EUR mill.	EUR mill.
Sales	(6)	515.9	464.1	1,592.2	1,285.5
Changes in inventories of finished goods and work in progress		2.8	(2.3)	14.5	(3.3)
Work performed by the Group and capitalized		2.4	9.7	18.9	24.7
Other operating income	(7)	9.5	8.3	36.5	24.8
Cost of material and purchased services	(8)	(301.9)	(282.7)	(930.8)	(757.9)
Personnel expenses	(9)	(71.5)	(65.7)	(208.8)	(191.9)
Amortization of intangible assets and depreciation of property, plant and equipment	(10)	(25.5)	(23.6)	(76.0)	(67.5)
Other operating expenses	(11)	(41.2)	(47.0)	(156.9)	(145.6)
Income from operations (EBIT)		**90.5**	**60.8**	**289.7**	**168.8**
Income from investments in associates		2.2	1.2	4.7	2.5
Other investment income		2.4	(1.3)	4.0	1.8
Finance costs	(12)	(5.5)	(4.3)	(16.1)	(12.1)
Financial result		**(0.9)**	**(4.4)**	**(7.4)**	**(7.8)**
Allocation of profit or loss to puttable non-controlling interests	(13)	(0.4)	(2.2)	(5.3)	(5.2)
Income before tax (EBT)		**89.2**	**54.2**	**277.0**	**155.8**
Income tax	(14)	(16.6)	(9.0)	(59.0)	(33.4)
Profit for the period after taxes from continuing operations		**72.6**	**45.2**	**217.9**	**122.4**
Discontinued operations					
Result from discontinued operations		0.0	0.2	0.0	0.4
Profit for the period		**72.6**	**45.4**	**217.9**	**122.8**
Attributable to shareholders of Lenzing AG		71.6	43.3	210.6	116.1
Attributable to non-controlling interests		1.0	2.1	7.4	6.7
Earnings per share		EUR	EUR	EUR	EUR
Average number of shares[2]		26,550,000	25,725,000	26,043,474	25,725,000
From continuing operations and discontinued operations		2.70	1.68	8.09	4.51
From continuing operations		2.70	1.68	8.09	4.50

1) Values adjusted according to IFRS 5 2) The average number of shares was calculated on a daily basis. The year-on-year/reference period change in the average number of shares resulted mainly from a capital increase carried out effective 17 June 2011 (first trading day of the new shares) by Lenzing AG

Interim Consolidated Financial Statements

Statement of Comprehensive Income

	Common stock	Capital reserves	Foreign currency translation reserve
1-9/2010	EUR mill.	EUR mill.	EUR mill.
Profit for the period			
Exchange differences arising during the period			13.7
Gains/losses from the valuation of cash flow hedges arising during the period			
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period - net of tax			**13.7**
Total comprehensive income for the period			**13.7**
1-9/2011			
Profit for the period			
Exchange differences arising during the period			1.9
Net result on revaluation of available-for-sale financial assets during the period			
Gains/losses from the valuation of cash flow hedges arising during the period			
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period - net of tax			**1.9**
Total comprehensive income for the period			**1.9**

	Share of Lenzing AG shareholders					Non-controlling interests	Equity total
	Available-for-sale financial assets	Cash flow hedging reserve	Actuarial gains/(losses) on defined benefit plans	Retained earnings	Total		
	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.
				116.1	**116.1**	**6.7**	**122.8**
					13.7	1.7	15.4
		(2.9)			(2.9)	0.1	(2.8)
		10.6			10.6		10.5
		(1.7)			(1.7)		(1.7)
		5.9			**19.7**	**1.8**	**21.4**
		5.9		**116.1**	**135.8**	**8.4**	**144.2**
				210.6	**210.6**	**7.4**	**217.9**
					1.9	0.4	2.3
	(0.6)				(0.6)		(0.6)
		3.0			3.0		3.0
		(14.6)			(14.6)	(0.3)	(14.9)
	0.2	2.7			2.8	0.1	2.9
	(0.5)	**(8.9)**			**(7.5)**	**0.2**	**(7.3)**
	(0.5)	**(8.9)**		**210.6**	**203.1**	**7.6**	**210.7**

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Statement of Comprehensive Income

	Common stock	Capital reserves	Foreign currency translation reserve
7-9/2010	EUR mill.	EUR mill.	EUR mill.
Profit for the period			
Exchange differences arising during the period			(25.7)
Gains/losses from the valuation of cash flow hedges arising during the period			
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period - net of tax			**(25.7)**
Total comprehensive income for the period			**(25.7)**
7-9/2011			
Profit for the period			
Exchange differences arising during the period			24.2
Gains/losses from the valuation of cash flow hedges arising during the period			
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss			
Income tax relating to components of other comprehensive income			
Other comprehensive income for the period - net of tax			**24.2**
Total comprehensive income for the period			**24.2**

Share of Lenzing AG shareholders					Non-controlling interests	Equity total
Available-for-sale financial assets	Cash flow hedging reserve	Actuarial gains/(losses) on defined benefit plans	Retained earnings	Total		
EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.
			43.3	**43.3**	**2.1**	**45.4**
				(25.7)	(0.4)	(26.2)
	10.3			10.3	0.3	10.5
	7.5			7.5		7.5
	(4.4)			(4.4)		(4.5)
	13.3			**(12.4)**	**(0.3)**	**(12.7)**
	13.3		**43.3**	**30.9**	**1.9**	**32.7**
			71.6	**71.6**	**1.0**	**72.6**
				24.2	1.0	25.2
	7.3			7.3	0.4	7.7
	(21.4)			(21.4)	(0.4)	(21.8)
	3.3			3.2	0.1	3.3
	(10.8)			**13.4**	**1.1**	**14.6**
	(10.8)		**71.6**	**85.1**	**2.2**	**87.2**

Interim Consolidated Financial Statements

Statement of Changes in Equity

	Common stock	Capital reserves	Foreign currency translation reserve
	EUR mill.	EUR mill.	EUR mill.
Balance at 1 January 2010 before	**26.7**	**63.6**	**(18.7)**
Adjustments according to IAS 8			
Balance at 1 January 2010 adjusted	**26.7**	**63.6**	**(18.7)**
Total comprehensive income for the period			13.7
Change in scope of consolidation			
Dividends			
Balance at 30 September 2010	**26.7**	**63.6**	**(5.0)**
Balance at 1 January 2011	**26.7**	**63.6**	**(0.6)**
Total comprehensive income for the period			1.9
Increase in capital	0.9	70.3	
Transfer of non controlling interests			
Change valuation dividend guarantee			
Dividends			
Balance at 30 September 2011	**27.6**	**133.9**	**1.3**

Share of Lenzing AG shareholders					Non-controlling interests	Equity total
Available-for-sale financial assets	Cash flow hedging reserve	Actuarial gains/(losses) on defined benefit plans	Retained earnings	Total		
EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.
0.1	**(2.4)**	**(10.0)**	**516.6**	**575.9**	**30.2**	**606.1**
					(20.7)	(20.7)
0.1	(2.4)	(10.0)	516.6	575.9	9.5	585.4
	5.9		116.1	135.8	8.4	144.2
					6.8	6.8
			(51.5)	(51.5)		(51.5)
0.1	**3.6**	**(10.0)**	**581.3**	**660.2**	**24.7**	**684.9**
(0.1)	**1.5**	**(11.6)**	**624.3**	**703.9**	**28.1**	**732.0**
(0.5)	(8.9)		210.6	203.1	7.6	210.7
				71.2		71.2
					(0.3)	(0.3)
					(0.8)	(0.8)
			(41.1)	(41.1)	(0.3)	(41.4)
(0.5)	**(7.4)**	**(11.6)**	**793.8**	**937.1**	**34.3**	**971.4**

Interim Consolidated Financial Statements

Statement of Financial Position

Assets		30/09/2011	31/12/2010
		EUR mill.	EUR mill.
Intangible assets	(15)	86.9	87.7
Property, plant and equipment	(15)	1,060.0	1,002.8
Investments in associates		28.9	24.7
Other financial assets		62.2	67.3
Deferred tax assets		10.7	10.1
Other non-current assets		2.5	2.5
Non-current assets		**1,251.2**	**1,195.1**
Inventories	(16)	261.6	222.8
Trade receivables	(17)	220.1	181.5
Current taxes		14.6	14.8
Other receivables and assets	(18)	67.0	58.6
Investments		0.0	5.1
Cash and cash equivalents		449.5	249.4
		1,012.9	**732.2**
Assets of discontinued operations		0.0	36.1
Current assets		**1,012.9**	**768.3**
		2,264.1	1,963.4

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Equity and Liabilities		30/09/2011	31/12/2010
		EUR mill.	EUR mill.
Common stock		27.6	26.7
Capital reserves		133.9	63.6
Currency translation reserves		1.3	(0.6)
Retained earnings and other reserves		774.3	614.2
Share of shareholders of Lenzing AG		**937.1**	**703.9**
Non-controlling interests		34.3	28.1
Equity	**(19)**	**971.4**	**732.0**
Government grants		**33.7**	**34.3**
Bonds, bank loans and other loans	(20)	517.2	552.3
Trade payables		0.1	1.5
Deferred taxes liabilities		29.2	36.9
Provisions	(21)	98.7	96.2
Puttable non-controlling interests		30.8	24.3
Other liabilities		19.6	18.9
Non-current liabilities		**695.6**	**730.1**
Bank loans and other loans	(20)	127.5	60.5
Trade payables		146.0	134.1
Provisions for current income tax		60.4	31.8
Provisions	(21)	178.7	162.1
Puttable non-controlling interests		6.5	5.4
Other liabilities		44.2	38.6
		563.5	**432.5**
Liabilities of discontinued operations		0.0	34.5
Current liabilities		**563.5**	**467.0**
		2,264.1	1,963.4

Interim Consolidated Financial Statements

Cash flow Statement

	Note	1-9/2011 EUR mill.	1-9/2010*) EUR mill.
Gross cash flow			
from continuing operations		288.6	194.2
from discontinued operations		0.0	1.5
	(23)	**288.6**	**195.7**
Change in working capital		(34.7)	30.2
Net cash generated by discontinued operations		0.0	(2.1)
Operating cash flow	**(23)**	**253.8**	**223.8**
- Acquisition of non-current assets		(134.1)	(168.8)
+ Proceeds from the disposal/repayment of non-current assets		10.6	0.9
Net cash generated by discontinued operations		(0.0)	(1.0)
Net cash used in investing activities	**(23)**	**(123.5)**	**(168.9)**
+ Capital increase		71.2	0.0
+ Payments of puttable non-controlling interests		1.5	3.2
- Dividends paid to shareholders		(41.4)	(51.5)
+ Government grants		3.3	2.4
+ Receipts from financing activities/repayment of loans		28.1	164.4
Net cash generated by discontinued operations		0.0	0.6
Net cash used in (-)/ generated by (+) financing activities		**62.7**	**119.1**
Change in cash and cash equivalents total		**193.1**	**174.0**
+/- Change in cash and cash equivalents of discontinued operations		0.0	1.0
Change in cash and cash equivalents of continuing operations		**193.1**	**175.0**
Cash and cash equivalents at beginning of the year		254.5	123.9
Currency translation adjustment relating to cash and cash equivalents		1.9	3.0
Cash and cash equivalents at the end of the reporting period		**449.5**	**301.9**

*) Values adjusted according to IFRS 5

Key figures

		30/09/2011	31/12/2010
Adjusted Equity[1]	EUR mill.	997.8	758.8
Adjusted Equity in %	%	44.1	38.6
Net financial debt	EUR mill.	150.0	307.2
Net debt[2]	EUR mill.	233.6	388.5
Net Gearing	%	15.0	40.5
Open credit lines	EUR mill.	242.9	252.2
Total cash and cash equivalents[4]	EUR mill.	494.8	305.6
Number of employees at period end		6,472	6,530[3]
		1-9/2011	1-9/2010
EBITDA	EUR mill.	362.9	233.6
EBITDA-Marge	%	22.8	18.2
EBIT-Marge	%	18.2	13.1
Capital expenditure (intangible assets, property, plant and equipment)	EUR mill.	130.5	118.2

1) Equity incl. grants less proportionally deferred taxes 2) Including employees of discontinued operations 3) Including obligations for pension and severance payments
4) Closing balance of cash and cash equivalents including current and non-current securities

Interim Consolidated Financial Statements

Selected Explanatory Notes

Note 1. Presentation of the interim financial report

These condensed interim consolidated financial statements of the Lenzing Group for the period from 1 January to 30 September 2011 have been prepared in accordance with IAS 34 ("Interim Financial Reporting"). The accounting policies and valuation methods applied are in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In accordance with IAS 34 the condensed interim consolidated financial statements do not provide all of the information mandatory for the annual financial statements and therefore should be read along with the annual financial statements of the Lenzing Group for the year ended 31 December 2010.

The figures provided in the interim financial statements and in these notes are presented in million euros (EUR mill.) unless stated otherwise. Where rounded amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids.

Note 2. Accounting policies

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 for the business year 2011, and may be applied for the business year 2011 for the first time respectively:

Effective for business years beginning on or after 1 February 2010:

- Amendments to IAS 32 **Financial Instruments: Presentation** concerning the classification of rights issues

Effective for business years beginning on or after 1 July 2010:

- Amendments to IFRS 1 **First-time Adoption of International Financial Reporting Standards**
- IFRIC 19 **Extinguishing Financial Liabilities with Equity Instruments**
- Amendments to various IFRSs (IFRS 3, 7, IAS 21, 27, 31, 32, 38, 39) as a result of the annual improvement project 2010

Effective for business years beginning on or after 1 January 2011:

- Amendments to IAS 24 **Related Party Disclosures**
- Amendments to IFRIC 14 **IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

- Amendments to various IFRSs (IFRS 1, 7, IAS 1, 34) and IFRIC 13 as a result of the annual improvement project 2010

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

- Amendments to IFRS 1 **First-time Adoption of International Financial Reporting Standards** (not yet endorsed by the EU)
- Amendments to IFRS 7 Financial Instruments: Disclosures (not yet endorsed by the EU)

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

- Amendments to IAS 12 **Income Taxes** (not yet endorsed by the EU)

Effective for business years beginning on or after 1 July 2012:

- Amendments to IAS 1 **Presentation of Financial Statements** (not yet endorsed by the EU))

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

- IFRS 9 **Financial Instruments** (not yet endorsed by the EU)
- 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)
- Amendments to IAS 19 **Employee Benefits** (not yet endorsed by the EU)
- Amendments to IAS 27 **Separate financial Statements** (not yet endorsed by the EU)
- Amendments to IAS 28 **Investments in Associates and Joint Ventures** (not yet endorsed by the EU)

Future implications – especially of IFRS 9 – are currently being analyzed. Management assumes that the expected changes will mainly affect the measurement of financial assets and the presentation of changes in value of financial assets in the income statement and other comprehensive income respectively.

The amendments to the various standards concerning the presentation and measurement of financial instruments will be applied at the effective dates stated.

The other new or amended standards to be adopted from 1 January 2011 on will not lead to any changes to the interim financial report of the Lenzing Group. There have been no changes since 31 December 2010 to either the other accounting and valuation policies applied or to the methods of calculation and presentation.

The following closing rates were used to translate the assets and liabilities of subsidiaries from their functional currency to the reporting currency:

Interim Consolidated Financial Statements

Selected Explanatory Notes

Unit	Currency		Closing rate	
			30/09/2011	31/12/2010
1	EUR/USD	US Dollar	1.3498	1.3376
1	EUR/GBP	GB Pound	0.8664	0.8616
1	EUR/CZK	CZ Koruna	24.7550	25.0850
1	EUR/CNY	Renminbi Yuan	8.6126	8.8150
1	EUR/HKD	Hong Kong Dollar	10.5160	10.3965

Note 3. Changes in estimates

There were no changes in estimates of amounts presented in previous (interim) reporting periods during the current reporting period which had any material effect on the current interim reporting period.

Note 4. Scope of consolidation

On 19 January 2011 Beta LAG Holding GmbH was founded with the purpose of exercising holding functions, and transferred to B & C Industrieholding GmbH on 27 May 2011.

As of 18 February 2011 the Group sold the major part of the plastics filaments business to a consortium of private investors under the leadership of the Global Equity Partners Group (GEP) in order to further streamline the portfolio. GEP acquired 100% of the shares of the two German companies Hahl Filaments GmbH/Munderkingen and Pedex GmbH/Affolterbach, of the US company Hahl Inc./Lexington and the Czech company Hahl Filaments s.r.o./Plana as well as the related real estate and holding companies. These entities were part of the segment Plastics Products.

Net result from the disposal of subsidiaries

	EUR mill.
Assets of discontinued operations	36.1
Liabilities of discontinued operations	-34.6
Net assets of discontinued operations	**1.5**
Sales price	-1.5
Net result	**0.0**

Due to the valuation of carrying amounts using the agreed sales price on 31 December 2010, there was neither a gain or loss nor an effect on earnings per share in the reporting period.

The payment of the sales price has been deferred until 2018 and the amount outstanding is included in other financial assets.

Based on a purchase agreement dated 15 June 2011, the remaining 45% of the shares of Leno Electronics GmbH were taken over by Lenzing Technik GmbH.

The number of consolidated entities has changed as follows:

	Full Consolidation	Equity consolidation
As at 1/1	**43**	**7**
Consolidated for the first time in reporting period	1	0
Sold in reporting period	-9	0
As at 30/9	**35**	**7**

Note 5. Segment reporting

Segment reporting in the Lenzing Group is based on business segments. For internal reporting to management the following business segments are used in the Lenzing Group:

Segment Fibers

The Segment Fibers comprises the Business Units Textile Fibers, Nonwoven Fibers, Pulp and Energy, as well as by-products and timber trade. This segment constitutes the core business of the Group.

Segment Plastics Products

The Segment Plastics Products produces special plastic products for processing companies. This segment comprises the Business Units Plastics and Filaments.

Segment Engineering

Segment Engineering (= Business Unit Engineering) is the technical competence center of the Group and consists of three business divisions:

- Engineering and Contracting
- Mechanical Construction and Industrial Services
- Automation and Mechatronics

Segment Other

The residual segment Other mainly comprises the disclosures of BZL-Bildungszentrum Lenzing GmbH, an educational activity of the Lenzing Group.

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Selected Explanatory Notes

Segment sales	1-9/2011			1-9/2010		
	Sales to external customers	Interseg-ment sales	Total sales	Sales to external customers	Interseg-ment sales	Total sales
	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.	EUR mill.
Fibers	1,427.5	8.6	1,436.1	1,151.4	9.1	1,160.5
Plastics Products	133.8	1.7	135.5	106.4	1.1	107.6
Engineering	29.9	49.9	79.8	26.7	43.6	70.3[1]
Other	1.0	1.0	2.0	1.0	1.0	2.0[1]
Consolidation	0.0	(61.2)	(61.2)	0.0	(54.8)	(54.8)[1]
Total sales						
Continuing operations	**1,592.2**	**0.0**	**1,592.2**	**1,285.5**	**0.0**	**1,285.5**
Discontinued operations[2]	9.4	0.0	9.4	38.7	0.1	38.8

Segment result	EBIT		EBITDA	
	1-9/2011	1-9/2010	1-9/2011	1-9/2010
	EUR mill.	EUR mill.	EUR mill.	EUR mill.
Fibers	275.9	157.0	345.0	218.4
Plastics Products	8.3	4.0	13.3	8.3
Engineering	5.9	4.5	7.0	5.5
Other	0.3	0.3	0.3	0.4
Consolidation	(0.7)	3.0	(2.8)	1.1
Segment result				
Continuing operations	**289.7**	**168.8**	**362.9**	**233.6**
Discontinued operations[2]	0.3	0.6	0.8	1.6

[1] Adjustment of internal cross-segment sales [2] Deconsolidation as of 28/02/2011

	Segment assets		Segment liabilities	
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
	EUR mill.	EUR mill.	EUR mill.	EUR mill.
Fibers	1,568.0	1,424.1	476.4	429.5
Plastics Products	122.1	119.4	42.7	39.5
Engineering	49.5	43.5	28.0	25.6
Other	0.4	0.4	0.5	0.8
Consolidation	(42.9)	(32.7)	(23.0)	(14.3)
Segment assets/liabilities				
Continuing operations	**1,697.1**	**1,554.7**	**524.6**	**481.1**
Discontinued operations	0.0	36.1	0.0	34.6
Reconciliation	567.0	372.6	734.4	681.4
Total assets/liabilities	**2,264.1**	**1,963.4**	**1,259.0**	**1,197.1**

Note 6. Sales

Consolidated sales in the first nine months of 2011 climbed 23.9% year-on-year, from EUR 1,285.5 mill. to EUR 1,592.2 mill. A total of 3.5 percentage points of this increase can be attributed to the higher fiber shipment volumes, whereas 13.6 percentage points are the result of the higher average fiber selling prices. Moreover, other business areas contributed growth to the amount of 4.3 percentage points, and the ninemonth full consolidation of the Paskov pulp plant (Q1-3 2010: five months) added 2.5 percentage points to Lenzing' sales growth. Sales by segment are presented in Note 5.

Note 7. Other operating income

The increase in other operating income is primarily due to higher services rendered and compensation for green energy.

Interim Consolidated Financial Statements

Selected Explanatory Notes

Note 8. Cost of material and purchased services

Cost of material and purchased services amounted to EUR 930.8 mill. which is an increase of 22.8% compared to the reference period 2010. The increase over the same period last year is due to higher production volumes (517,698 tons to 485,840 tons) and price increases for raw materials (for example pulp) as well as due to the full inclusion of Biocel Paskov in period January to September 2011.

Note 9. Personnel expenses

Personnel expenses of EUR 208.8 mill. (reference period 2010: EUR 191.9 mill.) include EUR 9.7 mill. (reference period 2010: EUR: 7.1 mill.) in expenses for severance payments and pensions. The number of employees increased to 6,472 (previous year: 6,066*).

Note 10. Amortization of intangible assets and depreciation of property, plant and equipment

Amortization of intangible assets and depreciation of property, plant and equipment of EUR 76.0 mill. (reference period 2010: EUR 67.5 mill.) exclusively comprises amortization and depreciation. The increase in comparison to the period January to September 2010 is mainly due to the start-up of production line four in Indonesia and the full inclusion of Biocel Paskov.

Note 11. Other operating expenses

In addition to the increase in outward freight and commissions caused by a higher shipping volume, the overall increase in other operating expenses can be attributed to higher maintenance costs.

Note 12. Finance costs

Finance costs include interest and interest-like expenses of EUR 16.5 mill. (reference period 2010: EUR 12.8 mill.) and foreign exchange gains resulting from the revaluation of financial liabilities of EUR 0.4 mill. (reference period 2010: foreign exchange gains of EUR 0.7 mill.).

*) excluding the number of employees of the Businesss Unit Plastic Filaments (discontinued operations)

Note 13. Allocation of profit or loss to puttable non-controlling interests

The share of income attributable to other shareholders of Lenzing (Nanjing) Fibers Co., Ltd. and European Precursor GmbH respectively is recognized as an expense due to time limitations under corporate law.

Note 14. Income tax

Income tax is accrued per taxable entity on the basis of estimated average tax rates. Deferred tax assets arising from unused tax loss carry forwards are recognized only to the extent that the amount carried forward is likely to be used in the foreseeable future. The tax rate of the period January to September 2011 amounts to 21.3% (reference period 2010: 21.4%)

Note 15. Intangible assets and property, plant and equipment

During the reporting period the Lenzing Group invested EUR 130.5 mill. (reference period in 2010: EUR 118.2 mill.) in intangible assets and property, plant and equipment. The investments mainly pertained to the construction of the new production line in Nanjing, the construction of the production line 5 in Purwakarta, the modification/extension of production of modal fiber and pulp at the site in Lenzing and the investments for refitting and converting the plant in Paskov.

Commitments from open purchase orders for property, plant and equipment as at 30 September 2011 amounted to EUR 120.6 mill. (31 December 2010: EUR 53.4 mill.).

Note 16. Inventories

The rise in inventories by EUR 38.8 mill. (17.4%) relates to raw material stock of EUR 22.4 mill. and stock in semi-finished and finished products of EUR 16.4 mill. In the period January to September 2011, no significant losses were recognized on inventories.

Note 17. Trade receivables

The increase in trade receivables by EUR 38.6 million (21.3%) compared to 31 December 2010 is due to the increase in sales.

Interim Consolidated Financial Statements

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Note 18. Other receivables and assets

The main items for the increase in other receivables are VAT amounts due to the increased investment activity.

Note 19. Equity

Effective from 17 June 2011 (the first day of trading of new shares), Lenzing AG carried out the capital increase, as approved by the Extraordinary Shareholders' Meeting of 10 December 2010. A total of 825,000 new shares were issued. The share capital was fully paid. The change in the share capital and capital reserves is attributable to this capital increase. The transaction costs were reduced by attributable income taxes and charged directly to the increase in capital reserves.

Note 20. Bonds, bank loans and other loans

These financial liabilities (current and non-current) increased by EUR 31.9 mill. to the amount of EUR 644.7 mill. compared to EUR 612.8 mill. as at 31 December 2010. Due to the agreed dates of repayment the maturity changed, which resulted in higher current liabilities.

Net financial debt was reduced from EUR 307.2 mill. to EUR 150.0 mill.

Note 21. Provisions

Other current provisions mainly comprise provisions for services rendered but not invoiced, for restoration measures, increases of commodity prices, additional expenses from existing contractual relationships and deferrals.

Note 22. Contingent liabilities and commitments

Contingent liabilities and commitments of the Lenzing Group developed as follows compared to the previous reporting date.

	30/09/2011	31/12/2011
	EUR mill	EUR mill
Assumption of liability for associated companies	1.46	3.3

Additionally, there are bank guarantees for liability escrow paid in the amount of EUR 6.0 mill. (31 December 2010: EUR 4.1 mill.). It is considered unlikely that the Group will be held liable as a result of these commitments.

Litigations

Various legal proceedings resulting from the ordinary course of business are pending. The Management Board assumes that these proceedings will not have material adverse effects on the present and future earnings of the Group.

Note 23. Notes on the cash flow statement

Gross cash flow compared to the reference periods of 2010 increased to EUR 288.6 mill. mainly due to the good profit situation. Operating cash flow in the period January to September of 2011 amounts to EUR 253.8 mill.

Cash flow from investing activities in non-current assets mainly results from the investments to the construction of the new production line in Nanjing, the construction of the production line 5 in Purwakarta, the modification/extension of production of modal fiber and pulp at the site in Lenzing and the refitting and converting investments in Paskov.

Cash and cash equivalents include cash on hand, demand deposits and short-term deposits at banks. As at 31 December 2010, the Group held securities qualifying as cash equivalents i.e. with a maturity of less than three months from the time of acquisition. These securities were sold during the reporting period.

Note 24. Dividend paid

In the reporting period the following dividend was paid to the shareholders of the parent company:

	Total	Number of shares	Dividend per share
	EUR mill.		EUR
Dividend 2010 paid in 2011	39.9	25,725,000	1.55
Dividend 2009 paid in 2010	51.4	3,675,000	14.00

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In the period January to September of 2011, subsidiaries paid EUR 0.3 mill. (January to September 2010: EUR 0.1 mill.) of dividends to non-controlling interests.

Note 25. Related party transactions

The group of related parties (companies and persons) did not change compared to the financial statements as at 31 December 2010.

The scope and amount of significant business transactions as well as outstanding balances with associated companies are as follows:

	1-9/2011	1-9/2010
	EUR mill.	EUR mill.
Sales	49.8	50.4
Other operating income	0.9	0.7
Cost of material and purchased services	42.5	36.7
	30/09/2011	31/12/2010
Trade receivables incl. amounts due resulting from construction contracts	9.7	10.2
Liabilities	9.5	9.0

Note 26. Derivative financial instruments

In order to hedge currency exchange rate risk, the Lenzing Group makes use of foreign currency forward contracts which are measured at market value.

The market values of the instruments employed as at the reporting dates are as follows:

Fair Value Hedges

Type of derivative financial instrument	gain (+)/loss (-)	
	30/09/2010	31/12/2010
	EUR mill.	EUR mill.
Foreign currency forward contracts	**(1.1)**	**(0.7)**

Cashflow Hedges

Type of derivative financial instrument	gain (+)/loss (-)	
	30/09/2010	31/12/2010
	EUR mill.	EUR mill.
Foreign currency forward contracts	**(7.9)**	**3.1**

The hedges as at 30 September 2011 have maturities of up to 13 months.

The Group employs futures to hedge and manage raw material price risk (natural gas). As at 30 September 2011, these hedges have maturities of up to 39 months. Unrealized losses as at 30 September 2011 from the valuation of open futures or, respectively, the losses from the closing of contracts with delivery in the subsequent period amounted to EUR 0.2 mill. (31 December 2010: gain of EUR 0.6 mill.) and are recognized directly in other comprehensive income.

Note 27. Events after the end of the interim reporting period

There were no material events requiring disclosure after the end of the interim reporting period.

Interim Consolidated Financial Statements

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Note 28. Corporate bodies

Changes:

Members of the Supervisory Board

The Ordinary Shareholders' Meeting of 29 March 2011 newly elected Patrick Prügger to the Supervisory Board. Hermann Bell's seat on the Supervisory Board was not renewed at his own request.

The constitutive meeting of the new Supervisory Board held after the Ordinary Shareholders' Meeting elected Michael Junghans as Chairman and Veit Sorger as Deputy Chairman of the Supervisory Board.

The changes in the Supervisory Board of Lenzing AG can be summarized as follows:

Hermann Bell, Linz
Chairman (until 29 March 2011)

Michael Junghans, Vienna
Deputy Chairman (until 29 March 2011)
Chairman (from 29 March 2011)

Veit Sorger, Vienna
Deputy Chairman (from 29 March 2011)

Patrick Prügger, Vienna
Member of the Supervisory Board (from 29 March 2011)

These condensed consolidated interim financial statements of Lenzing group were neither audited nor subjected to an audit review.

Lenzing, 14 November 2011

The Management Board:

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

Declaration of the Management Board

Declaration of the Management Board pursuant to Section 87 para 1 sub-para 3 of the Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the interim Group management report gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Lenzing, 14 November 2011

The Management Board:

Peter Untersperger **Friedrich Weninger** **Thomas G. Winkler**

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