

# AUDITOR'S REPORT

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the following consolidated financial statements of Andritz AG, Graz, Austria for the financial year from January 1, to December 31, 2007. These consolidated financial statements comprise the balance sheet as at December 31, 2007, the consolidated income statement, cash flow statement, and statement of changes in equity for the year ended December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

### Responsibility of the Legal Representatives for the Consolidated Financial Statements

The company's legal representatives are responsible for the preparation of the consolidated financial statements, which, in accordance with International Financial Reporting Standards as applicable in the EU, are to provide a fair presentation of the Group's financial position and financial performance. This responsibility includes: Set-up, implementation, and maintenance of an internal controlling system if this is relevant for the preparation of consolidated financial statements and fair presentation of the Group's financial position and performance so that these statements are free from material misstatement, whether due to fraud or error; selection and application of appropriate accounting policies; and making accounting estimates that are reasonable in consideration of existing circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria and in accordance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The standards require us to comply with the professional rules of conduct and to plan and perform the audit in a manner to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence of the amounts and disclosures in the consolidated financial statements. The selection of the procedures depends on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements, whether due to fraud or error. In making the risk assessments, the auditor considers the internal control system as far as relevant for the Group's preparation of the consolidated financial statements and the fair presentation of the financial position and performance, in order to set up appropriate audit procedures in consideration of the existing circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

Our audit did not give rise to any objections. Based on the results of our audit, the consolidated financial statements, in our opinion, present fairly, in all material respects, the financial position of the Group as of December 31, 2007, and of its financial performance and its cash flows for the financial year from January 1, to December 31, 2007 in accordance with the International Financial Reporting Standards (IFRSs) as applicable in the EU.

## REPORT ON THE CONSOLIDATED STATUS REPORT

On account of laws and regulations applicable in Austria the consolidated status report is to be checked for consistency with the consolidated financial statements and whether the other disclosures made in the consolidated status report do not give rise to misconception of the position of the Group.

In our opinion, the consolidated status report is consistent with the consolidated financial statements.

Vienna, February 19, 2008

### AUDITOR TREUHAND GMBH

#### Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Walter MÜLLER

(Austrian) Certified Public Accountants

Michael SCHÖBER

AUDITOR TREUHAND GMBH is a member of

# Deloitte.

If the consolidated financial statements are disclosed or handed over to a third party in a version which differs from that certified by us, our prior approval is necessary if our audit opinion is included or our audit is mentioned.