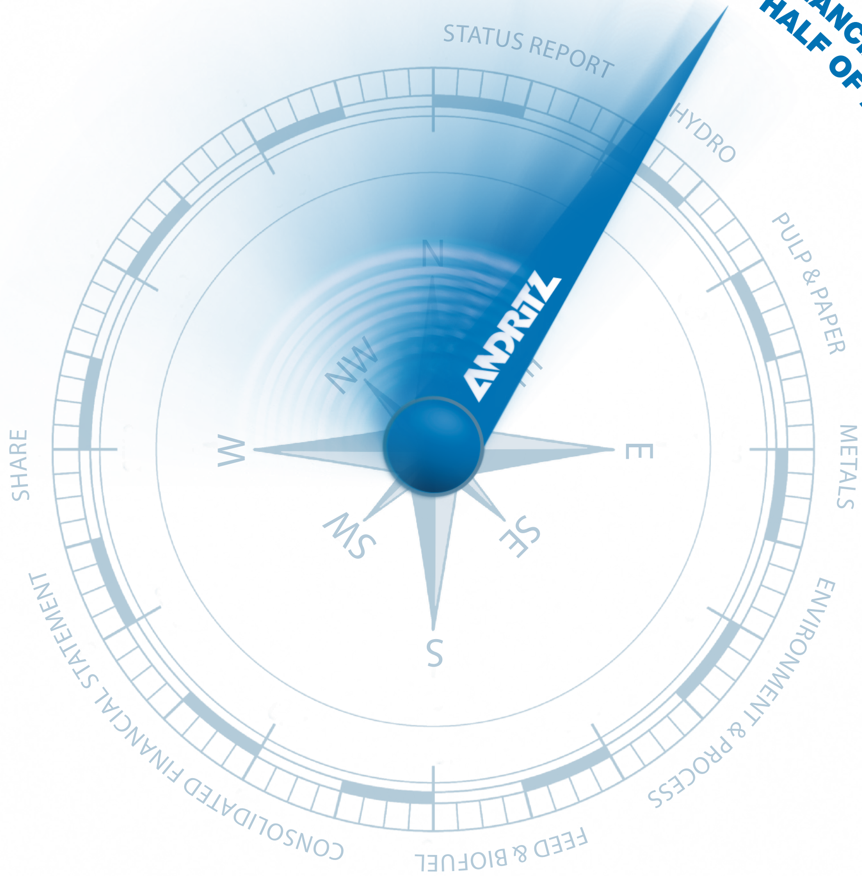
360° ANDRITZ

INTERIM FINANCIAL REPORT FIRST HALF OF 2011



Key figures of the ANDRITZ GROUP

(According to IFRS)	*Unit*	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	3,644.5	2,303.7	+58.2%	1,978.5	1,395.3	+41.8%	4,131.9
Order backlog (as of end of period)	MEUR	7,249.0	5,384.9	+34.6%	7,249.0	5,384.9	+34.6%	5,290.9
Sales	MEUR	2,011.1	1,562.2	+28.7%	1,087.4	829.9	+31.0%	3,553.8
EBITDA[1)]	MEUR	157.0	123.2	+27.4%	88.3	67.6	+30.6%	307.3
EBITA[2)]	MEUR	131.6	97.9	+34.4%	75.5	54.2	+39.3%	257.6
Earnings Before Interest and Taxes (EBIT)	MEUR	123.1	92.8	+32.7%	71.1	51.4	+38.3%	245.5
Earnings Before Taxes (EBT)	MEUR	127.1	96.4	+31.8%	72.1	53.1	+35.8%	247.9
Net income (including non-controlling interests)	MEUR	89.7	67.3	+33.3%	50.9	37.1	+37.2%	177.0
Cash flow from operating activities	MEUR	206.8	338.9	-39.0%	55.7	100.5	-44.6%	704.5
Capital expenditure[3)]	MEUR	23.5	22.2	+5.9%	13.2	8.3	+59.0%	68.8
Fixed assets	MEUR	1,002.6	788.3	+27.2%	1,002.6	788.3	+27.2%	858.9
Current assets	MEUR	3,307.5	2,961.8	+11.7%	3,307.5	2,961.8	+11.7%	3,176.9
Total shareholders' equity[4)]	MEUR	800.8	734.7	+9.0%	800.8	734.7	+9.0%	794.4
Provisions	MEUR	652.7	557.8	+17.0%	652.7	557.8	+17.0%	582.8
Other liabilities	MEUR	2,856.6	2,457.6	+16.2%	2,856.6	2,457.6	+16.2%	2,658.6
Total assets	MEUR	4,310.1	3,750.1	+14.9%	4,310.1	3,750.1	+14.9%	4,035.8
Equity ratio[5)]	%	18.6	19.6	-	18.6	19.6	-	19.7
Net liquidity[6)]	MEUR	1,264.2	932.8	+35.5%	1,264.2	932.8	+35.5%	1,177.0
Net debt[7)]	MEUR	-955.2	-778.1	-22.8%	-955.2	-778.1	-22.8%	-992.0
Net working capital[8)]	MEUR	-597.1	-308.8	+93.4%	-597.1	-308.8	+93.4%	-556.1
Capital employed[9)]	MEUR	-125.1	111.4	+212.3%	-125.1	111.4	+212.3%	-86.0
Gearing[10)]	%	-119.3	-105.9	-	-119.3	-105.9	-	-124.9
EBITDA margin	%	7.8	7.9	-	8.1	8.1	-	8.6
EBITA margin	%	6.5	6.3	-	6.9	6.5	-	7.2
EBIT margin	%	6.1	5.9	-	6.5	6.2	-	6.9
Net income/sales	%	4.5	4.3	-	4.7	4.5	-	5.0
Employees (as of end of period, excl. apprentices)	-	16,119	13,457	+19.8%	16,119	13,457	+19.8%	14,655

1) Earnings Before Interest, Taxes, Depreciation, and Amortization 2) Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 8,501 TEUR for H1 2011 (5,117 TEUR for H1 2010, 12,158 TEUR for 2010) 3) Additions to intangible assets and property, plant, and equipment 4) Total shareholders' equity including non-controlling interests 5) Total shareholders' equity/total assets 6) Cash and cash equivalents plus marketable securities plus fair value of interest rate swaps and loans against borrowers' notes minus financial liabilities 7) Interest bearing liabilities including provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents and marketable securities 8) Non-current receivables plus current assets (excluding cash and cash equivalents as well as marketable securities) minus other non-current liabilities and current liabilities (excluding financial liabilities and provisions) 9) Net working capital plus intangible assets and property, plant, and equipment 10) Net debt/total shareholders' equity

Financial calendar 2011 and 2012 (preliminary)

November 8, 2011	Results first three quarters of 2011
March 1, 2012	Results 2011 business year
March 22, 2012	Annual General Meeting
March 26, 2012	Ex-dividend
March 28, 2012	Dividend payment
May 4, 2012	Results first quarter of 2012
August 7, 2012	Results first half of 2012
November 6, 2012	Results first three quarters of 2012

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ website: www.andritz.com/share

Key figures of the business areas

HYDRO	Unit	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	1,097.1	1,150.0	-4.6%	513.2	758.6	-32.3%	1,870.1
Order backlog (as of end of period)	MEUR	3,685.3	3,481.3	+5.9%	3,685.3	3,481.3	+5.9%	3,376.0
Sales	MEUR	805.1	706.7	+13.9%	440.6	357.7	+23.2%	1,579.2
EBITDA	MEUR	72.2	58.4	+23.6%	39.5	30.0	+31.7%	139.9
EBITDA margin	%	9.0	8.3	-	9.0	8.4	-	8.9
EBITA	MEUR	60.0	46.7	+28.5%	32.9	23.7	+38.8%	118.0
EBITA margin	%	7.5	6.6	-	7.5	6.6	-	7.5
Employees (as of end of period)	-	7,283	6,072	+19.9%	7,283	6,072	+19.9%	6,530

PULP & PAPER	Unit	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	2,037.9	748.7	+172.2%	1,226.8	408.6	+200.2%	1,388.4
Order backlog (as of end of period)	MEUR	2,669.6	1,081.2	+146.9%	2,669.6	1,081.2	+146.9%	1,099.6
Sales	MEUR	780.5	479.3	+62.8%	413.5	262.3	+57.6%	1,105.3
EBITDA	MEUR	56.3	38.3	+47.0%	31.7	22.6	+40.3%	98.4
EBITDA margin	%	7.2	8.0	-	7.7	8.6	-	8.9
EBITA	MEUR	47.9	29.4	+62.9%	27.8	18.0	+54.4%	80.7
EBITA margin	%	6.1	6.1	-	6.7	6.9	-	7.3
Employees (as of end of period)	-	5,466	4,409	+24.0%	5,466	4,409	+24.0%	4,851

METALS	Unit	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	183.1	141.6	+29.3%	78.4	98.9	-20.7%	302.7
Order backlog (as of end of period)	MEUR	540.7	553.0	-2.2%	540.7	553.0	-2.2%	521.0
Sales	MEUR	162.1	162.1	+0.0%	91.0	84.1	+8.2%	340.2
EBITDA	MEUR	7.0	7.8	-10.3%	3.3	3.3	+0.0%	21.2
EBITDA margin	%	4.3	4.8	-	3.6	3.9	-	6.2
EBITA	MEUR	6.0	6.4	-6.3%	2.8	2.6	+7.7%	18.4
EBITA margin	%	3.7	3.9	-	3.1	3.1	-	5.4
Employees (as of end of period)	-	927	972	-4.6%	927	972	-4.6%	937

ENVIRONMENT & PROCESS	Unit	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	252.8	181.9	+39.0%	121.9	92.7	+31.5%	424.3
Order backlog (as of end of period)	MEUR	299.8	198.0	+51.4%	299.8	198.0	+51.4%	242.3
Sales	MEUR	192.8	144.5	+33.4%	105.2	88.8	+18.5%	375.4
EBITDA	MEUR	16.4	13.2	+24.2%	10.3	9.1	+13.2%	34.8
EBITDA margin	%	8.5	9.1	-	9.8	10.2	-	9.3
EBITA	MEUR	13.5	10.8	+25.0%	8.9	7.8	+14.1%	29.5
EBITA margin	%	7.0	7.5	-	8.5	8.8	-	7.9
Employees (as of end of period)	-	1,891	1,485	+27.3%	1,891	1,485	+27.3%	1,816

FEED & BIOFUEL	Unit	H1 2011	H1 2010	+/-	Q2 2011	Q2 2010	+/-	2010
Order intake	MEUR	73.6	81.5	-9.7%	38.2	36.5	+4.7%	146.4
Order backlog (as of end of period)	MEUR	53.6	71.4	-24.9%	53.6	71.4	-24.9%	52.0
Sales	MEUR	70.6	69.6	+1.4%	37.1	37.0	+0.3%	153.7
EBITDA	MEUR	5.1	5.5	-7.3%	3.5	2.6	+34.6%	13.0
EBITDA margin	%	7.2	7.9	-	9.4	7.0	-	8.5
EBITA	MEUR	4.2	4.6	-8.7%	3.1	2.1	+47.6%	11.0
EBITA margin	%	5.9	6.6	-	8.4	5.7	-	7.2
Employees (as of end of period)	-	551	519	+6.2%	551	519	+6.2%	522

Status report

GENERAL ECONOMIC CONDITIONS

In the second quarter of 2011, economic development in the world's large economic regions – Europe, the USA, and China – remained solid. There were, however, increasing signs of a general economic slowdown and rising inflation. In general, the economic environment was marked by uncertainties in the Euro zone, reflected in increasingly volatile return spreads in the Euro countries.

In the USA, the annualized gross domestic product grew by around 2.5% in the reporting period, thus continuing the positive growth trend of the first quarter 2011. According to the leading economic indicators published towards the end of the reporting period, however, slight economic weakening can be anticipated for the second half of 2011, with a drop in demand in both trade and industry, as well as in private consumption. Economic experts expect that the inflation rate will continue to rise towards 4% in the coming months as a result of base effects; however, the core rate (excluding energy and food prices) should remain at a low level. As a result, the Federal Reserve is not expected to raise key interest rates during the next months.

In the Euro zone, economy also picked up further in the second quarter of 2011, although developments differed substantially from one region to another. While the economies in countries such as Germany, Austria, Finland, and the Netherlands, driven primarily by investments in construction and machinery, saw very robust development, economic output in Spain, Greece, and Portugal declined. As the rate of inflation continued to rise in the Euro zone during the reporting period, the European Central Bank, which primarily focuses on price stability, announced that it will increase key interest rates further in the next few months.

In the emerging countries of Asia and South America, economic growth remained at an unchanging high level, although rising inflation was also evident here – mainly in China. As a result, the Central Bank of China continued tightening its monetary policy in the reporting period and increased key interest rates further. In Japan, the economy contracted significantly due to the earthquake, which caused considerable loss of production in many sectors of the country's industry. Economic experts assume that the economy will continue to see only moderate development in the coming quarters.

Source: OECD

BUSINESS DEVELOPMENT

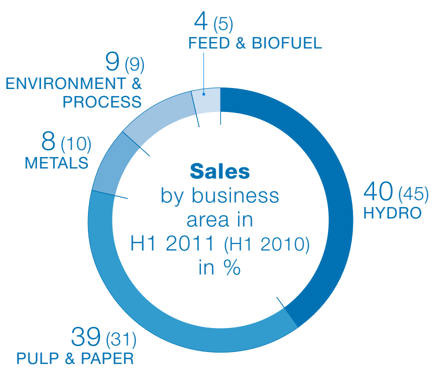
Sales

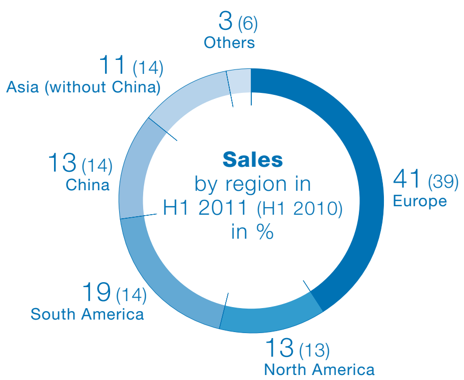
In the second quarter of 2011, sales of the ANDRITZ GROUP amounted to 1,087.4 MEUR, which is an increase of 31.0% compared to last year's reference period (Q2 2010: 829.9 MEUR). Significant increases in sales were achieved in the following business areas:

- HYDRO: from 357.7 MEUR in Q2 2010 to 440.6 MEUR in Q2 2011 (+23.2%)
- PULP & PAPER: from 262.3 MEUR in Q2 2010 to 413.5 MEUR in Q2 2011 (+57.6%)
- METALS: from 84.1 MEUR in Q2 2010 to 91.0 MEUR in Q2 2011 (+8.2%)
- ENVIRONMENT & PROCESS: from 88.8 MEUR in Q2 2010 to 105.2 MEUR in Q2 2011 (+18.5%)

In the FEED & BIOFUEL business area, sales remained practically unchanged at 37.1 MEUR (Q2 2010: 37.0 MEUR).

In the first half of 2011, sales of the Group amounted to 2,011.1 MEUR, thus increasing the level of the previous year's reference period by 28.7% (H1 2010: 1,562.2 MEUR). All business areas noted an increase in sales except METALS, where sales remained at the same level.





Share of service sales of Group and business area sales

	H1 2011	H1 2010	Q2 2011	Q2 2010
ANDRITZ GROUP	28%	29%	28%	31%
HYDRO	24%	24%	24%	26%
PULP & PAPER	32%	42%	33%	42%
METALS	9%	8%	9%	13%
ENVIRONMENT & PROCESS	36%	31%	35%	28%
FEED & BIOFUEL	52%	45%	49%	45%

Order intake

The order intake in the second quarter of 2011, at 1,978.5 MEUR, reached the highest quarterly figure in the company's history and rose by 41.8% compared to the high level of the previous year (Q2 2010: 1,395.3 MEUR).

The order intake in the HYDRO business area amounted to 513.2 MEUR in the second quarter of 2011 and was below the high level of last year's reference period which included some major orders (Q2 2010: 758.6 MEUR).

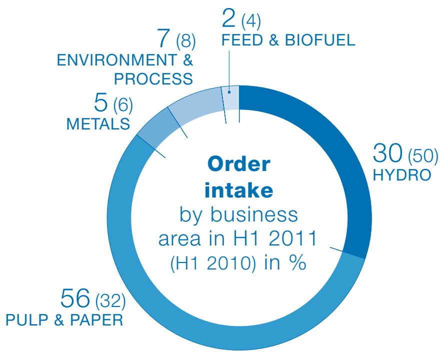
The PULP & PAPER business area noted a very good order intake development during the reporting quarter. The order intake amounted to 1,226.8 MEUR, thus tripling compared to the level of last year's reference period (Q2 2010: 408.6 MEUR). This significant increase is mainly due to the major order for the supply of production technologies and equipment for Montes del Plata's new pulp mill in Punta Pereira, Uruguay (see page 11).

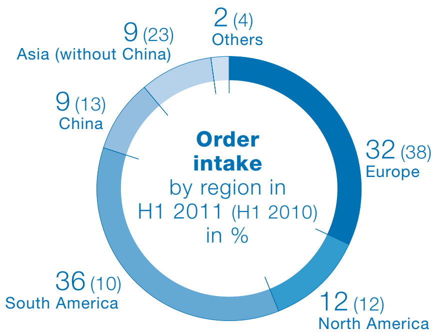
The order intake in the METALS business area amounted to 78.4 MEUR (Q2 2010: 98.9 MEUR).

The ENVIRONMENT & PROCESS business area was able to increase its order intake to 121.9 MEUR (+31.5% versus Q2 2010: 92.7 MEUR).

The order intake for the FEED & BIOFUEL business amounted to 38.2 MEUR (Q2 2010: 36.5 MEUR).

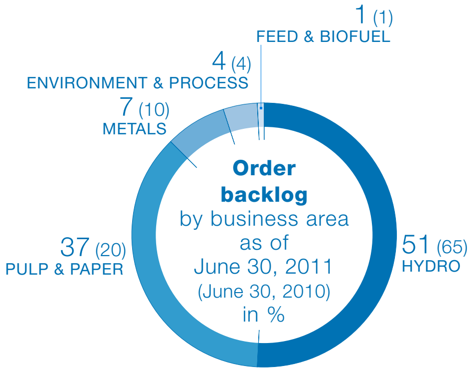
In the first half of 2011, the order intake of the Group amounted to 3,644.5 MEUR and was thus 58.2% higher than in the previous year's reference period (H1 2010: 2,303.7 MEUR). While the PULP & PAPER, METALS, and ENVIRONMENT & PROCESS business areas were able to raise their order intake significantly, the order intake in the HYDRO and FEED & BIOFUEL business areas decreased compared to the high level of last year's reference period.

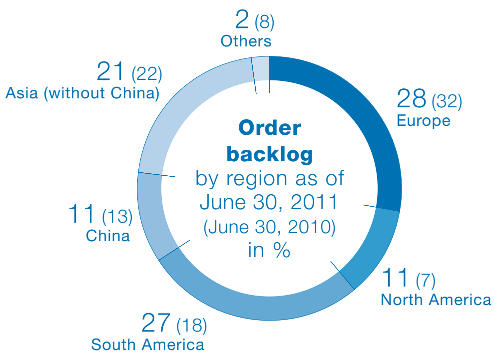




Order backlog

The Group's order backlog as of June 30, 2011 amounted to 7,249.0 MEUR, thus increasing compared to the reference values as of June 30, 2010 (5,384.9 MEUR: +34.6%) and as of December 31, 2010 (5,290.9 MEUR: +37.0%).





Earnings

The EBITA of the Group amounted to 75.5 MEUR in the second quarter of 2011 (+39.3% vs. Q2 2010: 54.2 MEUR) and rose considerably more than sales. Thus, profitability (EBITA margin) increased to 6.9% (Q2 2010: 6.5%). Especially the HYDRO and FEED & BIOFUEL business areas were able to increase their profitability.

The EBITA in the first half of 2011 rose to 131.6 MEUR (97.9 MEUR in H1 2010: +34.4%), while the EBITA margin reached 6.5% (H1 2010. 6.3%).

The financial result in the first half of 2011 amounted to 4.0 MEUR and was thus above the reference value for the previous year (H1 2010: 3.6 MEUR).

The net income (excluding non-controlling interests) amounted to 88.5 MEUR in the first half of 2011 (+31.5% vs. H1 2010: 67.3 MEUR).

Balance sheet structure

The total assets of the ANDRITZ GROUP increased to 4,310.1 MEUR as of June 30, 2011 (December 31, 2010: 4,035.8 MEUR). The equity ratio amounted to 18.6% (December 31, 2010: 19.7%).

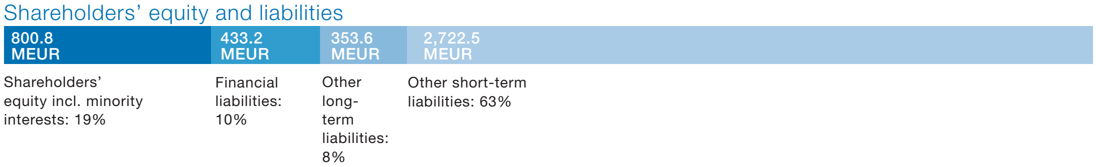
The liquid funds (cash and cash equivalents plus marketable securities plus fair value of interest rate swaps and loans against borrowers' notes) amounted to 1,697.4 MEUR as of June 30, 2011 (December 31, 2010: 1,617.6 MEUR). The net liquidity (liquid funds minus financial liabilities) increased to 1,264.2 MEUR and was thus higher than at the end of last year (December 31, 2010: 1,177.0 MEUR).

In addition to the high net liquidity, the ANDRITZ GROUP has credit and surety lines for performance of contracts, down payments, guarantees, etc. at its disposal:

- Credit lines: 187 MEUR, thereof 59 MEUR utilized
- Surety lines: 4,777 MEUR, thereof 2,626 MEUR utilized

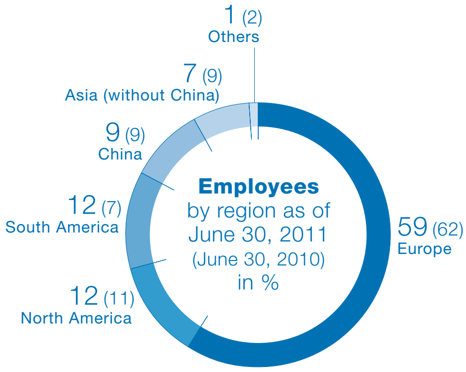
Assets

Shareholders' equity and liabilities



Employees

As of June 30, 2011, the number of ANDRITZ GROUP employees amounted to 16,119, thus significantly above the reference values of June 30, 2010 (13,457 employees: +19.8%) and December 31, 2010 (14,655 employees: +10.0%). This increase is mainly due to the acquisition of companies.



Major risks during the remaining months of the financial year and risk management

The ANDRITZ GROUP has a long-established Group-wide risk management system whose goal is to identify nascent risks early and to take countermeasures, if necessary. This is an important element of active risk management within the Group. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The essential risks for the business development of the Group during the remaining months of 2011 relate above all to the Group's dependence on the general economic development and the development of the industries it serves, to whether major orders are received and to the risks they entail, and to whether adequate sales proceeds are realized from the high order backlog. In addition, unexpected increases in costs and difficulties in achieving the guaranteed performance parameters in the plants that ANDRITZ supplies present substantial risks during project execution. Non-achievement of guaranteed performance parameters can lead to penalty payments by ANDRITZ. The global economic development constitutes a serious risk for the ANDRITZ GROUP's financial development and could lead to delays in the execution of existing orders and to postponement or cancellation of existing projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on utilization of the Group's manufacturing capacities.

A negative economic development may also necessitate complete or partial goodwill impairments resulting from acquisitions if the targeted financial goals for these companies cannot be reached. This may influence the earnings development of the ANDRITZ GROUP. In addition, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

For the majority of orders, the risk of payment failure by customers is mitigated by means of bank guarantees and export insurance, but individual payment failures can have a substantial negative impact on earnings development of the Group. Risks related to deliveries to countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are minimized and controlled by derivative financial instruments, in particular forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies (mainly US dollars, Canadian dollars, and Swiss francs) is hedged by forward contracts. Cash flow risks are monitored via monthly cash flow reports.

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has sufficient liquidity reserves and secured access to liquidity. The Group avoids dependence on one single or only a few banks. To ensure independence, no bank will receive more than a certain defined amount of the business in any important product (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives). Nevertheless, if one or more banks were to become insolvent, this would have a considerable negative influence on earnings development and shareholders' equity of the ANDRITZ GROUP. In addition, lowering of ANDRITZ's credit rating by several banks can limit the financial leeway available to ANDRITZ essentially, particularly regarding sureties to be issued.

Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, investment funds to cover pension obligations, or term deposits. However, turbulences on the international financial markets may lead to unfavorable price developments for various securities in which the Group has invested (e.g. money market funds, bonds), or make them non-tradeable. This could have an adverse effect on the ANDRITZ GROUP's financial result or shareholders' equity due to necessary depreciation or value adjustments. The crisis has also heightened the risk of default by some issuers of securities, as well as by customers.

For further information on the risks for the ANDRITZ GROUP, see the ANDRITZ annual financial report 2010.

Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.

Information pursuant to Article 87 (4) of the (Austrian) Stock Exchange Act

During the first half of 2011, no major business transactions were conducted with related persons and companies.

Major events after June 30, 2011

The status of the global economy and the financial markets did not change substantially in the period between the date of the balance sheet and publication of the present report. The major issues of uncertainty are the continued debt crisis suffered by some countries in the Euro zone, the rising inflation, and the high public debt in the USA.

OUTLOOK

Leading economic experts forecast continuing global economic growth for the remaining months of the current year, with particularly strong growth as well as regional overheating tendencies expected for the emerging countries of South America and Asia. However, based on the economic data released during the last few weeks, economic experts expect a downturn of the US economy in the coming quarters. This may also negatively impact the economic growth in the other global economic regions.

At present, the ANDRITZ GROUP sees a good market environment and solid project activity. Only in the METALS business area, the moderate project and investment activity is expected to continue at least until the end of the year.

Based on these expectations and the business results for the first six months of this year, the ANDRITZ GROUP continues to expect a substantial increase in sales and a rise in net income in the 2011 business year compared to the previous year. If however, the global economy suffers a setback due to the Euro and US debt crises in the coming months, this could have a negative impact on the business development of the ANDRITZ GROUP.

Declaration pursuant to Article 87 (1) of the (Austrian) Stock Exchange Act

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements of the ANDRITZ GROUP drawn up in compliance with the applicable accounting standards provide a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP, and that the status report for the first half of 2011 provides a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP with regard to the important events of the first six months of the financial year and their impact on the condensed interim financial statements of the ANDRITZ GROUP, and with regard to the major risks and uncertainties during the remaining six months of the financial year, and also with regard to the major business transactions subject to disclosure and concluded with related persons and companies.

Graz, August 9, 2011

The Executive Board of ANDRITZ AG

Wolfgang Leitner
President and CEO

Karl Hornhofer
PULP & PAPER (Capital Systems)

Humbert Köfler
PULP & PAPER (Service & Units), ENVIRONMENT & PROCESS

Friedrich Papst
METALS, FEED & BIOFUEL, HYDRO

Wolfgang Semper
HYDRO

HYDRO

MARKET DEVELOPMENT

Project activity for electromechanical equipment for hydropower plants remained high during the second quarter of 2011. Investment activity in Europe and North America continued to focus on modernization and rehabilitation of existing capacities, and on pumped storage power stations in order to stabilize the electric grid. The market for small-scale hydropower plants also developed very favorably in these regions. In the emerging markets – especially in South America as well as in Southern and Southeast Asia – numerous new hydropower plant projects are being planned or implemented due to the strong economic growth in these regions and the resulting rise in demand for electricity.

In the market for pumps used in irrigation and drinking water transport, the favorable project activity continued, mainly in the Middle East and in India. Investment activity was high for centrifugal pumps used in the pulp and paper industry in China, India, Brazil, and Russia.

IMPORTANT EVENTS

ANDRITZ HYDRO successfully concluded the Alkumru project, Turkey, with handover of the third unit. By order of Limak Hydroelectric Power Plant Investment Inc., the business area supplied three 87 MW Francis turbine units. All units were handed over to the customer ahead of schedule.

At the Guri II hydropower station, Venezuela, the first of five new 770 MW Francis turbines to be supplied was started up successfully. With a capacity of 10,300 MW, the hydropower plant operated by the state-owned utility company EDELCA is one of world's largest.

The Hacininoglu hydropower plant – the first of three power stations of the Kandil Cascade, Turkey – was handed over to the customer following a successful start-up. Hacininoglu was built by EnerjiSA, a joint venture company of VERBUND AG, Austria, and the Turkish industrial group Sabanci Holding, and will provide around 40% of the region's energy demand with two 71 MW Francis turbines.

In June 2011, Brazil's environmental authority IBAMA (Institute of Environment and Renewable Natural Resources) gave its final approval for construction of the Belo Monte hydropower project. As part of a consortium with Alstom (consortium leader), France, and Voith, Germany, ANDRITZ HYDRO will deliver electromechanical equipment for the Pimental hydropower plant in the Belo Monte project. This order has been booked in the third quarter of 2011.

IMPORTANT ORDERS

For the Grand Coulee hydropower plant in the state of Washington (the largest hydropower plant in the USA), ANDRITZ HYDRO will modernize three Francis turbine units by order of the US Department of the Interior, Bureau of Reclamation.

The business area received an order from Nant de Drance SA, Switzerland, to supply penstocks, main inlet valves, and roller gates for the 900 MW Nant de Drance pumped storage power station.

Darenhes Elektrik Ãretimi A.S., Turkey, placed an order for the supply and start-up of electromechanical equipment for the Tatar (two 67 MW Francis turbines) and Pembelik (two 66 MW Francis turbines) hydropower plants. In addition to the turbines, the scope of supply includes generators and the entire electrical equipment.

For Triunfo, Brazil, ANDRITZ HYDRO Inepar will deliver the electromechanical equipment including three Francis turbines (each with 59 MW output) for the Garibaldi hydropower station.

BC Hydro, Canada, placed an order for modernization of four 273 MVA generators for the Gordon M. Shrum hydropower station.

Electricité de France awarded the business area a contract for the supply of six 103 MW Pelton turbines and rehabilitation of twelve inlets for the La Bathie hydropower station.

Two orders have been received by Hydro Tasmania during the reporting period: ANDRITZ HYDRO will supply a 28 MW Kaplan turbine for the Paloona hydropower station and a 40 MW Kaplan turbine for the Meadowbank hydropower plant.

Two Pelton runners will be delivered to the 146 MW Bitsch hydropower station for HYDRO Exploitation, Switzerland. The runners will be coated with a newly developed technology by ANDRITZ HYDRO providing improved abrasion protection.

The pumps sector booked numerous orders in the reporting period, including contracts to supply process pumps for a Chinese paper mill, submersible motor pumps to a mining customer in Russia, and screw pumps for conveying waste water at municipal facilities in Germany.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope of supply/project description
Austria	VERBUND Hydro Power AG	Revision of pump turbine 2 at the Limberg pumped storage power station
Azerbaijan	Cengiz	Mechanical equipment for the Semkircay small-scale hydropower plant
Chile	Besalco S.A.	Turbine delivery for the Los Hierros small-scale hydropower plant
Panama	UTE Pedregalito (Cobra)	Turbine and generator for the Mendre II small-scale hydropower plant
Philippines	Sunwest Water & Electric Co. Inc	Complete electromechanical equipment including turbines, generators, and additional equipment for the Villasiga small-scale hydropower plant
Switzerland	Forces Motrices Hongrin-Leman S.A.	Additional order for the delivery of six ball valves to the Hongrin-Leman hydropower station
USA, Idaho	US Department of the Interior, Bureau of Reclamation	Refurbishment of four 32 MW Francis turbines at the Palisades hydropower station

PULP & PAPER

MARKET DEVELOPMENT

During the reporting period, the world pulp market continued its stable development of the first quarter of 2011. In the long-fiber pulp sector in particular, an unchanging high demand was evident, accompanied by a short supply. The price increases announced at the beginning of April could be enforced sooner than anticipated, with the favorable exchange rate between the Euro and the US dollar providing support to European pulp buyers. The price for NBSK (Northern Bleached Softwood Kraft Pulp) rose from around 1,000 USD per ton in March 2011 to approximately 1,040 USD per ton at the end of June. On the other hand, the price for short-fiber pulp (birch and eucalyptus) stagnated during the reporting period at around 880 USD per ton; the reason for this was the continuing good supply of pulp, accompanied by a stagnating demand and relatively high stock levels in Asia.

Project activity for pulp mill equipment continued to develop at a solid level. In addition to the order award of single greenfield pulp mills, unchanging good investment activity was noted in the modernization of existing plants, as well as in conversion of existing pulp mills for the production of dissolving pulp.

IMPORTANT EVENTS

P-RC APMP (Preconditioning-Refiner Chemical/Alkaline Peroxide Mechanical Pulp) systems for the production of light weight coated grades (e.g. for newspaper and magazine paper) were successfully started up for OOO 'Kambumprom', Krasnokamsky, Russia, and Shandong Sun Paper Industry, Shandong province, China.

The recovery boiler for CMPC Santa Fe, Chile, was successfully started up after an upgrade.

An ANDRITZ wash press at Södra Cell's Värö Mill, Sweden, was put into operation. Also in Sweden, a white liquor plant upgrade was started up for SCA Packaging Obbola, and a lime reburning kiln was started up for Billerud Karlsborg.

For Zhumadianshi Baiyun Paper, Henan, China, complete washing, screening, and bleaching systems for a new fiberline were started up.

A deinking line upgrade, including sludge dewatering system, was started up for SCA Hygiene Products, Prudhoe, UK.

In Syria, Syriamica, Hani Azzouz Co., successfully started production with a complete new OCC (Old Corrugated Container) line for 400 t/d production in Aleppo.

A rebuild of the press section for a machine producing fluting and testliner was completed for Oudegem Papier NV – VPK Packaging NV, Belgium. This is the first rebuild using the PrimePress Trix shoe press, which improves dewatering and, at the same time, shortens the drying process.

OJSC ILIM Koryazhma, Russia, started up a two-roll calender and feeding system.

MDF pressurized refining systems were started up for Sichuan Guodong Construction Co. Ltd., Sichuan, China (720 t/d capacity), and Tian Men Tian Yuan Wood Industry Co., Ltd., Hubei, China (384 t/d capacity).

ANDRITZ will build a test facility in Sønder Stenderup, Denmark, for large-scale torrefied biomass production technologies.

IMPORTANT ORDERS

Montes del Plata, a joint venture company between Stora Enso and Arauco, awarded ANDRITZ with the supply of all production technologies and equipment for its new pulp mill in Punta Pereira, Uruguay (capacity: 1.3 million t/a eucalyptus market pulp). The scope of supply covers the woodyard, fiberline, pulp drying/baling plant, chemical recovery island, power boiler island, automation solutions, as well as the related civil erection work on an EPC basis.

The business area received an order from Iggesund Paperboard Ltd. Workington, Cumbria, UK, to deliver a biomass boiler island which will burn wood-based fuels (wood, sawmill chips, bark, and sawdust) to substantially reduce the mill's energy costs. In addition to the boiler island, ANDRITZ will deliver the systems for receiving and storing biomass, including lines for chipping logs and crushing wood waste.

Stora Enso Narew Spolka z o.o., Ostroleka, Poland, ordered a complete OCC processing line and rejects handling system to supply a new 455,000 t/a board machine producing high-quality testliner and fluting. This will be the first OCC line sold in Europe based on the latest ANDRITZ technologies, including the FibreFlow drum pulper.

Rigesa Celulose Papel e Embalagens, Três Barras, Brazil, selected the business area to modernize the washing and screening areas in the fiberline and to supply (EPC) a 350 t/d OCC processing line as well as defiberizing and high consistency reject refining equipment.

Količevo Karton Proizvodnja Kartona d.o.o., Domžale, Slovenia, ordered the rebuild of the wet section of its board machine to improve product quality and extend the range of board products. As part of this modernization project, the business area will deliver three PrimeFlow headboxes, a three-layer fourdrinier wire section, a hybrid PrimeForm former for filler dewatering, as well as the approach flow system including headbox screen, cleaner plant, pulper, agitators, and fan pumps for the 3-layer board machine.

The business area received an order from Posco E&C Ltd., Donghae, South Korea, to deliver detail engineering and key components for the first 100% biomass-fired circulating fluidized bed boiler in South Korea.

By order of Siempelkamp, Germany, ANDRITZ will deliver a pressurized refining system for MDF production with a capacity of 1,080 t/d for Igorevskij derevoobrabatyvajuschij kombinat, OAO, St. Igorevskaja, Russia.

For Sun Paper Holding Lao, Muang Phin, Laos, the business area will supply a pulp drying plant (4.7 m width).

Hunan Tiger Forest & Paper Group, Yuanjiang, Hunan, China, awarded ANDRITZ with the delivery of a new P-RC APMP mechanical pulping line.

Phoenix Pulp and Paper Co., Ltd., Amphur Nampong, Khon Kaen, Thailand, ordered a complete wood processing line including debarking drum, chipper, and the new ANDRITZ stacker/reclaimer technology.

To Stora Enso, the business area will supply a new woodroom for its Skoghall mill, Sweden. The delivery consists of a debarking line with de-icing, two chipping lines, and a new bark crusher.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope of supply/project description
Austria	voestalpine Stahl GmbH	Steam reduction station
Austria	Zellstoff Pöls AG	Evaporator integrated into district heating
Brazil	Fibria, Três Lagoas	Chip screen
China	Zhanjiang Chenming Paper Pulp Co., Ltd.	Evaporation plant conversion for dissolving pulp production
China	Xinjiang Bohu Reed Industry Co., Ltd.	Screening, delignification, and bleaching equipment
China	Zhongshan RenHing Paper (Rengo) Manufacturing Co. Ltd.	FibreFlow drum pulper
China	Various	Five pressurized refining systems for MDF ranging in capacity from 360 to 520 t/d
China	Jiangsu Fuxing	Paper machine components
China	Wuhan Chenming	PrimePress X shoe press
Finland	Sappi Kirkniemi	Two extraction washing lines
Finland	Stora Enso, Oulu Mill	Bale press
Germany	Zellstoff- und Papierfabrik Rosenthal GmbH	Modernization of recovery boiler and recausticizing plant
Russia	LLC Pulp Invest	PrimeLine tissue machine including air system
UK	UPM Caledonia	Disc filter upgrade

METALS

MARKET DEVELOPMENT

Worldwide project activity for plants and equipment for the production and processing of stainless steel, carbon steel, and non-ferrous metal strip continued to be moderate during the reporting period compared to the first quarter of 2011. From a regional point of view, good or slightly rising investment activity by steel manufacturers was noted in the emerging countries of Asia, particularly in China and India, as well as in South America. However, project activity in Europe and North America continued to be weak.

IMPORTANT EVENTS

Tianjin Rolling One Steel Co. Ltd. (Trosco), China, started up the push-pickling line supplied by ANDRITZ METALS for annual production of 954,000 t of hot-rolled carbon steel and an acid regeneration plant (capacity: 5,000 l/h).

Following extensive rebuild work, a cut-to-length line for processing up to 25 mm thick plate went into operation successfully at Baosteel's hot rolling mill in Shanghai, China. The rebuild to improve the leveling quality of the plant included the delivery of a new entry section, a new precision leveling machine, new flying shears, and a renewal of the complete electrical equipment to improve the plant's leveling quality.

IMPORTANT ORDERS

From Daimler AG the business area received an order to supply three servo-presses with a pressing force of 12,000 to 25,000 kN for the works in Sindelfingen and Bremen, Germany. The scope of supply also includes the conveying and transfer equipment in the press, the part discharge system, and the complete automation equipment.

Dongkuk Industries Co., Ltd., South Korea, commissioned ANDRITZ METALS to supply a 6-high rolling mill with an annual capacity of 169,000 t. The plant will produce different carbon steels in the thickness range from 0.4-10.0 mm, at a maximum width of 650 mm. The scope of supply includes the mechanical and complete electrical equipment. This order underlines the long-lasting and good partnership with Dongkuk Industries – the carbon steel producer already has an S6-high rolling mill and a roll grinding machine from ANDRITZ in operation.

LUK GmbH (Schaeffler Group, Germany) ordered three presses each with a pressing force of 6,300 kN for its locations in the USA, in China, and Germany. LUK already has three presses of the same design operating successfully in Bühl, Germany.

Metallo Chimique, Belgium, commissioned the business area to supply a copper rotary furnace with a capacity of 200 t. The plant guarantees short charging times, low maintenance requirement, and an environmentally friendly furnace process.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope of supply/project description
Austria	Böhler Edelstahl GmbH & Co. KG	Car bottom furnace with cooling chamber
Austria	AMAG rolling GmbH	Extension to the aluminium annealing line by adding cleaning system and vertical coater
Germany	AG der Dillinger Hüttenwerke	Modernization of the mechanical parts and heating of pusher-type furnace 3
Germany	BUTTING GmbH & Co. KG	Traveling hood for a hood-type furnace

ENVIRONMENT & PROCESS

MARKET DEVELOPMENT

Investment activity for municipal sludge dewatering plants developed satisfactorily during the reporting period. In the industrial process applications area, project activity was high, mainly in South America and Russia, focusing on the mineral and fertilizer industries.

Project activity for municipal sludge drying plants rose, especially in North America and Europe. In the industrial drying plants area, increased investment activity was noted particularly for drying of potash, PVC, and urea.

IMPORTANT EVENTS

The refurbished drying drum for the Granollers plant, Spain, went into operation successfully with further developed drive technology and increased wear protection.

IMPORTANT ORDERS

A customer operating worldwide in the mining industry commissioned the business area to supply eleven screen bowl centrifuges (capacities of up to 100 t/h) to dewater fertilizer for a plant in Argentina.

For a customer in the USA mainly producing calcium carbonate for the paper industry, the business area will supply two decanters. Thanks to a new production technology, the capacity of the decanters was increased significantly compared to conventional decanters.

Rio Tinto Alcan Gove, Nhulunbuy, Australia, placed an order for the rebuild of six vacuum drum filters with a capacity of 1,000 t/h.

An overhead filter press (plate size: 2,000 mm x 2,000 mm) to be used in the production of fertilizer will be supplied to Vale Fertilizantes SA, Brazil.

Mississippi Power, an affiliate of Southern Company, extended the order awarded to ANDRITZ last year for the supply of six fluidized bed drying lines with integrated heat exchangers for the new Kemper County IGCC (Integrated Gasification Combined Cycle) power generation facility in the USA to include further components, such as gas ducting and gas heater housings. The drying lines will be used in the fuel preparation section to dry locally mined lignite prior to gasification. The Kemper County facility has an output of 582 MW.

For Agrium, Canada, the business area will deliver three fluid bed dryers for potassium chloride (potash).

For the sewage sludge drum drying plants operated by Southern Water Services in Sandown, Hastings, Portsmouth, and Ford, UK, the business area will refit the safety engineering equipment. The supply includes the replacement of the main filter and adjustments of some equipment in order to be able to guarantee the necessary safety standards.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope of supply/project description
China	Shenmu Daliuta, Dadi	Three hyperbaric filters for fine coal dewatering; nine side bar filter presses
China	Xinjiang Zhongthai Chemical	Fluidized bed dryers for PVC production
Israel	Dead Sea Works Ltd.	Six screen-scroll centrifuges for potash dewatering
Russia	LLC Eurochem Wolgakaliy	Two horizontal vacuum belt filters for preparation of potassium salt
Russia	JSC Shchekinoazot (Schekino)	Fluid bed dryer for ammonium sulphate
Thailand	Almendra	Four peeler centrifuges for the production of artificial sweetener

FEED & BIOFUEL

MARKET DEVELOPMENT

Project activity in the animal feed sector continued at a high level during the reporting period – especially in Central and South America, Asia, and Eastern Europe. The aquatic feed sector (mainly in Asia and South America) and the pet food industry (with focus on Europe, Central and South America) also showed good investment activity.

Continued good project activity was also noted in the market for biomass/wood pelleting equipment, particularly in Europe, North America, and, to an increasing extent, in the emerging markets of South America and Asia. In addition to wood-based pelleting projects, the number of pelleting projects based on straw increased.

IMPORTANT ORDERS

In the animal feed sector, the business area received several orders during the reporting period; among them, an order for the supply of animal feed processing lines to Venezuela.

For a customer in Brazil, ANDRITZ FEED & BIOFUEL will deliver a pet food processing line with an annual capacity of 40,000 t. Further orders were secured for extrusion lines for the production of pet food and aquatic feed from several customers in Asia, South America, and Europe.

The business area received several orders in the biomass/wood pelleting sector. For a customer in Eastern Europe, ANDRITZ will supply the equipment for a greenfield wood pelleting plant (capacity: 50,000 t/a).

Consolidated statement of financial position

As of June 30, 2011 (condensed, unaudited)

(in TEUR)	June 30, 2011	December 31, 2010
ASSETS		
Intangible assets	65,557	62,042
Goodwill	267,821	255,063
Property, plant, and equipment	406,440	408,023
Shares in associated companies	22,867	22,110
Other investments	154,389	19,986
Non-current receivables and other non-current assets	37,206	39,309
Deferred tax assets	85,530	91,704
Non-current assets	**1,039,810**	**898,237**
Inventories	371,590	334,912
Advance payments made	190,026	105,752
Trade accounts receivable	457,413	510,148
Cost and earnings of projects under construction in excess of billings	364,288	339,886
Other current receivables	337,464	252,159
Marketable securities	374,547	406,728
Cash and cash equivalents	1,174,953	1,187,946
Current assets	**3,270,281**	**3,137,531**
TOTAL ASSETS	**4,310,091**	**4,035,768**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	620,244	616,141
Equity attributable to shareholders of the parent	**760,720**	**756,617**
Non-controlling interests	**40,116**	**37,763**
Total shareholders' equity	**800,836**	**794,380**
Bonds – non-current	366,424	372,880
Bank loans and other financial liabilities – non-current	12,169	19,128
Obligations under finance leases – non-current	7,833	8,163
Provisions – non-current	271,902	218,968
Other liabilities – non-current	13,358	14,639
Deferred tax liabilities	68,331	79,796
Non-current liabilities	**740,017**	**713,574**
Bank loans and other financial liabilities – current	46,097	39,669
Obligations under finance leases – current	676	748
Trade accounts payable	349,781	305,340
Billings in excess of cost and earnings of projects under construction	1,119,831	993,706
Advance payments received	86,330	91,358
Provisions – current	380,769	363,784
Liabilities for current taxes	44,806	46,038
Other liabilities – current	740,948	687,171
Current liabilities	**2,769,238**	**2,527,814**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,310,091**	**4,035,768**

Consolidated income statement

For H1 2011 (condensed, unaudited)

(in TEUR)	H1 2011	H1 2010	Q2 2011	Q2 2010
Sales	**2,011,131**	**1,562,151**	**1,087,410**	**829,827**
Changes in inventories of finished goods and work in progress	30,849	29,188	11,262	14,090
Capitalized cost of self-constructed assets	216	750	139	390
	2,042,196	1,592,089	1,098,811	844,307
Other operating income	41,132	40,568	18,146	23,464
Cost of materials	(1,176,453)	(887,398)	(643,951)	(471,904)
Personnel expenses	(485,034)	(399,985)	(249,914)	(206,683)
Other operating expenses	(264,797)	(222,092)	(134,733)	(121,628)
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**157,044**	**123,182**	**88,359**	**67,556**
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	(33,923)	(30,393)	(17,188)	(16,188)
Earnings Before Interest and Taxes (EBIT)	**123,121**	**92,789**	**71,171**	**51,368**
Income/(expense) from associated companies	820	573	162	343
Interest result	3,143	2,699	819	1,261
Other financial income/(expense), net	50	319	13	104
Financial result	**4,013**	**3,591**	**994**	**1,708**
Earnings Before Taxes (EBT)	**127,134**	**96,380**	**72,165**	**53,076**
Income taxes	(37,433)	(29,126)	(21,272)	(16,041)
NET INCOME	**89,701**	**67,254**	**50,893**	**37,035**
Thereof attributable to:				
Shareholders of the parent company	88,545	67,283	51,534	38,358
Non-controlling interests	1,156	(29)	(641)	(1,323)
Weighted average number of no-par value shares	51,165,900	51,723,805	51,331,772	51,772,264
Earnings per no-par value share (in EUR)	1.73	1.30	1.00	0.74
Effect of potential dilution of share options	634,022	230,959	603,189	252,005
Weighted average number of no par value shares and share options	51,799,922	51,954,763	51,934,961	52,024,268
Diluted earnings per no-par value share (in EUR)	1.71	1.30	0.99	0.74

Consolidated statement of comprehensive income

For H1 2011 (condensed, unaudited)

(in TEUR)	H1 2011	H1 2010	Q2 2011	Q2 2010
Net income	**89,701**	**67,254**	**50,893**	**37,035**
Currency translation adjustments	(16,964)	45,117	(117)	25,656
Changes to IAS 39 reserve, net of tax	(1,715)	1,667	(372)	95
Other comprehensive income for the year	**(18,679)**	**46,784**	**(489)**	**25,751**
Total comprehensive income for the year	**71,022**	**114,038**	**50,404**	**62,786**
Thereof attributable to:				
Shareholders of the parent company	70,260	110,959	50,504	62,131
Non-controlling interests	762	3,079	(100)	655

Consolidated statement of shareholders' equity

For H1 2011 (condensed, unaudited)

	Attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity
(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains (losses)	Currency translation adjustments	Total		
Status as of January 1, 2010	**104,000**	**36,476**	**521,366**	**1,157**	**(4,802)**	**(28,847)**	**629,350**	**34,142**	**663,492**
Total income and expense for the year			67,283	1,721	0	41,955	110,959	3,079	114,038
Dividends			(51,741)				(51,741)	(1,527)	(53,268)
Changes from acquisitions							0	471	471
Changes in consolidation method							0		0
Capital increase							0		0
Changes concerning own shares			8,282				8,282		8,282
Other changes			1,910			(255)	1,655		1,655
STATUS AS OF JUNE 30, 2010	**104,000**	**36,476**	**547,100**	**2,878**	**(4,802)**	**12,853**	**698,505**	**36,165**	**734,670**
Status as of January 1, 2011	**104,000**	**36,476**	**613,575**	**1,648**	**(1,693)**	**2,611**	**756,617**	**37,763**	**794,380**
Total income and expense for the year			88,545	(1,719)		(16,566)	70,260	762	71,022
Dividends			(86,857)				(86,857)	(3,063)	(89,920)
Changes from acquisitions							0		0
Changes in consolidation method			979				979		979
Capital increase							0	4,654	4,654
Changes concerning own shares			18,451				18,451		18,451
Other changes			1,270				1,270		1,270
STATUS AS OF JUNE 30, 2011	**104,000**	**36,476**	**635,963**	**(71)**	**(1,693)**	**(13,955)**	**760,720**	**40,116**	**800,836**

Consolidated statement of cash flows

For H1 2011 (condensed, unaudited)

(in TEUR)	H1 2011	H1 2010
Cash flow from operating activities	206,841	338,881
Cash flow from investing activities	(147,435)	(101,941)
Cash flow from financing activities	(72,399)	(41,935)
Change in cash and cash equivalents	(12,993)	195,005
Cash and cash equivalents at the beginning of the period	**1,187,946**	**709,532**
Cash and cash equivalents at the end of the period	**1,174,953**	**904,537**

Cash flows from acquisitions of subsidiaries*

For H1 2011 (condensed, unaudited)

		Business area	Total	Total
(in TEUR)	HY[1)]	PP[2)]	H1 2011	H1 2010
Intangible assets	1,356	11,826	13,182	11,165
Property, plant, and equipment	143	474	617	1,759
Inventories	792	0	792	6,926
Trade and other receivables excluding financial assets	238	5,108	5,346	9,880
Liabilities excluding financial liabilities	(558)	(8,000)	(8,558)	(15,287)
Non-interest bearing net assets	**1,971**	**9,408**	**11,379**	**14,443**
Cash and cash equivalents acquired	247	0	247	1,416
Fixed financial assets	0	1,728	1,728	0
Debt assumed	(4)	0	(4)	(3,333)
Goodwill	1,782	12,864	14,646	9,955
Total purchase price	**3,996**	**24,000**	**27,996**	**22,481**
Purchase price paid	(3,006)	(20,300)	(23,306)	(22,481)
Cash and cash equivalents acquired	247	0	247	1,416
Net cash flow	**(2,759)**	**(20,300)**	**(23,059)**	**(21,065)**
Liabilities from purchase price not paid	(990)	(3,700)	(4,690)	0
Purchase price not paid in cash	**(990)**	**(3,700)**	**(4,690)**	**0**

* converted by using exchange rates as per dates of transaction
1) HY = HYDRO
2) PP = PULP & PAPER

Notes

Explantory notes to the interim consolidated financial statements as of June 30, 2011

General
The interim consolidated financial statements as of June 30, 2011 were prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS) – guidelines for interim reporting (IAS 34) – which are to be applied in the European Union. The accounting and valuation methods as of December 31, 2010 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2010, which form the basis for this interim consolidated financial report.

Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

The interim consolidated financial statements as of June 30, 2011 were neither subject to a complete audit nor to an audit review by an auditor.

Application of new standards
ANDRITZ applies the following changed standards and interpretations since January 1, 2011:
- IAS 24 (revised) Related Party Disclosures
- IAS 32 (revised) Financial Instruments: Presentation (Classification of Rights Issues)
- IFRIC 14: amendment to IFRIC 14

The application of these standards and interpretations does not have a material impact on the interim consolidated financial statements.

Changes in consolidated companies
The following companies were not, or only partially, included in the ANDRITZ GROUP's consolidated financial statements of the reference period January 1-June 30, 2010:
- ANDRITZ Biax: systems and equipment for the production of biaxially stretched plastic films
- ANDRITZ Perfojet: machinery and systems for the production of nonwovens
- ANDRITZ Frautech: separators for applications in the dairy and olive oil industries
- ANDRITZ Delkor Capital Equipment: dewatering equipment, especially for the mining industry
- ANDRITZ KMPT Group: mechanical and thermal solid/liquid separation, especially for the chemical and pharmaceutical industries
- ANDRITZ Ritz Group: pumps for the water supply, mining sector, offshore and sub-sea applications
- ANDRITZ Energy & Environment: fluidized bed boilers for steam generation and flue gas cleaning systems
- Hemicycle Controls: automation systems for hydropower plants

The initial accounting for the companies/businesses acquired in 2010/2011 was based on preliminary figures.

Seasonality
As a rule, the business of the ANDRITZ GROUP is not characterized by any seasonality.

Notes to the interim consolidated income statement
In the second quarter of 2011, sales of the ANDRITZ GROUP amounted to 1,087.4 MEUR, which is an increase of 31.0% compared to last year's reference period (Q2 2010: 829.9 MEUR). The EBIT reached 71.1 MEUR (Q2 2010: 51.4 MEUR).

In the first half of 2011, sales of the Group amounted to 2,011.1 MEUR, thus significantly exceeding the level of the previous year's reference period (H1 2010: 1,562.2 MEUR). The EBIT amounted to 123.1 MEUR (H1 2010: 92.8 MEUR).

Notes to the consolidated statement of financial position

Total assets of the ANDRITZ GROUP as of June 30, 2011 increased to 4,310.1 MEUR, thus 274.3 MEUR higher than as of December 31, 2010 (4,035.8 MEUR). The net working capital as of June 30, 2011 amounted to -597.1 MEUR (December 31, 2010: -556.1 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 86.9 MEUR for the 2010 business year. No shares were bought back during the first half of 2011.

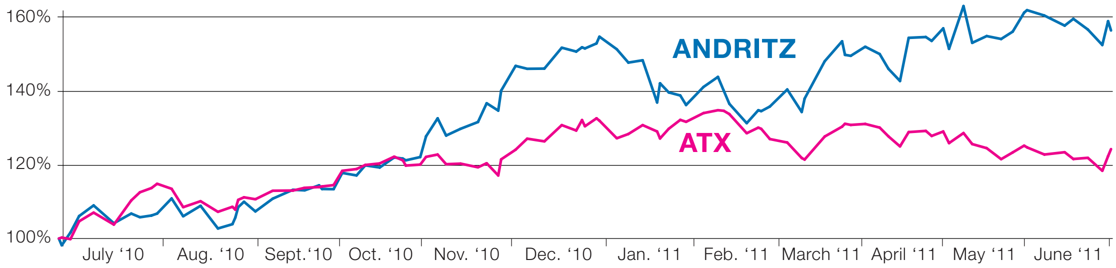
Notes to the consolidated statement of cash flows

Cash flow from operating activities of the ANDRITZ GROUP amounted to 206.8 MEUR in the first half of 2011 (H1 2010: 338.9 MEUR). This decrease was mainly due to project related changes in the working capital.

Cash flow from investing activities during the first half of 2011 amounted to -147.4 MEUR (H1 2010: -101.9 MEUR) and resulted mainly from payments made for investments in financial assets of -100.6 MEUR (H1 2010: -64.8 MEUR) and investments in intangible assets and property, plant, and equipment of -23.5 MEUR (H1 2010: -22.2 MEUR).

Share

Relative price performance by the ANDRITZ share compared to the ATX (July 1, 2010-June 30, 2011)



Source: Vienna Stock Exchange

Share price development

In the first half of 2011, the ANDRITZ share price developed very favorably despite a generally weak stock exchange environment. The share price increased by 2.3%, thus again outperforming the ATX, the leading share index on the Vienna Stock Exchange, which decreased by 6.3% during the same period.

The highest closing price of the ANDRITZ share in the first half of 2011 was 74.00 EUR (May 10, 2011); the lowest closing price was 59.61 EUR (February 24, 2011).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) in the first half of 2011 was 260,353 shares (H1 2010: 260,147 shares). The highest daily trading volume was noted on March 18, 2011 (928,770 shares); the lowest trading volume on May 30, 2011 (81,704 shares).

Investor Relations

At the Vienna Stock Exchange Awards 2011, ANDRITZ once again received a prize for its extensive investor relations activities. For the third time, ANDRITZ took first place in the main category, the ATX prize, which is awarded to companies in the leading index of the Vienna Stock Exchange for their outstanding communication policy and investor relations activities in the Austrian capital market. Since the Initial Public Offering in 2001, the ANDRITZ GROUP has received several national and international awards for its investor relations activities – for special achievements in corporate governance, for online investor relations, 'Best European Investor Relations' for the engineering and machinery market, as well as for the best annual report worldwide in the industry category.

During investor conferences and meetings with international institutional investors and financial analysts, ANDRITZ gave presentations in Boston, Edinburgh, Frankfurt, London, Los Angeles, New York, Paris, San Diego, San Francisco, Toronto, Zürich, and Zürs in the second quarter of 2011.

Key figures of the ANDRITZ share

	Unit	H1 2011	H1 2010	Q2 2011	Q2 2010	2010
Highest closing price	*EUR*	74.00	48.77	74.00	48.77	68.92
Lowest closing price	*EUR*	59.61	39.49	64.80	41.25	39.49
Closing price as of end of period	*EUR*	71.00	46.00	71.00	46.00	68.79
Market capitalization as of end of period	*MEUR*	3,692.0	2,392.0	3,692.0	2,392.0	3,577.1
Performance	*%*	+2.3	+12.2	+4.6	+1.2	+67.8
ATX weighting as of end of period	*%*	7.2739	5.5534	7.2739	5.5534	7.3211
Average daily number of shares traded	*Share units*	260,353	260,147	223,837	274,372	230,773

Source: Vienna Stock Exchange

Basic data of the ANDRITZ share

ISIN code	AT0000730007
First listing day	June 25, 2001
Types of shares	No-par value shares, bearer shares
Total number of shares	52 million
Authorized capital	None
Free float	Approximately 71%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATXPrime, WBI

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  reports.andritz.com/2011h1/

All annual reports, annual financial reports, and quarterly reports of the ANDRITZ GROUP since the IPO in 2001 are available at **www.andritz.com/reports**

CONTACT & PUBLISHER'S NOTE

ANDRITZ AG
Investor Relations
Stattegger Strasse 18, 8045 Graz, Austria
Tel.: +43 (316) 6902 2722, investors@andritz.com

Editor in charge:
Michael Buchbauer

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