Quarterly Reporting 01-09/2012

Lenzing Group

www.lenzing.com

LEADING FIBER INNOVATION

The business and sports worlds have a lot in common – above all the understanding that success only occurs on the basis of cooperation. The right partners have to come together in order to enjoy success – but also the right skills, values and opportunities. This is only possible in an environment characterized by fairness and trust offering space for development, progress and improvements, but also for mistakes and defeats. If success is defined in this way, then one will not have success only once, but be truly “success-ful(l)”.

Key Figures

		30/09/2012	31/12/2011
Adjusted equity[1]	EUR mn	1,152.0	1,048.1
Adjusted equity in %	%	48.5	44.8
Net financial debt	EUR mn	295.3	159.1
Net debt[2]	EUR mn	383.8	245.0
Net gearing	%	25.6	15.2
Open credit lines	EUR mn	209.1	250.8
Strategic liquidity reserve[3]	EUR mn	352.3	493.8
Number of employees at period end		6,958	6,593

		1-9/2012	1-9/2011
EBITDA	EUR mn	281.5	362.9
EBITDA margin	%	18.0	22.8
EBIT	EUR mn	203.4	289.7
EBIT margin	%	13.0	18.2
Capital expenditure (intangible assets, property, plant and equipment)	EUR mn	213.7	130.5

1) Equity including grants less proportionally deferred taxes 2) Including provisions for pension and severance payments
3) Comprises cash and cash equivalents as well as marketable securities

Content

MANAGEMENT REPORT 01-09/2012 · Lenzing Group

Team spirit.

Probably the most important ingredient for success is team spirit. Team spirit means to us more than just sitting together in the same boat. It is the shared, unequivocal passion and enthusiasm for excellence. It is the “Lenzing Spirit” that makes us so successful. Individual strengths are bundled in the team – enabling us to achieve such unique successes.

Management Report 01-09/2012

General Market Environment

Global economy[1]

In the third quarter of 2012, the global economy continued to develop weakly. In particular, the countries at the periphery of the eurozone reported a strong downturn in their economic performance, and were only able to place government bonds featuring a correspondingly high risk premium. The economic development of the USA and Great Britain also lagged behind expectations. Even the emerging markets were unable to decouple themselves from this downward trend. The International Monetary Fund (IMF) expects average global economic growth to reach a level of 3.3% for the entire year 2012.

According to the IMF forecast, the gross domestic product (GDP) of the Western industrialized nations is predicted to expand by an average of 1.3%. The eurozone continues to suffer from a mild recession. In this regard, the IMF anticipates that the economies of the eurozone countries will contract by 0.4% in 2012. GDP in the US is expected to expand this year by 2.2%.

For 2012, experts forecast more moderate economic growth rates in the economies of the developing and emerging countries than in previous years. The IMF predicts average GDP growth in these emerging markets will average 5.3% for the entire year 2012. The underlying reasons for this weaker development are the lower level of exports to Europe and North America as well as declining domestic demand resulting from more restrictive lending policies.

In the third quarter of 2012, China's economy failed to meet up to the government's growth targets for the first time since the outbreak of the international financial crisis. The unfavorable economic situation in Europe and the USA led to a perceptible decrease in demand. Domestic demand in China is not yet able to compensate for such a decline.

According to the National Bureau of Statistics of the People's Republic of China, the country's economic growth in the period July to September 2012 was 7.4% higher than in the previous year. This comprised the seventh successive quarterly decline and the lowest growth rate posted since the beginning of 2009, shortly following the onset of the global financial crisis. The government targets an economic expansion of 7.5% for 2012 as a whole.

The recent development of global industrial production[2] has also proven to be weaker, but remained at a high level in important sales markets for Lenzing fibers. For example, China reported an increase of 9.2% in its industrial production in September 2012 compared to the prior-year month, and Indonesian industrial production rose by 3.6% in August 2012.

The global economy impacts the entire fiber market

In the third quarter of 2012, the unsatisfactory global economic environment continued to dampen the development of the entire fiber industry, similar to the situation in the first two quarters of the year. The market continues to be provided with a sufficient supply of fibers. The cotton price, the most important benchmark for the entire fiber industry, tended to move sideways, ranging between 80.8 and 86.8 US cents/lb. In the light of weak demand, no quick or substantial increase in the cotton price is anticipated as a consequence of the disproportionately high cotton inventories

[1] Refer to IMF, World Economic Outlook, October 2012 [2] Refer to Haver Analytics, November 10th, 2012

around the world and the expectations for the current 2012/13 cotton harvest, which foresee a decline in the cotton harvest of only 6%. Conversely, in spite of the high volume of available quantities, the downward trend in the cotton price has bottomed out and now hovers at the considerably higher level of 80-85 US cents/lb compared to the all-time lows recorded in the past decade.

The Chinese textile industry, by far the largest in the world, suffered from the ongoing weak demand for exports from the Western industrialized nations (especially in Europe) during the period under review. This development cannot be compensated by the domestic market. As a result, the entire Chinese textile industry is still characterized by capacity under-utilization. In turn, this led to the under-utilization of the Chinese fiber industry, and a corresponding erosion of fiber selling prices. The viscose fiber spot market price in China amounted to approximately RMB 14.22 per kilogram at the end of October 2012, comprising a decline of more than 10% since the beginning of the year.

Development of the Lenzing Group

Despite economic headwinds, the Lenzing Group succeeded in achieving the second best business results in its history during the first three quarters of 2012. However, as expected, the company could not match the record performance of the previous year. EBITDA (earnings before interest, tax, depreciation and amortization) in the third quarter of 2012 totaled EUR 87.9 mn (Q2 2012: EUR 100.6 mn), which was within the third quarter guidance of EUR 85-90 mn published in the middle of 2012. Consolidated sales in the third quarter of 2012 amounted to EUR 505.7 mn (Q2 2012: EUR 533.6 mn).

Consolidated sales of the Lenzing Group in the first nine months of 2012 amounted to EUR 1,567.5 mn, a decline of 1.5% from the prior-year level of EUR 1,592.2 mn. The 12.0% year-on-year increase in fiber shipment volumes could not completely offset the approximately 11% decrease in Lenzing's average fiber selling prices during the same period. The cost of material and other purchased services climbed 3.8% as a result of higher production volumes to EUR 966.4 mn (Q1-3 2011: EUR 930.8 mn). The costs of the important raw materials wood and chemicals as well as energy remained largely constant in the course of the year. However, the weak economy led to declining prices, in particular, for pulp procured on the spot market.

Personnel expenditures were up 11.3% from the comparable prior-year period, rising from EUR 208.8 mn to EUR 232.3 mn. This can be mainly attributed, amongst other factors, to the increase in the number of employees working at the Nanjing (China) and Purwakarta (Indonesia) sites. The lively ongoing investment activity resulted in a 6.2% rise in the amortization of intangible assets and the depreciation of property, plant and equipment, from EUR 76.0 mn to EUR 80.7 mn in the first nine months of the year. Other operating expenses remained almost unchanged in a year-on-year comparison, totaling EUR 158.0 mn (Q1-3 2011: EUR 156.9 mn).

Consolidated EBITDA in the first nine months of 2012 totaled EUR 281.5 mn, the second highest level ever posted in the company's history in spite of the 22.4% decline from the comparable figure of EUR 362.9 mn in the first three quarters of the previous year. The EBITDA margin amounted to 18.0% (Q1-3 2011: 22.8%), continuing to be in an attractive double-digit range. EBIT (earnings before interest and tax) at EUR 203.4 mn (Q1-3 2011: EUR 289.7 mn) was also at a gratifying level. This comprised an EBIT margin for the Lenzing Group of 13.0% in the first nine months of 2012, compared to 18.2% in the prior-year period.

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The financial result at minus EUR 7.4 mn remained unchanged compared to the prior-year period. EBT (earnings before tax) of the Lenzing Group in the first nine months of 2012 totaled EUR 199.8 mn, a decline of 27.9% (Q1-3 2011: EUR 277.0 mn). As a consequence of the lower income tax in the third quarter, the tax expense in the first nine months of 2012 amounted to EUR 44.6 mn (Q1-3 2011: EUR 59.0 mn) and the profit for the period was EUR 155.1 mn (Q1-3 2011: EUR 217.9 mn), a decrease of 28.8% from the prior-year level.

Earnings per share in the first nine months of 2012 amounted to EUR 5.67, following EUR 8.09 in the previous year. This represents a drop of 29.9%.

Investments in intangible assets and property, plant and equipment totaled EUR 213.7 mn in the first nine months of 2012, significantly higher than the prior-year level of EUR 130.5 mn. The investment focus was on construction of the fifth fiber production line at the Indonesian subsidiary PT. South Pacific Viscose (SPV), the remodeling of the Paskov pulp plant as well as ongoing optimization work. Rapid progress is being made on construction of the new TENCEL® production plant at the Lenzing site, which will boast an annual capacity of 60,000 tons.

Adjusted Group equity[1] was EUR 1,152.0 mn at the end of September 2012, a rise of 9.9% compared to the comparable level of EUR 1,048.1 mn as at December 31, 2011. This corresponds to an adjusted equity ratio of 48.5% (December 31, 2011: 44.8%). Net financial debt rose to EUR 295.3 mn at the end of the third quarter of 2012 (December 31, 2011: EUR 159.1 mn). Accordingly, net gearing was 25.6% (December 31, 2011: 15.2%), which is still very low compared to the rest of the industry.

The strategic liquidity reserve[2] at the end of the third quarter of 2012 amounted to EUR 352.3 mn, compared to EUR 493.8 mn at the beginning of the year. Moreover, Lenzing has unused lines of credit at its disposal to the amount of EUR 209.1 mn.

As at September 30, 2012, the Lenzing Group employed a staff of 6,958 people, up from 6,593 employees as at December 31, 2011.

Segment Fibers

The first nine months of 2012 were characterized by full capacity utilization of all production facilities in Lenzing's Segment Fibers and a new record level of fiber shipment volumes, but also declining fiber selling prices in the course of the year. Segment sales in the first three quarters of 2012 amounted to EUR 1,414.3 mn (Q1-3 2011: EUR 1,436.1 mn). Segment EBITDA totaled EUR 262.1 mn (Q1-3 2011: EUR 345.0 mn), whereas the segment's EBIT amounted to EUR 187.3 mn (Q1-3 2011: EUR 275.9 mn). Specialty fibers accounted for 35.4% of segment sales.

The average fiber selling prices in the first three quarters of 2012 equaled EUR 2.00 per kilogram, down from EUR 2.25 per kilogram in the prior-year period. In the third quarter of 2012 the average fiber selling prices equaled EUR 1.95 per kilogram, compared to EUR 2.04 per kilogram in the second quarter of 2012, and was accordingly at the lower end of our price guidance (EUR 1.95-2.00). The underlying reason for the price decline was the under-utilization of production plants operated by many cellulose fiber manufacturers in Asia, as well as the lower cotton price compared to the previous year.

[1] Equity including grants less proportionally deferred taxes [2] Encompasses cash and cash equivalents and liquid securities

The two business units, Textile Fibers and Nonwoven Fibers, performed well in a weak market environment, with total fiber sales of 589,304 tons, a new all-time high level (Q1-3 2011: 524,173 tons). In the third quarter, sales amounted to 199,000 tons of cellulose fibers, also reaching the sales target (Q3 guidance of about 200,000 tons) in spite of the difficult market conditions. However, the decrease in the spot market prices for viscose fibers in China at the end of the third quarter led to a corresponding drop in the selling prices for standard viscose fibers in the Business Unit Textile Fibers. Selling prices for the specialty fibers Lenzing Modal® and TENCEL® were also not immune to the overall market trend prevailing as of the middle of the year. Nevertheless, they continued to be sold at an attractive price premium compared to standard viscose fibers.

The sales volumes achieved by the Business Unit Nonwoven Fibers were gratifying. However, the generally low average fiber price level was also perceptible in the nonwovens market. Lenzing succeeded in further consolidating its dominant market position for wipes. Demand for TENCEL® fibers in the nonwovens segment remains strong, particularly in the USA. In September, the Business Unit Nonwoven Fibers introduced its new fiber TENCEL® Biosoft, the first hydrophobic and fully biologically degradable fiber to the Man-Made Fibers Congress held in Dornbirn, Austria. The substantial advantages of this product for wipes and hygiene products aroused considerable interest in the industry, which had previously relied on synthetic products for moisture-resistant fibers. Thus Lenzing has developed a natural and sustainable replacement for polyester based on a renewable raw material enabling, for example, feminine hygiene products to be produced using 100% TENCEL®.

Outlook Business Units Textile Fibers and Nonwoven Fibers

Lenzing does not anticipate an improvement of the overall business environment in the textile fiber and nonwovens segments in the fourth quarter of 2012. The under-utilization of production capacities in the fiber industry and the downstream processing chain could continue. As a result, further price pressure on the fiber market is to be expected.

However, in the light of its market position, Lenzing continues to anticipate a very good utilization of its fiber production capacities at all sites in the fourth quarter of 2012 as well. In any case, a new record level of fiber shipment volumes can be expected for 2012 as a whole. Following initial test runs starting on October 29, 2012, Lenzing will begin to ramp up operations at the new fifth production line at SPV (Indonesia) during the fourth quarter of 2012. Depending on developments at SPV, fiber production volumes for the entire Lenzing Group are anticipated to be around 800,000 tons in 2012.

Business Units Pulp and Energy

In line with the weak overall economic situation, spot market prices for pulp declined further in the course of the year. This resulted in delays to several pulp expansion projects on the part of Lenzing competitors. However, new pulp production capacities should continue to lead to weak pulp selling prices.

During the course of 2012 so far, the Business Unit Pulp has been able to ensure a sufficient supply of pulp to the entire Lenzing Group without any problems. The remodeling and conversion of the Paskov pulp plant (Czech Republic) to a paper and dissolving pulp plant is pro-

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gressing rapidly. The production volume of 115,000 tons of dissolving pulp targeted for 2012 seems to be realistic.

Over the course of the year 2012, the Business Unit Energy succeeded in securing the energy supply at all Lenzing sites worldwide. With the exception of the USA, the consistently high price of oil led to rising natural gas prices burdening the Lenzing Group. In contrast, electricity prices in Europe decreased.

Outlook Business Units Pulp and Energy

A sufficient supply of pulp and energy for the Lenzing Group has been secured for the rest of the year. A further slight weakening of pulp prices cannot be excluded. The energy investment projects at the Lenzing, Nanjing and Paskov sites are proceeding on schedule. The Lenzing site already worked to counteract the high oil and gas price during the first three quarters of 2012 by increasing the use of biogenous fuels as well as waste fuels.

Segments Plastics Products and Engineering

In the Segment Plastics Products, Lenzing succeeded in taking advantage of the ongoing demand on the part of the construction and insulation industries in the third quarter of 2012. In the PTFE* business, the market for compression packings developed positively. Raw material prices for thermoplastics as well as PTFE remained at a high level. Segment sales in the first nine months of 2012 amounted to EUR 126.0 mn, or 7% below the prior-year level of EUR 135.5 mn. Segment EBITDA was EUR 11.2 mn, corresponding to an EBITDA margin of 8.9% (Q1-3 2011: EUR 13.3 mn, 9.8% margin). Segment EBIT totaled EUR 6.8 mn (Q1-3 2011: EUR 8.3 mn).

The Segment Engineering also benefited from the good investment climate in the Lenzing Group in the third quarter of 2012. The Segment Engineering generated sales of EUR 89.3 mn in the first nine months of 2012, a rise of 11.9% from the prior-year level of EUR 79.8 mn, although margins were slightly weaker. Segment EBITDA was EUR 6.1 mn, corresponding to a 6.8% EBITDA margin (Q1-3 2011: EUR 7.0 mn, 8.8% margin). Segment EBIT amounted to EUR 4.8 mn in the first nine months of 2012 (Q1-3 2011: EUR 5.9 mn).

Outlook Segments Plastics Products and Engineering

A good development in the operating business of both segments continues to be expected in the current financial year. Due to the evaluation of all strategic options relating to Lenzing's stake in the German company European Precursor GmbH (EPG), non-recurring expenditures involving a potential business windup could arise during the rest of the year. If the option of a windup is realized, this could have an impact of minus EUR 5-10 mn on EBITDA and EUR 10-15 mn on the profit for the period of the Lenzing Group according to initial calculations.

*) Polytetrafluoroethylene

Lenzing Capital Markets Day

Following its successful Re-IPO in the previous year, the Lenzing Group hosted a "Capital Markets Day" for national and international analysts and investors for the first time in September 2012. The Management Board and the heads of the Business Units Textile Fibers and Nonwoven Fibers provided insights into the value chain as well as detailed information about the latest developments on the global fiber market and the strategic orientation of the Lenzing Group.

Outlook for the Lenzing Group

Lenzing confirms the guidance for the entire year 2012, which was published as part of the half-year results. As a consequence, Lenzing is well on track to achieve the second best business results in the company's history. However, due to the current difficult market development a declining average fiber selling price is expected, which is likely to amount to EUR 1.85 per kilogram in the fourth quarter 2012. From today's perspective, Lenzing expects that it will only reach the lower end of the targeted range with respect to its performance indicators. Accordingly, consolidated sales are expected to be within a range of EUR 2.10-2.15 bn, whereas EBITDA will range between EUR 350-400 mn and EBIT will total somewhere between EUR 240-290 mn. Capital expenditure for 2012 is anticipated to be about EUR 325 mn. The expected tax rate of 22-24% is underlined by the tax rate of 22.3% for the first nine months of 2012.

Long-term megatrends such as population growth, increasing per capita fiber consumption in the emerging markets and growing demand for resource-saving, environmentally compatible fibers remain intact, and are good arguments in favor of man-made cellulose fibers. However, this long-term growth trend does not exclude the possibility of repeated phases of delayed or accelerated economic growth.

We will inform you about the further outlook of the Lenzing Group on the occasion of the presentation of the company's annual results for the entire year 2012 at the end of March 2013.

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Risk Report

The IMF recently revised its forecasts for global economic growth downwards once again. According to the most recent analysis, global economic growth will reach a level of 3.3% in 2012. This comprises a further reduction of 0.2 percentage points compared to the IMF's July forecast. The outlook for 2013 was also revised downwards by 0.3 percentage points to 3.6%.

In the third quarter, the primary economic performance indicators further deteriorated. The crisis continued to manifest itself in the eurozone, and it remains to be seen whether or not the latest stabilization measures (euro rescue umbrella) prove to be effective. If the problems in Europe and the USA are not solved, a further weakening of global economic growth below the two percent mark is likely to take place, which would be tantamount to a recession scenario.

In the third quarter of 2012, the cotton price recovered somewhat and rose from 80.3 to 86.3 US cents/lb before declining again to its initial level. In the medium-term, cotton production in the 2012/13 harvest season is expected to fall by 6% to 26 mn tons and decrease even further in 2013/14. In the cellulose fiber segment, a drop in fiber prices is also likely to take place in the fourth quarter of 2012 due to ongoing weak demand. In October the Chinese spot market prices for viscose staple fibers continued to decline to reach new all-time lows for the year.

The ratio of supply to demand on the world's pulp markets is stable for the most part (the price for dissolving pulp is currently at approximately USD 950-1,000 per ton). The supply of wood at the Lenzing site and sufficient quantities of pulp for the fiber plants have been secured for the year 2013.

In spite of weak demand, raw material prices remain largely stable. Whereas oil and gas prices remain at a very high level, with the exception of the low gas price situation in the USA, prices for electricity and coal fell in the third quarter of 2012.

General risks such as natural catastrophes, fire hazards or the risk of explosions, environmental damage and product liability risks continue to be potential causes of extensive damage to the Group, and are still considered to be high risk factors. There were no significant events which took place in this regard during the first three quarters of 2012.

With respect to the large-scale expansion projects, construction work on the planned viscose fiber plant in India has been delayed due to the necessity of further expert appraisals. The other expansion projects (Indonesia, Lenzing) are proceeding as planned.

Major Related Party Transactions

In this regard we refer to Note 10 of the selected explanatory notes to the consolidated interim financial statements of this report.

Significant Events after the End of the Interim Reporting Period

Effective October 1, 2012, the Lenzing Group acquired a further 25% stake in Biocel Paskov a.s., Paskov, Czech Republic, which had been previously fully consolidated, at a cost of acquisition amounting to EUR 26.6 mn. As a result, Lenzing's shareholding in this company rose from 75% to 100%. As a consequence of this transaction, the interest held by non-controlling shareholders declined by EUR 8.6 mn, and the liability relating to the dividend guarantee for non-controlling shareholders fell by EUR 19.7 mn.

In October 2012, the Lenzing Group successfully issued a German private placement (Schuldschein). The transaction was concluded in November 2012. The volume of the German private placement (Schuldschein) issued amounts to EUR 200 mn, at an average term to maturity of six years and an average interest rate of 2.55%.

There were no other material events for the Lenzing Group requiring disclosure after the reporting date of September 30, 2012 which would change the presentation of the assets, liabilities, financial position and profit or loss of the company.

Lenzing, November 13, 2012

The Management Board

Peter Untersperger

Friedrich Weninger

Thomas G. Winkler

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2012 TO SEPTEMBER 30, 2012 · Lenzing Group

Strategic thinking.

At Lenzing we consider success to be less the result of thinking about something but about thinking ahead. For example, we confronted the issue of sustainability long before other companies even recognized its importance. Today it is the foundation for our success. That is why we at Lenzing plan every move in a good and very careful manner, and then implement it with all our strength and energy – for example our expansion strategy, which will raise our annual capacity from 770,000 tons in 2011 to 1.2 million tons in 2015. However, despite all the planning we do we are always good for surprises. Because if you really want to come in first, you have to above all be the first one to think.

Interim Financial Statements (Condensed) as at September 30, 2012

Content

Lenzing AG

Consolidated Income Statement

for the period from January 1 to September 30, 2012

EUR mn

Continuing operations	Note	7-9/2012	7-9/2011	1-9/2012	1-9/2011
Sales	(3,4)	505.7	515.9	1,567.5	1,592.2
Changes in inventories of finished goods and work in progress		11.6	2.8	14.8	14.5
Work performed by the Group and capitalized		12.6	2.4	30.2	18.9
Other operating income		8.8	9.5	28.3	36.5
Cost of material and purchased services	(4)	(321.9)	(301.9)	(966.4)	(930.8)
Personnel expenses	(4)	(80.6)	(71.5)	(232.3)	(208.8)
Amortization of intangible assets and depreciation of property, plant and equipment	(4)	(26.5)	(25.5)	(80.7)	(76.0)
Other operating expenses	(4)	(47.4)	(41.2)	(158.0)	(156.9)
Income from operations (EBIT)		**62.4**	**90.5**	**203.4**	**289.7**
Income from investments in associates		1.0	2.2	3.8	4.7
Other investment income		0.3	2.4	3.7	4.0
Financing costs	(4)	(3.8)	(5.5)	(14.9)	(16.1)
Financial result		**(2.4)**	**(0.9)**	**(7.4)**	**(7.4)**
Allocation of profit or loss to puttable non-controlling interests		1.6	(0.4)	3.7	(5.3)
Income before tax (EBT)		**61.6**	**89.2**	**199.8**	**277.0**
Income tax		(6.5)	(16.6)	(44.6)	(59.0)
Profit for the period after taxes from continuing operations		**55.1**	**72.6**	**155.1**	**217.9**
Attributable to shareholders of Lenzing AG		53.4	71.6	150.6	210.6
Attributable to non-controlling interests		1.6	1.0	4.6	7.4
Earnings per share		**EUR**	**EUR**	**EUR**	**EUR**
From continuing operations and discontinued operations		2.01	2.70	5.67	8.09
From continuing operations		2.01	2.70	5.67	8.09

Interim Financial Statements (Condensed) as at September 30, 2012

Lenzing AG

Consolidated Statement of Comprehensive Income

for the period from January 1 to September 30, 2012

EUR mn

	Note	7-9/2012	7-9/2011	1-9/2012	1-9/2011
Profit for the period		**55.1**	**72.6**	**155.1**	**217.9**
Positions never will be recognized in profit and loss					
Actuarial gains/(losses) on defined benefit plans		0.0	0.0	0.0	0.0
Share of other comprehensive income of associates		0.0	0.0	0.0	0.0
Income tax relating to components of other comprehensive income		0.0	0.0	0.0	0.0
		0.0	**0.0**	**0.0**	**0.0**
Positions which may be recognized in profit and loss					
Exchange differences arising during the period	(5)	(6.8)	25.2	5.6	2.3
Net result on revaluation of available-for-sale financial assets during the period		0.1	0.1	0.2	(0.6)
Reclassification adjustments relating to available-for-sale financial assets disposed of in the period		0.2		0.2	0.0
Gains/losses from the valuation of cash flow hedges arising during the period	(5)	3.5	7.7	4.3	3.0
Reclassification adjustments for amounts from cash flow hedges recognized in profit or loss		7.2	(21.8)	14.3	(14.9)
Share of other comprehensive income of associates		0.0	0.0	0.0	0.0
Income tax relating to components of other comprehensive income		(2.6)	3.3	(4.5)	2.9
		1.5	**14.6**	**20.0**	**(7.3)**
Other comprehensive income for the period - net of tax		**1.5**	**14.6**	**20.0**	**(7.3)**
Total comprehensive income for the period		**56.5**	**87.2**	**175.2**	**210.7**
Attributable to shareholders of Lenzing AG		54.4	85.0	169.0	203.1
Attributable to non-controlling interests		2.1	2.2	6.2	7.6

Lenzing AG

Consolidated Statement of Financial Position as at September 30, 2012

Assets

EUR mn

	Note	30/09/2012	31/12/2011
Intangible assets	(5)	90.1	90.1
Property, plant and equipment	(5)	1,227.1	1,091.7
Investments in associates		34.0	30.3
Other financial assets	(5)	57.7	93.6
Deferred tax assets		6.7	10.8
Other non-current assets		8.8	9.3
Non-current assets		**1,424.4**	**1,325.8**
Inventories	(5)	311.4	284.6
Trade receivables	(5)	248.4	236.8
Current taxes		16.5	11.7
Other receivables and assets		62.9	64.4
Investments		0.0	6.7
Cash and cash equivalents	(6)	311.3	410.5
Current assets		**950.5**	**1,014.7**
Total assets		**2,374.9**	**2,340.5**

Equity and Liabilities

EUR mn

	Note	30/09/2012	31/12/2011
Common stock		27.6	27.6
Capital reserves		133.9	133.9
Retained earnings		930.9	828.2
Share of shareholders of Lenzing AG		**1,092.3**	**989.7**
Non-controlling interests		36.2	34.0
Equity	**(5)**	**1,128.6**	**1,023.7**
Government grants		25.4	23.1
Bonds, bank loans	(5)	472.3	488.5
Other loans	(5)	31.9	30.0
Trade payables		0.1	0.0
Deferred taxes liabilities		39.2	28.2
Provisions	(5)	126.0	112.9
Puttable non-controlling interests		29.2	32.1
Other liabilities		20.4	19.6
Non-current liabilities		**744.4**	**734.3**
Government grants		4.7	8.2
Bank loans	(5)	123.5	122.6
Other loans	(5)	20.0	11.8
Trade payables		161.8	148.5
Income tax liabilities		40.3	74.9
Provisions	(5)	107.6	144.5
Puttable non-controlling interests		1.2	1.8
Other liabilities		42.8	70.2
Current liabilities		**501.8**	**582.4**
Total equity and liabilities		**2,374.9**	**2,340.5**

Interim Financial Statements (Condensed) as at September 30, 2012

Lenzing AG

Consolidated Statement of Changes in Equity

for the period from January 1 to September 30, 2012

	Common stock	Capital reserves	Foreign currency translation reserve
Balance as at 1 January 2011	**26.7**	**63.6**	**(0.6)**
Profit for the period	0.0	0.0	0.0
Other comprehensive income for the period – net of tax	0.0	0.0	1.9
Total comprehensive income for the period	**0.0**	**0.0**	**1.9**
Change in scope of consolidation and other changes	0.0	0.0	0.0
Increase in capital	0.9	70.3	0.0
Dividends	0.0	0.0	0.0
Balance as at 30 September 2011	**27.6**	**133.9**	**1.3**
Balance as at 1 January 2012	**27.6**	**133.9**	**16.3**
Profit for the period	0.0	0.0	0.0
Other comprehensive income for the period – net of tax	0.0	0.0	4.9
Total comprehensive income for the period	**0.0**	**0.0**	**4.9**
Change in scope of consolidation and other changes	0.0	0.0	0.0
Dividends	0.0	0.0	0.0
Balance as at 30 September 2012	**27.6**	**133.9**	**21.3**

see note 5.

Profit Reserves

EUR mn

Available-for-sale financial assets	Cash flow hedging reserve	Actuarial gains/ (losses) on benefit plans	Retained earnings	Equity attributable to shareholder of Lenzing AG	Non-controlling Interests	Total equity
(0.1)	1.5	(11.6)	624.3	703.9	28.1	732.0
0.0	0.0	0.0	210.6	210.6	7.4	217.9
(0.5)	(8.9)	0.0	0.0	(7.5)	0.2	(7.3)
(0.5)	(8.9)	0.0	210.6	203.1	7.6	210.7
0.0	0.0	0.0	(0.0)	(0.0)	(1.1)	(1.1)
0.0	0.0	0.0	0.0	71.2	0.0	71.2
0.0	0.0	0.0	(39.9)	(39.9)	(1.5)	(41.4)
(0.5)	(7.4)	(11.6)	795.0	938.3	33.1	971.4
0.6	(16.4)	(15.3)	842.9	989.7	34.0	1,023.7
0.0	0.0	0.0	150.6	150.6	4.6	155.1
0.3	13.2	0.0	0.0	18.5	1.6	20.0
0.3	13.2	0.0	150.6	169.0	6.2	175.2
0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)
0.0	0.0	0.0	(66.4)	(66.4)	(3.9)	(70.3)
0.9	(3.1)	(15.3)	927.1	1,092.3	36.2	1,128.6

Interim Financial Statements (Condensed) as at September 30, 2012

Lenzing AG

Consolidated Cash Flow Statement (Condensed)

for the period from January 1 to September 30, 2012

EUR mn

	Note	1-9/2012	1-9/2011
Gross cash flow	(6)	198.5	317.4
Change in working capital		(54.5)	(63.6)
Operating cash flow		**144.0**	**253.8**
- Acquisition of non-current assets		(214.4)	(134.1)
+ Proceeds from the disposal/ repayment of non-current assets		37.5	10.6
Net cash used in investing activities	**(6)**	**(176.8)**	**(123.5)**
+ Capital increase		0.0	71.2
+ Payments of puttable non-controlling interests		0.0	1.5
- Dividends paid to shareholders		(70.3)	(41.4)
+ Government grants		0.8	3.3
+ Receipts from financing activities/ - repayment of loans		(5.6)	28.1
Net cash used in (-)/ generated by (+) financing activities	**(6)**	**(75.2)**	**62.7**
Change in cash and cash equivalents total		**(108.0)**	**193.1**
Cash and cash equivalents at beginning of the year		417.3	254.5
Currency translation adjustment relating to cash and cash equivalents		2.0	1.9
Cash and cash equivalents at the end of the reporting period		**311.3**	**449.5**

[1] Comprises only cash and cash equivalents, including current marketable securities. The non-current marketable securities in the amount of EUR 40.9 mn as at 30 September 2012 (December 31, 2011: EUR 76.5 mn) are not included.

Lenzing AG

Selected Explanatory Notes

to the Condensed Consolidated Interim Financial Statements as at September 30, 2012

Note 1

Description of the company and its business operations

The Lenzing Group ("the Group") consists of Lenzing Aktiengesellschaft (Lenzing AG) and its subsidiaries. Lenzing AG is a public corporation under Austrian law and has its registered office at 4860 Lenzing, Austria. The company is entered in the commercial register with the Commercial and Regional Court of Wels under the registration number FN 96499 k. The official seat of the company is 4860 Lenzing, Werkstrasse 2, Austria.

As at September 30, 2012, the majority shareholder of Lenzing AG is the B & C Group, which holds, directly or indirectly, 67.6% (December 31, 2011: 67.6%) of Lenzing AG's share capital. The consolidated financial statements, which are publicly accessible and in which Lenzing and its subsidiaries are included, is prepared by B & C Industrieholding GmbH for the largest group of firms in the Group. The ultimate parent company of B & C Industrieholding GmbH, and thus the company, is B & C Privatstiftung.

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

Note 2

Accounting policies and valuation methods used in preparing the consolidated interim financial statements

Presentation of the consolidated interim financial statements

The consolidated interim financial statements of the Lenzing Group for the period from January 1, 2012 to September 30, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union, and which were mandatory at the time of preparation.

In particular, IAS 34 Interim Financial Reporting was applied. In accordance with IAS 34, the consolidated interim financial statements are condensed and thus do not provide all the information requiring disclosure in the complete annual financial statements. The consolidated financial statements of the Lenzing Group as at December 31, 2011 provide the basis for these consolidated interim financial statements as at September 30, 2012, and should be read along with them.

The financial statements are presented in euro (EUR) which is the functional currency of Lenzing AG and most of its subsidiaries. The figures provided in the financial statements and in

Interim Financial Statements (Condensed) as at September 30, 2012

these notes are rounded to the nearest million ("mn"), unless specified otherwise. Where rounded amounts and percentages are aggregated, rounding differences may occur due to the use of automated calculation aids..

Audit and audit review

The current consolidated interim financial statements were neither subject to a complete audit nor to an auditor's review.

Use of estimates

The preparation of financial statements in accordance with IFRS, in particular the preparation of interim financial statements according to IAS 34, requires that the Management Board makes estimates and assumptions that affect the recognition and valuation of assets and liabilities at the reporting date and of revenues and expenses of the period, as well as the assessment of contingent assets and liabilities. The amounts ultimately realized may differ from these estimates.

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

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

Consolidation principles, accounting standards and polices and valuation methods

The Lenzing Group has applied all the mandatory accounting standards adopted by the EU and whose application is mandatory as of January 1, 2012. The accounting standards applied in the 2012 fiscal year do not have a material effect on the presentation of the assets, liabilities, financial position and profit or loss of the Lenzing Group.

The calculation of the income tax expense in the consolidated interim financial statements is carried out in accordance with IAS 34, and is determined on the basis of the average annual corporate income tax rate expected for the entire fiscal year.

In order to improve the presentation, a change in reporting was implemented in the condensed consolidated cash flow statement. Income taxes are now completely included in the gross cash flow. In earlier financial statements, tax deferrals arising from changes in receivables and liabilities from current taxes were recognized in the cash flow statement as the change in working capital. By changing this approach to reporting, there is thus a shift between the gross cash flow and the cash flow from the change in working capital. On balance, the total reported operating cash flow does not change.

This change has the following effects on the consolidated financial statements:

EUR mn

Consolidated Cashflow Statement (Condensed)	before adjustment 1-9/2011	adjusted 1-9/2011
Cross cash flow	288.6	317.4
Change in working capital	(34.7)	(63.6)
Operating Cash Flow	**253.8**	**253.8**

In the consolidated interim financial statements of the prior-year period (1-9/2011) dividends to non-controlling interests were falsely assigned in the presentation of the consolidated statement of changes in equity. This incorrect shift resulted in an increase in the equity assigned to minority interest and a reduction in the equity assigned to the shareholders of the parent company by EUR 1.2 mn. In the current consolidated interim financial statements the consolidated balance sheet and the consolidated statement of changes in equity were corrected. On balance, the total amount of equity does not change.

This change has the following effects on the consolidated financial statements:

EUR mn

Consolidated Statement of Changes in Equity: Dividends	before adjustment 1-9/2011	adjusted 1-9/2011
Share of shareholders of Lenzing AG	(41.1)	(39.9)
Non-controlling interests	(0.3)	(1.5)
Equity	**(41.4)**	**(41.4)**

The main exchange rates used in translating foreign currencies to euros were as follows:

Unit	Currency		2012		2011	
			Balance sheet date 30/09	Average 1-9	Balance sheet date 31/12	Average 1-9
1	EUR/USD	US-Dollar	1,2931	1,2856	1,2935	1,3770
1	EUR/GBP	British Pound	0,7986	0,7982	0,8352	0,8717
1	EUR/CZK	Czech Koruna	25,1610	24,7516	25,7685	24,5557
1	EUR/CNY	Renminbi Yuan	8,1253	8,1273	8,1413	8,7994
1	EUR/HKD	Hong Kong Dollar	10,0255	9,9686	10,0486	10,7333
1	EUR/INR	India Rupee	68,3235	70,0452	68,5670	65,5964

The accounting policies and valuation methods applied in these consolidated interim financial statements have remained basically unchanged compared to the annual financial statements of the Lenzing Group for the 2011 fiscal year as at December 31, 2011.

Interim Financial Statements (Condensed) as at September 30, 2012

Scope of consolidation, changes to the consolidation scope and business combinations

The number of companies included in the consolidated financial statements of Lenzing AG as the parent company developed as follows:

	2012		2011	
	Full consolidation	Equity consolidation	Full consolidation	Equity consolidation
As at 1/1	34	7	43	7
Consolidated for the first time in reporting period	1	0	1	0
Deconsolidated in reporting period	0	0	(9)	0
As at 30/9	**35**	**7**	**35**	**7**

Effective September 26, 2012, the Lenzing Group acquired a 100% stake in a previously non-operating shell company in Munich, Germany for the acquisition price of TEUR 28. At the date of acquisition, the company had a share capital and bank deposits of TEUR 25 each. No tax-deductible goodwill arose as a result of the acquisition. Since its founding, the company did not achieve any notable earnings and did not cause any notable operating expenses until the balance sheet date of the interim reporting period. The acquisition was carried out in order to reduce the time and costs involved in comparison to establishing a separate company. The acquired company was renamed Lenzing Global Finance GmbH, whose purpose within the Lenzing Group is to issue German private placements and to pass on the proceeds received from the transactions to associated companies.

Since April 2010, the Lenzing Group has increased its interest in Lenzing Modi Fibers India Private Limited, a joint venture with the Modi Group of India, in several tranches. In the first nine month of 2012, a capital increase was carried out which did not preserve the previous ownership ratios. Accordingly, shares owned by the Lenzing Group rose from 95.4% as at December 31, 2011 to 95.9% as at September 30, 2012. Based on this transaction, the value of the shares owned by non-controlling interests fell by TEUR 28.

Note 3

Segment reporting

The following business segments are used in the Lenzing Group for internal reporting purposes to the company's management:

Segment Fibers:

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

Segment Plastics Products:

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

Segment Engineering:

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

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

Other:

The residual segment Other mainly comprises the business activities of BZL-Bildungs-zentrum Lenzing GmbH, an educational activity of the Lenzing Group.

Interim Financial Statements (Condensed) as at September 30, 2012

Segment reporting

1-9/2012	Fibers	Plastics Products
Sales to external customers	1,404.8	124.9
Inter-segment sales	9.4	1.1
Total sales	**1,414.3**	**126.0**
EBITDA (Segment result)	262.1	11.2
EBIT	187.3	6.8
EBITDA margin	18.5%	8.9%
EBIT margin	13.2%	5.4%

30/09/2012	Fibers	Plastics Products
Segment assets	1,847.1	99.1
Segment liabilities	439.7	31.3

1-9/2011	Fibers	Plastics Products
Sales to external customers	1,427.5	133.8
Inter-segment sales	8.6	1.7
Total sales	**1,436.1**	**135.5**
EBITDA (Segment result)	345.0	13.3
EBIT	275.9	8.3
EBITDA margin	24.0%	9.8%
EBIT margin	19.2%	6.1%

31/12/2011	Fibers	Plastics Products
Segment assets	1,659.2	105.8
Segment liabilities	479.9	29.0

Earnings before interest, tax, depreciation on property, plant and equipment and amortization of intangible assets taking account of the reversal of government grants (EBITDA) are now recognized as the “segment result“, due to the fact that it has become the primary indicator of internal performance measurement. In this regard, the same principles were used in presenting the segment reporting as in the consolidated financial statements of the Lenzing Group as at December 31, 2011.

[1] Deconsolidation as of 28/2/2011

EUR mn

Engineering	Other	Consolidation	Group
36.5	1.3	0.0	1,567.5
52.8	1.1	(64.5)	0.0
89.3	**2.4**	**(64.5)**	**1,567.5**
6.1	0.5	1.6	281.5
4.8	0.5	3.9	203.4
6.8%	21.6%	(2.6%)	18.0%
5.4%	19.8%	(6.1%)	13.0%

EUR mn

Engineering	Other	Consolidation	Reconciliation	Group
48.3	0.9	(48.2)	427.6	2,374.9
33.7	1.1	(16.9)	757.3	1,246.3

EUR mn

Engineering[1]	Other	Consolidation	Continuing operations	Discontinued operations[1]
29.9	1.0	0.0	1,592.2	9.4
49.9	1.0	(61.2)	0.0	0.0
79.8	**2.0**	**(61.2)**	**1,592.2**	**9.4**
7.0	0.3	(2.8)	362.9	0.8
5.9	0.3	(0.7)	289.7	0.3
8.8%	14.8%	4.5%	22.8%	8.5%
7.4%	13.1%	1.1%	18.2%	3.2%

EUR mn

Engineering	Other	Consolidation	Reconciliation	Group
45.5	0.5	(35.3)	564.8	2,340.5
30.5	1.0	(10.8)	787.2	1,316.8

Interim Financial Statements (Condensed) as at September 30, 2012

Note 4

Notes on the income statement

Sales

Consolidated sales amounted to EUR 1,567.5 mn, and were at about the same level as in the prior-year period (1-9 2011: EUR 1,592.2 mn).

Cost of material and purchased services

The cost of material and other purchased services amounted to EUR 966.4 mn in the interim reporting period (1-9 2011: EUR 930.8 mn). This corresponds to a rise of 3.8% from the prior-year period. This development can be primarily attributed to the increased production volume.

Personnel expenses

The personnel expenses totaling EUR 232.3 mn in the first nine month of 2012 (1-9 2011: EUR 208.8 mn) include EUR 10.8 mn (1-9 2011: EUR 9.7 mn) in expenses for severance payments and pensions.

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

The amortization of intangible assets and depreciation of property, plant and equipment amounted to EUR 80.7 mn in the first nine months of 2012 (1-9 2011: EUR 76.0 mn). In the interim reporting period no major impairment losses or reversals of impairment losses were recognized for property, plant and equipment.

Other operating expenses

Other operating expenses mainly include expenses for freight outward, commissions and advertising costs as well as expenses for service, maintenance and other purchased services.

Financing costs

The financing costs include the interest and interest-like expenses of EUR 16.3 mn (1-9 2011: EUR 16.5 mn), as well as net foreign exchange gains resulting from the valuation of financial liabilities of EUR 1.4 mn (1-9 2011: foreign exchange gains of EUR 0.4 mn).

Note 5

Notes on the statement of financial position, statement of changes in equity and statement of comprehensive income

Intangible assets, property, plant and equipment

Investments in intangible assets and property, plant and equipment on the part of the Lenzing Group amounted to EUR 213.7 mn in the interim reporting period (1-9 2011: EUR 130.5 mn). The investments primarily focused on the construction of new production lines.

Obligations arising from outstanding purchase orders for the delivery of property, plant and equipment as at September 30, 2012 amounted to EUR 135.1 mn (December 31, 2011: EUR 105.5 mn).

Other financial assets

Financial assets declined by EUR 35.9 mn compared to December 31, 2011, from EUR 93.6 mn at the end of 2011 to EUR 57.7 mn as at September 30, 2012.

Inventories

Inventories of EUR mn 311.4 mn as at September 30, 2012 represent an increase of 9.4% from the comparable level of EUR 284.6 mn as at December 31, 2011. No major losses were recognized on the net realizable value of inventories.

Trade receivables

Trade receivables rose slightly in the first nine month of 2012 to EUR 248,4 mn, up 4.9% from EUR 236.8 mn as at December 31, 2011.

Equity and dividends

The nominal capital and the number of individual no-par value shares did not change in the interim reporting period. In addition, no shares were bought back. During the interim reporting period the Management Board did not exercise the authorization granted to it which was still valid as at December 31, 2011 to increase the nominal capital and to issue convertible bonds.

Interim Financial Statements (Condensed) as at September 30, 2012

The dividends distributed to the shareholders of Lenzing AG were as follows:

	Total	Number of shares	Dividend per share
	EUR mn		EUR
On April 19, 2012 the Annual General Meeting approved the payment of a dividend (payment April 25, 2012)	66.4	26,550,000	2.50
On March 29, 2011 the Annual General Meeting approved the payment of a dividend (payment April 1, 2011)	39.9	25,725,000	1.55

The dividends for the 2011 financial year were paid to the shareholders of Lenzing AG in the interim reporting period (for the 2010 financial year: payment in the nine month of 2011). Subsidiaries distributed dividends totaling EUR 3.9 mn in the interim reporting period to non-controlling interests (1-9 2011: EUR 1.5 mn).

The foreign currency translation reserve increased by EUR 4.9 mn compared to December 31, 2011.Due to the change in the hedging reserve shareholders' equity increased as compared to December 31, 2011 by EUR 17.5 mn (before taxes).

Bonds, banks loans and other loans

Non-current liabilities to banks and from the bond issue as well as other loans fell by EUR 14.3 mn as at September 30, 2012, to EUR 504.2 mn (December 31, 2011: EUR 518.5 mn).

The seven-year bond with a nominal value of EUR 120.0 mn will reach maturity in 2017. The coupon amounting to EUR 4.7 mn annually (or 3.875% of the nominal value) is due each year on September 17th, and is correspondingly deferred during the year. There were no bond issues, share buy-backs or redemption of bonds during the interim reporting period.

Provisions

Provisions mainly include provisions recognized for pensions and related obligations (severance payments and anniversary bonuses as well as other provisions. Other provisions include provisions for guarantees and warranties, anticipated losses and other risks, emission certificates, personnel costs and other obligations.

Note 6

Notes on the cash flow statement (condensed)

The gross cash flow declined in the interim reporting period from the first nine month of 2011 and was down to EUR 198.5 mn from the adjusted comparable level of EUR 317.4 mn in the period 1-9 2011. In addition to operational reasons, the decrease is particularly attributable to the agreed upon advance payment to B & C Industrieholding GmbH of the tax allocation (also refer to Note 10.) The operating cash flow amounted to EUR 144.0 mn in the interim reporting period (1-9 2011: EUR 253.8 mn).

The net cash used in investing activities (including financial assets) in the interim reporting period was comprised of the acquisition of non-current assets amounting to minus EUR 214.4 mn (1-9 2011: minus EUR 134.1 mn), and the proceeds from the disposal/repayment of non-current assets of EUR 37.5 mn (1-9 2011: EUR 10.8 mn).

The net cash used in/generated by financing activities during the reporting period of minus EUR 75,2 mn (1-9 2011: EUR 62.7 mn) mainly relates to dividend payments to minority shareholders of subsidiaries of Lenzing AG as well as the repayment or raising of loans.

Note 7

Financial guarantee contracts and contingent liabilities

As at September 30, 2012, the Lenzing Group had assumed liability for associated companies amounting to EUR 0.9 mn (December 31, 2011: EUR 1.2 mn). Moreover, there are bank guarantees not already covered by liabilities, especially for securing claims of suppliers, amounting to EUR 1.3 mn (31 December 2011: EUR 1.6 mn) and, to a minor extent for liability escrow paid. It is considered unlikely that the Group will be held liable as a result of these commitments. No liability was recognized in the statement of financial position for these financial guarantees, considering that the fair value amounted to EUR 0.0 mn as at the reporting date (December 31, 2011: EUR 0.0 mn).

Various legal proceedings resulting from the ordinary course of business are pending. The Management Board believes that these proceedings will not have a material adverse effect on the present and future assets, liabilities, financial position and profit or loss of the Lenzing Group or adequate risk provision was made.

Interim Financial Statements (Condensed) as at September 30, 2012

Note 8

Capital risk management

The main indicators relating to capital risk management are as follows:

EUR mn

Net financial debt	30/09/2012	31/12/2011
Interest bearing financial debt[1]	647.6	652.9
Strategic liquidity reserve (-)[2]	(352.3)	(493.8)
Net financial debt	**295.3**	**159.1**

EUR mn

EBITDA[3]	1-9/2012	1-9/2011
EBIT	203.4	289.7
Depreciation (+)	80.7	76.0
Reversal of government grants (-)	(2.7)	(2.8)
EBITDA	**281.5**	**362.9**

The adjusted equity ratio (equity according to IFRS including investment grants less deferred taxes) amounted to 48.5 % of total assets as at September 30, 2012 (December 31, 2011: 44.8 %).

All capital requirements were fundamentally fulfilled during the interim reporting period. With respect to a credit agreement for a subsidiary of the Lenzing Group, the management was made aware before the preparation of the consolidated financial statements that the related covenant was not complied with. The resulting negotiations were concluded in the interim reporting period with the result that the corresponding loans were fully funded.

As at September 30, 2012, the Lenzing Group had written commitments for lines of credit to the amount of EUR 209.1 mn (December 31, 2011: EUR 250.8 mn), which could be used to finance working capital or to cover potential cyclically-related financial shortfalls.

1) Interest-bearing financial debt is defined as long-term and short-term financial liabilities
2) comprises cash and cash equivalents as well as marketable securities 3) from continuing operations

Note 9

Financial instruments

Exchange rate risk

In order to hedge against currency exchange rate risk, the Lenzing Group makes use of foreign currency forward contracts, which are recognized at their market value. The market value of the hedging instruments at the reporting dates was as follows:

Cash Flow Hedges

	Fair Value	
	30/09/2012	31/12/2011
Type of derivative financial instrument	**EUR mn**	**EUR mn**
Foreign currency forward contracts	(1.6)	(19.0)

Fair Value Hedges

	Fair Value	
	30/09/2012	31/12/2011
Type of derivative financial instrument	**EUR mn**	**EUR mn**
Foreign currency forward contracts	(7.1)	(2.5)

Trading

	Fair Value	
	30/09/2012	31/12/2011
Type of derivative financial instrument	**EUR mn**	**EUR mn**
Foreign currency forward contracts	(0.1)	(1.4)

+ = Receivable, - = Liability from the perspective of the Lenzing Group (recognized in each case as a net value)

Interim Financial Statements (Condensed) as at September 30, 2012

Commodity price risk

In order to hedge against the price risks related to the procurement of raw materials, the Lenzing Group makes use of gas futures which are recognized at their market value. The market value of the hedging instruments at the reporting dates was as follows:

Cash Flow Hedges

	Fair Value	
	30/09/2012	31/12/2011
Type of derivative financial instrument	**EUR mn**	**EUR mn**
Natural gas futures	(1.1)	(2.2)

+ = Receivable, - = Liability from the perspective of the Lenzing Group (recognized in each case as a net value)

Fair values of financial instruments

In particular, the Lenzing Group recognizes securities and derivatives at their fair value. The securities mainly consist of bonds. The fair values of the bonds particularly change on the basis of changes in market interest rates and the creditworthiness of the bond issuer. All bonds are assigned to the category "Available for sale financial assets". The change in the fair value valuation less deferred taxes is primarily evident in the corresponding reserves set aside by the Lenzing Group.

The fair values of the derivatives change especially as a result of changes to market prices (exchange rates, raw material prices, interest rates, etc.) and in the case of positive market values, due to the change in the creditworthiness of the contractual partner. The change in the fair value valuations can be seen in the charts presented above.

There were no shifts among the different levels of the fair value hierarchy for financial instruments which were in Lenzing's portfolio as at December 31, 2011.

Note 10

Related party transactions

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

During the interim reporting period, the Lenzing Group recognized a tax credit to the amount of EUR 10.1 mn (1-9/2011: EUR 5.1 mn) from the corporate tax group formed with B & C Industrieholding GmbH. Furthermore, in line with a contractual obligation, Lenzing made an advance payment in May 2012 on the tax allocation to B & C Industrieholding GmbH amounting to EUR 42.5 mn (previous year: payment of EUR 5.2 mn in September 2011). The liability from the tax allocation to B & C Industrieholding GmbH reported in the consolidated financial statements as at December 31, 2011 was mainly changed by the estimated income tax expense as at September 30, 2012 based on the profit recognized for the interim reporting period.

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

EUR mn

	1-9/2012	1-9/2011
Sales	51.4	49.8
Other operating income	0.8	0.9
Cost of material and purchased services	65.8	42.5
	30/09/2012	**31/12/2011**
Trade receivables	9.0	14.2
Liabilities	11.8	6.8

Lenzing AG has assumed proportionate liability for specified loans to a subsidiary of EQUI-Fibres Beteiligungsgesellschaft mbH (see note 7).

Other relationships with related parties (companies and persons) have not significantly changed compared to December 31, 2011.

Interim Financial Statements (Condensed) as at September 30, 2012

Note 11

Seasonal and cyclical influence on business operations in the course of the year

The business development of the Lenzing Group is generally not subject to any major seasonal influences.

Economic development and the main indicators used by the Lenzing Group for procurement purposes and demand are continually monitored by the company's management. In particular, the volumes and prices relating to the sales of fibers and the purchase of pulp are decisive factors underlying the success of the Lenzing Group. The cyclical influences primarily relating to strategic success positions (sales and cost of material) are described in note 4. Further information is contained in notes 5 and 6 as well as in the Management Report for this quarter.

Note 12

Corporate bodies

The composition of the Management Board and Supervisory Board remained unchanged as at September 30, 2012 compared to the previous reporting date on December 31, 2011. At the Ordinary Shareholders' Meeting of Lenzing AG held on April 19, 2012, Astrid Skala-Kuhmann was elected to the Supervisory Board for the first time. The Supervisory Board mandate of Walter Lederer ended when his term of office expired. Otherwise the composition of the Management Board and Supervisory Board has remained unchanged.

Note 13

Significant events after the end of the interim reporting period

Effective October 1, 2012, the Lenzing Group acquired a further 25% stake in Biocel Paskov a.s., Paskov, Czech Republic, which had been previously fully consolidated, at a cost of acquisition amounting to EUR 26.6 mn. As a result, Lenzing's shareholding in this company rose from 75% to 100%. As a consequence of this transaction, the interest held by non-controlling shareholders declined by EUR 8.6 mn. On the basis of this transaction, the liability relating to the dividend guarantee for non-controlling shareholders fell by EUR 19.7 mn.

In October 2012, the Lenzign Group successfully issued a German private placement. The transaction was concluded in November 2012. The volume of the German private placement issued amounts to EUR 200 mn, at an average term to maturity of six years and an average interest rate of 2.55%.

There were no material events for the Lenzing Group requiring disclosure after the reporting date of September 30, 2012 which would have a material impact on the presentation of the assets, liabilities, financial position and profit or loss of the company.

Lenzing, November 13, 2012

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 subpara 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 Lenzing Group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first nine month 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, November 13, 2012

The Management Board

Peter Untersperger
Chief Executive Officer
Chairman of the Board

Responsible for:

Business Unit Engineering

Corporate Communications

Global Human Resources

Internal Audit

Mergers & Acquisitions

Wood Purchasing

Friedrich Weninger
Chief Operating Officer
Member of the Board

Responsible for:

Business Unit Textile Fibers

Business Unit Nonwoven Fibers

Business Unit Pulp

Business Unit Energy

Business Unit Plastics

Business Unit Filaments

Global Safety,
Health & Environment

Environment Lenzing Site

Infrastructure Lenzing Site

Business Planning

Thomas G. Winkler
Chief Financial Officer
Member of the Board

Responsible for:

Global Finance

Global Information Technology

Global Purchasing

Investor Relations

Legal Management

Risk Management

Notes:
This English translation of the quarterly report was prepared for the company's convenience only. It is a non-binding translation of the German quarterly report. In the event of discrepancies between this English translation and the German original the latter shall prevail.

This quarterly report also includes forward-looking statements based on current assumptions and estimates that are made to the best of its knowledge by Lenzing AG. Such forward-looking statements can be identified by the use of terms such as "should", "could", "will", "estimate", "expect", "assume", "predict", "intend", "believe" or similar items.
The projections that are related to the future development of the Lenzing AG represent estimates that were made on the basis of the information available as of the date on which this annual report went to press. Actual results may differ from the forecast if the assumptions underlying the forecast fail to materialize or if risks arise at a level that was not anticipated.

Calculation differences may arise when rounded amounts and percentages are summed.
The quarterly report was prepared with great accuracy in order to ensure that the information provided herein is correct and complete. Rounding, type-setting and printing errors can nevertheless not be completely ruled out.

Editorial deadline: November 15, 2012

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