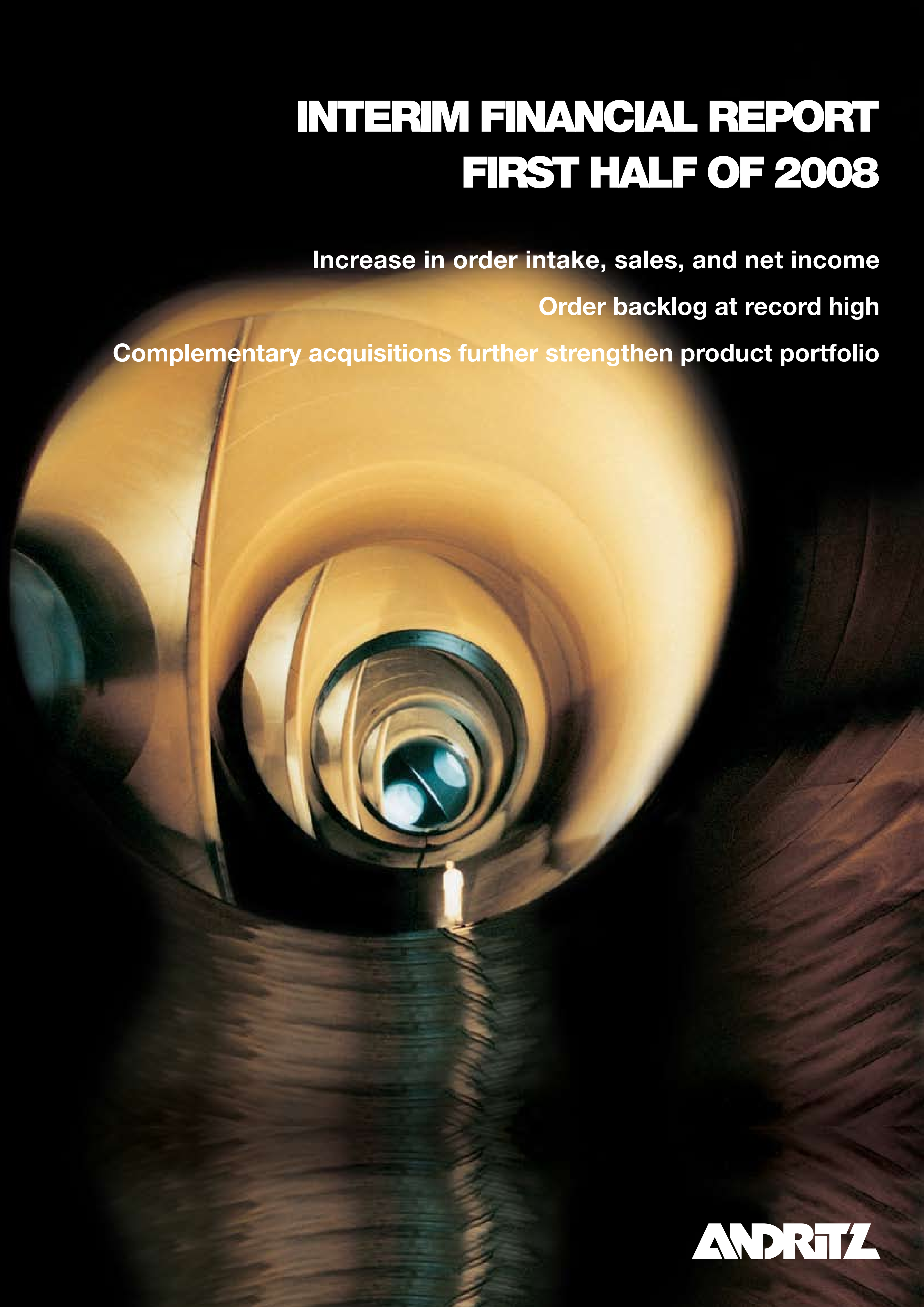
INTERIM FINANCIAL REPORT FIRST HALF OF 2008

Increase in order intake, sales, and net income

Order backlog at record high

Complementary acquisitions further strengthen product portfolio



ANDRITZ

KEY FIGURES OF THE ANDRITZ GROUP

ACCORDING TO IFRS

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	**2,128.7**	2,037.5	+4.5%	**933.0**	1,006.5	-7.3%	**3,749.5**
Order backlog (as of end of period)	**4,619.5**	3,867.9	+19.4%	**4,619.5**	3,867.9	+19.4%	**3,843.3**
Sales	**1,650.0**	1,537.0	+7.4%	**899.1**	806.1	+11.5%	**3,282.5**
EBITDA[1]	**124.0**	107.9	+14.9%	**68.6**	58.4	+17.5%	**242.3**
EBITA[2]	**101.9**	87.4	+16.6%	**57.6**	47.6	+21.0%	**201.3**
Earnings before interest and taxes (EBIT)	**98.8**	84.4	+17.1%	**56.0**	46.0	+21.7%	**192.6**
Earnings before taxes (EBT)	**100.5**	87.7	+14.6%	**57.0**	47.1	+21.0%	**198.0**
Net income (including minority interests)	**72.0**	63.0	+14.3%	**40.8**	33.9	+20.4%	**136.1**
Cash flow from operating activities	**126.2**	34.6	+264.7%	**-7.6**	-5.1	-49.0%	**33.1**
Capital expenditure[3]	**27.7**	23.1	+19.9%	**13.8**	12.3	+12.2%	**57.0**
Employees (as of end of period. excl. apprentices)	**12,949**	10,946	+18.3%	**12,949**	10,946	+18.3%	**12,016**
Fixed assets	**692.0**	625.7	+10.6%	**692.0**	625.7	+10.6%	**630.4**
Current assets	**2,264.0**	1,826.1	+24.0%	**2,264.0**	1,826.1	+24.0%	**1,877.1**
Total shareholders' equity[4]	**519.8**	442.9	+17.4%	**519.8**	442.9	+17.4%	**481.6**
Provisions	**464.8**	372.3	+24.8%	**464.8**	372.3	+24.8%	**394.8**
Other liabilities	**1,971.4**	1,636.6	+20.5%	**1,971.4**	1,636.6	+20.5%	**1,631.1**
Total assets	**2,956.0**	2,451.8	+21.0%	**2,956.0**	2,451.8	+20.6%	**2,507.5**
Equity ratio[5] (%)	**17.6**	18.1	-	**17.6**	18.1	-	**19.2**
Net liquidity[6]	**366.4**	332.9	+10.1%	**366.4**	332.9	+10.1%	**246.5**
Net debt[7]	**-204.5**	-185.4	+10.3%	**-204.5**	-185.4	+10.3%	**-94.8**
Net working capital[8]	**25.3**	-56.5	+144.8%	**25.3**	-56.5	+144.8%	**99.1**
Capital employed[9]	**375.6**	236.1	+59.1%	**375.6**	236.1	+59.1%	**405.6**
Gearing[10] (%)	**-39.3**	-41.9	-	**-39.3**	-41.9	-	**-19.7**
EBITDA margin (%)	**7.5**	7.0	-	**7.6**	7.2	-	**7.4**
EBITA margin (%)	**6.2**	5.7	-	**6.4**	5.9	-	**6.1**
EBIT margin (%)	**6.0**	5.5	-	**6.2**	5.7	-	**5.9**
Net income/sales (%)	**4.4**	4.0	-	**4.5**	4.1	-	**4.1**

Notes

1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.
2) EBITA: Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 3,111 TEUR for H1 2008 (2,916 TEUR for H1 2007 and 5,967 TEUR for 2007) and impairment of goodwill (2007: 2,771 TEUR).
3) Capital expenditure: Additions to property, plant, and equipment and intangible assets.
4) Equity: Total shareholders' equity incl. minority interests.
5) Equity ratio: Shareholders' equity/total assets.
6) Net liquidity: Cash and cash equivalents, and marketable securities, minus financial liabilities.
7) Net debt: Interest-bearing liabilities including provisions for severance payments, provisions for pensions, and jubilee provisions minus cash and cash equivalents incl. marketable securities.
8) Net working capital: Non-current and current receivables and other assets minus non-current and current liabilities excl. financial liabilities and provisions.
9) Capital employed: Net working capital plus property, plant, and equipment and intangible assets.
10) Gearing: Net debt/shareholders' equity.

HIGHLIGHTS FIRST HALF OF 2008 AT A GLANCE

ORDER INTAKE AND ORDER BACKLOG

Order intake, at 2,128.7 MEUR for the first half of 2008, and order backlog, at 4,619.5 MEUR as of June 30, 2008, increase compared to the previous year (order intake +4.5% vs. H1 2007: 2,037.5 MEUR; order backlog +19.4% vs. as of June 30, 2007: 3,867.9 MEUR).

SALES AND EARNINGS

Sales amount to 1,650.0 MEUR in the first half of 2008, an increase of 7.4% compared to last year's reference period (1,537.0 MEUR). Earnings before interest and taxes (EBIT), at 98.8 MEUR in the first half of 2008, increase by 17.1% (H1 2007: 84.4 MEUR), thus showing a stronger growth than sales. EBIT margin improves to 6.0% (H1 2007: 5.5%). Net income excluding minority interests increases to 69.8 MEUR in the first half of 2008 (H1 2007: 61.6 MEUR).

ACQUISITIONS

In May and June 2008, Andritz acquires hydropower technology and certain other assets of GE Energy as well as GE Energy's majority interest in the joint venture GE Hydro Inepar do Brasil. The acquired businesses are expected to add approximately 200 MEUR to Andritz's Group sales on an annual basis. These acquisitions further strengthen and expand Andritz's position as one of the world's leading suppliers of hydropower equipment, and strengthen Andritz's abilities to serve customers in Brazil, China, North America, and Northern Europe.

BALANCE SHEET STRUCTURE

Total assets as of June 30, 2008 increase to 2,956.0 MEUR (December 31, 2007: 2,507.5 MEUR); the main reasons being the first-time inclusion of the assets and liabilities of the businesses acquired from GE (General Electric Company) Energy and the successful issue of a 150 MEUR corporate bond in February 2008. Net liquidity rises to 366.4 MEUR as of June 30, 2008 (December 31, 2007: 246.5 MEUR).

ANDRITZ SHARE

On May 28, 2008 Andritz receives the Viennese Stock Exchange Award 2008. Andritz wins the main category, the ATX prize. The ATX prize is awarded to companies for the quality of their Investor Relations work in the Austrian capital market.

CONTENTS

STATUS REPORT

GENERAL ECONOMIC CONDITIONS

During the second quarter of 2008, the global economy continued to be negatively influenced by the subprime market crisis in the USA. During the reporting period, the USA saw the highest increase of the unemployment rate in over 20 years; private consumer spending and capital expenditure by companies declined even further. To counter sustained economic downswing or a recession, the Federal Reserve Board (FED) again injected liquidity into the financial markets during the second quarter of 2008 and cut key interest rates from 2.25 to 2.00%.

Economic development in Euroland also weakened during the reporting period; in particular, private consumer spending declined considerably. Despite the slowdown in economic development, the European Central Bank (ECB) increased key interest rates to 4.25% in early July 2008. The main reason is continued concern about increasing inflation in Euroland resulting especially from the high crude oil prices.

In Asia, especially in China and India, economic activities continued at a solid level. These industrial regions did not show any marked signs of a slowdown in their economic development.

Source: OECD

BUSINESS DEVELOPMENT

Sales

During the first half of 2008, sales of the Andritz Group were 1,650.0 MEUR, an increase of 7.4% compared to the reference period of last year (H1 2007: 1,537.0 MEUR). In particular, the Hydro Power as well as the Rolling Mills & Strip Processing Lines business areas achieved strong increases in sales; sales of the Pulp & Paper business area declined compared to the first half of 2007.

Newly acquired companies, which were not included in the consolidated financial statements of the first half of 2007, added 52.1 MEUR to Group sales in the first half of 2008. Organic growth of the Group, therefore, amounted to 4.0% during the first half of 2008.

Group sales in the second quarter of 2008 amounted to 899.1 MEUR, increasing by 11.5% compared to the second quarter of 2007 (806.1 MEUR). This was mainly due to a strong sales increase of the Hydro Power business area.

Earnings

In the first half of 2008, the Group's earnings before interest and taxes (EBIT) amounted to 98.8 MEUR. This is an increase of 17.1% compared to the first half of 2007 (84.4 MEUR), thus showing a stronger growth than sales. As a result, the Group's EBIT margin improved to 6.0% in the first half of 2008 (H1 2007: 5.5%). In particular, the Pulp & Paper, the Hydro Power as well as the Rolling Mills & Strip Processing Lines business areas showed a favorable development of earnings.

The EBIT during the second quarter of 2008 amounted to 56.0 MEUR (+21.7% vs. Q2 2007: 46.0 MEUR). The EBIT margin was 6.2% (Q2 2007: 5.7%).

Net income excluding minority interests amounted to 69.8 MEUR, exceeding last year's reference value by 13.3% (H1 2007: 61.6 MEUR).

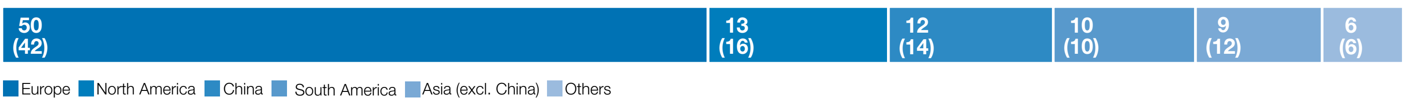
Order intake and order backlog

Order intake of the Group developed favorably during the first half of 2008. At 2,128.7 MEUR, it surpassed the high level of last year's reference period (H1 2007: 2,037.5 MEUR) by 4.5%. In particular, the Hydro Power and the Rolling Mills & Strip Processing Lines business areas increased their order intakes compared to the reference period of last year.

Newly acquired companies noted an order intake of 126.9 MEUR during the reporting period.

Group order intake in the second quarter of 2008 was 933.0 MEUR, a decrease of 7.3% compared to the very high level of the second quarter of 2007 (1,006.5 MEUR). This is mainly due to a decline of order intake of the Pulp & Paper business area that had received a large order for a new greenfield pulp mill in the second quarter of 2007. All other business areas showed a favorable development of order intake compared to last year's reference period.

Sales by region in % H1 2008 (H1 2007)



Order intake by region in % H1 2008 (H1 2007)

Order backlog as of June 30, 2008 amounted to 4,619.5 MEUR, an increase of 19.4% compared to the value at the reference date of last year (June 30, 2007: 3,867.9 MEUR). Thus, the Andritz Group has a solid visibility with regard to sales for the coming months.

Acquisitions

Andritz and GE Energy have successfully closed the transactions announced in May and June 2008, pursuant to which Andritz has acquired certain assets of GE Energy's Hydro business as well GE Energy's majority interest in GE Hydro Inepar do Brasil S.A., to be renamed Andritz Hydro Inepar do Brasil S.A.

The acquired businesses are expected to add approximately 200 MEUR to Andritz's Group sales on an annual basis and will be included in the consolidated income statement of the Andritz Group from July 1, 2008.

These acquisitions further strengthen and expand Andritz's position as one of the world's leading suppliers of hydropower equipment, and strengthen Andritz's abilities to serve customers in Brazil, China, North America, and Northern Europe.

Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of June 30, 2008 was mainly influenced by the first-time inclusion of the assets and liabilities of the businesses acquired from GE Energy. In addition, Andritz successfully issued a public 150 MEUR corporate bond, in February 2008. This bond (tenor: seven years, fixed coupon: 5.25%) replaces the 100 MEUR corporate bond (tenor: six years, fixed coupon: 6.00%), which was redeemed at the beginning of June 2008.

As a result, total assets as of June 30, 2008 increased to 2,956.0 MEUR (December 31, 2007: 2,507.5 MEUR). The equity ratio amounted to 17.6% (December 31, 2007: 19.2%).

Liquid funds amounted to 777.0 MEUR as of June 30, 2008; net liquidity (liquid funds minus financial liabilities) increased to 366.4 MEUR as of June 30, 2008, thus significantly higher compared to the level as of the end of last year (December 31, 2007: 246.5 MEUR).

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

As a global company serving a variety of different markets and customers, the Group is subject to certain general and industry-specific risks in all of its business areas. The major risks for the business development of the Andritz Group during the remaining months of the financial year 2008 mainly relate to its dependence on the general economic development and the industries served by the Group, major orders, and the conversion of the substantial backlog into sales. For detailed information on the major risks for the Andritz Group, see the Andritz annual report 2007.

Andritz has a long-established Group-wide risk management system whose main task is to identify nascent risks early and to take countermeasures. This is an important element in the active risk management within the Group.

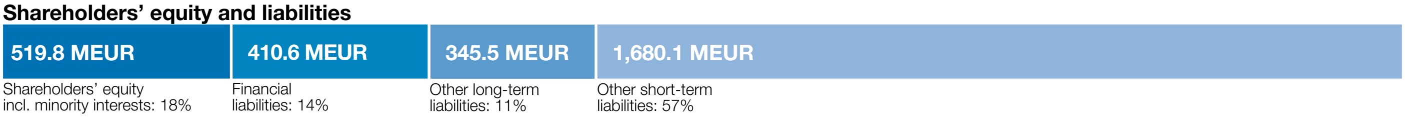
The monitoring and management of financial risks are integral parts of Andritz's Group-wide accounting and controlling activities. Continuous controlling and regular reporting should increase the probability that major risks are identified at an early stage and countermeasures are taken, if necessary. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

For most of the orders, the risk of payment failure by customers is reduced by bank guarantees and export insurances. Risks related to deliveries in countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are mitigated and controlled by using derivative financial instruments – in particular, forward exchange contracts and swaps. Net currency exposure of orders in non-Euro currencies – mainly US dollars, British pounds, and Swedish crowns – is frequently hedged by forward contracts. Cash flow risks are monitored by monthly cash reports.

Total assets as of June 30, 2008: 2,956.0 MEUR

Assets

Shareholders' equity and liabilities



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

During the first half of 2008, no major businesses with related persons and companies were concluded.

Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.

Outlook for the Andritz Group

Project activity in all relevant markets for the Andritz Group (pulp, hydropower, steel, environmental and feed technologies) is at a satisfactory level.

Based on the figures for the first half of 2008 and the current solid project activity, Andritz confirms its financial guidance for 2008 and expects Group sales to reach to a good 3.5 billion Euros and profitability (EBITA margin) to increase.

Significant events after June 30, 2008

No significant events have occurred between the balance sheet date and the publication of this report.

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

The Executive Board of Andritz AG herewith declares that both the condensed financial statements drawn up in compliance with the applicable accounting standards and the status report for the first half of 2008 present fairly, in all material respects, the financial position of the Group as of June 30, 2008, and its financial performance and its cash flows for the financial period January 1, 2008 to June 30, 2008.

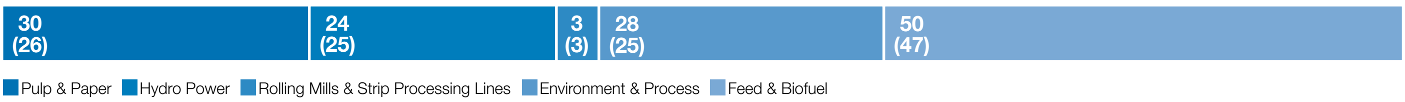
The Executive Board of Andritz AG
Graz, August 1, 2008

Disclaimer

Certain statements contained in this report constitute 'forward-looking statements.' These statements, which contain the words 'believe', 'intend', 'expect', and words of similar meaning, reflect the management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

Sales by business area in % H1 2008 (H1 2007)

Service sales as % of business area's sales H1 2008 (H1 2007)



Employees by region in % H1 2008 (H1 2007)

BUSINESS AREAS

PULP & PAPER

MARKET DEVELOPMENT

The market for pulp mill equipment continued to develop satisfactorily during the second quarter of 2008. Project activity for both greenfield pulp mills and modernizations of existing pulp plants remained on a solid level and concentrated on South America, Asia (especially China), Europe, and, to some extent, North America.

The price for NBSK (Northern Bleached Softwood Kraft) pulp, at approximately 880 US dollars per ton during the second quarter of 2008, showed no major changes compared to the end of the first quarter of 2008. Due to minor oversupply and weakening demand, pulp producers were unable to achieve significant price increases.

In contrast to the price of NBSK, the price for short-fiber pulp (birch and eucalyptus) increased during the second quarter of 2008 from approximately 800 US dollars per ton at the end of March to approximately 840 US dollars per ton at the end of June. Continued strong demand and some logistic problems resulting from the lack of capacities on container ships to Asia and North America were the main drivers for the price increases.

BUSINESS DEVELOPMENT

During the first half of 2008, sales of the business area amounted to 670.1 MEUR, a slight decrease of 4.9% compared to the reference period of last year (H1 2007: 704.7 MEUR). EBITA increased to 39.4 MEUR (H1 2007: 39.0 MEUR), thus leading to an increase in profitability compared to last year's reference period (H1 2008: 5.9% vs. H1 2007: 5.5%).

The business area's order intake for the first half of 2008 was 711.5 MEUR, which is a decrease of 22.2% compared to the first half of 2007 (914.6 MEUR). Order intake in the second quarter of 2008 amounted to 294.2 MEUR, thus significantly lower compared to last year's reference period (Q2 2007: 534.7 MEUR), which was influenced by the receipt of a large order for a new greenfield pulp mill in the amount of approximately 200 MEUR.

All divisions of the business area were able to successfully finalize major projects and to receive final acceptance certificates from customers worldwide during the second quarter of 2008. Among those, the following are particularly worth mentioning:

- The most modern debarking line with the highest capacity in China was started for the Tiger Group in Huaihua.

- The most advanced woodroom in the Nordic countries supplied to Stora-Enso Oyj's Varkaus, Finland mill was taken over by the customer.

- The first PrimeLineCOMPACT tissue machine was started up at Fripa Papierfabrik in Miltenberg, Germany.

- Andritz's first OCC (Old Corrugated Containers) line in South America was started up for Papeles y Cartones S.A., Barbosa, Antioquia, Colombia.

- For a greenfield newsprint and LWC production line – the first in the area of the former Soviet Union in the last 20 years – a TMP-RTS system, supplied together with Petrozavodskmash, was started up for the end customer RUE, Republican Unitary Enterprise Newsprint Mill, Molodyozhnaya, Belarus.

MAJOR ORDERS

- The **Wood Processing** division received an order from Mondi Syktyvkar in Syktyvkar, Russia for extension of the bark handling systems for a two-line debarking plant. The division also received an order from Guangxi Jingui Pulp & Paper Co., Ltd., Guangxi, China for three chip reclaimers.

- The **Fiberline** division received an order from Sun Paper Co. Ltd., Yanzhou, Shandong Province, China for a DownFlow Lo-Solids® cooking system and ECF bleaching system for a greenfield project. Andritz had previously delivered two APMP mechanical pulping lines to the same customer, one of the largest pulp and paper producers in China. In India, the division will supply a screening system retrofit and chemical mixers to BILT (Ballarpur Industries Ltd.), Sewa. BILT is India's largest producer of printing and writing papers.

- The **Recovery** division received an order from Södra Cell for a new evaporation plant at the company's Värö, Sweden mill. Södra is one of the world's largest producers of market pulp. The new 6-effect evaporation plant will replace three existing evaporation lines and will further improve energy efficiency at Värö. Andritz supplied a new recovery boiler to the same mill in 2003. The division also received an order from SCA Hygiene Products GmbH in Mannheim, Germany to increase the capacity of the mill's evaporation plant. SCA is a global consumer goods and paper company. Andritz will enlarge the evaporative surfaces in two existing vessels, and will add a new surface condenser, liquor pre-heater, and droplet separators to the remaining vessels. The division will also supply evaporator systems to Sun Paper's Yanzhou mill in Shandong Province, China. The mill placed a repeat order for two MVR (Mechanical Vapor Recompression) evaporators and a Zedivap® Effluent Evaporator for the mechanical pulping line. A similar unit was started up earlier this year. Andritz is also supplying the APMP pulping line and some equipment for the recausticizing process.

- The **Pulp Drying Systems** division received an order from Guangxi Jingui Pulp & Paper Co., Ltd. for two slab presses at Guangxi, China. In addition, the division will also upgrade the existing screening plant for Södra Cell AB's mill in Mönsteras, Sweden.

- The **Paper Machine** division received another order from Procter & Gamble (P&G) to supply a new tissue and towel machine for the Family Care plant being constructed in Box Elder County, Utah, USA. P&G is one of the largest manufacturers of consumer bath tissues and paper towels in North America. In 2007, Andritz started up a similar tissue/towel machine at P&G's Green Bay, Wisconsin, USA site.

- The **Fiber Preparation Systems** division will supply a complete deinking line to Yueyang Paper Co., Ltd. (a member of the Hunan Tiger Forest & Paper Group) for its mill in Yueyang, Hunan Province, China. The mill produces publication grades of high quality. The new line supplied by Andritz will permit a production increase for two new paper machines. Andritz will deliver a three-loop line to process office waste papers into deinked pulp with quality comparable to market pulp up to 82% ISO brightness; two stock preparation lines for kraft pulp; a thick stock screening system; the paper machine approach system; and process and control engineering, as well as erection supervision and start-up services. SCA Graphic Laakirchen AG of Laakirchen, Austria ordered an extension of its existing deinking plant, including disc filters and twin-wire presses. The mill produces 500,000 t/a of magazine papers. The Laakirchen mill has been successfully operating Andritz disc filters and twin-wire presses for many years. Portucel, a member of the Portucel Soporcel Group, ordered a complete refining line for its Setúbal, Portugal mill. The order will support a capacity increase for a new paper machine. The line will consist of ten TwinFlo refiners as well as broke and protection screens.

- The **Mechanical Pulping Systems** division received an order from MCC Paper Yinhe Co. Ltd. for a complete P-RC™ APMP system at Linqing, Shandong Province, China. Andritz will supply a wood preparation plant, chip washing, impregnation, two-stage HC refining, HC bleaching, screening, and reject refining in addition to the automation, basic engineering, erection supervision, commissioning, and start-up supervision. The new plant will use poplar as raw material and will produce pulp for culture papers.

- The **Panelboard Systems** department continued its positive development during the reporting period, especially in China: Pressurized refining systems for MDF were ordered by Guang Dong (Zhanjiang) Medium Density Fibre Board Co. Ltd., Guangdong (the second order from this customer) and Plantation Timber Products (Leshan) Ltd., Sichuan. Further orders were received via Dieffenbacher, Germany for Fengkai Weilibang Wood Industry Co. Ltd., Guangdong (the fifth Andritz line for the Weihua Group), and ShaanXi Zhong Xing Timber Co. Ltd., Shaanxi. Anhui Huqian Investment & Industry Co. Ltd., Anhui, China ordered a fiber preparation system, including woodyard, chip washing, and a pressurized refining system with a capacity of 672 t/d. Outside China, Floraplac MDF, Pará, Brazil ordered a pressurized refining system via Marjos, Portugal.

- The **Paper Finishing** division received an order from Fujian Quingshan, Fujian Province, China for a PrimeCal Hard calender with a width of 5,760 mm and design speed of 900 m/min for linerboard production. In addition, the division sold hard and soft nip calenders to two customers in China.

- The **Engineered Wear Products** division has received several large orders for refiner plates for the new Andritz P-RC™-APMP and RTS systems in China. The demand for low-consistency refiner plates is regionally very diverse with substantial growth in China and Indonesia.

- In support of the new tissue machine for Swedish Tissue in Kisa, Sweden, the **Paper Engineered Services** division received an order for initial spare parts for the machine and stock preparation equipment. In Finland, the division signed an OPE development agreement with M-Real, Kaskinen to work with the mill on mutually agreed production targets – eliminating bottlenecks and developing more energy-efficient processes. The division further received an order from Stora Enso's Skoghall, Sweden mill for overhaul, upgrade, and installation of equipment being moved from the Summa mill in Finland. In Russia, a contract for the overhaul of a refiner and bearing unit was signed at Mondi Syktyvkar. In France, the division received an order from NSI Golbey to service five refiners over a contract period ending in 2011. In North America, the division will upgrade and supervise the relocation of a wet lap system for NewPage, Wisconsin. For Augusta Newsprint, Augusta, Georgia, USA, the division will rebuild Twin 50 refiner casings. A cutter/layboy upgrade and modification was completed for Aracruz Celulose (Fiberline C) at the Barra do Riacho mill in Brazil. Production increases were achieved for various Brazilian customers – Suzano Bahia Sul (Mucuri mill), Cenibra (Belo Oriente mill), and Lwarcel (Lençōes Paulista mill). For VCP's Jacareí mill in Brazil, the division has been contracted to analyze and maintain 15 of the mill's hydraulic units, including programming of the logic controllers.

- The newly established **Automation Solutions** division, which provides services and products to assist customers of all Andritz Business Areas worldwide, received an order from Papierfabrik Palm GmbH, Aalen, Germany for modernization of the deinking plant's DCS and automation technology. A special service concept ("On-the-Fly" upgrade) will be employed to minimize production interruptions. For North American Stainless Steel in Kentucky, USA (North America's largest integrated stainless steel producer), the division will deliver an automation package for the water treatment plant. The division had delivered another automation project earlier this year in cooperation with Andritz's Rolling Mills & Strip Processing Lines business area. To Freeport-McMoRan Company's Climax molybdenum mine in Colorado, USA the division will supply a dynamic simulator and modernization of the automation systems. The mine is being restarted after being dormant for a period.

KEY FIGURES PULP & PAPER

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	**711.5**	914.6	-22.2%	**294.2**	534.7	-45.0%	**1,406.4**
Order backlog (as of end of period)	**1,090.8**	1,318.3	-17.3%	**1,090.8**	1,318.3	-17.3%	**1,060.4**
Sales	**670.1**	704.7	-4.9%	**351.0**	372.2	-5.7%	**1,462.2**
EBITDA	**48.2**	47.9	+0.6%	**25.1**	28.8	-12.8%	**101.1**
EBITDA margin	**7.2%**	6.8%	-	**7.2%**	7.7%	-	**6.9%**
EBITA	**39.4**	39.0	+1.0%	**20.7**	24.1	-14.1%	**83.5**
EBITA margin	**5.9%**	5.5%	-	**5.9%**	6.5%	-	**5.7%**
Employees (as of end of period)	**4,750**	4,369	+8.7%	**4,750**	4,369	+8.7%	**4,843**

HYDRO POWER

MARKET DEVELOPMENT

Project activity in the hydropower sector during the second quarter of 2008 was at a high level. A large number of new hydropower projects, especially in South America and Asia, are being developed or implemented as a result of the fast economic growth of these regions and the increasing use of renewable energy sources to fulfill growing electricity demand and to protect the world climate.

Investment activity in Europe and North America mainly focused on modernization, rehabilitation, and capacity increases for existing plants. There is large demand for replacement investments as the average age of the installed base in these regions is high. Project activity continued at a high level for pumped storage systems with the aim of securing network stability. The market for small-scale hydropower stations also saw continued positive development.

The favorable project activity for irrigation and drinking water pumps (especially in Asia), cooling water pumps (in particular, for thermal power stations in Germany), and centrifugal pumps (China, Southeast Asia) continued in the second quarter of 2008. With its successful 60:40 joint venture Andritz-Kenflo in Foshan, China, Andritz has been the clear market leader in this region for several years now.

BUSINESS DEVELOPMENT

Sales of the business area increased to 490.6 MEUR in the first half of 2008, strongly up by 31.0% compared to the first half of 2007 (374.5 MEUR). EBITA amounted to 27.9 MEUR (+80.0% vs. H1 2007: 15.5 MEUR); as a result, EBITA margin, at 5.7%, increased significantly during the reporting period (H1 2007: 4.1%).

Order intake amounted to 769.2 MEUR in the first half of 2008, a strong increase of 39.5% compared to last year's reference period (H1 2007: 551.3 MEUR). In the second quarter of 2008, order intake rose to 377.0 MEUR, up 46.5% compared to the second quarter of 2007 (257.3 MEUR). All divisions of the business area showed a very good development of order intake, thus confirming again Andritz's strong market position for hydropower equipment worldwide.

In May 2008, Andritz purchased hydropower technology and certain other assets of GE Energy's Hydro business, including engineering and project management resources, research and development capabilities, and specialized generator component production facilities in Canada.

In June 2008, Andritz acquired GE Energy's majority interest in the GEHI (General Electric Hydro Inepar) joint venture. The joint venture, to be renamed Andritz Hydro Inepar do Brasil S.A., has sales, engineering, and project management resources in Campinas, Brazil; Tampere, Finland; and Kristinehamm, Sweden. In addition, it has a hydro test laboratory and a manufacturing site in Tampere, Finland, a production site in Araraquara, Brazil, as well as access to essential production capacities of the Brazilian joint venture partner Inepar. A hydropower test laboratory in Brazil is currently under construction.

The acquired businesses will allow Andritz to further strengthen its market position as a globally leading supplier of hydropower equipment and enable it to better serve its customers in Brazil, China, North America, and Northern Europe.

For the 540 MW pumped storage cavern power station Kopswerk II of Vorarlberger Illwerke AG, Austria, Andritz VA TECH HYDRO supplied three six-jet Pelton turbines with digital governors, three synchronous generators, and 6,000 t in pipework and linings. A 38 m vertical machine set with a rotor weight of 316 t was accelerated to 500 rpm at first start-up; the maximum number of revolutions per minute is 943, corresponding to a rotor circumferential speed of over 500 km/h. This plant is designed as a highly flexible station that is to compensate strong network supply variations. High electric power can be fed to the network or drawn from it within a few seconds. Standby operation (hydraulic short circuit) is also possible, which means that the pump and the turbine can be operated on the network at the same time. The start-up of Kopswerk II is expected to be completed during the third quarter of 2008. It will be Vorarlberger Illwerke AG's largest and most modern power station.

Andritz VA TECH HYDRO received the preliminary acceptance certificate for unit 4 under the modernization and rehabilitation order for Portile de Fier II power station, Romania. The contracts for modernization of Portile de Fier II and Gogosu were concluded with Hidroelectrica S.A., Romania's largest energy supplier, in 2001 and 2002. The project comprises rehabilitation of a total of 10 bulb turbines and generators, each with a power output upgrade from 28 to 32.5 MW.

On April 17, 2008, the first unit for Ivailovgrad power station, Bulgaria, was officially handed over. Andritz VA TECH HYDRO is performing modernization orders for Natsionalna Elektricheska Kompania EAD (NEK), the national Bulgarian energy company, on three hydropower stations (Kardjali, Studen Kladenets, and Ivailovgrad) in the Dolna Arda cascade.

The supplies for a large pumping station order from China were successfully completed during the second quarter of 2008. The supplied pumps – with an engine output of 7,300 kW, a length/width/height of approximately 5.5 m each, and a weight of 90 t with water filling – are the largest pumps of their kind worldwide.

MAJOR ORDERS

- Andritz VA TECH HYDRO received an order from Alcan Aluminium UK, an affiliate of Rio Tinto Alcan, for refurbishment of Lochaber power station in Scotland. The scope of the order comprises the supply, installation, and commissioning of five new turbine/generator units. This modernization will ensure the increased use of renewable energy from hydropower for aluminum production in Lochaber. Reconstruction will start in 2009 and be completed by 2012. Lochaber power station was originally started in 1929. With an installed capacity of 72 MW, it was the largest power station in the United Kingdom at the time. The scope of supply comprises the electromechanical equipment, including governors, main inlet valves, as well as unit automation and protection. The station will remain in operation during the modernization.

- Vattenfall AB Vattenkraft, Sweden entrusted Andritz VA TECH HYDRO with the rehabilitation and upgrade of two Francis turbines in the Harsprånget (117 MW) and Kilforsen (100 MW) power stations. The project includes the hydraulic design and manufacture of two Francis runners (32,000 kg each). It will be carried out by Andritz Waplans in Sweden, a 100% Andritz affiliate since January 2008. The nominal output of the machines will be increased by 20%. The restart of Harsprånget is to be completed in February 2011, and that of Kilforsen in November 2011.

- Enerjisa, a joint venture of Österreichische Elektrizitätswirtschafts-AG (Verbund) and H.Ö. Sabanci Holding A.S., Turkey placed on order with a consortium under the leadership of Andritz VA TECH HYDRO for the supply of the entire electromechanical equipment, including services, for the power stations in Kahramanmara (consisting of Kandil, Sarigüzel and Hacınınolu hydropower stations with a total capacity of 452 MW) in the Turkish Kandil cascade. Enerjisa currently plans a total of nine hydropower stations with a total capacity of approximately 1,000 MW. The hydropower stations in the Kandil cascade represent the first projects and are scheduled to go online in 2010. The total installed capacity of hydropower stations currently in operation in Turkey is 13,500 MW; further hydropower stations with about 4,500 MW are under construction. Almost two-thirds of these hydropower stations were equipped by Andritz VA TECH HYDRO – a clear indication of the excellent position that Andritz VA TECH HYDRO holds in the rapidly growing Turkish hydropower market.

- Xekaman 3 Power Company, Laos, an affiliate of Song Da, the largest Vietnamese construction group, entrusted Andritz VA TECH HYDRO with the supply of the complete electromechanical equipment for Xekaman 3 power station. The scope of delivery includes two complete Francis turbine generator sets, the governing system, automation and protection system, spherical valve and auxiliary systems, as well as the complete switchyard. Song Da will carry out the site installation work under the supervision of Andritz VA TECH HYDRO. The plant is scheduled to go online in April 2011. With an output of 254 MW and a head of 515 m, the power station, which is located near the Vietnamese border, will produce over 1,000 GWh of electric power per year. This will secure the electricity supply for about one million people in Laos and Vietnam. Vietnam has concluded a bilateral agreement with the state of Laos for joint development and use of water power, which includes the construction of several hydropower stations in the border region between Laos and Vietnam; the electricity will benefit both countries. In particular, Xekaman 3 will essentially contribute to the stability of the electricity networks of Vietnam and Laos, thus supporting the economic and industrial development of both countries. Andritz VA TECH HYDRO has been successful in Vietnam for many years. At the beginning of 2008, Ea Krong Rou power station, supplied by Andritz VA TECH HYDRO's Indian affiliate, was successfully put into operation. With the Xekaman 3 order, Andritz VA TECH HYDRO has again underlined its solid presence in this promising hydropower market.

- The order intake for centrifugal pumps continued to develop well during the second quarter of 2008, the total of pumps ordered amounted to approximately 3,800. A contract concluded with Vattenfall, Germany for the supply of adjustable large pumps for the cooling water area in thermal power stations was put into effect.

KEY FIGURES HYDRO POWER

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	769.2	551.3	+39.5%	377.0	257.3	+46.5%	1,216.1
Order backlog (as of end of period)	2,491.9	1,827.7	+36.3%	2,491.9	1,827.7	+36.3%	1,954.9
Sales	490.6	374.5	+31.0%	273.0	212.5	+28.5%	910.0
EBITDA	36.5	22.3	+63.7%	19.6	11.4	+71.9%	63.6
EBITDA margin	7.4%	6.0%	-	7.2%	5.4%	-	7.0%
EBITA	27.9	15.5	+80.0%	15.3	7.9	+93.7%	49.5
EBITA margin	5.7%	4.1%	-	5.6%	3.7%	-	5.4%
Employees (as of end of period)	5,256	3,848	+36.6%	5,256	3,848	+36.6%	4,390

ROLLING MILLS & STRIP PROCESSING LINES

MARKET DEVELOPMENT

The market for carbon steel and stainless steel equipment continued to develop positively during the second quarter of 2008. Project activity remained at a high level, particularly in India, China, and Europe. Several major orders for new plants and modernizations of existing mills were awarded.

In the stainless steel sector, project activity for both modernizations and new plants continued to develop favorably. The strong demand for stainless steel – in particular, in the emerging markets like China and India – was again the main driver of this development.

BUSINESS DEVELOPMENT

Sales of the business area during the first half of 2008 amounted to 267.8 MEUR, an increase of 25.4% compared to the reference period of last year (H1 2007: 213.5 MEUR). This was due to both strong organic growth as well as the first-time consolidation of Andritz Maerz. EBITA amounted to 20.1 MEUR in the reporting period (H1 2007: 14.4 MEUR).

Order intake in the first half of 2008 rose to 362.6 MEUR, thus surpassing the very high level of last year's reference period by 19.6% (H1 2007: 303.2 MEUR). Order intake in the second quarter of 2008 amounted to 118.1 MEUR, up 36.8% compared to last year's reference period (Q2 2007: 86.3 MEUR). Order backlog of the business area, at 781.9 MEUR, reached a new record high in the first half of 2008 (58.9% vs. H1 2007: 492.1 MEUR), thus giving a good visibility for the sales development in the coming quarters.

Andritz Ruthner received the final acceptance certificate for the annealing and pickling line for cold-rolled stainless steel strip supplied to Lianzhong Stainless Steel Corporation, China. This project was the second of three annealing and pickling lines for stainless steel strip that this customer awarded to Andritz during the last five years.

Voestalpine Stahl GmbH, Linz, Austria successfully started-up the hot-dip galvanizing line no. 4 at the site in Linz. The plant capacity is 450,000 tons of sheet steel for the automotive industry. Andritz Sundwig acted as the consortium leader and supplied the strip run mechanics and the four-high skinpass mill; Andritz Selas supplied the furnace technology.

Andritz Maerz handed over a chamber furnace annealing system supplied to Böhler Edelstahl GmbH, Austria. The scope of supply for the annealing plant consisted of one high-temperature furnace including recuperative burners, two low-temperature annealing furnaces, a cooling chamber, manipulation machine, and quenching basin.

MAJOR ORDERS

- A contract for supply of a cut-to-length line was concluded with Finnish steel maker Rautaruukki for the Raahe mill, Finland. This plant is designed for strip widths up to 2,050 mm and strip thicknesses between 1.5 and 10 mm, with cutting lengths ranging from 1,000 to 13,000 mm. The annual output is 250,000 t. Production is scheduled to start in September 2009. The line comprises the decoiler group with pre-leveler and crop shears, precision leveler, flying transverse shears with servo-hydraulics, and a brush piler. The core of the line is the precision leveler with three different roll diameters in a patented cassette module system. The precision leveler can level materials with a yield point up to 1,500 N/mm² and strengths up to 1,800 N/mm². The cassettes are exchanged – fully automatically – in less than 12 minutes.

- Taiyuan Iron and Steel (Group) Co., Ltd., Taiyuan/Shanxi, China ordered three acid regeneration units of the Pyromars type for the total recovery of spent acids from the stainless steel pickling operations. The combined capacity of these plants amounts to 22.5 m³/h of acid. They will meet the stringent environmental standards and will minimize the discharge of waste material from the pickling lines.

- Acciaieria Arvedi, Cremona, Italy ordered an acid regeneration plant with a capacity of 14.5 m³/h for their new pickling line at the Cremona plant.

- Andritz Maerz will supply a heat treatment plant for train wheels to the ironworks combine Nizhniy Tagil Iron & Steel Works (NTMK), Tagil, Russia, a subsidiary of Russian EVRAZ Group. This plant represents the latest state-of-the art annealing technology, which achieves the highest quality level for train wheels.

- Based on several successful projects carried out by Andritz Maerz at Forge Saar, Andritz Maerz received a further order to supply thirteen horizontal and eight vertical heat treatment furnaces for the new forge of Forge Saar/Saarschmiede GmbH, Germany. The furnaces will be used in the heat treatment of forged pieces and for hardening and tempering rotationally symmetric forged pieces and shafts. The essential performance criteria are precise temperature control of the preset heat curves, the use of coke gas and a natural gas/air mixture in conjunction with impulse and recuperation burners, circulating heating, zone-related tact control, SP-controlled temperature control zones, as well as lifting and shifting devices.

KEY FIGURES ROLLING MILLS & STRIP PROCESSING LINES

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	**362.6**	303.2	+19.6%	**118.1**	86.3	+36.8%	**636.4**
Order backlog (as of end of period)	**781.9**	492.1	+58.9%	**781.9**	492.1	+58.9%	**631.6**
Sales	**267.8**	213.5	+25.4%	**154.6**	92.0	+68.0%	**408.0**
EBITDA	**21.6**	15.8	+36.7%	**13.9**	6.5	+113.8%	**32.1**
EBITDA margin	**8.1%**	7.4%	-	**9.0%**	7.1%	-	**7.9%**
EBITA	**20.1**	14.4	+39.6%	**13.1**	5.7	+129.8%	**29.7**
EBITA margin	**7.5%**	6.7%	-	**8.5%**	6.2%	-	**7.3%**
Employees (as of end of period)	**970**	855	+13.5%	**970**	855	+13.5%	**880**

ENVIRONMENT & PROCESS

MARKET DEVELOPMENT

During the second quarter of 2008, the market for sewage sludge dewatering equipment remained at a satisfactory level, especially in Asia, in particular China. Project activity for industrial applications in the petrochemical, mining, and food processing industries was very high in most regions of the world. The demand for dewatering equipment to treat industrial sludges also remained at a very high level. Increased demand was noted for the dewatering of contaminated earth and harbor sludges.

Project activity for sludge drying plants remained at a low level and was mainly negatively impacted by high gas prices. On the other hand, the market for refurbishments of drying plants with combined heat and power solutions, heat recovery, and plants with combined incineration has been slightly increasing due to rising fuel prices. The rising demand for alternative fuel sources resulted in solid project activity for the drying of wood chips and saw-dust for pellet production.

BUSINESS DEVELOPMENT

The business area's sales during the first half of 2008 amounted to 150.5 MEUR, a decrease of 15.4% compared to last year's reference period (H1 2007: 177.9 MEUR). This is mainly due to the weakness in sludge drying. As a result, EBITA of the business area decreased to 8.3 MEUR in the first half of 2008 (H1 2007: 11.8 MEUR).

Order intake during the first half of 2008 amounted to 198.9 MEUR, slightly up compared to the reference period of last year (H1 2007: 188.9 MEUR). Order intake in the second quarter of 2008 amounted to 99.9 MEUR (+9.9% vs. Q2 2007: 90.9 MEUR). While the order intake of the Separation Technologies division continued its favorable development, the order intake of the Thermal Process Technologies division remained at a very low level due to unchanged weak market conditions.

MAJOR ORDERS

- Boskalis Dolman bv, Netherlands ordered nine large filter presses, which will be used to clean up the Fox River bed in the United States. For Pemug S.A., Poland, Andritz will deliver nine filter presses for fine coal dewatering.
- To Hanbang Jiangyin Petrol Chemicals Co. Ltd., China, the business area will supply four pressurized drum filters.
- Xinjiang Huatai Heavy Chemical Industry Company, China ordered four large centrifuges for a PVC plant.
- Saudi Kayan BPA, Saudi Arabia ordered eight large screen centrifuges for a new bisphenol plant. PCS Canada ordered four screen centrifuges for a potash application.
- Alunorte, Brazil will expand their bauxite dewatering plant with three additional Hyperbaric Disc Filters (Andritz HBF).
- Cristal Union, France ordered five centrifuges for the production of bioethanol from wheat.
- AKW A+V GmbH, Germany ordered 21 filter presses for two solar panel production plants.
- OAO Koks, Russia ordered two disc filters and two centrifuges for their coal preparation plant.
- Vuchz, Latvia ordered a fluid bed dryer system for yeast from bioethanol production on behalf of Jaunpagasts Plus.
- Pfeifer Heggenstaller Group, Germany, one of the most important producers of wood products in Europe, placed an order for two belt drying systems for sawdust.

KEY FIGURES ENVIRONMENT & PROCESS

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	**198.9**	188.9	+5.3%	**99.9**	90.9	+9.9%	**346.9**
Order backlog (as of end of period)	**204.9**	187.1	+9.5%	**204.9**	187.1	+9.5%	**161.1**
Sales	**150.5**	177.9	-15.4%	**84.2**	98.3	-14.3%	**364.5**
EBITDA	**10.8**	14.4	-25.0%	**6.9**	7.9	-12.7%	**30.3**
EBITDA margin	**7.2%**	8.1%	-	**8.2%**	8.0%	-	**8.3%**
EBITA	**8.3**	11.8	-29.7%	**5.6**	6.5	-13.8%	**25.3**
EBITA margin	**5.5%**	6.6%	-	**6.7%**	6.6%	-	**6.9%**
Employees (as of end of period)	**1,413**	1,335	+5.8%	**1,413**	1,335	+5.8%	**1,350**

FEED & BIOFUEL

MARKET DEVELOPMENT

The project activity for animal feed plants continued its positive development during the second quarter of 2008, with Eastern Europe, Russia, Asia, and South America again being the most active regions.

A similarly positive market situation was seen in the aquatic feed industry in Asia, Northern Europe, as well as in the Middle East and the Mediterranean region. Investment activity was high in all sectors of the aquaculture industry for freshwater and marine species. The pet food industry also showed good project activity, especially in Europe.

The market for wood and biomass pelleting lines developed positively, except for North America. The regional focus was on Northern, Western, and Southern Europe as well as on South America and Asia. In addition to the continued good development in the wood pelleting industry, several regions showed increasing activity for pelleting of other raw materials – e.g. straw, bagasse, and EFB (empty food bunches) – for biofuel production.

BUSINESS DEVELOPMENT

Sales of the business area during the first half of 2008 amounted to 71.0 MEUR (H1 2007: 66.4 MEUR). EBITA, at 6.2 MEUR in the reporting period, declined compared to the high level of the first half of 2007 (6.7 MEUR). This was mainly due to a decline in sales in North America.

Order intake during the first half of 2008 reached 86.5 MEUR, up 8.8% compared to the high level of last year's reference period (H1 2007: 79.5 MEUR). Order intake in the second quarter of 2008, at 43.8 MEUR, also increased compared to last year's reference period (+17.4% vs. Q2 2007: 37.3 MEUR).

MAJOR ORDERS

- Based on the good project activities, the business area booked several orders for large processing lines for animal feed, mainly from South America and Asia.
- Significant orders for large processing lines for wood pelleting were won in North America, Scandinavia, and Eastern Europe.
- Important reference orders for wood pelleting in new wood pelleting countries were secured in South America and Asia.

KEY FIGURES FEED & BIOFUEL

MEUR	H1 2008	H1 2007	+/-	Q2 2008	Q2 2007	+/-	2007
Order intake	**86.5**	79.5	+8.8%	**43.8**	37.3	+17.4%	**143.7**
Order backlog (as of end of period)	**50.0**	42.7	+17.1%	**50.0**	42.7	+17.1%	**35.3**
Sales	**71.0**	66.4	+6.9%	**36.3**	31.1	+16.7%	**137.8**
EBITDA	**6.9**	7.5	-8.0%	**3.1**	3.8	-18.4%	**15.2**
EBITDA margin	**9.7%**	11.3%	-	**8.5%**	12.2%	-	**11.0%**
EBITA	**6.2**	6.7	-7.5%	**2.9**	3.4	-14.7%	**13.3**
EBITA margin	**8.7%**	10.1%	-	**8.0%**	10.9%	-	**9.7%**
Employees (as of end of period)	**560**	539	+3.9%	**560**	539	+3.9%	**553**

CONSOLIDATED FINANCIAL STATEMENTS OF THE ANDRITZ GROUP

CONSOLIDATED INCOME STATEMENT

FOR H1 2008 (CONDENSED, UNAUDITED)

TEUR	H1 2008	H1 2007	Q2 2008	Q2 2007
Sales	**1,650,042**	**1,537,009**	**899,160**	**806,110**
Changes in inventories of finished goods and work in progress	61,588	27,277	35,989	24,773
Capitalized cost of self-constructed assets	170	1,208	110	753
	1,711,800	**1,565,494**	**935,259**	**831,636**
Other operating income	26,695	23,773	16,290	17,580
Cost of materials	(1,019,951)	(936,038)	(567,963)	(509,079)
Personnel expenses	(365,422)	(330,705)	(187,923)	(166,879)
Other operating expenses	(229,134)	(214,642)	(127,038)	(114,892)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**123,988**	**107,882**	**68,625**	**58,366**
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	(25,170)	(23,443)	(12,578)	(12,296)
Impairment of goodwill	0	0	0	0
Earnings before interest and taxes (EBIT)	**98,818**	**84,439**	**56,047**	**46,070**
Income/expenses from associated companies	525	984	225	178
Interest result	835	2,119	499	855
Other income from financing activities	276	117	162	16
Financial results	**1,636**	**3,220**	**886**	**1,049**
Earnings before taxes (EBT)	**100,454**	**87,659**	**56,933**	**47,119**
Income taxes	(28,439)	(24,679)	(16,150)	(13,200)
NET INCOME	**72,015**	**62,980**	**40,783**	**33,919**
Thereof attributable to:				
Shareholders of the parent company	69,805	61,604	39,587	33,067
Minority interests	2,210	1,376	1,196	852
Weighted average number of no-par value shares	51,142,761	51,633,592	51,178,450	51,633,592
Earnings per no-par value share (in EUR)	1.36	1.19	0.77	0.64
Effect of potential dilution of share options	123,816	217,662	166,147	264,877
Weighted average number of no-par value shares and share options	51,266,577	51,851,254	51,344,597	51,898,469
Diluted earnings per no-par value share (in EUR)	1.36	1.19	0.77	0.64

CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2008 (CONDENSED, UNAUDITED)

TEUR	June 30, 2008	December 31, 2007
ASSETS		
Intangible assets	53,512	46,373
Goodwill	233,729	227,083
Property, plant, and equipment	296,754	260,153
Shares in associated companies	7,795	6,825
Other investments	36,050	32,997
Non-current receivables and other non-current assets	15,142	10,221
Deferred tax assets	64,230	56,982
Non-current assets	**707,212**	**640,634**
Inventories	356,077	250,632
Advance payments made	140,443	85,669
Trade accounts receivable	435,643	400,163
Cost and earnings of projects under construction in excess of billings	384,287	391,305
Other current receivables	139,575	128,716
Prepayments and deferred charges	15,784	11,595
Marketable securities	102,876	101,887
Cash and cash equivalents	674,125	496,926
Current assets	**2,248,810**	**1,866,893**
TOTAL ASSETS	**2,956,022**	**2,507,527**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	346,094	326,933
Equity attributable to shareholders of the parent	**486,570**	**467,409**
Minority interests	**33,258**	**14,166**
Total shareholders' equity	**519,828**	**481,575**
Bonds – non-current	333,452	192,268
Bank loans and other financial liabilities – non-current	37,920	28,804
Provisions – non-current	232,250	184,214
Obligations under finance leases – non-current	422	551
Other liabilities – non-current	14,104	6,976
Liabilities for deferred taxes	99,190	99,604
Non-current liabilities	**717,338**	**512,417**
Bonds – current	0	99,995
Bank loans and other financial liabilities – current	37,721	29,931
Obligations under finance leases – current	1,064	799
Trade accounts payable	295,785	314,028
Billings in excess of cost and earnings of projects under construction	656,513	388,034
Advance payments received	61,543	82,255
Provisions – current	232,565	210,592
Liabilities for current taxes	24,137	20,182
Other liabilities – current	409,528	367,719
Current liabilities	**1,718,856**	**1,513,535**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,956,022**	**2,507,527**

CONSOLIDATED CASH FLOW STATEMENT

FOR H1 2008 (CONDENSED, UNAUDITED)

TEUR	H1 2008	H1 2007
Cash flow from operating activities	126,209	34,558
Cash flow from investing activities	43,946	(86,508)
Cash flow from financing activities	7,044	(33,660)
Change in cash and cash equivalents	177,199	(85,610)
Cash and cash equivalents at the beginning of the period	**496,926**	**670,591**
Cash and cash equivalents at the end of the period	**674,125**	**584,981**

CASH FLOWS FROM ACQUISITION OF SUBSIDIARIES*

TEUR	Hydro Power	Rolling Mills & Strip Processing Lines	H1 2008	H1 2007
Cash and cash equivalents	(11,201)	(26,842)	(38,043)	(214)
Marketable securities	0	0	0	(807)
Receivables	(76,949)	(8,123)	(85,072)	(623)
Inventories	(22,812)	(21,721)	(44,533)	(179)
Intangible assets	(11,554)	(95)	(11,649)	(2,408)
Property, plant, and equipment	(26,250)	(1,457)	(27,707)	(320)
Financial assets	(1,764)	0	(1,764)	0
Other liabilities	176,978	50,315	227,293	1,828
Financial debt	7,638	0	7,638	0
Net assets/liabilities acquired	**34,086**	**(7,923)**	**26,163**	**(2,723)**
Cash and cash equivalents	11,201	26,842	38,043	214
Goodwill	(4,400)	(4,914)	(9,314)	(3,163)
Changes in minority interests	17,917	0	17,917	0
Changes in equity attributable to shareholders of the parent company	0	(245)	(245)	0
Purchase price for investments previously accounted under the equity method	64	0	64	0
Net cash flow	**58,868**	**13,760**	**72,628**	**(5,672)**

* converted by using exchange rates as per dates of transaction

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR H1 2008 (CONDENSED, UNAUDITED)

(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Currency translation adjustment	Total	Minority interests	Total share-holders' equity
	Attributable to shareholders of the parent							
Status as at January 1, 2007*	**94,510**	**45,966**	**283,725**	**673**	**(22,046)**	**402,828**	**11,712**	**414,540**
Currency translation adjustments					(1,109)	(1,109)	587	(522)
Changes to IAS 39 reserve				3,329		3,329	(42)	3,287
Gains/(losses) recognized directly in equity, net of taxes on income	**0**	**0**	**0**	**3,329**	**(1,109)**	**2,220**	**545**	**2,765**
Net income			61,604			61,604	1,376	62,980
Total gains/(losses) for the year	**0**	**0**	**61,604**	**3,329**	**(1,109)**	**63,824**	**1,921**	**65,745**
Dividends			(38,690)			(38,690)	(1,078)	(39,768)
Capital increase from the company's own reserves	9,490	(9,490)				0		0
Changes concerning own shares			925			925		925
Other changes			1,474			1,474		1,474
Status as at June 30, 2007	**104,000**	**36,476**	**309,038**	**4,002**	**(23,155)**	**430,361**	**12,555**	**442,916**
Status as at January 1, 2008	**104,000**	**36,476**	**360,713**	**644**	**(34,424)**	**467,409**	**14,166**	**481,575**
Currency translation adjustments					(9,023)	(9,023)	47	(8,976)
Changes to IAS 39 reserve				(1,816)		(1,816)	(4)	(1,820)
Gains/(losses) recognized directly in equity, net of taxes on income	**0**	**0**	**0**	**(1,816)**	(9,023)	**(10,839)**	**43**	**(10,796)**
Net income			69,805			69,805	**2,210**	72,015
Total gains/(losses) for the year	**0**	**0**	**69,805**	**(1,816)**	(9,023)	**58,966**	**2,253**	**61,219**
Dividends			(51,087)			(51,087)	**(1,498)**	(52,585)
Changes from acquisitions			(245)			(245)	18,337	18,092
Changes concerning own shares			9,419			9,419		9,419
Other changes			2,108			2,108		2,108
Status as at June 30, 2008	**104,000**	**36,476**	**390,713**	**(1,172)**	**(43,447)**	**486,570**	**33,258**	**519,828**

* restated

NOTES

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL REPORT AS OF JUNE 30, 2008

GENERAL

The interim report as of June 30, 2008 was 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, 2007 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2007, 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.

This interim report as of June 30, 2008 was neither subject to a complete audit nor to an audit review by an auditor.

CHANGES IN THE CONSOLIDATED COMPANIES/ACQUISITIONS

Andritz acquired hydropower technology and certain other assets of GE Energy, including engineering and project management resources, research and development capabilities, and specialized generator component production facilities in Canada in May 2008. In June 2008, Andritz purchased GE Energy's majority interest in the GEHI (General Electric Hydro Inepar) joint venture. Both acquisitions with their assets and liabilities are included in the consolidated balance sheet of the Andritz Group as of June 30, 2008, and in the Andritz Group's consolidated income statement as of July 1, 2008.

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, 2007:

- Sindus Human Technology: service company for pulp and paper plants;
- Maerz Industrieofenanlagen GmbH: heat treatment plants and melting furnaces;
- Tigép Kft.: production of heavy machinery, especially for hydropower equipment;
- Waplans Mekaniska Verkstads AB (remaining 60% share): service company for the hydropower as well as pulp and paper industries;
- Certain assets of GE (General Electric Company) Energy: hydropower technology;
- GEHI (majority interest in the joint venture General Electric Hydro Inepar): hydropower technology.

The initial accounting for the companies/businesses acquired in 2007 and 2008 is based on preliminary figures.

SEASONALITY

As a rule, the business of the Andritz Group is not characterized by any seasonality.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the first half of 2008, sales of the Andritz Group amounted to 1,650.0 MEUR, an increase of 7.4% compared to the reference period of last year (H1 2007: 1,537.0 MEUR). The Group's earnings before interest and taxes (EBIT) amounted to 98.8 MEUR in the first half of 2008 (+17.1% vs. H1 2007: 84.4 MEUR).

Group sales in the second quarter of 2008 amounted to 899.1 MEUR, increasing by 11.5% compared to the second quarter of 2007 (806.1 MEUR). EBIT amounted to 56.0 MEUR in the second quarter of 2008 (+21.7% vs. Q2 2007: 46.0 MEUR).

NOTES TO THE CONSOLIDATED BALANCE SHEET

Total assets as of June 30, 2008 amounted to 2,956.0 MEUR, thus 448.5 MEUR higher than as of December 31, 2007. The main reason for this was the first-time inclusion of assets and liabilities of the business acquired from GE Energy. In June 2008, the 100 MEUR Andritz corporate bond 2002-2008 was redeemed. This bond was replaced by a 150 MEUR corporate bond, successfully placed in February 2008. The net working capital as of June 30, 2008 amounted to 25.3 MEUR.

During the current business year, Andritz AG paid dividends in the amount of 51.1 MEUR for the business year 2007.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

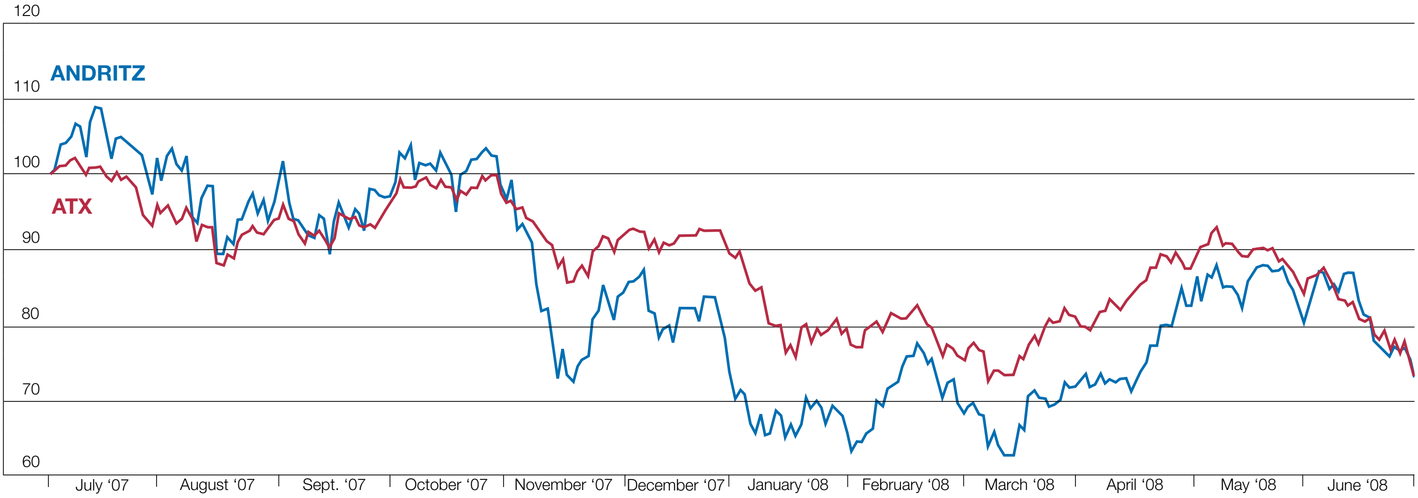
Cash flow from operating activities amounted to 126.2 MEUR for the first half of 2008 (H1 2007: 34.6 MEUR). This increase, compared to the reference period of last year, was mainly due to the good earnings development and the changes in the net current assets.

Cash flow from investing activities during the first half of 2008 amounted to 43.9 MEUR (H1 2007: -86.5 MEUR) and resulted from investments in tangible and intangible assets and securities of 27.7 MEUR, plus payments made for the acquisition of and payments received for take-over of liabilities of companies or business areas.

ANDRITZ SHARE

Share price performance of the Andritz share vs. the ATX (July 1, 2007-June 30, 2008)

Note: On May 3, 2007, the Andritz share was split in a ratio of 1:4; historical price data were adjusted accordingly.



STOCK EXCHANGE FIGURES

	H1 2008	H1 2007	Q2 2008	Q2 2007	2007
Highest closing price (EUR)	**43.53**	52.77	**43.53**	52.77	**54.00**
Lowest closing price (EUR)	**30.94**	38.12	**34.15**	45.33	**35.80**
Closing price as of end of period (EUR)	**40.05**	48.99	**40.05**	48.99	**41.45**
Market capitalization as of end of period (MEUR)	**2,082.6**	2,547.5	**2,082.6**	2,547.5	**2,155.4**
Performance (%)	**+0.6**	+21.3	**+15.4**	+6.5	**+2.6**
ATX weighting as of end of period (%)	**2.6837**	2.7512	**2.6837**	2.7512	**2.3946**
Average daily number of shares traded	**458,047**	356,015	**374,012**	351,130	**452,909**

Source: Vienna Stock Exchange

KEY FIGURES FOR ANDRITZ SHARES

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 72%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATXPrime, WBI

FINANCIAL CALENDAR FOR 2008

November 7, 2008	**Results for Q1–Q3 2008**

Further information about planned roadshows, participations in investor conferences, etc. can be found on www.andritz.com

SHARE PRICE DEVELOPMENT

During the first half of 2008, the international stock exchanges continued to be hit by the negative sentiment on the financial markets. Uncertainties with regard to the further development of the global economy as a result of the subprime crisis in the USA continued to weigh on investors' sentiment. Given this environment, the Andritz share price developed satisfactorily and increased by 0.6% during the first half of 2008, thus again outperforming the ATX, the leading stock index on the Vienna stock exchange, which fell by 12.6% during the same period.

The highest closing price of the Andritz share during the reporting period was 43.53 EUR (May 19, 2008); the lowest was 30.94 EUR (March 20, 2008).

TRADING VOLUME

The average daily trading volume during the first half of 2008 was 458,047 shares (H1 2007: 356,015 shares). The highest daily trading volume was noted on February 14, 2008 (1,052,494 shares), the lowest trading volume on June 13, 2008 (102,710 shares).

RESALE OF SHARES UNDER THE SHARE OPTION PROGRAM 2006

Based on the resolution of the 100th General Meeting of Shareholders of March 29, 2007, the Executive Board of Andritz AG, in its meeting on June 11, 2008 and with the approval of the Supervisory Board, took the decision regarding the planned resale of own shares to service the share option program 2006. From June 17, 2008 to April 30, 2010, 898,000 no-par value shares of the company issued to bearer may be sold at the exercise price of 31.67 EUR – which corresponds to approximately 1.73% of Andritz AG's capital stock – outside the stock exchange to the persons eligible under the share option program 2006. Exercise of the options was bound to the achievement of certain goals for development of the profit per share and the price of the Andritz share. To participate in the share option program, eligible managers must have invested at least 20,000 EUR in Andritz shares.

INVESTOR RELATIONS

During the first half of 2008, 186 one-on-one meetings (H1 2007: 120 one-on-one meetings) with institutional investors were held in Amsterdam, Brussels, Frankfurt, Kitzbühel, London, Lugano, New York, Paris, Tokyo, Toronto, Vienna, Warsaw, Zurich, and Zürs. In addition, Andritz presented itself at several international investor conferences.

ANDRITZ WINS STOCK EXCHANGE AWARD 2008

On May 28, 2008 Andritz received the Viennese Stock Exchange Award 2008. Andritz won the main category, the ATX prize. The ATX prize is awarded to companies for the quality of their work in the Austrian capital market. The assessment criteria included: financial reports (e.g. depth of information of annual and quarterly reports, disclosure in accordance with the Corporate Governance Code), investor relations activities (e.g. completeness of the flow of information, availability, readiness to do road-shows), strategy and business management (clarity and detailedness of strategy, accuracy of forecasts, risk indication), and market-related factors (price performance and liquidity of the shares in 2007). Andritz has received several awards for its investor relations activities since the initial public offering in 2001.

RESEARCH COVERAGE

Twelve national and international banks and investment companies publish reports about Andritz on a regular basis as of the end of the reporting period. They are (in alphabetical order): Berenberg Bank, Capital Bank, Crédit Agricole Cheuvreux, Deutsche Bank, Erste Bank, Goldman Sachs, JPMorgan, Kaupthing Sofi, Sal. Oppenheim, Raiffeisen Centrobank, UBS, and Unicredit.

Shareholder structure in % as of June 30, 2008

Shareholder structure of the free float by region in % as of June 30, 2008

Source: Andritz estimate

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Photo page 1:
The bifurcation at Tarbela Dam, Pakistan, erected by Andritz VA TECH HYDRO. This pipe has even made it to the Guinness Book of Records, having an inner diameter of 13.2 m and a height of over 16 m – the same as a four-storey building.

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