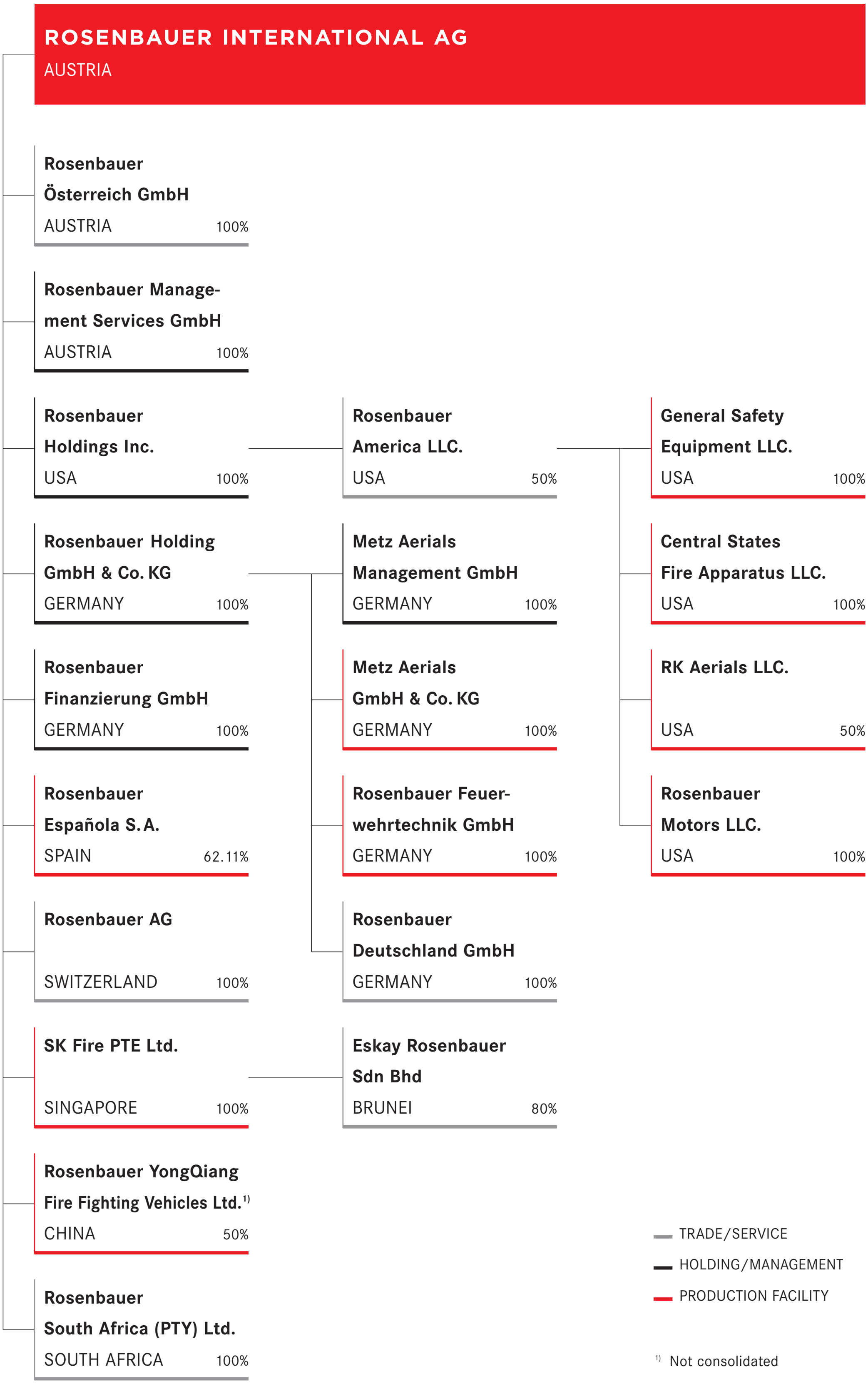
rosenbauer

Annual Report

2007

ORGANIZATION CHART



- **ROSENBAUER INTERNATIONAL AG** AUSTRIA
  - **Rosenbauer Österreich GmbH** AUSTRIA 100%
  - **Rosenbauer Management Services GmbH** AUSTRIA 100%
  - **Rosenbauer Holdings Inc.** USA 100%
    - **Rosenbauer America LLC.** USA 50%
      - **General Safety Equipment LLC.** USA 100%
      - **Central States Fire Apparatus LLC.** USA 100%
      - **RK Aerials LLC.** USA 50%
      - **Rosenbauer Motors LLC.** USA 100%
  - **Rosenbauer Holding GmbH & Co. KG** GERMANY 100%
    - **Metz Aerials Management GmbH** GERMANY 100%
    - **Metz Aerials GmbH & Co. KG** GERMANY 100%
    - **Rosenbauer Feuerwehrtechnik GmbH** GERMANY 100%
    - **Rosenbauer Deutschland GmbH** GERMANY 100%
  - **Rosenbauer Finanzierung GmbH** GERMANY 100%
  - **Rosenbauer Española S. A.** SPAIN 62.11%
  - **Rosenbauer AG** SWITZERLAND 100%
  - **SK Fire PTE Ltd.** SINGAPORE 100%
    - **Eskay Rosenbauer Sdn Bhd** BRUNEI 80%
  - **Rosenbauer YongQiang Fire Fighting Vehicles Ltd.**[1] CHINA 50%
  - **Rosenbauer South Africa (PTY) Ltd.** SOUTH AFRICA 100%

▬ TRADE/SERVICE
▬ HOLDING/MANAGEMENT
▬ PRODUCTION FACILITY

[1] Not consolidated

KEY FIGURES

			2007	2006	2005
Rosenbauer Group	Revenue	m€	**426.1**	372.0	321.3
	thereof Austria	m€	**41.4**	40.6	43.8
	thereof international	m€	**384.7**	331.4	277.5
	EBIT	m€	**30.8**	25.1	19.6
	EBIT margin		**7.2%**	6.8%	6.1%
	EBT	m€	**25.4**	22.0	15.9
	Consolidated profit	m€	**19.9**	18.4	12.0
	Cash flow from operating activities	m€	**24.1**	(1.4)	21.9
	Investments	m€	**7.1**	11.2	7.9
	Order backlog as at Dec 31	m€	**375.4**	354.1	243.1
	Order intake	m€	**458.7**	485.9	377.0
	Employees (average)		**1,593**	1,452	1,407
	Employees as at Dec 31		**1,651**	1,517	1,393
Key balance sheet data	Total assets	m€	**228.8**	206.2	168.8
	Equity[1] in % of total assets		**31.8%**	30.7%	36.9%
	Capital employed (average)	m€	**127.7**	111.2	97.9
	Return on capital employed		**24.1%**	22.6%	20.0%
	Return on equity[1]		**37.4%**	35.1%	27.0%
	Net debt	m€	**30.6**	38.7	9.0
	Working capital	m€	**60.7**	49.1	40.0
	Gearing ratio		**29.6%**	37.9%	12.6%
Key stock exchange figures[2]	Highest share price	€	**39.9**	25.0	18.1
	Lowest share price	€	**24.0**	15.4	14.4
	Closing price	€	**32.8**	25.0	15.8
	Number of shares				
	before share split	m units	**–**	1.7	1.7
	after share split	m units	**6.8**	–	–
	Market capitalization	m€	**223.0**	170.0	107.1
	Dividend	m€	**4.8**[3]	4.8	3.4
	Dividend per share	€	**0.7**[3]	0.7	0.5
	Dividend yield		**2.1%**	2.8%	3.2%
	Earnings per share	€	**2.2**	2.0	1.0
	Price/earnings ratio		**14.9**	12.5	15.4

[1] Including minority interest and subordinated (mezzanine) 2005.
[2] Previous year's figures were converted pursuant to the share split (4-for-1).
[3] Proposal to Annual General Shareholders' Meeting.

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gerda.koenigstorfer@rosenbauer.com, www.rosenbauer.com

CONTENT

2007

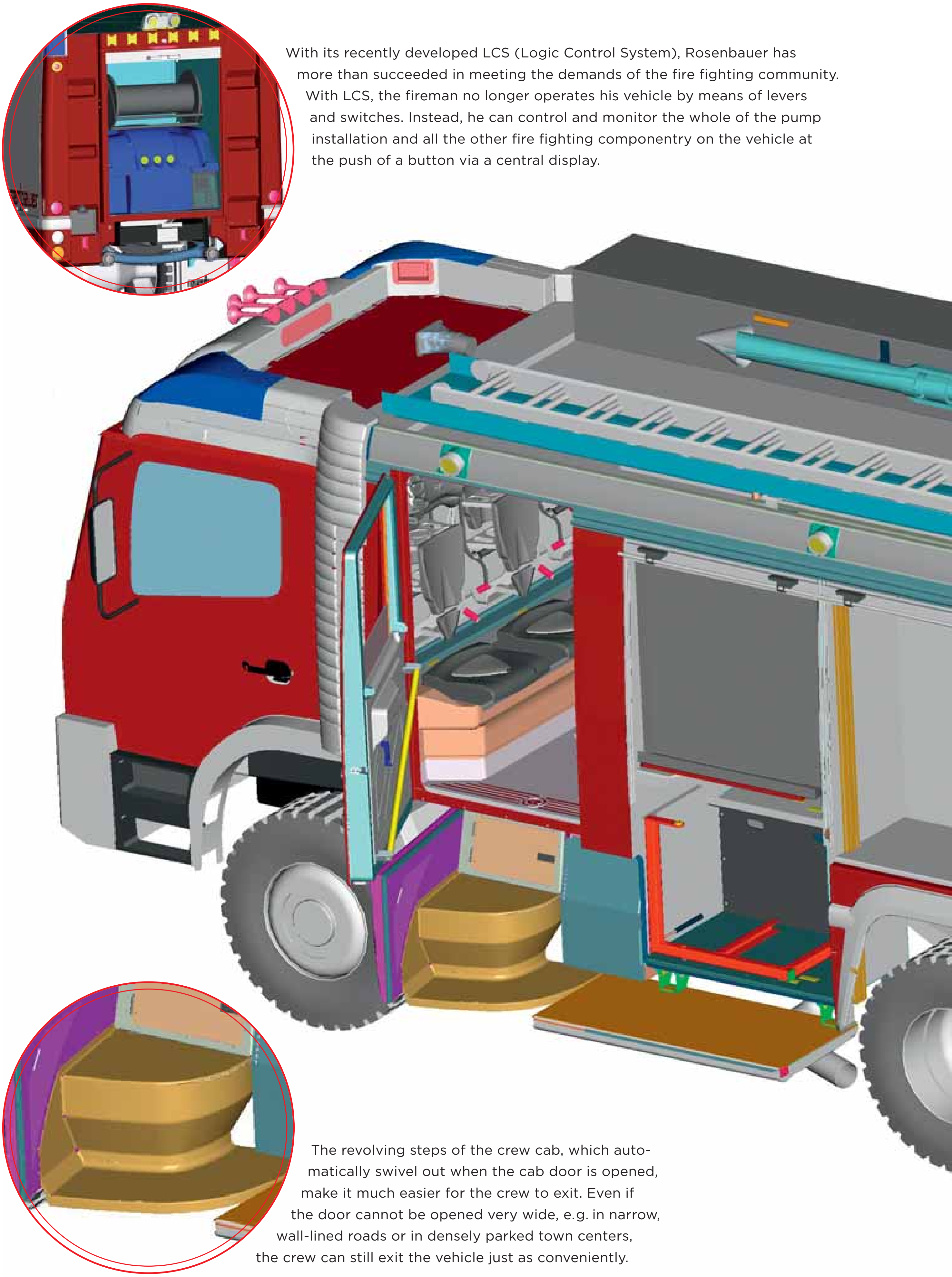
The cab of the new PANTHER has a panoramic windscreen made of laminated safety glass, and now also boasts transparent doors. Extending extremely far up and down, the front and side panes give the driver an unobstructed wide-angle view of his surroundings.

The ergonomically shaped instrument panel permits “one-man operation” of all the fire fighting and vehicle systems. This means that the fireman can steer the vehicle at the same time as using the joystick to operate the fire fighting systems.

DESIGN MARRIED TO TECHNICAL PERFECTION

Another highlight of the development effort is the flap lids of the equipment lockers, which can now be opened pneumatically – from right beside the flap. The engine compartment and pump compartment fairings can be raised hydraulically, making for much greater ease of handling during servicing.

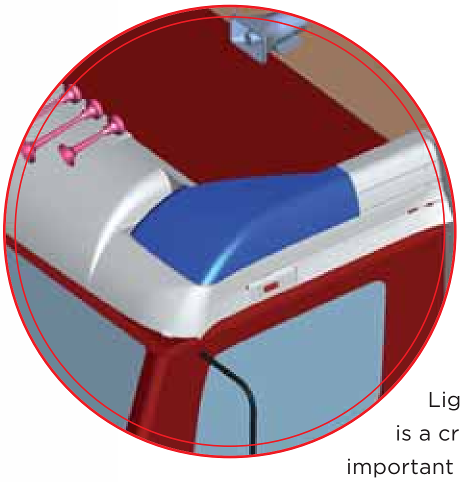
For the superstructure, only high-grade, corrosion-resistant materials are used, such as aluminium, GRP mouldings for the fairings and polypropylene for the extinguishant tank.



With its recently developed LCS (Logic Control System), Rosenbauer has more than succeeded in meeting the demands of the fire fighting community. With LCS, the fireman no longer operates his vehicle by means of levers and switches. Instead, he can control and monitor the whole of the pump installation and all the other fire fighting componentry on the vehicle at the push of a button via a central display.

The revolving steps of the crew cab, which automatically swivel out when the cab door is opened, make it much easier for the crew to exit. Even if the door cannot be opened very wide, e.g. in narrow, wall-lined roads or in densely parked town centers, the crew can still exit the vehicle just as conveniently.

FOR THE MOST EXACTING REQUIREMENTS



Lighting is a crucially important factor for missions during darkness – the access steps, ladders, equipment lockers and roof are all lit up by LED technology. The flash lights on the driving cab have been integrated in the raised GRP roof.

The LCD flat-panel display of the pump control console simply "knows" and controls everything, and is impressively easy to operate.

The chassis is unmistakably American, while the superstructure is built from components of the Rosenbauer “Comfort” range.

The Timberwolf provides impressive proof of just how well the American and European vehicle philosophies can be blended.

WIDE VARIETY OF PRE-PACKAGED OPTIONS

Compact, agile and with huge scope for multifunctional configurations, the “Firestar” Timberwolf can be deployed both as a forest fire fighting vehicle and a city tanker. The fire fighting systems are either Austrian-manufactured or sourced from a US pump manufacturer.

With its fresh new styling, the L32 embodies the very latest technology and a progressive design vocabulary. The international awards won by the L32 for its design are proof of just how ideally technology and design complement each other here.

To give the operator the best possible view of the top of the ladder and the rescue cage no matter what position the ladder is in, the back and armrest of the control stand automatically tilt as much as 30 degrees to the rear.

The main control stand was systematically developed along deliberately ergonomical lines and gives the new L32 an incomparable air of dynamism.

OUTSTANDING
FUNCTIONALITY

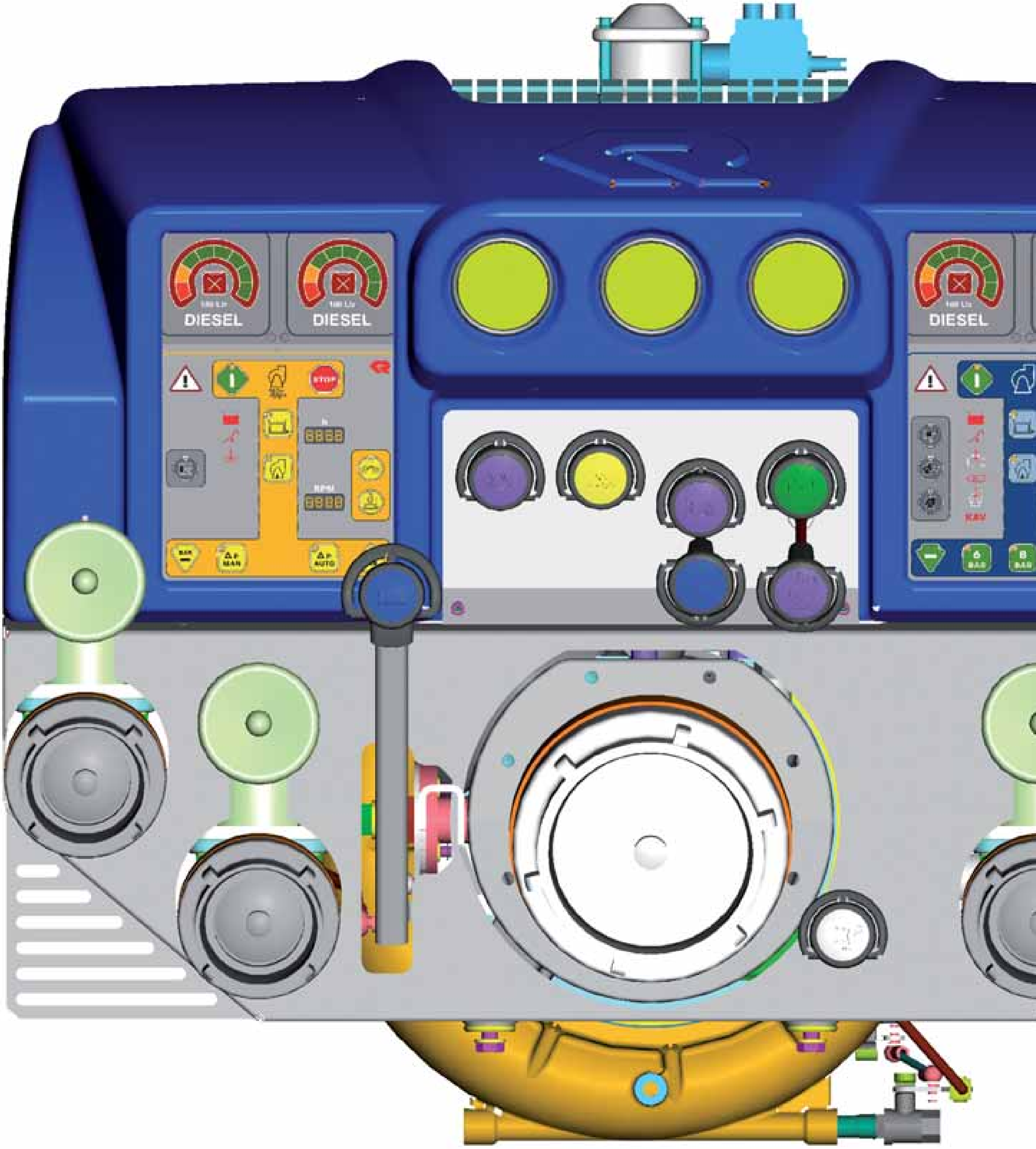
The HEROS helmet system
ranks among the very best
and most comfortable fire helmets
available anywhere in the world.

SAFETY IN EXTREME SITUATIONS

The accomplished design of the HEROS®-xtreme has won a number of international awards: Having been nominated for the Austrian State Prize for Design (the Adolf Loos Prize 2005), in 2007 the new fire helmet was also awarded the “Design Label of the Federal Republic of Germany”.

In another world first, Rosenbauer is proud to present the fully integrable helmet lamp featuring advanced LED technology. Press the special HEROS button and the lamp can easily be detached and used as a hand-held lamp.

The helmet shell is made of a unique GRP composite material that withstands the toughest demands imaginable, featuring exceptionally high strength and impact resistance even at extreme temperatures.


DIESEL
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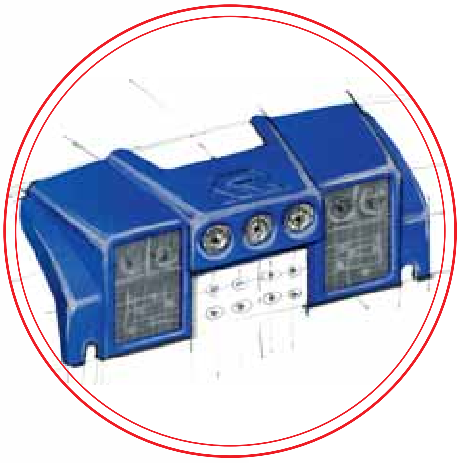
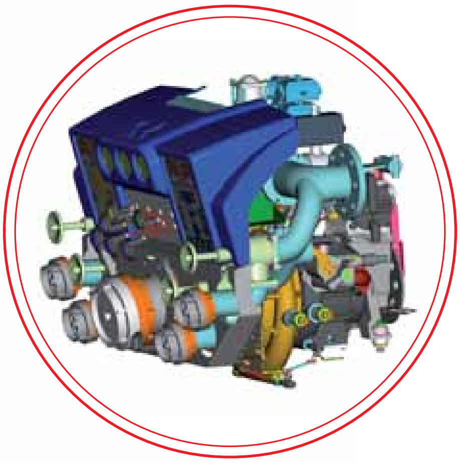
8 BAR

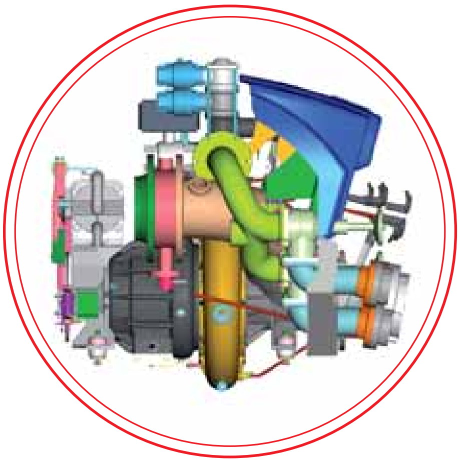
HIGH-EFFICIENCY FIRE FIGHTING



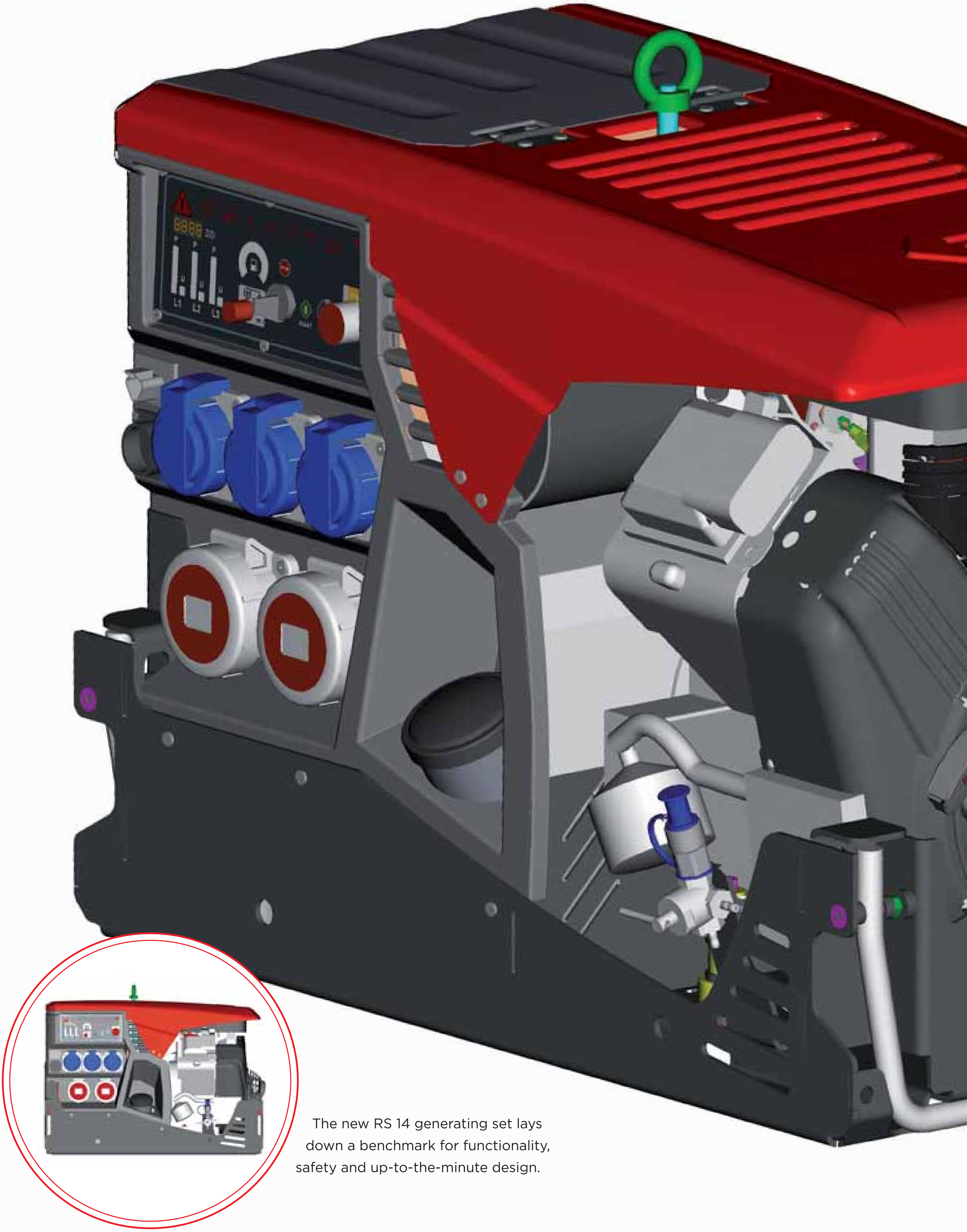
The experience of firefighters from all over the world went into the development of the Rosenbauer NH 55 normal/high-pressure pump. No matter whether on board air-crash rescue, industrial or municipal fire fighting vehicles, Rosenbauer pumps always stand for top performance and ease of operation.



The NH 55 truck-mounted fire pump is built for harsh continuous-duty operations using all grades of extinguishant water and foam compound and in highly diverse climatic conditions.



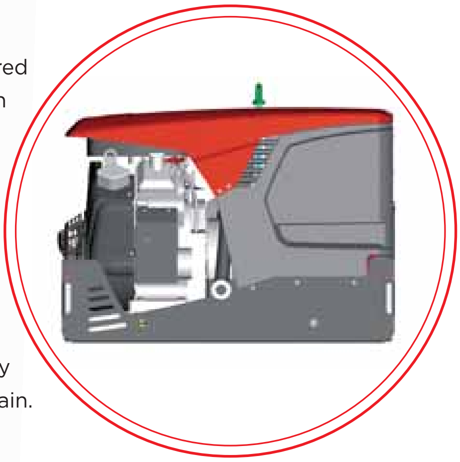
The NH 55 manages a pump output of 5,500 l/min at 10 bar, which makes it the most powerful unit in its class. The particular position of the pump achieves noise insolation, and thus an appreciable reduction in noise levels.



The new RS 14 generating set lays down a benchmark for functionality, safety and up-to-the-minute design.

HIGH FUNCTIONALITY, HIGH PERFORMANCE

One of the innovations offered by the Rosenbauer RS 14 is an electronic speed-drop. When the consumer loads are switched off, the RS 14 runs very quietly at half the motor speed. When the loads are switched back on, the motor automatically revs up to the rated speed and the full output is immediately available again.



Warnings and safety instructions are outputted both visually and acoustically via the appliance's innovative user interface.

The low-level tank and the larger, ergonomically positioned tank filling opening with its safety closure, facilitate refuelling and ensure superior handling.

COMPANY PROFILE

The Rosenbauer Group is one of the world's leading manufacturers of fire fighting vehicles. Rosenbauer is a "full-liner" that supplies the fire fighting sector in over 100 countries with a wide range of products and services. It produces its extensive series of fire fighting vehicles and aerials in three continents, to both European and US standards. With a workforce of around 1,650, the Group generated revenues of over 425 m€.

SEGMENT	PROFILE
Vehicles 	**ROSENBAUER** ■ Production facilities in Europe, the USA and Asia ■ World's biggest exporter of fire fighting vehicles ■ The sector's technological and innovational leader
Aerials 	**METZ AERIALS** ■ Advanced manufacturer of aerials, based in Karlsruhe, Germany ■ Supplies to clients all over the world **RK AERIALS** ■ Innovative US-standard manufacturer
Fire fighting components 	**ROSENBAUER** ■ Leading fire fighting system supplier ■ Individual solutions for complex specifications ■ Worldwide partner of superstructure manufacturers
Fire & safety equipment 	**ROSENBAUER** ■ Full-line supplier of fire & safety equipment ■ Rosenbauer products for the most exacting requirements ■ International equipment supplier to the fire fighting sector
Service & spare parts, Others	**ROSENBAUER** ■ International service and spares network ■ Comprehensive instruction and training program ■ A high-caliber partner with 30 years' experience!

SPECTRUM OF PRODUCTS & SERVICES	KEY FIGURES	2007	2006
■ Municipal fire fighting vehicles, air crash tenders and industrial fire fighting vehicles to European and US standards	Order intake	312.5 m€	342.1 m€
	Revenues	287.1 m€	247.4 m€
	Segment assets	168.3 m€	148.2 m€
	Investments	4.9 m€	7.2 m€
■ Turntable ladders and aerial rescue-platforms with rescue heights of between 20 m and 56 m ■ Turntable ladders and ladder trucks with rescue heights of 60 ft to 109 ft	Order intake	66.5 m€	55.8 m€
	Revenues	55.7 m€	45.9 m€
	Segment assets	36.2 m€	31.8 m€
	Investments	0.9 m€	0.9 m€
■ Built-in pumps and fire fighting installations, foam proportioning systems and monitors ■ Electronic controls for the fire fighting systems and portable fire pumps	Order intake	21.3 m€	19.3 m€
	Revenues	19.1 m€	14.8 m€
	Segment assets	10.2 m€	7.3 m€
	Investments	0.5 m€	1.7 m€
■ Personal protective equipment (PPE) ■ Technical emergency equipment ■ Special equipment for chemical and environmental assignments	Order intake	37.3 m€	49.4 m€
	Revenues	43.5 m€	45.4 m€
	Segment assets	10.3 m€	9.8 m€
	Investments	0.0 m€	0.2 m€
■ 24-hour service worldwide ■ Refurbishment of fire fighting vehicles ■ User, repair and maintenance courses	Order intake	21.1 m€	19.3 m€
	Revenues	20.7 m€	18.5 m€
	Segment assets	5.5 m€	5.3 m€
	Investments	0.8 m€	1.2 m€

FOREWORD FROM THE PRESIDENT

Dear Readers,
We are delighted to be able to present you with another "all-time high" result. After what had already been a record year in 2006, Rosenbauer succeeded in achieving yet another significant jump in revenues. Looking back on 2007, with its revenue growth of nearly 15%, 23% increase in EBIT and 0.4 point improvement in the EBIT margin to 7.2%, we can be justly proud.

We managed to make very good use indeed of the opportunities presented to us by a healthy world economy, and to consolidate the Rosenbauer Group's pre-eminent position in the industry still further. Alongside successes in our traditional markets, we also moved into new markets such as Australia and India, fulfilling sizeable contracts in these countries with our top-line product, the PANTHER air crash tender.

Demand in our sector in the USA was unusually high in 2006, fed by pre-emptive purchases before more stringent emissions regulations came into force at the beginning of 2007. This also explains why the US domestic market weakened again last year. Nevertheless, Rosenbauer America managed to buck the trend and even gain market share, in a repeat of the successful developments of recent years. The extent of these American successes is somewhat diluted in our Group financial statements by the continuing slide of the US dollar against the Euro.

Regrettably, the lasting recovery hoped for in Europe's biggest market, Germany, again failed to materialize. The only segment to do well there last year was compact vehicles, while the market for larger municipal vehicles (which is more relevant for us) sustained a 14% decline. We succeeded in compensating for this by stepping up shipments of Austrian-manufactured "AT" municipal fire fighting vehicles, and even in considerably increasing our market share in Germany.

The favorable results trend was also helped by the positive results of the continuous improvement processes. Alongside ongoing analysis and optimization of all relevant business processes, CIP and teamwork were both implemented in all areas at the Leonding facility. This fosters employees' team spirit and motivation, and gives the company improvement suggestions that have clearly quantifiable benefits.

In times – such as these – of volatile EUR/USD exchange rates, our internationalization strategy really comes into its own. Increasingly, dollar-orbit export markets are being served by our American companies. The capacity build-out planned in the USA will accelerate this development, as well as being absolutely essential for sustaining growth on the local American market.

The gratifying growth also took the Austrian plants to the limits of their capacity once again. Although the most recent expansion project was only completed in 2006, it will soon be followed by further capital investments.

Rosenbauer prides itself on being the industry's technological leader, a claim borne out by the many new product developments and advances that we bring to market year after year. Among 2007's innovations were vehicle concepts from Rosenbauer America, dubbed "Tech-Drive", for enhancing functional utility by integrating European solutions into American vehicles. In Europe, we launched the new HYDROMATIC direct injection foam proportioning system for industrial fire fighting vehicles, the Rosenbauer Positioning System RPS for fast, easy water-supply setup, and the new FLEXILIGHT xenon lighting mast, to name but a few.

Our center of expertise for European-standard aerial appliances, Metz Aerials in Karlsruhe, Germany, continued its technology drive last year. The new L32 A turntable ladder with an articulated cage boom was unveiled in the autumn of 2007, and the first vehicles have already been shipped. On the other hand, series start-up of turntable ladders with new technology (high-performance hydraulic system, improved CAN-bus control) did not proceed as planned. Technical issues and materials-provisioning bottlenecks led to delays in delivery, and to Metz Aerials falling short of expectations despite the positive result.

The steep growth of recent years has also presented the Group with heightened financing requirements. The growth in production space has inevitably led to a rise in the volumes of work in progress and of finished goods, entailing greater financing needs. This, in turn, means that the very satisfactory rise in EBIT is only partially reflected in EBT.

The Rosenbauer share price went from strength to strength, reaching a high of 39.9 € at the end of October 2007. The widespread turbulence of recent months has not passed our share by either; nevertheless, the year-end price of 32.8 € still represents a 31.2% rise on the previous year.

The need to ensure that the Group's financing basis remains on a solid long-term footing calls for a prudent dividend policy. The Executive Board will thus be proposing an unchanged dividend of 0.7 € per share to the General Shareholders' Meeting. This corresponds to the previous year's dividend of 2.8 € prior to the 4-for-1 share split.

The Executive Board's expectation for the current year is that business will continue to progress very satisfactorily, so that there is a strong likelihood of another record result. We shall be countering the EUR/USD exchange rate, which is highly unfavorable to European exporters, by stepping-up our activities in the USA.

The Rosenbauer Group's success would not be possible were it not for our enthusiastic and dedicated staff. I wish to take this opportunity of expressing my sincere thanks to them for their exemplary commitment and hard work.

Yours sincerely,

Julian Wagner

EXECUTIVE BOARD

Julian Wagner

PRESIDENT AND CEO
Business unit: Aerials

Born in 1950, joined Rosenbauer in 1968

Group functions:
Company strategy, human resources, social management, corporate communications, internal audit

Manfred Schwetz

MEMBER OF THE EXECUTIVE BOARD
Business units: Specialty vehicles,
Fire & safety equipment and USA

Born in 1946, joined Rosenbauer in 1993

Group functions:
Marketing, international sales, customer services

Robert Kastil

MEMBER OF THE EXECUTIVE BOARD
Sector finances

Born in 1949, joined Rosenbauer in 1983

Group functions:
Accounting and controlling, Group finance, information technology, risk management, investor relations

Gottfried Brunbauer

MEMBER OF THE EXECUTIVE BOARD
Business units: Municipal vehicles and fire fighting components

Born in 1960, joined Rosenbauer in 1995

Group functions:
Technical Group co-ordination, logistics, innovation management, quality management, environmental management

f.l.t.r.: Julian Wagner, Robert Kastil,
Manfred Schwetz, Gottfried Brunbauer

> “At Rosenbauer, good design embodies not merely a dynamic styling language but also innovation, high performance, reliability and safety.”

INVESTOR RELATIONS

2007 on the stock markets

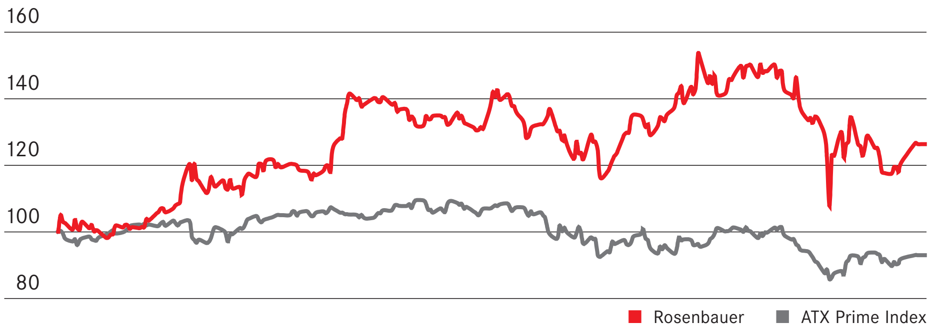
In a difficult year for world stock markets, Vienna was unable to retain the status it had enjoyed for some years as a star-performer among world financial centers, but nevertheless proved to be a stable market. In July, the ATX broke the 5,000 point barrier, marking a new record high. In the wake of the financial crisis in the second half of 2007, the ATX embarked on a dizzying roller-coaster ride before settling down slightly higher than at year-end 2006 and closing the year with a 1.1% gain. Its 5-year performance since year-end 2002 registered gains of 292.4%.

The Rosenbauer share

The Rosenbauer share experienced a vigorous price advance during the first few months of the year. It profited from market players' positive response to publication of the end-of-year figures for 2006, and from the resolution passed at the General Shareholders' Meeting in May 2007 on the proposed share split. In order to improve the tradability and attractiveness of the Rosenbauer share, a 4-for-1 share split was effected as at July 3, 2007. This increased the number of shares in issue from 1.7 million to 6.8 million.

Publication of the report on the first half of 2007, and the subsequent corporate presentations both in Austria and abroad, attracted growing buying interest among institutional investors. By the end of October, the share had reached a provisional all-time high of 39.9 €. From then on, the Rosenbauer share was also not immune to the generally nervous mood of the market, as investors started profit-taking. In consequence, the share's price staged a retreat during the final two months of 2007. The Rosenbauer share finished the year at a closing price of 32.8 € (year-end 2006: 25.0 € – on the basis of the share split). This equates to a 31.2% price gain. With this very pleasing performance, the Rosenbauer share once again maintained its standing as an attractive investment, establishing itself at a higher valuation level.

Price movements, January to December 2007 (%-age index)

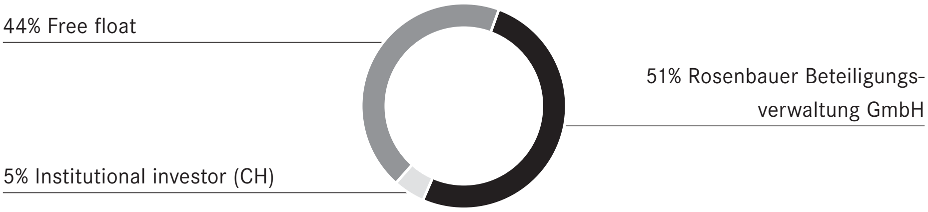


Internationalization of the shareholder structure

Rosenbauer International AG has been listed in the Vienna Stock Exchange's "Prime Market" with non-par-value shares (bearer shares) since 1994. In Germany, it is quoted on the over-the-counter market in Frankfurt, Stuttgart, Munich and Berlin.

51% of the Rosenbauer shares are held by Rosenbauer Beteiligungsverwaltung GmbH, a holdings management company founded by the family shareholders. An institutional investor from Switzerland holds more than 5% of the total capital, while a British investor scaled back it's holding to below 5% in the first half of the year. The remaining shares in the free float are held by diverse investors from Austria, Germany, Great Britain, France, Italy, Switzerland and the USA.

Shareholder structure



Distribution of dividends

Under its shareholder-friendly dividend policy, Rosenbauer seeks to give its shareholders their fair share of the results earned each year. The Executive Board and Supervisory Board propose to the General Shareholders' Meeting that a dividend per share of 0.7 € (2006: 0.7 €, allowing for the share split) should be distributed for the financial year. The sum for distribution for 6.8 million non-par-value shares is 4.8 m€ (2006: 4.8 m€). In terms of the share's closing price of 32.8 €, this corresponds to a dividend yield of an attractive 2.1% (assuming a dividend of 0.7 € per share).

Investor relations activities

The investor relations program was further enhanced in 2007. Its paramount principles are simultaneous, open and thorough communication with all market participants, a high degree of transparency, and active reporting.
Numerous opportunities were taken during the financial year to inform the public on the Rosenbauer Group's strategy and on the progress of its business, at press conferences, roadshows, international conferences and in conference calls. In the autumn of 2007 Rosenbauer held a meeting for private investors, to brief them on the latest developments. This event included a tour of the production facilities in Leonding, which was very well received by the investors who attended.

As part of the remodeling of the Rosenbauer website, the sections containing corporate and share-related information have also been overhauled. Alongside annual and quarterly reports, investors will also find a share price ticker and the latest press releases.

Insider rules: The aims of the Rosenbauer Group's investor relations work are comprehensive reporting to all market participants, and equality of treatment. On the basis of the "Compliance Decree for Issuers" published by the Financial Market Authority (FMA), Rosenbauer has itself implemented a detailed compliance directive. This directive applies to the members of the Executive and Supervisory Boards, top management at Rosenbauer International AG and all other persons who are privy to insider information, whether on a regular or project-related basis.

Corporate calendar 2008

April 25, 2008	Result for the financial year 2007
May 27, 2008	Result for the first quarter of 2008
May 30, 2008	General Shareholders' Meeting in Linz Gemeinderatssaal, Altes Rathaus Hauptplatz 1, A-4020 Linz
June 9, 2008	Ex-dividend day
August 22, 2008	Result for the first half of 2008
November 21, 2008	Result for the first three quarters of 2008

Details of the share

ISIN
AT0000922554
Quoted on OTC market
Frankfurt, Stuttgart,
Berlin-Bremen, Munich
Ticker symbols
Reuters: RBAV.VI
Bloomberg: ROS AV
Vienna Stock Exchange: ROS
Number of shares
6,800,000
Class of shares
Non-par-value shares
made out to bearer
Nominal share capital
13,600,000 €
Volume traded in 2006
78,280,481 €
Volume traded in 2007
137,848,439 €
N° of shares traded in 2006
4,365,656[1]
N° of shares traded in 2007
4,224,018[1]
ATX prime weighting
0.1%

[1] Allowance made for share split

CORPORATE GOVERNANCE

Commitment to the Code

The Rosenbauer Group has for many years been pursuing a strategy aimed at sustained long-term growth in the value of the company. Since 2003, Management has been committed to upholding the Austrian Corporate Governance Code, as most recently revised at the beginning of June 2007. The Corporate Governance Code is a significant means of establishing a system of management and control of the company that is accountable and is geared to creating value. It fosters trust among shareholders, investors, customers, employees, suppliers, media representatives and other interest groups.

It goes without saying that the Rosenbauer Group will continue to endeavor to abide in full by the provisions of the Austrian Corporate Governance Code. In addition to the obligatory "L" Rules (legal requirements based on mandatory statutory provisions), Rosenbauer also provides the following explanations relating to the "C" Rules. In this connection, it should be noted that all the "C" Rules of the most recently revised Code were in any case already being complied with.[1]

Executive Board remuneration report

"C" Rule 30: An important element of the remuneration system is the variable component, which is closely linked to corporate performance. The ratio between the fixed and performance-linked components of the Executive Board's total compensation in the period under review was 43% to 57%.

The performance bonus of the Executive Board is determined as a percentage of the Group profit (EBT) shown in the Consolidated Income Statement before deduction of tax and "Minority interests", with an incremental reduction in this percentage in line with increases in the consolidated profit. The severance-pay arrangements are in compliance with the regulatory stipulations. Following any cessation of the employer/employee relationship, the company will not be burdened by any subsequent contributions to the company pension scheme on behalf of the Executive Board member concerned.

Establishment of committees

"C" Rule 34: An audit committee has been established to review and prepare the approval of the annual financial statements, and to draw up a proposal for the appointment of an external auditor. This committee also exercises a consultative function in all matters bearing upon company and Group financial reporting. In a separate meeting, the committee also deals with the activities of the internal auditing unit and with the Group's risk management system.

The functions of the strategy committee, which lays the groundwork for decisions of fundamental significance in collaboration with the Executive Board, calling upon expert assistance where appropriate, are exercised by the Supervisory Board as a whole, provided that this latter comprises no more than five elected members.

The functions of the human resources committee, which deals with Executive Board personnel issues and succession planning, have been vested in an executive committee ("Präsidialausschuss"). The executive committee is made up of the Chairman of the Supervisory Board and his Deputy.

The committees are elected for the term of office of their respective members. Each committee chooses a chairman and deputy chairman from among its number.

Age limit for Executive Board members

"C" Rule 38: The only persons eligible for appointment to the Executive Board are those who have not yet reached the age of 65 at the time of such appointment. The appointment of a person to the Executive Board who has already reached the age of 65 at the time of such appointment shall, however, be permitted if the General Shareholders' Meeting passes a resolution to this effect by a simple majority of the votes cast.

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[1] The Austrian Corporate Governance Code comprises the following three categories of rules: "L" Rules (legal requirements), based on mandatory statutory provisions; "C" Rules ("comply or explain"), i.e. rules which must be kept, with any deviations from the rule having to be explained; and "R" Rules (recommendations), non-compliance with which requires neither disclosure nor explanation.

Committees

"C" Rule 39: The audit committee described under "C" Rule 34 met in April 2008 to review and prepare the 2007 financial statements, to draw up a proposal for the appointment of the external auditor and to confer on all matters relating to the Group's financial reporting. The members of the audit committee were Alfred Hutterer (Chairman), Dieter Siegel and Rudolf Aichinger.

Contracts subject to approval

"C" Rule 49: No "contracts subject to approval" as defined in L-Rule ("L" = legally required) n° 48 were in force last year, i.e. contracts with members of the Supervisory Board or with companies in which a member of the Supervisory Board has a considerable economic interest.

Remuneration schedule for members of the Supervisory Board

"C" Rule 51: The emoluments paid to members of the Supervisory Board consist of a fixed and a variable component. The variable component is determined as a percentage of the Group profit (EBT) shown in the Consolidated Income Statement before deduction of tax and "Minority interests", with an incremental reduction in this percentage in line with increases in the consolidated profit.

Independence of the Supervisory Board

"C" Rule 53: When establishing the criteria for assessing independence, the Supervisory Board follows the guidelines set out in Annex 1 of the Corporate Governance Code. According to these guidelines, the Supervisory Board members Alfred Hutterer (Chairman), Christian Reisinger (Deputy Chairman) and Karl Ozlsberger may be deemed to be independent.

Supervisory Board members with a shareholding in excess of 10%

"C" Rule 54: None of the elected members of the Supervisory Board holds more than 10% of the shares of Rosenbauer International AG or represents the interests of a shareholder whose stake is in excess of 10%.

Periods of office of Supervisory Board members: Owner representatives

"C" Rule 58:

- Alfred Hutterer (born 1947); Chairman (from May 26, 2007)
  Initial appointment: May 24, 2003
  End of current term: 2008 General Shareholders' Meeting;
  CEO, TRUMPF Maschinen Austria GmbH & Co. KG
- Christian Reisinger (born 1960); Deputy Chairman (from May 26, 2007)
  Initial appointment: May 25, 2006
  End of current term: 2011 General Shareholders' Meeting
  Member of Executive Board of Lenzing AG
- Dieter Siegel (born 1964)
  Initial appointment: May 18, 2002
  End of current term: 2008 General Shareholders' Meeting
  Head of Steel Europe Business Unit at RHI AG
- Karl Ozlsberger (born 1948)
  Initial appointment: May 26, 2007
  End of current term: 2012 General Shareholders' Meeting
  Partner, ROS Consulting GmbH (consultancy)

Workforce representatives

- Rudolf Aichinger (born 1963)
  First delegated: July 17, 2003; end of current term: 2008
- Alfred Greslehner (born 1960)
  First delegated: December 9, 2004; end of current term: 2008

GROUP SITUATION REPORT

ECONOMIC ENVIRONMENT

World economy

The world economy in 2007 was still characterized by a stable economic climate. During the second half of the year, however, the uncertainties emanating from the property crunch in the USA started spreading through the entire financial sector, leading to a pronounced downward revision of the economic forecasts for 2008.
Consumer sentiment in the USA and Europe has fallen markedly due to the property crisis, the high prices for energy and – especially in the Euro area – the rising inflation rate.

North America

In the USA, the uncertainties surrounding the extent and the consequences of the subprime crisis increased dramatically at the end of 2007 when it emerged that major banks had sustained far greater losses than expected. This prompted growing concerns over the possibility of the loan and property crisis spreading into the economy as a whole. The growth that took place during the final months of 2007 was mainly driven by exports and by a strong build-up in inventories, with consumption unable to give any impetus. Economic growth in the USA thus seems set to flatten further in 2008.

The US dollar fell by around another 10% against the Euro during 2007, hitting a record all-time low. The main reasons for the dollar's slide are essentially the same as in the previous year: stronger growth in the Euro zone, and the size of the US trade deficit. With further interest rate cuts expected in the USA, there is little prospect of any appreciable let-up in the pressure on the US dollar.

Central and Eastern Europe

The EU Commission estimates that Euro-zone growth reached 2.6% in 2007, only marginally below the previous year's figure of 2.7%. Its forecasts for 2008 point to the risks arising from the low dollar exchange rate and the worldwide financial crisis. Accordingly, its economic growth forecast for the Euro zone has been revised downward to 2.2%.

The key economic indicators in Europe all reflected an unmistakable uptrend in 2007. In Germany, for instance, average annualized unemployment rolls shrank by more than 700,000 to 3.78 million, equating to a rate of 7.8%. In the same period, German exports rose by 7.6% over the previous year. The only area to fall behind expectations was private households' consumer expenditure, which rose by a mere 0.8%. The German economy is set to expand rather more slowly in 2008 than last year. The general expectation is for slightly weaker growth of around 2%, driven mainly by capital investment and exports.
The ten new EU member states enjoyed growth rates of around 6% in 2007, significantly above the EU average. This is expected to slow to around 3.5% in 2008. Lower demand from the USA and Western Europe, and the sharp increase in consumer prices, are likely to put a damper on these countries' economic prospects.

China

The Chinese economy notched up double-digit growth for the fifth year in succession in 2007. GDP surged 11.5%, exactly as forecast by the Chinese authorities. While expecting growth to continue at similarly high rates for the next few years, the OECD also draws attention to the dangers of overheating.

DEVELOPMENTS IN THE FIRE FIGHTING SECTOR

International demand at a high level

Demand in the main markets of the USA, Europe and Asia continued at a high level last year. The world market for fire fighting vehicles has grown to a volume of around 2,400 m€ per year. More than 90% of these vehicles go to the NAFTA region, Western Europe, the Middle East and Central, South and East Asia. Fire & safety equipment is not included in this volume.

In North America, Europe, Russia and Central Asia, the lion's share of demand is traditionally met by local manufacturers. A trend towards local value creation has also become increasingly apparent in Southeast Asia in recent years.

North America

2006 was an absolute record year for sales of fire fighting vehicles in the USA. In 2007, volumes on this, the world's biggest single market, fell back by more than 10%, returning to the level of previous years. The above-averagely high procurement volume in 2006 was largely due to the impending introduction of more stringent emissions standards from 2007 onward, which caused planned procurement to be brought forward. A number of established fire apparatus manufacturers again lost market share in 2007.

Central and Eastern Europe

Demand for fire fighting vehicles also dropped in Europe's biggest market, Germany, after sales volumes had briefly risen by more than 10% in 2006 in the run-up to a value added tax hike from January 1, 2007. The drop was especially pronounced in the case of large municipal vehicles, with sales falling back 14% compared to the previous year. Despite the improved economic climate in Germany, then, the hoped-for trend reversal on the fire equipment market has still not come to pass.

Demand in the countries of Central and Eastern Europe continued to show a positive trend in 2007. Whereas sophisticated vehicles are still mainly supplied by noted international manufacturers, simpler fire fighting vehicles are increasingly coming from new local suppliers. This is intensifying competition on the hotly contested CEE markets. In Southern Europe, procurement is still dominated by centralized tendering procedures, which is why these markets mostly have spot-market character.

China – Growth market in Asia

The Chinese fire equipment market has established itself as the leading growth market in Asia. Annual sales volumes today are estimated at around 3,000 vehicles. As in the past, the Chinese government is making great efforts to upgrade the country's infrastructure. This development is being held back by the strict Chinese certification procedures and the limited manpower resources of the testing authorities. For both locally manufactured and imported fire fighting vehicles, this has led to longer delivery times.

Middle East

The hefty increases in the price of oil have swollen budgets in the region, providing the necessary resources for massive infrastructure build-out. Demand here is mainly for top-quality, technically sophisticated vehicles of all categories, as well as the entire spectrum of fire & safety equipment. In the Middle East, too, the very great attractiveness of this market has drawn in new competitors, increasing the pressure on the established manufacturers.

Spot markets

The markets in Latin America and Africa are characterized by spot projects based on central procurement programs, in some cases with lead-times of several years. This makes it difficult to forecast developments on these markets.

REVENUES, ORDERS AND INCOME SITUATION

In 2007, the Rosenbauer Group once again outdid the record revenue and result figures it had achieved the year before. This success is largely due to the favorable market environment and strong international position enjoyed by the Group. Worldwide production capacity was expanded once again in 2007. Despite occasional bottlenecks in the availability of materials and chassis, all its production locations were working to capacity. Hence the Group's successful continuation of the growth trajectory of recent years.

Revenues once again at all-time high

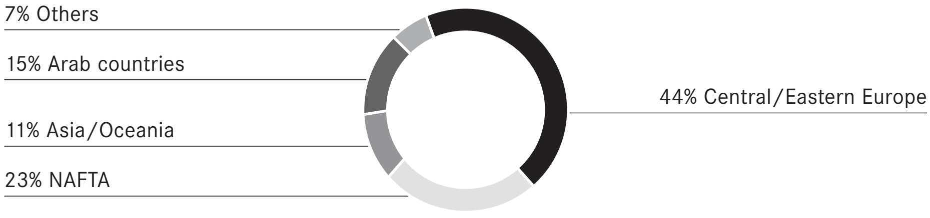
Group revenues rose last year to 426.1 m€ (2006: 372.0 m€), breaking all previous records. This 54.1 m€ increase in revenues resulted primarily from the export business of Rosenbauer International AG, and from higher revenues in the Group's German segment. Once again, the biggest revenue earner in 2007 was Rosenbauer International AG, with revenues of 228.7 m€ (2006: 180.5 m€). With an export ratio of 89% (2006: 86%) and shipments going to about 100 countries, the company has a stronger international orientation than any other in the industry.

Revenue trends

As in previous years, Central and Eastern Europe were once again Rosenbauer's biggest sales regions in 2007. Around 44% (2006: 48%) of Group revenues, amounting to 188.8 m€ (2006: 177.4 m€) were achieved on these markets. Thanks to the Group's strong position on the US market, the NAFTA countries – with 97.2 m€ (2006: 86.8 m€) or 23% of the total (2006: 23%) – took second place in the revenue rankings. They were followed by the Arab World with 63.9 m€ (2006: 44.0 m€), and then by Asia and Oceania with 47.5 m€ (2006: 29.3 m€). The revenues from all other countries amounted to 7% (2006: 9%).

The "Vehicles" product segment accounted for the biggest single share (68%) of Group revenues in 2007 (2006: 67%). The "Aerials" segment posted revenues of 55.7 m€ (2006: 45.9 m€), corresponding to a 13% share of total revenues (2006: 12%). Accounting for 10% (2006: 12%) and 4% (2006: 4%) of revenues respectively, "Fire & safety equipment" and "Fire fighting components" were at roughly the same level as the year before. "Service & spare parts" and "Other" revenues accounted for 5% of the total in 2007 (2006: 5%).

Revenues by region 2007

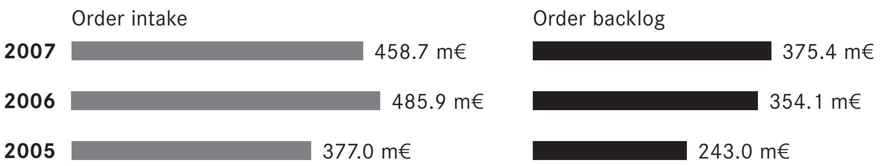


Revenues by product segments 2007

Orders

At 458.7 m€ (2006: 485.9 m€), Group order intake in 2007 was slightly below the level reached the year before, but was a very satisfactory figure nonetheless. The result is a continuation of the high levels of capacity utilization at the Group's production facilities. Thanks to the buoyant order intake trend in the final quarter of the year, the volume of order backlog at year-end 2007 reached a new record level of 375.4 m€ (2006: 354.1 m€).

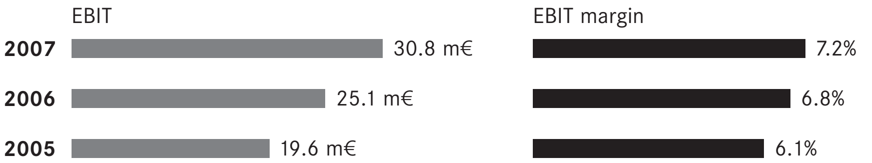
Order intake and order backlog as at December 31



Income situation

The main contributors to the 2007 result were the export successes scored by Rosenbauer International AG, the strong growth in the Group's US business over the past few years, and the overseas shipments made by its Spanish subsidiary. This took the operating result (EBIT) up by 23% to 30.8 m€ (2006: 25.1 m€), while improving the EBIT margin from 6.8% to 7.2%. The positive long-term market environment, coupled with the company's strong sales and distribution system and brand quality, has contributed substantially to the success of the Rosenbauer Group. The Rosenbauer brand today stands worldwide for innovative products, acknowledged quality and high technical standards.

EBIT and EBIT margin



Owing to the increased financing requirements for fulfilling the high volume of shipments, and to markedly higher interest rates, the "Finance cost" swelled to –5.4 m€ (2006: –3.0 m€). The pro-rata (50%) result of Rosenbauer YongQiang, the Group's joint venture in the Chinese province of Guangdong which has been reported at equity in the balance sheet since 2005, came to 0.0 m€ last year (2006: –0.1 m€).

Due to the heavier financing expenses, profit before tax (EBT) rose less than proportionally to 25.4 m€ (2006: 22.0 m€). The taxation ratio increased from 16.4% in 2006 to 21.7%. The previous year's lower tax burden resulted from the realization of (originally not capitalized) loss carryforwards at Metz Aerials. The stated taxation expense came to 5.5 m€ (2006: 3.6 m€). Reflecting the increased financing expenses and higher taxation ratio, the Group's consolidated profit, at 19.9 m€, was only 8.2% up on the previous year's figure (2006: 18.4 m€).
The profit shares for minority interest held by the co-partners in Rosenbauer America LLC. and Rosenbauer Española S.A. came to 4.8 m€ (2006: 4.7 m€).

Joint venture in China

The 50% Rosenbauer YongQiang joint venture in Dongguan, which was started in May 2005, did not come up to expectations last year. In 2007, a pro-rata result of 0.0 m€ (2006: –0.1 m€) was achieved on total revenues of 4.7 m€ (2006: 6.1 m€). Contrary to expectations, it has not yet proved possible to convince Chinese customers sufficiently of the merits of the joint venture's high-quality products as a substitute for the high levels of imported fire fighting vehicles. To improve its local market position, its sales activities have been considerably stepped up with the recruitment of additional personnel.

FINANCIAL POSITION, ASSET AND CAPITAL STRUCTURE

Organic growth enlarges balance-sheet total

The Group's financial position and asset situation primarily reflect last year's steep increase in production and shipment volumes. For industry-specific reasons, the balance-sheet structure of the Rosenbauer Group at the year-end is typified by a high proportion of current assets. This results from the turnaround times, lasting several months, for the vehicle contracts that are currently under manufacture.

The rise in the balance-sheet total to 228.8 m€ (2006: 206.2 m€) was essentially due to the Group's organic growth. On account of the large sums invested in the Leonding facility the previous year, the total invested in 2007 was considerably smaller, at 7.1 m€ (2006: 11.2 m€). This still exceeded the ongoing depreciation charges of 5.1 m€ (2006: 5.3 m€), but by a narrower margin. Owing to the realization of capitalized loss carryforwards, the deferred tax assets were less than the previous year, at 2.6 m€ (2006: 5.8 m€). The 26% increase in inventories, to 102.2 m€ (2006: 80.9 m€) was necessary in order to deal with the greatly increased volume of business in 2007 and to allow the high production volumes to be sustained. Thanks to ongoing monitoring of the trade receivables, it was possible – despite the higher shipment volumes – to keep the current receivables, at 47.7 m€, at the same level as the year before (2006: 48.2 m€).

Equity capitalization strengthened

Equity capitalization was raised still further in 2007, increasing by 15% to 72.7 m€ (2006: 63.4 m€). The key factor underlying this rise was the improvement – once again – in the Group's result. This allowed the Group's equity ratio to rise from 30.7% to 31.8%, despite the higher balance-sheet total. Largely because of the higher prepayments received from customers, the interest-bearing liabilities needed for financing the high production volumes were reduced from 42.9 m€ to 37.1 m€. This took total current liabilities to 119.8 m€ (2006: 107.6 m€).

Despite increased funding, the Group's net debt, meaning the balance of interest-bearing liabilities less cash and short-term deposits less securities, decreased last year to 30.6 m€ (2006: 38.7 m€). This went hand in hand with an improvement in the gearing ratio, to 29.6% (2006: 37.9%).

Cash flow clearly improved

Net cash flow from operating activities rose last year from −1.4 m€ to 24.1 m€. This improvement, despite the high year-end shipment volumes, is mainly due to the increased profit before tax and to the emphasis on accounts-receivable management at the year-end.

Key profitability figures

		2007	2006	2005
Capital employed (average)	in m€	**127.7**	111.2	97.9
Return on capital employed (ROCE)	in %	**24.1**	22.6	20.0
Return on equity (ROC)[1]	in %	**37.4**	35.1	27.0

[1] Including minority interest and subordinated (mezzanine) capital 2005

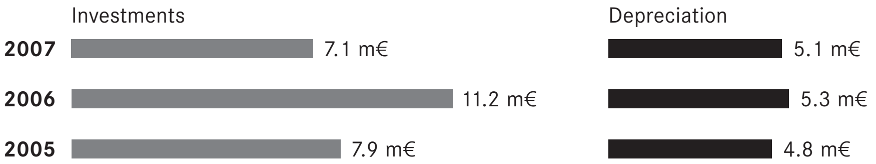
INVESTMENTS

Investments exceed depreciation

Group's investments totalled 7.1 m€ (2006: 11.2 m€) in 2007. The bulk of this was accounted for by further expansion of production capacity (52%), while 40% went on replacement investments and fulfilling official directives, and 8% on rationalization measures.

Depreciation in the Rosenbauer Group remained at the same level as last year, amounting to 5.1 m€ (2006: 5.3 m€). Of these, 0.2 m€ (2006: 0.5 m€) were attributable to intangible assets. Since 2005, the investment outlays have been well above the depreciation, in line with the goal of stepped-up growth and the additions to capacity which this entails.

Investments and depreciation



Production optimization in Leonding

A major investment focus in 2007 was the optimization of production operations at the Leonding plant. In 2006 the production area for air crash tenders had been greatly expanded, and further production areas were adapted and modernized in 2007.

To improve the logistics, new equipment including overhead cranes, fork-lifts and production-specific transport racks was acquired. Also, the staff recreation rooms were extended and modernized. To help tackle the hugely increased production volumes in the vehicle manufacturing facilities, an extra press brake worth 142.0 k€ was purchased.

In order to boost retail sales in Leonding, the fire & safety equipment shop was modernized, involving a spacious conversion of the salesrooms and adjoining rooms. The warehouse for firefighters' uniforms and protective clothing now has a traveling rack installation, and the "Fire & safety equipment" division has been given a showroom of its own.
The warehousing space freed up as part of this reorganization has been used for the redesigned electrical pre-assembly operations and for assembly of portable generators, which is to be carried out in-house in future. 500 m^2 of new production space have been created in this way.

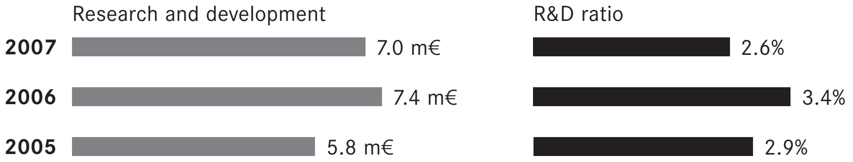
Expansion of capacity at the Neidling plant

With regard to further development of manufacturing capability at the Neidling plant, an upgrading program will be needed to increase capacity here, to be implemented in several steps. The first of these was the acquisition in 2007 of 13,000 m^2 of adjoining land with which to enlarge the site. Extensions and additions to the production areas, personnel rooms and outdoor areas worth around 2.0 m€ are planned for 2008.

RESEARCH AND DEVELOPMENT

The Rosenbauer Group invested 7.0 m€ in research and development in 2007 (2006: 7.4 m€). This amount is equal to 2.6% (2006: 3.4%) of the relevant net sales proceeds from own production. Around 66% (2006: 67%) of these development costs (4.6 m€, as against 5.0 m€ in 2006) were incurred by Rosenbauer International AG, the Group's center of expertise for specialty vehicles and fire fighting components.

Research and development/R&D ratio



Our strong innovation management system provides the basis for the permanent development effort in the Rosenbauer Group. Innovation management at Rosenbauer is greatly enriched by the involvement of employees who are themselves active members of volunteer fire brigades and who input their practical experience directly into our development work. This ensures that every new product is not only technically right up to date, but also meets firefighters' specific requirements in a practice-oriented way.

New FLEXILIGHT lighting mast

The newly developed Rosenbauer lighting mast FLEXILIGHT is integrated into the bodywork of the fire fighting vehicle, and gives firefighters near- and far-field illumination of hitherto unrivalled intensity. In the spotlighting position, the seven Xenon floodlights put out approximately 560 lux of lighting power measured ten meters from the vehicle; this is 17 times greater than from a conventional lighting mast with four halogen floodlights. By focusing the floodlights and turning and tilting the masthead, the beam can be very precisely aimed. Also specially developed for use with the new lighting mast, the remote-control system allows firefighters to operate all mast functions over a range of 100 meters or more.

New Metz turntable ladder L32 A with articulated cage boom

In developing the L32 A, Metz Aerials has augmented its product range with an turntable ladder whose topmost boom segment can be lowered together with the cage attached to it. The L32 A gives firefighters an extra degree of maneuverability, and thus greater flexibility when carrying out rescue from heights. As part of this development project, the Metz rescue cage was also given a design makeover. Further improvements were made in terms of the space available in the cage, and of the way in which extra features such as the stretcher, PPV blower and water monitor can be utilized.

Among the characteristic features of all Metz turntable ladders – and thus of the new L32 A – are their innovative high-performance hydraulic system, CAN control technology, computer-aided 3D load monitoring on the turntable, upright rescue cage, continuous horizontal-vertical jacking and not least their revolutionary superstructure concept, in line with the new L32 generation that was unveiled in September 2006.

Rosenbauer Positioning System (RPS) to compute fire fighting water line

The latest innovation in the fire fighting components field is the Rosenbauer Positioning System (RPS). This compact, handheld unit makes quick and easy work of calculating how best to arrange a fire fighting water line across long distances. When water for fire fighting has to be brought a long way to the scene of the fire, several portable fire pumps are set up in series. The best places to set up these pumps have to be very carefully worked out with reference to distance and elevation measurements, pump inlet and outlet pressures, and the friction losses taking place in the hoses.

The newly developed RPS is the first-ever system to compute the ideal position for the portable fire pumps at the push of a button, saving firefighters the task of performing tedious calculations. The crucial advantages are the huge time savings when setting up a supply of fire fighting water at the fire ground, and the fact that the system determines the optimum number of fire pumps.

HYDROMATIC – the new direct injection foam proportioning system for industrial fire fighting

To cater for the very specific requirements of industrial fire brigades, Rosenbauer has developed a new, fully automated direct injection proportioning system for foam compounds. It supplements the existing offerings in this product segment with a rugged, weight-reduced and above all exceptionally versatile unit.

On the HYDROMATIC, the operator can choose between water and water/foam mixture for each separate pressure outlet. The proportioning rates are continuously adjustable from 0% to 7%. The foam proportioning system is controlled by way of the proven Logic Control System (LCS), with which all the fire fighting technology on board the vehicle can be operated. This makes the complex system easy and practical to handle.

N10 underfloor truck-mounted fire pump

An innovation was also added to the range of truck-mounted fire pumps in 2007. The new N10 mainly stands out for its compact dimensions, low weight and high pump output (1,500 l/min at 10 bar). It was specifically designed as an underfloor truck-mounted pump in order to free up the space previously intended for the pump at the rear of the vehicle, enabling this to be used for additional payload. Especially on small fire fighting vehicles, whose space constraints greatly limit their payload capacity, this new development puts a significant extra advantage in the hands of fire brigades.

SUSTAINABILITY

As a globally active Group in the field of mobile fire protection and civil defence solutions, Rosenbauer always has regard to environmental and social parameters in the pursuit of its economic interests. Rosenbauer manufactures products for fire brigades all over the world, whose main task is of course to save lives and safeguard property. Ensuring that these products have the very greatest operational availability and quality is a central plank in the responsibility of Management and all staff. Trust and respect, and continued employee skill development, are crucial concerns of the company's Management.

Responsibility towards society at large

Short-term thinking that only goes as far as the next quarter's results has no place in the Rosenbauer business ethos. Sustainability-oriented Management decisions, and a policy of recruiting only the very best employees and winning their long-term loyalty to the company, are the cornerstones of our future success.

Developing and producing cutting-edge technology is only possible when employees unstintingly contribute their talent, creativity and commitment in equal measure. This attitude is stimulated and fostered by continual development of the corporate culture and by the creation of a positive working climate within the company.

At the service of the wider community

Involvement in a volunteer fire brigade is a hiring criterion that we are always very happy to see when recruiting new employees. With their practical real-life experience, the firemen in our own ranks make a vital contribution towards translating customers' requirements into high-performing products. By being at the service of the wider community, they also stand for continuity of the values that make Rosenbauer special.

At its European facilities, Rosenbauer offers over 100 young people the opportunity of full-time vocational training. Compared with other industrial firms, this gives Rosenbauer an unusually high apprenticeship training rate. The thorough vocational education given to the apprentices assures a steady supply of new talents and is an effective tool against any future skills shortages. Many young employees stay with the company after finishing their apprenticeships.

In the field of preventive health care and workplace safety, Rosenbauer offers a broad portfolio of benefits: As part of the "Generation 45+" campaign, older staff have the opportunity to take part in health-promoting programs so as to keep fit for the many and varied challenges of the modern-day world of work. As well as all this, there are also vaccination campaigns against influenza, and grants towards the cost of vaccinations against Central European tick-borne encephalitis. By offering support seminars for staff who want to give up smoking, and by making its Leonding and Neidling plants alcohol-free zones, Rosenbauer is making a meaningful contribution towards ensuring a healthy working environment. With its different types of sport, the Rosenbauer sports association – a fixture of company life for decades – promotes employees' fitness, and with it their health and well-being.

Long-term partnership with subcontracting enterprises

Rosenbauer has built up a network of subcontracting enterprises in the districts surrounding its production plants, and agreed long-term co-operative ventures with the partners involved. In so doing, Rosenbauer is playing an active role in creating and sustaining regional employment and economic structures.

Client orientation

The many and varied tasks tackled by fire brigades necessitate a high degree of individualization when it comes to designing the products. Rosenbauer fulfills customer wishes by always fitting out the industrially manufactured products in line with the ideas of the fire brigade in question, to the extent permitted by the applicable standards.

Long-lived products, and equally persistent availability of spare parts, are a key customer requirement. This is why Rosenbauer After-Sales Service operates a worldwide network of service stations and is on call around the clock. Another contribution to sustainability is refurbishment: This involves older vehicles being rehabilitated from the ground up, and refitted to the very latest state of the art in terms of engineering and safety.
Fire engineering equipment has to function reliably for years and decades on end, which is why Rosenbauer ensures the sustained, lasting quality of its products by means of systematic in-house quality management. The quality management system is certified to EN ISO 9001:2000 and is lived out in practice at Rosenbauer as a dynamic process.
The demands being made by fire brigades are constantly evolving. For us, this means a permanent innovation effort that stays closely tuned to what is happening “on the ground”. By institutionalizing innovation management, we have created the framework for systematically gearing product development to the specific requirements of the fire brigades.

ENVIRONMENTAL MANAGEMENT

Continuous improvement
of environmental balance sheet

Resource conservation, energy efficiency and comprehensive environmental management are all firmly anchored in the Rosenbauer corporate culture. Continuous improvement of the Group’s environmental balance sheet is another declared aim. The EN ISO 14001:2004 certified environmental management system is, in turn, part-and-parcel of an integrated management system. The technologies used in production are mainly the classic processes of mechanical engineering and custom vehicle manufacturing, respectively of metalworking and plastics processing. As the activities involved are primarily assembly work, the impact on the environment is comparatively limited.

By expressing all environmental and workplace safety processes in terms of a uniform system of key figures, the environmental management system gives us the framework for continual improvement of the Group’s overall environmental footprint. As a global-playing manufacturing and trading enterprise, the Rosenbauer Group sees environmental protection as the basis for all sustainability-oriented action.

Emissions reduction
on the pump test rig

The test rigs for truck-mounted fire pumps at the Leonding plant were changed over from diesel to an environmentally friendly electric drive during 2007. As no Rosenbauer pump leaves the factory without a test report, this move has brought about a lasting reduction in emissions. The two new test rigs were remodeled along ergonomical lines, greatly enhancing testing efficiency. Leonding has the status of a certified independent test center for standardized testing of pumps and pump units.

QUALITY MANAGEMENT

Compliance audit re-certified the management system

The Rosenbauer Quality Management System (QMS) is a central controlling instrument that is filed on the company's Extranet and so is instantaneously available at all Group locations. All the main enterprise processes have been designed with reference to quality criteria, enabling process deviations to be recognized and corrected at an early stage.
Not least, the consistent implementation of this quality policy is reflected in the Group's quality costs: Despite the high output and the large number of new products in 2007, these costs were still kept at the same level as in previous years. As a proportion of overall production costs (not including chassis), they came to 1.94% in 2007, as against 1.92% the year before.

Fire fighting accident prevention program in the USA

Firefighters' safety depends to a high degree on the quality and reliability of their personal protection equipment, their vehicles and their tools. Rosenbauer America has implemented a fire fighting accident prevention program over the past few years, setting new standards in the USA with a series of innovations. In recognition of these efforts, the Group's US companies have received several distinctions, among them the "Best New Apparatus Award" from the US trade press, with its "emphasis on safety as the overriding priority".

Cross-disciplinary management system

The Rosenbauer Group management system is uniformly structured, and documented in the Extranet as a central tool for controlling and for letting employees see quickly which rules apply in any given case. It consists of the QMS (quality management) and UMS (environmental management) systems, as well as of the guidelines for workplace safety and the hygiene regulations. The impact of the various processes on quality, environment and workplace safety is displayed in a system of key figures. In the course of a combined compliance audit in 2007, the cross-disciplinary Rosenbauer management system was re-certified, namely for the Leonding, Neidling, Graz, Telfs, Karlsruhe, Passau and Luckenwalde sites on the basis of EN ISO 9001:2000 and (in the case of the Austrian sites) to the environmental standard EN ISO 14001:2004.

RISK MANAGEMENT

Enterprise means deliberately taking risks in order to seize opportunities. With this in mind, the aim of opportunity and risk management at Rosenbauer is to ensure that the risks taken on are reasonable and manageable, and are dealt with in a responsible manner. This entails identifying risks at the earliest possible time, limiting their potential impact and thereby forestalling any threat to the continuance of the enterprise.

Part of the management system

As a global corporate Group, Rosenbauer is exposed to many different types of risk in the course of its worldwide business operations. Continuous identification, appraisal and controlling of risks are an integral part of the management, planning and controlling process. Rosenbauer has laid down its risk-policy principles in writing and integrated them in the Group-wide management system.
The immediate responsibility for risk management lies with the Management of the operational unit in question. This is the level at which risk-related topics are regularly dealt with, and at which the annual risk inventory is carried out. Overall responsibility for operational risk management rests with the Executive Board. The results of the risk inventory are collated by the central risk management team and discussed with the Supervisory Board once a year.

One essential element for ongoing monitoring of the economic risks is the reporting system. Thanks to the consistent implementation of this reporting system, not only any risk positions, but also opportunities, can be recognized and deliberately responded to, or optimized, at an early stage. The Internal Auditing unit monitors the adequacy and correctness of the risk management activities.

Sectoral and company-specific risks

The relevant risk map for Rosenbauer is characterized by the growing intensity of competition, developments in the world economy, and above all, by the resulting spending power of public-sector budgets. Further influencing factors are the threats of terrorism and of increasing natural disasters, and the inadequate infrastructure in many upwardly aspiring regions.

With its consistently implemented internationalization strategy and worldwide distribution network, Rosenbauer has achieved a well-balanced market position in comparison with its competitors. In the field of specialty vehicles for airports and industry, market developments tend to be rather more dynamic than is the case with municipal vehicles, and so are prone to greater fluctuation.

Risks for the fire safety business arising from changes in the overall political or legal conditions are, as a rule, unavoidable. Political crises and embargos may impede access to certain markets.

The annual business plan is derived from the multi-year Group strategy and comprises a target catalog which is broken down into the different areas of business and serves as a controlling instrument. This systematic approach enables to discern – and then largely avoid – any strategic risks at an early stage.

Competition in the fire equipment sector is becoming noticeably more intensive. No longer confining themselves to the municipal markets, small, local vehicle-bodywork firms have started to compete against the established manufacturers in international tenders as well. Ultimately, this heightened competition raises the pressure on margins. Rosenbauer counters this risk by continuously bringing out new developments, by offering modular product concepts and by ongoing process-efficiency enhancement.

Operational risks

Our manufacturing activities call for thorough examination of the risks along the entire value chain. In view of today’s ever shorter innovation cycles, increasing importance attaches to research and development work.

Risk minimization on the procurement side is accomplished by ongoing observation of the relevant markets, by care in the negotiating and drafting of contracts, and by appropriate safeguards. In order to ensure that the production operations are kept supplied on schedule and to the requisite quality level, our main vendors are continuously audited. This greatly reduces the risk of production outages. The fact that the Group has its own international network of production facilities also helps to minimize operational risks.

Demand for raw materials on world markets remained at a very high level in 2007. Rosenbauer was unable to escape this development entirely, although the prices of raw materials are of only minor significance for overall production costs. These are much more greatly influenced by the costs of buying in vehicle chassis, by manpower costs and – in terms of materials – by the price of aluminium. Price increases on chassis can generally be passed on to customers, while the aluminium prices are fixed by forward contracts.

Excess production capacity can have a negative impact on both overheads and margins. For this reason, capacity is analyzed as part of the annual planning process, and adjusted where necessary by means of relevant measures. Moreover, any earnings risk which might arise as a result of disruption of production operations is covered by appropriate production-outage insurance policies. Adequate insurance coverage is also in place for costs arising in connection with fire, explosion or similar natural dangers.

The IT management system that has been installed permits effective ongoing adaptation of the systems, security strategies and security concepts to current requirements. Implementation of the IT strategy has led to an increasing standardization of the IT structures within the Group in recent years.
No significant legal claims or litigation risks were extant in the reporting period. Sufficient provisions are made where applicable, as a precaution against any litigation risks.
Owing to the nature of the manufacturing operations and to the large number of different suppliers, environmental risks – and risks in connection with the reliability of raw-materials and energy supplies – are of only minor significance.

Product risks

Rosenbauer lives out a consistent, rigorous quality management system aimed in part at forestalling product-liability cases. However, despite continuous improvements and product-quality control, liability cases cannot be ruled out altogether. In order to minimize the pecuniary risk which is possible here – particularly in North America – the instrument of product-liability insurance is employed throughout the Group.

Personnel risks

Particularly in a client-orientated manufacturing operation like the one of Rosenbauer, a high degree of specialist fire fighting knowledge is a crucial factor. A thorough approach to staff development, with institutionalized appraisal interviews and a performance-oriented remuneration system are the central instruments at Rosenbauer for keeping qualified and motivated employees with the company.

Financial risks

Financial risks are countered by regular, thorough monitoring of a bundle of influencing factors, and by the use of appropriate hedging instruments. The Group's credit standing, and with it the safeguarding of liquidity, are of critical importance. For this reason, Financial Management meets with the Group's bankers once a year for rating talks from which the Group's position on the financial market is established.

The operational risks arising from interest and currency exchange rate movements are hedged by derivative financial instruments such as currency futures and options, and interest instruments. In this connection, we would refer the reader to the explanations in the Notes.
Credit risks from potential payment default are rated as relatively low, as the majority of customers are public-sector purchasers. In the case of deliveries made to non-OECD countries, use is generally made of both state and private export guarantee schemes to cover the political risks encountered in these cases.

Overall risk assessment

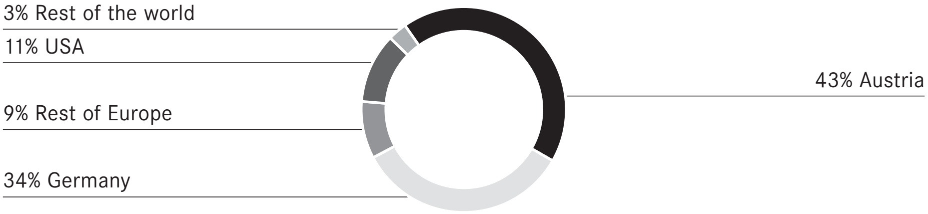
Based on the analysis of currently identifiable risks, there are no indications of any risks which might – either on their own or in conjunction with other risks – jeopardize the continuance of the Rosenbauer Group. Rosenbauer considers itself well prepared to continue rising to the demands made of the company by its market and by its competitors in future.

PROCUREMENT MANAGEMENT

Higher purchasing volumes

The Group's overall purchasing volume of production materials and merchandise came to 312.3 m€ last year (2006: 265.4 m€). This corresponds to 73% of Group revenues and is attributable to the large proportion of items which, in our industry, is typically bought in from external vendors. 86% of Rosenbauer International AG's procurement volume is sourced in Europe, and most of the remainder in the USA.

Procurement volumes of Rosenbauer International AG 2007



The most important suppliers are from Germany, Austria, Sweden and the USA. The biggest single item in the Group's procurement volumes are the chassis for fire fighting vehicles, accounting for 24% of the total. The chassis for the PANTHER 4x4 and 6x6 air crash tenders are mainly manufactured at the Group subsidiary Rosenbauer Motors LLC. in Wyoming, Minnesota.

The considerably higher purchasing volumes than in the previous year caused capacity bottlenecks at several supplier firms, and delays in delivery. This was particularly true of chassis manufacturers, who were unable to keep their usual delivery times to the extent desired, due to the high level of business activity in the economy at large.

Emphasis was placed in 2007 on achieving greater pooling and internationalization of purchasing activities. In this regard, a number of system suppliers from the new EU member states were integrated and qualified.

Limited impact of increased raw material prices

The prices of the main raw materials used in the vehicle manufacturing industry, prime among them steel, rose further in 2007. The massive steel-price hikes of the past two years have had only a limited impact on the Group, as its vehicle superstructures are largely made of aluminium. For some years now, a consistent hedging strategy has been employed for purchasing the raw material aluminium, and this has succeeded in smoothing out particularly severe price peaks.

EMPLOYEES

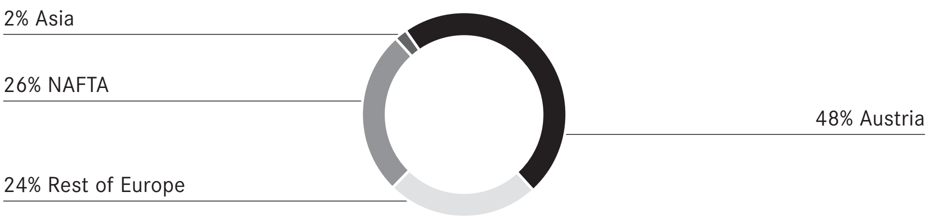
More employees in Austria and abroad

At year-end 2007, the Rosenbauer Group employed a total of 1,651 people, 134 more than the year before (2006: 1,517). Manpower numbers were boosted mainly in the production operations and in production-related areas. In Austria, the workforce grew by 7% to 782 employees, and increased by 10% outside Austria to a total of 869. This total breaks down into 975 (2006: 884) blue-collar staff, 574 (2006: 540) white-collar staff and 102 (2006: 93) apprentices (74 of them in Austria). The company also created additional employment in Austria and Germany by taking on leased personnel in the amount of more than 130.

The average age of the staff at the Austrian Rosenbauer locations is 34.5 years (blue-collar), 37.8 years (white-collar), and the average length of stay with the firm is 12.3/12.5 years for blue/white-collar staff respectively. The low fluctuation rate of 1.79% (blue-collar) and 5.41% (white-collar) is another good indicator of the stability of the company.

Number of employees

Employees by region 2007



Being largely family-owned, Rosenbauer is an enterprise that thinks and acts for the long term. This also shapes its personnel policy, which is geared to continuity and a high level of employee identification with the company's objectives.
The Rosenbauer corporate culture embodies the same values as those that characterize the fire fighting community itself: helpfulness, comradeship and trustworthiness. One result of this is that staff strongly identify with the company, a factor which played a big part in enabling Rosenbauer to deal so successfully with the high shipment volumes asked of it during the year. The exemplary commitment shown by staff, even when under great strain, was crucial here.

Sustainable personnel development

Rosenbauer sells high-tech fire engineering equipment all around the globe. To do this, it needs specially trained, highly motivated employees. Vocational and continuing professional training thus has a high priority in the Group. At its Austrian locations alone, Rosenbauer is providing over 70 apprentices with full-time vocational training. Among the apprenticeships offered are those in the technical professions of mechanical engineering technician, mechatronics technician, electrical plant engineer, machining technician and design engineer, and the commercial job qualifications of technical sales representative, office assistant, IT technician and purchaser. After completing their apprenticeships, young employees can join a special trainee program to qualify as "all-purpose" skilled technicians.

Great emphasis is laid on in-house personnel development. In Leonding alone, 15 production employees were given carefully targeted training during the year, to qualify them for new technical duties. These programs are supplemented by a wide range of internal and external in-service training offerings, with courses covering everything from languages to technical training, safety, IT, teamwork and leadership. Expenditure on vocational and in-service training in the Group came to 362.0 k€ last year (2006: 356.0 k€).

Attractive employer

Rosenbauer stepped up its recruitment marketing efforts last year, primarily at the Leonding facility. Rosenbauer attracted over 100 new recruits in 2007, at a time when many other companies were having great difficulty finding suitable skilled staff. Among the reasons given for Rosenbauer's attractiveness as an employer are its recognized high innovational capability, its varied product range and its modern remuneration system. This latter assures every employee of a bonus, the size of which depends on the company's operating result and on the individual's performance.

Cross-locational, trans-national working is crucially important for the internationalization of the Group. In both of the past two years, there has been an increased trend for younger employees to be sent abroad for longer postings. The main destination countries were Germany, China and the USA. The focus here is on technical and organizational skill transfer, and on continuing to develop intercultural team working within the Group.

Thanks to all staff and workforce representatives

Rosenbauer prides itself on being one of the leading companies in the fire equipment sector and is determined to consolidate and extend this position. A word of thanks is due at this point to all staff for their superb performance throughout 2007, a year marked by an exceptionally heavy workload. Our thanks are also due to the workforce representatives at the Group companies in Austria and abroad, for their constructive co-operation.

DISCLOSURE PURSUANT TO §243a UGB (AUSTRIAN CORPORATE CODE)

4-for-1 share split effective

The 15th Ordinary General Shareholders' Meeting resolved to effect a 4-for-1 share split. This then increased the number of shares in issue from 1.7 million to 6.8 million. In connection with this Corporate Action, the General Meeting also resolved an increase in the nominal share capital from 12.4 m€ to 13.6 m€. This was effected from the company's own resources, by conversion of the relevant partial amount from the committed capital reserve and without the issuance of new shares. The nominal share capital is henceforth divided into 6.8 million non-par-value bearer shares, each embodying a 2.0 € portion of the nominal share capital.

A 51% stake in Rosenbauer International AG is held by Rosenbauer Beteiligungsverwaltung GmbH. No limitations are in force regarding the voting rights or the assignment of shares. To the best of the Company's knowledge, there are no shareholders having special controlling rights. This is also true of employees owning shares in Rosenbauer International AG.

Provisions of the Articles of Association

§7 Sect. 3 and §9 Sect. 4 of the Articles of Association of Rosenbauer International AG lay down the provisions for the appointment and dismissal of members of the Executive Board and of the Supervisory Board. The only persons eligible for appointment as Members of the Executive Board are those who have not yet reached the age of 65 at the time of such appointment. The appointment of a person to the Executive Board who has already reached the age of 65 at the time of such appointment shall, however, be permitted if the General Meeting passes a resolution to this effect by a simple majority of the votes cast.

The only persons eligible for election to the Supervisory Board are those who have not yet reached the age of 70 at the time of such election. The election of a person to the Supervisory Board who has already reached the age of 70 at the time of such election shall, however, be permitted if the General Meeting passes an appropriate resolution by a simple majority of the votes cast.

Further information

There is no authorized capital at the present time. At the 15th Ordinary General Shareholders' Meeting, a resolution was passed prolonging the authorization to (re-)purchase the Company's own shares pursuant to §65 Sect. 1 Clause 8 of AktG (Austrian Stock Corporation Act) by a further 18 months, until November 24, 2008.
There are no significant agreements which would come into effect, substantially change or terminate if there should be a change in the controlling interest in the company as a result of a takeover bid. No indemnity agreements have been concluded between the company and its Executive and Supervisory Board members or its employees providing for the event of a public takeover bid.

OUTLOOK

Solid business trend in the sector

Overall, the situation on the world fire equipment market is expected to remain stable through 2008, although certain regions will be prone to greater fluctuations. International air traffic swelled another 7% last year. The main drivers of growth were rising passenger numbers, especially in Asia, the trend towards new "superjumbo" airliners, and stepped-up expansion of small and medium-sized airports, which are increasingly being used by low-cost airlines and are thus having to enlarge their capacity.
The three most important factors affecting the world economy – the health of the US dollar, the oil price and the political conflicts in the Middle East – will continue to have an impact on the fire equipment sector in future. This will be particularly true of spot markets, which are heavily dependent on the oil price, whereas demand volumes in the markets of highly developed countries are likely to remain comparatively stable.

Export business

The booming business on international export markets is being driven by rising demand for infrastructure investment – primarily in emerging markets – and high oil revenues, especially in the countries of the Middle East.
The volume of international business orders on hand at the turn of the year remained at a high level. In view of the high volume of international project business currently being worked on, a strong inflow of new orders is also expected for 2008. The Leonding plant, which produces mainly for export, is thus set to continue working to capacity.

Central and Eastern Europe

The up-and-coming markets of the CEE (Central and Eastern European) countries are still characterized by great economic dynamism. Moreover, infrastructure procurement is being assisted by EU funding. This suggests that a continuation of the high project volume may be expected in 2008 as well.

Germany under continued pressure

In Germany – Europe's biggest single market – sales volumes of large municipal vehicles contracted again, having risen by more than 10% the year before. What is more, with fewer funds being budgeted, a trend has emerged towards smaller vehicles, which have much lower margins. Despite the improved economic climate in Germany, then, the hoped-for trend reversal on the fire equipment market has still not come to pass. This development may be expected to continue unchanged through 2008.

North America

After a record 2006 due to pre-emptive purchases before the introduction of new emissions standards in 2007, volumes in the USA returned to the level of previous years. Demand is expected to remain constant in 2008, with Rosenbauer still confident of being able to increase its market share again due to the weakness of several of the incumbent vehicle manufacturers.

Extension of sales activities in China

The Chinese fire equipment market has established itself as the leading growth market in Asia. Annual sales volumes today are estimated at over 3,000 vehicles. The Rosenbauer YongQiang joint venture in Dongguan has persisted with its determined product and quality policy, and has greatly strengthened its sales activities by building up a direct distribution network. A rise in shipment volumes is expected in 2008.

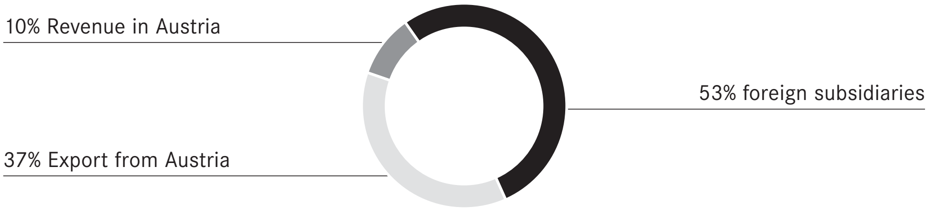
For 2008, Rosenbauer Group Management expects that market volume will remain at a high level. In view of the high volume of orders on hand, and the resulting high degree of capacity utilization at the production companies, it is reasonable to suppose that the current year will bring a continuation of both top and bottom-line growth.

SEGMENT DEVELOPMENT

REGIONAL DEVELOPMENT

The reports on the regional segments are broken down by Group company location rather than by sales market. This means that the segment reports refer to the revenues and results earned by the individual companies both on their respective local market and from export sales.

Breakdown of the Group revenue 2007



Austria

The Austrian segment lifted its revenues by 25% in 2007 to 243.2 m€ (2006: 194.6 m€) on the back of the strong growth in the export business of Rosenbauer International AG. EBIT also rose, by 43% to 15.7 m€ (2006: 11.0 m€).
The Austrian segment is made up of Rosenbauer International AG, most of whose revenues are earned from export sales, and the sales company Rosenbauer Österreich GmbH.

Rosenbauer International

With manufacturing facilities in Leonding and Neidling, Rosenbauer International AG is the Group's largest production company. The Leonding plant is the center of expertise for industrial fire fighting vehicles and air crash tenders, fire fighting components and fire & safety equipment. Rosenbauer's line of "AT" (aluminium-technology superstructure) municipal fire fighting vehicles is also developed and produced in Leonding, mainly for sale on the sophisticated fire equipment markets of Central Europe. Leonding had a workforce of 696 at year-end 2007. 636 vehicles – around one third of all the vehicles manufactured in the Group – were shipped from here.
The Neidling production site, with a workforce of 83, is the center of expertise for compact vehicles with a GVW of up to approximately 10 tonnes. Neidling is also responsible for developing and manufacturing interior fitting components and holding-fixture systems for delivery to the other European Group companies.

Revenues at Rosenbauer International AG were lifted by nearly 27% last year to 228.7 m€ (2006: 180.5 m€). This growth is mainly attributable to revenue growth in the Middle East, Southeast Asia and the CEE region. Overall, 89% of Rosenbauer International AG's revenues were earned from export sales. Rosenbauer has responded to the growth in traffic at international airports by expanding production capacity for the PANTHER, the top-of-the-range model in its air crash tender fleet. As a result, output from the Leonding-based PANTHER production operations was raised by more than 50% over the previous year, to a total of nearly 100 vehicles.

Rosenbauer Österreich

Rosenbauer Österreich GmbH, also headquartered in Leonding, is the sales and service company for the Austrian market. The company sells fire fighting vehicles and equipment, and operates service establishments in Leonding, Neidling, Telfs and Graz. The vehicles are manufactured at the Leonding and Neidling production locations. Despite the intensified competition for municipal vehicle business, which led to the insolvency of an established Austrian competitor in late 2007, the company managed to keep its revenues, of 41.4 m€, at the same level as the previous year (2006: 40.6 m€). With an innovative product policy and the systematic expansion of its service activities, Rosenbauer Österreich is successfully counteracting the increasing market pressure.

Segment key figures Austria		**2007**	**2006**
Revenues	in m€	243.2	194.6
EBIT	in m€	15.7	11.0
Investments	in m€	4.5	8.9
Employees (average)		753	710

USA

Following a record year in 2006, volumes on the world's largest single market returned in 2007 to the level of previous years. Although overall demand fell by around 10%, the US segment was still able to boost its revenues, posting 119.5 m€ (2006: 109.7 m€). In fact, with EBIT of 9.2 m€ (2006: 8.4 m€), the US companies scored an even better result than in 2006. Their 2007 figures were adversely affected by the approximately 10% decline in the US dollar against the Euro. In US dollar terms, the US segment posted a very respectable increase in revenues from 137.9 m USD to 164.0 m USD, and boosted its EBIT from 10.5 m USD to 12.6 m USD. In this light, the 2007 results are an even more remarkable success.

The successes of recent years can be put down to the widening network of independent representatives in almost every state of the USA, the innovative product line, and the business difficulties of several competitors. Rosenbauer is now the second-largest manufacturer of fire fighting vehicles in the USA. This is an impressive confirmation of the strategy upon which the Group embarked ten years ago when it first set up Rosenbauer America.
The US segment consists of the holding company Rosenbauer America LLC. and of the operational divisions General Division, Central Division, Rosenbauer Aerials Division and Rosenbauer Motors.

General Division

General Division, based in Wyoming, Minnesota, produces industrial fire fighting vehicles and air crash tenders, and customized municipal vehicles for professional and volunteer fire brigades. The company is active on both the US market and selected export markets. In response to strong domestic demand for air crash tenders on custom chassis, and given General Division's long experience with the production of high-tech vehicles, the PANTHER air crash tender has also been produced in Wyoming (MN) since 2000. Thanks to its strong position in specialty vehicles, General Division managed to buck the general downtrend on its market and increased its revenues in 2007, from 29.4 m€ to 31.7 m€.

Central Division

Central Division is located in Lyons, South Dakota, and produces fire fighting vehicles for all fields of use. The great strength of this company lies in the predominantly industrial fabrication of its vehicles. Its main clients are volunteer fire brigades in the USA. Over the past few years, Central Division has also made a determined push into exports, and now supplies vehicles to countries where US standards are preferred.

On its home market, it has built up business still further by strengthening its sales organization. Last year, these efforts helped revenues climb to 73.2 m€ (2006: 66.6 m€). The 60% revenue growth achieved by Central Division since 2004 testifies to the fine work done by its Management.

Rosenbauer Aerials Division

Rosenbauer Aerials Division, headquartered in Fremont, Nebraska, produces hydraulic turntable ladders and ladder trucks to US standards. These are supplied both to the Group's US companies and to other superstructure manufacturers in the USA. The company achieved revenues of 6.5 m€ last year (2006: 6.9 m€).

Rosenbauer Motors

Rosenbauer Motors produces chassis for the PANTHER air crash tender at the General Division plant in Wyoming, Minnesota. These are supplied exclusively to the Group's own superstructure fabrication operations in the USA and Austria. Due to the buoyant demand for this hit model, both in international business and in the USA itself, the firm was able to boost its revenues to 15.3 m€ in 2007, from 10.8 m€ the year before.

Segment key figures USA		**2007**	**2006**
Revenues	in m€	119.5	109.7
EBIT	in m€	9.2	8.4
Investments	in m€	1.0	0.9
Employees (average)		417	340

Germany

After the fleeting recovery of 2006, Germany once more saw a marked decline in sales volumes of large municipal vehicles in 2007. Despite the improved economic climate in Germany, then, the hoped-for trend reversal on the fire equipment market has still not come about. At 92.2 m€, 2007 revenues in the German segment as a whole were 9% up on the previous year (2006: 84.7 m€). This improvement is largely due to stepped-up international sales activities at Metz Aerials. However, the strategic product initiative launched by Metz Aerials the previous year led to higher development and start-up costs in 2007, which depressed earnings. At 2.8 m€ (2006: 2.7 m€), EBIT in the German segment remained at the previous year's level.

Metz Aerials

Metz Aerials GmbH & Co. KG, Karlsruhe, is the European center of expertise for aerials. The company produces fully automated, hydraulic turntable ladders and aerial rescue-platforms with operational heights of between 20 and 56 meters. Metz Aerials boosted its revenues by over 20% in 2007, to 49.3 m€ (2006: 41.1 m€). This surge in revenues resulted from higher sales of aerial rescue-platforms, and from larger turntable ladder export volumes.

Rosenbauer Feuerwehrtechnik

Rosenbauer Feuerwehrtechnik GmbH produces fire fighting vehicles to DIN/EU standards. With eight externally run service locations, and another two of its own, the company assures nationwide coverage of the German municipal market. It also supplies customers all over the world with the "ES" (EuroSystem) series, and manufactures superstructure modules for the parent company in Austria. At 30.9 m€, the company's 2007 revenues were flat against the previous year (2006: 30.9 m€).

Rosenbauer Deutschland

Rosenbauer Deutschland GmbH is the sales and service company for industrial fire fighting vehicles and air crash tenders manufactured by Rosenbauer International AG at the Leonding plant. The company also supplies “AT”-type municipal vehicles to German clients. The sales company generated revenues of 12.3 m€ in 2007 (2006: 13.0 m€).

Segment key figures Germany		2007	2006
Revenues	in m€	92.2	84.7
EBIT	in m€	2.8	2.7
Investments	in m€	1.5	1.2
Employees (average)		360	339

Spain

The Spanish segment’s 2007 revenues of 28.9 m€ were slightly down on the previous year (2006: 31.8 m€). Owing to stepped-up export shipments to South America and Africa, the two previous years’ revenues had been comparatively high. With 2007 EBIT of 2.3 m€ (2006: 1.9 m€), the company can look back on another very good year.

Rosenbauer Española S.A. is headquartered in Madrid, while its vehicle production operations are located 300 kilometers south of the Spanish capital in Linares. Its production range comprises municipal vehicles, forest fire fighting vehicles, industrial fire fighting vehicles and air crash tenders on commercial chassis.

Segment key figures Spain		2007	2006
Revenues	in m€	28.9	31.8
EBIT	in m€	2.3	1.9
Investments	in m€	0.1	0.0
Employees (average)		14	13

Switzerland

In 2007 the Swiss segment saw a drop in EBIT, from 392.8 k€ to 217.2 k€, on revenues of 6.5 m€ (2006: 6.8 m€). This was mainly due to the postponement of procurement decisions on products which had already been the subject of concrete enquiries.

Rosenbauer Schweiz AG is the sales and service organization for the Swiss market, and is based in Oberglatt, near Zurich. It offers the entire line of Rosenbauer products, as well as aerial work platforms of various heights.

Segment key figures Switzerland		2007	2006
Revenues	in m€	6.5	6.8
EBIT	in m€	0.2	0.4
Investments	in m€	0.0	0.0
Employees (average)		15	15

Asia

Two companies make up the Asian segment: SK Fire PTE Ltd., Singapore, and Eskay Rosenbauer Sdn Bhd, Brunei. The Asian segment posted 2007 EBIT of 976.9 k€ (2006: 687.6 k€) on revenues of 11.6 m€ (2006: 11.6 m€).

SK Fire produces fire fighting vehicles and superstructures for aerials that are supplied to Hong Kong, Singapore and neighboring countries. At 11.6 m€, the company managed to keep its 2007 revenues at the same high level as the previous year (2006: 11.4 m€). Eskay Rosenbauer distributes fire fighting vehicles on its local market, and posted revenues of 0.0 m€ last year (2006: 1.2 m€).

Segment key figures Asia		2007	2006
Revenues	in m€	11.6	11.6
EBIT	in m€	1.0	0.7
Investments	in m€	0.0	0.1
Employees (average)		34	35

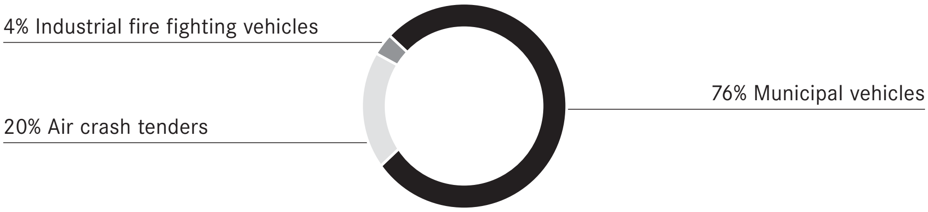
PRODUCT SEGMENTS

Vehicles

With revenues of 287.1 m€ (2006: 247.4 m€), the “Vehicles” product segment last year accounted for the biggest single share (68%) of Group revenues. Its record 2007 revenues mean that this segment had grown by an impressive 39.7 m€ over the previous year. The sales successes with air crash tenders, and the expansion of international export business, were the key drivers underlying this development.

Vehicles supplied

Vehicle revenues by category 2007



Rosenbauer produces all types of fire fighting vehicles, to both European and US standards. These two “standards environments” differ widely in many regards: The chassis are designed to meet highly divergent specifications, and so are completely different, not only visually and technically but also – and especially – in terms of their dimensions and weight. Whereas in Europe, combined normal and high-pressure extinguishing systems (from 10 to 40 bar) are in widespread use, in the USA the use of high-pressure systems in fire fighting is not common. As there are also major differences in the typical building structures and thus in the fire fighting tactics, in the USA it is standard practice to use normal-pressure pumps with a substantially higher delivery rate than in Europe.

The main categories of fire fighting vehicles are municipal fire fighting vehicles, air crash tenders and industrial fire fighting vehicles. The Rosenbauer Group's production facilities are located in Austria, the USA, Germany, Spain, Singapore and – since mid-2005 – also in China. Its biggest manufacturing operations are Rosenbauer International AG in Austria and the Central Division in the USA. The core markets for Rosenbauer's vehicle business in 2007 were the USA, Germany and Austria.

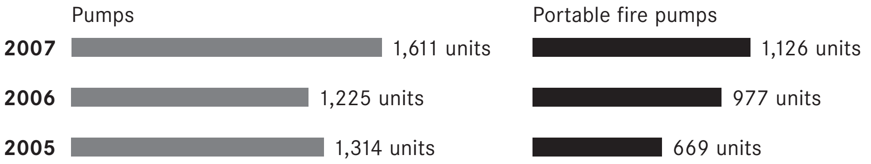
Segment key figures Vehicles		2007	2006
Order intake	in m€	312.5	342.1
Revenues	in m€	287.1	247.4
Investments	in m€	4.9	7.2

Fire fighting components

With revenues of 19.1 m€ (2006: 14.8 m€), "Fire fighting components" account for 4% (2006: 4%) of total Group revenues. Last year's positive trend is in large measure due to the success of the new generation of pumps fitted out with the innovative "LCS" Logic Control System, which makes the pumps very much easier to operate. The pump units, fire fighting systems and components installed on the vehicles produced by Group companies are included in the revenues of the "Vehicles" segment.

The "Fire fighting components" product segment encompasses pumps and pump units, portable fire pumps, foam proportioning systems, monitors and their electronic control systems. This Segment also includes mobile and stationary foam extinguishing installations (POLY and CAF systems). Rosenbauer develops and produces the entire line of fire fighting components at the Leonding plant. These are supplied to the Group companies, selected superstructure manufacturers and end-customers. A total of 1,611 truck-mounted fire pump sets (2006: 1,225), 784 pump units (2006: 630) and 1,126 portable fire pumps (2006: 977) were produced in 2007.

Number of pumps and portable fire pumps produced



Segment key figures Fire fighting components		2007	2006
Order intake	in m€	21.3	19.3
Revenues	in m€	19.1	14.8
Investments	in m€	0.5	1.7

Fire & safety equipment

The “Fire & safety equipment” product segment generated revenues of 43.5 m€ in 2007 (2006: 45.4 m€), accounting for a 10% share of Group revenues (2006: 12%).
Rosenbauer offers the fire fighting sector a complete range of fire & safety equipment for every type of mission. This range includes anything from personal protective equipment (PPE) and technical emergency equipment to special equipment for dealing with the aftermath of hazmat accidents and environmental disasters.
As well as the standard range of products to be expected of a fire equipment retailer, Rosenbauer has also developed its own line of innovative products that stand out for their high quality, functional design and good value for money. Its globe-spanning sales organization enables high sales numbers to be reached, permitting economically viable industrial-scale production. The proportion of 2007 “Fire & safety equipment” revenues accounted for by Rosenbauer’s own products came to more than 30%, with over 50% of these in-house developments being younger than five years.

Segment key figures Fire & safety equipment		2007	2006
Order intake	in m€	37.3	49.4
Revenues	in m€	43.5	45.4
Investments	in m€	0.0	0.2

Aerials

Revenues of 55.7 m€ were achieved with aerials in 2007 (2006: 45.9 m€), accounting for a 13% (2006: 12%) share of Group revenues. This leap in revenues resulted from an increase in sales figures for aerial rescue-platforms and a rise in sales of larger turntable ladders in the field of international business.

The “Aerials” product segment encompasses turntable ladders and hydraulic rescue platforms. The center of expertise for European-standard vehicles is Metz Aerials in Karlsruhe, while US-standard vehicles are manufactured at the Rosenbauer Aerials Division in Fremont, Nebraska. The bulk of revenues in this segment were accounted for by turntable ladders and aerial rescue-platforms produced by Metz Aerials, and by the Rosenbauer Aerials Division in the USA. Other manufacturers’ equipment was supplied by the parent company in Leonding and by the subsidiaries in Singapore and Switzerland.

Segment key figures Aerials		2007	2006
Order intake	in m€	66.5	55.8
Revenues	in m€	55.7	45.9
Investments	in m€	0.9	0.9

Service & spare parts

Posting revenues of 18.7 m€ (2006: 16.9 m€) in 2007, the “Service & spare parts” field accounted for 4% of the total (2006: 5%). Despite the small percentage that it contributes to overall Group revenues, this is nevertheless a strategically important area of business for the Group.

The tight budgets for fire services in many countries mean that refurbishment – i.e. the technical modernization of existing fire fighting vehicles – is becoming an increasingly important area of business. In order to better exploit this opportunity, a special refurbishment program has been developed, ranging from total overhaul of the fire fighting systems all the way through to completely new vehicle superstructures. The share of revenues generated by the “Service & spare parts” business is comparatively small, as the bulk of the service and repair work is carried out by Rosenbauer service partners operating in over 100 countries.

Segment key figures Service & spare parts		2007	2006
Order intake[1]	in m€	21.1	19.3
Revenues	in m€	18.7	16.9
Investments	in m€	0.0	0.0

[1] Inclusive order intake from Other revenues.

Other revenues

The “Other revenues” have no causal connection with the ordinary activities of the Group and are thus not directly attributable to any one product segment. They do not, as a rule, have any significant influence on the corporate result, and last year amounted to 2.0 m€ (2006: 1.6 m€).

Segment key figures Other revenues		2007	2006
Revenues	in m€	2.0	1.6
Investments	in m€	0.8	1.2

REPORT OF THE SUPERVISORY BOARD

At its meetings held during 2007, the Supervisory Board was informed regularly by the Executive Board upon the situation of the company and the progress of its business. The reports hereon given by the Executive Board, together with its reports on important items of business, were approved by the Supervisory Board.

The Supervisory Board met four times for ordinary and one time for extraordinary meetings in the year under review. In addition, regular meetings of the owner representatives on the Supervisory Board took place at which matters of operational and strategic corporate governance were discussed with the Executive Board. The Supervisory Board members attended a total of 13 meetings of the Supervisory Board and of its committees during 2007.

The Audit Committee met in April 2008 to review and prepare the approval of the annual financial statements, to draw up a proposal for the appointment of an external auditor, and for deliberations in all matters bearing upon company and Group financial reporting. In a separate meeting the committee also dealt with the activities of the internal auditing units and with the Groups's risk management system. The members of the Audit Committee were Alfred Hutterer (Chairman), Dieter Siegel and Rudolf Aichinger.

Both the financial statements and the situation report have been audited by Ernst & Young Wirtschaftsprüfungsgesellschaft mbH in accordance with statutory provisions.

The final results of the audit have not given reason to any grounds for query. Accordingly, the financial statements and the situation report have been endorsed with an unqualified audit certificate. The auditors' report has been submitted to the members of the Supervisory Board in accordance with §273 Sect. 3 UGB (Austrian Corporate Code).

The financial statements and the Group's financial statements as at December 31, 2007 have been approved by the Supervisory Board and are thus established in accordance with §125 AktG (Austrian Stock Corporation Code). The Supervisory Board concurs with the Executive Board's proposal regarding the distribution of profits and proposes that this proposal be adopted at the Annual General Shareholders' Meeting.

Leonding, April 2008

Alfred Hutterer
Chairman of the Supervisory Board

CONSOLIDATED FINANCIAL STATEMENTS 2007
ROSENBAUER GROUP

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2007

ASSETS	Note N°	Dec 31, 2007 in k€	Dec 31, 2006 in k€
A. Non-current assets			
I. Tangible assets	(1)	41,253.1	39,731.1
II. Intangible assets	(1)	370.5	483.6
III. Securities	(2)	213.6	202.5
IV. Joint venture	(3)	2,447.7	2,014.0
V. Receivables	(4)	1,370.9	1,221.0
VI. Deferred tax assets	(5)	2,582.1	5,845.6
		48,237.9	**49,497.8**
B. Current assets			
I. Inventories	(6)	102,175.3	80,860.3
II. Production contracts	(7)	24,386.7	23,709.4
III. Receivables	(8)	47,674.7	48,188.2
IV. Cash and short-term deposits	(9)	6,314.5	3,945.6
		180,551.2	**156,703.5**
Total assets		**228,789.1**	**206,201.3**

EQUITY AND LIABILITIES	Note N°	Dec 31, 2007 in k€	Dec 31, 2006 in k€
A. Equity			
I. Share capital	(10)	13,600.0	12,359.0
II. Capital reserves	(10)	23,703.4	24,944.4
III. Other reserves	(10)	(549.9)	144.8
IV. Accumulated results	(10)	24,876.4	15,039.0
		61,629.9	52,487.2
V. Minority interest	(11)	11,026.8	10,884.4
		72,656.7	**63,371.6**
B. Other non-current liabilities			
I. Non-current interest-bearing liabilities	(12)	13,533.2	13,761.2
II. Other non-current liabilities	(13)	1,997.0	1,453.9
III. Non-current provisions	(14)	20,107.0	19,388.4
IV. Deferred income tax liabilities	(5)	660.4	632.9
		36,297.6	**35,236.4**
C. Current liabilities			
I. Current interest-bearing liabilities	(15)	23,571.4	29,091.8
II. Advance payments received		22,159.6	10,747.2
III. Trade accounts payable	(16)	31,417.4	30,218.4
IV. Other current liabilities	(17)	30,685.3	25,387.8
V. Provisions for taxes	(18)	1,143.5	517.5
VI. Other provisions	(18)	10,857.6	11,630.6
		119,834.8	**107,593.3**
Total equity and liabilities		**228,789.1**	**206,201.3**

CONSOLIDATED INCOME STATEMENT 2007

		Note N°	2007 in k€	2006 in k€
1.	Revenue	(19)	426,128.3	371,966.0
2.	Other income	(20)	4,706.9	3,656.0
3.	Change in inventories of finished goods and work in progress		18,008.3	10,324.1
4.	Expenses for materials and services		(301,519.3)	(252,348.3)
5.	Personnel expenses	(21)	(83,287.7)	(77,223.6)
6.	Depreciation on intangible and tangible assets		(5,136.3)	(5,308.5)
7.	Other expenses	(22)	(28,069.4)	(25,929.7)
8.	**Operating result (EBIT) before result of joint venture**		**30,830.8**	**25,136.0**
9.	Financing expenses	(23)	(6,369.6)	(4,418.2)
10.	Financial income	(24)	967.7	1,427.2
11.	Profits/losses on joint venture	(3)	4.8	(124.5)
12.	**Profit before tax (EBT)**		**25,433.7**	**22,020.5**
13.	Taxes on income	(25)	(5,505.8)	(3,620.1)
14.	**Consolidated profit**		**19,927.9**	**18,400.4**
	thereof			
	– profits on minority interest		4,787.5	4,726.0
	– profits shareholders of parent company		15,140.4	13,674.4
	Average number of shares issued	(33)	6,800,000.0	1,700,000.0
	Basic earnings per share	(33)	2.23 €	8.04 €
	Diluted earnings per share	(33)	2.23 €	8.04 €

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

2007

	Attributable to shareholders in the parent company				
			Other reserves		
in k€	Share capital	Capital reserves	Currency translation	Re-evaluation reserve	Hedging reserve
As at Jan 1, 2007	12,359.0	24,944.4	(341.2)	0.0	486.0
Currency differences	0.0	0.0	(784.2)	0.0	0.0
Total amounts of joint venture recognized directly in equity	0.0	0.0	13.3	0.0	0.0
Securities valuation	0.0	0.0	0.0	(10.3)	0.0
Hedging transactions valuation	0.0	0.0	0.0	0.0	112.6
Taxes offset directly against equity	0.0	0.0	0.0	2.1	(28.2)
Total income and expense for the year recognized directly in equity	**0.0**	**0.0**	**(770.9)**	**(8.2)**	**84.4**
Consolidated profit	0.0	0.0	0.0	0.0	0.0
Total income and expense for the year	**0.0**	**0.0**	**(770.9)**	**(8.2)**	**84.4**
Increase in share capital from company funds	1,241.0	(1,241.0)	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0
As at Dec 31, 2007	**13,600.0**	**23,703.4**	**(1,112.1)**	**(8.2)**	**570.4**

2006

	Attributable to shareholders in the parent company				
			Other reserves		
in k€	Share capital	Capital reserves	Currency translation	Re-evaluation reserve	Hedging reserve
As at Jan 1, 2006	12,359.0	24,944.4	317.0	83.5	(267.6)
Currency differences	0.0	0.0	(661.4)	0.0	0.0
Total amounts of joint venture recognized directly in equity	0.0	0.0	3.2	0.0	0.0
Securities valuation	0.0	0.0	0.0	(111.4)	0.0
Hedging transactions valuation	0.0	0.0	0.0	0.0	1,004.8
Acquisition of minority interest	0.0	0.0	0.0	0.0	0.0
Taxes offset directly against equity	0.0	0.0	0.0	27.9	(251.2)
Total income and expense for the year recognized directly in equity	**0.0**	**0.0**	**(658.2)**	**(83.5)**	**753.6**
Consolidated profit	0.0	0.0	0.0	0.0	0.0
Total income and expense for the year	**0.0**	**0.0**	**(658.2)**	**(83.5)**	**753.6**
Dividend	0.0	0.0	0.0	0.0	0.0
As at Dec 31, 2006	**12,359.0**	**24,944.4**	**(341.2)**	**0.0**	**486.0**

Accumulated results	Subtotal	Minority interest	Equity
15,039.0	52,487.2	10,884.4	63,371.6
(542.9)	(1,327.1)	(814.4)	(2,141.5)
(0.1)	13.2	0.0	13.2
0.0	(10.3)	0.0	(10.3)
0.0	112.6	0.0	112.6
0.0	(26.1)	0.0	(26.1)
(543.0)	**(1,237.7)**	**(814.4)**	**(2,052.1)**
15,140.4	15,140.4	4,787.5	19,927.9
14,597.4	**13,902.7**	**3,973.1**	**17,875.8**
0.0	0.0	0.0	0.0
(4,760.0)	(4,760.0)	(3,830.7)	(8,590.7)
24,876.4	**61,629.9**	**11,026.8**	**72,656.7**

Accumulated results	Subtotal	Minority interest	Equity
5,317.6	42,753.9	11,991.2	54,745.1
(291.2)	(952.6)	(854.1)	(1,806.7)
0.0	3.2	0.0	3.2
0.0	(111.4)	0.0	(111.4)
0.0	1,004.8	0.0	1,004.8
(261.8)	(261.8)	(695.9)	(957.7)
0.0	(223.3)	0.0	(223.3)
(553.0)	**(541.1)**	**(1,550.0)**	**(2,091.1)**
13,674.4	13,674.4	4,726.0	18,400.4
13,121.4	**13,133.3**	**3,176.0**	**16,309.3**
(3,400.0)	(3,400.0)	(4,282.8)	(7,682.8)
15,039.0	**52,487.2**	**10,884.4**	**63,371.6**

CONSOLIDATED CASH FLOW STATEMENT

		Note N°	2007 in k€	2006 in k€
	Profit before tax (EBT)		25,433.7	22,020.5
+	Depreciation		5,136.3	5,308.5
–	Gains from the reversal of investment grants		(87.5)	(87.5)
–/+	Gains/losses from joint venture		(4.8)	124.5
–	Income from valuation of financial instruments		(328.4)	(531.5)
–	Gains from the disposal of tangible assets, intangible assets and securities		(145.3)	(105.1)
+	Interest expenses		5,490.9	3,621.4
–	Interest income		(958.1)	(1,280.4)
–/+	Unrealized gains/losses from currency translation		(1,470.1)	567.5
+/–	Change in inventories		(21,315.0)	(23,801.9)
+/–	Change in trade accounts receivable and production contracts		(1,579.6)	(14,031.6)
+/–	Change in other receivables		126.1	778.1
+/–	Change in trade accounts payable/ advance payments received		12,611.4	11,616.1
+/–	Change in other liabilities		6,178.7	(1,504.7)
+/–	Change in provisions (excluding income tax deferrals)		(54.4)	428.5
=	**Cash earnings**		**29,033.9**	**3,122.4**
–	Interest paid	(26)	(5,685.0)	(3,681.0)
+	Interest received	(26)	786.0	782.0
+	Income tax received		2,249.0	0.0
–	Income tax paid		(2,237.0)	(1,641.0)
=	**Net cash flow from operating activities**		**24,146.9**	**(1,417.6)**
–	Payments from the purchase of (interests in) subsidiaries less purchased cash and cash equivalents and from increase in share capital joint venture	(26)	(429.0)	(1,876.2)
–	Payments from the purchase of tangible and intangible assets and securities		(7,125.6)	(11,444.4)
+	Proceeds from the sale of tangible and intangible assets and securities		166.0	1,898.9
=	**Net cash flow from investing activities**		**(7,388.6)**	**(11,421.7)**
–	Dividends paid	(26)	(4,760.0)	(3,400.0)
–	Dividends paid to minority interest		(3,830.7)	(4,282.8)
+	Proceeds from interest-bearing liabilities		23,343.4	18,481.2
–	Repayment of interest-bearing liabilities		(29,091.8)	(1,296.6)
=	**Net cash flow from financing activities**		**(14,339.1)**	**9,501.8**
	Net change in cash and cash equivalents		**2,419.2**	**(3,337.5)**
+	Cash and cash equivalents at the beginning of the period		3,945.6	7,596.6
+/–	Adjustment from currency translation		(50.3)	(313.5)
	Cash and cash equivalents at the end of the period	(26)	**6,314.5**	**3,945.6**

SCHEDULE OF PROVISIONS

2007

in k€	As at Jan 1, 2007	Currency differences	Allocations	Consumption	Reversals	As at Dec 31, 2007
Short-term						
Personnel provisions	542.1	0.0	100.0	(96.0)	0.0	546.1
Provisions for warranties	5,412.3	(99.6)	6,710.8	(5,196.2)	(116.5)	6,710.8
Contract loss provisions	1,396.7	0.0	1,430.7	(828.3)	(568.4)	1,430.7
Provision for income taxes	517.5	(20.3)	1,093.6	(447.3)	0.0	1,143.5
Other provisions	4,279.5	(16.0)	555.5	(2,259.9)	(389.1)	2,170.0
	12,148.1	**(135.9)**	**9,890.6**	**(8,827.7)**	**(1,074.0)**	**12,001.1**
Long-term						
Provisions for long-service bonuses	1,969.3	0.0	4.3	(16.0)	(0.6)	1,957.0
Other non-current provisions	153.0	0.0	12.0	(3.0)	0.0	162.0
	2,122.3	**0.0**	**16.3**	**(19.0)**	**(0.6)**	**2,119.0**
Total	**14,270.4**	**(135.9)**	**9,906.9**	**(8,846.7)**	**(1,074.6)**	**14,120.1**

2006

in k€	As at Jan 1, 2006	Currency differences	Allocations	Consumption	Reversals	As at Dec 31, 2006
Short-term						
Personnel provisions	829.3	0.0	96.0	(383.2)	0.0	542.1
Provisions for warranties	4,976.7	(91.0)	5,418.4	(4,610.1)	(281.7)	5,412.3
Contract loss provisions	2,004.1	(1.4)	1,396.7	(1,128.6)	(874.1)	1,396.7
Provision for income taxes	543.7	(15.6)	474.2	(484.8)	0.0	517.5
Other provisions	3,869.2	(0.6)	1,330.8	(835.5)	(84.4)	4,279.5
	12,223.0	**(108.6)**	**8,716.1**	**(7,442.2)**	**(1,240.2)**	**12,148.1**
Long-term						
Provisions for long-service bonuses	1,977.5	0.0	3.2	(11.4)	0.0	1,969.3
Other non-current provisions	439.5	0.0	19.5	0.0	(306.0)	153.0
	2,417.0	**0.0**	**22.7**	**(11.4)**	**(306.0)**	**2,122.3**
Total	**14,640.0**	**(108.6)**	**8,738.8**	**(7,453.6)**	**(1,546.2)**	**14,270.4**

The schedule of provisions for severance payments and pensions is contained under the item D.14. “Non-current provisions” in the Notes.

2007

	Cost of acquisition or production					
in k€	As at Jan 1, 2007	Currency differences	Additions	Disposals	Adjustment	As at Dec 31, 2007
I. Tangible assets						
1. Land and buildings						
a) Land value	2,803.5	(37.7)	141.0	0.0	0,0	2,906.8
b) Office and plant buildings	31,076.6	(658.7)	1,021.3	80.4	0.0	31,358.8
c) Outside facilities	2,916.3	0.0	71.5	11.3	0.0	2,976.5
d) Investments in non-owned buildings	2,332.0	(13.6)	144.2	16.6	0.0	2,446.0
2. Undeveloped land	1,967.6	0.0	627.4	0.0	0.0	2,595.0
3. Technical equipment and machinery	16,644.5	(266.8)	735.2	793.7	0.0	16,319.2
4. Other plant and office equipment	25,467.2	(121.2)	3,131.4	1,632.7	25.6	26,870.3
5. Advance payments made, construction in progress	25.6	0.0	1,098.7	0.0	(25.6)	1,098.7
	83,233.3	**(1,098.0)**	**6,970.7**	**2,534.7**	**0.0**	**86,571.3**
II. Intangible assets						
Rights	3,753.9	(8.5)	135.6	134.1	0.0	3,746.9
	3,753.9	**(8.5)**	**135.6**	**134.1**	**0.0**	**3,746.9**
III. Securities	**508.0**	**0.0**	**19.3**	**0.0**	**0.0**	**527.3**
IV. Joint venture	**2,014.0**	**(0.1)**	**433.8**	**0.0**	**0.0**	**2,447.7**
	89,509.2	**(1,106.6)**	**7,559.4**	**2,668.8**	**0.0**	**93,293.2**

2006

	Cost of acquisition or production					
in k€	As at Jan 1, 2006	Currency differences	Additions	Disposals	Adjustment	As at Dec 31, 2006
I. Tangible assets						
1. Land and buildings						
a) Land value	2,806.8	(42.8)	39.5	0.0	0.0	2,803.5
b) Office and plant buildings	24,207.3	(648.2)	4,672.5	76.7	2,921.7	31,076.6
c) Outside facilities	1,935.7	0.0	1,048.6	68.0	0.0	2,916.3
d) Investments in non-owned buildings	2,143.1	(11.4)	186.6	0.0	13.7	2,332.0
2. Undeveloped land	1,967.6	0.0	0.0	0.0	0.0	1,967.6
3. Technical equipment and machinery	15,989.4	(252.3)	1,192.1	284.7	0.0	16,644.5
4. Other plant and office equipment	23,368.0	(130.5)	3,734.4	1,541.3	36.6	25,467.2
5. Advance payments made, construction in progress	2,972.0	0.0	25.6	0.0	(2,972.0)	25.6
	75,389.9	**(1,085.2)**	**10,899.3**	**1,970.7**	**0.0**	**83,233.3**
II. Intangible assets						
Rights	3,466.3	(9.2)	311.3	14.5	0.0	3,753.9
	3,466.3	**(9.2)**	**311.3**	**14.5**	**0.0**	**3,753.9**
III. Securities	**2,144.8**	**0.0**	**233.9**	**1,870.7**	**0.0**	**508.0**
IV. Joint venture	**2,135.3**	**3.2**	**(124.5)**	**0.0**	**0.0**	**2,014.0**
	83,136.3	**(1,091.2)**	**11,320.0**	**3,855.9**	**0.0**	**89,509.2**

Accumulated depreciation					Net carrying values	
As at Jan 1, 2007	Currency differences	Additions	Disposals	As at Dec 31, 2007	As at Dec 31, 2007	As at Dec 31, 2006
14.0	0.0	1.8	0.0	15.8	2,891.0	2,789.5
11,418.9	(277.0)	1,090.0	74.6	12,157.3	19,201.5	19,657.7
1,510.4	0.0	164.4	11.3	1,663.5	1,313.0	1,405.9
1,386.8	(1.5)	178.7	16.5	1,547.5	898.5	945.2
0.0	0.0	0.0	0.0	0.0	2,595.0	1,967.6
11,883.9	(193.8)	936.2	793.5	11,832.8	4,486.4	4,760.6
17,288.2	(85.2)	2,517.6	1,619.3	18,101.3	8,769.0	8,179.0
0.0	0.0	0.0	0.0	0.0	1,098.7	25.6
43,502.2	**(557.5)**	**4,888.7**	**2,515.2**	**45,318.2**	**41,253.1**	**39,731.1**
3,270.3	(8.6)	247.6	132.9	3,376.4	370.5	483.6
3,270.3	**(8.6)**	**247.6**	**132.9**	**3,376.4**	**370.5**	**483.6**
305.5	**0.0**	**8.2**	**0.0**	**313.7**	**213.6**	**202.5**
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**2,447.7**	**2,014.0**
47,078.0	**(566.1)**	**5,144.5**	**2,648.1**	**49,008.3**	**44,284.9**	**42,431.2**

Accumulated depreciation					Net carrying values	
As at Jan 1, 2006	Currency differences	Additions	Disposals	As at Dec 31, 2006	As at Dec 31, 2006	As at Dec 31, 2005
12.2	0.0	1.8	0.0	14.0	2,789.5	2,794.6
10,679.8	(264.3)	1,045.1	41.7	11,418.9	19,657.7	13,527.5
1,412.4	0.0	163.6	65.6	1,510.4	1,405.9	523.3
1,206.5	(0.5)	180.8	0.0	1,386.8	945.2	936.6
0.0	0.0	0.0	0.0	0.0	1,967.6	1,967.6
11,380.5	(173.3)	953.1	276.4	11,883.9	4,760.6	4,608.9
16,305.4	(110.5)	2,508.7	1,415.4	17,288.2	8,179.0	7,062.6
0.0	0.0	0.0	0.0	0.0	25.6	2,972.0
40,996.8	**(548.6)**	**4,853.1**	**1,799.1**	**43,502.2**	**39,731.1**	**34,393.1**
2,838.3	(8.9)	455.4	14.5	3,270.3	483.6	628.0
2,838.3	**(8.9)**	**455.4**	**14.5**	**3,270.3**	**483.6**	**628.0**
543.8	**0.0**	**0.0**	**238.3**	**305.5**	**202.5**	**1,601.0**
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**2,014.0**	**2,135.3**
44,378.9	**(557.5)**	**5,308.5**	**2,051.9**	**47,078.0**	**42,431.2**	**38,757.4**

SEGMENT REPORTING

PRIMARY SEGMENT FOR 2007[1]

in k€	Austria	USA	Germany
External revenue	203,876.8	103,796.4	74,148.3
Internal revenue	39,289.6	15,683.9	18,028.2
Total revenue	**243,166.4**	**119,480.3**	**92,176.5**
Operating result (EBIT) before result of joint venture	15,662.0	9,177.7	2,764.8
Segment assets	134,463.1	48,001.7	46,603.2
Segment liabilities	74,744.9	16,167.9	46,595.1
Investments	4,524.9	951.2	1,521.8
Depreciation	3,508.0	465.4	913.1
Other non-cash income/expenses	(862.5)	0.0	579.3
Result of joint venture	4.8	0.0	0.0
Carrying amount joint venture	2,447.7	0.0	0.0
Employees (average)	753	417	360

PRIMARY SEGMENT FOR 2006[1]

in k€	Austria	USA	Germany
External revenue	148,722.3	96,904.2	76,479.8
Internal revenue	45,897.8	12,841.4	8,243.9
Total revenue	**194,620.1**	**109,745.6**	**84,723.7**
Operating result (EBIT) before result of joint venture	11,038.4	8,392.3	2,655.4
Segment assets	123,039.9	38,373.2	40,016.2
Segment liabilities	59,827.8	14,525.0	39,387.2
Investments	8,930.9	901.9	1,228.7
Depreciation	3,620.2	563.9	829.9
Other non-cash income/expenses	887.3	0.0	383.3
Result of joint venture	(124.5)	0.0	0.0
Carrying amount joint venture	2,014.0	0.0	0.0
Employees (average)	710	340	339

[1] The segment reports refer to the revenues and results earned by the individual segments both on their respective local market and from export sales.

SECONDARY SEGMENT

	Revenue	
in m€	2007	2006
Vehicles	287.1	247.4
Fire fighting components	19.1	14.8
Equipment	43.5	45.4
Aerials	55.7	45.9
Service & spare parts	18.7	16.9
Others	2.0	1.6
Consolidation	0.0	0.0
Group	**426.1**	**372.0**

Spain	Switzerland	Asia	Consolidation	Group
26,272.1	6,471.5	11,563.2	0.0	426,128.3
2,661.2	72.6	9.3	(75,744.8)	0.0
28,933.3	**6,544.1**	**11,572.5**	**(75,744.8)**	**426,128.3**
2,258.9	217.2	976.9	(226.7)	30,830.8
18,628.4	5,313.0	6,185.3	(41,963.5)	217,231.2
16,194.9	3,050.7	1,282.4	(40,812.1)	117,223.8
52.1	10.8	45.5	0.0	7,106.3
37.2	125.6	87.0	0.0	5,136.3
0.0	0.0	0.0	0.0	(283.2)
0.0	0.0	0.0	0.0	4.8
0.0	0.0	0.0	0.0	2,447.7
14	15	34	0	1,593

Spain	Switzerland	Asia	Consolidation	Group
31,478.7	6,798.2	11,582.8	0.0	371,966.0
327.5	0.0	17.6	(67,328.2)	0.0
31,806.2	**6,798.2**	**11,600.4**	**(67,328.2)**	**371,966.0**
1,859.2	392.8	687.6	110.3	25,136.0
18,241.8	4,273.0	6,641.2	(36,391.6)	194,193.7
18,269.4	789.5	1,404.3	(35,376.9)	98,826.3
8.2	43.2	97.7	0.0	11,210.6
38.0	162.8	93.7	0.0	5,308.5
0.0	0.0	0.0	0.0	1,270.6
0.0	0.0	0.0	0.0	(124.5)
0.0	0.0	0.0	0.0	2,014.0
13	15	35	0	1,452

Segment assets		Investments	
2007	2006	2007	2006
168.3	148.2	4.9	7.2
10.2	7.3	0.5	1.7
10.3	9.8	0.0	0.2
36.2	31.8	0.9	0.9
0.2	0.3	0.0	0.0
5.3	5.0	0.8	1.2
(13.3)	(8.2)	0.0	0.0
217.2	**194.2**	**7.1**	**11.2**

NOTES

A. GENERAL REMARKS

1. General information and basis of preparation

The Rosenbauer Group is an internationally active corporation with an Austria-based parent company, Rosenbauer International AG. Its main focus is on the production of fire fighting vehicles, the development and manufacture of fire fighting components and the equipping of both vehicles and their crews. The Group's head office is located at Paschinger Strasse 90, 4060 Leonding, Austria. The company is noted at the Linz Provincial Court under the company register number FN 78543 f.

These consolidated financial statements for Rosenbauer International AG and its subsidiaries for the financial year 2007 correspond with the International Financial Reporting Standards (IFRSs) as accepted in the EU and are to be approved for publication by the Supervisory Board, which will probably convene in April 2008.

The consolidated financial statements are prepared in thousands of euro (k€) and unless expressly stated, this also applies to the figures quoted in the Notes.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

2. Main effects of new accounting standards

In general, the accounting and valuation methods applied in 2007 correspond with those employed in the preceding year. In addition, the Group utilized new/revised standards which are binding for the financial year commencing January 1, 2007.

In August 2005, a change was made to IAS 1 (Presentation of Financial Statements), relating to disclosures of company capital. Accordingly, disclosures concerning capital management must be made in the Notes for financial years beginning on or after January 1, 2007. The disclosures are reported under the item D.28. “Capital management”.

August 2005 also saw the publication by the IASB of IFRS 7 (Financial Instruments: Disclosures), which is to be employed for the financial years beginning on or after January 1, 2007. This contains new stipulations concerning disclosures relating to the significance of financial assets and debts for the asset and income situation of the company. In addition, IFRS 7 requires disclosures concerning the reporting of risks which are connected to financial assets and debts. IFRS 7 broadens the previous disclosures concerning financial instruments and presents them in classes and IAS 39 categories.

IFRIC 8 requires the use of IFRS 2 to be applied to any transaction where the company cannot specifically identify some or all of the goods or services received. This change had no effect on the Group's asset, financial and income situation.

IFRIC 9 stipulates that at the time of the conclusion of a contract concerning a structured instrument, a company must always judge as to whether an embedded derivative exists. As within the Group there are no embedded derivatives that are to be separated from the basis contract, the use of this interpretation has no effect on the Group's asset, financial and income situation.

3. Future changes in reporting and valuation methods due to new accounting standards

The following standards were not used prematurely. At present, it is assumed that application will not have a material influence on the Group's asset, financial and income situation.

In November 2006, IFRS 8 (Operating Segments) was issued, which will replace IAS 14 (Segment Reporting), the standard employed previously for segment reporting. The change foresees that the segment information to be disclosed derive from the relevant information used for the internal assessment of segment performance.

In July 2006, IFRIC 10 (Interim Financial Reporting and Impairment) was issued, which is to be used for the financial years commencing on or after November 1, 2006. This interpretation stipulates that the impairment of business values or goodwill recognized as an expense in interim financial statements, financial assets in equity instruments and financial assets reported under financial assets recognized at the cost of acquisition, cannot be revoked in subsequent interim and annual financial statements. This alteration to the accounting and valuation methods had no effect on the Group's asset, financial and income situation as at December 31, 2007 and December 31, 2006.

IFRIC 11 (Inter-Group Transactions and Transactions with Own Shares Pursuant to IFRS 2), which was published in November 2006, deals with the question as to how IFRS 2 is to be applied to share-based payment transactions under which company equity instruments or the equity instruments of another company within the Group are allowed. IFRIC 11 has no effect on the consolidated financial statements, as the related IFRS 2 is not used within the Group.

In June 2007, IFRIC issued the IFRIC 13 (Customer Loyalty Programmes) for the accounting limitations of expenses and the reporting of income derived from customer loyalty programs. This interpretation is to be used initially for financial years commencing on or after July 1, 2008.

In July 2007, IFRIC 14 was issued (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), which is to be employed for financial years commencing on or after January 1, 2008. This interpretation regulates how the asset ceiling stipulation is to be applied to planned assets which exceed the level of pension obligations.

B. CONSOLIDATION PRINCIPLES

1. Scope of consolidation

The companies included within the scope of consolidation are reported in the subsidiaries table on page 89.

Subsidiaries are defined as companies over which the parent company exerts a dominant influence with regard to financial and business policy. A dominant influence is given when the parent company holds more than half of the voting rights in a company. A dominant influence is also given when due to an agreement between one shareholder and others, the possibility exists to dispose over more than half of the voting rights.

For all subsidiaries over which the parent company holds directly or indirectly, not more than half of the voting rights, there exists the contractual possibility of exerting a dominant influence.

Accordingly, subject to the application of IAS 27, the scope of consolidation includes 2 domestic and 17 international companies, which are under the legal and effective control of Rosenbauer International AG.

The initial inclusion of a subsidiary takes place at the point in time when control over the assets and business activities of the company actually passes to the respective parent company. All the subsidiaries included are fully consolidated.

A joint venture is a contractual agreement in which two or more parties undertake an economic activity subject to shared management. The equity method is applied to the investment for inclusion in the balance sheet and it is initially reported at the cost of acquisition. Subsequently, the carrying value of the investment rises or falls in accordance with the results of the joint venture company. The share of the Group in the profits and losses of the joint venture from the date of purchase are contained in the income statement.

Since August 26, 2005, one joint venture (Rosenbauer YongQiang Fire Fighting Vehicles Ltd., China) is included in the consolidated financial statements.

	Number of fully consolidated companies		Number of companies consolidated at equity	
	2007	2006	2007	2006
As at January 1	20	20	1	1
Acquisitions	0	0	0	0
Foundations	0	1	0	0
Disposals	0	1	0	0
Mergers	0	0	0	0
As at December 31	**20**	**20**	**1**	**1**

2. Methods of consolidation

Capital consolidation of the subsidiaries taken over takes place on the basis of the purchase method through the netting of the acquisition costs of the acquired interests against pro rata equity at the time of purchase.

Following a repeat assessment of identifiable assets, liabilities and contingent liabilities, in accordance with IFRS 3, a liabilities-side difference is recognized immediately in the income statement. The goodwill derived from a purchase price allocation is not depreciated annually, but subjected to a value impairment test at the end of each year. As at December 31, 2007, no goodwill existed. The annual financial statements of the companies included in the consolidated financial statements are drawn up on the basis of uniform accounting and valuation standards. The individual financial statements of the companies included are prepared on the closing date of the consolidated financial statements. All receivables and liabilities, expenses and income derived from clearing between companies included in the scope of consolidation are eliminated. Interim results derived from asset transfers within the Group are also eliminated.

Minority interests represent the portion of profit or loss and net assets not hold by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the entity concept method, whereby the difference between the consideration and the carrying amount of the share of the net assets acquired is netted against reserves.

3. Currency translation

The annual financial statements of the companies included in the consolidated financial statements reporting in foreign currencies are translated into euro using the functional currency concept in accordance with IAS 21. In the case of all companies, the functional currency in which they complete their independent financial, business and organizational activities is the respective national currency. Therefore, all assets and debts are translated at the respective mean exchange rate on the balance-sheet date, expenses and income at mean annual rates.

Differences between the currency translation of asset and liability items in the current and preceding year, as well as translation differences between the consolidated balance sheet and the consolidated income statement, are recognized at fair value in the income statement under equity.

The translation difference derived from the adjustment of equity as compared to initial consolidation is netted against the Group reserves. During the year under review, reporting date translation differences of −2,141.5 k€ (2006: −1,806.7 k€) are recognized at fair value in the income statement under equity.

The exchange rates established for currency translation demonstrate the following shifts:

	Closing rate		Annual mean rate	
in €	Dec 31, 2007	Dec 31, 2006	Dec 31, 2007	Dec 31, 2006
100 US dollar	67.9348	75.8725	72.8637	79.5603
100 Swiss franc	60.4230	62.2123	60.8334	63.5062
100 Singapore dollar	47.3037	49.5295	48.4422	50.1449
100 Brunei dollar	47.3037	49.5295	48.4422	50.1449
100 Chinese renminbi	9.3058	9.7339	9.5898	9.9879
100 South African rand	10.0010	10.8578	10.3711	11.6956

C. REPORTING AND VALUATION METHODS

The principle of uniform reporting and valuation is maintained by a directive which applies throughout the Group.

Assets

Tangible assets are valued at the cost of acquisition or production, less depreciation, accumulated value impairment, or the lower attainable amount. Depreciation is calculated using the linear method and takes place at the time an asset becomes operational. The cost of acquisition or production derives from the amount of cash or cash equivalents paid for the acquisition or production, or from the market value or other form of payment at the time of acquisition or production.

The following depreciation is employed:	
Office and plant buildings	2.00% – 10.00%
Technical equipment and machinery	10.00% – 25.00%
Other plant and office equipment	10.00% – 33.33%

The residual carrying values, the depreciation method and service life are examined on each balance-sheet date and adjusted where required.

As at December 31, 2007 and 2006, there were no leased assets for which in the main all the risks and chances derived from the possession of an asset are transferred (finance leasing), as well as there were no investment properties retained for the purpose of obtaining rent or value added. Borrowing costs are recognized as an expense when incurred.

Intangible assets are valued at the cost of acquisition less depreciation. The rates of depreciation lie between 25.0% and 33.3%. Intangible assets with an undefined service life are not subject to depreciation, but are submitted to an annual impairment test as at December 31. Depending on every single case, the examination will be implemented for every single asset or at the cash generating unit level. Intangible assets with indefinite useful lives are tested for impairment annually as of December 31. Depreciation for intangible assets is included under the item “Depreciation on intangible and tangible assets”.

Pursuant to IAS 38 (Intangible Assets), research costs cannot be capitalized and are thus reported in their entirety in the income statement (2007: 7,038.0 k€; 2006: 7,434.0 k€). Development costs may only be capitalized, if the prerequisite conditions exist in accordance with IAS 38. As at December 31, 2007 no development costs are capitalized.

In the case of asset **impairments**, other than financial assets where the recoverable amount (which corresponds with the higher of the cash value or the value in use), or the net selling price is below the respective carrying value, an impairment of the recoverable amount takes place in accordance with IAS 36 (Impairment of Assets). If the reasons for an impairment undertaken in the preceding year no longer exist, a corresponding write-up is made. Assets are written off when the contractual rights to the cash flow relating to the respective asset expire or cease.

If the recoverable amount for an asset cannot be identified, the asset is included in a Cash Generating Unit (CGU) and subjected to an impairment test, whereby as a rule, the value in use is used as the recoverable amount. In the Rosenbauer Group, each of the legally autonomous company units forms a CGU.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

The Group assesses at each balance-sheet date whether a **financial asset or group of financial assets is impaired**.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in the income statement.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

A **financial asset** (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a) the rights to receive cash flows from the asset have expired;

b) the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass through arrangement (IAS 39.19);

c) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Loans and receivables are valued at amortized cost using the effective interest method, less allowance for impairment. Profits and losses are reported under the result for the period, when the loans and receivables are written off or are impaired. Receivables in foreign currency are valued at the mean exchange rate on the balance-sheet date.

In general, **derivative financial instruments** relating to hedge accounting are reported at market value on a fair value basis in line with the hedge accounting stipulations of IAS 39 (Financial Instruments). Should the hedge prove ineffective, recognition in the income statement occurs. Removal from the balance sheet takes place when the power of disposition is lost. Hedging policy as well as the financial instruments existent on the balance-sheet date are described in detail under the item D.29. “Risk management”.

Securities fall into the available-for-sale category. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses being recognized directly in equity in the net unrealized gains reserved. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate.

The evaluation of **trade accounts receivable** takes place at the cost of acquisition. Value impairments are taken into account in accordance with IAS 39. Impaired debts are derecognized when they are assessed as uncollectible. Other receivables are generally valued at the continued costs of acquisition. In addition to other receivables, they consist of both derivative financial instruments with a relationship to hedging as well as derivative financial instruments for which hedge accounting is inapplicable.

The cash and cash equivalents reported under the item “**Cash and short-term deposits**”, such as cash and bank balances are valued at the market value on the reporting date.

The **fair value of financial assets** which are traded on organized markets is determined by the market price (quotation) on the balance-sheet date.

Deferred tax assets are to be carried for all taxable temporary differences between the values in the IFRS consolidated balance sheet and the taxation value. In accordance with IAS 12, these deferrals are calculated using the balance-sheet liability method. Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

Furthermore, no deferred income tax liabilities are recognized in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Asset-side tax deferrals on loss carryforwards are formed to the extent to which consumption within a determinable period can be anticipated.

The carrying amount of deferred income tax assets is reviewed at each balance-sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance-sheet date and are recognized to the extent that is has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance-sheet date.

Inventories are valued at the cost of acquisition or production or at the lower net realizable value (market price) on the reporting date. The calculation of the cost of acquisition or production for identical assets takes place using the weighted average cost method or similar procedures. Production costs only include directly attributable expenses and pro rata overheads subject to the assumption of a normal use of capacity. Interest for loans is not reported.

Production contracts, which allow a reliable profit estimate, are valued at pro rata selling prices (percentage of completion method). The estimate of progress is made according to the ratio of actual costs to anticipated overall expenditure (cost to cost). Should a reliable profit estimate for a production contract not be possible, the order proceeds are only to be reported to the amount of the order costs which can probably be recovered. If it is likely that the entire order costs will exceed the entire order proceeds, then the anticipated loss is immediately recognized as an expense.

Liabilities

a) PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Under national law, in the case of dismissal or upon attainment of retirement age, employees of Austrian corporations with entry point until December 31, 2002 are entitled to a one-off severance payment. The amount of this payment is dependent on the number of years of service and remuneration at the time of severance. The provisions for severance payments are calculated in a uniform manner on the reporting date using the project unit credit method, an interest rate of 5.0% p.a. (2006: 4.75% p.a.) and a dynamic rate of 3.5% p.a. (2006: 3.5% p.a.) for future increases in remuneration. If the balance of the accumulated non-recognized actuarial gains and losses at the end of the previous reporting period exceeds 10% of the cash value of the obligation (corridor method), this excess has to be allocated by the expected average remaining working lives of the employees participating in that plan.

Past service cost has to be recognized over the period until the benefits concerned are vested. As long as benefits concerned are vested immediately after introduction of or change in a pension plan, past service cost has to be recognized immediately in the income statement.

Apart from invalidity and mortality rates (basis: Pagler & Pagler actuarial tables) and the end of the employment relationship upon attainment of the age of retirement, an annual rate of 1.5% is applied for premature terminations of employment with a severance payment entitlement. The calculation is based on the individual age of retirement according to the Austrian pension reform in regard of a gradual approach of the age of retirement.

In addition, fluctuation deductions in line with the number of years of service were also taken into account. These amounts to 5% in the first year of service, 2% in the second year and 0.25% in the third to fifth year. Appropriate provisions calculated on the basis of actuarial principles counterbalance payment obligations. The provision for performance-related pension schemes reported in the balance sheet corresponds with the present value of the defined benefit obligation (DBO) on the balance-sheet date, adjusted by accumulated unrecognized actuarial gains and losses and unrecognized service expenses requiring subsequent offsetting.

In the case of existing pension entitlements established within the framework of company agreements, payments are calculated on the basis of the eligible years of service in the form of a fixed annual amount. This fixed sum is modified upon retirement according to pensionable individual income. Current pensions are subject to regular examination with regard to indexing and are paid fourteen times annually.

The pension's obligation is established on the basis on the following parameters:

	Interest rate	Remuneration increase	Pension increase
Austria	5.0%	3.5%	3.0%
Germany	5.0%	1.5%	1.5%

Apart from the performance-related system, workers in Austria, who entered employment beginning with January 1, 2003, have access to a contribution-related pension's scheme. A mandatory amount of 1.53% of gross remuneration is to be paid into an employee pension fund, which is reported under "Personnel expenses". Details are contained in the Notes under the item D.21. "Personnel expenses, corporate bodies and employees". Accordingly, the creation of a provision for these employees is not given.

b) OTHER NON-CURRENT/CURRENT LIABILITIES

The other provisions carried under the non-current and current liabilities cover all the risks recognizable up to the reporting date derived from uncertain liabilities and are recognized to an amount determined as the most probable in a careful examination of the facts.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Liabilities are reported at the cost of acquisition (corresponds with the fair value). Liabilities in foreign currency are valued at the mean foreign exchange rate on the reporting date.

A **financial liability** is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the Group receives non-monetary grants, the asset and that grant are recorded at nominal amounts and the grant is released to the income statement over the expected life of the relevant asset by equal annual installments.

In accordance with IAS 20, long-term funding provided by research support funds, which contains an interest subsidy, is treated as public funding, why the interest advantage does not require qualification.

Foreign currency translation

Monetary items in foreign currencies are translated into the functional currency on the balance-sheet date at the exchange rate on the closing date. Non-monetary items reported according to the cost of acquisition method are reported unchanged at the exchange rate on the date of initial booking. Currency differences derived from the translation of monetary items are recognized in the income statement. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Income

The proceeds from the sale of products and goods are realized at the point in time at which the risks and chances are transferred to the purchaser. Gains on interest are realized on a pro rata temporis basis taking into account the effective interest on the asset. Dividends are reported with the origination of a legal entitlement. Rental income is recognized on a straight line basis over the lease terms. Income realization for long-term orders going beyond the reporting date occurs subject to the percentage of completion method.

Estimates

To a certain extent, the compilation of the consolidated financial statements requires the use of estimates and assumptions, which can influence the values reported for assets and payables, the other liabilities on the reporting date and income and expenses for the period under review. The effective future values can deviate from the estimates.

The most important future-related assumptions, which could result in significant risk in the form of a material adjustment of the carrying values of assets and liabilities in the coming financial year, are explained subsequently.

The Group checks for the value impairment of existing goodwill at least once annually. Estimates are made of the probable future cash flow from the cash generating units to which the goodwill is allocated. In addition, an appropriate interest rate (2007: 6.5%; 2006: 6.0%) is selected in order to determine the cash value of this cash flow. As at December 31, 2007, there was no goodwill.

The Rosenbauer Group employs actuarial tables for the calculation of provisions for pensions. The calculations are based on assumptions concerning the discount rate, as well as increases in wages, salaries and pensions. The discount rate is oriented towards specific, first class industrial bonds. The balance-sheet provision as at December 31, 2007 amounted to 13,352.5 k€ (2006: 12,501.7 k€) for severance payments and 4,635.4 k€ (2006: 4,764.4 k€) for pensions. More detailed information concerning the provision for pensions is contained in the description of the accounting and valuation methods, as well as the calculations contained under the item D.14. “Non-current provisions”.

The basis for the capitalization of asset-side tax deferrals is provided by both the business plans of the subsidiaries and tax planning calculations. If, on the basis of these forecasts, an existing loss carryforward will not be consumed within an appropriate period of three to five years, this loss carryforward is not capitalized. The amount of the non-capitalized loss carryforwards is reported under item the D.5. “Deferred tax”.

D. NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

1. Tangible and intangible assets

The assets combined in the consolidated balance sheet and the related developments are shown in the movement in the consolidated assets table on pages 60 to 61. As in the preceding year, the tangible assets contain no rented goods or real estate held as a financial investment.

The future expenses from operating leasing contracts, which exclusively involve tangible assets, were structured as follows:

in k€	Dec 31, 2007	Dec 31, 2006
In the following year	1,259.7	1,359.2
In the following 1 to 5 years	4,174.9	4,373.0
Over 5 years	2,124.9	2,232.0

Payments from operative leasing agreements which are carried in the result for the period amounted to 1,232.4 k€ (2006: 1,501.4 k€).

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an appraisal of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

As at December 31, 2007, the order liability for tangible assets in the Group amounted to 1,585.1 k€ (2006: 350.7 k€). During the 2007 financial year, no impairments were undertaken on tangible and intangible assets (2006: 0.0 k€). There were also no write-ups (2006: 0.0 k€).

Public subsidies were granted for investments in tangible assets. As at December 31, 2007, a subsidy of 319.8 k€ (2006: 407.3 k€) is reported on the liabilities-side under "Other liabilities". The subsidies are not to be repaid.

Construction in progress amounting to 1,098.7 k€ (2006: 25.6 k€) is reported in the movement in the consolidated assets table. In the main this relates to capacity enlargements (construction of a production hall in the USA, a new laser cutting machine in Austria), which will become operational in 2008.

No tangible assets were pledged as hedging for liabilities (2006: 2,488.5 k€). There are no limitations with regard to rights of disposal.

The intangible assets contain software licenses and rights in the amount of 370.5 k€ (2006: 483.6 k€). The depreciation of the financial year 2007 amounted to 247.6 k€ (2006: 455.4 k€). As at December 31, 2007 there is no goodwill as in the preceding year.

2. Securities

The securities reported in the consolidated financial statements in the amount of 213.6 k€ (2006: 202.5 k€) are in the available-for-sale category.

3. Joint venture

The joint venture founded in China in 2005 (Rosenbauer YongQiang Fire Fighting Vehicles Ltd.) was reported in the consolidated financial statements at equity as follows:

Development of the value of the investment

in k€	2007	2006
As at January 1	2,014.0	2,135.3
Capital payment	429.0	0.0
Share of profit/loss	4.8	(124.5)
Currency differences	(0.1)	3.2
As at December 31	**2,447.7**	**2,014.0**

Financial information

in k€	2007	2006
Non-current assets	2,056.2	2,118.3
Current assets	3,220.6	2,547.4
Current liabilities	3,064.7	2,802.8
Income	2,352.4	3,070.6
Expenses	2,347.6	3,195.1

As at December 31, 2007, capital obligations in favor of the joint venture in the amount of 0.4 m USD exist.

4. Non-current receivables

in k€	Dec 31, 2007	Dec 31, 2006
Other receivables	1,370.9	1,221.0

In 2007, the other receivables with a period to maturity of between one and five years totaled 1,264.2 k€ (2006: 1,221.0 k€). Other receivables with a period to maturity in excess of five years totaled 106.7 k€ (2006: 0.0 k€).

5. Deferred tax

Differences between the values in the consolidated tax and IFRS balance sheet derive from the following difference amounts respectively show the following deferred taxes:

	Deferred tax assets/liabilites			
	2007		2006	
in k€	Asset-side	Liabilities-side	Asset-side	Liabilities-side
Open one-seventh depreciation purs. §12 (3) Austrian Corporation Tax Act	316.5	0.0	1,440.0	0.0
Foreign exchange forwards and securities (recognized at fair value in equity)	2.9	195.1	7.1	169.1
Foreign exchange forwards and securities (recognized in the income statement)	9.5	235.3	20.7	185.0
Valuation differences of receivables	57.8	38.2	37.4	58.6
Income derived from production contracts	0.0	658.2	0.0	880.8
Capitalized loss carryforwards	559.8	0.0	2,890.3	0.0
Special tax allowances	0.0	204.3	0.0	210.1
Valuation differences of other provisions and payables	2,307.3	0.0	2,345.0	0.0
Others	268.6	269.6	286.0	310.2
Asset-side/Liabilities-side deferred tax	**3,522.4**	**1,600.7**	**7,026.5**	**1,813.8**
Netting of asset-side and liabilities-side deferred tax	(940.3)	(940.3)	(1,180.9)	(1,180.9)
	2,582.1	**660.4**	**5,845.6**	**632.9**

Asset-side tax deferrals of 1,158.2 k€ (2006: 2,379.5 k€) for loss carryforwards are not reported as their effectiveness as definitive tax relief is insufficiently secured.

6. Inventories

in k€	Dec 31, 2007	Dec 31, 2006
Raw materials and supplies	25,040.5	11,886.1
Chassis	25,024.6	22,821.8
Work in progress	33,410.7	30,976.4
Finished goods	12,047.3	12,440.0
Goods in transit	4,787.7	2,580.5
Advance payments made	1,864.5	155.5
	102,175.3	**80,860.3**

The inventories contain accumulated value impairments amounting to 4,596.7 k€ (2006: 3,599.5 k€). The amount of 1,846.1 k€ concerning the value impairment in the current year is included in the income statement under “Expenses for materials and services”. There were no value write-ups in the current financial year (2006: 0.0 k€) and no inventories were pledged as hedging for liabilities. The balance-sheet value of the inventories reported corresponds with the lower of value at the cost of acquisition or production and net selling price.

7. Production contracts

in k€	Dec 31, 2007	Dec 31, 2006
Production contracts		
costs up to the balance-sheet date	25,321.3	23,988.2
gains up to the balance-sheet date	3,151.4	4,037.1
advance payments received	(4,086.0)	(4,315.9)
	24,386.7	**23,709.4**

All production contracts have a residual period of less than one year. Sales revenues include sales from production contracts in the amount of 1,895.0 k€ (2006: 12,735.4 k€).

8. Current receivables

in k€	Dec 31, 2007	Dec 31, 2006
Trade accounts receivable	42,761.4	42,101.2
Receivables from financial instruments	1,665.8	1,290.4
Receivables from taxes	672.5	2,405.4
Other receivables	2,575.0	2,391.2
	47,674.7	**48,188.2**

As at December 31, 2007, the value impairments on the trade accounts receivable, as well as other receivables totalled 729.1 k€ (2006: 1,015.5 k€). The value impairments of the current year are reported in the amount of 400.9 k€ as other expenses as specific allowance.

The value impairments on receivables relate exclusively to the trade receivables reported under the current receivables. No impairments occurred with regard to the other financial instruments.

in k€	2007	2006
Value impairments as at January 1	1,015.5	1,227.9
Allocations	400.9	365.5
Consumption	(361.1)	(468.7)
Reversals	(326.2)	(109.2)
Value impairments as at December 31	**729.1**	**1,015.5**

The following table shows the expenses for the complete write-off of receivables as bad debts, as well as income from the entry of written-off receivables.

in k€	Dec 31, 2007	Dec 31, 2006
Expenses for the writing-off of receivables	423.3	302.4
Income from the entry of written-off receivables	2.5	0.0

9. Cash and short-term deposits

in k€	Dec 31, 2007	Dec 31, 2006
Cash and short-term deposits	6,314.5	3,945.6

On the reporting date, there were no drawing restrictions on the amounts carried under this item.

10. Equity

At the 15th Ordinary General Shareholders' Meeting, a resolution was passed regarding an increase in share capital from company funds of 1,241,000 €, from 12,359,000 € to 13,600,000 € by means of the conversion of the corresponding part-amount of the committed capital reserve without the issue of new shares.

In addition, a resolution concerning a share split in a ratio of 4:1 was proposed, whereby the number of shares was increased to 6,800,000 and each share bearing a proportionate amount of share capital of 2.00 €. The resolution was also approved by means of the appropriate change to the corporate articles.

The authorization to purchase own shares pursuant to §65 Para. 1 Clause 8 AktG (Austrian Stock Corporation Act) was extended by a further 18 months from the date of the resolution.

The capital reserve derives from the new shares issued in 1994 via the Vienna Stock Exchange and constitutes a committed capital reserve which is not available for the payment of dividends. The individual financial statements of the company prepared according to Austrian Corporate Code (UGB) provide the basis for the proposal for the distribution of profits.

The item "Other reserves" contains the offset item for currency translation, the revaluation and hedging reserves. The offset item for currency translation carries the difference recognized at fair value derived from the adjustment of equity as compared to initial consolidation. In addition, this item also contains the differences from currency translations relating to asset and liability items, as compared to the translation of the preceding year, as well as translation differences between the consolidated balance sheet and income statement.

The change in the hedging reserve derives from the fair value valuation of currency futures subject to IAS 39.

Details concerning the reserves can be obtained from the consolidated statements of changes in equity table on pages 56 to 57.

11. Minority interest

The item "Minority interest" contains the interests of third parties in the equity of Group subsidiaries. In 2007, 3,830.7 k€ (2006: 4,282.8 k€) was distributed among minority shareholders in Group subsidiaries. Third party shareholders exist with regard to the following subsidiaries:

	2007	2006
Rosenbauer Española S.A., Madrid, Spain	37.89%	37.89%
Rosenbauer America LLC., Lyons, USA	50.00%	50.00%
Eskay Rosenbauer Sdn Bhd, Brunei	20.00%	20.00%

12. Non-current interest-bearing liabilities

This item contains all interest-bearing liabilities to banks and the Austrian Research Promotion Fund with a remaining period to maturity of over one year. Details concerning financial liabilities are contained under the item D.29. "Risk management".

in k€	Dec 31, 2007	Dec 31, 2006
Liabilities to banks and the Austrian Research Promotion Fund	13,533.2	13,761.2

13. Other non-current liabilities

in k€	Dec 31, 2007	Dec 31, 2006
Other non-current liabilities	1,997.0	1,453.9

In 2007, the non-current liabilities mainly relate to export financing.

14. Non-current provisions

a) PROVISIONS FOR SEVERANCE PAYMENTS

Details concerning the provisions for severance payments are contained in the description of the accounting and valuation methods. The transfer of cash values to the provisions for severance payments reported in the consolidated balance sheet is structured as follows:

in k€	2007	2006
Cash value of the obligation	14,350.2	13,398.2
Not yet recognized actuarial losses	997.7	896.5
Provision as at December 31	**13,352.5**	**12,501.7**

in k€	2007	2006
Provision as at January 1	12,501.7	11,752.3
Service expense	646.0	633.9
Interest expense	648.8	564.9
Recognized actuarial losses	4.0	4.5
Ongoing payments	(448.0)	(453.9)
Provision as at December 31	**13,352.5**	**12,501.7**

The cash value of the obligation for the current year as well as the preceding years is structured as follows:

in k€	2007	2006	2005	2004	2003
Cash value of the obligation as at December 31	14,350.2	13,398.2	12,271.8	11,938.7	11,587.1

The experience-related adjustments of the cash value of the obligation in 2007 amounted to –3.0% (2006: –5.6%).

b) PROVISIONS FOR PENSIONS

Details concerning the provisions for pensions are contained in the description of the accounting and valuation methods. The transfer of cash values to the provisions for pensions reported in the consolidated balance sheet is structured as follows:

in k€	2007	2006
Cash value of the obligation	4,834.8	4,979.1
Not yet recognized actuarial losses	199.3	214.7
Provision as at December 31	**4,635.5**	**4,764.4**

in k€	2007	2006
Provision as at January 1	4,764.4	4,741.9
Service expense	37.5	40.8
Interest expense	229.9	231.9
Recognized actuarial losses	(127.2)	27.3
Ongoing payments	(269.1)	(277.5)
Provision as at December 31	**4,635.5**	**4,764.4**

The cash value of the obligation for the current year as well as the preceding years is structured as follows:

in k€	2007	2006	2005	2004	2003
Cash value of the obligation as at Dec 31	4,834.8	4,979.1	5,311.2	4,790.9	4,620.5

The experience-related adjustments of the cash value of the obligation in 2007 amounted to 0.0% (2006: 4.8%).

c) OTHER NON-CURRENT PROVISIONS

in k€	Dec 31, 2007	Dec 31, 2006
Provisions for long-service bonuses	1,957.0	1,969.3
Other non-current provisions	162.0	153.0
	2,119.0	**2,122.3**

The change in non-current provisions for 2007 under the item c) is contained in the schedule of provisions on page 59.

15. Current interest-bearing liabilities

Apart from production and investment loans, this item also includes the ongoing account overdrafts as at December 31 of the respective reporting date. Details concerning the financial liabilities are contained under the item D.29. “Risk management”.

16. Trade accounts payable

All trade accounts payable in the amount of 31,417.4 k€ (2006: 30,218.4 k€) mature within a year.

17. Other current liabilities

in k€	Dec 31, 2007	Dec 31, 2006
Tax liabilities	3,068.8	3,565.1
Liabilities from social security contributions	902.4	850.7
Liabilities from financial instruments	45.5	110.9
Other liabilities	26,668.6	20,861.1
	30,685.3	**25,387.8**

The overwhelming majority of the other liabilities consist of commission obligations to international commercial agents and personnel obligations.

18. Other current provisions

The other provisions contain cover for guarantees and risks in the sales area, as well as provisions from the personnel area. The remaining current provisions for 2007 are contained in the schedule of provisions on page 59.

19. Revenue

Sales revenues derive mainly from the completion of orders. Information concerning the revenue structure is contained in the product segment sections as well as in the segment reporting in the Notes on pages 62 to 63.

20. Other income

in k€	2007	2006
Income from the disposal of tangible and intangible assets	145.3	24.0
Own work capitalized	157.1	16.3
Other income	4,404.5	3,615.7
	4,706.9	**3,656.0**

Other income largely consists of cost transfers to third parties.

21. Personnel expenses, corporate bodies and employees

in k€	2007	2006
Wages	35,396.0	31,863.8
Salaries	32,001.2	30,449.0
Expenses for severance payments and pensions	1,285.0	1,043.9
Expenses for the company employee pension fund	116.2	83.2
Expenses for mandatory social security payments as well as wage-related taxes and obligatory contributions	13,266.2	12,778.5
Other social security expenses	1,223.1	1,005.2
	83,287.7	**77,223.6**

Average number of employees

	2007	2006
Blue-collar	944	846
White-collar	564	520
Apprentices	85	86
	1,593	**1,452**

22. Other expenses

in k€	2007	2006
Taxes other than taxes on income	254.2	259.2
Administrative expenses	15,900.2	15,498.9
Marketing and sales expenses	11,915.0	10,171.6
	28,069.4	**25,929.7**

As in the preceding year, this item consists of maintenance, legal, auditing and consulting costs, external services, expenses for events, rents and leases, as well as the cost of the marketing and sales department.

23. Financial expenses

in k€	2007	2006
Interest and other expenses	5,490.9	3,621.4
Interest on non-current personnel provisions	878.7	796.8
	6,369.6	**4,418.2**

24. Financial income

in k€	2007	2006
Income on securities	9.6	65.7
Gains from the disposal of securities	0.0	81.1
Other interest and similar income	958.1	1,280.4
	967.7	**1,427.2**

25. Taxes on income

in k€	2007	2006
Expense for current income tax	2,239.9	2,776.2
Change in deferred income tax	3,265.9	843.9
	5,505.8	**3,620.1**

The reasons for the difference between the calculated income tax expense and effective tax expense in the Group are as follows:

in k€	2007	2006
Profit before income tax	25,433.7	22,020.5
thereof 25% (2006: 25%) calculated income tax expense	6,358.4	5,505.1
Permanent differences	(548.9)	(498.4)
Effect of differing tax rates	509.1	1,278.0
Effect of tax rate change	102.8	19.2
Consumption of unaccounted loss carryforwards	(112.9)	(99.6)
Reversal of no longer applicable assets	891.9	0.0
Tax relief on limited companies[1]	(1,055.6)	(1,507.0)
Capitalized loss carryforwards, for which no deferred taxes had previously been reported	(498.0)	(1,077.2)
Taxes from previous years, withholding taxes, minimum taxes	(141.0)	0.0
Effective tax income (–)/expense (+)	**5,505.8**	**3,620.1**

[1] Taxes relating to minority interest

26. Consolidated cash flow statement

The consolidated cash flow statement was prepared according to the indirect method. The finance funds consist entirely of cash in hand and bank balances. Interest received and paid is reported as part of current business activities. Dividend payments are reported as part of financing activities. There were no material non-cash transactions. In 2007, a further capital contribution of 429.0 k€ was made for the Chinese joint venture set up in 2005.

27. Segment reporting

The development of Group companies takes special priority in internal reporting. For this reason, primary segment reporting is in line with the location of the assets of the Rosenbauer Group companies and secondary reporting according to product segments.

Transfer prices between the segments are based on comparable standard market conditions.

Segment reporting refers to sales revenues and operating results achieved from every single segment on local as well as export markets. Segment assets and segment liabilities only concern those operating assets and liabilities that are used from a segment for its operational activity. Not included are interest-bearing assets and liabilities.

Group revenues for the year 2007 in the amount of 426.1 m€ (2006: 372.0 m€) split up into Western and Eastern Europe (188.8 m€; 2006: 177.4 m€), NAFTA countries (97.2 m€; 2006: 86.8 m€), Arab World (63.9 m€; 2006: 44.0 m€), Asia and Oceania (47.5 m€; 2006: 29.3 m€) and other countries (28.7 m€; 2006: 34.5 m€).

The numerical presentation of the segments is available from the primary and secondary segment tables for the years 2006 and 2007 on pages 62 to 63.

28. Capital management

The primary objective of Group capital management is to ensure that a high credit rating and solid equity ratio are maintained in order to support business activities. The aim is a minimum equity ratio of 30% by means of long-term capital planning on a rolling basis. This planning is coordinated with dividend and investment policy and is an important instrument for the annual rating discussions with the financing banks.

In addition, balance total management also serves to optimize the equity ratio which – with the continuous surveillance of production stocks and trade receivables – secures the optimization of committed current assets.

Furthermore, capital is monitored by means of the gearing ratio, which describes the relationship of net debt to interest-bearing capital.

29. Risk management

As a global player, the Rosenbauer Group is inevitably subject to price, interest and exchange rate risks. It is company policy to closely monitor risk positions, counteract internally the market development of existing risks to the greatest extent possible, steer net items towards an optimum result, and where necessary, undertake hedging. The aim of currency risk hedging is the creation of a secure calculation basis for production contracts.

Overall evaluation: No material new or previously unrecognized risks resulted from the yearly evaluation of Group companies. In addition, on the basis of current information, there are no individual, existential risks that could have a decisive effect on the asset, financial and income situation of the Group.

Financial instruments form one important area of risk hedging. Financial instruments are cash business procedures based on civil law contracts. In accordance with IFRS 7 these include original financial instruments such as receivables, trade accounts payable, financial receivables and liabilities. On the other hand, there are also derivative financial instruments which are used as hedging transactions against the risks derived from exchange and interest rate shifts. Both categories of financial instruments are reported on subsequently.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Due to daily or short-term maturity, the fair value of cash and short-term deposits, current receivables and payables largely corresponds with the carrying value. Banks largely administer the securities reported under non-current assets within the scope of portfolio management. On the reporting date, the securities were allocated a fair value of 213.6 k€ (2006: 202.5 k€).

a) CREDIT RISK

As a result of the customer structure and the credit risk hedging policy, the receivables risk can be regarded as negligible. In addition, all customers wishing to conclude business with the Group on a credit basis must undergo a creditworthiness examination. Receivables are also constantly monitored, in order that the Group is not subject to material default risk. The reported values in the balance sheet relating to receivables (for details please see D.4. and D.8.) simultaneously represent the maximum credit risk and thus the risk of default. The carrying values reported largely correspond with the market values.

Within the European Union, receivables largely relate to local government legal entities. Where private business recipients of lower or unknown creditworthiness are involved, receivables are insured, e.g. in Austria via Österreichische Kreditversicherungs Coface AG.

Receivables from customers outside the EU with low creditworthiness, including governmental clients, are insured by means of documentary credits or bank guarantees. If required, alternative and also cumulative insurance is concluded with a state insurance company. In Austria this takes place via Österreichische Kontrollbank AG (risk insurance outside the OECD) and Österreichische Kreditversicherungs Coface AG (risk insurance inside the OECD).

The analysis of past due, not impaired trade and other receivables as at December 31 shows the following:

		Neither impaired	Not impaired, but past due			
in k€	Total	nor past due	Within 90 days	91–180 days	181–360 days	Over 360 days
Receivables 2007						
Trade accounts receivable	42,761.4	28,936.1	10,012.4	2,981.8	689.9	141.2
Other receivables	3,945.9	3,945.9	0.0	0.0	0.0	0.0
	46,707.3	**32,882.0**	**10,012.4**	**2,981.8**	**689.9**	**141.2**
Receivables 2006						
Trade accounts receivable	42,101.2	34,832.1	4,897.1	1,349.3	766.9	255.8
Other receivables	3,612.2	3,612.2	0.0	0.0	0.0	0.0
	45,713.4	**38,444.3**	**4,897.1**	**1,349.3**	**766.9**	**255.8**

On the closing date, neither impaired nor past due trade accounts and other receivables showed indications that the debtors would default on their payment obligations.

b) INTEREST RATE RISK

Interest and interest change risks relate primarily to payables with a period to maturity of over a year.

In the case of assets, an interest change risk only applies to the securities carried in the financial assets. On the reporting date, the securities were allocated with their fair value. A reduction in interest rate risk and earnings optimization is possible by means of constant surveillance of interest trends and a resulting regrouping of the securities portfolio.

Non-current payables to banks consist of loans for various investments in operative business. Interest rates are hedged in the medium-term by means of interest cap instruments. However, longer-term negative price changes could have a negative effect on the income situation. A change in the interest rate of ±1% with regard to the credit portfolio on the closing date would have led to a 700 k€ lower or higher result.

c) FOREIGN EXCHANGE RISK

In the case of securities carried under the consolidated non-current assets, investments take place almost entirely in the local currency of the Group company involved. Consequently, there is no foreign exchange risk in this connection.

Virtually all of the foreign exchange risks on the asset-side derive from trade accounts receivable in US dollars from international customers. In the majority of markets, invoicing takes place in euro. On the liabilities-side, with the exception of trade accounts payable, there are no foreign exchange risks of note, as ongoing financing of operative business takes place in the local currency of the respective company involved. Possible foreign exchange risks from short-term peaks are borne by the company. Apart from hedging using derivative financial instruments, further hedging derives from naturally closed items which, for example, are counterbalanced by trade accounts payable in US dollars.

The following table shows the sensitivity of the consolidated result before tax (due to changes in the fair value of the cash and cash equivalents and debts) and Group equity (due to changes in the fair value of currency future contracts), as opposed to a reasonable assessment of a generally possible exchange rate change relating to currencies of major relevance to the Group. All other variables remain constant.

		Impact on profit before tax		Impact on equity	
in k€	Price trend	2007	2006	2007	2006
US dollar	+10%	(317.9)	(313.0)	(3,197.2)	(3,713.9)
	−10%	317.9	313.0	3,056.8	3,315.9
Singapore dollar	+10%	0.2	0.2	(166.6)	(158.9)
	−10%	(0.2)	(0.2)	166.6	158.9
Swiss franc	+10%	14.3	(0.1)	129.0	(58.6)
	−10%	(14.3)	0.1	(129.0)	58.6

d) DERIVATIVE FINANCIAL INSTRUMENTS

Hedging of interest and foreign exchange risks is carried out by means of derivative financial instruments such as currency futures and interest cap instruments. These are initially reported at market value on the date of the conclusion of the contract and then revalued with market values.

Derivative financial instruments recognized in the income statement

From a business perspective some transactions represent hedging, but fail to fulfill the hedge accounting requirements pursuant to IAS 39. The fair value changes of these financial instruments are recognized immediately in the income statement.

	Nominal value		Fair value	
in k€	Dec 31, 2007	Dec 31, 2006	Dec 31, 2007	Dec 31, 2006
Currency futures	6,892.3	15,317.5	613.9	406.7
Interest instruments	22,414.5	36,534.9	246.0	124.8

Derivative financial instruments not recognized in the income statement

Derivatives that fulfill the demands for hedge accounting pursuant to IAS 39 are employed exclusively as hedging instruments for the hedging of future cash flow and are reported separately in the consolidated statements of changes in equity table. The income contribution of the hedge transaction was recognized in the income statement upon realization of the underlying transaction.

	Nominal value		Fair value	
in k€	Dec 31, 2007	Dec 31, 2006	Dec 31, 2007	Dec 31, 2006
Currency futures	14,459.7	21,376.1	760.4	648.0

In the 2007 financial year –568.6 k€ were transferred from the equity to the income statement.

e) LIQUIDITY RISK

Liquidity risk consists of the risk that due liabilities cannot be settled as scheduled. Group liquidity is secured by appropriate liquidity planning at the beginning of the year, sufficient financial assets with a maturity of less than one year and short-term credit lines. The following table shows the structure of interest-bearing financial liabilities as at December 31, 2007, as well as the structure of the trade payables and other liabilities.

in 1,000	Currency	Loan Dec 31, 2007	Final maturity	Interest in %	Interest variable/fixed	Dec 31, 2007 in k€	Dec 31, 2006 in k€
Interest-bearing liabilities							
Production financing	SGD	5,066	2008	Sibor+1.25	variable	2,396.6	2,382.0
Production financing	USD	8,000	2008	6.250	variable	5,434.8	3,414.3
Production financing	USD	4,000	2008	7.250	variable	2,717.4	0.0
Production financing	USD	4,970	2008	5.875	variable	3,376.5	3,072.8
Production financing	USD	4	2008	6.500	variable	3.0	0.0
Production financing	USD	1,500	2008	5.971	variable	1,019.0	758.7
Production financing	USD	500	2008	5.581	variable	339.7	0.0
Production financing	USD	0	2007	5.810	variable	0.0	232.7
Production financing	CHF	0	2007	Libor+1.50	variable	0.0	1,057.6
Production financing	€	1,000	2008	5.900	variable	1,000.0	2,000.0
Production financing	€	0	2007	4.640	variable	0.0	2,847.2
Production financing	€	0	2007	4.188	variable	0.0	2,100.0
Production financing	€	75	2008	Euribor+0.75	variable	74.6	0.0
Production financing	€	96	2008	6.830	fixed	95.9	95.9
Research promotion fund	€	0	2007	2.500	fixed	0.0	180.0
Research promotion fund	€	382	2008	2.000	fixed	382.4	0.0
Investment loan	€	87	2008	1.500	fixed	87.2	174.4
Loans on overdraft	€					6,644.3	10,776.2
Short-term total						**23,571.4**	**29,091.8**

in 1,000	Currency	Loan Dec 31, 2007	Final maturity	Interest in %	Interest variable/fixed	Dec 31, 2007 in k€	Dec 31, 2006 in k€
Short-term total						**23,571.4**	**29,091.8**
Production financing	USD	396	2028	6.500	variable	268.7	0.0
Production financing	USD	0	2009	5.810	variable	0.0	32.8
Production financing	€	887	2010	6.830	fixed	886.8	982.6
Research promotion fund	€	0	2008	2.000	fixed	0.0	382.4
Investment loan	USD	3,500	2010	5.750	variable	2,377.7	2,276.2
Investment loan	€	10,000	2011	5.270	variable	10,000.0	10,000.0
Investment loan	€	0	2008	1.500	fixed	0.0	87.2
Long-term total						**13,533.2**	**13,761.2**
Interest-bearing liabilities						**37,104.6**	**42,853.0**

The entire interest-bearing financial liabilities amount to 37,104.6 k€ (2006: 42,853.0 k€). The interest on interest-bearing liabilities amounts to 4,897.9 k€ (2006: 2,735.9 k€), which represented an average of 6.1% (2006: 5.0%). The carrying values reported largely correspond with the market values. As the ancillary costs relating to the financial liabilities listed in the table above at nominal interest rates are low, the nominal interest rate corresponds with the effective interest rate, whereby there are no effects on the assets, financial and income situation.

Non-current variable interest-bearing liabilities are based on interest agreements on 3-months respectively 6-months Euribor/US-Libor.

The past financial year saw a breach of contract with regard to a loan of 1.8 m USD (a key indicator defined in the contract was not attained), which according to the contract would have facilitated the immediate calling in of the loan by the bank. This contractual infringement was removed after the balance-sheet date, but prior to the publication of the financial statements. The loan with final maturity in 2008 was reported as at December 31, 2007 under the current financial liabilities.

Maturity pattern

in k€	Total	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Interest-bearing liabilities							
2007	40,985.5	25,354.6	845.3	3,842.8	10,551.4	23.9	367.5
2006	46,940.3	30,962.2	1,211.9	729.7	3,611.5	10,425.0	0.0
Trade accounts payable							
2007	31,417.4	31,417.4	0.0	0.0	0.0	0.0	0.0
2006	30,218.4	30,218.4	0.0	0.0	0.0	0.0	0.0
Other liabilities							
2007	32,682.3	30,685.3	138.5	138.5	138.5	138.3	1.443.2
2006	26,841.7	25,387.8	178.6	178.6	178.6	178.4	739.7

f) TRANSFER OF THE CARRYING VALUES PURSUANT TO IAS 39

The transfer of the carrying values per classes pursuant to IAS 39 is as follows:

in k€	Carrying value	At amortized costs	At fair value		Fair value of financial instruments	No financial instrument
			through equity	through income statement		
December 31, 2007						
Securities	213.6	0.0	213.6	0.0	213.6	0.0
Receivables	49,045.6	46,707.3	771.9	893.9	48,373.1	672.5
Cash and short-term deposits	6,314.5	6,314.5	0.0	0.0	6,314.5	0.0
Interest-bearing liabilities	37,104.6	37,104.6	0.0	0.0	37,104.6	0.0
Trade accounts payable	31,417.4	31,417.4	0.0	0.0	31,417.4	0.0
Other liabilities	32,682.3	28,665.6	11.5	34.0	28,711.1	3,971.2
December 31, 2006						
Securities	202.5	0.0	202.5	0.0	202.5	0.0
Receivables	49,409.2	45,713.4	676.2	614.2	47,003.8	2,405.4
Cash and short-term deposits	3,945.6	3,945.6	0.0	0.0	3,945.6	0.0
Interest-bearing liabilities	42,853.0	42,853.0	0.0	0.0	42,853.0	0.0
Trade accounts payable	30,218.4	30,218.4	0.0	0.0	30,218.4	0.0
Other liabilities	26,841.7	22,315.0	28.2	82.7	22,425.9	4,415.8

The transfer of the carrying values per category pursuant to IAS 39 is as follows:

in k€	Carrying value	Loans and receivables	Available-for-sale financial investments	Derivatives relating to hedge accounting	At fair value through income statement	Fair value of financial instruments	No financial instrument
December 31, 2007							
Securities	213.6	0.0	213.6	0.0	0.0	213.6	0.0
Receivables	49,045.6	46,707.3	0.0	771.9	893.9	48,373.1	672.5
Cash and short-term deposits	6,314.5	6,314.5	0.0	0.0	0.0	6,314.5	0.0
Interest-bearing liabilities	37,104.6	37,104.6	0.0	0.0	0.0	37,104.6	0.0
Trade accounts payable	31,417.4	31,417.4	0.0	0.0	0.0	31,417.4	0.0
Other liabilities	32,682.3	28,665.6	0.0	11.5	34.0	28,711.1	3,971.2

in k€	Carrying value	Loans and receivables	Available-for-sale financial investments	Derivatives relating to hedge accounting	At fair value through income statement	Fair value of financial instruments	No financial instrument
December 31, 2006							
Securities	202.5	0.0	202.5	0.0	0.0	202.5	0.0
Receivables	49,409.2	45,713.4	0.0	676.2	614.2	47,003.8	2,405.4
Cash and short-term deposits	3,945.6	3,945.6	0.0	0.0	0.0	3,945.6	0.0
Interest-bearing liabilities	42,853.0	42,853.0	0.0	0.0	0.0	42,853.0	0.0
Trade accounts payable	30,218.4	30,218.4	0.0	0.0	0.0	30,218.4	0.0
Other liabilities	26,841.7	22,315.0	0.0	28.2	82.7	22,425.9	4,415.8

g) NET RESULTS BY EVALUATION CATEGORY

in k€	Interest	Impairment	Foreign currency translation	Gains from the disposal of securities	Net gains/losses
December 31, 2007					
Loans and receivables	(4,532.8)	286.4	812.5	0.0	(3,433.9)
Available-for-sale financial investments	9.6	0.0	0.0	0.0	9.6
	(4,523.2)	**286.4**	**812.5**	**0.0**	**(3,424.3)**
December 31, 2006					
Loans and receivables	(2,341.0)	212.4	724.2	0.0	(1,404.4)
Available-for-sale financial investments	65.7	0.0	0.0	81.1	146.8
	(2,275.3)	**212.4**	**724.2**	**81.1**	**(1,257.6)**

30. Events after the balance-sheet date

There were no material events up to the preparation of the consolidated financial statements.

31. Contingent liabilities and commitments

Rosenbauer International AG made no commitments to third parties other than Group companies. In addition, there were no contingent liabilities which could lead to material liabilities.

32. Related party disclosures

SUBSIDIARIES

in 1,000	Currency	Equity	Holding[1]	Result[2]	Type of consolidation
Rosenbauer Österreich GmbH, Austria, Leonding	€	2,951	100%	0[3]	FC
Rosenbauer Management Services GmbH, Austria, Leonding	€	82	100%	4	FC
Rosenbauer Holding GmbH & Co. KG, Germany, Karlsruhe	€	5,986	100%	(101)	FC
Rosenbauer Deutschland GmbH, Germany, Passau	€	892	100%	221	FC
Rosenbauer Feuerwehrtechnik GmbH, Germany, Luckenwalde	€	4,468	100%	404	FC
Metz Aerials Management GmbH, Germany, Karlsruhe	€	25	100%	1	FC
Metz Aerials GmbH & Co. KG, Germany, Karlsruhe	€	4,619	100%	456	FC
Rosenbauer Finanzierung GmbH, Germany, Passau	€	40	100%	1	FC
Rosenbauer AG, Switzerland, Oberglatt	CHF	3,872	100%	300	FC
Rosenbauer Española S.A., Spain, Madrid	€	4,033	62.11%	1,579	FC
General Safety Equipment LLC., USA, Minnesota[4]	USD	16,375	50%	2,332	FC
Central States Fire Apparatus LLC., USA, South Dakota[4]	USD	60,274	50%	9,240	FC
Rosenbauer Holdings Inc., USA, South Dakota	USD	17,206	100%	3,884	FC
Rosenbauer America LLC., USA, South Dakota[4]	USD	84,552	50%	11,230	FC
RK Aerials LLC., USA, Nebraska[4]	USD	7,237	25%	1,202	FC
Rosenbauer Motors LLC., USA, Minnesota[4]	USD	367	50%	84	FC
SK Fire PTE Ltd., Singapore	SGD	6,251	100%	1,554	FC
Rosenbauer YongQiang Fire Fighting Vehicles Ltd., China, Dongguan	CNY	47,542	50%	101	AE
Eskay Rosenbauer Sdn Bhd, Brunei	BND	(88)	80%	(90)	FC
Rosenbauer South Africa (PTY) Ltd., South Africa, Halfway House	ZAR	308	100%	(77)	FC

[1] Direct interest
[2] Profit/loss for the year after movements in the reserves
[3] Profit transfer agreement with Rosenbauer International AG
[4] Deciding vote right with Rosenbauer International AG

FC = Fully consolidated companies
AE = At equity consolidated companies

The following transactions took place with closely associated persons. In particular, the reported purchases of goods relate to the supply of vehicles of a Spanish production company to the Spanish subsidiary, whereby the manager of the Spanish subsidiary is also a member of the management of the Spanish production company. The rental agreement relates to the use of a property and was agreed between the manager and an American company. The one concerning an office in Beijing was agreed between the manager of the joint venture and Rosenbauer International AG.

in k€	Dec 31, 2007	Dec 31, 2006
Sale of goods	53.7	9.0
Purchase of goods	2,314.9	1,441.1
Receivables	9.5	0.0
Liabilities	1,017.7	0.0
Rental agreement for land	823.0	923.7
Rental agreement for office	90.2	103.4

The following transactions were made with the joint venture in China:

in k€	Dec 31, 2007	Dec 31, 2006
Sale of goods	776.0	1,545.7
Purchase of goods	2,590.0	882.0
Receivables	658.7	656.9
Liabilities	541.7	842.3

The salaries of the members of the Rosenbauer International AG Executive Board in 2007 amounted to 3,058.9 k€ (2006: 2,753.4 k€) and consisted of a basic salary (2007: 1,137.8 k€; 2006: 982.4 k€), fees (2007: 1,740.5 k€; 2006: 1,603.0 k€) and rights for the creation of independent retirement and dependant provisions (2007: 180.6 k€; 2006: 168.0 k€). Provisions for severance payments of the Executive Board total 2,048.3 k€ as at December 31, 2007 (2006: 1,723.2 k€). Total expenses to the members of the Executive Board which consist of salaries and changes in provisions for severance payments amounted to 3,384.1 k€ in the financial year 2007 (2006: 2,349.4 k€). Following the termination of an employment relationship, there are no future burdens on the company resulting from company pension scheme contributions for Executive Board members.

Fees are calculated as a percentage of the consolidated income statement result prior to income tax and minority interest, whereby the percentage is gradually reduced in line with improvements in the consolidated profit.

33. Earnings per share

The earnings per share are calculated on the basis of IAS 33 (Earnings per Share) by dividing the consolidated profit minus minority interest by the number of shares issued. As there were no “ordinary shares with a potentially dilutory effect” in circulation during the past financial year, the “diluted earnings per share” correspond with the “basic earnings per share”. The calculation takes the following form:

		2007	2006
Consolidated profit minus minority interest	k€	15,140.4	13,674.4
Average number of shares issued	units	6,800,000	1,700,000
Basic earnings per share	€/share	2.23	8.04
Diluted earnings per share	€/share	2.23	8.04

Between the balance-sheet date and the preparation of the consolidated financial statements, there were no transactions with potential ordinary shares.

34. Proposal for the distribution of profits

The individual financial statements of the company prepared according to UGB (Austrian Corporate Code) provide the basis for the proposal for the distribution of profits. A net profit of 4,904,286.65 € is reported in the individual financial statements of Rosenbauer International AG. The Executive Board proposes to distribute this net profit through the payment of a dividend p.a. of 0.7 € (2006: 2.8 € for 1,700,000 ordinary shares) per share (4,760,000.0 € for 6,800,000 ordinary shares). The carryforward to new account: 144,286.65 €.

35. Corporate bodies

SUPERVISORY BOARD

- Peter Louwerse (Chairman until May 25, 2007)
  Initial appointment: August 28, 1992
  End of current term: General Shareholders' Meeting 2008
  Resignation: May 25, 2007
- Alfred Hutterer (Chairman since May 26, 2007)
  Initial appointment: May 24, 2003
  End of current term: General Shareholders' Meeting 2008
- Christian Reisinger (Vice Chairman since May 26, 2007)
  Initial appointment: May 25, 2006
  End of current term: General Shareholders' Meeting 2011
- Dieter Siegel
  Initial appointment: May 18, 2002
  End of current term: General Shareholders' Meeting 2008
- Karl Ozlsberger
  Initial appointment: May 26, 2007
  End of current term: General Shareholders' Meeting 2012

In the 2007 financial year, the Supervisory Board received emoluments of 184.3 k€ (2006: 175.4 k€). Emoluments to the Supervisory Board consist of a fixed amount and a variable sum. The latter is calculated as a percentage of the consolidated profit in the income statement prior to income tax and minority interest, whereby the percentage is gradually reduced in line with improvements in the consolidated profit.

Works Council delegates to the Supervisory Board:
- Alfred Greslehner
- Rudolf Aichinger

EXECUTIVE BOARD

- Julian Wagner
  President and CEO
- Robert Kastil
  Member of the Executive Board
- Manfred Schwetz
  Member of the Executive Board
- Gottfried Brunbauer
  Member of the Executive Board

Leonding, March 19, 2008

The Executive Board

Brunbauer

Wagner Schwetz Kastil Brunbauer

AUDITOR'S REPORT
(TRANSLATION)

Report on the Consolidated Financial Statements

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

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

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

Report on Other Legal and Regulatory Requirements

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the group.

In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements.

Vienna, March 19, 2008

ERNST & YOUNG
Wirtschaftsprüfungsgesellschaft mbH

Gerhard Schwartz m. p.	Johanna Hobelsberger-Gruber m. p.
(Chartered Accountant)	(Chartered Accountant)

On disclosure or reproduction of the financial statements all consolidated accounts in a form (e.g. shortened and/or translated into other language) differing from the confirmed setting, the auditor's opinion may neither be quoted nor referred to without approval.

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GLOSSARY

Capital employed: Equity plus interest-bearing outside capital less interest-bearing assets

Earnings per share: Consolidated profit minus minority interest divided by the number of shares

EBIT (Earnings before interest and tax): Operating result

EBIT margin: EBIT divided by revenues

EBT (Earnings before taxes): Profit before tax

Equity: Share capital plus capital and other reserves, accumulated results and minority interest (until 2005: subordinated mezzanine capital)

Gearing ratio in %: Net debt divided by the interest-bearing capital

Interest-bearing outside capital: Non-current and current interest-bearing liabilities

Interest-bearing capital: Equity plus interest-bearing liabilities less cash and short-term deposits less securities

Investments: Additions to tangible and intangible assets

Market capitalization: Share price at year-end multiplied with the number of shares issued

Market capitalization: Share price at year-end multiplied with the number of shares issued

Net debt: Interest-bearing liabilities less cash and short-term deposits less securities

Price/earnings per share: Share price at year-end divided by the earnings per share

ROCE in % (Return on capital employed): EBIT divided by the average capital employed

ROE in % (Return on equity): EBT divided by the average equity

Working capital: Current assets less current liabilities

IMPRINT

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