SEMPERIT AKTIENGESELLSCHAFT HOLDING

SEMPERIT

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SEMPERIT GROUP

CONSOLIDATE FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF SEMPERIT AG HOLDING

IMPRESSUM

Annual Report and Financial Statements 2004 Presented to the 116th Ordinary General Meeting on 1 June 2005.
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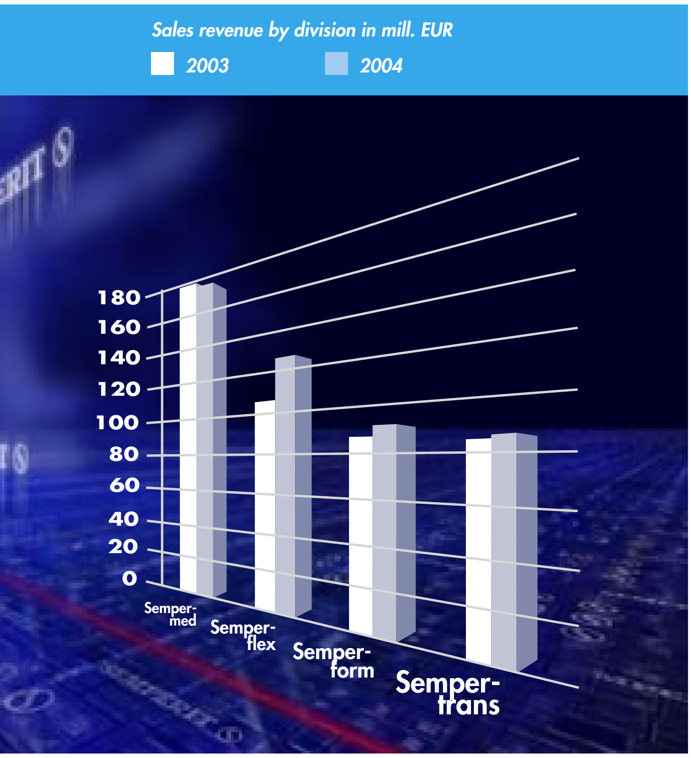
SEMPERIT-GROUP 2004

CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

In spite of difficult global economic conditions, 2004 was a very good year for Semperit and its shareholders. This fact is noted in this annual report: with a 3 % increase in Group sales to EUR 477.4 million, our company achieved a 17.6 % increase in profits to EUR 52.0 million for the 14th consecutive year - the best result ever in Semperit's history.

It should be noted here that dollar weakness again had an impact on the figures in this annual report as a result of having to convert the acconts into euro. In the three and a half years since July 2001, the US dollar has lost about 40 % of its value against the euro. In 2004, it lost almost another 8 % compared to 2003.



In addition to turbulent currencies, the rapid increase in the price of oil and the subsequent rise in the price of many raw materials also continued. Some pre-products even experienced shortages on the world market, while prices of natural and synthetic rubber reached record levels.

DYNAMIC DEVELOPMENTS AT ALL DIVISIONS

Our largest division, Sempermed, further expanded its position as one of the world's most successful suppliers of protective gloves. Thanks to high global demand for examination and operation gloves, the recently expanded production plants in Austria, Thailand and China ran at full capacity. The Asian glove factories in particular were able to use their favourable competitive position to generate an impressive increase in sales.

As a result of unusually lively demand, the Semperflex division was also able to develop pleasingly dynamic business. Capacity was expanded through comprehensive capital expenditure, allowing Semperflex to become one of the world's leading manufacturers of hydraulic hoses.

The five plants of the Semperform division ended the year on a pleasing note. Above all, the Asian subsidiaries impressed with strong expansion of business and high growth in the level of sales.

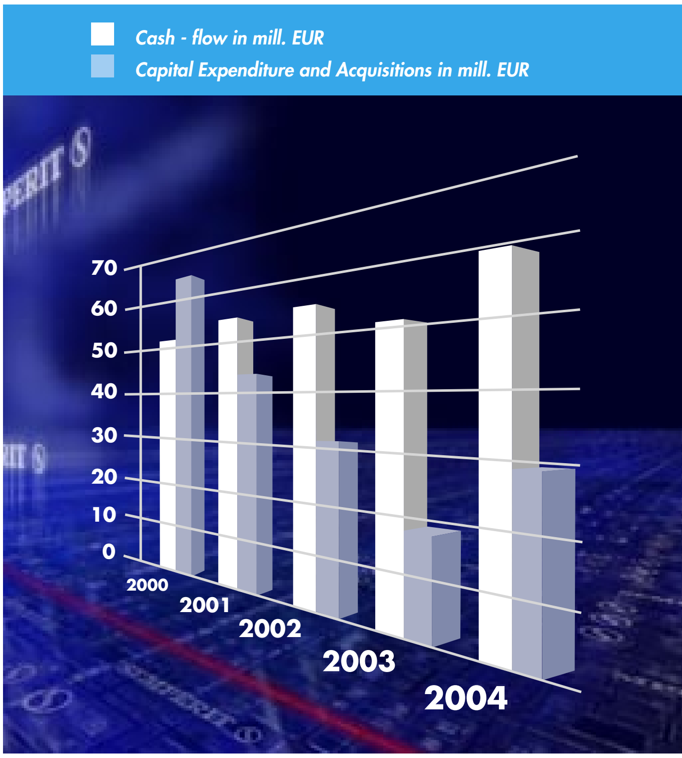
In the meantime, the Sempertrans Group, with its plants in Poland, France and India, is one the world's largest manufacturers of conveyor belts. Although the French site suffers from structural competitive disadvantages, the Polish conveyor belt plant expanded its market position in both Eastern and Western Europe. The Indian plant had a particularly successful year on the domestic market.

COST INCREASES CURBED

As in previous years, we have been able to pass on only part of the cost increases to customers, and have compensated for them by increasing sales prices. In many product ranges, price erosion even continued because of the fierce competition.

In order to cope with the intense market situation and competition, we have continued to concentrate on our core competences, focus on profitable segments and specialize activities at our various locations. This was supported by our rigorous cost management.

Consequently, we have not only been able to adopt and defend our position of being cost leaders in the majority of product groups on world markets, but have also extensively achieved our targeted income. Overall, we have further secured our position at the top of the international rubber industry and expanded market shares in all divisions.



GLOBALISATION CONTINUES

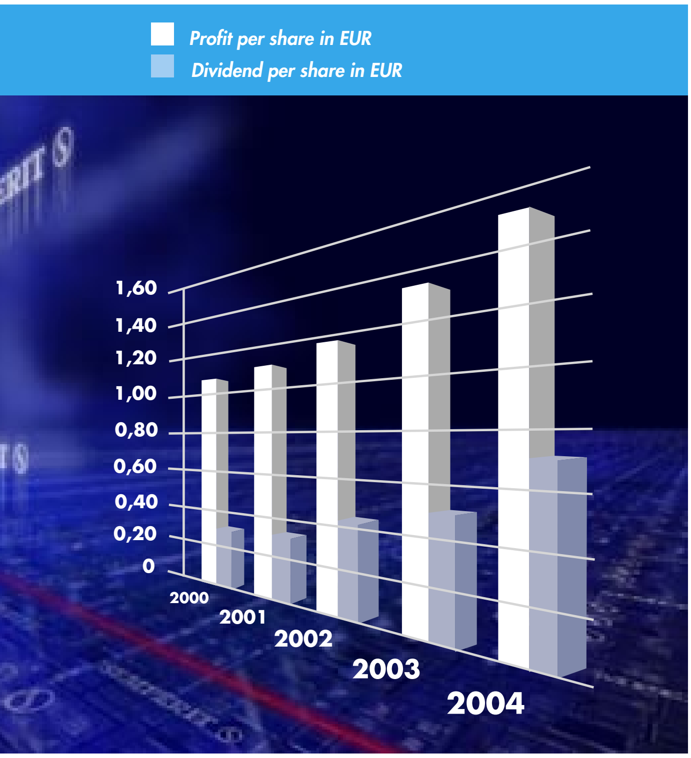
In striving to establish long-term growth for ourselves, we have acquired and founded companies in a number of countries in Europe, Asia and North America. This has clearly improved our proximity to market and reaped advantages in several areas. These range from the purchase of raw materials and pre-products to optimized production and transport costs as well as increased sales opportunities.

By deliberately globalizing our business activity in this way, we have not only focussed our attention on markets and customers, but have also impressively modified the structure of the Group as a whole. One the one hand, we have concentrated our resources on four important areas of business. However, at the same time we have also developed a company structure that guarantees the optimization of all production and other business processes.

MARKED INCREASE IN DIVIDEND PAYMENT

The results of the company's successful strategy can again be seen in the continued dividend policy towards shareholders. As earnings per share have grown by 14.4 % to 1.51 EUR, the Management Board will propose to the forthcoming General Meeting of Shareholders an increase in profit distribution per share from 54 cents to 70 cents.

Measured against the average price for 2004, the dividend yield of the Semperit Share is 4 %. At the same time, our shareholders enjoyed a 72 % increase in the share price by the close of the last business year. Of particular interest to our shareholders is the fact that our company's value on the Stock Exchange has increased 19-fold within 10 years; virtually no other industrial company in Austria, or anywhere else in the world, has been able to demonstrate similar growth.



2005 BACK ON THE PATH TO GROWTH

All four divisions are showing continued growth in the current year, thanks to the pleasing number of orders placed in the first few months. Our sound competitive strengths are also allowing us to win market shares and to capture new markets.

Nevertheless, global economic conditions give only little cause for optimism. Economic activity in Europe is developing slowly compared to Asia and the USA. Prices of energy and raw materials show no signs of weakening and neither is any stability expected in the US dollar exchange rate.

In spite of this, we are approaching 2005 with a certain amount of confidence and believe we have very good reason to assume that Semperit will achieve record profits for the 15th consecutive year. This will allow us to expand the Group's already strong financial fundamentals even further and to improve our ability to act as a consequence of our company's increased globalization.

With continued brisk investment activity throughout the Group, we can guarantee that our production processes remain technologically up to date and meet the demands of highly varied markets. This year will see attention paid to expanding capacity and the modernization of our plants.

In geographical terms we will focus primarily on expanding our presence, especially in Asia. Work has already started in Shanghai on the construction of two new production plants for the Semperflex and Semperform divisions. In addition, capacities at our other plants in Europe and Asia will also be considerably expanded.

THANK YOU TO EMPLOYEES, CUSTOMERS AND SHAREHOLDERS

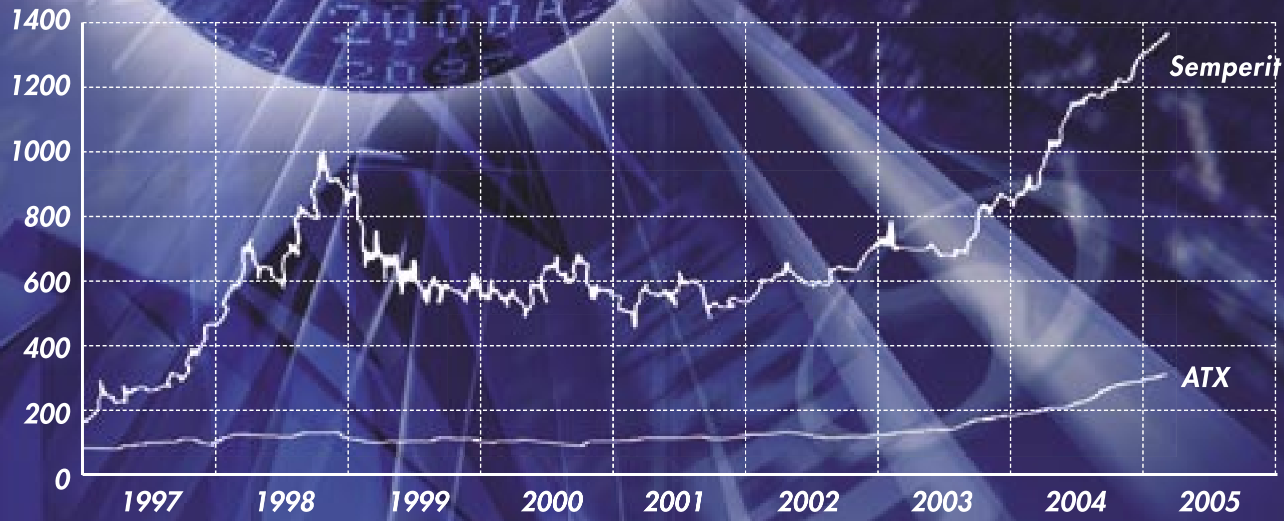
Employees at all belonging to the Semperit Group once again fully met the expectations placed in them in 2004. Our thanks go to them for having made a valuable contribution to keeping the Semperit Group on the path to growth. We would also like to thank our customers for their confidence in us and our products and for the excellent cooperation we have enjoyed. Finally, I would like to warmly thank all our shareholders for the confidence they have placed in our company.

Zellner

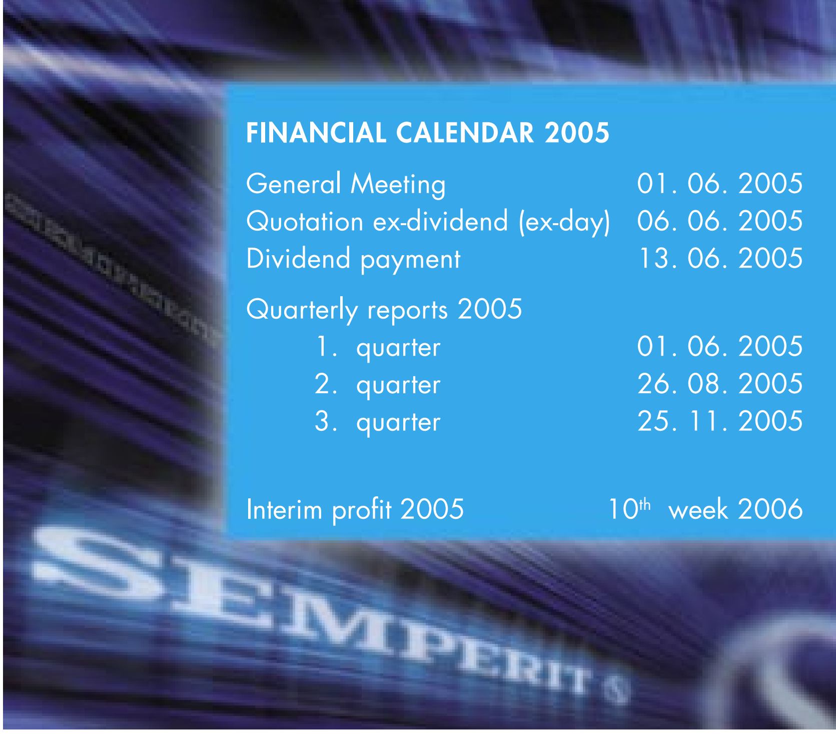
Dipl. Ing. Rainer Zellner

SEMPERIT SHARE

Comparison of performance: Semperit/ATX



STOCK EXCHANGE DATA	2000	2001	2002	2003	2004
Share price high in EUR	13.63	12.59	12.98	15.49	23.00
Share price low in EUR	9.63	9.15	10.41	12.20	13.40
Share price at year-end in EUR	10.25	10.80	12.49	13.37	23.00
Price variation p.a. at year-end in %	- 7.1	+ 5.4	+ 15.6	+ 7.0	+ 72.0
Shares outstanding at year-end in 1,000	20,573	20,573	20,573	20,573	20,573
Market Capitalization at year-end in mill. EUR	210.9	222.2	257.0	275.1	473.2
Earnings per share in EUR	1.07	1.10	1.18	1.32	1.51
Dividend payout per share in EUR	0.33	0.36	0.41	0.54	0.70
Net assets per share in EUR	5.77	6.89	7.22	7.54	8.85
P/E ratio as at 31.12.	9.6	9.8	10.6	10.1	15.2



FINANCIAL CALENDAR 2005

General Meeting	01. 06. 2005
Quotation ex-dividend (ex-day)	06. 06. 2005
Dividend payment	13. 06. 2005
Quarterly reports 2005	
1. quarter	01. 06. 2005
2. quarter	26. 08. 2005
3. quarter	25. 11. 2005
Interim profit 2005	10th week 2006

Compared to the major world stock exchanges, the Austrian main index ATX rose sharply during 2004. The leading ATX index gained an impressive 57 %. The Semperit share price grew even more impressively by 72.0 % (2003: up 10.3 %) to reach 23.0 EUR on the last trading day of the year. Taking into account the dividend payment of 0.54 EUR per share made in June 2004, investment in Semperit achieved an attractive growth rate of 76.0 % within one year. For our shareholders, this was one more reason to be happy.

The longer-term aspects are also worth noting. At the end of 1994, the Semperit share was worth 10.68 EUR. In 1999, the shares were split at a ratio of 1:7, whereby each shareholder received seven "new" Semperit shares for one "old share", each with a value of one-seventh that of the "old" price.

Measured in terms of stock exchange capitalization, taking into account the capital injections of 1996 and 1997, the value of the Semperit Group grew 19-fold from around EUR 24.8 million to EUR 473.2 million within 10 years.

INCREASED DIVIDENDS EXPECTED

Our Group's continued good earnings will again allow profit to be distributed to shareholders this year. The Management Board will therefore propose to the forthcoming General Meeting of Shareholders an increase in profit distribution per share of around 30 % from 54 cents to 70 cents per share. This corresponds to an increase in dividend payments from 52 % to 67 % of issued capital. This will continue a dividend policy favouring shareholders.

Measured against the average annual share price, the dividend yield is 4.0 %, making the Semperit share one of the higher-yield stocks on the Vienna Stock Exchange, as well as internationally.

In 2004, our Investor Relations policy was also under pressure to meet the expectations of the capital markets in terms of transparency, and to present a realistic impression of our Group. As the last ten years have shown, this policy has resulted in a continuous assessment of the Semperit share in line with actual business development. Consequently, the share has proven to be a high-yield investment for long-term investors. We will continue to operate this policy. To this end, we have signed up to the Austrian Corporate Governance Code.

CORPORATE GOVERNANCE

The Austrian Corporate Governance Code establishes a regulatory framework for the management and monitoring of Austrian joint-stock companies. The Code contains internationally adopted standards for good corporate governance, as well as significant regulations in this context regarding the Austrian Share, Stock Exchange and Capital Market Act, while its basic principles include the OECD guidelines for Corporate Governance.

The rules are aimed at achieving responsible management as well as inspecting companies and corporations with the goal of achieving sustainable creation of value in the long-term.

The code helps to create a high degree of transparency for all of the company's stakeholders. It creates guidelines for the equal treatment of all shareholders, for transparency, open communication between the Management and Supervisory Boards, avoiding conflicts of interest between bodies and efficient checks by the Supervisory Board and auditors.

Companies voluntarily undertake to adhere to the principles set out in the Austrian Code of Corporate Governance as amended.

Generally, the Code will be reviewed once a year taking relevant national and international developments into consideration, and will be adapted if required.

THE CODE COVERS THE FOLLOWING CATEGORIES OF RULES:

1. Legal Requirement (L): This rule is based on compulsory legal regulations.

2. Comply or Explain (C): The rule should be observed; a deviation must be explained and justified, in order to achieve a level of conduct that complies with the code.

3. Recommendation (R): Rule with the character of a recommendation; non-compliance does not have to be explained or justified.

Semperit had already extensively observed and complied with the requirements of the code prior to its inauguration.

In issuing the following statement, Semperit AG Holding accepts the Austrian Corporate Governance Code as a component of company management and thereby voluntarily undertakes to observe this set of regulations.

SEMPERIT – STATEMENT ON CORPORATE GOVERNANCE

Semperit AG Holding hereby declares that it will voluntarily observe the Austrian Corporate Governance Code and that it also intends to observe the code in future or justify any deviations from it.

The Supervisory Board has also reached a corresponding unanimous decision.

ADDITIONAL STATEMENT CONCERNING C-RULES

Unless otherwise declared, Legal Requirement rules (L-rule) and Comply or Explain rules of the affected bodies or company are to be observed.

The following statements concern C Rules are made:

• C Rule No. 18:
For reasons of efficiency, the tasks of the internal auditors are administered within the Group's Controlling or by external auditors.

• C Rule No. 38:
The age limit for members of the Management Board is set in the rules of procedure at 65 for the Chairman. Members of the Supervisory Board leave the Supervisory Board no later than at the end of the ordinary General Meeting of Shareholders following their 65th birthday.

• C Rule No. 42:
Questions of strategy are handled by the Supervisory Board.

• C Rule No. 51:
When appointing Supervisory Board members, the General Meeting takes into consideration personal qualifications as well as a balanced composition of the full Supervisory Board in terms of skills and abilities. The Supervisory Board comprises several people who are independent of the main shareholder.

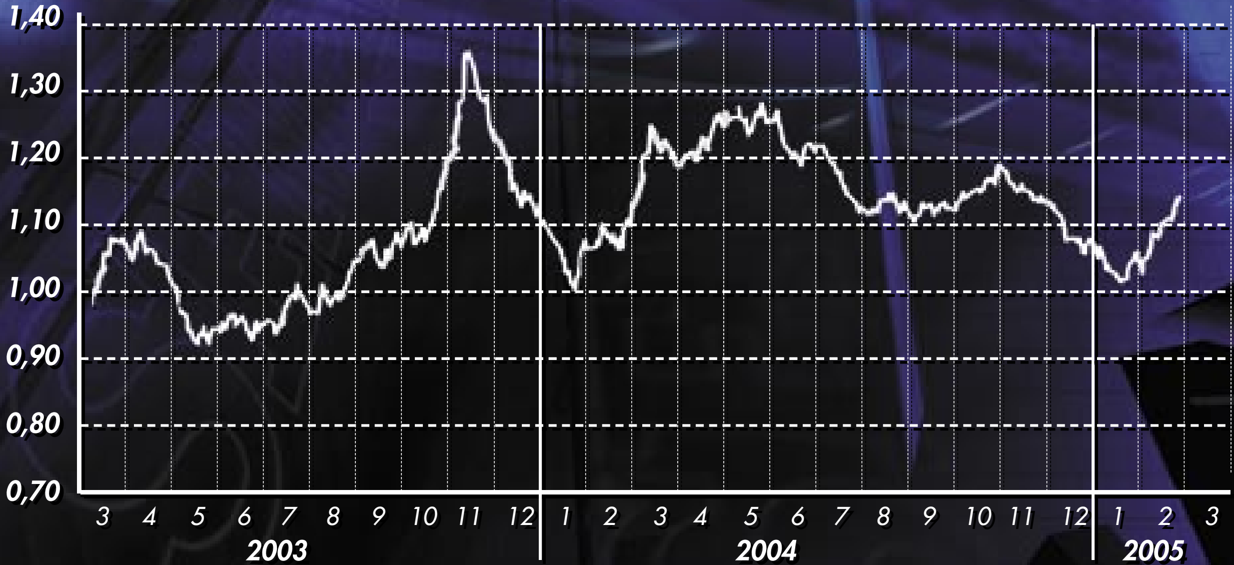
• C Rule No. 54:
Members of the Supervisory Board leave the Supervisory Board no later than at the end of the ordinary General Meeting of Shareholders following their 70th birthday. The age limit for members of the Supervisory Board is set in the rules of procedure at 70 for the Supervisory Board.

• C Rule No. 63:
The quarterly financial report is issued as obligatorily laid out in Annex B to the rules on the Prime Market of the Wiener Börse AG.

The current edition of the Austrian Corporate Governance Code can be viewed at www.corporate-governance.at.

FINANCIAL REPORT

Raw Material Price Tends (Natural Rubber) in EUR/kg



GLOBAL ECONOMIC CONDITIONS

During 2004, the world economy experienced the highest growth rate in half a decade, up by 4.2 %. The USA was once again a powerhouse of business activity with a growth rate of 4.5 %, as was Asia, where China came out on top with a growth rate of 9 %.

This dynamism was also transferred by the strong 9 % expansion of global trade to countries that had experienced little dynamism of their own for years, such as Germany (up 1.4 %) and Japan (up 4 %).

Nevertheless, the euro-zone's increase in gross domestic product (GDP) of just 1.8 % remained at a comparably meagre level. In Q3, quarterly growth even fell to 0.3 %. Compared to the USA and UK, there was an absence of any fiscal impulses in Europe. The fact that certain European countries were unable to fulfil the Maastricht criteria also reveals that structural budget problems continue to exist.

However, good global business activity was accompanied by increasing imbalances. High levels of demand and continuing uncertainties in the oil-producing country of Iraq drove up the price of crude oil (up 40 %) and consequently the prices of other raw materials (up 19 %). The growing budget and trade balance deficits in the USA forced the US dollar to fall against the euro by a further average of 9 % (2003: down 16.5 %). This made it much harder to export European goods to the dollar zone. This increased costs for foreign operations in Europe, which impacted on the attractiveness of the euro zone as an investment location. However, it would have been necessary to jump start investment activity in order to bring about a self-sustaining upswing.

As in previous years, the European Central Bank pursued a "wait and see" interest rate policy and left the basic interest rate unchanged at 2 % (first set in June 2003). In contrast to this, the US Federal Reserve continued to operate an active interest rate policy and in December 2004 increased the base rate for the fourth time since the end of June 2004 by 25 basis points to 2.25 % in order to prevent the risk of inflation. The flattening growth experienced in the USA in the second half of the year is a consequence of these efforts.

The Austrian economy grew by nearly 2 % in the year under review, while the delayed upswing compared to the euro-zone increased notably during the year. The high growth in exports of around 10 % in real terms caused an increase in the production of special goods of more than 5 %. The markets in the USA, Asia and Southern Europe were particularly buoyant, with the USA advancing to third most important purchaser of Austrian products after Germany and Italy. Exports to the new EU countries, on the other hand, grew at a below-average rate.

SEMPERIT GROUP BENEFITED FROM ECONOMIC RECOVERY

Overall, international conditions in 2004 were not as pleasing for the Semperit Group as initially hoped for. The signs of economic activity discernable everywhere were counteracted by the continued fall in the dollar and the high cost of energy and raw materials.

Nevertheless, the Semperit Group continued to be successful and profited from its competitive strengths developed over the years. All production plants ran at full capacity and generated pleasing results.

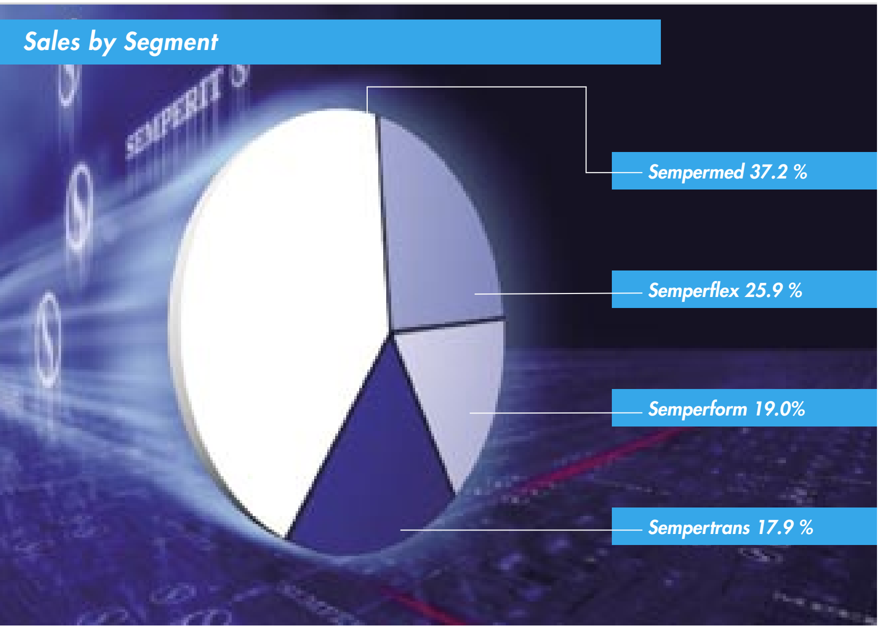
SALES

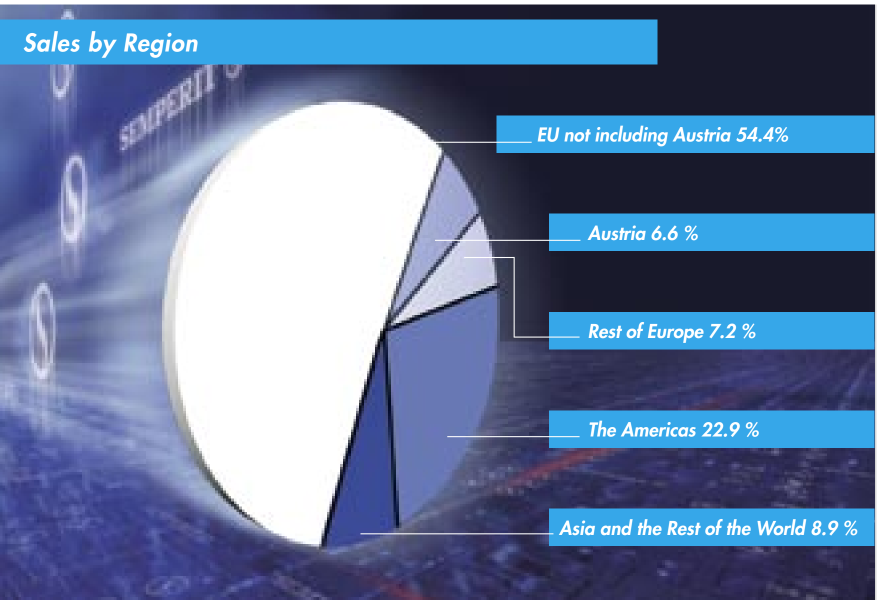
The ongoing fine-tuning of business activities, the implementation of specific Semperit standards in all Group companies in Eastern and Western Europe, Asia and America as well as the forced expansion of capacities has made if possible for us to achieve a new record in financial year 2004 with an increase in profit on ordinary activities of 17.6 % to EUR 52.0 million.

Group sales rose by 3.0 % to EUR 477.4 million. It should be taken into consideration here that negative currency effects generated by continued dollar weakness due to the invoicing of about one-third of Group sales in US dollars or other floating currencies such as the Chinese renminbi or Thai baht, have also had a negative impact on sales revenue which is reported in euro.

The four core business divisions displayed very different trends.

In a year-on-year comparison, the biggest division, Sempermed, experienced a decline in sales revenue to EUR 177.4 million.





The positive sales trend, however, is not reflected in the annual figures as this business area was most strongly affected by the weakening of the US dollar against the reporting currency of the euro due to the high proportion of invoicing in non-European currencies; because of sustained price pressure it was almost impossible to raise prices.

The Semperflex division recorded the strongest growth in sales last year, with an increase of 8.3 % to EUR 123.7 million. The biggest expansion in business was achieved in Western Europe, followed by the USA.

Growth at the Semperform division showed variance across the individual product ranges. However, total sales were about 6.0 % higher than in the previous year at EUR 90.6 million.

The Sempertrans division achieved a slightly better result than last year, with an increase of 1.3 % to EUR 85.4 million.

With a 37.2 % share of Group sales, the division continued to dominate with medical and industrial gloves. At the end of 2004, Semperflex accounted for 25.9 % of total Group sales, Semperform for 19.0 %, and Sempertrans for 17.9 %.

SUMMARY PROFIT AND LOSS ACCOUNT

in EUR mill.	2003	2004	Change in %
Sales income	463.5	477,4	3.0
Differences between opening and closing stocks	1.5	3.1	>100.0
Production activated performance	0.5	0.4	- 32.5
Operating capacity	465.5	480.9	3.3
Other operating income	11.6	11.5	- 1.2
Cost of materials	- 223.8	- 234.0	4.6
Staff costs	- 97,7	- 94.3	- 3.5
Depreciation	- 23.2	- 25.3	9.2
Other operating expenses	- 89,2	- 90.6	1.4
Operation profit (EBIT)	43,2	48.2	11.8
Financial result	1.1	3.8	> 100.0
Profit before tax (PBT)	44.3	52.0	17.6
Taxes on income	- 11.3	- 13.6	21.2
Profit after tax	33.0	38.4	16.3

The strong currency fluctuations again had considerable influence on regional sales trends in 2004. The EU, excluding Austria, accounted for 54.4 %, of sales, Austria for 6.6 %, the rest of Europe for 7.2 %, the USA for 22.9 % and Asia and the rest of the world for 8.9 %.

At 27,6 %, the largest growth in sales was in the segment "EU without Austria", which was largely due to the inclusion of the new EU countries from 2004. In America, on the other hand, despite increased sales the worsening exchange rate of the USD to the EUR produced a fall in revenue.

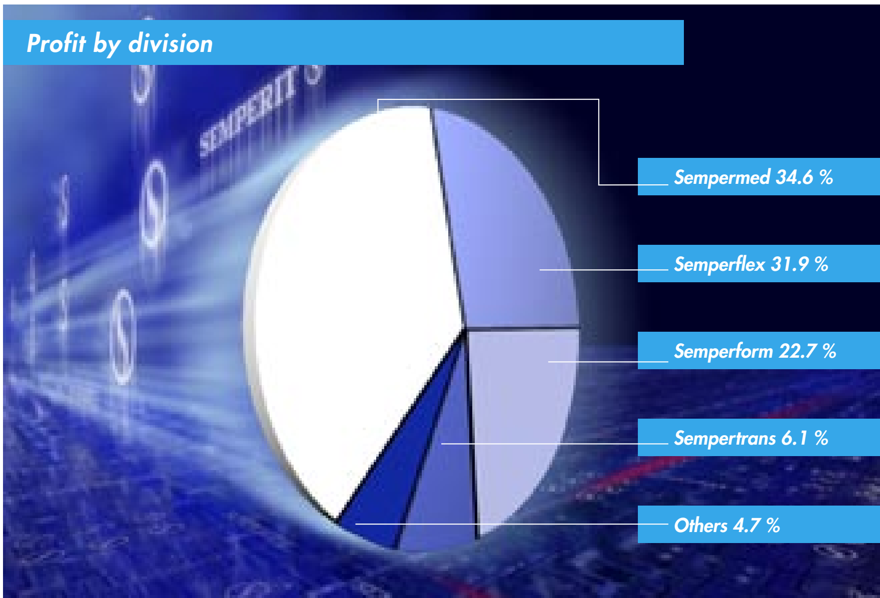
EARNINGS POSITION

Operating profit (EBIT) rose by 11.8 % to EUR 48.2 million. EBIT profit increased from 9.3 % to 10.1 %, proving the success of ongoing cost streamlining.

On the cost side, the high prices of energy and raw materials as well as the more expensive oil-based prematerials resulted in continuous increases in material costs which increased by 4.6 % to EUR 234.0 million Group-wide, equivalent to 49.0 % of revenue. These effects were comprehensively eliminated by increases in productivity.

The number of employees fell on average in 2004 by 3.0 % to 5,710 people, reducing staff costs by 3.5 % to EUR 94.3 million, or 19.8% of revenue.

Depreciations rose as a consequence of higher investment in fixed assets and unscheduled depreciation as a consequence of impairments by 9.2 % to EUR 25.3 million. The increase in the financial result from EUR 1.1 million to EUR 3.8 million can be traced to the higher reserves available for expenditure and the much better yields of these reserves compared to last year.



At EUR 52.0 million, profit before tax was 17.6 % higher than in the previous year. Profit for the Sempermed division increased to EUR 18.0 million, that for Semperflex to EUR 16.6 million, and that for Semperform to EUR 11.8 million. At EUR 3.2 million, profit for the Sempertrans division was clearly lower than in the previous year. The biggest contribution to profit was again made by Sempermed (34.6 %), followed by Semperflex (31.9 %), Semperform (22.7 %), Sempertrans (6.1 %) and Others (4.7 %).

Taxes on income increased by 21.2 % to EUR 13.6 million. The Group tax rate amounted to 26.3 %, higher than in the previous year (25.5%).

Due to increases in operating income, net profit rose by 16.3 % from EUR 33.0 million to EUR 38.4 million. Profit per share amounted to EUR 1.51, up by 14.4 % on the previous year.

ASSET AND FINANCIAL POSITION

Total net assets of the Semperit Group grew in the year under review by EUR 22.0 million to EUR 355.9 million (up 6.6 %). The ratio of fixed assets and current assets to total net assets is 39.1 % (42.0 % in the previous year) and 60.9 % (58.0 % in the previous year) respectively.

Fixed assets fell slightly to EUR 139.3 million.

However, inventories on the balance sheet are clearly higher than in the previous year at EUR 67.2 million. Trade receivables declined to EUR 65.1 million. Working capital, consisting of inventories plus receivables minus trade payables was down 1.6 % on the previous year at EUR 105.0 million.

At EUR 64.9 million, liquid capital on the reporting date was EUR 24.6 million higher.

The Group's equity capital of EUR 182.1 million (up 17.3 %) includes an equity injection from the Group's result of EUR 30.8 million, adjustment of own shares of EUR 1.1 million, deductions from dividend payments to shareholders of EUR 11.0 million, and currency conversion differences of EUR 6.0 million. The equity capital ratio excluding outside interests as at 31.12.2003 was 51.2 % (2003: 46.5 %). The equity capital ratio of the Semperit Group as a benchmark of the Group's financial independence rose once again on the previous year's figure. Equity capital covers the Semperit Group's fixed assets by 130.8 % (2003: 110.6%).

SUMMARY BALANCE SHEET

in mill. EUR	**2003**	**2004**	**Change in %**
ASSETS			
Fixed assets	140.3	139.3	- 0.8
Inventories	58.7	67.2	14.5
Trade receivables	67.4	65.1	- 3.4
Other current assets including deferred taxes	67.5	84.3	24.9
Total net assets	333.9	355.9	6.6
EQUITY AND LIABILITIES			
Equity capital	155.2	182.1	17.3
Minority interest	34.4	35.6	3.3
Reserves and social overhead capital	87.5	80.7	-7.8
Liabilities	56.8	57.5	1.2
Total equity and liabilities	333.9	355.9	6.6

The reduction in reserves by EUR 6.8 million to EUR 80.7 million arises mainly from a reduced reserves requirement for current taxes and social capital.

At EUR 57.5 million, liabilities were slightly higher than for 2003. The rise concerned trade receivables. Net debt also declined again. Cash and cash items exceeded financial liabilities by EUR 51.6 million (2003: EUR 23.5 million).

CASH FLOW

Semperit was able to expand cash flow from profits an indicator of the Group's high level of self-financing by 18.2 % to EUR 59.9 million. Cash flow from operating activities, which also takes into account changes to working capital, rose by 9.1 % to EUR 64.2 million, another increase on the previous year.

The negative cash flow from investment activities in expansion, replacement, rationalization and the environment fell to EUR -21.3 million, mostly due to lower capital expenditure. Capital inflow from operating activities therefore exceeded outflows for investment by EUR 42.9 million. Of the cash flow from financing activities amounting to EUR -18.5 million, EUR -11.0 million were used for dividend payments in 2003. The repayment of short and long-term financial liabilities resulted in a cash outflow of EUR 3.5 million. Taking into account exchange rate movements, total liquid capital on the balance sheet date amounted to EUR 64.9 million, up EUR 24.6 million on the year before.

As an indicator of a company's ability to finance investments from its own income, and therefore ensure its continued growth, the cash flow ratio is calculated as the proportion of the cash flow as a percentage of revenue. On the basis of the cash flow from the result, this gives the Semperit Group a cash flow ratio of 12.6 % for 2004.

SUMMARY STATEMENT OF CASH FLOW

in mill. EUR	2003	2004	Change in %
Cash flow from profit	50.7	59.9	18.2
Cash flow from operating activities	58.8	64.2	9.1
Cash flow from investment activities	- 25.3	- 21.3	- 15.8
Cash flow from financing activities	- 10.4	- 18.5	78.1
Change to cash fund	23.1	24.6	6.2
Chash fund at end of period	40.3	64.9	60.9

CAPITAL EXPENDITURE AND ACQUISITIONS

EUR 27.9 million were used for investments during the reporting year. Capital expenditure on fixed assets to the amount of EUR 24.8 million concentrated on the expansion of capacities and modernization of existing plants.

Of the investments in fixed assets, EUR 5.4 million went to Sempermed, EUR 12.8 million to Semperflex, EUR 6.5 million to Semperform and EUR 2.1 million to Sempertrans.

SEMPERIT GROUP

The consolidated financial statements for 2004 for the Semperit Group are shown in detail on pages 38 - 63.

THE FOUR OPERATING DIVISIONS

Group business activities are concentrated in four divisions: Sempermed, Semperflex, Semperform and Sempertrans. Corresponding operating subsidiary companies are assigned to the relevant divisions. Activities that cannot be clearly allocated are reported in an additional section of the financial statements under the collective heading "Other Activities and Group Eliminations" in line with International Financial Reporting Standards (IFRS). The individual economic positions of the four divisions are described in detail on pages 22 - 29.

SEMPERIT AG HOLDING

Semperit AG Holding is the listed holding company for the Semperit Group. Holding company functions comprise a financial interest in the legally independent subsidiaries as well as the strategic guidance of the Group as a whole. The holding also provides central services via its Finance, Purchasing and Legal Departments.

Semperit AG Holding reported net income of EUR 14.5 million for 2004. The Management Board will propose to the Annual General Meeting that a dividend distribution of 70 cents per share be made. Pages 66 to 67 set out the Company's Balance Sheet and Income Statement in detail.

SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG

Semperit Technische Produkte GmbH & Co KG runs the main Wimpassing plant in Austria, which is the only Group plant to manufacture for three divisions, namely Sempermed, Semperflex and Semperform. This wholly-owned subsidiary of Semperit AG Holding increased sales for business year 2004 by 5.5 % to EUR 234.2 million. Net assets fell by 2.6 % to EUR 119.6 million. Equity capital on the balance sheet date amounted to EUR 11.2 million.

SEMPERIT TECHNISCHE PRODUKTE GMBH

Semperit Technische Produkte GmbH manages real estate, investments and licenses. It also provides technical services to Group companies.

Sales revenues from these activities amounted to EUR 8.2 million. The profit for the period is reported at EUR 10.3 million. Net assets fell by 2.4 % to EUR 73.1 million on the previous year. At year-end, the company's equity capital amounted to EUR 68.5 million.

SEMPERIT GROUP COMPANIES

SEMPERIT AG HOLDING

SEMPERIT TECHNISCHE PRODUKTE GMBH

PRODUCTION COMPANIES

SEMPERMED	SEMPERFLEX	SEMPERFORM	SEMPERTRANS
SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERTRANS FRANCE BELTING TECHNOLOGY S.A.S., ARGENTEUIL, FRANCE
SIAM SEMPERMED CORPORATION LTD., HATYAI, THAILAND	SEMPERFLEX OPTIMIT SRO, ODRY, CZECH REPÜBLIC	SEMPERIT GUMMIWERK DEGGENDORF GMBH, DEGGENDORF, GERMANY	SEMPERTRANS BELCHATOW S.A., BELCHATOW, POLAND
SHANGHAI FOREMOST PLASTIC INDUSTRIAL CO. LTD., SHANGHAI, CHINA	SEMPERFLEX ASIA CORPORATION LTD., HATYAI, THAILAND	SEMPERFORM KFT., SOPRON, HUNGARY	SEMPERTRANS NIRLON LTD., MAHARASHTRA, INDIA
SEMPERMED KFT., SOPRON, HUNGARY	ROITER S.P.A., ROVIGO, ITALY	SEMPERFORM PACIFIC CORPORATION LTD., HATYAI, THAILAND	FABRYKA LIN „STOLIN" SP.Z.O.O. BELCHATOW, POLAND
ISOTRON DEUTSCHLAND GMBH, ALLERSHAUSEN, GERMANY	SEMPERFLEX RIVALIT GMBH, WALDBÖCKELHEIM, GERMANY	SHANGHAI SEMPERIT RUBBER & PLASTIC PRODUCTS CO. LTD., SHANGHAI, CHINA	SEMPERTRANS MAINT. FRANCE NORD E.U.R.L., ARGENTEUIL, FRANKREICH
	SEMPERFLEX A.H. SRO, ODRY, CZECH REPUBLIC	SEMPERIT INDUSTRIAL PRODUCTS INC., NEW JERSEY, USA	SEMPERTRANS MAINT. FRANCE NORD E.U.R.L., ARGENTEUIL, FRANKREICH
			SEMPERIT CONVEYOR SERVICES LTD., WALSALL, UNITED KINGDOM

TRADING COMPANIES

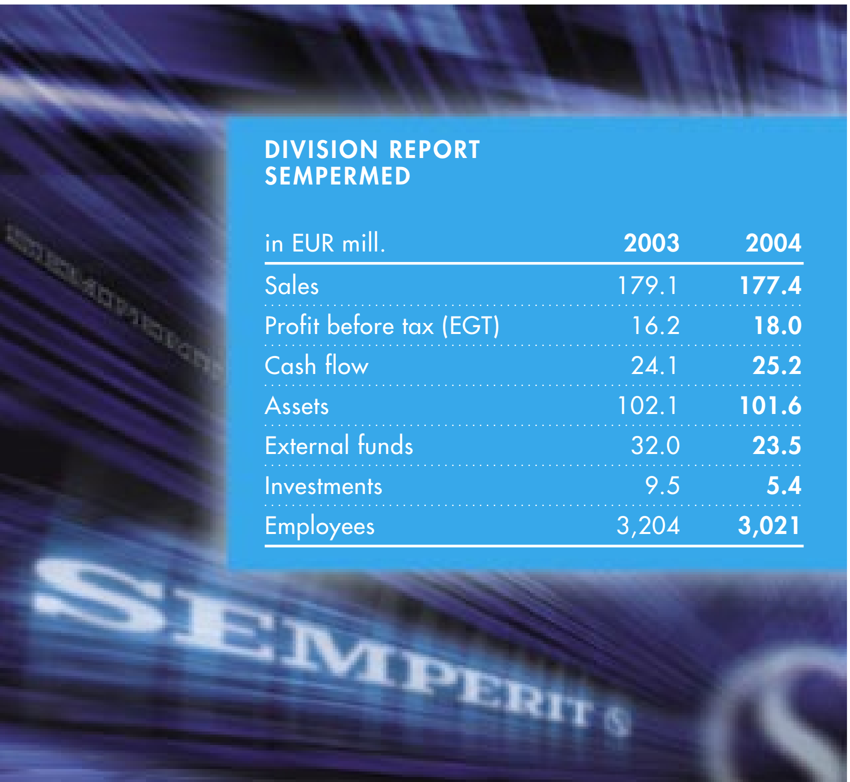
SEMPERMED	SEMPERFLEX	SEMPERFORM	SEMPERTRANS
SEMPERIT TECHNISCHE PRODUKTE GMBH, GEVELSBERG, GERMANY	SEMPERIT TECHNISCHE PRODUKTE GMBH, GEVELSBERG, GERMANY		SEMPERIT TECHNISCHE PRODUKTE GMBH, GEVELSBERG, GERMANY
SEMPERIT (FRANCE) S.À.R.L. ARGENTEUIL, FRANCE	SEMPERIT (FRANCE) S.À.R.L. ARGENTEUIL, FRANCE	SEMPERIT (FRANCE) S.À.R.L. ARGENTEUIL, FRANCE	
	SEMPERIT INDUSTRIAL PRODUCTS INC. NEW JERSEY, USA	SEMPERIT INDUSTRIAL PRODUCTS INC. NEW JERSEY, USA	SEMPERIT INDUSTRIAL PRODUCTS INC. NEW JERSEY, USA
SEMPERIT INDUSTRIAL PRODUCTS LTD. READING, UNITED KINGDOM	SEMPERIT INDUSTRIAL PRODUCTS LTD. READING, UNITED KINGDOM	SEMPERIT INDUSTRIAL PRODUCTS LTD. READING, UNITED KINGDOM	
	SEMPERIT TEKNISKA PRODUKTER AB SKÄRHOLMEN, SWEDEN	SEMPERIT TEKNISKA PRODUKTER AB SKÄRHOLMEN, SWEDEN	SEMPERIT TEKNISKA PRODUKTER AB SKÄRHOLMEN, SWEDEN
SEMPERMED MAGYARORSZÁG KFT., BUDAPEST, HUNGARY	SEMPERMED MAGYARORSZÁG KFT., BUDAPEST, HUNGARY		
SEMPERMED USA INC. CLEARWATER, USA			
	MANGUERAS TÉCNICAS ROITER S.A., BARCELONA, SPAIN		
	SEMPERIT INDUSTRIAL PRODUCTS SINGAPORE PRIVATE LTD., SINGAPORE		SEMPERIT INDUSTRIAL PRODUCTS SINGAPORE PRIVATE LTD., SINGAPORE

SEMPERMED DIVISION

With it high-quality range of protective gloves, the Sempermed division is one of the industry's most successful international suppliers. In the demanding healthcare sector, Sempermed products provide protection and safety for both doctor and patient during examinations, operations and other medical treatments. In recent years, an additional new market segment was captured with the production of industrial gloves. The former pioneer of "latex dipping", Semperit today manufactures protective gloves from natural and synthetic rubber as well as from latex-free vinyl.

During the year under review, the glove production plants worked at almost full capacity. However, sales were affected by exchange rate volatility. At all Sempermed operations, the focus was primarily on reigning in strong cost increases, above all for oil-based materials and the energy sector, by taking appropriate measures and further strengthening competitiveness.

At EUR 177.4 million, consolidated sales worldwide were slightly lower than in the previous year, while profit on ordinary activities rose by a solid 11.1 % to EUR 18.0 million. Sales to European markets were slightly above the level of the previous year, and were primarily attributable to price-based decline of the sales of standard operation gloves.



DIVISION REPORT SEMPERMED

in EUR mill.	2003	2004
Sales	179.1	**177.4**
Profit before tax (EGT)	16.2	**18.0**
Cash flow	24.1	**25.2**
Assets	102.1	**101.6**
External funds	32.0	**23.5**
Investments	9.5	**5.4**
Employees	3,204	**3,021**

Sales of examination and industrial gloves, on the other hand, showed strong increases. Sales of high-quality synthetic gloves, which were particularly strongly sought after by industry, were especially successful.

WIMPASSING

The Austrian plant specializes, amongst other things, in manufacturing high-quality sterile operation gloves and industrial gloves. Exports of operation gloves to the USA and other US dollar markets suffered the effects of currency movements. Heavy vinyl gloves also lost market share because of weaker competitiveness. Overall, however, prices and sales were maintained at the previous year's levels despite the difficult conditions

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SIAM SEMPERMED

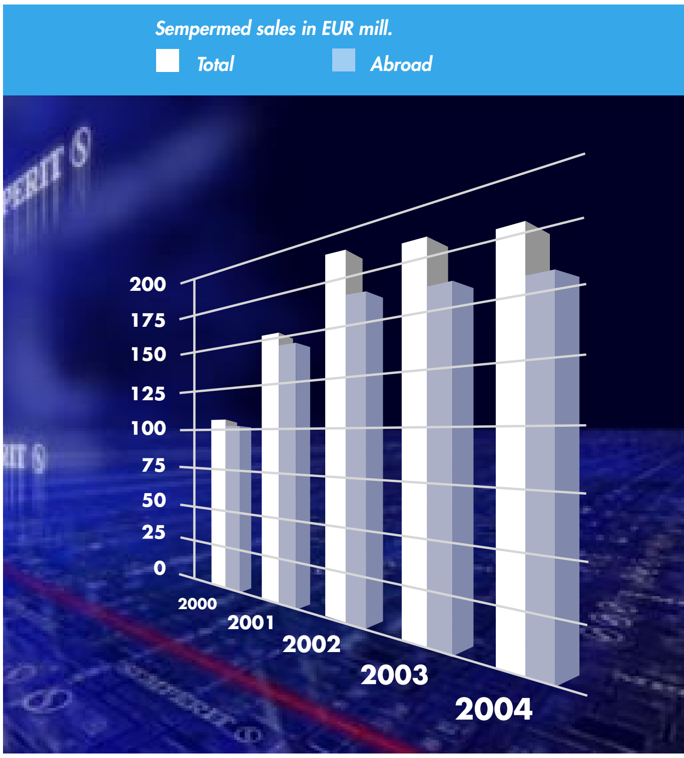
In terms of both quantity and sales, the Thai plants of Siam Sempermed supplied more latex examination gloves than in the previous year and secured their position as the region's market leader. With targeted price rises and cost-cutting programs, it was able to significantly improve earnings.

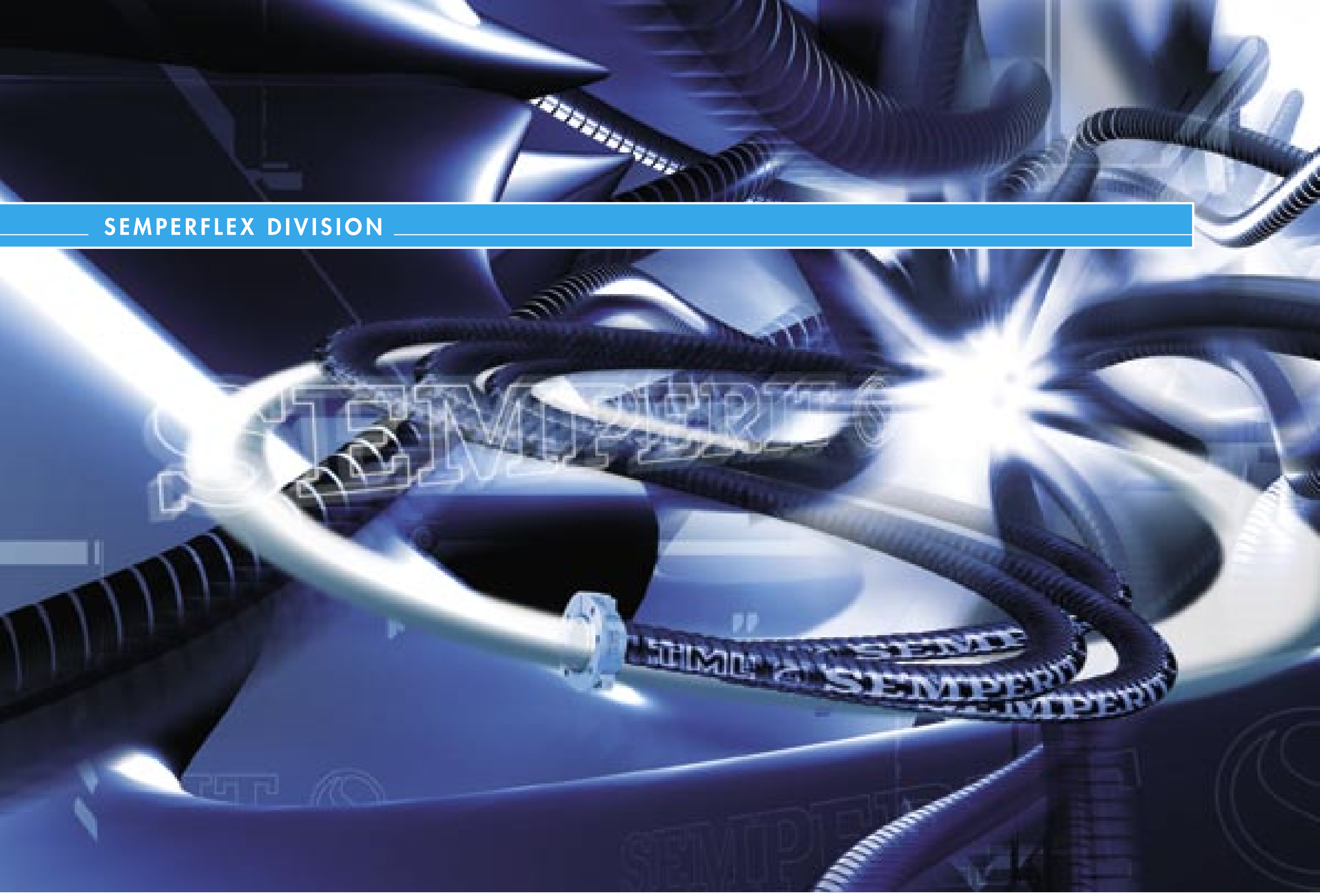
SHANGHAI FOREMOST

The strongly-growing global market segment for non-latex medical and industrial gloves was supplied by Shanghai Foremost, the Chinese Group company acquired in 2002. During the year under review, the company was confronted with steep increases in the price of energy and raw materials as well as with temporary shortages and interruptions to production. As a consequence of these production bottlenecks and cost increases, which could not be passed on at the same rate, the vinyl examination glove segment did not achieve its sales and revenue targets.

SEMPERMED USA

Sales policy in the USA, the world's largest market for medical gloves, concentrated primarily on selling products chosen from the Thai factories with the best possible results. Weaker sales on the extremely price-sensitive industrial mass market had to be taken into account, given the good utilization of examination gloves. On the other hand, hospital and surgery business did well.



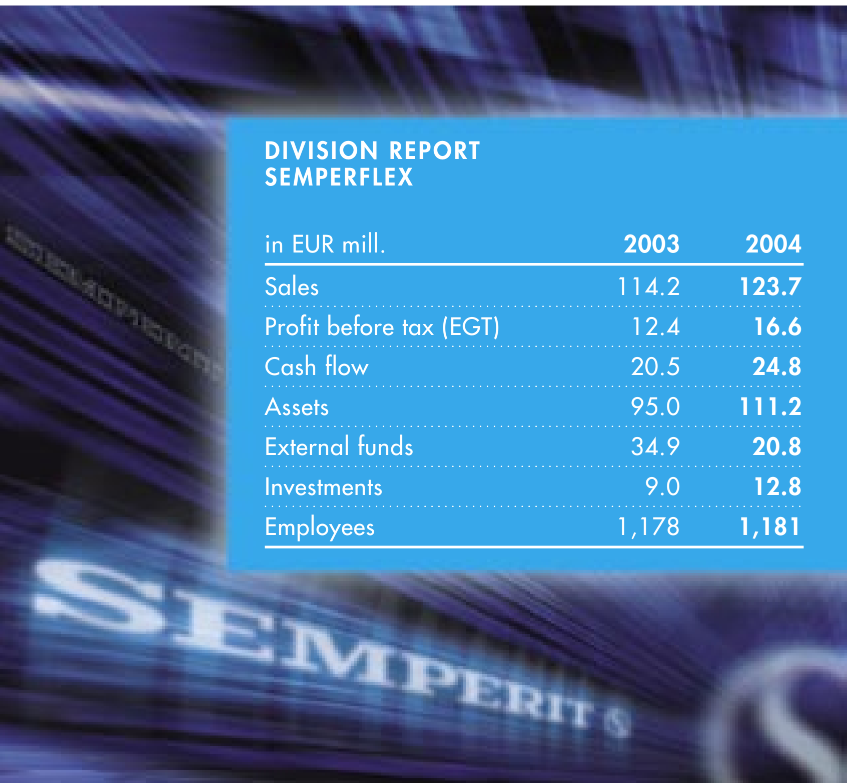


SEMPERFLEX DIVISION

Dynamic growth at the Semperflex division also continued during 2004. Although limited by US dollar weakness, additional market share was captured in spite of the difficult economic environment in Europe, the growing American market and the strongly-growing Far Eastern market.

In terms of growth, the largest investment program to date for expanding Semperflex's capacity was decided on at the end of 2003 and fully implemented during 2004. For example, a massive expansion of capacity was undertaken at all 3 sites in the area of hydraulic hoses, in order to take account of the expanding growth.

The increases in the price of raw materials which started at the end of 2003 continued in 2004. Significant increases in the price of all major raw materials were offset by increasing prices on the market, cutting production costs and increasing productivity. Sales revenue rose by 8.3 % to EUR 123.7 million, while profit on ordinary activity grew by 34.4 % to EUR 16.6 million.



DIVISION REPORT SEMPERFLEX

in EUR mill.	2003	2004
Sales	114.2	**123.7**
Profit before tax (EGT)	12.4	**16.6**
Cash flow	20.5	**24.8**
Assets	95.0	**111.2**
External funds	34.9	**20.8**
Investments	9.0	**12.8**
Employees	1,178	**1,181**

WIMPASSING

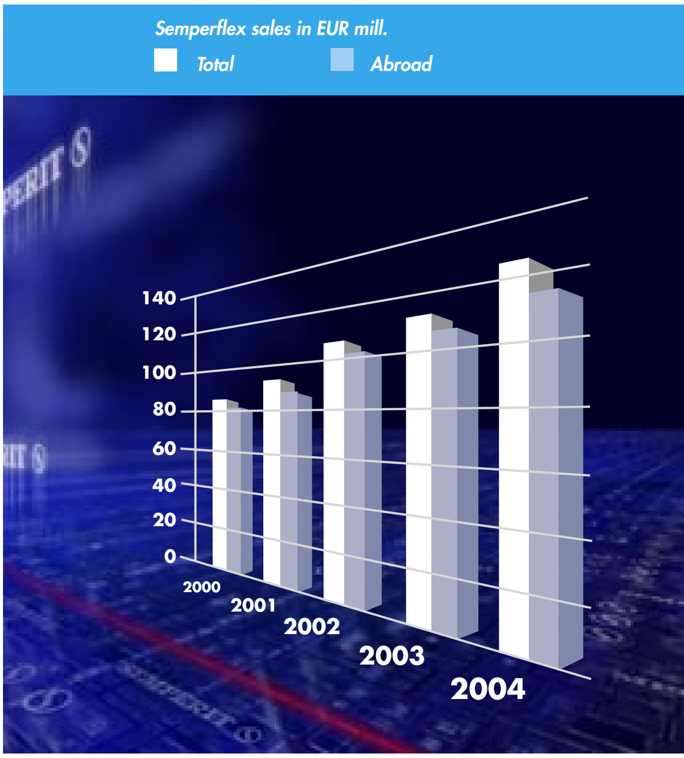
Positive progress in Europe made it possible for the production lines for hydraulic and industrial gloves as well as elastomer sheeting to run at full capacity at the Wimpassing plant. Tight sales and earnings targets were met; in addition to price adjustments, progress was also made with the productivity and cost-cutting programs.

SEMPERFLEX OPTIMIT

The expansion investments decided on in 2003, the largest since the takeover by Semperit, were implemented on schedule during 2004. Successful trading, especially in the markets of Central and Eastern Europe as well as ongoing market penetration in Western Europe, made it possible to fully utilize additional capacities in the area of hydraulic and industrial hose production. In spite of the somewhat dramatic increases in the price of raw materials, the company achieved its ambitious sales and revenue targets.

SEMPERFLEX ASIA

Expansion investments for this division also went according to plan. The market offensive in the Far East, based on the founding of Semperit Singapore in 2003, as well as the consistent pursuit of marketing strategy in America, led to an increase in income in terms of revenue and planning which was well above average. Strict cost management and price increases, especially in the US dollar markets, resulted in better performance compared to the previous year.



SEMPERFLEX RIVALIT

In spite of the market's trend in 2004, Semperflex Rivalit, which specializes in the construction of hydraulic hose feeds, achieved good growth in sales and revenue. Strong increases in productivity and price adjustments in line with increases in the price of raw materials, as well as the acquisition of new customers, led to this pleasing result.

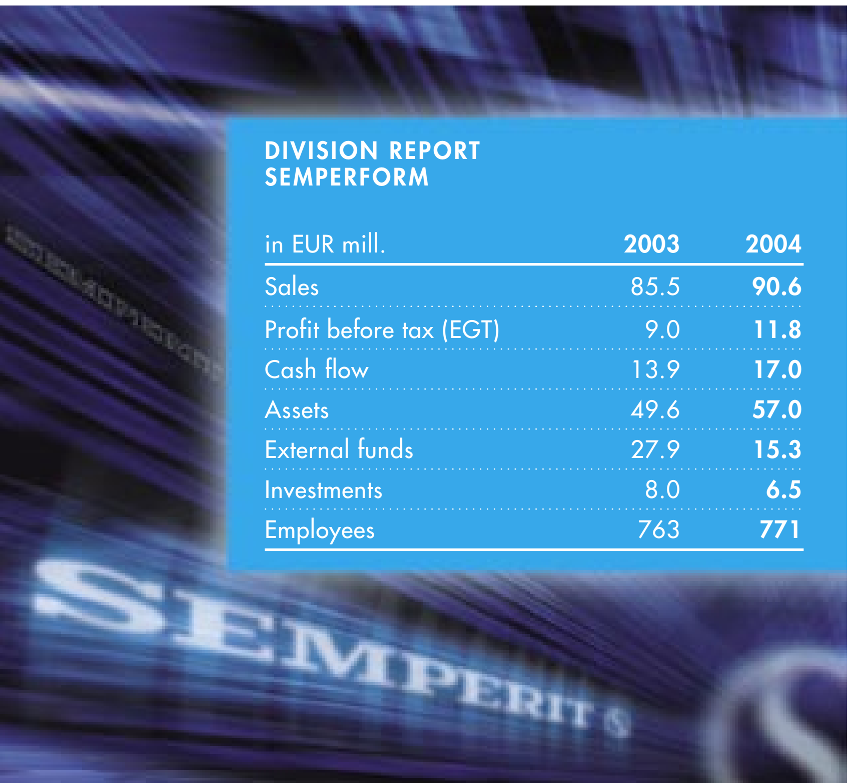
ROITER

Necessary restructuring at the Roiter hose factory in Italy was completed. Sales revenues from the domestic market increased sustainably and the expected turnaround was achieved. Although targets were not reached, the positive trend towards an improvement in sales and results appeared sustainable.

SEMPERFORM DIVISION

The Semperform division recorded pleasing dynamic sales growth in 2004, with an increase of 6 % to EUR 90.6 million while profit on ordinary activity grew by 30.7 % to EUR 11.8 million. However, growth for the individual divisions and product segments was highly variable.

Deliveries in the US were increasingly hit by weak margins, while price increases that took long-term business relationships into consideration were possible only to a moderate extent. The partly massive increase in material prices, above all plastics, was therefore only partially passed on to customers and had a negative effect on the result.



DIVISION REPORT SEMPERFORM

in EUR mill.	2003	2004
Sales	85.5	**90.6**
Profit before tax (EGT)	9.0	**11.8**
Cash flow	13.9	**17.0**
Assets	49.6	**57.0**
External funds	27.9	**15.3**
Investments	8.0	**6.5**
Employees	763	**771**

WIMPASSING

Sales and revenue at the main Austrian plant in Wimpassing grew in line with expectations, with a particularly strong Q4. In particular, above-average expansion was recorded for activities in the railway superstructure segment (through successfully intensified projects and acquisition of market share in France and the UK), pipe clamp profiles and filter membranes.

Business in cable-car loops was very satisfactory, thanks to new safety regulations and rapid expansion in tourist areas. Ski technology profited from the trend towards higher quality models. The spare parts market for handrails almost managed to compensate for the large-scale relocation of production to China.

SEMPERFORM SOPRON

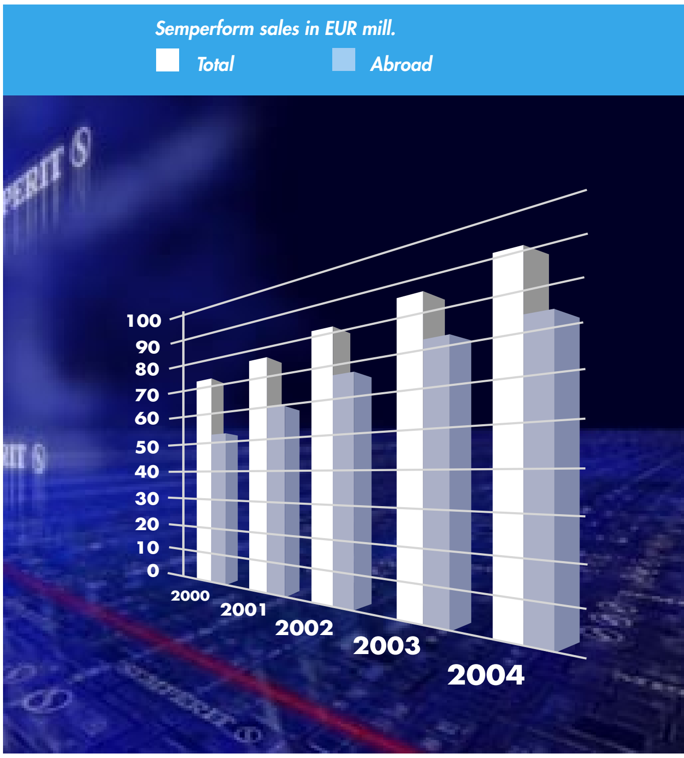
Semperform Sopron in Hungary did not quite live up to expectations. The transition to a more cost-effective product variant and the associated groups internal transfer of production to had a noticeable effect on the skylight and roof window segment.

SEMPERIT GUMMIWERK DEGGENDORF

At the Semperit Gummiwerk Deggendorf in Germany, 2004 was marked by considerably different seasonal activity compared to the previous year. The strong upward trend in the first half was followed by a rapid slow-down in growth. This was caused by stagnation on Eastern European markets with painful losses in Poland as a consequence of the local downturn in construction activity. The German construction sector again showed signs of contraction which spilled over into price wars. For these reasons, market shares have been lost, at least temporarily. Sales were similar to the previous year.

SEMPERFORM PACIFIC

The Thai production company, Semperform Pacific, exceeded optimistic expectations with double-digit growth in sales and considerable increases in results. Particular success was achieved in white goods and electricals. Strong local competition continued to dominate pipe seals. Political influence in the awarding of railway contracts hampered even better results. However, additional production opportunities proved extremely successful.



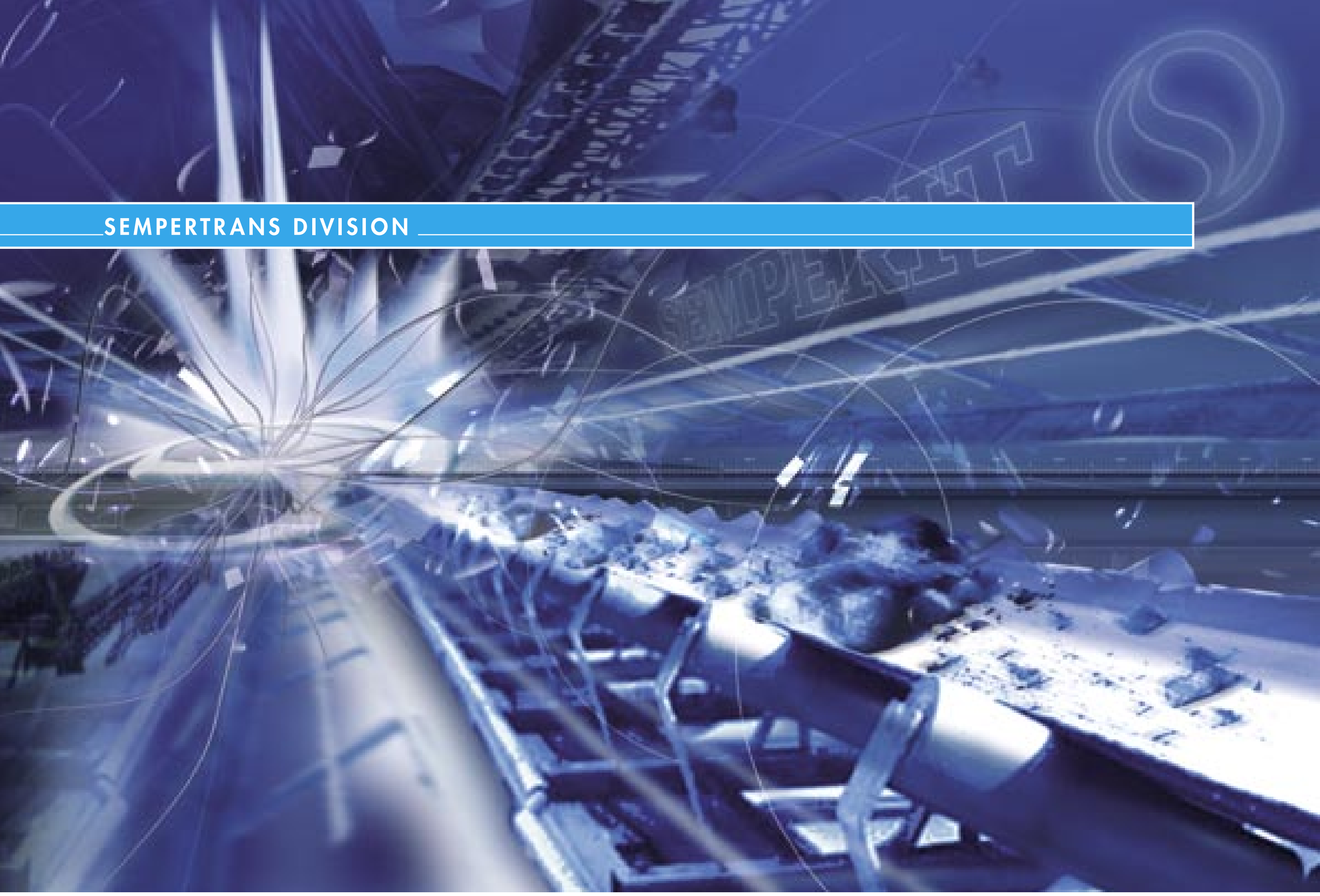
SHANGHAI SEMPERIT RUBBER & PLASTIC

In China, Shanghai Semperit Rubber & Plastic Ltd. continued its massive expansion of escalator hand rails. Increasing demand on the fast-growing Chinese market meant that production ran at full capacity. Good work on building up the company, consistent quality and excellent relations with international and local customers were the main factors behind the success. The relocation of the Hypalon production plant and use of locally-sourced raw materials guaranteed competitiveness. The trend amongst international escalator manufacturers to relocate capacity to China and the expansion of exports to Asia provided additional impulses.

SEMPERIT INDUSTRIAL PRODUCTS

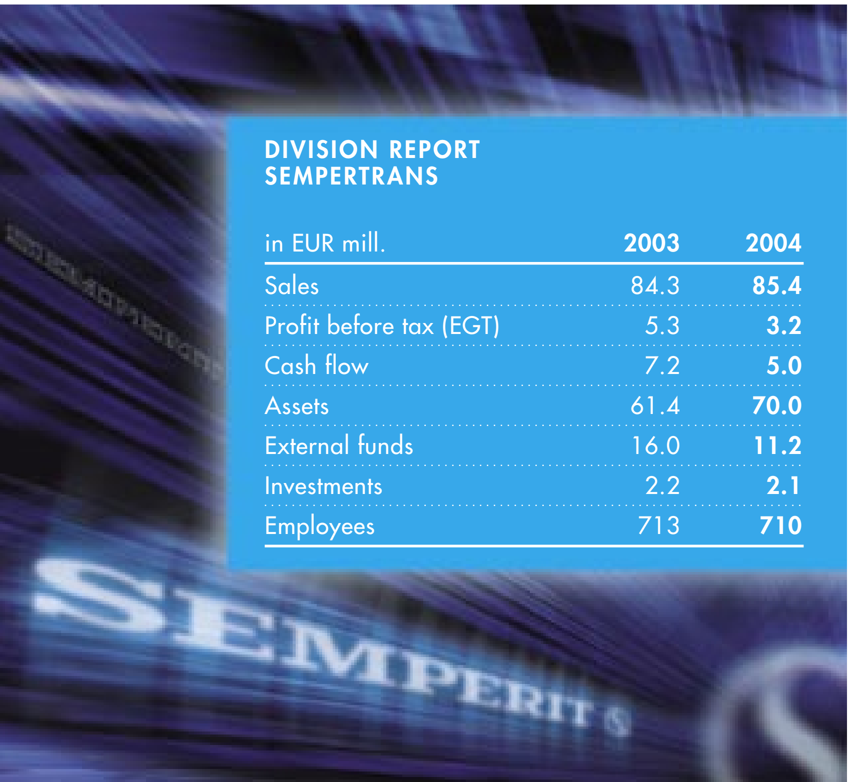
Handrail production at Semperit Industrial Products (SIP) in the US expanded only marginally due to stagnation of the US market. Sales of sponge rubber manufactured in Austria remained low due to the exchange rate and consequent weak margins.

SEMPERTRANS DIVISION



The Sempertrans Group is one the world's largest manufacturers of conveyor belts. Under the common "Sempertrans" brand introduced in 2002, the three factories in France, Poland and India present themselves globally as a single supplier with unified specifications in all current sizes. They manufacture the complete product range of transport and conveyor belts with polyester-/polyamide-textile carcasses or steel carcasses as well as heavy steel cable belts of varying widths and qualities.

In the year under review, the trend towards the relocation of core business to the factories in Poland and India continued; these had good order books and exploited every opportunity.



DIVISION REPORT SEMPERTRANS

in EUR mill.	2003	2004
Sales	84.3	**85.4**
Profit before tax (EGT)	5.3	**3.2**
Cash flow	7.2	**5.0**
Assets	61.4	**70.0**
External funds	16.0	**11.2**
Investments	2.2	**2.1**
Employees	713	**710**

The Polish conveyor belt factory expanded its market position both in Eastern and Western Europe. Synergies between the two European locations were further optimized. The Indian factory exploited the high level of demand and achieved full production capacity for the first time.

Group sales rose by 1.3 % to EUR 85.4 million, while profit on ordinary activity amounted to EUR 3.2 million. Due to the high proportion of material costs in conveyor belts of up to 75 %, the rapid cost increases of raw materials such as natural and synthetic rubber, carbon and nylon as well as polyester nylon represented an extraordinary burden which in overall terms was insufficiently passed on to customers.

SEMPERTRANS FRANCE BELTING TECHNOLOGY (SFBT)

For competitive reasons, French company SFBT suffered considerable losses in the metal belt segment which were primarily due to fewer projects with tunnel constructors and insufficient orders for projects based specifically on metal cord constructions. The slight upswing in textile belt sales was not enough to offset this loss.

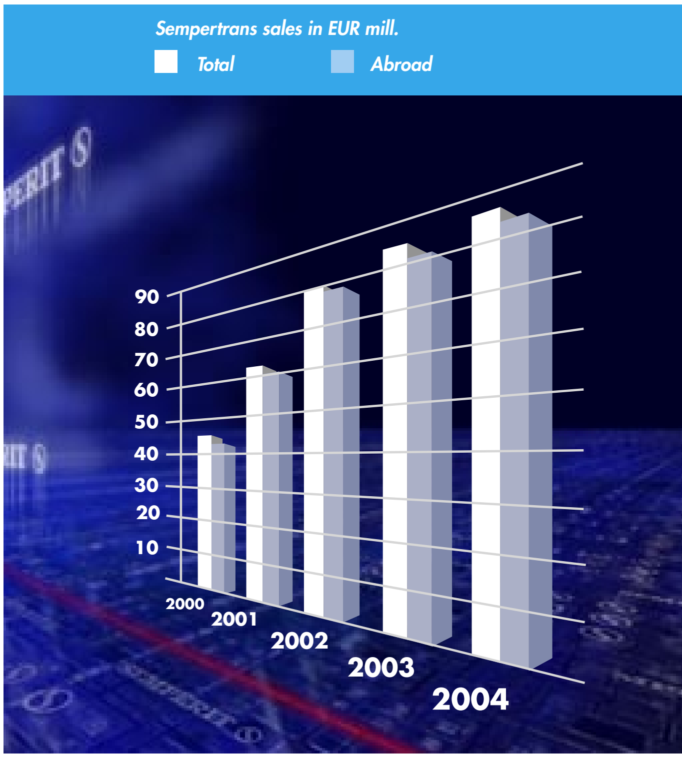
In Europe, only business in France and Northern Europe was pleasing. The development of the dollar exchange rate had a painful impact on competitiveness in export markets outside Europe. Orders from Africa fell sharply.

SEMPERTRANS BELCHATOW

The Polish conveyor belt manufacturer, Sempertrans Belchatow, achieved clear growth in sales and revenue, while the overall result remained the same. More than 15,000 tonnes were produced for the first time in the company's history.

The textile belt segment exhibited exponential growth both on the domestic market and in its exports to Eastern Europe. Pleasing increases in exports were possible in the metal belts segment, although the domestic market was stagnant.

The compound production facility was completely modernized and expanded to three production lines, so that SFBT can also be supplied, in addition to manufacturing its own products. Investments in cable manufacturing have further improved quality and productivity.



SEMPERTRANS NIRLON

The Indian company purchased in 2002, Sempertrans Nirlon in Roha, about three hours by car to the south of Bombay in Western India, has completed its renovation phase and ended 2004 on a successful and strongly competitive note as one of the most important players on the sub-continent. The conveyor belts were predominantly used in the steel, cement and coal industries. However, initial capacity bottlenecks limited the acceptance of orders. Sales volume was markedly increased and further market capture in India propelled forward.

Marked increases in productivity and a consistent price and segment policy were responsible for this turnaround. In accordance with the high level of demand, sales prices were increased, thereby passing virtually all of the cost increases on the raw materials side to customers. The results were consequently very pleasing.

RESEARCH AND DEVELOPMENT

The latest application technologies, market-orientated products and the very best materials based on rubber and plastic are amongst the criteria that define our business policy. Also vital are the consideration of wishes as well as customer suggestions and comments which we use to jointly develop a wide variety of special product versions.

In line with the strong growth in requirements, a new research and development centre was commissioned at Wimpassing in mid-2002. Here, highly qualified teams of experts focus on advancing the development of materials, production processes and product quality within the scope of numerous projects. The technological experience of all Group companies flows permanently into their work. At Semperit, technological progress is not only about development work at headquarters, but also the permanent exchange of knowledge and experience on the basis of research results as well as production and investment activity within all of the Group's companies.

The technology centre at Wimpassing therefore acts as a Group-wide pivot for the exchange of knowledge and experience, product transfer and standardization, process streamlining and technology refinement. Knowledge management within the Group ensures that the highest technological standards are comprehensively applied throughout the Group.

KEY RESEARCH AREAS IN 2005

The various cooperations with domestic and foreign universities will be continued in depth in 2005. These refer primarily to studies on predicting the service life of articles that are subject to dynamic stress, alternative accelerator and networking systems, studies concerning film formation as well as a description of the extrusion process and tool layout for the extrusion process.

Further key projects throughout the Group include a study of the influences on wear and tear in rubber processing machines as well as looking into ways to reduce the energy required for manufacturing rubber products.
Work is being done on the optimization of glove designs in many areas of the glove product portfolio for the Sempermed division. Projects to improve the process technology of the dipping process at all sites should further improve productivity as should new developments in the area of operation glove packaging. Fundamental projects concern both the development of innovative acceleration and networking systems and also a study of film formation in the dipping process.

The design of hoses in various segments in the industrial hose and hydraulic hose areas is being overhauled for the Semperflex division. The further development and optimization of materials used in high pressure hoses is aimed at improving product quality. The calculation model for simulating the demands placed on hoses, worked out in collaboration with a university, will be developed further.

The Semperform division is currently awaiting the conclusion of cost-cutting projects undertaken in the segments of construction profiles, pipe clamp profiles and railway superstructure as well as process development for construction profiles. A project for ongoing material and process development is dedicated to the railway superstructure segment, in addition to the development of new products in collaboration with customers. The latter is also being carried out for customers in the areas of pipe construction and general construction. Material and process optimization for manufacturing filter membranes using injection moulding technology will be completed. In cooperation with the handrail plants, cost-cutting projects and a basic project for a new product variant are underway.

Conveyor belts designed to meet specific customer requirements are being developed for the Sempertrans division. A basic project is given over to describing the adhesion of steel and rubber. The process technology used in the manufacture of steel cable conveyor belts should be improved. The design and construction of textile conveyor belts are being reworked.

HUMAN RESOURCES

The challenges facing the management of the Semperit Group grow with each new international location. The expansion of international locations has seen the percentage of workers employed in Austria decline to 16 %, although in absolute terms, the number of white collar workers at Wimpassing and Vienna has remained more or less constant over the years, while the number of blue collar workers is falling.

For many years, ever more intense international competition has forced us to pursue a strict policy of cost control and reduction throughout the Group, while at the same time steadily increasing production. This has enabled us to ensure a high level of competitive strength. As in every Group structure, the cooperation of the various Group companies plays an important role, not least of all in efforts to achieve maximum synergy effects.

The level of education has increased significantly in recent years. This is particularly evident among white collar employees at the Austrian plant in Wimpassing. While only 20 % of employees were graduates in 1994, this has grown to more than 40 % in 2004. The percentage of engineers and those holding high-school diplomas has also risen sharply.

More than ever before, employees are required to constantly expand their level of knowledge, so that management in particular has the tools with which they are able to develop and identify relevant information.

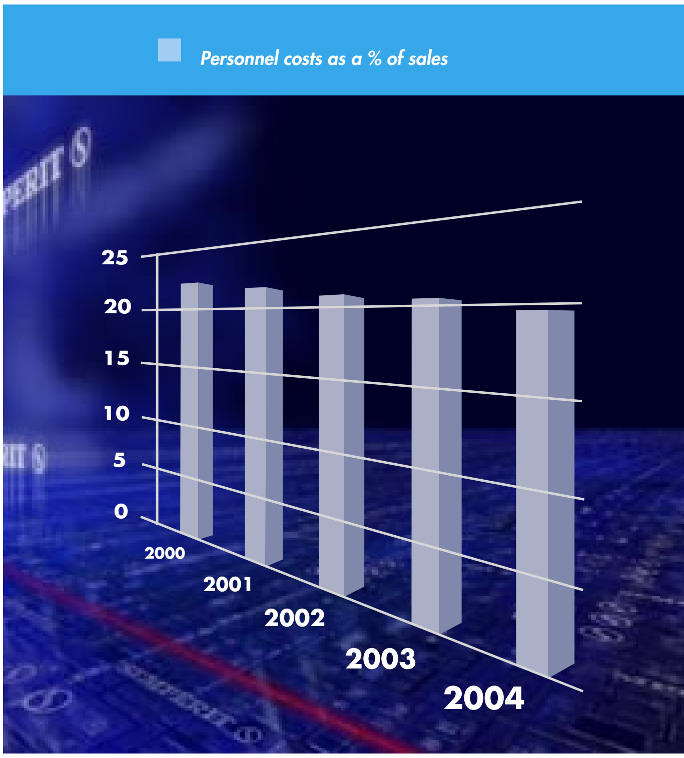
Semperit has responded to these increasing challenges with an educational and further training program. Here are just a few examples of training courses with typical content.

Our leading executives are given intensive management training under an arrangement with the St. Gallen Management Centre in Switzerland to develop an appropriate level of professionalism. This scheme offers a comprehensive and integrated overview of key management tasks on the basis of system-oriented management theories, change recognition and increasing personal productivity.

We are also doing more to adequately educate our young engineering and commercial personnel. As part of the standardized introductory training program, the young graduates also receive selective specialist training in areas such as rubber technology, logistics, quality assurance, controlling, industrial engineering, procurement and product liability. In addition to this, specific modules are offered to round off this training stage with courses tailored to the future area of work. These include time and goal management, presentation and public speaking skills, sales training, product training, language courses and multi-stage management courses.

Training is also being intensified in the area of “Basic Knowledge for Project Management”, the modern tool for successful project management in a very practical format

A module has also been provided for those employees who have been working for the Group for many years: „How to Effectively Manage, Steer and Organize Projects“ should bring the knowledge of all those participating up to the same level.



New skills for the “Back-Office” area have been intensively provided in recent years. The contents change in line with requirements. Further training is therefore an ongoing requirement.

Product management, distribution, sales, key account and marketing, the right approach to customers, the company’s most valuable resource, recognizing potentials, recognizing customer requirements, customer loyalty, customer benefit and customer satisfaction, the right product and marketing strategies – all these are important aspects of successful business policies. Setting appropriate priorities is a continuous challenge for human resources development.

Our success as a company depends on the qualifications of our employees at all levels, from blue collar machine operators, to foremen, qualified employees in the back-office, technicians, sales staff and executives. This success can only be guaranteed by systematic and continuous education and further training over the long term.

OUTLOOK FOR 2005

Global economic conditions were extremely varied at the beginning of 2005. While the economy in the USA continued to expand strongly, levels of business activity in the Euro zone hardly changed at all.

In February 2005, the Euroframe indicator showed a gradual slowing of economic growth in the euro-zone. Following an increase of 2.3 % in Q4, growth for Q1 2005 compared to the same period for the year before was expected to be 2.1 %, with a rate of 1.6 % for Q2. The reason behind this is a dampening of export and industrial activity.

In the monthly business activity questionnaire of the European Commission, industrial confidence in January 2005 was noticeably lower than in autumn 2004. Consumer confidence has also not improved since then.

RECORD PROFITS EXPECTED AGAIN

In spite of this background, the Semperit Group remained on the path to growth during the first few months of 2005 and exhibited robust strength. This trend gives good reason to assume that Semperit will achieve record profits for the 15th consecutive year.

However, as the same time we expect the unfavourable competitive conditions to continue in the form of increased fluctuation of the dollar exchange rate and prolongation of high energy and raw material costs.

An increase in sales and revenue is expected for the Sempermed division. In Europe, a new offensive Market will be carried out for high-quality operation gloves. A massive increase will also be planned in for examination gloves, with the expectation of a strong increase in sales. A clear increase in sales is planned for the US market on the back of this marketing offensive. For this, the company will be better adjusted to the various demands of the segment, thereby strengthening efficiency and competitiveness. At the production site in Hatyai, Thailand, construction has started on a third production plant for medical gloves with considerable increases in capacity. Clear improvement in profits is expected, thanks to the successful cost-cutting measures and expansion of capacity. At the plant in Shanghai, the basic conditions and consequently the course of business have improved with the expansion of capacity. The demand for vinyl gloves continues to rise and offers additional opportunities for product differentiation.

In spite of continuing difficulties with the cost and availability of raw materials, it is likely that the additional capacity created for the Semperflex division in 2004 will remain fully utilized. An aggressive marketing policy and the achievement of market share and cost targets will, from today's point of view, result in a further sustainable increase in sales and profit. The plant at Wimpassing has taken a good number of orders since the start of the year. At the Optimit hose factory in the Czech Republic, the investments started last year have now been concluded, ensuring increased production capacity and an expansion of sales and revenue. The Italian plant, Roiter, is working on expanding market share in the Southern European market. Capacity at the Thai plant in Hatyai is being increased again to provide the right conditions for a new marketing offensive in the Far East. In China, a new factory for hydraulic gloves is being constructed in Shanghai, and is planned to enter operation in time for Q1 2006.

The individual segments at the Semperform division will continue to develop differently. However, an overall expansion of business with pleasing results is unlikely. For deliveries to the USA, currency-based margin weakness must be accepted as price increases continue to be insufficient. Above average expansion of business is expected in the areas of railway superstructure, ski technology and replacement deliveries of hand rails. Much the same applies to cable-car loops and profiles as well as in the segment of moulded articles, above all for railway superstructure and filter membranes. Less pleasing are the trade in pipe seals and the new trade in hand rails. The German plant at Deggendorf is planning to work hard on acquiring new customers, including targeting new areas. This is linked to an increase in exports, as further falls are expected for the German market as a consequence of continued weaknesses in construction activity.

At the Sempertrans division, the largest company, Sempertrans Belchatow in Poland, is also the strongest in market terms with optimistic expectations for the current business year and marked increases in sales and profit. The French Group company SFBT continues to struggle with regional structural weaknesses. In addition to the Indian market, the Indian company, Sempertrans Nirlon, will also supply other Asian countries, with the Semperit trading company in Singapore adopting an important sales function.

Overall, a further improvement is expected for 2005 on the basis of improved competitive positioning.

CONSOLIDATED FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

in TEUR	Note	2003	2004
SALES	(5.1.)	**463,484.3**	**477,381.5**
Differences between opening and closing stocks		1,456.5	3,148.8
Own work capitalised		535.0	361.0
OPERATING REVENUES		**465,475.8**	**480,891.3**
Other operating income	(5.2.)	11,622.4	11,488.0
Cost of materials	(5.3.)	-223,801.9	-233,978.8
Staff costs	(5.4.)	-97,693.0	-94,294.3
Depreciation		-23,186.0	-25,313.9
Other operating expenses	(5.5.)	-89,266.6	-90,552.0
OPERATING PROFIT (EBIT)		**43,150.7**	**48,240,3**
Income from companies in which Group has a participating interest		0.0	220.2
Interest result		20.2	525.8
Other financial results		1,083.5	3,036.2
FINANCIAL RESULTS	(5.6.)	**1,103.7**	**3,782.2**
PROFIT BEFORE TAX (PBT)		**44,254.4**	**52,022.5**
Taxes on income	(5.7.)	-11,263.7	-13,655.2
PROFIT AFTER TAX		**32,990.7**	**38,367.3**
Minority interests		-6,077.5	-7,566.2
NET PROFIT FOR THE PERIOD		**26,913.2**	**30,801.1**

in EUR			
Earnings per share (outstanding shares)	(7.1.)	1.31	1.50
Earnings per share (weighted average number of shares)		1.32	1.51
Paid or recommended dividend per share		0.54	0.70

The following notes to the financial statements form an integral part of this profit and loss account.

Cash Flow Statement

in TEUR	Note	2003	2004
Profit after taxes		32,990.7	38,367.3
Depreciation and amortisations/write ups		23,602.6	24,771.7
Increase/decrease in long-term provisions	(4.6)	2,494.8	-5,345.9
Reversal of negative goodwill		-613.2	-575.0
Changes in non-cash items and minority interests resulting from foreign exchange translations		-7,769.3	-2,699.1
GROSS CASH FLOW		**50,705.6**	**59,917.2**
Increase/decrease in inventories	(4.2)	594.3	-8,529.2
Increase/decrease in trade receivables	(4.3)	6,943.5	2,314.6
Increase/decrease in other receivables and deferred charges	(4.3)	1,176.3	7,735.6
Increase/decrease in trade payables and prepayments	(4.7)	-2,928.8	4,119.6
Increase/decrease in other liabilities and deferred charges	(4.7)	2,355.4	-1,356.9
CASH FLOW FROM OPERATING ACTIVITIES		**58,846.3**	**64,200.9**
Proceeds from the sale of assets		4,539.2	6,619.3
Purchase of property, plant and equipment and intangible assets		-15,155.9	-25,041.8
Investments in financial assets		-14,288.1	-2,904.2
Acquisition of subsidiaries less acquired cash and cash equivalents		-474.4	0.0
Net flows from increase/decrease in marketable securities		64.4	0.0
CASH FLOWS FROM INVESTING ACTIVITIES		**-25,314.8**	**-21,326.7**
Net redemptions of short-term and long-term borrowings	(4.7)	3,652.2	-3,535.6
Dividends		-8,342.9	-11,011.0
Dividends to minority interests		-5,720.9	-3,998.2
CASH FLOW FROM FINANCING ACTIVITIES		**-10,411.6**	**-18,544.8**
CHANGE IN CASH AND CASH EQUIVALENTS		**23,119.9**	**24,329.4**
Effect of exchange rate fluctuations on cash and cash equivalents		-1,800.2	228.5
Cash and cash equivalents at the beginning of the year		18,981.7	40,301.4
FINANCIAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**40,301.4**	**64,859.3**

Cash and cash equivalents correspond to cash resources.
The following notes to the financial statements form an integral part of this Cash Flow Statement.

Balance Sheet

ASSETS

in TEUR	Notes	31.12.2003	31.12.2004
Intangible assets		-2,980.7	-5,342.4
Property, plant and equipment		117,737.8	120,838.5
Financial assets		25,592.0	23,746.3
FIXED AND FINANCIAL ASSETS	(4.1.)	**140,349.1**	**139,242.4**
Inventories	(4.2.)	58,668.4	67.197.6
Trade receivables	(4.3.)	67,443.5	65,128.9
Other receivables	(4.3.)	14,957.7	10,643,8
Cash and cash equivalents		40,301.4	64,859.3
Deferred charges	(4.3.)	630.2	791.6
CURRENT ASSETS		**182,001.2**	**208,621.2**
Deferred taxes	(4.4.)	11,570.6	7,987.5
ASSETS		**333,920.9**	**355,851.1**

EQUITY AND LIABILITIES

in TEUR			
Issued capital		21,359.0	21,359.0
Share premium		21,503.2	21,503.2
Retained earnings		128,484.8	148,274.9
Treasury shares		-2,460.0	-1,349.9
Currency translation		-13,685.0	-7,679.3
EQUITY	(4.5.)	**155,202.0**	**182,107.9**
MINORITY INTEREST		**34,427.7**	**35,570.8**
Provisions for pensions and severance payments		54,231.2	51,971.0
Provisions for deferred taxes	(4.4.)	746.2	1.294.9
Provisions for current taxes		4,679.4	992.9
Other provisions		27,846.1	26,452.3
PROVISIONS	(4.6.)	**87,502.9**	**80,711.1**
Liabilities due to banks		16,811.8	13,276.2
Trade payables		24,104.3	28,302.4
Prepayments		526.5	488.0
Other liabilities		14,701.2	14,692.7
Deferred charges	(4.7.)	644.5	742.0
LIABILITIES	(4.7.)	**56,788.3**	**57.461,3**
EQUITY AND LIABILITIES		**333,920.9**	**355,851.1**

The following notes to the financial statements form an integral part of this balance sheet.

Capital and Reserves

in TEUR	Issued-capital	Share-premium	Retained-earnings	Treasury shares	Currency-translation	**Total**
Balance on 1.1.2003	**21,359.0**	**21,503.2**	**109,914.5**	**-2,460.0**	**-1,770.6**	**148,546.1**
Net profit			26,913.2			26,913.2
Dividend			-8,342.9			-8,342.9
Currency translation adjustments					-11,914.4	-11,914.4
Balance on 31.12.2003	**21,359.0**	**21,503.2**	**128,484.8**	**-2,460.0**	**-13,685.0**	**155,202.0**
Net profit			30,801.1			30,801.1
Change in treasury shares				1,110.1		1,110.1
Dividend			-11,011.0			-11,011.0
Currency translation adjustments					6,005.7	6,005.7
Balance on 31.12.2004	**21,359.0**	**21,503.2**	**148,274.9**	**-1,349.9**	**-7,679.3**	**182,107.9**

The following notes to the financial statements form an integral part of this schedule on capital and reserves.

Changes in Fixed and Financial Assets

ACQUISITION / DISPOSAL COSTS

Balance on in TEUR	Balance on 1.1.2004	Acquisitions/ disposals of businesses	Foreign exchange differences	Acquisitions	Disposals	Transfers	Balance on 31.12.2004
I. INTANGIBLE ASSETS							
Software licences,industrial property rights and similar rights	10,158.8	0.0	79.3	231.2	-45.8	-10.2	10,413.3
Goodwill	4,980.5	0.0	-45.8	0.0	0.0	0.0	4,934.7
Negative goodwill	-12,727.0	0.0	0.0	0.0	0.0	0.0	-12,727.0
Advanced payments	108.7	0.0	-7.9	0.0	0.0	-3.2	97.6
	2,521.0	**0.0**	**25.6**	**231.2**	**-45.8**	**-13.4**	**2,718.6**
II. PROPERTY, PLANT AND EQUIPMENT							
Land and buildings, including buildings on land owned by third parties	92,035.9	0.0	2,429.1	3,684.7	-159.7	685.9	98,675.9
Machinery and equipment	198,803.3	0.0	2,768.6	11,019.2	-1,782.4	3,859.9	214,668.6
Fixtures, fittings, tools and equipment	49,412.6	0.0	-220.6	2,101.8	-2,790.8	1,992.2	50,495.2
Prepayments and assets under construction	4,433.3	0.0	-60.7	8,004.9	-226.1	-6,462.6	5,688.8
	344,685.1	**0.0**	**4,916.4**	**24,810.6**	**-4,959.0**	**75.4**	**369,528.5**
III. FINANCIAL ASSETS							
Investments in subsidaries	416.5	0.0	-0.2	0.0	0.0	0.0	416.3
Investments in associates	219.8	0.0	4.4	0.0	0.0	0.0	224.2
Other investments	254.9	0.0	154.5	0.0	-85.4	-62.0	262.0
Securities	24,892.0	0.0	-46.6	2,893.7	-6,812.6	0.0	20,926.5
Loans granted	114.0	0.0	1.5	10.5	-26.6	0.0	99.4
	25,897.2	**0.0**	**113.6**	**2,904.2**	**-6,924.6**	**-62.0**	**21,928.4**
	373,103.3	**0.0**	**5,055.6**	**27,946.0**	**-11,929.4**	**0.0**	**394,175.5**

Note: Rounding differences may arise from the automatic processing of data.
The following notes to the financial statements form an integral part of this financial statement.

DEPRECIATION/APPRECIATION								BOOK VALUES	
Balance on 1.1.2004	Acquisitors disposals of businesses	Foreign exchange differences	Depreciation for business year 2004	Disposals	Transfers	Appreciation business year 2004	Balance on 31.12.2004	Carrying amount on 31.12.2004	Carrying amount on 31.12.2003
6,169.1	0.0	81.5	1,577.7	-45.8	0.0	0.0	7,782.5	2,630.8	3,989.7
1,292.7	0.0	-20.8	1,549.8	0.0	0.0	0.0	2,821.7	2,113.0	3,687.8
-2,065.8	0.0	0.0	-575.0	0.0	0.0	0.0	-2,640.8	-10,086.2	-10,661.2
105.7	0.0	-8.1	0.0	0.0	0.0	0.0	97.6	0.0	3.0
5,501.7	**0.0**	**52.6**	**2,552.5**	**-45.8**	**0.0**	**0.0**	**8,061.0**	**-5,342.4**	**-2,980.7**
45,589.0	0.0	1,207.1	2,604.4	-75.0	0.0	0.0	49,325.5	49,350.4	46,446.9
141,913.8	0.0	2,559.3	15,515.2	-1,752.7	-297.2	0.0	157,938.4	56,730.2	56,889.5
39,432.9	0.0	-217.7	4,635.6	-2,741.7	297.2	0.0	41,406.3	9,088.9	9,979.7
11.6	0.0	2.9	6.2	-0.9	0.0	0.0	19.8	5,669.0	4,421.7
226,947.3	**0.0**	**3,551.6**	**22,761.4**	**-4,570.3**	**0.0**	**0.0**	**248,690.0**	**120,838.5**	**117,737.8**
369.0	0.0	0.0	0,0	0.0	0.0	0.0	369.0	47.3	47.5
0.0	0.0	0.0	0,0	0.0	0.0	0.0	0.0	224.2	219.8
72.2	0.0	55.4	18,2	-9.3	0.0	0.0	136.5	125.5	182.7
-206.3	0.0	-46.6	106,6	-991.5	0.0	-1,259.9	-2,397.7	23,324.2	25,098.3
70.3	0.0	0.5	17,9	-14.4	0.0	0.0	74.3	25.1	43.7
305.2	**0.0**	**9.3**	**142,7**	**-1,015.2**	**0.0**	**-1,259.9**	**-1,817.9**	**23,746.3**	**25,592.0**
232,754.2	**0.0**	**3,613.5**	**25,456,6**	**-5,631.3**	**0.0**	**-1,259.9**	**254,933.1**	**139,242.4**	**140,349.1**

Segment Reporting

STRATEGIC AREAS (PRIMARY SEGMENTS)

in TEUR	Sempermed	Semperflex	Semperform	Sempertrans	Other and Group Eliminations	Group
2004						
Sales [1]	177,445.0	123,686,4	90,616.4	85,411.8	221.9	477,381.5
Profit before tax	17,987.8	16,607.7	11,819.1	3,192.6	2,415.3	52,022.5
Financial results	-115.2	81.7	88.6	219.6	3,507.5	3,782.2
Depreciation	-7,247.6	-8,153.8	-5,199.8	-1,851.5	-2,861.2	-25,313,9
Assets	101,557,5	111,171.5	57,044.1	69,997.9	16,080.1	355,851.1
thereof financial assets	15,285,6	20,782.3	15,285.3	11,174.4	1,840.0	64,367.6
Liabilities	23,538.5	32,032.1	27,062.0	19,422.1	36,117.7	138,172.4
of which liabilities due to banks	5,954.2	4,953.5	2,294.4	72.0	2.1	13,276.2
Capital expenditures	5,398.3	12,754.7	6,504.2	2,077.9	1,210.9	27,946.0
Employees	3,021	1,181	771	710	27	5,710
2003						
Sales [1]	179,148.7	114,188.4	85,472.4	84,342.9	331.9	463,484.3
Profit before tax	16,197.7	12,355.6	9,041.2	5,329.4	1,330.5	44,254.4
Financial results	-148.1	-82.2	56.6	95.6	1,181.8	1,103.7
Depreciation	-7,900.3	-8,137.4	-4,810.5	-1,853.3	-484.5	-23,186.0
Assets	102,082.5	95,026.7	49,634.9	61.352.0	25,824.8	333,920.9
thereof financial assets	11,375.5	15,206.5	9,454.1	1,101.3	195.3	37,332.7
Liabilities	32,047.4	34,890.3	27,906.5	15.996.6	33,450.4	144,291.2
of which liabilities due to banks	10,351.3	4,276.2	2,124.8	59.5	0.0	16,811.8
Capital expenditures	9,548.8	9,016.9	7,970.3	2,235.6	672.3	29,444.0
Employees	3,204	1,178	763	713	28	5,886

According to the "management approach" which is based upon IAS 14, the company segments are to be defined in compliance with the internal reporting structures in primary segment reports. In regional segment reporting, sales are segmented according to the area of delivery. Assets and investments are classified by company headquarters.

Information on business developments in the individual divisions is included in the Group Report. The allocation of assets, liabilities, financial result and sales has already been adjusted for consolidation at the business divisions.

REGIONS (SECONDARY SEGMENTS)

	2003			2004		
in TEUR	Assets	Capit. Expend.	Sales [1]	Assets	Capit. Expend.	Sales [1]
Austria	124,020.8	18,103.4	31,413.2	126,927.9	7,163.8	31,476.4
EU excluding Austria [2]	59,426.1	1,480.1	203,788.0	55,668.4	2,995.2	259,934.3
Total EU	183,446.9	19,583.5	235,201.2	182,596.3	10,159.0	291,410.7
Rest of Europe	70,150.9	3,166.0	76,142.2	93,397.6	10,734.1	34,538.1
Total Europe	253,597.8	22,749.5	311,343.4	275,993.9	20,893.1	325,948.8
The Americas	30,818.7	1,149.8	113,234.0	28,249.2	340.5	109,323.2
Asia and the rest of the world	68,515.4	5,544.7	38,906.9	71,545.6	6,712.4	42,109.5
Consolidation	-19,011.0	0.0	0.0	-19,937.6	0.0	0.0
GROUP	**333,920.9**	**29,444.0**	**463,484.3**	**355,851.1**	**27,946.0**	**477,381.5**

[1] after elimination of inter company sales [2] Sales to new EU states (acceded to EU on 01.05.2004) are included from the beginning of 2004

Notes on the financial statements

1. General Information

1.1. General Principles

International Financial Reporting Standards (IFRS)

These financial statements as at 31 December 2004 were prepared in keeping with the principles set forth by the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In view of § 245 a HBG (Austrian Commercial Code) the financial statements drawn up in accordance with IFRS give sufficient grounds for exemption.

No new IFRS standards were published during the reporting year which were to be applied by the Semperit Group or which were voluntarily applied in advance.

The consolidated financial statements are presented in Thousands of Euro (TEUR).

1.2. Basic Differences Between Austrian and IFRS Accounting Rules

Basic Differences

Austrian accounting principles and International Financial Reporting Standards are based on fundamentally different principles. The Austrian accounting principles set out in the Commercial Code (HGB) place the principle of prudence and protection of creditors in the foreground. The primary objective of accounting according to the principles of IFRS is to provide information upon which investors and shareholders may base their decisions; for that reason, greater importance is attached to the comparability of annual financial statements prepared in accordance with IFRS than is the case with those based upon the Austrian Commercial Code.

Those specific differences that are of particular importance for these consolidated financial statements are set out below:

Financial Assets

According to Austrian reporting principles, financial assets must be reported at the cost of acquisition or market value, whichever is lower. Investment securities that are held by the Semperit Group in order to meet the securities requirement of Austrian fiscal law must be valued at market value in accordance with the provisions of IAS 39.

Treasury shares

Under the Austrian Commercial Code (HGB), treasury shares must be reported in the item investment capital funds or current assets. A provision for treasury shares must be reported on the liabilities side of the balance sheet. Under IFRS, treasury shares must be reported on the balance sheet as a deduction from equity capital.

Deferred taxes

The Austrian Commercial Code requires the creation of deferred tax provisions for temporary differences if a tax liability is expected to arise when these differences are reversed. IFRS requires the creation of deferred taxes on all temporary differences which arise between financial statements prepared for tax purposes and IFRS financial statements using the currently applicable tax rate. Under IFRS, deferred tax assets must also be recorded for tax loss carry-forwards that are expected to be offset against taxable profits in the future.

Other provisions

With respect to provisions, IFRS interprets the principle of prudence differently from the Austrian Commercial Code. IFRS generally place stricter requirements on the probability of relevant events occurring and estimating the amount of the provision.

Provisions for personnel

During the reporting year, the Semperit Group largely moved over to calculating retirement, pension and anniversary reserves based on the IAS 19 calculation. Under IFRS, provisions for employees are calculated using the projected unit credit method with a capital market interest rate of 4.5 % and taking into account the expected salary increases and contractual adjustments for inflation.

Foreign Exchange Valuation

The two accounting systems require different treatments for unrealized profits arising from the valuation of foreign exchange items as at balance sheet date. According to Austrian law, unrealized losses must be accounted in compliance with the imparity principle, while IFRS also require the recognition of unrealised profits.

1.3. General Information on the Consolidated Financial Statements

Semperit Aktiengesellschaft Holding (SAG) is an international industrial company with headquarters in Vienna, Austria. Its business activities can be divided into four strategic business divisions:

Sempermed (medical gloves, industrial gloves),
Semperform (escalator handrails, elastomer profiles, moulded articles),
Semperflex (hydraulic and industrial hoses, elastomer sheeting),
Sempertrans (conveyor belts).

To enhance the clarity of the presentation, individual items of the balance sheet and income statement have been reported together. The Annex provides a detailed presentation. Rounding differences in the summation of rounded amounts and percents may arise from the automatic processing of data.

The financial statements of all major companies and fully consolidated companies in Austria and abroad that are subject to statutory audits were investigated by independent auditors and were awarded unqualified opinions. The regulatory transfer of current local trade balances in individual IFRS statements was also actioned by the local auditors

1.4. Consolidation Principles and Methods

The financial statements of the individual companies included, in Austria and abroad, were drawn up as at the balance sheet date, 31 December 2004.

Items 3.1 and 3.2 of the Annex provide an overview of the fully consolidated companies valued at equity. Consolidation in the reporting year remained unchanged compared to the previous year.

Capital consolidation involves offsetting the acquisition costs of the participatory shares secured against the book value of the subsidiaries' shareholder's equity.

Asset-side balancing items originating from first-time consolidation are reported as goodwill on the asset side of the balance sheet. Liabilities from first-time consolidation that are the result of a favourable purchasing price are reduced over the weighted average useful life of the acquired depreciable fixed assets. On the reporting date, liability differences of TEUR 10,086.2 (2003: TEUR 10,661.2) were shown as an asset.

Companies, in which the Semperit Group holds a 50 % stake, are fully consolidated if the Group has a dominant influence.

The same capital consolidation principles as for full consolidation apply to the associated companies included according to the equity method. A valuation in line with uniform Group methods was not carried out on these companies because of negligible effects.

In the course of debt consolidation, receivables and liabilities between companies included in full in the consolidated accounts were fully netted off. Intercompany profits from intra-Group deliveries were eliminated by means of a surcharge method if they were of significance.

In the course of expenditure and revenues elimination, all inter-company proceeds and expenses, which arose from the sale of goods or services between Group companies, were eliminated.

Subsidiaries outside the euro-zone are regarded as financially independent companies. In compliance with the functional currency concept, the assets and liabilities reported in the individual annual financial statements of these companies, including goodwill and value adjustments resulting from first-time consolidation are converted at mean exchange rates at the balance sheet date. The items of the profit and loss account were converted using the mean exchange rates of the business year. Resulting foreign currency profits and losses are reported under the item foreign currency translation adjustments.

II. Accounting and Valuation Methods

2.1. Date of Sales- and Profit Realisation

Sales and income are generally considered realised upon passage of risk (at transfer date of risks and utilisation) or provision of service. Interest income is realised pro rata temporis taking into account the effective rate, licences and rental revenues are treated in the same manner.

2.2. Tangible and Intangible Fixed Assets

Intangible fixed assets are valued at their cost of acquisition less scheduled straight-line amortisation. A period of 4 to 10 years was applied as a basis for their useful life.

Tangible fixed assets were valued at their cost of acquisition or manufacture less scheduled depreciation. Costs of manufacture in the case of assets produced by the company itself included pro rated overhead costs in addition to direct costs. Scheduled depreciation by the straight-line method was undertaken and calculated on the basis of the following useful life figures (see table right):

Depreciation was calculated from the date the asset was put into initial operation.

	Useful life in years
Buildings	25 – 50
Outdoor plant	10
Technical equipment, plant and machinery	5 – 10
Office furniture	5 – 10
Office equipment	5 – 10
IT hardware	3 – 5
Storage and workshop equipment	5 – 10
Vehicles	4 – 5

In accordance with IAS 36 (Impairment of Assets), assets are checked on the balance sheet date for evidence of a loss in value. If there is such evidence, the present value or the higher net disposal income for the asset in question is entered. If this value lies below the book value for this asset, an unscheduled depreciation is made on this value. For this, the individual locations were defined as cash-generating units.

2.3. Financial Assets

Financial assets are not held for trading purposes. All securities are classified as available for sale. They are valued at historic cost at the time of acquisition, in later periods at current market value. Changes in value are recorded as income in the income statement. The market values of the securities are calculated on the stock exchange price at the balance sheet date.

Other interests for which a market value cannot be ascertained without considerable difficulty are included in the balance sheet at acquisition cost.

2.4. Inventories

Stocks were valued at their cost of acquisition or manufacture or at lower net disposal value. Adequate write-downs are taken into consideration for stock risks resulting from duration of storage or impaired usability. The valuation is generally based on the moving average method.

Manufacturing includes direct expenditures as well as all variable and fixed overheads incurred by production. The costs of borrowed capital are reported as expenditure in the period in which they were incurred.

2.5. Receivables

Receivables and other assets were valued at their face value insofar as no lower value needed to be set to cover discernible risks Receivables expressed in foreign currencies were valued at the mean exchange rates on the balance sheet date.

2.6. Minority interest

Minority interest is shown separately from the issued capital in the Group balance sheet in accordance with IAS 27, and is indicated separately from debt as an individual entry.

2.7. Provisions

Severance payment provisions were created for legal and contractual claims and correspond to actuarially calculated provision requirements based on a standard national rate of interest of 4.5 % and an adequate staff turnover deduction in compliance with IAS 19. Salaries are expected to increase by 3.6 % p.a.

Provisions for current pensions and anticipated pensions were created along actuarial lines according to the projected unit credit method in accordance with IAS 19. Calculations are based on an interest rate of 4.5 %. Anticipated salary increases of 3.6 % p.a. were taken into account. Pension obligations were based on written individual contracts with board members and senior personnel as well as on the pension rules and regulations. Contractual inflation adjustments are considered.

Provisions for liabilities similar to severance payments were created for jubilee bonuses. The provision against a future contingency was calculated on the basis of a rate of interest of 4.5 %. Other provisions were created in the amount of the presumable claim according to the principle of prudence. They take into account all discernible risks and future liabilities of, as yet, uncertain amount and are valuated at the most likely amount after careful investigation of the facts.

In agreement with IAS 12, the provision for deferred taxes includes all temporary valuation and accounting differences arising between financial statements prepared for tax purposes and IFRS financial statements. The expected tax rates applicable upon reversal of differences are applied for the provision for deferred tax - based on the local tax rate of the relevant subsidiary.

2.8. Liabilities

Liabilities were recorded at their repayment value. Liabilities expressed in foreign currency were valued at the mean exchange rates of the balance sheet date.

2.9. Others

Earnings per share are based on Group profit after minority interest, divided by the number of outstanding shares (less treasury stock).

If required, estimations are made for the Consolidated Annual Financial Statements that influence the assets and liabilities reported in the balance sheet, the posting of other obligations on the balance sheet date and the reporting of earnings and expenditures during the period under review. The actual amounts may diverge from the said estimations.

III. Scope of Consolidation

3.1. Group Companies (fully consolidated)

Domestic	Currency	Authorised share capital in thousand	Holding in %
Semperit AG Holding, Vienna	EUR	21,359.0	-
Semperit Technische Produkte GmbH & Co KG, Vienna	EUR	3,000.0	100
Semperit Technische Produkte GmbH, Vienna	EUR	10,900.9	100
Arcit HandelsgmbH, Vienna	EUR	36.3	100
Foreign			
Semperflex A.H. S.R.O., Odry, Czech Republic	CZK	100.0	100
Semperflex Optimit S.R.O., Odry, Czech Republic	CZK	470,318.0	100
Mangueras Técnicas Roiter S.A., Barcelona, Spain	EUR	156.0	100
Roiter S.p.A., Rovigo, Italy	EUR	750.0	100
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281.3	100
Sempermed Kft., Sopron, Hungary	EUR	3,680.0	100
Semperit (France) S.A.R.L., Argenteuil, France	EUR	495.0	100
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	2,050.0	100
Semperit Technische Produkte GmbH, Gevelsberg, Germany	EUR	511.3	100
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165.0	100
Sempertrans Maintenance France Méditeranée E.U.R.L., Port de Bouc, France	EUR	165,0	100
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176,0	100
Shanghai Semperit Rubber & Plastic Products Co Ltd., Shanghai, China	EUR	2,471.0	90
Semperit Conveyor Services Ltd., Walsall, United Kingdom	GBP	100.0	100
Semperit Industrial Products Ltd., Reading, United Kingdom	GBP	750.0	100
Semperform Kft., Sopron, Hungary	HUF	243,000.0	100
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000.0	100
Sempertrans Nirlon Ltd., Maharashtra, Roha, India	INR	230,769.0	74
„DOM" Sp.z.o.o., Belchatow, Poland	PLN	6,610.0	100
Fabryka Lin "Stolin" S.p.z.o.o., Belchatow, Poland	PLN	800.0	100
Sempertrans Belchatow S.A., Belchatow, Poland	PLN	7,300.5	100
Semperit Tekniska Produkter AB, Skärholmen, Sweden	SEK	800.0	100
Semperit Industrial Products Singapore Private Ltd., Singapore	SGD	190.8	100
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000.0	50
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	60,000.0	50
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000.0	50
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1.0	100
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000.0	50
Shanghai Foremost Plastic Industrial Co Ltd., Shanghai,China	USD	6,000.0	50

3.2. Associated Companies (Equity Method)

Isotron Deutschland GmbH, Allershausen, Germany	EUR	511.6	37.5

The net book value of Isotron Deutschland at 31.12.2004 was TEUR 191.9 (2002: TEUR 191.9).

Associated companies are included at equity in the consolidated accounts if Semperit Group holds between 20 % and 50 % of the shares and these companies are material for an accurate representation of the asset, financial and earnings situation.

3.3. Group Companies Excluded from the Consolidated Financial Statements

Domestic	Currency	Authorised share capital in thousand	Holding in %
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH, Wien	EUR	36.3	100
Foreign			
SPT Kaucsuk Kft., Budapest, Hungary	HUF	3,000.0	100

The consolidated financial statements of the Semperit Group include subsidiaries in Austria and abroad, in which Semperit AG Holding directly or indirectly owns a majority stake. Group companies with a secondary impact on the Group's asset, financial, and earnings situation are not included in the consolidated accounts. Companies, in which the Semperit Group holds a 50 % stake, are fully consolidated if the Group has a dominant influence.

Semperit Technische Produkte AG, Dietikon, Switzerland, which is no longer in operation, was removed from the company registry in the year under review.

IV. Notes on the Balance Sheet

4.1. Fixed assets

The composition of fixed assets is shown under the development of fixed assets on pages 42 to 43. Land with buildings includes real estate assets totalling TEUR 6,437.0 (2003: TEUR 5,058.9). The financial assets include securities to cover the social capital.

Resulting from the use of assets not reported in the balance sheet there are obligations on account of non-redeemable tenancies or leases. These are:

in TEUR	2003	2004
in the following year	736.3	611.2
in the following five years	1,320.2	1.907.5
over five years	605.5	500.0

In the reporting year, fixed assets of Sempertrans France Belting Technology, Shanghai Foremost Plastic Industrial and Roiter had their achievable income lowered following an Impairment Test in accordance with IAS 36. Total value-reducing expenses amounted to TEUR 2,871.3.

in TEUR	2003	2004
Raw materials and supplies	16,741.9	22,101.4
Work in progress	6,106.3	6,957.9
Finished goods	35,768.0	38,090.8
Services not yet ready for invoicing	46.8	47.3
Advance payments	5.4	0.2
	58,668.4	**67,197.6**

4.2. Inventories

The balance sheet item Inventories is comprised as follows:

4.3. Accounts Receivable and Other Assets

The necessary valuation adjustments were made to receivables. Receivables from related companies not included in the consolidated accounts and from companies in which there is an equity interest, amounting to TEUR 592.8 (2003:589.7) result primarily from loans and the provision of goods and services.

in TEUR	2003 Total	2003 Of which less than 1 year to run	2003 Of which more than 1 year to run	2004 Total	2004 Of which less than 1 year to run	2004 Of which more than 1 year to run
Trade receivables	67,416.3	67,410.9	5.4	65,098.6	65,070.0	28.6
Accounts due from Group companies (excluded from consolidation)	27.2	27.2	0.0	30.3	30.3	0.0
Accounts due from associated companies (at equity)	562.5	0.0	562.5	562.5	0.0	562.5
Other receivables and assets	14,395.2	12,771.6	1,623.6	10,081.3	9,674.0	407.3
Deferred charges	630.2	630.2	0.0	791.6	791.6	0.0
	83,031.4	**80,839.9**	**2,191.5**	**76,564.3**	**75,565.9**	**998.4**

4.4. Deferred taxes

Tax deferments are calculated using the Balance Sheet Liability Method for all temporary differences between the valuations of the balance sheet items in the IFRS Group financial statements and the tax values at the individual companies. Furthermore, the tax advantage that can probably be realised from existing loss carryforwards is included in the calculation. Exceptions to this comprehensive tax deferment are non tax-deductible goodwill and temporary differences relating to equity interests. Prepaid taxes are not reported if it is unlikely that that the tax advantage they include can be realised. Prepaid taxes for business year 2004 are calculated using the tax rate of 25% applicable in Austria from 1.1.2005.

in TEUR	2003 Assets	2003 Equity and liabil.	2004 Assets	2004 Equity and liabil.
Intangible assets	64.6	-167.9	42.7	0
Property, plant and equipment	783.9	-1,074.8	594.8	-1,588.0
Financial assets	600.2	-433.6	361.8	-639.6
Inventories	2,193.3	-15.5	1,408.7	-19.9
Receivables	342.6	-76.9	626.6	-60.2
Other assets	82.9	-150.6	52.1	0.0
Untaxed reserves	0.0	-844.2	0.0	-435.1
Provisions for personnel	6,746.8	-394.9	5,080.0	0.0
Other provisions	3,591.4	-147.4	2,516.9	-76.3
Trade liabilities	3.4	-1.3	277.3	-195.5
Other liabilities	511.1	-256.9	299.3	-168.9
Tax loss carryforwards	493.0	0.0	270.3	0.0
Total deferred tax assets/provisions	15.413.2	-3,564.0	11,530.5	-3,183.5
Valuation allowance for tax assets	-1,024.8	0.0	-1,665.1	10.7
Offset of deferred tax assets and provisions	-2,817.8	2,817.8	-1,877.9	1,877.9
Net deferred tax assets and provisions	**11,570.6**		**7,987.5**	
Passive deferred tax provisions		**-746.2**		**-1,294.9**

4.5. Shareholders' Equity

Development in shareholder's equity is presented on page 41 of this report.

The share capital of Semperit AG Holding amounts to EUR 21,358,996.53 and is divided into 20,573.434 shares. Each share represents an equal interest in the equity capital.

With the consent of the Supervisory Board, the Management Board was granted authority at the General Meeting of Shareholders on 14 June 2000, pursuant to Article 169 AftG (Austrian Stock Corporation Act) and valid for five years as of registration of the amendment to the company charter (6 September 2000), to increase the share capital by a maximum of EUR 3,168,085.

Of the 225,000 shares of shareholder equity placed publicly in the previous year, 114,351 were purchased during the reporting year by those authorised to do so under the stock option plan. On the balance sheet date, therefore, the remaining 110,649 shares were set off under the item shareholder´s equity.

4.6. Provisions

Provisions for pensions primarily take into account pension commitments on account of individual contracts and the pension rules and regulations of the Austrian companies. These were adopted in 1997 and define the obligation of granting company pensions to active employees who began employment before 1 January 1991, upon fulfilment of the remaining requirements (vesting period, maximum employment age).

Severance provision: Depending on their seniority, Austrian employees are entitled to a statutory lump-sum payment upon retirement or dismissal by the employer.

Provisions are being formed for future obligations.

in TEUR	1.1.2004	Currency-differences	Changes to the scope of consolidation	Dissolution	Use	Addition	31.12.2004
Severance payments	21,036.1	2.6	0.0	0.0	-2,176.0	2,015.8	20,878.5
Pensions	33,195.1	6.3	0.0	0.0	-2,491.0	382.1	31,092.5
Deferred taxes	746.2	58.5	0.0	0.0	-195.0	685.2	1,294.9
Current taxes	4,679.4	183.9	0.0	0.0	-4,873.0	1,002.6	992.9
Other	27,846.1	167.4	0.0	-885.6	-10,294.4	9,618.8	26,452.3
	87,502.9	**418.7**	**0.0**	**-885.6**	**-20,029.4**	**13,704.5**	**80,711.1**

In the reporting year, TEUR 64,769 (2003: TEUR 70,114.9) of the total sum of provisions was classified as long-term.

The other provisions are made up as follows:

in TEUR	1.1.2004	Currency-differences	Changes to the scope of consolitation	Dissolution	Use	Addition	31.12.2004
Stake risks/ restructuring	7,360.9	11.9	0.0	0.0	-2,419.9	0.0	4,952.9
Jubilee bonus	3,777.6	-0.6	0.0	0.0	-687.6	501.9	3,591.3
Vacational provisions	3,246.6	-19.3	0.0	0.0	-1,415.1	1,774.7	3,586.9
Warranties	3,027.7	16.4	0.0	-523.7	-266.7	1,186.9	3,440.6
Bonuses	1,512.7	-2.6	0.0	-0.2	-1,340.7	1,517.4	1,686.6
Other	8,920.6	161.6	0.0	-361.7	-4,164.4	4,637.9	9,194.0
	27,846.1	**167.4**	**0.0**	**-885.6**	**-10,294.4**	**9,618.8**	**26,452.3**

The other miscellaneous provisions mainly consist of provisions for litigations, miscellaneous provisions for personnel and commission payments.

4.7. Liabilities and Deferred Charges

The residual maturity of liabilities and deferred charges can be drawn up as follows:

in TEUR	Total	Of which less than 1 year to run	Of which between 1 and 5 years to run	Of which less than 1 year to run and collateralised	Of which more than 1 year to run and collateralised
Liabilities due to banks	13,276.2	3,736.1	9,540.1	1,423.6	4,987.5
Advance payments received on orders	448.0	448.0	0.0	0.0	0.0
Trade accounts payable	27,351.4	27,066.9	284.5	0.0	0.0
Notes payable	881.1	881.1	0.0	0.0	0.0
Liabilities payable to related undertakings	69.9	69.9	0.0	0.0	0.0
Other liabilities	14,692.7	14,517.2	175.5	0.0	0.0
Deferred charges	742.0	742.0	0.0	0.0	0.0
Liabilities and deferred charges 2004	**57,461.3**	**47,461.2**	**10,000.1**	**1,423.6**	**4,987.5**
Liabilities and deferred charges 2003	**56,788.3**	**44,789.4**	**11,998.9**	**805.5**	**6,511.6**

Liabilities due to group companies and to undertakings in which group has a participating interest are largely the result of clearing, delivery and service relationships.

Tangible securities are primarily mortgaged securities.

4.8. Contingent Liabilities

The contingent liabilities pertain to the following items, which need not be carried as liability on the balance sheet:

in TEUR	2003	2004
Sureties	292.2	245.7
Other	129.9	369.6
	422.1	**615.3**

V. Notes on the Profit and Loss Account

5.1. Sales

Detailed information on sales revenues of the various divisions and regions is provided under segment reporting on page 44.

5.2. Other Operating Income

in TEUR	2003	2004
Exchange rate gains	3,730.3	3,595.4
Rental revenues	857.5	795.1
Write-backs of value adjustments	785.4	780.0
Other operating income	6,249.2	6,317.5
	11,622.4	**11,488.0**

Other operating income includes various reimbursements (Employment Office, energy charges and other charges).

5.3. Cost of material

in TEUR	2003	2004
Cost of material	202,264.2	210,689.9
Third party services	21,537.7	23,288.9
	223,801.9	**223,978.8**

5.4. Staff Costs

Personnel costs include the following items:

in TEUR	2003	2004
Wages	41,913.6	40,575.9
Salaries	30,433.2	29,819.9
Severance payments	2,494.7	2,283.3
Pensions	3,467.1	2,131.0
Statutory social security contributions and other compulsory wage-dependent payments	18,248.5	18,331.8
Other social security contributions	1,135.9	1,152.4
	97,693.0	**94,294.3**

Expenditures for pensions, severance payments and jubilee bonuses include the following items:

in TEUR	2003	2004
PENSIONS		
DBO as at 01.01.2004	32,546.5	33,195.1
New pensions payable during the financial year	378.5	137.6
Calculated cost of interest on existing pensions	1,526.9	1,365.1
Actuarial elimination	1,561.7	628.3
Total expenses	3,467.1	2,131.0
Payments	-2,818.5	-4,233.6
Defined benefit obligations (DBO) as at 31.12.2004	**33,195.1**	**31,092.5**
SEVERANCE PAYMENTS		
DBO as at 01.01.2004	20,207.2	21,036.1
New pensions payable during the financial year Calculated cost of	1,136.5	1,121.0
Inaterest on existing pensions Actuarial Profit/losses	1,036.8	1,192.5
Actuarial Profit/losses	321.4	-30.2
Total expenses	2,494.7	2,283.3
Payments	-1,665.8	-2,440.9
Defined benefit obligations (DBO) as at 31.12.2004	**21,036.1**	**20,878.5**
JUBILEE BONUSES		
DBO as at 01.01.2004	3,058.0	3,777.6
New pensions payable during the financial year	158.0	171.2
Calculated cost of interest on existing pensions	134.6	150.7
Actuarial Profit/losses	630.5	-176.3
Total expenses	923.1	145.6
Payments	-203.5	-331.9
Defined benefit obligations (DBO) as at 31.12.2004	**3,777.6**	**3,591.3**

Actuarial profit/losses are recognised in the year they were incurred. Changes to provisions are reported under item 4.6. Average number of employees:

	2003	2004
Blue collar employees	4,687	4,511
White collar employees	1,199	1,199
	5,886	**5,710**

In Austria, the number of employees fell from 897 to 829 on average.

In the year under review, the Management Board's emoluments amounted to TEUR 2,077.8, which included TEUR 1,200.0 of variable components. Former board members and their dependents received TEUR 548.0 during the reporting year. Severance payments and pensions for board members and leading employees amounted to TEUR 2,789.3 in the reporting year, and to TEUR 1,625.0 for the remaining employees.

During the business year, 44,997 shares, equivalent to 0.22% of the registered capital, were acquired for a total of TEUR 748.3 and immediately transferred to employees as a bonus to be held for a statutory period of several years.

5.5. Other operating expenses

Other operating expenses include the following items:

in TEUR	2003	2004
Maintenance and third party services	24,917.1	24,985.3
Outgoing freight	25,012.8	26,523.0
Commission and advertising costs	7,188.5	6,542.4
Travel expenses	3,993.6	3,756.3
Insurance premiums	3,080.6	3,212.3
Cost of rent and leases	2,488.6	2,379.2
Other taxes	1,542.8	1,982.7
Auditing and consultancy fees	1,570.6	1,612.9
Exchange rate losses	4,824.2	6,970.4
Losses of accounts receivable	1,604.0	487.6
Fees, subscriptions, donations	2,395.9	1,215.0
Other	10,647.9	10,884.9
	89,266.6	**90,552.0**

The Supervisory Board received attendance fees of TEUR 37.1 in 2004.

5.6. Financial Results

in TEUR	2003	2004
Income from associated companies	0.0	200.2
Income from non-consolidated Group undertakings	0.0	20.0
Income from holdings	**0.0**	**220.2**
Interest income and similar income	594.9	1,064.6
Interest expenses and similar expenses	-574.7	-538.8
Interest result	**20.2**	**525.8**
Income from other securities and loans	1,109.7	2,160.5
Profit/loss on the disposal of financial assets	39.0	1,018.4
Depreciation on financial assets	-65.2	-142.7
Other financial results	**-1,083.5**	**3,036.2**
	1,103.7	**3,782.2**

Net interest income/expenses in the reporting year amounted to TEUR 513.0 in cash. Net interest/expenses in the 2003 amounted to TEUR 42.1 in cash.

5.7. Income Tax

Income tax expenses reported for the business year include income tax for the individual companies calculated on the basis of taxable income and the applicable tax rate in the relevant countries ("actual tax") and the changes to

in TEUR	2003	2004
Deferred tax expense	1,113.9	4,095.4
Current tax expense	10,149.8	9,559.8
	11,263.7	**13,665.2**

The cash outflow for income taxes amounted to TEUR 15,706.5 (2003: 6,503.7)

The effective tax rate in the reporting year is 26.3 % (2003: 25.5 %). The Group tax ratio is a weighted average of the local income tax rates of all consolidated subsidiaries. The transition of the profit before tax to the Group tax expenses from income and earnings is as follows:

in TEUR	2003	2004
Profit before tax	44,254.4	52,022.5
Non-timing differences and taxes from previous years	-7,654.7	-8,551.2
Timing differences	-3,383.1	-2,526.0
Changes to rate of tax	-51.8	-8,935.8
Changes to deferred tax provisions and losses not offset against deferred taxes	-300.2	1,484.2
Taxable profit	32,864.6	33,493.7
Tax due at the rate of 34 %	**11,174.0**	**11,387.9**
Different tax rates in other countries	**-1,024.2**	**-1,828.1**
	10,149.8	**9,559.8**

VI. Risk management and Financial Instruments

Business is always subject to risk. The strong globalisation of Semperit's activities understandably has an inherent dimension of risk to which the Group is paying increased attention. At Semperit, risk management ensures that future risks in all areas of activity are analysed and are kept as neutral as possible by taking appropriate measures.

Market risks

In recent years, Semperit has considerably reduced risks on its key sales markets by opening local sales offices. While global business risks still exist, the Group's different structure based around four divisions has clearly reduced this risk, especially in times of weak business activity, while its favourable cost structure also ensures that competitiveness is maintained.

Purchase risk

The manufacturing sector's ongoing dependence on the availability and cost of various raw materials is a significant factor. Semperit's increased focus at all of its international productions sites is therefore on constantly optimising production processes along with the aim of exploiting all opportunities for minimising the use of bulk materials in processing. The globalisation of our business activity also offers us new opportunities for reducing purchase costs.

Customer risk

The risk of customers defaulting on payments is small, as purchasers' creditworthiness is constantly checked, and the broad customer base avoids risk being concentrated on individual customers. Furthermore, the risk of default is extensively limited by taking out credit insurance as well as by banking securities.

Foreign exchange risk

The exchange rates of the most important currencies for Semperit against the euro changed during the year under review as follows:

FX-RATES FOR 1 EUR	2003	2004	2003	2004
	Average Rates		Year End Rates	
US-Dollar	1.14	1.25	1.26	1.37
Thai Baht	47.19	50.02	49.84	53.00
Polish Zloty	4.43	4.50	4.72	4.07
Czech Koruny	31.91	31.94	32.59	30.25
Hungarian Forint	254.66	250.09	263.00	244.50
British Pound	0.69	0.68	0.71	0.71

Financial instruments in the form of targeted derivatives are used to limit the foreign exchange risk posed by the different accounting currencies used throughout the Group. Financial management also works hard to avoid foreign exchange risks by controlling payment streams wherever possible.

The management of financial risk is regulated by Group guidelines. An internal controlling system has been established in order to monitor and steer existing financial risks ajusted to the needs of the Group. IFRS distinguishes between primary financial instruments and derivative financial instruments.

6.1. Primary Financial Instrument

Primary financial instruments held by the Group are shown on the balance sheet. The amounts stated represent both the maximum credit risk and risk of loss. The credit risk is limited by the fact that the Semperit Group portfolio is comprised almost entirely of securities issued by Austrian corporations and that it works exclusively with financial partners with impeccable creditworthiness.

The fixed asset securities are allocated as follows:

	2003			2004		
	in TEUR Book value	in TEUR Market value	in % ∅ average effect. interrest rate	in TEUR Market value	in TEUR Market value	in % ∅ average effect. interrest rate
Shares,funds, portfolios	23,113.3	23,113.3	4.1	21,038.0	21,038.0	6.4
other	1,985.0	1,985.0	1.5	2,286.3	2,286.3	1.6
	25,098.3	**25,098.3**		**23,324.3**	**23,324.3**	

The Semperit Group had the following financial liabilities on the balance sheet date

	Currency	Face value in thousand	Book value in thousand	Effective interest rate in %
Loan	EUR	7,456	7,202.6	2.7
Loan	THB	95,000	1,792.5	1.4
Loan	USD	5,000	3,659.8	2.9
			12,654.9	
Bills	EUR	611	611.0	2.5
Others	EUR		10.3	
			13,276.2	

6.2. Derivative Financial Instruments

Individual foreign currency exchange risks are hedged through forward exchange agreements, foreign currency swaps and foreign currency options. No derivative financial instruments were held on the balance sheet date.

VII. Other Information

7.1. Earnings per share, Recommendation for the Distribution of Profits

The number of shares outstanding is 20,573.434. As at 31 December 2004, the company held 110,649 treasury shares. Those shares falling under the employees' stock option scheme were deducted on a pro rata basis to calculate earnings per weighted share. Treasury shares are not taken into account when calculating earnings per share (shares issued).

Number of shares	**2003**	**2004**
Shares issued	20,573.434	20,573.434
Weighted shares	20,348.434	20,387.933

In accordance with the provisions of the Austrian Stock Corporation Act, the financial statements of Semperit AG Holding as at 31 December 2004 and prepared in compliance with Austrian accounting principles, form the basis for the dividend payment. These financial statements show a net profit of TEUR 14,520.7. The Management Board recommends the Annual General Shareholder's Meeting to approve a dividend payment of 70 cents per share and carry forward the remaining amount.

7.2. Semperit Stock Option Plan

In 2004, 131 Semperit employees took up the option to buy Semperit shares under the terms of the 2002 Stock Option Plan at a cost of EUR 12.20 per share. 114,351 of the 225,000 shares held by Semperit AG Holding were purchased. Due to the different times at which employees exercised their options, the value of the options covers a range of between EUR 4.30 and EUR 9.21 per share.

Members of the Managing Board	Dipl. Ing. Rainer Zellner	10,800	
	Dipl. Ing. Richard Ehrenfeldner	3,000	13,800
Leading employees			60,609
Employees			39,942
Number of shares			**114,351**

The 2002 Semperit Stock Option Plan authorises the Management Board to offer the non-subscribed shares (i.e. 110,649 shares) to those Semperit employees who previously exercised options under the 2002 Stock Option Plan for a further period of six months under the same terms and conditions stated in the 2002 Stock Option Plan. The Management Board intends to make this offer.

7.3. Transactions with Related Parties and Individuals

B & C Holding GmbH has a dominating influence over the company. B & C Holding and its associated companies therefore stand in a group relationship with the Semperit Group.

Insignificant business transactions were carried out with related parties and individuals under customary business conditions.

The companies in Thailand and China recorded in the full consolidation undertake business transactions with our Joint Venture Partner, Sri Trang Agro plc under established market conditions. Insignificant business transactions were carried out with related parties and individuals under customary business conditions.

7.4. Others

There were no results to report on after the balance sheet date.

Vienna, March 14, 2005

The Management Board

Dipl Ing. Rainer Zellner Chairman	Dipl. Ing. Richard Ehrenfeldner	Dipl. Ing. Richard Stralz

Auditor's Report and certification

To the Supervisory Board and Management Board of Semperit AG Holding

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding for the business year ending on 31 December 2004 in accordance with the International Financial Reporting Standards (IFRS). These financial statements are the responsibility of the company's Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing (ISA) of the International Federation of Accountants (IFAC). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets and the financial position of the Semperit Aktiengesellschaft Holding as of 31 December 2004 and of the results of its operations and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS).

The Austrian commercial Code provisions require the compilation of a review of operations and the fulfilment of the legal conditions for the exemption from the obligation to prepare consolidated financial statements in compliance with Austrian law (§ 245a HGB).

We certify that the review of operations is in compliance with the consolidated financial statements and that the legal requirements for the exemption from the obligation to prepare consolidated financial statements in accordance with the Austrian Commercial Code are met.

Vienna, March 14, 2005

Eidos Deloitte
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH

Harald Breit m.p.	Erich Kandler m.p.
Certified Public Accountant	Certified Public Accountant

FINANCIAL STATEMENTS OF SEMPERIT AG HOLDING

Balance Sheet

ASSETS

in TEUR	31.12.2003	31.12.2004
Intangible assets	5.1	2.5
Property, plant and equipment	55.9	77.3
Financial assets	46,554.5	47,798.7
FIXED AND FINANCIAL ASSETS	**46,615.5**	**47,878.5**
Accounts receivable from related undertakings	37,467.5	33,555.5
Other accounts receivable and assets	1,019.4	1,862.6
Own shares	2,306.3	1,134.2
Cash in banks	148.9	33.0
CURRENT ASSETS	**40,942.1**	**36,555.3**
Prepaid expenses and deferred charges	51.8	95.1
ASSETS	**87,609.4**	**84,528.9**

EQUITY AND LIABILITIES

in TEUR	31.12.2003	31.12.2004
Issued capital	21,359.0	21,359.0
Share premium	21,539.5	21,539.5
Statutory retained earnings	999.3	999.3
Reserve in accordance with § 225 para 5 HGB	2,306.2	1,134.2
Net retained earnings	11,528.2	14,520.7
EQUITY CAPITAL	**57,732.2**	**59,552.7**
PROVISIONS	**23,885.5**	**24,624.5**
Trade accounts payable	55.7	101.2
Liabilities payable to related undertakings	5,632.1	73.7
Other liabilities	303.9	176.8
LIABILITIES	**5,991.7**	**351.7**
EQUITY AND LIABILITIES	**87,609,4**	**84,528.9**
Guarantees and other contractual obligations	1.336,3	1.580,1

PROFIT AND LOSS ACCOUNT

in TEUR	2003	2004
SALES	**4,814.5**	**4,863.1**
Other operating expenses	120.7	138.0
Cost of material	-11.9	-11.0
Staff costs	-4,460.3	-5,823.2
Depreciations	-25.1	-88.5
Other operating expenses	-2,082.1	-2,702.8
EARNINGS BEFORE INTEREST AND TAX (EBIT)	**-1,644.2**	**-3,624.4**
Income from associated companies	14,556.8	16,846.9
Net interest result	713.3	568.9
Other financial results	512.4	1,568.9
FINANCIAL RESULTS	**15,782.5**	**18,984.7**
PROFIT ON ORDINARY BUSINESS ACTIVITIES	**14,138.3**	**15,360.3**
Taxes on income	-2,667.3	-2,528.8
SURPLUS FOR THE YEAR	**11,471.0**	**12,831.5**
Release of retained earnings	0.0	1,172.1
Profit carried forward	57.2	517.1
NET PROFIT	**11,528.2**	**14,520.7**

The Annual Financial Statements of Semperit AG Holding, which were prepared in accordance with generally accepted Austrian accounting principles, were audited by Eidos Deloitte Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH and awarded an unqualified opinion. These Annual Financial Statements and all supplementary information will be filed with the Company Register of the Commercial Court in Vienna under Number 112544 g. Copies of these Annual Financial Statements are available free of charge directly from Semperit Aktiengesellschaft Holding, Modecenterstrasse 22, 1031 Vienna, and will also be available at the Annual General Meeting of Shareholders.

The Management Board recommends the Annual General Meeting to pay a dividend of 70 Cents per share from the net profit of TEUR 14,520.7 and to carry forward the remaining amount.

Vienna, March 2, 2005

The Management Board

Dipl.- ng. Rainer Zellner
Chairman

Dipl. Ing. Richard Ehrenfeldner

Dipl. Ing. Richard Stralz

Supervisory Board and management

Supervisory board

Dr. Erich Hampel (Chairman)
Karl Schmutzer
(Vice-Chairman from 26 May 2004)
Dkfm. Karl Fink
(Vice-Chairman until 26 May 2004)
Dr. Walter Lederer
Dr. Martin Simhandl
Dr. Veit Sorger (from 26 May 2004)
Karl Weißkopf
Dipl.-Ing. Herbert Spatschek
(until 26 May 2004)
Delegated from the workers council:
Alexander Hollerer
Gerhard Dworak
Anton Höller (from 20 December 2004)
Aloisia Ringhofer (from 19 April 2004)
Ing Franz Prudic (until 18 April 2004)
Franz Mersich (until 19 December 2004)

Management Board

Dipl.-Ing. Rainer Zellner (Chairman)
Dipl.-Ing. Richard Ehrenfeldner
Dipl.-Ing Richard Stralz (from 1.6.2004)

Report of the supervisory Board

In the business year 2004 the Supervisory Board carried out the duties placed upon it by law and the company statutes at five meetings as well as in other forms. There was also one meeting of the Financial Audit Committee.

The Management Board reported regularly on the progress of business and the situation of the company.

The Annual Financial Statements and Management Report of Semperit AG Holding together with the Consolidated Financial Statements 2004, prepared in accordance with the International Financial Reporting Standards (IFRS), were audited by Eidos Deloitte Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH, Vienna, who have issued their unqualified opinion. The results of the audit were discussed in detail with the auditor in the Financial Audit Committee.

The supervisory board approves the Annual Financial Statements 2004, which are hereby ratified in accordance with § 125 Section 2 AktG. Furthermore the Supervisory Board agrees with the Consolidated Financial Statements and the Management Report prepared in accordance with § 244 HGB in connection with § 245a HGB.

Moreover the Supervisory Board agrees to the Management Board's proposal on the distribution of profit recommending that from the net profit of EUR 14,520,715.68 a dividend of EUR 0.70 per share shall be distributed to each share entitled to.

Vienna, April 20, 2005 The Supervisory Board

Dr. Erich Hampel
Chairman