SEMPERIT AG Holding

ANNUAL FINANCIAL REPORT 2007

SEMPERIT

Contents

MANAGEMENT REPORT

GLOBAL ECONOMIC ENVIRONMENT

Global economy shaped by growth in emerging markets

Upward growth in the global economy continued uninterruptedly in the first months of 2007. However, there was a slowdown in global economic growth towards the end of the year, which is chiefly related to problems on financial markets, a high level of inflation and rising oil prices. In particular, the gross domestic product (GDP) of industrialised countries only increased moderately. Strong economic growth throughout the entire year could only be maintained by emerging markets. On balance, the global economy expanded by 4.9% in 2007.

Robust economic growth in Europe

In Austria, the gross domestic product increased by 3.4% in 2007, slightly losing momentum at the end of the year. GDP growth in the euro zone was 2.6% during the period under review, somewhat below the previous year's level. However, it also remained relatively robust despite the turbulences impacting the global economy in the second half of the year. Growth was once again driven by the Central and Eastern European countries. They continued to achieve very stable economic growth, with the region's GDP expanding by 5.5% on average.

Year-end slowdown in US economy

In the USA, GDP growth reached a level of 2.2% for the year 2007 as a whole, but economic expansion considerably lost speed in the fourth quarter. The US economy was primarily pulled down by the crisis-ridden construction sector, and the surprisingly strong reduction in automobile inventory levels. Private consumption also weakened, dampened by the real estate crisis.

Chinese GDP up 11.4%

Asia's importance for the global economy continues to increase. Despite financial market turbulences, the Chinese economy maintained its double digit growth. The expansion of India's economy slowed down somewhat in the fourth quarter. Nevertheless, growth remained strong, with GDP up 8.8% year-on-year.

Devaluation of the US dollar

The US dollar significantly lost in value relative to the euro in 2007. The euro was worth 1.47 US dollars at year end, compared to 1.32 at the beginning of the year. The Thai baht rose in value against the euro in the first three quarters, but started to decline as of the end of September, and closed at 49.04 at the end of December 2007 (beginning 2007: 47.20). The Thai baht continually lost value relatively to the US dollar, and was down to 33.65 at year end.

Raw material, energy and transport price increases

Significant price rise for synthetic rubbers

The situation on the global procurement markets for raw materials was by no means consistent. Following a short period of rising prices in January 2007, the very volatile price for natural rubber stabilised during the course of the year. A slight upward trend has commenced once again since the end of the 2007 financial year. In contrast, prices for several types of synthetic rubber rose, in some cases drastically, in particular for chloroprene varieties. Due to the general hike in steel prices, the costs for cables also rose considerably. In this case, Semperit could partly compensate for the price increases by transferring the procurement of raw materials to Asia.

Upward trend for carbon black and softener

Price increases turned out to be moderate for carbon black, which plays a very important role as fillers for the rubber industry, whereas the costs of softener climbed considerably.

There was a slight drop in prices for fibres, a development partly related to increasing supply. The costs for cardboard packaging remained stable, whereas prices for wood packaging moved slightly upwards.

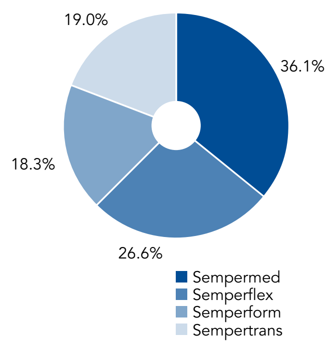
ANALYSIS OF RESULTS

Summary of the profit and loss account

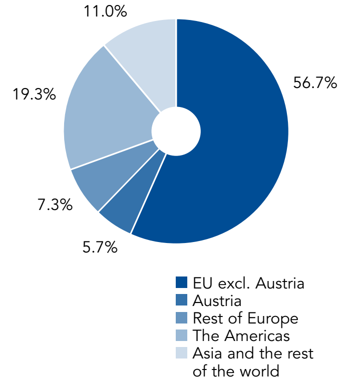
in EUR million	2006	2007	Change in %
Sales	**574.1**	**607.8**	**+5.9**
Differences between opening and closing stocks	1.1	1.3	+15.8
Own work capitalised	0.9	0.9	0
Operating revenues	**576.1**	**610.0**	**+5.9**
Other operating income	10.5	13.2	+25.6
Cost of materials	–323.7	–338.3	+4.5
Personnel expenses	–96.7	–101.6	+5.1
Depreciation	–26.0	–31.8	+22.2
Other operating expenses	–89.4	–87.6	–2.1
Operating profit (EBIT)	**50.8**	**63.9**	**+26.0**
Financial result	**3.5**	**–4.3**	**–222.9**
Earnings before tax (EBT)	**54.3**	**59.6**	**+9.8**
Taxes on income	–12.8	–11.9	–7.1
Earnings after tax	**41.5**	**47.7**	**+15.0**
Minority interests	–1.5	–3.1	+113.1
Consolidated net profit for the year	**40.0**	**44.6**	**+11.5**

Sales: EUR 607.8 million

Sales by division



Sales by region



Sales

The Semperit Group once again achieved record results in the 2007 financial year, continuing its growth path. This positive development was driven by a favourable market environment, further internationalisation of the company's business operations, targeted selling price policies and consistent cost management.

Based on the good business development in all divisions in 2007, Group sales rose 5.9%, to EUR 607.8 million. The largest division, Sempermed, posted a sales gain of 4.4% year-on-year, to EUR 219.1 million, although a high percentage of its business is invoiced in US dollars. Due to an expansion of demand in all product segments, the Semperflex division achieved the most impressive growth in sales, which climbed 11.0%, to EUR 161.7 million. There was a slowdown in growth in the Semperform division compared to the previous year, with total sales rising only 2.6%, to EUR 111.4 million. The Sempertrans division concluded the 2007 financial year with a total increase in sales of 5.9%, to EUR 115.6 million.

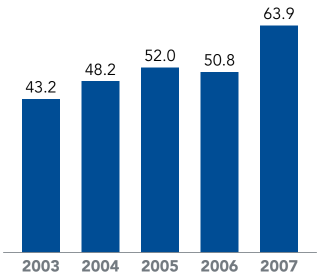
With a 36.1% share of Group sales, business with medical and industrial gloves (Sempermed) continued to contribute the largest portion of revenues. Semperflex accounted for 26.6% of total Group sales as at the end of 2007, followed by the Sempertrans and Semperform divisions, with a 19.0% and 18.3% share respectively.

Sales development by region shows a decline in sales generated in the USA complemented by an increase in the company's business in Europe. The European market accounted for 69.7% of total sales in 2007 (previous year: 68.2%), whereas the Americas contributed 19.3% of sales (previous year: 21.5%). This decrease in the light of stable sales volumes primarily reflects the consolidation of Semperit's sales in euros. The remainder of the sales, 11.0%, were generated in Asia and the rest of the world.

Earnings

EBIT: +26.0%

Operating profit (EBIT) in EUR million



Due to targeted selling price increases and consistent cost management, Semperit succeeded in increasing its operating profit (EBIT) disproportionately by 26.0%, to EUR 63.9 million. The EBIT margin in relation to the sales also improved, rising 10.5%, up from 8.8% in the previous year. Based on a rise in its earnings before tax (EBT) by 9.8%, to EUR 59.6 million, the Semperit Group has thus improved its earnings for the 17th consecutive year. These earnings before tax represent a return on sales of 9.8% (previous year: 9.5%), a return on equity of 18.0% (previous year: 17.9%), and a return on total capital employed of 12.5% (previous year: 11.9%).

However, earnings were different in each of the divisions during the 2007 financial year. Whereas the Sempermed, Semperflex and Sempertrans divisions succeeded in achieving a significant increase in earnings, the earnings before tax of Semperform amounting to EUR 16.5 million was at the previous year's level. Sempertrans posted the highest rise in earnings before tax, which climbed 68.4%, to EUR 15.0 million. The Sempermed division improved its earnings before tax by 37.6%, to EUR 12.8 million. However, the return on sales (ROS) of the division was only 5.9%, below the long term average. The Semperflex division increased its EBT to EUR 21.8 million during the period under review, up from EUR 16.6 million in the previous year.

Materials as a percentage of operating revenues reduced to 55.5%

Despite massive price rises for individual raw materials, sales growth outpaced the increase in purchases, which rose by only 4.5%, to EUR 338.3 million. As a result, material as a percentage of operating revenues declined to 55.5% in 2007, compared to 56.2% in the previous year. This positive development is chiefly related to the successful reduction in material use, the substitution of increasingly expensive raw materials by more favourably priced alternatives, and the increase in Semperit's selling prices.

The average annual number of employees increased by 6.4%, or 429 people, to 7,118. Accordingly, personnel expenses rose by 5.1%, to EUR 101.6 million. Nevertheless, personnel expenses as a 16.7% share of operating revenues was slightly below the preceding year's level of 16.8%.

Due to the increased level of investment in recent years, depreciation and amortisation climbed by 22.2%, to EUR 31.8 million. The decline in other operating expenses by EUR 1.9 million, to EUR 87.6 million, is primarily due to lower freight costs related to optimisation measures carried out in Semperit's entire transport operations.

The earnings before tax includes the unsatisfactory financial result amounting to minus EUR 4.3 million, which can be attributed to the massive crisis on international capital markets.

Group tax ratio: 20.0%

The Group tax ratio decreased to 20.0% in 2007, compared to 23.7% in the previous year, as a result of the fact that the Group companies in Asia with a lower tax burden made a greater contribution to the total Group result than Group companies in Europe, which is a higher tax region. Accordingly, earnings after tax amounted to EUR 47.7 million, considerably higher than in 2006. Minority interests rose to EUR 3.1 million. Subsequently, consolidated net profit after minority interests was EUR 44.6 million.

The issued 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. Earnings per share amounted to EUR 2.17, up from EUR 1.95 in the previous year. The Management Board will propose a dividend increase to the Annual General

Meeting to EUR 0.95 per share for the 2007 financial year. As a consequence, the dividend payout ratio will improve to 43.8%, whereas the dividend yield amounts to 3.8% based on the share price at the end of December 2007. With a stake of over 50%, B & C Holding, Vienna continues to be the stable core shareholder of the Semperit Group. The remaining shares are in free float.

Summary balance sheet

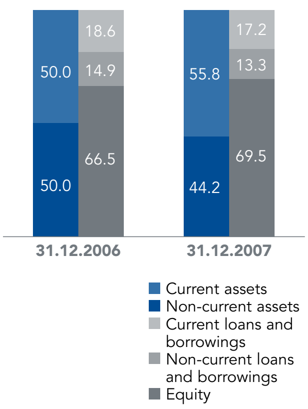
in EUR million	31.12.2006	31.12.2007	Change in %
Assets			
Fixed assets	218.6	200.3	–8.4
Inventories	84.5	90.0	+6.5
Trade receivables	81.9	91.7	+12.0
Other current assets including deferred taxes	70.7	94.8	+34.1
Total assets	**455.7**	**476.8**	**+4.6**
Equity and liabilities			
Equity capital without minority interests	252.0	280.0	+11.1
Minority interests	51.1	51.6	+1.0
Provisions and social capital	74.9	77.3	+3.2
Liabilities	77.7	67.9	–12.6
Total equity and liabilities	**455.7**	**476.8**	**+4.6**

Asset and financial position

Increase in balance sheet total

The balance sheet total of the Semperit Group increased by 4.6% during the period under review, to EUR 476.8 million. The ratio of fixed assets to the balance sheet total as at December 31, 2007 fell to 42% (December 31, 2006: 48%), whereas current assets comprise 58% of the balance sheet total (December 31, 2006: 52%). Due to the fact that depreciation and amortisation were higher than investments, property, plant and equipment declined to EUR 160.4 million in 2007, down from EUR 169.5 million in 2006. Property, plant and equipment includes prepayments and assets under construction of EUR 8.2 million. Financial assets declined from EUR 46.1 million to EUR 37.3 million during the year under review, due to depreciation and disposals. Inventories reported in the balance sheet totalling EUR 90.0 million are EUR 5.5 million higher than in the previous year (December 31, 2006: EUR 84.5 million). Trade receivables increased from EUR 81.9 million to EUR 91.7 million. Working capital, consisting of inventories plus trade receivables minus trade payable, was up 7.1% on the previous year, at EUR 141.4 million. Information on the allocated emission certificates can be found in the notes to the consolidated financial statements on page 53. Liquid assets (cash and cash equivalents) amounted to EUR 70.3 million at the balance sheet date, an increase of 40.9% year-on-year.

Balance sheet structure in %



Group equity without minority interests amounting to EUR 280.0 million (+11.1%) includes inflows of capital from the Group result of EUR 44.6 million, outflows for dividend payments to shareholders of EUR 17.3 million, and currency translation differences of EUR 4.7 million. The equity ratio of the Semperit Group as a benchmark of the Group's financial autonomy increased from 55.3% in the previous year to the current level of 58.7%. Shareholder capital covers Semperit Group's fixed assets by 140.0% (December 31, 2006: 115.3%). The increase in provisions by 3.2%, to EUR 77.3 million, resulted primarily from increased tax provisions and other short-term provisions, while the provision requirements for future pension payments fell once again.

Liabilities totalled EUR 67.9 million, representing a decline of 12.6% compared to the previous year, which can be primarily attributed to a decrease in current and non-current liabilities to banks. Cash and cash equivalents exceeded financial liabilities by EUR 63.6 million (December 31, 2006: EUR 27.0 million).

More information on risk management, financial instruments, the environment and events after the balance sheet date can be found in the notes to the consolidated financial statements, starting on page 67.

Summary cash flow statement

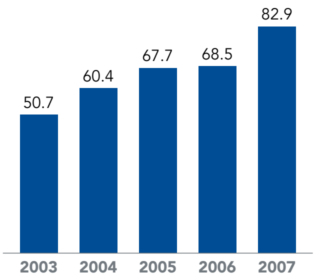
in EUR million	2006	2007	Change in %
Gross cash flow	68.5	82.9	+21.1
Cash flow from operating activities	69.3	77.0	+11.1
Cash flow from investing activities	–43.8	–24.8	–43.4
Cash flow from financing activities	–15.3	–31.9	+108.5
Changes in cash and cash equivalents	10.2	20.3	+99.0
Cash and cash equivalents at the end of the period	49.9	70.3	+40.9

Cash flow

Further increase in gross cash flow

Gross cash flow as an indicator of the Group's self-financing capability increased by 21.1% in the 2007 financial year, to EUR 82.9 million. Cash flow from operating activities, which also takes into account changes in working capital, rose to EUR 77.0 million, an increase of 11.1% compared to the previous year. Cash flow from investment activity amounted to minus EUR 24.8 million. Expansion, replacement, rationalisation and environmental investments in intangible and tangible fixed assets totalled EUR 25.0 million. Proceeds from the sale of property, plant and equipment amounted to EUR 4.2 million, whereas investments in financial assets and the net flows from the increase/decrease in marketable securities led to a capital outflow of EUR 4.1 million.

Gross cash flow in EUR million



The cash flow from financing activities amounting to minus EUR 31.9 million primarily comprises the dividend payment of EUR 17.3 million for the 2006 financial year and the repayments of current and non-current financial liabilities totalling EUR 16.2 million. Taking exchange rate changes into consideration, cash and cash equivalents at the balance sheet date on December 31, 2007 amounted to EUR 70.3 million, or EUR 20.4 million above the previous year's level.

As an indicator of a company's ability to finance investments from its own income, and thus ensure ongoing corporate growth, the cash flow ratio is calculated as the proportion of the gross cash flow as a percentage of sales. The Semperit Group achieved a cash flow ratio of 13.6% in 2007 (previous year: 11.9%).

Investments

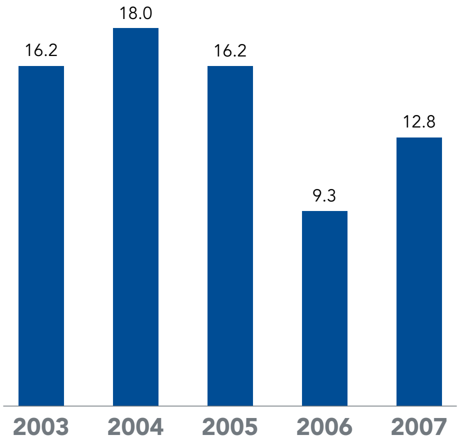
Decline in investments

In 2007, the Semperit Group invested a total of EUR 25.0 million in intangible assets and property, plant and equipment. The greatest share of these investments was designed for capacity expansions and the modernisation of existing facilities. Of the investments in property, plant and equipment, EUR 7.1 million can be attributed to the Sempermed division, EUR 9.6 million to Semperflex, EUR 4.5 million to Semperform, and EUR 3.8 million to the Sempertrans division.

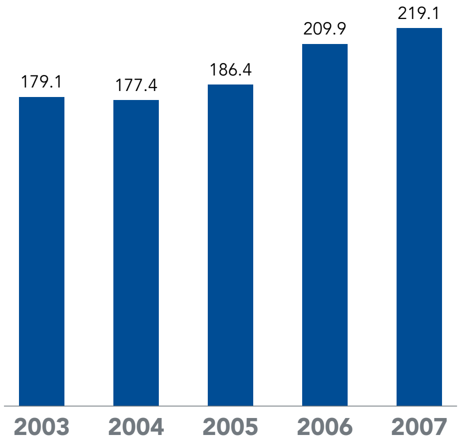
Sempermed

The Sempermed division reported a 4.4% increase in sales for 2007, to EUR 219.1 million. Sales of examination gloves as well as surgical gloves developed gratifyingly well. Following the slowdown in the previous year, earnings before tax increased by 37.6%, to EUR 12.8 million. This improvement is chiefly related to production and sales improvements implemented during the period under review, as well as a consistent price policy. Sempermed succeeded in reducing material use, and more rapidly passed on price increases for raw materials, energy and transport to its customers. Moreover, the Sempermed division promoted the sale of high margin products.

EBT development in EUR million



Sales development in EUR million



Business development in the segments

Strong demand in Europe

Business was particularly favourable in Europe in 2007. Semperit primarily gained market share in the area of powder-free products. At the same time, demand for surgical gloves was so high that the factories were operating at full capacity in this area.

Slowdown in the USA

The development of sales in the USA was less favourable, due to the further depreciation of the US dollar and the unstable economic situation. Although sales volumes remained stable, and the nominal value of sales in US dollars actually rose due to the increased sale of premium quality gloves, Semperit experienced perceptible losses on the US market as a result of currency translation.

Massive increase in demand for nitrile gloves

In the area of examination gloves, the trend to latex-free products intensified in 2007. This resulted in a considerable expansion of Semperit's business with nitrile gloves.

Higher output in Thailand

Thanks to production improvements, the factory for examination gloves in Thailand succeeded in boosting output in all product segments. The research and development work focusing on cutting material consumption also bore fruit, enabling the plant to partially compensate for price increases for raw materials by means of material savings.

Chinese plant suffered from the consequences of fire

Semperit's manufacturing facility in China specialising in non-latex medical and industrial gloves suffered from a major fire at the beginning of 2007, which led to a temporary production interruption. The plant suffered from the consequences of the blaze throughout the entire year. At the end of the year, there was once again a fire which destroyed one of the production lines.

Further growth in surgical glove sales

In the area of surgical gloves, the Sempermed division profited from strong demand for traditional as well as premium quality powder-free products in 2007. The trend towards synthetic surgical gloves also accelerated, similar to customer preferences for examination gloves. As a consequence, Sempermed has been manufacturing synthetic surgical gloves for the first time at its parent plant in Wimpassing, Austria, since the third quarter of the 2007 financial year. Additional production capacities will be required due to the ongoing broadening of the range of surgical glove products. Semperit has already resolved to implement this production capacity expansion in the course of 2008.

Investments

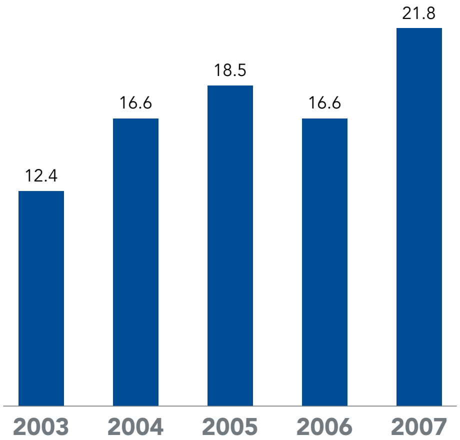
Investments in the Sempermed division in 2007 amounting to EUR 7.1 million chiefly related to improvements designed to increase output in Thailand and Wimpassing as well as replacement investments for the Chinese factory.

Semperflex

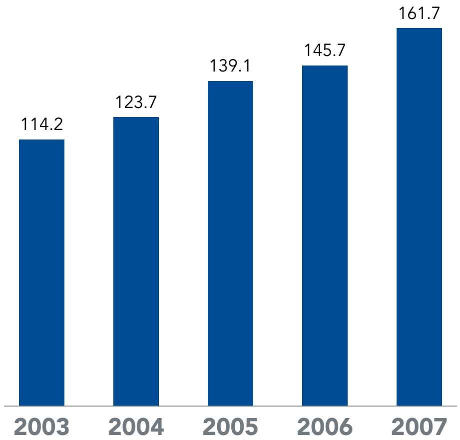
Business of the Semperflex division developed quite well in all segments in 2007. Demand for industrial hoses as well as hydraulic hoses and elastomer sheeting was satisfactory. Against this backdrop, sales climbed by 11.0%, to EUR 161.7 million in 2007.

The Semperflex division compensated for a rise in energy and raw material costs by means of targeted optimisation measures and selling price increases. Accordingly, earnings before tax (EBT) rose by 31.0%, to EUR 21.8 million.

EBT development in EUR million



Sales development in EUR million



Business development in the segments

Industrial hoses: Eastern and Western Europe drive expansion

Demand for industrial hoses was very good during the period under review. Against the backdrop of solid economic growth, sales posted double-digit growth rates in both Western and Eastern Europe. The Semperflex division gained market share by expanding its business with existing large customers and the acquisition of new ones. The second half of 2007 was also characterised by an upturn in sales in priority segments, driven by a new sales and distribution structure in South European markets.

Market share gains for elastomer sheeting

A positive market environment in the area of elastomer and wear resistant sheeting led to a considerable expansion of sales in the major markets in Western Europe. Market share gains in Southern and Northern Europe resulted from the targeted focus on the sale of high quality products.

Hydraulic hoses: increase in share supplied to large customers

Worldwide sales of hydraulic hoses were satisfactory during the period under review. In Western Europe, Semperflex profited from favourable economic conditions, and also increased the share of hydraulic hoses supplied to its major customers. Semperflex managed to maintain its good market position in Eastern Europe.

In Asia, Semperit posted double-digit growth in this product segment. Semperflex made good utilisation of its production capacity at its manufacturing plants in Thailand and China. The plant in China which commenced production in 2007, managed to increase its output continually as planned. Semperflex significantly increased its market share, particularly in China and Southeast Asia. Demand improved in the USA following a weak first half of the 2007 financial year. On balance, annual sales remained stable in the USA. However, the weak US dollar led to currency translation losses.

Investments

Investments in the Semperflex division totalling EUR 9.6 million primarily related to expanding capacities in Thailand based on the installation of another spiral hose production machine, as well as initial investments and rationalisation measures carried out in other plants.

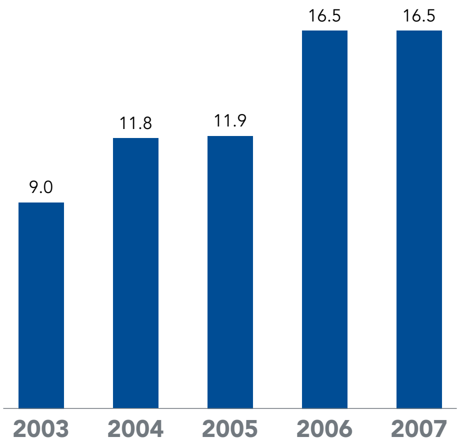
Focusing of internal resources

During the period under review, Semperflex implemented an operational separation of the division into two subdivisions, establishing Semperflex Hydraulics (hydraulic and pressure washer hoses) and Semperflex Industrial (industrial hoses and elastomer sheeting). This change in the division’s operational structure, which already had a positive impact in the first year, is designed to more effectively fulfil market requirements by means of technical and sales specialisation.

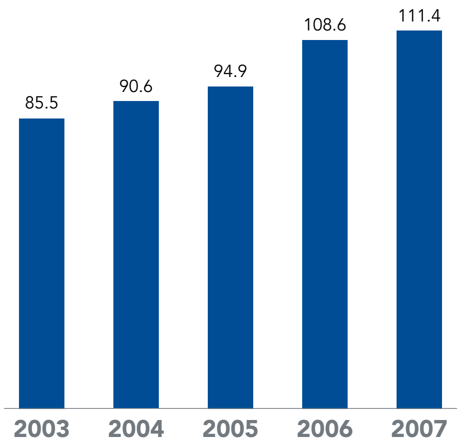
Semperform

The individual segments did not develop uniformly. In this context, the Semperform division increased sales by 2.6% in the 2007 financial year, to EUR 111.4 million. The earnings before tax (EBT) remained stable at EUR 16.5 million.

EBT development in EUR million



Sales development in EUR million



Business development in the segments

Positive development of handrail sales in China

The Semperform division achieved a slight increase in worldwide handrail sales. A major contribution was made by Semperit's Chinese production plant, which significantly increased output and generated extraordinarily good sales in the OEM (original equipment manufacturer) business. In contrast, European handrail sales declined whereas the business with replacement parts developed favourably. Sales in the USA were at previous year's level.

Mild winter dampens business for cable car rings and ski membranes

At the beginning of 2007, Semperform profited from heavy demand in the area of cable car engineering, which considerably slowed down in the second half of the year. In particular, there was a noticeable drop in replacement parts sales related to the less frequent operation of cable cars as a result of the mild winter of 2006/07. Moreover, demand for cable car rings for new cable railways was met, for the most part, in the first half of the year. All in all, despite the particularly good first half of 2007, the cable car product segment only achieved the same level of sales as in the preceding year. Weather-related problems affected the entire ski industry, and thus also resulted in declining demand for vibration-damping ski membranes and snowboards. However, in comparison to the overall ski market, there was only a moderate drop in demand.

Restrained growth for window and door seal profiles

Sales of seal profiles were above the level achieved in 2007. Following an excellent first half-year 2007, there was a downturn in business starting in the third quarter due to a slowdown in demand for plastic windows in Germany. Semperform compensated for this decline by significantly increasing exports to Eastern Europe.

Satisfactory business in the railway superstructure segment

Sales of the railway superstructure segment developed satisfactorily in the past financial year. However, sales were weaker in Great Britain than originally anticipated, due to the fact that a lower level of public funding was authorised than expected for new railway construction. Nevertheless, the negative impact of this development was offset by extraordinarily good sales of rubber and plastic components for high speed passenger and metro trains, as well as the worldwide railway superstructure project business with French customers.

Positive development in sales of moulded industrial parts

On balance, Semperform's business in the area of moulded industrial parts developed favourably during the period under review. The increase in the manufacture of bio-oil products resulted in greater demand for filter membranes. The division also posted dynamic growth in pipe construction. Sales remained only stable in the area of sanitary and pipe fittings.

Investments

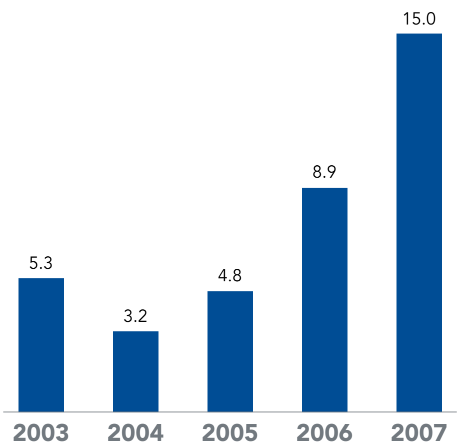
The Semperform division did not significantly expand capacity in the 2007 financial year. Investments totalling EUR 4.5 million primarily related to replacement and rationalisation investments. The priority was on optimising operations at the manufacturing locations in Wimpassing and Sopron as well as achieving full utilisation of capacity at the new production plant in Shanghai.

Sempertrans

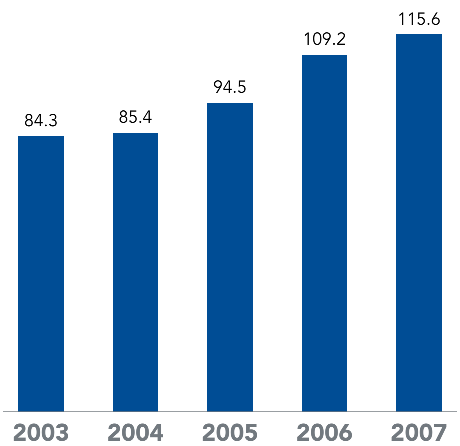
Sales at the Sempertrans division rose by 5.9% in 2007, to EUR 115.6 million, which can be attributed to the favourable market environment. In particular, the mining sector provided a strong impetus to the division. Earnings growth markedly exceeded sales growth. As a consequence, earnings before tax rose by 68.4%, to EUR 15.0 million.

The Sempertrans division was strongly impacted by raw material price increases during the period under review, due to the fact that material costs comprise up to 75% of its total costs. The rubber compounds applied as well as the required steel cables became more expensive. As a result, Sempertrans was also forced to adjust its selling prices accordingly in order to optimally compensate for cost increases.

EBT development in EUR million



Sales development in EUR million



Business development in the segments

Production increase at all plants

The outstanding business development in the Sempertrans division is based on favourable market conditions, as well as internal improvements at all manufacturing locations. Accordingly, output at the plants was significantly increased without any major expansion of production capacity. In addition, the implementation of product and price policy measures had positive effects on business results.

High demand for textile conveyor belts

The 2007 financial year was characterised by unusually strong demand for textile conveyor belts, which generally generate higher sales revenue than metal conveyor belts. However, Sempertrans is increasingly being confronted with tougher competition from Chinese manufacturers in this area.

Growth potential for metal conveyor belts

Demand was also lively for metal conveyor belts. The press machine at the factory in Poland, which commenced operations in 2006, can manufacture conveyor belts with a width of up to 3.2 metres, thus opening up a completely new market segment for Sempertrans. The Sempertrans production plants not only consider Western and Eastern Europe to be growth markets, but also Southeast Asia, Australia and South America.

At the end of the year, a new press machine was delivered to the Indian subsidiary Sempertrans Nirlon. This investment will serve as the basis for an expansion of production in the year 2008. The plant is still concentrating on fulfilling domestic demand in India, but will also produce for export markets if capacity is sufficient.

Investments

Investments at Sempertrans totalled EUR 3.8 million in 2007, primarily related to smaller investments in Poland and the new press machine for conveyor belts in India.

RESEARCH AND DEVELOPMENT

The focus of research and development (R&D) in the Semperit Group is the continuing development of materials, manufacturing processes and product quality for the benefit of customers, the environment and the company. Accordingly, the business areas are supported in achieving their operational targets and implementing high quality standards.

The global R&D centre of the Semperit Group is located in Wimpassing, Austria. It serves as the interface for all Group companies, and coordinates the ongoing know-how transfer and exchange of experience among the individual production plants. R&D capacities were in turn extensively developed Group-wide.

Cost reduction measures

An important goal of Semperit's R&D work is to minimise production costs, regardless of whether they are achieved by material savings, optimisation of existing production processes or the developing of innovative new manufacturing processes. The reduction of material use and the substitution by alternative materials are top priorities in the light of the continuous increase in raw material costs. Another important task is the development of innovative solutions to fulfil specific market and customer requirements. A variety of projects were launched in the 2007 financial year in all areas.

Ongoing improvement of product quality at Sempermed

New synthetic surgical gloves

The focus of the R&D activities at the Sempermed division in 2007 was the reduction of glove weight by using thinner films. In the light of rising energy costs, the more efficient utilisation of production facilities is a major focus of Sempermed's efforts. In addition, numerous tests were performed on the new synthetic surgical glove Sempermed Syntegra IR before it was launched on the market in the third quarter of the year. The technical process optimisation of this new product will be implemented in the 2008 financial year.

In the field of fundamental research, Semperit has continued its collaboration with an external institution to develop a new process for the cross-linkage of liquid latex into useable solid foil. The aim of this experiment is to render superfluous the future utilisation of accelerators for the cross-linkage process.

In 2008, the R&D team of Sempermed will also work on the development of a new synthetic examination glove featuring an improved surface finishing.

Expansion of the Semperflex hose portfolio to fulfil new customer requirements

Numerous new products

In the past financial year, the Semperflex division carried out extensive tests designed to analyse the interaction of hoses and armatures. In the industrial hose area, the product range of fuel and chemical hoses was fundamentally overhauled and upgraded, and new products were tailor-made to meet the specific needs of customers. Moreover, Semperflex achieved material savings in the manufacture of elastomer sheeting, and in terms of vulcanisation time.

In 2008, Semperflex expects to complete current projects designed to manufacture extreme high pressure hydraulic hoses for use in challenging situations. Moreover, preparations have begun for the installation of a new production line in the Czech Republic. The R&D team is currently evaluating the applicability of various technologies.

Semperform develops projects together with customers

New production processes

In the 2007 financial year, the Semperform division once again implemented numerous product development projects in collaboration with its customers. In addition, a new technology was developed to produce railpads for the railway superstructure segment. A key issue in the field of pipe construction was optimising process engineering as a means of reducing overall costs. Semperform also began developing a new handrail product designed to optimally conform to new customer requirements. In 2008, the division will carry out research aimed at optimising production processes as well as a series of projects to develop customer specific products.

Expansion of Sempertrans product portfolio to meet new standards

The Sempertrans division of the Semperit Group expanded its product portfolio in the course of 2007. New conveyor belts were developed in compliance with new standards prevailing in the EU, Australia, Ukraine, Poland and Russia. Furthermore, the design for large conveyor belts and steel cable belts was upgraded in order to more effectively meet customer demands.

Successful cooperation with external institutions

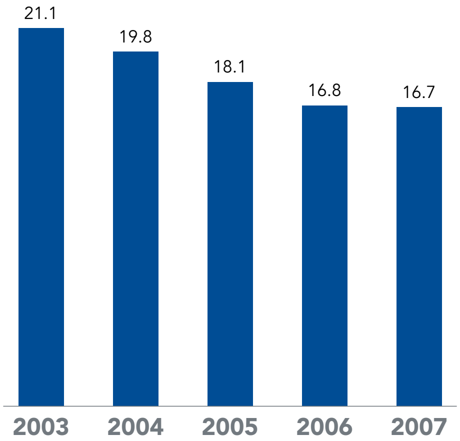
Importance of K*plus* centres

Semperit has been collaborating with external research institutions for many years, particularly in the field of fundamental research. In addition to the cooperation with Austrian and foreign universities, the so-called K*plus* centres have been playing a major role in Semperit's R&D work. K*plus* centres are research facilities established for a limited period of time by business and scientific experts with the purpose of carrying out top level research which are of relevance to the academic and business communities. For example, Semperit carries out studies for handrails, gloves and filter membranes in cooperation with the Polymer Competence Center Leoben.

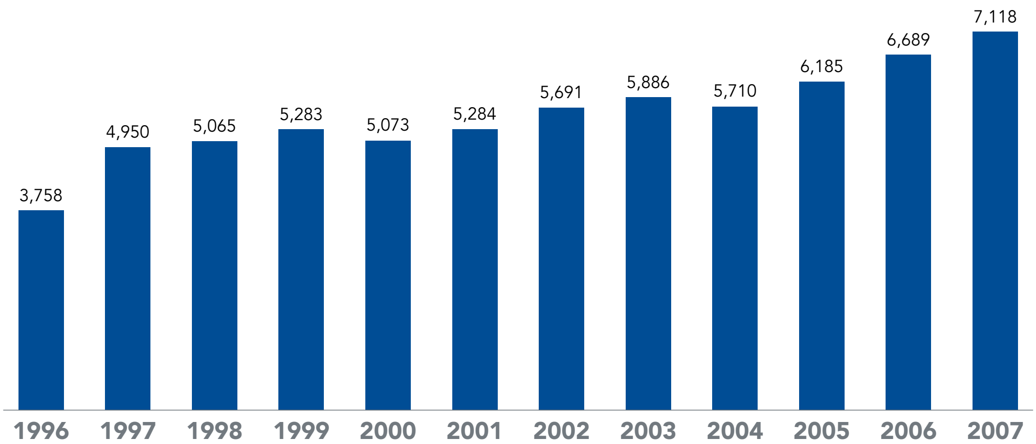
EMPLOYEES

In the 2007 financial year, the Semperit Group employed an average of 7,118 people worldwide (previous year: 6,689). In comparison to 2006, the number of employees primarily rose at Semperit's subsidiaries in China, Thailand and Poland, which intensified efforts to hire new employees as a response to the ongoing expansion of production. Despite the increase in the average number of staff employed, the ratio of personnel expenses to operating revenues declined by 0.1 percentage points to 16.7%, as the result of further improvements in productivity.

Personnel expenses as a % of sales



Number of employees



Employees as a success factor

Ensuring a positive working environment

Competent and motivated employees are essential in order to successfully implement the growth oriented strategy of the Semperit Group. For this reason, Semperit strives to offer its employees an attractive workplace within the context of an international work environment, featuring interesting training and continuing job education opportunities.

Personnel development and further education

Promotion of training and continuing education

Lifelong learning is an important factor in all areas of business. For this reason, Semperit has created specially designed personnel development programmes in recent years. For example, Semperit Austria runs a two to three week training programme for new employees, in which participants are provided with an overview of all spheres of activity and business areas. Furthermore, regular customised internal training programmes for the individual departments are held which are tailored to the particular characteristics of the new workplace or department.

During the period under review, Group-wide efforts focused on a rubber technology training programme for the benefit of employees in Austria and abroad. Moreover, a management programme for young executives lasting several weeks was held in cooperation with the St. Gallen Management Centre.

Cooperation with universities and research institutions

Establishing early contact with "high potentials"

One of the key challenges facing Semperit's human resources management is to plan for and fulfil the company's need for qualified employees. Semperit closely cooperates with universities of applied sciences and colleges in Austria and other countries in order to get in touch with graduates at an early stage. The aim is to arouse interest in Semperit as a potential employer and attract highly qualified people to the company. For this purpose, plant tours are organised for professors and students, students are assisted with their dissertations, and presentations are held at universities. In addition, pupils and students are given the opportunity to gain work experience in the context of internships.

International exchange of know-how and experience

Development of best practices

The internationalisation of Semperit has made the ongoing exchange of know-how and experience increasingly important throughout the Group. In order to facilitate communications among the individual production locations, international meetings of technicians and sales staff were held during the period under review, in order to raise efficiency in all relevant operational processes. Moreover, employees were deployed to work in associated companies for limited periods.

OUTLOOK 2008

Challenging conditions

Prospects for the global economy in 2008 are somewhat dampened. According to economic experts, the negative effects of financial market turbulence, higher oil and energy prices as well as the appreciation of the euro will continue to dampen growth in 2008. The Munich-based Institute of Economic Research (ifo) concluded that the business climate has deteriorated in all three large global regions, namely Western Europe, North America and Asia. The Austrian Institute for Economic Research (WIFO) also anticipates a slowdown in domestic industrial growth.

Regarding the raw material prices, it is expected that prices for natural rubber as well as synthetic rubber will continue to rise. On the one hand, oil price increases have a delayed effect on rubber prices. On the other hand, the booming industrial sector in China, the world's largest customer for rubber, has significantly increased its rubber consumption in the last few years.

Further growth expected

Accordingly, the Semperit Group will have to face the problems inherent in a difficult business environment in 2008. Based on the current level of orders, Semperit anticipates growth in all divisions, at least for the first six months. Due to market uncertainties, the outlook for the second half of the year is challenging. With its four divisions and subsidiaries spread around the world, and diverse business operations, the Semperit Group however expects to continue the growth path of recent years in 2008 as well.

Investments in 2008

Investments secure growth

The Sempermed division will launch a new production line in Wimpassing in 2008. The corresponding investments represent a sustainable strengthening of the production location, and will facilitate the further growth of Semperit's sales of premium quality surgical gloves. At the same time, new packaging capacities are being installed in Hungary enabling the plant to further process higher production volumes without any difficulty.

The Semperflex division is preparing extensive capacity increases at all its manufacturing plants. For example, an expansion of braiding capacity for hydraulic hoses will be carried out in the Czech Republic. The Chinese factory will boost capacity as planned, thus raising output by well over 50%. An additional extrusion facility will be installed in Thailand. The modernisation of the existing production lines in Austria during the course of the year will also considerably increase output.

The Semperform division plans to begin operating a new press machine for handrail production in China. Furthermore, production capacities will be expanded in Wimpassing and Sopron due to the installation of new injection moulding machines.

The conveyor belt manufacturer Sempertrans will further increase output in 2008 on the basis of expansion investments in Poland as well as India.

Outlook for divisions

Positive outlook for all divisions

The Sempermed division anticipates further growth in sales of surgical and examination gloves in 2008. After a very good fourth quarter 2007, the division expects this trend to continue in the upcoming financial year. The production and sale of premium quality latex-free nitrile gloves will significantly increase.

The Semperflex division continues to enjoy a good level of orders. For this reason, Semperit anticipates the continuation of this division's dynamic growth, at least for the first half of 2008. Due to predicted raw material price increases, Semperflex will maintain its efforts to cut the costs of compounds, as well as further reduce waste and discarded materials. The planned investments will enable an increase in production volumes and thus ensure further growth.

Semperform expects its business in vibration-damping films, cable car rings as well as window and door seal profiles will once again gain momentum in 2008. In particular, tourism in the winter season 2007/08 began quite early, and prospects for the ski industry improved. Semperform initiated a sales campaign on behalf of the window and door seal profiles manufactured by the Deggendorf plant, designed to achieve market share gains on the domestic market of Germany as well as the growth markets of Eastern Europe. The division also has ambitious goals for its railway superstructure business. Semperform forecasts an improvement of business prospects for handrails in Europe and the USA.

The planned increase in sales at the Sempertrans division will be driven by new production capacities in India as well as further process optimisation efforts in Poland and France designed to increase output. The European factories will focus on their existing core markets in Eastern and Western Europe, whereas the Indian plant will continue to primarily serve its domestic market.

Further sales and earnings growth expected

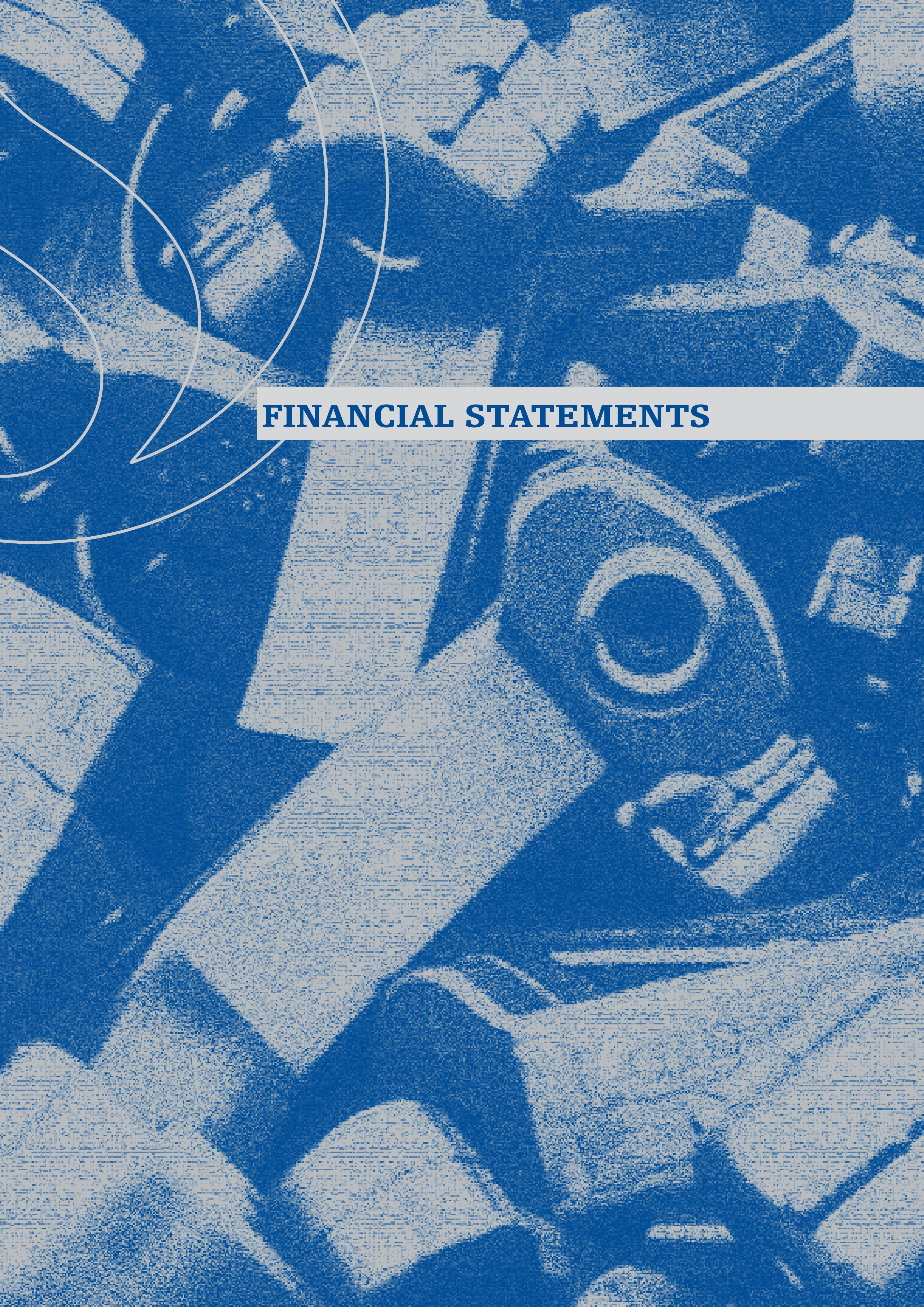
On this basis, the Semperit Group anticipates a further increase in sales, revenue and earnings in 2008.

Vienna, March 20, 2008

The Management Board

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

FINANCIAL STATEMENTS



BALANCE SHEET

Assets

in TEUR	Note	31.12.2006	31.12.2007
Intangible assets	(4.1)	3,029.8	2,565.3
Property, plant and equipment	(4.1)	169,504.2	160,430.3
Financial assets	(4.1)	46,084.2	37,260.9
Non-current trade receivables	(4.3)	29.6	7.2
Other non-current receivables	(4.3)	809.0	919.1
Deferred charges	(4.3)	577.7	496.1
Deferred taxes	(4.4)	8,096.0	9,109.5
Non-current assets		**228,130.5**	**210,788.4**
Inventories	(4.2)	84,549.5	89,966.4
Current trade receivables	(4.3)	81,889.0	91,681.1
Other current receivables	(4.3)	9,759.8	10,378.5
Cash and cash equivalents		49,895.3	70,284.4
Marketable securities		31.3	2,174.3
Deferred charges	(4.3)	1,435.6	1,571.3
Current assets		**227,560.5**	**266,056.0**
Assets		**455,691.0**	**476,844.4**

Equity and liabilities

in TEUR	Note	31.12.2006	31.12.2007
Issued capital		21,359.0	21,359.0
Share premium		21,503.2	21,503.2
Retained earnings		205,237.2	232,412.3
Currency translation differences		3,918.1	4,697.0
Minority interest		51,070.6	51,576.2
Equity	**(4.5)**	**303,088.1**	**331,547.7**
Provisions for pensions and severance payments	(4.6)	44,374.3	43,820.6
Provisions for deferred taxes	(4.4)	2,793.5	2,274.3
Other non-current provisions	(4.6)	12,939.0	11,895.9
Non-current liabilities due to banks	(4.7)	6,115.0	4,106.9
Non-current trade payables		20.6	184.9
Other non-current payables		1,164.6	616.3
Deferred charges		292.0	258.4
Non-current provisions and liabilities		**67,699.0**	**63,157.3**
Provisions for current taxes	(4.6)	1,221.9	3,922.4
Other current provisions	(4.6)	13,585.7	15,399.8
Current liabilities due to banks	(4.7)	16,781.8	2,546.4
Current trade payables		34,424.9	40,098.7
Prepayments		238.1	904.1
Other current payables		18,538.1	19,045.3
Deferred charges		113.4	222.7
Current provisions and liabilities		**84,903.9**	**82,139.4**
Equity and liabilities		**455,691.0**	**476,844.4**

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

CASH FLOW STATEMENT

in TEUR	Note	2006	2007
Earnings after tax		41,465.0	47,688.9
Depreciation/write ups of fixed assets		23,451.8	37,425.7
Changes in non-current provisions	(4.6)	1,506.3	–2,115.9
Changes in non-cash items resulting from currency translation differences, changes in minority interests and others		2,086.9	–64.3
Gross cash flow		**68,510.0**	**82,934.4**
Increase/decrease in inventories	(4.2)	–1,050.0	–5,416.9
Increase/decrease in trade receivables	(4.3)	–6,880.5	–9,769.7
Increase/decrease in other receivables and deferred charges	(4.3)	1,631.5	–1,796.5
Increase/decrease in trade payables and prepayments	(4.7)	4,038.4	6,503.9
Increase/decrease in other liabilities, current provisions and deferred charges	(4.7)	3,046.8	4,549.3
Cash flow from operating activities		**69,296.2**	**77,004.5**
Proceeds from the sale of assets		14,511.9	4,223.4
Investments in tangible and intangible fixed assets		–50,782.5	–24,985.4
Investments in financial assets		–14,204.2	–1,913.2
Net flows from changes in marketable securities		6,646.0	–2,143.0
Cash flow from investing activities		**–43,828.8**	**–24,818.2**
Net redemption of short-term and long-term borrowings	(4.7)	–2,251.0	–16,243.5
Dividends		–15,841.5	–17,281.7
Dividends to minority interests		0.0	–381.6
Changes in financial liabilities resulting from currency translation differences		–290.1	1,230.8
Capital increases		3,127.0	759.9
Cash flow from financing activities		**–15,255.6**	**–31,916.1**
Change of cash and cash equivalents		**10,211.8**	**20,270.2**
Effects of exchange rate fluctuations on cash and cash equivalents		–922.6	118.9
Cash and cash equivalents at the beginning of the period		36,574.2	49,895.3
Changes in consolidation		4,031.9	0.0
Cash and cash equivalents at the end of the period		**49,895.3**	**70,284.4**

The cash and cash equivalents correspond to the cash resources.
The following notes to the consolidated financial statements represent an integral part of this cash flow statement.

PROFIT AND LOSS ACCOUNT

in TEUR	Note	2006	2007
Sales	(5.1)	**574,071.3**	**607,847.4**
Differences between opening and closing stock		1,090.2	1,262.2
Own work capitalised		930.2	862.3
Operating revenues		**576,091.7**	**609,971.9**
Other operating income	(5.2)	10,536.7	13,232.7
Cost of materials	(5.3)	–323,734.4	–338,265.1
Personnel expenses	(5.4)	–96,676.1	–101,649.7
Depreciation		–26,008.7	–31,769.2
Other operating expenses	(5.5)	–89,458.8	–87,593.9
Operating profit (EBIT)		**50,750.4**	**63,926.7**
Income from companies in which the Group has a participating interest		136.8	83.4
Interest results		–127.0	712.4
Other financial results		3,555.3	–5,098.0
Financial results	(5.6)	**3,565.1**	**–4,302.2**
Earnings before tax (EBT)		**54,315.5**	**59,624.5**
Taxes on income	(5.7)	–12,850.5	–11,935.6
Earnings after tax		**41,465.0**	**47,688.9**
thereof minority interests		–1,441.9	–3,073.2
thereof Semperit AG shareholders (net profit for the year)		40,023.1	44,615.7
Earnings per share in EUR (outstanding shares)	(7.1)	1.95	2.17
Earnings per share in EUR (weighted)		1.95	2.17
Paid or proposed dividend per share in EUR		0.84	0.95

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

CAPITAL AND RESERVES

in TEUR	Issued capital	Share premium	Retained earnings	Revaluation provision	Currency translation	Semperit AG shareholders	Minority interest	Total
Balance at 31.12.2005	**21,359.0**	**21,503.2**	**180,596.5**	**124.4**	**1,335.4**	**224,918.5**	**43,736.0**	**268,654.5**
Net profit for the year			40,023.1			40,023.1	1,441.9	41,465.0
Valuation gains/losses for financial assets not recognised in profit or loss account				–179.8		–179.8		–179.8
Currency translation adjustments					2,582.7	2,582.7	683.7	3,266.4
Total of recognised profits and losses	**0.0**	**0.0**	**40,023.1**	**–179.8**	**2,582.7**	**42,426.0**	**2,125.6**	**44,551.6**
Increase in minority interest						0.0	5,209.0	5,209.0
Dividends			–15,841.5			–15,841.5		–15,841.5
Other			514.5			514.5		514.5
Balance at 31.12.2006	**21,359.0**	**21,503.2**	**205,292.6**	**–55.4**	**3,918.1**	**252,017.5**	**51,070.6**	**303,088.1**
Net profit for the year			44,615.7			44,615.7	3,073.2	47,688.9
Valuation gains/losses for financial assets not recognised in profit or loss account				–158.9		–158.9		–158.9
Currency translation adjustments					778.9	778.9	–2,945.9	–2,167.0
Total of recognised profits and losses	**0.0**	**0.0**	**44,615.7**	**–158.9**	**778.9**	**45,235.7**	**127.3**	**45,363.0**
Increase in minority interest						0.0	759.9	759.9
Dividends			–17,281.7			–17,281.7	–381.6	–17,663.3
Balance at 31.12.2007	**21,359.0**	**21,503.2**	**232,626.6**	**–214.3**	**4,697.0**	**279,971.5**	**51,576.2**	**331,547.7**

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

CHANGES IN FIXED AND FINANCIAL ASSETS 2006

in TEUR	Acquisition/construction costs Balance at 1.1.2006	Change in consoldation range	Currency translation differences	Additions	Disposals	Transfers
I. Intangible assets						
Software licenses, industrial property rights and similar rights	10,928.5	0.0	34.1	144.3	–596.9	119.7
Goodwill	2,158.0	0.0	–33.3	0.0	0.0	0.0
Prepayments	112.6	0.0	–11.2	122.4	0.0	–119.7
	13,199.1	**0.0**	**–10.4**	**266.7**	**–596.9**	**0.0**
II. Tangible assets						
Land and buildings, including buildings on land owned by third parties	104,051.5	0.0	1,713.5	2,401.3	–1,229.4	7,222.4
Machinery and equipment	230,260.0	0.0	3,031.2	9,061.9	–3,916.6	21,322.5
Fixtures, fittings, tools and equipment	55,388.2	0.0	1,380.1	3,205.0	–3,874.0	8,764.9
Prepayments and assets under construction	23,151.7	195.6	956.0	35,847.6	–2.8	–37,309.8
	412,851.4	**195.6**	**7,080.8**	**50,515.8**	**–9,022.8**	**0.0**
III. Financial assets						
Investments in subsidiaries	2,504.6	–2,088.2	0.0	0.0	–12.5	0.0
Investments in associated companies	191.9	0.0	0.2	97.4	0.0	0.0
Other investments	59.0	0.0	6.2	0.0	–53.3	0.0
Securities	40,070.0	0.0	0.0	14,190.8	–13,550.9	0.0
Loans granted	86.5	0.0	0.1	13.4	–14.8	0.0
	42,912.0	**–2,088.2**	**6.5**	**14,301.6**	**–13,631.5**	**0.0**
	468,962.5	**–1,892.6**	**7,076.9**	**65,084.1**	**–23,251.2**	**0.0**

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

	Depreciation/write-ups							Book value	
Balance at 31.12.2006	Balance at 1.1.2006	Currency translation differences	Depreciation for the year 2006	Disposals	Write-ups for the year 2006	Changes not recognised to the profit and loss account	**Balance at 31.12.2006**	Carrying amount at 31.12.2006	Carrying amount at 31.12.2005
10,629.7	9,256.0	31.5	1,036.7	–596.9	0.0	0.0	9,727.3	902.4	1,672.5
2,124.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,124.7	2,158.0
104.1	112.6	–11.2	0.0	0.0	0.0	0.0	101.4	2.7	0.0
12,858.5	**9,368.6**	**20.3**	**1,036.7**	**–596.9**	**0.0**	**0.0**	**9,828.7**	**3,029.8**	**3,830.5**
114,159.3	53,252.4	869.9	3,534.2	–390.0	0.0	0.0	57,266.5	56,892.8	50,799.1
259,759.0	172,257.1	2,308.2	16,335.2	–3,738.9	0.0	0.0	187,161.6	72,597.4	58,002.9
64,864.2	45,169.0	1,200.9	5,040.4	–3,796.7	0.0	0.0	47,613.6	17,250.6	10,219.2
22,838.3	14.6	–1.9	62.2	0.0	0.0	0.0	74.9	22,763.4	23,137.1
461,620.8	**270,693.1**	**4,377.1**	**24,972.0**	**–7,925.6**	**0.0**	**0.0**	**292,116.6**	**169,504.2**	**142,158.3**
403.9	369.0	0.0	0.0	0.0	0.0	0.0	369.0	34.9	2,135.6
289.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	289.5	191.9
11.9	11.7	6.6	9.0	–7.8	–7.6	0.0	11.9	0.0	47.3
40,709.9	–2,371.8	0.0	269.0	–374.6	–2,739.0	179.8	–5,036.6	45,746.5	42,441.8
85.2	73.9	0.1	9.2	–11.3	0.0	0.0	71.9	13.3	12.6
41,500.4	**–1,917.2**	**6.7**	**287.2**	**–393.7**	**–2,746.6**	**179.8**	**–4,583.8**	**46,084.2**	**44,829.2**
515,979.7	**278,144.5**	**4,404.1**	**26,295.9**	**–8,916.2**	**–2,746.6**	**179.8**	**297,361.5**	**218,618.2**	**190,818.0**

CHANGES IN FIXED AND FINANCIAL ASSETS 2007

in TEUR	Acquisition/construction costs					
	Balance at 1.1.2007	Change in consoldation range	Currency translation differences	Additions	Disposals	Transfers
I. Intangible assets						
Software licenses, industrial property rights and similar rights	10,629.7	0.0	58.6	228.3	–502.3	53.0
Goodwill	2,124.7	0.0	–33.8	0.0	0.0	0.0
Prepayments	104.1	0.0	–10.7	4.3	0.0	–2.8
	12,858.5	**0.0**	**14.1**	**232.6**	**–502.3**	**50.2**
II. Tangible assets						
Land and buildings, including buildings on land owned by third parties	114,159.3	0.0	384.8	1,757.7	–671.9	5,415.0
Machinery and equipment	259,759.0	0.0	–135.6	5,841.9	–4,132.0	17,510.0
Fixtures, fittings, tools and equipment	64,864.2	0.0	–1,547.6	4,119.4	–2,831.5	3,717.4
Prepayments and assets under construction	22,838.3	0.0	–817.6	13,033.8	0.0	–26,692.6
	461,620.8	**0.0**	**–2,116.0**	**24,752.8**	**–7,635.4**	**–50.2**
III. Financial assets						
Investments in subsidiaries	403.9	0.0	0.0	0.0	0.0	0.0
Investments in associated companies	289.5	0.0	0.0	83.4	–97.4	0.0
Other investments	11.9	0.0	39.4	44.7	–23.3	0.0
Securities	40,709.9	0.0	–47.1	1,865.8	–3,896.5	0.0
Loans granted	85.2	0.0	–0.2	2.7	–2.8	0.0
	41,500.4	0.0	**–7.9**	**1,996.6**	**–4,020.0**	**0.0**
	515,979.7	**0.0**	**–2,109.8**	**26,982.0**	**–12,157.7**	**0.0**

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

	Depreciation/write-ups							Book value	
Balance at 31.12.2007	Balance at 1.1.2007	Currency translation differences	Depreciation for the year 2007	Disposals	Write-ups for the year 2007	Changes not recognised to the profit and loss account	**Balance at 31.12.2007**	Carrying amount at 31.12.2007	Carrying amount at 31.12.2006
10,467.3	9,727.3	59.2	713.0	–502.3	0.0	0.0	9,997.2	470.1	902.4
2,090.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,090.9	2,124.7
94.9	101.4	–10.8	0.0	0.0	0.0	0.0	90.6	4.3	2.7
12,653.1	**9,828.7**	**48.4**	**713.0**	**–502.3**	**0.0**	**0.0**	**10,087.8**	**2,565.3**	**3,029.8**
121,044.9	57,266.5	547.0	6,047.5	–224.9	0.0	0.0	63,636.0	57,408.9	56,892.8
278,843.3	187,161.6	443.3	18,567.2	–3,910.0	0.0	0.0	202,262.1	76,581.2	72,597.4
68,321.8	47,613.6	–1,082.3	6,384.2	–2,804.3	0.0	0.0	50,111.2	18,210.6	17,250.6
8,361.9	74.9	0.2	57.3	0.0	0.0	0.0	132.3	8,229.6	22,763.4
476,571.9	**292,116.6**	**–91.8**	**31,056.2**	**–6,939.2**	**0.0**	**0.0**	**316,141.6**	**160,430.3**	**169,504.2**
403.9	369.0	0.0	0.0	0.0	0.0	0.0	369.0	34.9	34.9
275.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	275.5	289.5
72.7	11.9	22.0	62.0	–23.2	0.0	0.0	72.7	0.0	0.0
38,632.2	–5,036.6	–47.2	5,616.6	1,025.2	–22.1	158.9	1,694.9	36,937.3	45,746.5
84.9	71.9	–0.2	0.0	0.0	0.0	0.0	71.7	13.2	13.3
39,469.2	**–4,583.8**	**–25.4**	**5,678.6**	**1,002.0**	**–22.1**	**158.9**	**2,208.3**	**37,260.9**	**46,084.2**
528,694.2	**297,361.5**	**–68.8**	**37,447.8**	**–6,439.5**	**–22.1**	**158.9**	**328,437.7**	**200,256.5**	**218,618.2**

SEGMENT REPORTING

Strategic areas (primary segments)

in TEUR	Sempermed	Semperflex	Semperform	Sempertrans	Other and Group eliminations	Group
2007						
Sales[1]	219,086.1	161,722.1	111,427.9	115,611.2	0.0	607,847.4
Earnings before tax (EBT)	12,837.5	21,756.2	16,531.3	15,010.3	–6,510.8	59,624.5
Financial results	–575.5	–98.3	246.1	476.1	–4,350.6	–4,302.2
Depreciation	–10,868.2	–12,740.4	–5,551.1	–2,537.2	–72.3	–31,769.2
Assets	137,690.8	135,035.1	68,914.8	96,185.1	39,018.6	476,844.4
thereof financial assets	17,660.1	16,722.0	19,687.7	15,460.1	606.8	70,136.7
Liabilities	34,702.2	29,501.3	25,391.2	28,492.0	27,210.0	145,296.7
thereof liabilities due to banks	4,158.6	1,651.2	764.1	79.4	0.0	6,653.3
Investments	7,140.8	9,555.2	4,527.7	3,826.0	1,932.3	26,982.0
Employees	4,074	1,497	745	777	25	7,118
2006						
Sales[1]	209,864.4	145,749.0	108,575.3	109,197.8	684.8	574,071.3
Earnings before tax (EBT)	9,333.3	16,607.2	16,524.0	8,914.0	2,937.0	54,315.5
Financial results	–892.9	–201.9	173.1	296.0	4,190.8	3,565.1
Depreciation	–8,338.8	–9,868.5	–5,227.2	–2,540.0	–34.2	–26,008.7
Assets	131,876.3	130,273.2	62,514.7	83,265.3	47,761.5	455,691.0
thereof financial assets	9,473.6	10,669.1	13,853.2	15,397.1	187.6	49,580.6
Liabilities	43,385.5	34,408.7	25,441.0	23,019.5	26,348.2	152,602.9
thereof liabilities due to banks	14,966.6	6,530.0	1,357.3	42.9	0.0	22,896.8
Investments	17,082.8	23,300.6	9,221.8	1,403.9	14,075.0	65,084.1
Employees	3,839	1,344	760	726	20	6,689

According to the "management approach" upon which IAS 14 is based, 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 Management Report. The allocation of assets, liabilities, financial result and sales has already been adjusted for consolidation on the business division level.

Regions (secondary segments)

	2006			2007		
in TEUR	Assets[3]	Investments	Sales[1]	Assets[3]	Investments	Sales[1]
Austria	152,519.3	21,171.1	33,903.5	172,953.4	8,793.0	34,872.0
EU excluding Austria[2]	154,878.7	10,109.5	312,802.6	166,385.9	9,447.5	344,621.7
Total EU	307,398.0	31,280.6	346,706.1	339,339.3	18,240.5	379,493.7
Rest of Europe	0.0	0.0	44,638.1	0.0	0.0	44,151.2
Total Europe	307,398.0	31,280.6	391,344.2	339,339.3	18,240.5	423,644.9
The Americas	30,160.5	68.4	123,721.9	28,804.0	78.2	117,300.0
Asia and the rest of the world	120,839.7	33,735.1	59,005.2	113,448.6	8,663.3	66,902.5
Consolidation	–2,707.2	0.0	0.0	–4,747.5	0.0	0.0
Group	**455,691.0**	**65,084.1**	**574,071.3**	**476,844.4**	**26,982.0**	**607,847.4**

[1] After elimination of inter-company sales. [2] Bulgaria and Romania included in the EU since the beginning of 2007. [3] Consolidation entries are assigned to the regions wherever possible.

I. General information

1.1 General principles

Reporting in accordance with International Financial Reporting Standards (IFRS)

These financial statements as at December 31, 2007 were prepared in accordance with the principles set forth by the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Pursuant to § 245a Austrian Enterprise Code – UGB (Austrian Commercial Code until December 31, 2006) in connection with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council from July 19, 2002, all listed companies are required to prepare their financial statements in accordance with IFRS for all financial years starting after December 31, 2004. The consolidated financial statements are presented in thousands of euros (TEUR).

The following standards were published or revised before the preparation of the annual financial statements for December 31, 2007:

IFRS 8	Operating Segments
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investment in Associates
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments; Presentation

As the regulations specified above are not binding for financial years beginning before January 1, 2008 in accordance with the provisions of these standards, and Semperit did not choose to voluntarily apply them in advance, these regulations will not be applied until the next financial year. These new regulations are not expected to have any material effect on the Semperit Group.

The following interpretations were recently issued by the IFRIC:

IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

These interpretations are not relevant for the Semperit Group at this time.

1.2 Major differences between Austrian and IFRS accounting rules

Fundamental differences

Austrian accounting principles and International Financial Reporting Standards are based on fundamentally different principles. The Austrian accounting principles set out in the Austrian Enterprise Code (UGB) emphasise the principle of prudence and protection of creditors. 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 this 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 Enterprise 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. According to IAS 39, financial assets of the Semperit Group must be reported at their market value. Gains and losses from the valuation of securities that are classified as "available for sale" are not reported in the profit and loss account, but directly in equity until the asset is written off. At this point, the accumulated gain or loss that was reported in equity must be reported in the result for the period.

Deferred taxes
The Austrian Enterprise 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 that 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 Enterprise Code. IFRS generally place stricter requirements on the probability of relevant events occurring and estimating the amount of the provision.

Provisions for personnel accruals
Under IFRS, provisions for employees are calculated using the projected unit credit method with a capital market interest rate of 4.0% and taking into account the expected salary increases and contractual inflation adjustments.

Foreign exchange valuation
The two accounting systems require different treatments for unrealised profits arising from the valuation of foreign exchange items as at the balance sheet date. According to Austrian law, unrealised 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 is an internationally manufacturing company with its headquarters in Vienna, Austria. Its business activities are divided into four strategic business divisions:

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

To enhance the clarity of the presentation, individual items of the balance sheet and profit and loss account have been reported together. The notes to the financial statements provide a detailed presentation. Rounding differences in the totalling of rounded amounts and percents may arise from the automatic processing of data.

The financial statements of all major or fully consolidated companies in Austria and abroad that are subject to statutory audits were audited by independent auditors and were awarded unqualified opinions. The statutory transition of commercial balance sheets to individual IFRS financial statements was also certified by 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 of December 31, 2007.

Items 3.1 and 3.2 of the notes to the financial statements provide an overview of the fully consolidated companies and companies included at equity.

Capital consolidation is carried out by offsetting the acquisition costs of the participatory shares (book value) against the revalued proportional shareholder's equity of the subsidiaries on the date of acquisition.

Asset-side balancing items originating from initial consolidation are reported as goodwill on the asset side of the balance sheet in accordance with IFRS 3, liability-side balancing items from initial consolidation resulting from a lower acquisition price are recognised immediately in the profit and loss account.

Companies in which the Semperit Group holds at least 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 immateriality.

In the course of debt consolidation, receivables and liabilities between companies included in full in the consolidated accounts are fully netted off. Inter-company profits from intra-Group deliveries are eliminated by means of a surcharge method if they are not of significance.

In the course of expenses and income elimination, all inter-company income and expenses that arise from the sale of goods or services between Group companies are 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 initial consolidation, are translated at mean exchange rates at the balance sheet date. The items of the profit and loss account are translated using the average exchange rates of the financial year. Resulting foreign currency gains and losses are reported in equity under the item currency translation differences.

II. Accounting and valuation methods

2.1 Date of sales and profit realisation

Sales and income are generally considered realised upon transfer 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 way.

2.2 Tangible and intangible fixed assets

Intangible assets are valued at their cost of acquisition less scheduled straight-line amortisation. A period of four to ten years is applied as a basis for their useful life.

Tangible fixed assets are valued at their cost of acquisition or construction less scheduled depreciation. Costs of construction in the case of assets produced by the company itself included pro rated overhead costs in addition to the direct costs. Scheduled depreciation by the straight-line method is calculated on the basis of the useful lives specified in the following table.

	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

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

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 doing this, the individual Semperit Group production locations are defined as cash generating units.

Regular impairment tests are completed in accordance with IAS 36 and IFRS 3 to ensure that goodwill is carried at no more than its recoverable amount. For this, the discounted cash flows expected to be generated by the respective cash-generating unit, in other words the individual subsidiary to which the goodwill can be allocated, are compared with the carried goodwill amount. Taking the results for the current year, the expected discounted cash flows of the cash generating unit are estimated on the basis of multi-period calculations using projections of the future development of business. The expected business development for each cash generating unit is ascertained on the basis of the market-specific conditions of the subsidiary's operating market, as well as on the basis of the individual cost structure and the development of the relevant raw materials prices. The discount rate is determined using the weighted average cost of capital (WACC) on the basis of the expected target capital structure and the associated capital costs, taking into account an adequate risk premium.

2.3 Investments in associated companies

Investments in associates are reported using the equity method, according to which the proportionate net profit or loss of the subsidiary is recognised in the profit and loss account and by increasing or decreasing the investment's carrying value by this amount.

2.4 Financial assets/financial instruments

Securities are classified according to IAS 39 as available for sale financial assets and are reported at their fair value, meaning their market or stock exchange value at the balance sheet date. If such values are not known, and comparable values are also not available, the fair value will be calculated by using generally accepted valuation processes. Fluctuations in the market value are not recognised as affecting net income, and are first reported as a profit or loss either at the time of the sale of the securities or in the case of an ongoing loss of value.

Pursuant to IAS 39.9, in the case of the initial reporting of a financial instrument, the company is entitled, under certain specified conditions, to recognise this financial instrument at a profit or loss at its fair value. This classification is only used if incongruities in the valuation or reporting can be eliminated or significantly reduced, or if the financial instrument is part of a portfolio, whose performance is measured on a fair value basis, and is reported to the management on this basis.

Current financial instruments are classified as held for trading purposes in accordance with IAS 39, and are recognised at their market value or stock exchange value on the balance sheet date. Changes in value are recognized through profit or loss in the income statement.

2.5 Emission certificates

In accordance with the Emission Certificate Act, emission certificates were allocated to Semperit Technische Produkte GmbH and Semperflex Optimit s.r.o. at no charge in the 2007 financial year. The certificates are not reported in the balance sheet (net method). The companies used 21,844 emission certificates in the 2007 financial year, and did not purchase or sell any additional certificates. The unused certificates in the 2005, 2006 and 2007 financial years expire and lose their validity, and can not be carried forward into the new financial year in accordance with binding regulations. New emission certificates will be allocated to the Semperit Group at no charge for the next financial year.

2.6 Inventories

Inventories are valued at their cost of acquisition or production, taking into account the lower of cost or market 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.

Production costs encompass direct expenses as well as all variable and fixed overheads incurred by production. The costs of borrowed capital are reported as expenses for the period in which they are incurred.

2.7 Receivables and other assets

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

2.8 Tax accrual and deferral

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 future 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.

2.9 Provisions

Severance payment provisions are created for legal and contractual claims and correspond to actuarially calculated provision requirements based on a standard national rate of interest of 4.0% and an appropriate staff turnover deduction in compliance with IAS 19. Expected salary increases are reported at a rate of 3.4% p.a. Actuarial gains and losses are reported in the profit and loss account for the period in which they are incurred.

Provisions for current pensions and anticipated pensions are created along actuarial lines according to the projected unit credit method. Calculations are based on an interest rate of 4.0%. Anticipated salary increases of 3.4% p.a. are taken into account for the valuation of pension commitments. Pension obligations are based on written individual contracts with board members and senior personnel as well as on the statutory pension rules and regulations. Contractual inflation adjustments are taken into account. Actuarial gains and losses are reported in the profit and loss account for the period in which they are incurred.

Company pension obligations for the Chairman of the Management Board take the form of a direct contractual pension payment commitment entered into upon appointment as Chairman. The company charter stipulates reinsurance on the basis of the Defined Contribution model for the other members of the Management Board.

Upon leaving the Management Board, existing board members are awarded severance pay in accordance with the Austrian Employee Act.

Provisions for liabilities similar to severance payments are created for jubilee bonuses. Provisions are calculated according to actuarial principles in accordance with IAS 19 using a standard national rate of interest of 4.0% and an appropriate staff turnover deduction. Other provisions are 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.

2.10 Liabilities

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

2.11 Other

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

If required, estimations are made for the consolidated annual financial statements that influence the assets and liabilities reported in the balance sheet, the reporting 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 these estimations.

III. Consolidation range

3.1 Group companies (fully consolidated)

	Currency	Authorised share capital in 1,000s	Investment in %
Domestic			
Semperit AG Holding, Vienna	EUR	21,359.0	–
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
Semperit Ibérica S.A., Barcelona, Spain	EUR	156.0	100
Semperflex Roiter S.r.l., 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	50.0	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, Great Britain	GBP	100.0	100
Semperit Industrial Products Ltd., Daventry, Great Britain	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 (P) Ltd., Maharashtra, Roha, India	INR	230,769.0	74
"DOM" Sp.z.o.o., Belchatow, Poland	PLN	2,610.0	100
Fabryka Lin "Stolin" Sp.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
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000.0	50

3.2 Associated companies (equity method)

Foreign	Currency	Authorised share capital in 1,000s	Investment in %
Isotron Deutschland GmbH, Allershausen, Germany	EUR	511.6	37.5

The net book value of Isotron Deutschland GmbH at the balance sheet date of December 31, 2007 amounted to TEUR 275.5 (previous year: TEUR 289.5).

Associated companies are included at equity in the consolidated accounts if the 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.

Isotron Deutschland has a different balance sheet date, namely March 31. Interim financial statements as at December 31, 2007 are not put together due to immateriality.

The company is included in the consolidated financial statements according to the equity method with the following values (100%):

in TEUR	30.6.2006	31.3.2007
Assets		
Non-current assets	4,529.5	4,681.5
Current assets	375.3	503.0
	4,904.8	5,184.5
Equity and liabilities		
Equity	771.2	734.0
Non-current provisions	283.7	290.1
Non-current liabilities	1,500.0	1,500.0
Current provisions	233.7	309.6
Current liabilities	2,116.2	2,350.8
	4,904.8	**5,184.5**

	2005/06	2006/07
Sales	2,517.7	2,118.7
Earnings after tax	259.6	222.4

3.3 Group companies excluded from the consolidated financial statements

Domestic	Currency	Authorised share capital in 1,000s	Investment in %
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH, Vienna	EUR	36.3	100

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

IV. Notes to the balance sheet

4.1 Fixed and financial assets

The composition of fixed assets is shown under the item "Changes in fixed and financial assets."

Land with buildings includes real estate assets totalling TEUR 7,062.5 (previous year: TEUR 7,065.6).

Depreciation for the 2007 financial year contains nonscheduled depreciation amounting to TEUR 3,683.3 (previous year: TEUR 451.7).

The following obligations apply as a result of non-terminable tenancies or leases resulting from the use of assets not reported in the balance sheet:

in TEUR	2006	2007
Within one year	693.4	864.6
Within five years	1,371.0	2,117.0
Over five years	496.2	403.3

4.2 Inventories

The balance sheet item "inventories" is comprised as follows:

in TEUR	2006	2007
Raw materials and supplies	31,059.2	32,532.8
Work in progress	9,215.7	9,843.6
Finished goods	44,113.8	45,853.5
Services not yet invoiced	137.1	150.7
Prepayments	23.7	1,585.8
	84,549.5	**89,966.4**

4.3 Accounts receivables and deferred charges

The necessary valuation adjustments are made to all receivables. Receivables from related companies not included in the consolidated accounts amounting to TEUR 3.9 (previous year: TEUR 3.5) and from associated companies totalling TEUR 562.5 (previous year: TEUR 562.5) result from loans and the provision of goods and services. Receivables to the amount of TEUR 13,039.9 (previous year: TEUR 5,934.3) are secured by bills of exchange.

in TEUR	2006			2007		
	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run
Trade receivables	81,915.1	81,885.5	29.6	91,684.4	91,677.2	7.2
Receivables from associated companies (not consolidated)	3.5	3.5	0.0	3.9	3.9	0.0
Receivables from associated companies (equity method)	562.5	0.0	562.5	562.5	0.0	562.5
Other receivables and assets	10,006.3	9,759.8	246.5	10,735.1	10,378.5	356.6
Deferred charges	2,013.3	1,435.6	577.7	2,067.4	1,571.3	496.1
	94,500.7	**93,084.4**	**1,416.3**	**105,053.3**	**103,630.9**	**1,422.4**

The following chart presents an analysis of the due dates of trade receivables:

in TEUR Net amount	of which not overdue	of which overdue			
		up to 3 months	3–6 months	6–12 months	more than 12 months
2007					
91,684.4	73,831.7	16,242.8	980.5	429.7	199.7
2006					
81,915.1	65,777.9	15,127.4	680.4	91.6	237.8

In regards to Semperit's portfolio of overdue trade receivables, there is no indication that the debitors will not be able to fulfil their contractual payment obligations.

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 carry-forwards 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 the tax advantage they include can be realised. Prepaid taxes for the 2007 financial year were calculated using the tax rate of 25% applicable in Austria.

in TEUR	2006		2007	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	10.6	–0.9	51.1	–59.1
Property, plant and equipment	638.0	–2,155.2	458.7	–1,768.7
Financial assets	16.7	–1,130.5	120.4	–187.3
Inventories	1,413.7	–20.6	1,299.9	–23.8
Receivables	643.3	–5.1	758.3	–19.2
Other assets	12.2	–24.7	13.3	–407.5
Untaxed reserves	0.0	–253.1	0.0	–173.5
Provisions for personnel	5,285.4	0.0	5,019.1	0.0
Other provisions	2,214.4	–585.4	2,170.0	0.0
Trade liabilities	134.9	–4.7	133.0	–0.1
Other liabilities	398.5	0.0	332.2	–1.0
Tax loss carry forwards	324.7	0.0	484.0	0.0
Total deferred tax assets/liabilities	**11,092.4**	**–4,180.2**	**10,840.0**	**–2,640.2**
Valuation allowance for tax assets	–1,609.7	0.0	–1,365.2	0.6
Offset of deferred tax assets and liabilities	–1,386.7	1,386.7	–365.3	365.3
Net deferred tax assets	**8,096.0**		**9,109.5**	
Net deferred tax liabilities		**–2,793.5**		**–2,274.3**

4.5 Equity

The development of the shareholders' equity is presented in detail in the consolidated financial statements.

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.

The total amount of TEUR 759.9 reported as "Addition of minority interest" in Capital and Reserves relates to the payment of the outstanding capital contribution of Semperflex Shanghai Ltd.

4.6 Provisions

Provisions for pensions primarily take into account pension commitments resulting from 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 January 1, 1991 upon fulfilment of the remaining requirements (vesting period, maximum employment age). The entitlements stemming from the pension regulations were paid in 2007 with few exceptions.

Provisions for severance payments: Depending on their seniority, Austrian employees are generally entitled to a statutory lump-sum payment upon retirement or dismissal by the employer.

Provisions were formed for these future obligations.

in TEUR	1.1.2007	Currency translation differences	Transfer	Release	Use	Addition	**31.12.2007**
Severance payments	22,021.2	–7.0	–30.9	0.0	–425.2	1,589.8	23,147.9
Pensions	22,353.1	–31.0	30.9	0.0	–1,710.7	30.4	20,672.7
Deferred taxes	2,793.5	63.0	0.0	0.0	–1,121.8	539.6	2,274.3
Current taxes	1,221.9	0.4	0.0	0.0	–236.7	2,936.8	3,922.4
Other	26,524.7	45.6	0.0	–1,264.6	–11,825.4	13,815.4	27,295.7
	74,914.4	**71.0**	**0.0**	**–1,264.6**	**–15,319.8**	**18,912.0**	**77,313.0**

The other provisions are comprised as follows:

in TEUR	1.1.2007	Currency translation differences	Transfer	Release	Use	Addition	**31.12.2007**
Investments/ restructuring	5,234.6	0.0	0.0	–491.0	0.0	0.0	4,743.6
Jubilee bonuses	3,762.9	–2.6	0.0	0.0	–72.3	286.9	3,974.9
Unused vacations	3,503.7	6.6	0.0	0.0	–2,485.2	2,393.9	3,419.0
Warranties	2,645.4	56.3	0.0	–194.0	–418.0	926.7	3,016.4
Bonuses	1,300.9	–20.9	0.0	–40.9	–1,239.1	1,294.7	1,294.7
Other	10,077.2	6.2	0.0	–538.7	–7,610.8	8,913.2	10,847.1
	26,524.7	**45.6**	**0.0**	**–1,264.6**	**–11,825.4**	**13,815.4**	**27,295.7**

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

4.7 Liabilities and deferred charges

The residual maturity of liabilities to banks is as follows:

in TEUR		2006 EUR	2006 USD	2006 THB	2006 Book value	2006 of which collateralised	2007 EUR	2007 USD	2007 THB	2007 Book value	2007 of which collateralised
Up to 1 year	**thereof with fixed interest**	1,631.9	0.0	0.0	1,631.9	1,425.0	1,425.0	0.0	0.0	1,425.0	1,425.0
	thereof with variable interest	372.4	0.0	14,777.5	15,149.9	356.3	234.4	0.0	887.0	1,121.4	0.0
Longer than one year and up to two years	**thereof with fixed interest**	1,425.0	0.0	0.0	1,425.0	1,425.0	712.5	0.0	0.0	712.5	712.5
	thereof with variable interest	178.1	0.0	0.0	178.1	178.1	0.0	0.0	0.0	0.0	0.0
Longer than two years and up to three years	**thereof with fixed interest**	712.5	3,799.4	0.0	4,511.9	712.5	0.0	0.0	0.0	0.0	0.0
	thereof with variable interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Longer than four years and up to five years	**thereof with fixed interest**	0.0	0.0	0.0	0.0	0.0	0.0	3,394.4	0.0	3,394.4	0.0
	thereof with variable interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		**4,319.9**	**3,799.4**	**14,777.5**	**22,896.8**	**4,096.9**	**2,371.9**	**3,394.4**	**887.0**	**6,653.3**	**2,137.5**

Because fair market interest rates are applied, it can be assumed that the book values of the liabilities to banks correspond to their fair values.

Collateral primarily involves pledged securities.

The current trade accounts payable include TEUR 0.7 (previous year: TEUR 2.4) payable to affiliated companies. Other liabilities include TEUR 48.6 (previous year: TEUR 54.6) payable to associated companies.

4.8 Contingent liabilities

Contingent liabilities pertain to the following items, which need not be reported as liabilities on the balance sheet:

in TEUR	2006	2007
Guarantee/security	444.8	2,180.4
Other	0.0	161.4

V. Notes to the profit and loss account

5.1 Sales

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

5.2 Other operating income

in TEUR	2006	2007
Exchange rate gains	3,897.0	4,591.8
Rental revenues	926.5	800.4
Reversal of value adjustments	214.1	448.7
Other operating income	5,499.1	7,391.8
	10,536.7	**13,232.7**

Other revenue-related operating income includes various reimbursements (energy and other charges).

5.3 Cost of materials

in TEUR	2006	2007
Cost of materials	291,889.4	303,442.1
Third party services	31,845.0	34,823.0
	323,734.4	**338,265.1**

5.4 Personnel expenses

Personnel expenses include the following items:

in TEUR	2006	2007
Wages	42,338.2	44,960.6
Salaries	31,807.2	32,923.5
Severance payments	1,647.6	3,240.5
Pensions	1,203.1	175.0
Statutory social security contributions and other compulsory wage-related payments	18,371.4	19,043.3
Other social security contributions	1,308.6	1,306.8
	96,676.1	**101,649.7**

Obligations for pensions, severance payments and jubilee bonuses developed as follows in 2007:

in TEUR	2006	2007
Pensions		
Present value of the obligations (DBO) as at January 1	23,164.7	22,353.1
Entitlements acquired in 2007	280.6	306.1
Imputed interest expense on existing obligations	876.1	860.7
Actuarial gains/losses	46.4	–991.8
Total pension expenses	1,203.1	175.0
Payments	–2,014.7	–1,855.3
Present value of the obligations (DBO) as at December 31	22,353.1	20,672.7
Severance payments		
Present value of the obligations (DBO) as at January 1	22,066.5	22,021.2
Entitlements acquired in 2007	814.2	943.3
Imputed interest expense on existing obligations	914.5	748.5
Actuarial gains/losses	–81.1	1,548.7
Total severance expenses	1,647.6	3,240.5
Payments	–1,692.9	–2,113.9
Present value of the obligations (DBO) as at December 31	22,021.2	23,147.9
Jubilee bonuses		
Present value of the obligations (DBO) as at January 1	3,658.2	3,762.9
Entitlements acquired in 2007	177.0	179.3
Imputed interest expense on existing obligations	131.4	135.9
Actuarial gains/losses	–71.2	221.5
Total jubilee bonus expenses	237.2	536.7
Payments	–132.5	–324.7
Present value of the obligations (DBO) as at December 31	3,762.9	3,974.9

	Severance payments	Pensions	Jubilee bonuses
2007			
Actuarial gains	1,548.7	–991.8	221.5
of which experience adjustments	1,548.7	–991.8	221.5
of which effects of change in actuarial assumptions	0.0	0.0	0.0
2006			
Actuarial gains	–81.1	46.4	–71.2
of which experience adjustments	–81.1	46.4	–71.2
of which effects of change in actuarial assumptions	0.0	0.0	0.0

Actuarial gains and losses are recognised in the year in which they are incurred. Changes to provisions are reported under item 4.6.

The average number of employees in the Semperit Group can be broken down as follows:

	2006	2007
Blue collar employees	5,345	5,744
White collar employees	1,344	1,374
	6,689	**7,118**

The average number of staff employed in Austria totalled 855 (previous year: 851).

The Management Board's remuneration amounted to TEUR 2,133.2 in the 2007 financial year, which included TEUR 1,153.5 in variable salary components. The level of the variable salary component is determined on the basis of the net profit for the year and the dividend distributed to the shareholders. Former members of the Management Board and their surviving dependents received TEUR 392.9 during the year under review. Severance and pension expenses for members of the Management Board and top executives in 2007 amounted to TEUR 195.8, and for other employees to TEUR 3,219.7.

5.5 Other operating expenses

Other operating expenses include the following items:

in TEUR	2006	2007
Outgoing freight	25,080.8	22,981.6
Maintenance and third-party services	21,134.5	24,791.1
Commission and advertising costs	7,252.0	6,431.2
Exchange rate losses	8,382.5	6,112.6
Travel expenses	4,407.8	4,502.6
Insurance premium	2,672.0	2,222.8
Cost of rent and leases	2,727.6	2,356.4
Other taxes	1,733.7	1,911.8
Guarantees	1,831.4	1,030.3
Auditing and consultancy fees	1,636.0	1,992.3
Fees, subscriptions, donations	1,706.4	1,285.7
Losses of accounts receivable	748.0	791.3
Other	10,146.1	11,184.2
	89,458.8	**87,593.9**

The Supervisory Board received remuneration totalling TEUR 94.0 in 2007 (previous year: TEUR 88.0).

5.6 Financial results

in TEUR	2006	2007
Income from associated companies	97.4	83.4
Income from other investments	39.4	0.0
Income from participations	**136.8**	**83.4**
Interest and similar income	1,253.3	1,585.7
Interest and similar expenses	–1,380.3	–873.3
Interest result	**–127.0**	**712.4**
Income from other securities and loans	932.3	1,490.5
Write-ups on financial assets	2,746.6	22.1
Profit/loss on the disposal of financial assets	163.6	–931.9
Depreciation on financial assets	–287.2	–5,678.7
Other financial results	**3,555.3**	**–5,098.0**
	3,565.1	**–4,302.2**

Net interest income in 2007 amounted to TEUR 622.4 in cash inflow. Net interest income in 2006 totalled TEUR 190.0 in cash outflow.

5.7 Tax on income

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

in TEUR	2006	2007
Current tax expense	11,623.9	13,551.5
Deferred tax expense	1,226.6	–1,615.9
	12,850.5	**11,935.6**

The cash outflow for income taxes in 2007 amounted to TEUR 9,350.2 (previous year: TEUR 11,667.9).

The effective tax rate in the reporting year was 20.0% (previous year: 23.7%). The Group tax ratio is a weighted average of the local income tax rates of all consolidated subsidiaries. The translation of the profit before tax to the current Group tax expenses from income and earnings is as follows:

in TEUR	2006	2007
Earnings before tax	54,315.5	59,624.5
Tax expense/earnings (–/+) at 25%	–13,578.9	–14,906.1
Different tax rates in other countries	266.6	1,438.1
Non-temporary differences	280.2	876.9
Value adjustments for non-deferred taxes on losses, loss carry forwards and tax credits not applied to deferred tax	–81.2	1,001.7
Changes to tax rates	262.8	–346.2
Effective tax expense	**–12,850.5**	**–11,935.6**
Effective tax rate in %	23.7	20.0
thereof from deferred tax	–1,226.6	1,615.9

VI. Risk management and financial instruments

Business is always subject to risk. The globalisation of Semperit's business operations understandably has an inherent dimension of risk to which the Group is paying increased attention. The most significant risks for the Semperit Group primarily arise from potential exchange rate changes, raw material prices, interest rates, as well as the creditworthiness and financial solvency of business partners and customers. At Semperit, risk management ensures that future risks in all areas of activity are analysed and actively counteracted by taking appropriate measures.

Market risk

In recent years, Semperit has considerably reduced risks on its key sales markets by opening local operating units. While global business risks still exist, the Group's differentiated structure based on 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.

Procurement risk

The manufacturing sector's ongoing dependence on the availability and cost of various raw materials is a significant risk factor. Semperit's increased focus at all of its international production sites is therefore on constantly optimising production processes with the aim of exploiting all opportunities for minimising the amount of materials used in its manufacturing processes. The internationalisation of business activity also offers Semperit new opportunities for reducing costs.

Interest rate risk

Within the framework of the company's business activities, it is necessary to finance working capital, investments and any expansion of operations with borrowed capital. At present, interest on this capital is charged by means of fixed and variable, short-term or medium-term interest rates. Due to their short-term nature, fixed and variable interest rates are subject to the typical interest rate risk on the marketplace. Due to the small amounts, the interest rate risk is generally considered to be minimal.

Default/credit risk

Credit risk arises when the counterparty to a transaction is not able to meet its contractually stipulated payment obligations, and thus the company is subject to financial loss. Default risk on financial assets is taken into consideration by means of value adjustments. The risk of customers defaulting on payments is small, as the creditworthiness of customers is constantly being 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 obtaining collateral.

Foreign exchange risk
The exchange rates of the most important currencies for the Semperit Group against the euro in 2007 are as follows:

FX rates for EUR 1	2006	2007	2006	2007
	Average rate		Rate on balance sheet date	
US dollar	1.26	1.38	1.32	1.47
Thai baht	47.40	47.23	46.30	49.04
Polish zloty	3.90	3.77	3.86	3.60
Czech koruna	28.27	27.77	27.35	26.62
Hungarian forint	263.82	251.86	250.20	253.25
British pound sterling	0.68	0.69	0.67	0.74

If required, financial instruments in the form of derivative financial instruments 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 according to the needs of the Group.

IFRS distinguishes between primary financial instruments and derivative financial instruments.

6.1 Primary financial instruments

Primary financial instruments held by the Group are shown on the balance sheet. The currently negative developments on the international financial markets impact the performance of the portfolio. The amounts stated represent both the maximum credit risk and default risk.

The non-current securities are comprised of the following:

	2006			2007		
	Book value in TEUR	Market value in TEUR	Average effective interest rate in %	Book value in TEUR	Market value in TEUR	Average effective interest rate in %
Shares, funds, portfolios	44,467.2	44,467.2	6.8	35,874.5	35,874.5	–7.0
Other	1,279.3	1,279.3	0.0	1,062.8	1,062.8	0.3
	45,746.5	**45,746.5**		**36,937.3**	**36,937.3**	

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

	Currency	Nominal value in 1,000s	Book value in TEUR	Effective interest rate in %
Loans	EUR	7,200.0	2,315.7	2.2
Loans	THB	43,500.0	887.0	4.3
Loans	USD	5,000.0	3,394.4	6.1
			6,597.1	
Other	EUR		56.2	
			6,653.3	

6.2 Derivative financial instruments

In some cases, foreign exchange risk is counteracted by forward exchange agreements, foreign currency swaps and the purchase of foreign currency options. The derivatives are recognised as independent transactions and not as hedging transactions. As the relevant criteria are not met, hedge accounting is not applied in accordance to IAS 39.85 – IAS 39.102.

The following chart shows the derivative financial instruments acquired to hedge foreign exchange risk, broken down per company, type of forward contract, and the hedged currency:

Company	Country	Type of transaction	Currency	Hedged amount	Hedging rate	Fair value in TEUR 31.12.2007
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	3,600,000	27.94	186.1
Sempertrans Belchatow S.A.	Poland	Forward exchange	EUR	3,000,000	3.71	96.2
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	EUR	3,093,505	49.44	25.2
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	31,778,653	33.67	11.4
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	EUR	1,141,564	49.13	2.2
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	5,306,482	33.46	–20.4

The derivative financial instruments are recognised at market value. The market value corresponds to the value that the respective company would receive or have to pay to conclude the transaction on the balance sheet date.

VII. Other information

7.1 Earnings per share, proposal for distribution of the profit

The number of outstanding shares is 20,573,434.

Number of shares	2006	2007
Shares issued	20,573,434	20,573,434
Weighted shares	20,573,434	20,573,434

The provisions of the Austrian Stock Corporation Act and the financial statements of Semperit AG Holding prepared in compliance with Austrian accounting principles form the basis for the dividend payment. These financial statements show a net profit of TEUR 20,797.0. The Management Board proposals that the Annual General Meeting approve a dividend payment of EUR 0.95 per share and carry forward the remaining TEUR 1,252.2.

7.2 Transactions with related parties and individuals

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

The companies in Thailand and China which are fully consolidate in the financial statements 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 at prevailing market rates.

7.3 Environment

The Semperit Group operates an internal management system in its subsidiaries to monitor and ensure compliance with all legal environmental protection requirements. All preventive measures and investments required for this are completed on the basis of evaluations. This also ensures that all Semperit Group plants comply with all applicable regulations and laws in this area.

7.4 Other

The Chairman of the Supervisory Board of Semperit AG Holding, Karl Schmutzer, resigned as Chairman of the Supervisory Board on February 1, 2008 with immediate effect, at his wish, for private reasons.

Vienna, March 20, 2008

The Management Board

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

STATEMENT BY THE MANAGEMENT BOARD

Balance sheet oath pursuant to § 82 (4) Austrian Stock Exchange Act

The Management Board of the Semperit Group certifies, to the best of its knowledge, that the consolidated financial statements of the Semperit Group for the 2007 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS), and present a fair and accurate picture of the profit, asset and financial position of the Semperit Group and all the companies which have been included in consolidation.

The Management Board further certifies, to the best of its knowledge, that the Management Report presents the business development, earnings and the overall situation at Semperit Group in such a manner as to provide a fair and accurate picture of the profit, asset and financial position of the Group, and that it also describes the most important risks and uncertainties facing the company.

Vienna, March 20, 2008

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding (Semperit Group), Vienna, for the financial year from January 1, 2007 to December 31, 2007. These consolidated financial statements comprise the balance sheet as at December 31, 2007, and the income statement, cash flow statement and statement of changes in equity for the year ending December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

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

Report on the Group Management Report

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

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

Vienna, March 20, 2008

Eidos Deloitte
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH

Harald Breit Peter Haunold
Auditors and Tax Advisors