SUCCESS

in new markets

ANNUAL REPORT 2007

binder+co

EXAMPLE

CEE

Binder+Co has established new benchmarks in Central and Eastern Europe with a new glass recycling plant. In 2007, the company installed one of the continent's most modern sorting plants in Piła, Poland. This is both an important reference plant for the region and the global technology leadership of Binder+Co. Leadership that extends not only to the environmental technology area, but also the processing and packaging technology segments. The illustrations contained in this Annual Report document this important project of the past year.

Key business development indicators

Earnings		2007	2006[1]	Q4/2007	Q4/2006[1]
Sales	EUR m	53.44	42.67	15.87	14.45
thereof Processing Technology	EUR m	24.98	22.07	5.22	8.69
Environmental Technology	EUR m	15.11	13.03	7.29	4.26
Packaging Technology	EUR m	13.35	7.57	3.36	1.50
EBIT	EUR m	4.89	3.89	2.34	2.44
thereof Processing Technology	EUR m	3.59	2.48	0.90	1.14
Environmental Technology	EUR m	1.09	0.94	1.34	0.69
Packaging Technology	EUR m	0.21	0.47	0.10	0.61
EBIT margin	%	9.2	9.1	14.7	16.9
Profit for the year	EUR m	3.63	3.38	1.74	2.29
Profit per share	EUR	0.97	0.90	0.46	0.61
Investments	EUR k	1,663	1,348	483	964
Operative cash flow	EUR k	3,200	4,921	2,350	4,889
Employees	as at December 31	213	212	213	212
Sales/employee	EUR k	251	201	75	68
EBIT/employee	EUR k	23	18	11	12
Order intake	EUR m	57.49	45.98	17.04	17.18
thereof Processing Technology	EUR m	25.81	23.05	6.60	6.90
Environmental Technology	EUR m	15.74	13.55	3.99	6.41
Packaging Technology	EUR m	15.94	9.38	6.45	3.87
Order backlog	EUR m	20.07	16.02	20.07	16.02
thereof Processing Technology	EUR m	8.12	7.29	8.12	7.29
Environmental Technology	EUR m	6.60	5.97	6.60	5.97
Packaging Technology	EUR m	5.35	2.76	5.35	2.76

[1] Values excluding Waagner-Biro Immobilienverwaltungs GmbH, which in the meantime has been sold.

Key balance sheet indicators

Assets		2007	2006[1]
Non-current assets	EUR m	13.74	14.14
Current assets	EUR m	18.17	15.75
Equity and debt			
Equity	EUR m	14.19	11.76
Long-term debt	EUR m	5.75	5.58
Short-term debt	EUR m	11.97	12.55
Total assets	EUR m	31.91	29.89
Equity ratio	%	44.5	39.3
Return on equity $(ROE)_{EBIT}$	%	34.5	33.1

[1] Values excluding Waagner-Biro Immobilienverwaltungs GmbH, which in the meantime has been sold.

Key share indicators

	2007	2006
Highest price	12.90	10.20
Lowest price	10.30	10.00
Yearend closing price	12.90	10.20
Market capitalisation at yearend (EUR m)	48.38	38.25

Highlights 2007

- Sales raised by 25.2% to EUR 53.4 million.
- EBIT improved by 25.7% to EUR 4.9 million.
- Order intake at EUR 57.5 million, 25.0% higher than in the previous year.
- Following a private placement in 2006, 49.99% of stock in the hands of national and international institutional investors.
- Acceptance into the newly created mid market segment of the Vienna Stock Exchange in June 2007.
- Authorisation for regulated free trading in July 2007.

Recycling boom in CEE

Resources are not inexhaustible. Especially in the CEE region, increasing worldwide environmental awareness has triggered a powerful boom in the reuse and recycling of materials from waste. In the EU-15, top values of over 90% have already been achieved with regard to glass recycling quotas. This is the result of long-term measures, strategic partnerships and the latest technologies.

The CEE states are now steadily closing this enormous gap and thus constitute an extremely interesting growth market for Binder+Co, which is using this dynamic trend to strengthen its presence in the region both now and in years to come. An endeavour for which state of the art technology and in-depth know-how represent the key.

Outlook for 2008

- Intensification of activities in the high-potential markets of Central and Eastern Europe and Asia with a focus on India and Southeast Asia.
- Consolidation of technological leadership in all product segments.
- Development of optical separation devices for minerals, plastics and paper.
- New product series in the bagging sector.
- Systematic further development of system and plant building competence.
- Organic sales growth and a further increase in income.
- Examination of possible acquisitions.

The Piła glass recycling centre – a reference plant for CEE

During 2007, Binder+Co installed a plant in Piła, Poland, which is equipped with the latest CLARITY technology for the recycling of waste glass. The plant is one of the first large projects to be realised by Binder+Co in CEE and points the way ahead for the future plans of the company in the region. 330 t of steel and machinery were necessary for the plant construction, in which the Binder+Co workforce invested around 4,700 hours of engineering, 6,700 hours of in-house production and 9,000 hours for installation and start-up.

Contents

Jörg Rosegger
Member of the Management Board, Binder+Co AG

Karl Grabner
Member of the Management Board, Binder+Co AG

Successful development maintained

Foreword from the Management Board

Dear shareholders, customers and business partners,

Following admission to the Vienna Stock Exchange at the end of December 2006, Binder+Co AG continued to make highly satisfactory progress during the 2007 financial year. In the wake of the favourable economic climate, both sales and the result were markedly higher than in the preceding year.
As far as share performance is concerned, we can also reflect on solid development during the reporting period. Starting at a level of EUR 10.30 at the beginning of the year, on December 31, 2007, the share price stood at EUR 12.90 (+ 25.2%). With accession to the newly created mid market segment and acceptance into regulated free trading, by the middle of the year we had already achieved our 2007 objectives regarding our positioning in the capital market. Subsequently, we made every effort to fulfil our obligation to meet the stricter transparency of the new market segment.

Dynamic development in all areas
Due to the favourable economic conditions, Binder+Co can point to a highly successful business year in 2007. As a result of a robust increase in sales of 25.2% to EUR 53.4 million (2006: EUR 42.7 million), during the year under review also EBIT rose by an impressive 25.7% to approximately EUR 4.9 million (2006: EUR 3.9 million). Thus Binder+Co achieved an ROE of around 34.5%, which was clearly above the established, long-term target of > 25.0%.
It is also pleasing that the 2007 financial year proved positive in all product segments. Our high levels of competence as a systems supplier are of crucial importance in this regard and provide us with a clear competitive advantage.
As a consequence of the increase in the sales of both individual machines and complete systems, after sales services also experienced a rise in demand.
The above-average demand for Binder+Co products, especially in the third quarter, ensured excellent order backlog at the end of 2007, amounting to EUR 20.1 million (2006: EUR 16.0 million), a good basis for future growth.

Continuation of positive development planned
On the basis of the healthy order situation and the continuation of the positive market mood, further increases in sales and earnings have been budgeted for 2008. In addition, the intention is to use the favourable climate for the ongoing consolidation of the technological leadership of the company's core products. Simultaneously, system and plant building expertise is also to be further strengthened in order to both expand the single machine core business area on one hand and facilitate the provision of complete performance packages on the other.
As far as marketing is concerned, the target is to exploit the growth in the high-potential markets of Central and Eastern Europe and Asia, with a focus on India and Southeast Asia. This will enable a further improvement in our already prominent position in these regions.

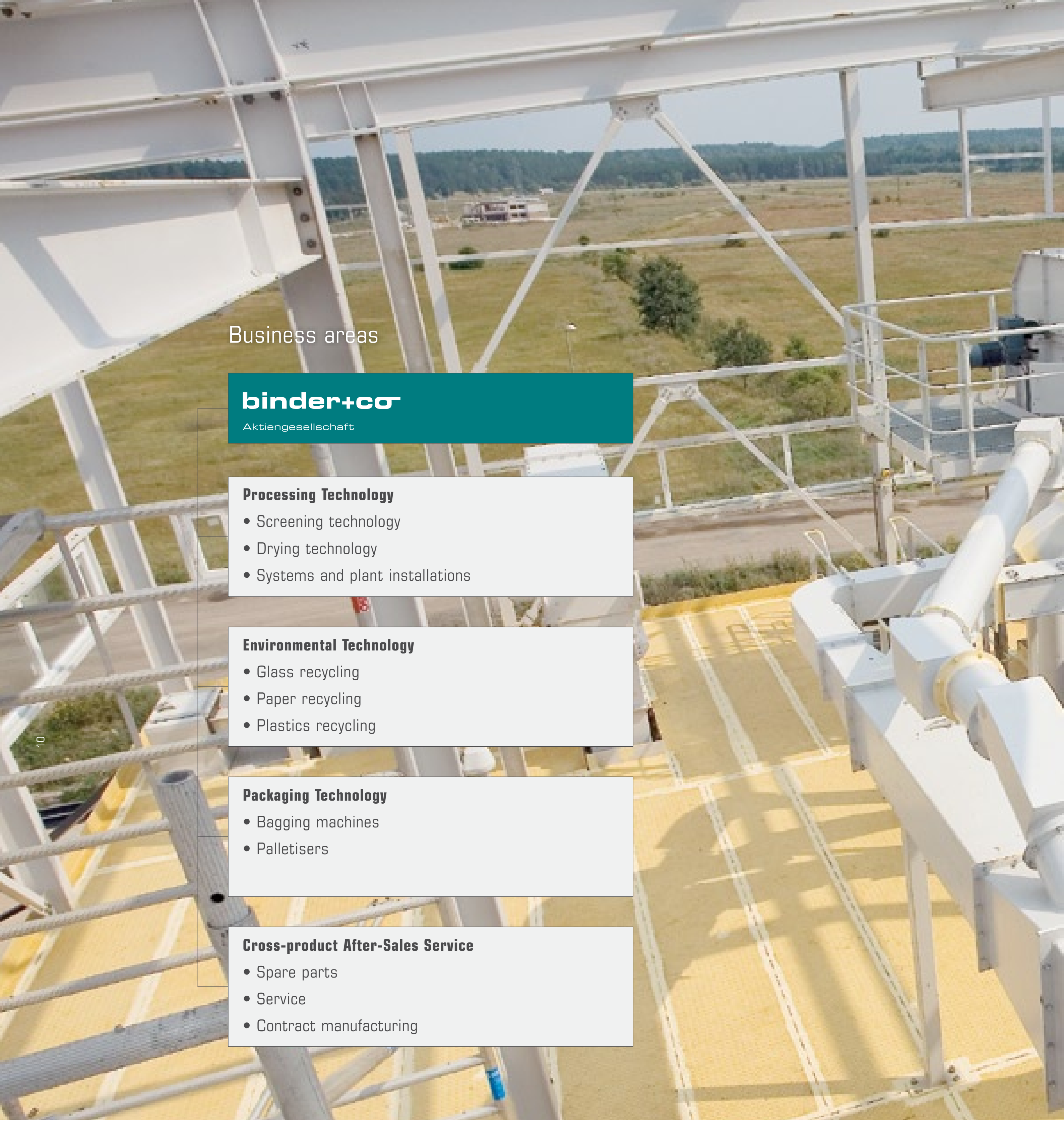
Innovation
Over the years, we have demonstrated that our innovative strengths are not merely limited to the product level. In particular, 2007 was characterised by major changes to our internal procedural organisation. Furthermore, the company's four-prong growth strategy, which is based on product innovation, expanded market access, optimisation of internal processes and growth through acquisitions, was developed further.

The workforce factor
Through their endeavours, our employees made a decisive contribution to the success of the past year. Indeed, their know-how and commitment number among our most crucial assets. For this reason, we both encourage and challenge our workforce at every level.

On this occasion, we would also like to thank our partners and customers for their trust.

Gleisdorf, February 2008

Karl Grabner | Jörg Rosegger



Business areas

binder+co
Aktiengesellschaft

Processing Technology
- Screening technology
- Drying technology
- Systems and plant installations

Environmental Technology
- Glass recycling
- Paper recycling
- Plastics recycling

Packaging Technology
- Bagging machines
- Palletisers

Cross-product After-Sales Service
- Spare parts
- Service
- Contract manufacturing

Governing bodies

Supervisory Board[1)]
Hellmut Longin (Chairman)
Günther Mörtl (Vice-Chairman)
Kurt Berger
Wolfgang Auer von Welsbach – until August 31, 2007 (resigned mandate)

Staff Council delegates:
Alfred Gschweitl
Johann Voit

1) Mandate: March 26, 2007 until March 26, 2008

Management Board

Karl Grabner – since January 1, 2000 – current mandate until December 31, 2010
Jörg Rosegger – since January 1, 2007 – current mandate until December 31, 2009


clarity
23

Austrian technology on the pace

One answer to the growing volume of waste is provided by Binder+Co, e.g. with its technically leading products for glass recycling. In this sector, the company numbers among the top 3 suppliers worldwide, a ranking that is based primarily on its very high levels of innovative capacity.

A 50% innovation rate in the environmental segment in 2007 shows clearly that in particular the very latest technological innovations play a major role in successful market penetration. Indeed, half of the technologies employed involve innovations derived from the past three years.

The latest Binder+Co development in the glass recycling area is already in worldwide use. A new type of sensor technology has been integrated into the CLARITY product line, in order to facilitate the removal of heat resistant glass from waste glass. The result: Perfectly sorted used glass fractions for optimum recycling.

Company overview

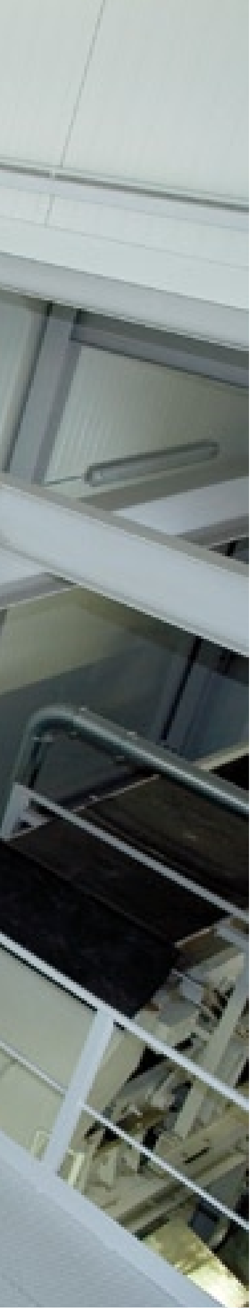
Binder+Co is an internationally successful specialist in the field of machinery and complete systems for the screening, drying, sorting and packaging of bulk goods such as minerals, ores, coal, recycling materials, foodstuffs and animal feed, plastic granulate and chemicals. With its innovative products, the company makes a valuable contribution to the efficient use of limited resources.

Strong position

- Global market leader in
  - screening technology for difficult to screen bulks
  - glass recycling
- Technology leader in the classification and sorting sectors
- Among the world's top three suppliers with core products in the screening, environmental and packaging technology segments

Clear strategy

- Growth through the entry into new markets, particularly in Central and Eastern Europe, India and Southeast Asia
- Continued development of core products
- Securing of technological leadership
- Consolidation of system and plant building competence



Turning waste into a valuable raw material

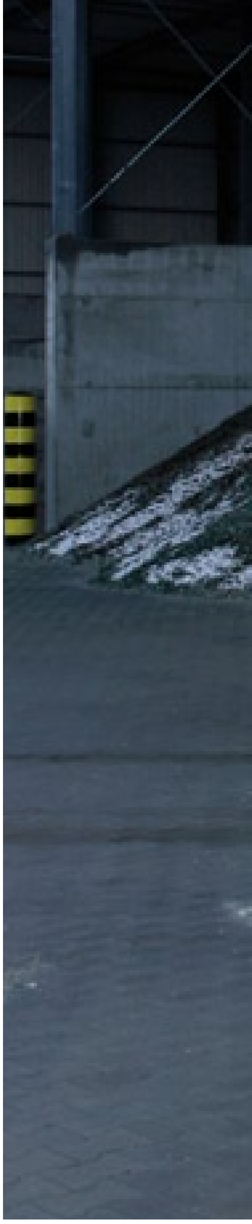
Using the appropriate technology, waste can be converted into a valuable raw material. Around the world, recycling makes an important contribution to the sustained conservation of precious resources. By means of first class technology, waste can be separated with ever-greater precision and cleanliness, thus establishing the ideal preconditions for reuse. Levels of consciousness in this regard are steadily rising, particularly in the states of Central and Eastern Europe and the CIS.

Extensive product portfolio
Processing Technology: screening, drying and conveying of all types of bulk goods
Core products: BIVITEC, DRYON
In the Processing Technology segment, BIVITEC the special screening machine developed by Binder+Co for products that are difficult to screen, e.g. coal, has emerged as a top product of international demand.

Environmental Technology: sorting of recycling material such as glass, paper, cardboard and plastics
Core products: CLARITY PLUS, CRITERION PLUS
With the CLARITY PLUS product range, Binder+Co's Environmental Technology segment has long been one of the world's leading suppliers of glass recycling plants.

Packaging Technology: bagging of all types of free-flowing bulk materials and bag palletising
Core products: PRINCIPAC, PRINCIPAL, ABF
As the manufacturer of the world's fastest packaging machines for the industrial open mouth-bag sector, Binder+Co supplies the global animal feed, chemicals and petrochemical industries with its PRINCIPAC product line.

In addition to the production and supply of core products as single machines, Binder+Co also creates inter-segmental plant concepts and covers the after sales service area. A spares web shop secures the worldwide supply of spare parts.

Alois Gleichweit and Jürgen Volleritsch (Binder+Co AG)

Targets and strategy

Binder+Co has a clear corporate growth strategy, which on the basis of a strong position as the technology and business leader in important product areas and markets, incorporates four main objectives:

Growth through innovation and product development (Product Leadership)
This strategic approach concentrates on product development. It is targeted on multiple advantages that not only relate to the individual, strategic business segments, but also extend to the other business sectors. In the final development phase, a module-based product portfolio facilitates customised solutions through product diversity without component multiplicity.

Growth through focused marketing (Market Reach)
Market access is secured by a professional sales team, which is increasingly serving customers around the globe as a process consultant. In addition to technically mature solution concepts, a clear emphasis is placed on optimising the cost-efficiency of customer processes. Moreover, as a result of intensive key account management, Binder+Co's customers see the company as a respected partner and advisor.

The regional focus is on Western Europe, Central and Eastern Europe (CEE and CIS) and Asia, with a special emphasis on India and Southeast Asia. At the same time, Binder+Co has stepped up its activities in the industrial minerals, recycling and animal feed sectors.


With combined strengths, the finest know-how and technology

Our top technical achievement emanate from efficient and motivated teamwork between the workforce and company partners. This begins with R&D and then extends to production, sales and plant installation and after sales services.

Karl Grabner (Binder+Co AG), Dieter Horn (Rhenus AG&CO KG), Jazek Domowicz (Recycling Polska Sp.z.o.o.), Frank Pontzen (Rhenus AG&CO KG), Jörg Rosegger (Binder+Co AG)

Growth through internal process optimisation (Operational Excellence)
Binder+Co aims to increasingly present itself to its customers as a systems supplier and process consultant. Accordingly, the securing and transfer of specialist know-how is of crucial importance. In addition to the improvement of internal project handling, know-how management and solid human resources development constitute important contributory factors in the attainment of operational excellence.

Growth through acquisitions
Supplementation of the product programme and expansion of the sales network are also being sought via strategic growth. The targets for acquisition are comprised by companies with sales of EUR 20 to 50 million that would provide a beneficial contribution to the product programme and simultaneously complement the existing Binder+Co sales network. Depending on the financial requirements, both capital increases and conventional loan financing represent conceivable options in this connection.

Acquisitions

Market Reach

Product Leadership

Operational Excellence

Tasks and objectives for 2008
With regard to the implementation of our core strategies, the spotlight in 2008 will be on "profitable growth in tandem with key figure retention" (ROS > 9% and ROE > 25%).

Important activities in this regard are:
- A concentration on the minerals, recycling, animal feed, petrochemicals, iron and steel sectors.
- A regional focus on Western and Eastern Europe, India and Southeast Asia.
- Positioning as a systems supplier with an emphasis on process optimisation.
- The development of team capabilities, in order to support the growth strategy.
- The use of opportunities for acquisitions.

Value orientation

The clearly defined values of Binder+Co are an important success factor. For this reason, all activities are oriented towards the corporate vision, which is also used as a benchmark. The following constitute significant aspects of this vision:

"Resources are not inexhaustible and therefore it is important to employ them carefully and use recycling wherever possible. Binder+Co makes a significant contribution in this respect, as the company, which is rich in tradition, specialises in the screening and classifying of all types of bulk goods."

"Binder+Co supplements its screening and classification technology with top products in the drying and high-performance packaging sectors. Many of these high-tech products are utilised in the recycling area, where through their first class quality, they help to save additional raw materials."

In order to achieve sustainable resource conservation, Binder+Co is working on both the further development of its successful classification technology in the used glass, plastics and paper sectors and its screening technology. The end result will be the even more efficient use of raw materials. For example, the supplementation of the DRYON series (drying technology) with larger machine types is intended to ensure that in future only one dryer will be required instead of two, which will greatly improve the energy balance of the process. Moreover, the company's comprehensive know-how in this sector is also to be extended towards mineral classifying. Last, but not least, the management is looking to raise levels of awareness with regard to the "handling of valuable resources" through an involvement in a number of school projects.

"Binder+Co has enthusiastic, efficient and motivated employees."

In future, employee furtherance is to be intensified, particularly in the production, engineering, sales and project management areas. Accordingly, in the coming years, the Management Board is to pay increasing attention to human resources management and educational measures.

"With its first class products, Binder+Co is among the top 3 in the international markets. Indeed, as an innovator and visionary company, Binder constitutes a technical benchmark."

Binder+Co already fulfils this claim in a diversity of areas. This fact is exemplified in the screening sector with the successful BIVITEC system for the handling of problematic bulks, in the environmental technology segment by the CLARITY product range for glass recycling, and in the field of packaging technology by PRINCIPAC high-performance open-mouth bag filling machines. In order to further consolidate this strong position, 2007 saw the introduction of innovative alternatives for the sorting of heat-resistant glass, a web shop for the after sales sector and the launching of the PRINCIPAC 2000, the fastest open mouth bagging machine currently available. Subsequent steps will involve paper and plastics recycling innovations, mineral sorting and the development of a new product line in the open bag sector.

The Binder+Co share

General situation

The ATX

During 2007, developments on the ATX (Austrian Traded Index), which is the key index on the Vienna Stock Exchange, were largely in step with those of the international stock markets. Following a positive trend at the beginning of the reporting period, a marked correction occurred in March. The early summer then witnessed a steady upward climb and an all-time high was reached in July 2007. However, due to the price slump on the international stock exchanges, in November the ATX fell to a low for the year.

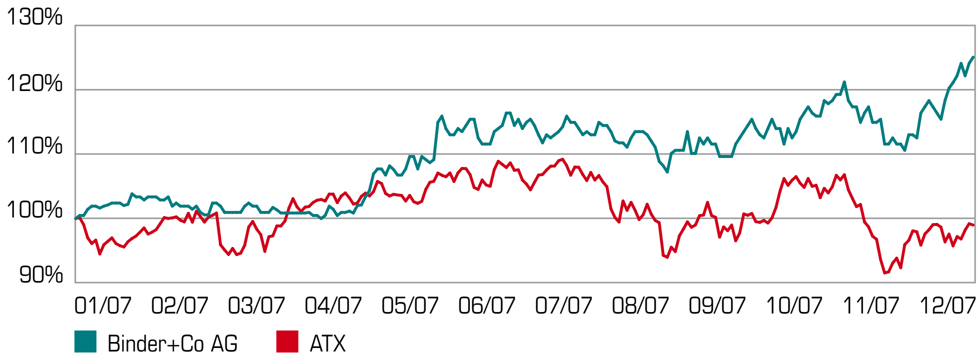
mid market segment

The mid market was launched on June 18, 2007, as a new Vienna Stock Exchange market segment. It allows companies with limited capital needs to acquire equity via the markets. The mid market contains stocks (including ADCs – Austrian Depositary Certificates), which have an authorisation for official, regulated OTC, or third market trading.

Binder+Co AG was first listed in the third market in December 2006, but in mid-2007 moved to the mid market segment. Shortly afterwards, the company share was relisted and switched from the unregulated market to regulated OTC trading.

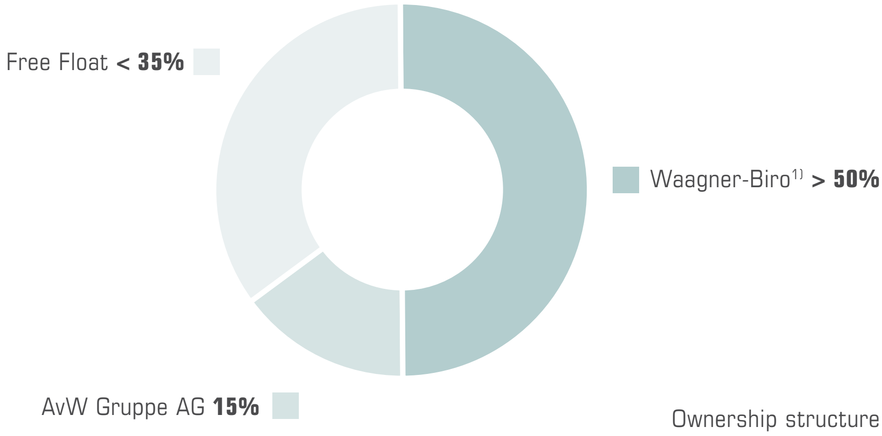
Binder+Co share shows a solid price trend

During the period under review, the share price developed in a positive manner. Starting from a level of EUR 10.30 at the beginning of the year, the year-end price stood at EUR 12.90, which represented a rise of 25.2%.



Change in ownership structure

The company's ownership structure changed during the reporting period. On December 31, 2007, the majority shareholder of Binder+Co AG was Waagner-Biro Beteiligungsverwaltungs GmbH, Vienna, which on December 28, 2007, assumed the entire majority holding of Waagner-Biro Aktiengesellschaft amounting 50.01%. The AvW Gruppe AG (December 31, 2006: approx.11%) held just over 15%, while the remaining shares amounting to some 35% of stock were in free float.



Ownership structure as at December 31, 2007

[1)] Waagner-Biro Beteiligungsverwaltungs GmbH

Investor relations

With accession to the mid market segment and relisting in regulated OTC trading, Binder+Co AG undertook an obligation to adhere to stricter transparency, quality and publicity criteria. In the course of the past year, the company intensified its efforts in this regard. On the one hand, the half-year report was used to provide comprehensive information and on the other, the company issued additional interim reports for the first and third quarters.

Furthermore, since the beginning of 2007, the company has steadily raised the level of its PR activities and at the same time, has stepped up its contacts with the financial community, especially those relating to institutional investors.

Corporate governance

Binder+Co AG is a joint stock company according to Austrian law. As a consequence the company and its bodies are subject to the statutes of the Austrian Corporations Act.

Above and beyond the legal statutes, since its admission to regulated OTC trading in July 2007, Binder+Co AG has adhered to the recommendations made in the current Austrian Corporate Governance Code.

All Legal Requirements (L), the majority of the Comply or Explain Rules (C) and most of the Recommendations (R) are being fulfilled. The following list contains all those regulations that are either not adhered to, or only with small deviations, due to the fact that in view of the current size of the company, strict adherence would (at present) serve no purpose.

Pursuant to **Article 16 (C)** the Management Board should consist of several persons and a chairman should be appointed. The Management Board of the company consists of two members with equal rights and up to now, the appointment of a chairman has been waived.

Pursuant to **Article 18 (C)** a company should install an internal auditing department. The company does not have an internal auditing department, but seeks to meet this requirement in a cost-efficient manner through the examination of the half-year interim report (Limited Review) by a firm of auditors.

Pursuant to **Article 30 (C)** information concerning the overall basic and performance-related salary payments made to the Management Board, especially with regard to the principles and criteria applied in connection with profit sharing, are to be revealed in the Annual Report. Management Board profit sharing is based on the result from ordinary business activities and contains a component derived from the level of equity.
In 2007, the salaries paid to the Binder+Co AG Management Board totalled EUR 358k (2006: EUR 377k). The fixed part amounted to EUR 293k, the variable part to EUR 65k.

Pursuant to **Article 38 (C)** the articles shall stipulate an age limit for members of the Management Board. No age limit is contained in the current version of the company articles.

Pursuant to **Article 39 (C)** a company shall install committees in order to raise the efficiency of the Supervisory Board. Apart from the mandatory accounts committee, which consists of all the members of the Supervisory Board and a Human Resources Committee, comprised by the Supervisory Board presidium, the company has not created any other committees.

With regard to **Articles 41 and 43 (C)** the company invokes the exemption clause, which states that in the case of a Supervisory Board with no more than six members (including the employee representatives), the nomination committee can be formed by the entire Supervisory Board.

Pursuant to **Article 49 (C)** contracts with the members of the Supervisory Board are to be published.
In this connection, legal advice to the company is provided partially by a group legal practice of which Dr. Kurt Berger, who is a member of the Supervisory Board, is a partner. In 2007, the company received an order volume in excess of EUR 35,000 (the consultant cost limit beyond which approval is required) for the first time.

Pursuant to **Article 51 (C)** the remuneration scheme for Supervisory Board members is to be published in the Annual Report. In 2007, all the members of the Supervisory Board waived their rights to remuneration for their activities.

Pursuant to **Article 53 (C)** the Annual Report should show which members of the Supervisory Board can be classified as independent on the basis of criteria drawn up by the Board itself. Accordingly, all the active members of the Supervisory Board can be regarded as independent.

Issuers compliance directive

The company has drawn up guidelines for internal information transfers to prevent insider trading and has taken precautions in order to ensure that the issuers compliance directive is implemented.

The Binder+Co compliance guidelines define two superordinated areas of confidentiality:

1. **Internal area** – incorporates all departments and business segments of the company at its Gleisdorf location
2. **External area** – incorporates the entire Supervisory and Management Boards, as well as the groups controlling department, the Management Board's secretariat at Waagner-Biro AG and the executive management of Waagner-Biro Beteiligungsverwaltungs GmbH.

External partners of importance, who receive information for the realisation of commissioned assignments that is not available to the public, are required to sign confidentiality agreements.

Directors' dealings

Since re-listing in regulated free trading on July 16, 2007, no transactions have occurred that were subject to §48 (4) of the Austrian Stock Exchange Act.

The year 2007 – Management Report

Favourable market environment
The general economic situation in 2007 proved extremely favourable for the mechanical engineering business of Binder+Co. The positive trend in the construction and construction sub-supply industry, the iron and steel industry, the European recycling branch and the booming petrochemical industry in Asia, furnished the appropriate level of dynamism in the company's key markets.

Developments in the individual product segments

In 2007, the **Processing Technology** segment benefited from strong demand from Western and Eastern Europe, and Asia. The high levels of demand in the CEE and CIS states derived mainly from the minerals and construction materials industry. The Southeast Asian and Indian markets were characterised by a prolongation of solid demand from the iron and steel production industry. Accordingly, the prudence of the decision to concentrate on increased activities in these markets was clearly confirmed.

In May 2007, Binder+Co took an important step towards a market with great future potential through the modification of its BIVITEC screening machine for use in the booming, global recycling branch. The new module is suitable for the preparation of light materials such as paper and cardboard, of mixed building waste and of plastics derived from the collection of obsolete electrical devices. Above all, the machine is attractive due to its double oscillation principle, which as opposed to conventional circular or linear oscillation is less prone to blockages of the screening surfaces. It should be added that this is proven Binder+Co technology, as shortly before the launch of the new machinetyps, the 900th BIVITEC module was delivered.

As in many cases, the material to be processed requires drying, in addition to screening technology, Binder+Co also offers fluidised bed drying. This provides the thermal treatment of the bulk goods, which prepares them for subsequent screening or further processing.

Processing Technology sales in the period under review amounted to EUR 24.98 million (46.7% of total sales), the resultant EBIT contribution totalling EUR 3.59 million (73.4% of total EBIT). Order intake in this segment in 2007 was largely characterised by single machine orders and at yearend stood at a total of EUR 25.81 million.

The first half of 2007 in the **Environmental Technology** segment was characterised by single machine business in the glass recycling area, which emanated from numerous expansion and upgrade projects in the EU states, and initial plants in Eastern Europe. The second half of the year saw the intake of more orders for complete systems, in particular from Western Europe and North America. The new generation of the CLARITY PLUS product family, which can also cover the special-glass sorting area through the use of multi-sensor technology, developed into an absolute best seller.

In view of the continuing trend towards recycling and resource conservation, the Environmental Technology segment offers especially high potential. For almost 20 years, Binder+Co has been successfully active in the field of glass recycling. For example, CLARITY PLUS is the first three-way solution for the sorting of used glass by colour to come onto the market. Using a camera system, which due to maximum resolution can recognise a wide spectrum of shades, the glass is classified according to colour in a single process and at the same time, foreign materials such as ceramics, stones, porcelain and metal are removed.

At EUR 15.11 million (28.3% of total sales), Environmental Technology sales were 16.0% up on the EUR 13.03 million of the preceding year. The segment provided an EBIT contribution of EUR 1.09 million (22.3% of total EBIT, 16.0% above 2006). A total of EUR 15.74 million in new orders was captured.

An important supplement to these two segments is formed by the **Packaging Technology** segment, in which Binder+Co with its reliable high-performance packaging machines disposes over more than 25 years of experience. During the period under review, the sales situation in the Packaging Technology segment was extremely positive. In India and southeast Asia the segment profited from the growing demand for complete systems for high-performance packaging and palletising in the petrochemical industry. Numerous orders were signed for single machines from the European, African and Australian markets, although conversely, the euro exchange rate greatly restricted the order volume in the USA. Nonetheless, in spite of the less favourable market climate in North America, upgrading projects, as well as spare part and service business were acquired.

Binder+Co machinery in the Packaging Technology segment is also able to handle a diversity of bulk goods, ranging from minerals and animal feed, to plastic granulate and chemicals.

Today, Binder+Co packaging machinery is in operation in over 31 countries on all five continents. By means of ongoing further development and the optimisation of proven technologies, the company has succeeded in establishing a position among the world's packaging specialists with new and innovative packaging concepts. The result is complete, customised systems, exactly tailored to individual needs. The machines reliably undertake every packaging phase from weighing to the finished pallet.

On the basis of numerous orders for single machines, the Packaging Technology segment achieved sales of EUR 13.35 million (25.0% of total sales) in the past year. This was 76.4% higher than the figure for 2006. However, due to low-margin systems orders, at EUR 0.21 million (4.3% of total EBIT), EBIT was down on the preceding year. Order intake in the segment developed better than in 2006, a total of EUR 15.94 million in new orders having been obtained in the financial year expired.

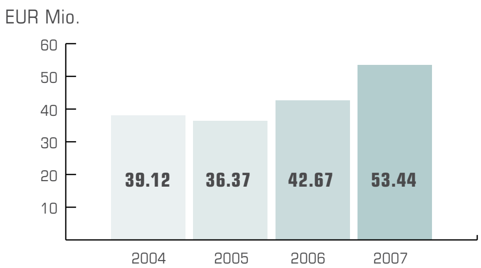
Sizeable increase of sales and EBIT

Sizeable increase in sales
As a result of the favourable market environment, in 2007 Binder+Co AG increased its sales up to EUR 53.44 million. This corresponds with growth of 25.2% as compared to 2006. The main contributory factor to this impressive growth rate was the conclusion of numerous large system and plant projects in all three product segments.

Last, but not least, spare parts and service business made a major contribution to the success of the product segments. The share of sales of after sales services, which in both, 2006 and 2007, amounted to more than 20.0%, underlines the significance of these activities. In the reporting period, the clear orientation towards the servicing of in-house products and the related delivery of spare parts resulted in improved levels of customer satisfaction and thus considerably strengthened the company's position in its individual market segments. Moreover, with the introduction of a web shop for standard spare parts in the autumn of 2007, Binder+Co raised its service level still further.

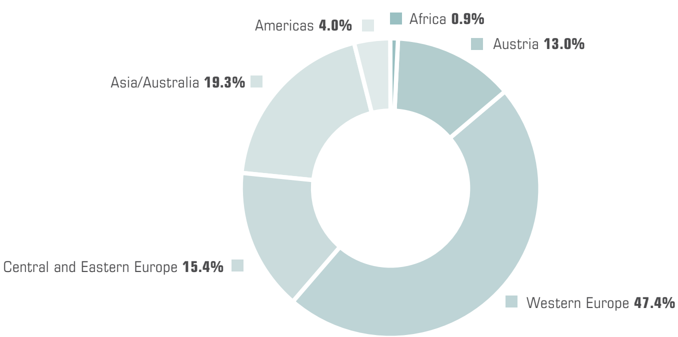
International sales during the period under review provided 87.0% (2006: 76.1%) of total sales, which underlined the increasing significance of exports. With a share of sales of 47.4% the EU states (excluding Austria) remained the largest sales market, followed by Eastern Europe (CEE and CIS) with 15.4%. Asia and Australia furnished 19.3% of sales, Africa and the Americas 4.9%.

Sales Increase [1)]

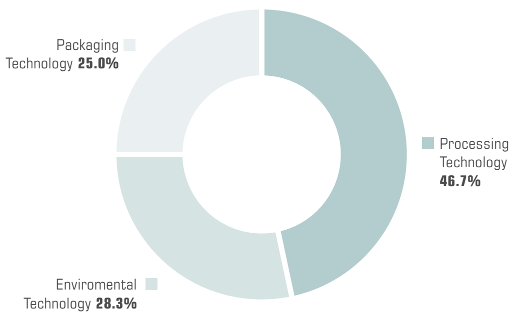


[1)] Values excluding subsidiaries

Sales 2007 by region



Sales 2007 by segment

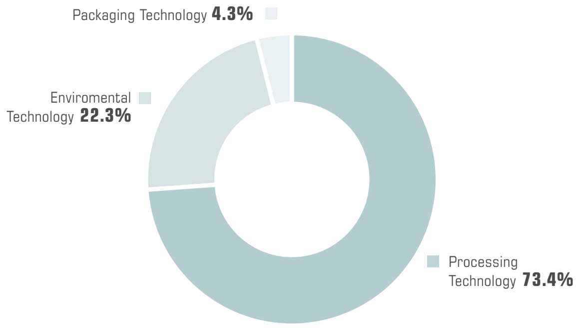


EBIT increased by 25.7%

Once again there was a sizeable increase in EBIT over the preceding year. At approximately EUR 4.9 million, EBIT was a notable 25.7% higher than the figure for 2006 (2006: EUR 3.9 million).

Here, too, the Processing Technology segment made the largest contribution with EUR 3.6 million, followed by Environmental Technology with EUR 1.1 million and Packaging Technology with EUR 0.2 million.

EBIT 2007 by segment



The basis for this further improvement was furnished largely by the systematic implementation of various internal optimisation programmes, which were prepared during 2007 in the course of an inter-departmental project aimed at enhancing the internal supply chain. The focus in this connection was on a shortening of the delivery times for all mechanical engineering products and a simultaneous optimisation of the inventories.

Positive order situation maintained

With total order intake of EUR 57.5 million, which was EUR 11.5 million or 25.0% above the value of the previous year (2006: EUR 46.0 million), at the end of December 2007, an order backlog of EUR 20.1 million was secured. This provides an excellent platform for business development in 2008.

Stable earnings and financial situation

On the basis of the improvement in the result, Binder+Co return on sales remained at a satisfactory level during 2007. At 9.2%, the profit margin (ROS_{EBIT}) was just above the figure of the past year (2006: 9.1%), and with 34.5% return on equity (ROE_{EBIT}) the excellent level of the preceding year was maintained (2006: 33.1%). Binder+Co disposes over a solid equity capital basis, the equity ratio standing at 44.5% on December 31, 2007, which clearly surpassed the figure for 2006 (December 31, 2006: 39.3%).

As compared to the preceding year, working capital was up by EUR 3.0 million at EUR 6.2 million. In the main, this increase can be traced to an increase in trade receivables, while the receivables from Group companies and liabilities to banks were largely reduced. The receivables from Group companies, derived from the sale of Waagner-Biro Immobilienverwaltungs GmbH, were entirely brought in during January and March 2007.

Net cash flow from operations (OCF) amounted to EUR 3.2 million in the period under review and therefore, as expected, was lower than in 2006 (EUR 4.9 million). This fall was largely due to the increase in trade payables, depreciation and amortisation. In addition, a tax refund for pro rata loss carryovers from Waagner-Biro Anlageverwaltungs- und Planungs-AG & Co NFG OHG had a positive effect on tax payments in the year 2006.

Production and investments

At its Gleisdorf location, Binder+Co possesses its own production facilities, which are focused on the manufacture of core products and components. Steel construction and secondary mechanical engineering components are largely purchased in Eastern Europe, although sourcing also takes place in target markets such as India, South Korea, South Africa and the USA.

In 2007, Binder+Co invested a total of EUR 1.66 million (2006: EUR 1.35 million) in tangible and intangible assets. The focus of this expenditure was on infrastructure modernisation and the development of new products in the Environmental Technology segment.

Human resources

Stable employee numbers

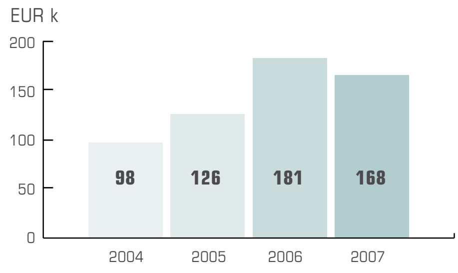
At the end of the 2007 financial year, Binder+Co employed a workforce of 213. This was 0.5%. larger than in 2006 (December 31, 2006: 212)

Binder+Co continually offers its employees possibilities for training and education. On average, between 1.0 and 1.5% of total wage and salary expenditure is invested in educational measures. In addition to practical training and education, the Binder+Co management also supports the further development of soft skills. Accordingly, the company's educational programme includes seminars concerning personality improvement and communications skills.

Good educational level

24.0% of the salaried staff at Binder+Co are graduates from universities or colleges of applied science, while 33.0% have attended academic secondary school or a vocational college. Around 97.0% of non-salaried employees have completed professional training. Binder+Co also attaches great value to apprenticeships: at present, 13 apprentices are employed at the Gleisdorf plant, completing their education.

Total costs of training and education



Research and development

Binder+Co looks to ongoing innovation and product development as a means of consolidating its technological leadership and both securing and improving the sustained, technical superiority of its machinery. In addition to the reworking of processing and packaging machinery concepts, during 2007 the emphasis was on the further development of CLARITY technology into a multi-sensor system for the recognition and classification of the special heat-resistant glass qualities contained in standard glass waste.

For many years, the company has assessed the quality of its in-house developments on the basis of innovation rates, which in 2007 averaged 30%, although there were partially major differences between the various product segments. This innovation rate means that in 2007 around a third of total order intake was achieved with new company products, which Binder+Co has introduced to the market within the past three years.

Binder+Co intends to continue such market launches in the coming financial years with the aim of keeping the innovation rate constant at 20-25%.

Know-how alliance with research bodies

In line with the maxim that, “Fundamental research is only possible with competent partners”, in recent years Binder+Co has acquired internationally respected research institutes, universities and colleges of applied science as team partners. At present, co-operations exist with the Leoben University of Mining, Graz University, the Fraunhofer Institute in Karlsruhe and private bodies, which specialise in the development of the latest sensor technologies.

For Binder+Co research co-operations are decisive for lasting success, as they facilitate the direct translation of the results of basic research into practical machinery. This is exemplified by the latest developments in the preparation of heat-resistant glass, which originated on the basis of such active networking. Moreover, co-operation has also furnished the platform for global market leadership in the glass recycling sector.

One of the strengths of Binder+Co is the systematic, ongoing further development of its entire product portfolio. In the company’s R&D department, a team of specialists is constantly involved in the testing of machinery under conditions that closely simulate the requirements of continuous operation.

Binder+Co’s research experts have also developed mobile testing systems, in order to still better meet customer needs. These systems allow the completion of on the spot test series that are specially attuned to the specific conditions prevailing at the customer facility.

Non-financial performance indicators

Environmental report

Binder+Co engineering is completed in offices and is therefore of limited environmental relevance. Binder+Co disposes over its own production capacity with an officially approved waste management concept. Corrosion protection constitutes a major environmental consideration and in this area Binder+Co falls into line with official directives, which are adhered to in full. On-site assembly largely takes place without any residues.

Adherence to legal statutes

As a manufacturer of machinery and plants, Binder+Co is subject to a binding obligation to uphold the relevant statutory regulations, especially in a technical regard. The company has a production plant licence, which is subject to regular audits. Moreover, work safety is regarded as an especially important issue and therefore adherence is primarily monitored and documented by the production management. The products themselves are evaluated as to their CE conformity by quality management.

Risk management

General risks

Binder+Co AG designs and manufactures individual machines and uses combinations of its own, third party and purchased products and parts to build complete plants. The high levels of engineering skills required are associated with a variety of technical, legal, managerial and financial risks.

As a result of its powerful export orientation, Binder+Co undertakes correspondingly large investment in the expansion of its sales and distribution network. At present, the company delivers to more than 50 countries. In general, it can be said that fluctuations in the global economy have a negative effect on the company and its course of business. In addition, the company is active in a highly competitive branch in which order intake and sales continue to depend on a few individual decisions. This situation can result in considerable fluctuations, which however are standard to this business area. Moreover, changes to legal statutes and other regulations that lead to stricter requirements, especially in the environmental and human resources sectors, may also generate increased costs and thus lower income.

The company endeavours to identify and manage known risks with the aid of internal and external audits, reviews, and the services of experts. Binder+Co AG employees are among the acknowledged experts in their fields, but residual risks cannot be eliminated.

Special risk report

Price change risk
Contracts and agreements with suppliers and customers contain price alteration clauses, in order to limit the impact of risks that the company cannot control. Binder+Co AG endeavours to only conclude lump sum contracts with its suppliers. However, sudden changes in purchasing prices and/or the necessity of an unscheduled switch of supplier are virtually impossible to predict and can have a negative influence on the earnings situation.

Payment default risk
As Binder+Co is dependent upon a small to medium sized clientele, it seeks to avoid cluster risks. Consequently, with few exceptions, the company avoids the provision of more than 5.0% of annual sales from a single order and/or customer. In addition, the company limits the payment default risk by means of the appropriate insurance, bank guarantees, or prepayments.

Liquidity risk
Delays in payment or defaults in the case of individual major projects can exert a major influence on company cash flow and thus conceal corresponding risks.
Reports concerning payment arrears relating to the most important debtors in value terms are discussed at the regular meetings of the Management Board and liquidity forecasts are prepared. If required, measures are then initiated for an improvement in liquidity.

Interest rate risk
Interest rate risk reflects fluctuations in market interest rates. Borrowings are constantly monitored for the effects of interest rate risks. Appropriate measures are co-ordinated between the Management Board and the F&C Department.

Exchange rate risk
As far as possible, the company endeavours to transact all foreign business in euro. Where this is not possible, foreign currency transactions are hedged by measures such as currency futures transactions whenever possible.

Internal risk system
The Binder+Co AG risk system is structured as follows:

- **Core process – customer acquisition and market development**
  Offers are prepared using standardised templates, which have been subjected to commercial and legal examination. Depending on the level of financial risk, a process-related review by specially designated, product segment experts is completed in each area, in addition to the commercial review by the company's authorised officers. Part of the process review is a risk analysis, which forms the basis for additional measures where necessary.

- **Core process – order handling**
  At Binder+Co projects are undertaken by selected teams with differing compositions, which are headed by a responsible project manager, who reports to the executive management at regular meetings. These meetings also review standardised reports concerning liquidity, financing and any current litigation.
  In the case of risks posing a major threat, such information is provided immediately. Decisions concerning the measures to be initiated are either taken directly during the project or Management Board meetings, and then documented in a protocol.

- **Core process – innovation and development**
  Rapid shifts in market requirements demand constant further and new product development. Technological changes and the short life cycles of new products can lead to the failure of development projects to achieve full amortisation.
  Attempts are made to minimise risk prior to the commencement of a development project. Market data of relevance are collected, the level of difficulty of the development is established through the appropriate cost evaluation, and a forecast of the potential sales volume is prepared. The success of a new development is assessed on the basis of the innovation rates defined by the company itself. The order intake of new products in the first three years after their market launch constitutes a major element in the calculation of the innovation rate, which is established on yearly basis.
  During quarterly meetings, both progress and risk reports are presented to the management. The necessary measures are co-ordinated with the Management Board.

Outlook 2008

Economic developments in Europe (Western Europe, CEE) had a tangible influence on Binder+Co growth. According to the European Commission (Q3 2007) economic growth in the EU during 2008 will be weaker than originally expected and the estimates from spring have been slightly corrected downwards to 2.8%. GDP growth of around 2.0% is awaited for 2008 as a whole.

Although the expectations with regard to the overall economic development are somewhat less optimistic, the estimates for Binder+Co remain above these forecasts. On the basis of the solid performance in 2007 and the high order backlog of EUR 20.1 million at the beginning of the year, the Binder+Co AG management anticipates that the excellent sales and EBIT figures can be further improved in 2008. In addition, as opposed to the general economic situation, continued solid growth can be anticipated in the construction and construction sub-supply industry. Intensified activities in the recycling area in Eastern Europe and the CIS states will offer further support in this regard and a focus on this economic region should enable Binder+Co to prolong the existing, positive economic trend.

Profitable growth as a long-term objective
On the basis of sales of EUR 53.4 million in 2007, Binder+Co is looking for a growth rate of 5-15% p.a. in the coming years in tandem with ROS of 8-10%. At the same time ROE is to be maintained at over 25.0% and the positive order situation used for the financing of organic growth from internal resources.
In order to actively counteract a medium- to long-term dip in demand from current markets, current development projects are being rapidly implemented, the sales and distribution network in Central and Eastern Europe expanded further and productivity at the Gleisdorf location continuously increased. The aim is to secure result quality that is clearly above the branch average.

Financial statements

Balance sheet as of December 31, 2007 – IFRS

ASSETS	Dec. 31, 2007 EUR k	Dec.31, 2006 EUR k
A. Non-current assets		
I. Intangible assets		
1. Capitalised development costs	1,363	1,210
2. Industrial property rights	718	773
	2,081	1,983
II. Tangible assets		
1. Land and buildings, including buildings on non-owned land		
Land	2,347	2,347
Buildings	6,000	6,047
	8,347	8,394
2. Plant and machinery	387	295
3. Other equipment, factory and office equipment	763	681
	9,497	9,370
III. Financial assets		
1. Securities held as non-current assets	426	1,047
2. Other loans	1,736	1,736
	2,162	2,783
	13,740	14,136
B. Current assets		
I. Inventories		
1. Raw materials and supplies	2,130	1,902
2. Finished goods	410	584
	2,540	2,486
II. Receivables and other assets		
1. Trade receivables	13,074	8,263
2. Receivables from Group companies	182	2,325
3. Other receivables and assets	1,513	1,529
4. Other accruals	116	350
	14,885	12,467
III. Cash and cash equivalents	741	798
	18,166	15,751
Total	**31,906**	**29,887**

Balance sheet as of December 31, 2007 – IFRS

LIABILITIES AND SHAREHOLDERS' EQUITY	Dec. 31, 2007 EUR k	Dec.31, 2006 EUR k
A. Equity		
I. Issued capital	3,750	3,750
II. Reserves	10,444	8,009
	14,194	11,759
B. Non-current liabilities		
I. Provisions		
1. Provision for severance payments	2,957	2,949
2. Provision for pensions	734	757
3. Provision for taxes	1,270	1,118
4. Other long-term provisions	575	542
	5,536	5,366
II. Liabilities		
1. Other liabilities	211	209
	5,747	5,575
C. Short-term debt		
I. Provisions		
1. Other short-term provisions	6,033	4,617
II. Liabilities		
1. Liabilities to banks	500	1,500
2. Prepayments received	1,369	132
3. Accounts payable trade	3,019	4,892
4. Accounts payable group	2	405
5. Other liabilities	1,042	1,007
	5,932	7,936
	11,965	12,553
Total	**31,906**	**29,887**

Income statement – IFRS
for the year ended December 31, 2007

	2007 EUR k	2006[1] EUR k	Q4/2007 EUR k	Q4/2006[1] EUR k
1. Sales	53,438	42,670	15,869	14,446
2. Change in inventories of finished and unfinished goods	-173	113	-43	113
3. Own work capitalised	535	515	130	220
4. Other operating income	783	829	285	608
5. Expenses for materials and other purchased services	-26,081	-19,662	-6,929	-6,968
6. Staff costs	-14,061	-12,949	-3,669	-3,457
7. Depreciation and amortisation	-1,420	-1,222	-362	-266
8. Other operating expenses	-8,128	-6,402	-2,937	-2,255
9. Operating profit (EBIT)	4,893	3,892	2,344	2,441
10. Financial income/expense	-70	114	-37	104
11. Earnings before tax (EBT)	4,823	4,006	2,307	2,545
12. Taxes on income	-1,196	-624	-567	-254
13. Profit for the year	3,627	3,382	1,740	2,291

[1] Values excluding Waagner-Biro Immobilienverwaltungs GmbH, which in the meantime has been sold.

Cash flow statement – IFRS

		2007	2006[1)]	Q4/2007	Q4/2006[1]
		EUR k	EUR k	EUR k	EUR k
(+/–)	Profit before tax	4,823	4,006	2,307	2,546
(+/–)	Profit/loss on sales of non-current assets	41	5	18	3
(+/–)	Depreciation/revaluation of non-current assets	1,420	1,222	360	273
(+/–)	Changes in non-current provisions	170	258	-632	-177
	Net cash flow	6,454	5,491	2,053	2,645
(+/–)	Changes in inventories including prepayments	-54	-565	186	-99
(+/–)	Changes in receivables trade, other receivables and accruals	-2,418	-712	-769	494
(+/–)	Changes in payables trade , other liabilities and accruals	-1,002	1,232	705	2,598
(+/–)	Changes in deferred taxes not affecting cash flows	-152	-108	477	262
(+/–)	Taxes paid	-1,044	-516	-1,044	-516
(+/–)	Changes in equity not affecting the result	0	0	0	0
(+/–)	Changes in current provisions	1,416	99	742	-495
	Net cash flow from operations (OCF)	3,200	4,921	2,350	4,889
(–)	Investments in tangible and intangible assets	-1,663	-1,348	-483	-569
(–)	Cash flow from the change in the scope of consolidation	0	0	0	0
(–)	Investments in financial assets	0	-1,736	0	-1,736
(+)	Cash flow from sales of tangible and intangible assets	8	0	0	0
(+)	Cash flow from sales of financial assets	598	258	0	0
	Net cash flow from investing activities	-1,057	-2,826	-483	-2,305
(+/-)	Proceeds from and repayment of financial liabilities	-1,000	-1,500	-2,500	-1,994
(+/-)	Dividends	-1,200	-930	0	0
	Net cash flow from financing activities	-2,200	-2,430	-2,500	-1,994
	Net change in cash and cash equivalents	-57	-335	-633	590
(–)	Cash and cash equivalents at the beginning of the period	798	1,133	1,374	208
(+)	Cash and cash equivalents at the end of the period	741	798	741	798
	Change	-57	-335	-633	590

1) Values excluding Waagner-Biro Immobilienverwaltungs GmbH, which in the meantime has been sold.

Statement of changes in equity – IFRS

	Issued capital	Retained earnings[1]	Net income[1]	Currency translation	Unrealised security value changes	Total equity[1]
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
As at Dec. 31, 2005	3,750	2,388	3,177	0	33	9,348
Dividend payment	0	0	-930	0	0	-930
Profit for the year	0	0	3,382	0	0	3,382
Change in security values	0	0	0	0	-41	-41
As at Dec. 31, 2006	3,750	2,388	5,629	0	-8	11,759
Balance as at Dec. 31, 2006	3,750	8,009	0	0	0	11,759
As at Dec. 31, 2006	3,750	2,388	5,629	0	-8	11,759
Dividend payment	0	0	-1,200	0	0	-1,200
Profit for the year	0	0	3,627	0	0	3,627
Change in security values	0	0	0	0	8	8
As at Dec. 31, 2007	3,750	2,388	8,056	0	0	14,194
Balance as at Dec.31, 2007	3,750	10,444	0	0	0	14,194

[1] Values 2005 and 2006 excluding Waagner-Biro Immobilienverwaltungs GmbH, which in the meantime has been sold.

Notes

The subsequent notes to the accounts are an integral part of the Group's consolidated financial statements.

Summary of accounting and valuation policies and other notes on the annual financial statements for the year ended December 31, 2007

1. Introduction

The company and its principal activities

Binder+Co AG is an Austrian joint-stock company with headquarters in Gleisdorf, A 8200, Austria.

The company is registered at the Graz Provincial Court under the number FN 187837 g. Its majority shareholder is Waagner Biro Beteiligungsverwaltungs GmbH, Vienna, which as at the balance sheet date of December 31, 2007, held just over 50% of the stock. 35% of shares are in free float, while 15% are held by the AvW Gruppe AG. On June 18, 2007, Binder+Co AG was admitted to the newly created mid market segment having previously been part of the unregulated third market. Subsequently, on July 16, 2007, the company was re-listed as part of regulated OTC trading on the Vienna Stock Exchange. The company therewith undertook to fulfil additional quality standards.

Binder+Co AG is principally engaged in the processing, recycling and packaging of primary and secondary raw materials and operates a production facility in Austria. Its international sales and distribution network is tailored to the industries it serves.

The average number of employees in 2007 was 212, as compared to 207 in 2006.

The financial statements are the responsibility of the Management Board and were approved by the Supervisory Board.

Presentation of annual financial statements

These annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU.

New standards issued by the IASB are adopted as they come into effect. The accounting and valuation methods applied and any changes to them are explained in the relevant items of the notes.

Binder+Co AG has the euro as its functional and reporting currency. The annual financial statements and notes are presented in euro, rounded to thousands (EUR k). Any departures from this presentation are noted separately.

Consolidation principles

During the year under review, Binder+Co AG had no subsidiaries, which means that the financial statements for the year ended December 31, 2007, represent individual, IFRS-based statements for the company alone. Therefore, the consolidation methods and scope of consolidation are not described.

2. Accounting and valuation policies

Tangible and intangible assets
Tangible assets (property, plant and equipment) are recognised at the cost of acquisition or construction net of scheduled and extraordinary depreciation and amortisation.

Intangible assets acquired for a consideration are recognised at the cost of acquisition net of scheduled and extraordinary depreciation and amortisation.

In the case of internally generated intangible assets, the period during which these were accrued is divided into a research and a development phase. Costs incurred during the research phase are immediately recognised as an expense. Costs incurred in the development phase are capitalised as intangible assets, subject to the proviso that the future economic benefit of the expenses incurred and, above all, the technical feasibility of the product or process can be demonstrated. Internally generated intangible assets are recognised at the cost of generation net of scheduled and extraordinary depreciation and amortisation. In 2007, capitalised development costs amounted to EUR 153k (2006: EUR 166k).

The development costs of internally generated intangible assets, property, plant and equipment consist of direct costs and an appropriate proportion of overheads. Subsequent expenditure on an asset is only capitalised where it results in a significant enhancement of the future economic benefit associated with the asset, e.g. through additional applications, or a significantly longer useful life.

The depreciation and amortisation of intangible assets, property, plant and equipment occurs on a straight-line basis over their expected useful economic lives. The following useful lives are assumed for calculating the related rates:

	Useful life (years)	
	from	to
Intangible assets		
Capitalised development costs	5	7
Industrial property rights, licences and software	3	12
Tangible assets		
Land and buildings, including buildings on non-owned land	8	50
Plant and machinery	3	20
Other equipment, factory and office equipment	3	10

Where assets are used for more than six months in the financial year of acquisition, depreciation or amortisation is to the full annual amount. In the case of a shorter period of use, half the annual amount is recognised.

Individual assets with an acquisition cost of less than EUR 400 (low value assets) are fully written down in the year of acquisition and shown as disposals in the non-current assets movement schedule.

Leased and rented assets
Where all the main risks and benefits associated with leased and rented non-current assets have been transferred to Binder+Co AG (financial leasing), the related items are recognised as intangible or tangible assets. The amount recognised upon conclusion of the agreement is the lower of the market value at the time, or the market value of the future minimum leasing commitments. At the same time, the market value of the future minimum leasing commitments under the agreement is recognised in the balance sheet as a financial liability.

Financial assets
No securities are held for trading purposes. The securities can be sold at any time, but there is no intention to dispose of them within the period of a year. The securities are classified as available for sale and carried at fair value. Impairment losses are recognised under equity and do not affect profit or loss.

To the extent that Binder+Co AG intends and is able to hold fixed-term securities to maturity, these are recognised at the cost of acquisition. Differences between the acquisition cost and the redemption value (premiums or discounts) are spread over the lifetime of the asset using the effective interest rate method.

Inventories
Inventories are recognised at the lower of the cost of acquisition or production and net realisable market value at the balance sheet date.

Acquisition costs include all the costs incurred in bringing the inventories to their respective locations in the required condition. Production costs include all direct costs together with an appropriate proportion of production overheads based on the average use of capacity of the production facilities. Interest on borrowings is not included. Unit costs are calculated on a sliding average cost basis and the FIFO process.

The realisable value results from the expected sale proceeds less the expected costs of production, administration, sale and distribution, established on the basis of experience.

Manufacturing contracts
Long-term manufacturing contracts, for which earnings can be estimated reliably, are recognised as a proportion of the expected revenues less an appropriate allowance for risk (percentage of completion method), so that the income is treated as realised based on the stage of completion. The stage of completion is estimated on the basis of the ratio between costs incurred and the awaited total cost of the contract (cost-to-cost method). Where the outcome of a manufacturing contract cannot be reliably estimated, contractual revenues are only recognised up to the amount of the costs incurred that will probably be recoverable. Where it is likely that the total costs of the contract will exceed the total revenues, the expected loss is recognised immediately as an expense.

In 2007 the contract revenues thus recognised amounted to EUR 4,389k (2006: EUR 2,812k). Payments on account for ongoing projects received as at December 31, 2007, totalled EUR 3,488k (2006: EUR 1,470k). Bank guarantees are used to release agreed retentions.

Trade payables, other receivables and other assets

In accordance with IAS 39, trade payables and other receivables are reported at nominal value less specific allowances for amounts considered to be irrecoverable. Other assets are shown at the cost of acquisition less impairment (please see "Impairment").

Cash and cash equivalents

The cash and cash equivalents reported as cash in hand and at banks were evaluated at fair value on the balance sheet date.

Severance benefits obligations

Statutory regulations require the company to render established severance payments to employees, who joined the company before January 1, 2003, when their employment is terminated by notice or retirement. The size of payment depends on the number of years of service and remuneration level at the time of severance, and amounts to between two and twelve monthly salaries. A provision is made for these obligations.

The provision is calculated using the projected unit credit method, the present value of future payments over an employee's projected period of employment being aggregated by means of actuarial principles. The amount of the provision required at each balance sheet date is determined by an actuary's expert opinion.

Employees who leave voluntarily or are dismissed for cause are not entitled to severance payments.

Employees whose contracts of employment began after December 31, 2002, are subject to the provisions of a new Austrian severance payments scheme. This foresees that for every month of an employment relationship and certain non-contributory periods, the employee receives a vested entitlement to benefit, irrespective of length of service and the reason for the termination of employment. This represents a contribution-oriented scheme, in which the funds required to cover the obligation are transferred to an employees' severance pay and pensions fund. In 2007, the contributions to the employees' severance pay and pensions fund totalled EUR 25k (2006: EUR 18k) and are reported under the expenses for severance benefits.

The calculation of entitlements is based on the following assumptions:

	2007	2006
Interest rate	5.25%	5%
Increases in remuneration	3%	3%
Pensionable age – women	60[1)]	60[1)]
Pensionable age – men	65[1)]	65[1)]
Life expectancy	AVÖ 1999-P	AVÖ 1999-P

[1)] Taking into account the transitional provisions of the 2003 pension reform.

Pension commitments
Binder+Co AG has commitments under individual agreements to pay pension benefits in respect of two beneficiaries. These defined benefit obligations are not matched by any appropriated funds, and are therefore fully provided for in the accounts. These obligations consist exclusively of pensions payable to retired employees or their widows.

The amount of the provision required at each balance sheet date is determined by an actuary's expert opinion.

The calculation of entitlements is based on the following assumptions:

	2007	2006
Interest rate	4%	4%
Pension increases	CPI linked	CPI linked
Life expectancy	Ettl-Pagler	Ettl-Pagler

Any difference between the amounts of the provisions as calculated in advance on the basis of the above assumptions and the actual amounts (actuarial gain/loss) is recognised in profit or loss.

Other long-term obligations to employees
Binder+Co AG has obligations under collective bargaining agreements to pay long-service benefits to employees, who achieve a certain specified length of service (from 25 years). A provision is made for this obligation.

Basically, the provision is calculated using the same methods and assumptions as those utilised for severance payments obligations, with the difference that a 25% reduction is applied to reflect staff turnover.

Other provisions
Other provisions are made where there is a present legal or other obligation to a third party as a result of a past event and it is probable that the obligation will result in an outflow of resources. The amounts provided are based on the best estimates possible at the time that the annual financial statements are prepared. Where the amount cannot be reasonably estimated, no provision is made. Where the present value of the provision calculated according to a market interest rate differs materially from the nominal value, the present value of the obligation is recognised.

Taxes
The amount recognised as an expense for taxes on income for the 2007 financial year consists of the tax payable on taxable income using the applicable rate of corporate income tax (actual taxes), together with adjustments with respect to liabilities for earlier years and adjustments to accrued and deferred taxation.

Provisions for deferred taxation are calculated for all temporary differences between the carrying amounts of balance sheet items in the IFRS financial statements and their values for tax purposes using the balance sheet liability method. Deferred tax assets are only recognised where it is probable that the tax benefits will be realisable. In calculating the provisions, the applied tax rate was 25% (2006: 25%).

Financial liabilities/liabilities to banks
Liabilities are reported at the amounts actually incurred. Any differences between the amounts received and amounts repayable such as premiums or discounts are spread over the lifetime of the liability using the effective interest rate method and recognised in financial profit or loss.

Trade payables and other liabilities
Trade payables and other liabilities are included at the amounts repayable.

Revenues
Revenues for goods and service supplied are realised when all the material risks and benefits associated with the supply have been transferred to the purchaser. Revenues other than those from services in connection with major projects are recognised in proportion to the services rendered as at balance sheet date. For recognition of production contract income, please see the item "Manufacturing contracts".

Finance costs and income from financial investments
Finance costs include interest accrued on debt finance and finance leasing, similar charges and expenses, and losses from the disposal or extraordinary depreciation and amortisation of financial assets.

The income from financial investments includes income from the investment of short-term funds and interest, dividends and similar income from the investment of non-current financial assets, together with income from the disposal or write-up of financial assets.

Interest for the period is accrued using the effective interest rate method. Dividends are recognised at the time of the passage of the resolution authorising the payment of the dividend.

Impairment
Non-current assets are reviewed for indications of impairment at the balance sheet date and where such indications exist, Binder+Co AG establishes the higher of the value in use and the selling price as the fair value of relevant asset. If this is less than the carrying value of the asset, extraordinary depreciation and amortisation is recognised.

Binder+Co AG calculates the value in use as the present value of the estimated future net surplus funds generated by the use of the asset, using a market interest rate before tax. Where surplus funds cannot be established for the asset in question individually, it is included in the next largest unit for which individual surplus funds can be established (cash generating unit).

The selling price is the amount obtainable from the sale of the asset in an arm's length transaction between independent parties, less the costs of disposal.

The impairment loss is recognised in profit and loss. A subsequent reversal of an impairment loss up to the original cost less any depreciation or amortisation is recognised in profit or loss.

Translation of foreign currency transactions
Foreign currency transactions in the financial statements are translated into the company's functional currency at the exchange rate valid at the time of the transaction. Exchange gains and losses arising on translation at the time of the transaction and at the balance sheet date are recognised in profit or loss. Foreign currency gains so recognised in 2007 totalled EUR 12k (2006: EUR 9k) and foreign currency losses totalled EUR 112k (2006: EUR 68k).

Wherever possible, the company endeavours to transact foreign business in euros. Where this is impossible, usually foreign currency transactions are hedged.

Use of estimates
To a certain extent, the preparation of annual financial statements requires estimates and assumptions to be made, which can affect the reported values of assets and liabilities and other obligations on the balance sheet date, and of income and expenses for the year under review.

3. Notes to balance sheet and income statement

(1) Intangible assets

	Capitalised development costs	Licences and industrial property rights	Goodwill	Total
	EUR k	EUR k	EUR k	EUR k
Acquisition cost				
As at January 1, 2007	1,930	2,110	0	4,040
Additions	498	144	0	642
Disposals	-158	0	0	-158
As at December 31, 2007	2,270	2,254	0	4,524
Accumulated amortisation				
As at January 1, 2007	720	1,337	0	2,057
Additions	345	199	0	544
Disposals	-158	0	0	-158
As at December 31, 2007	907	1,536	0	2,443
Carrying value – December 31, 2006	1,210	773	0	1,983
Carrying value – December 31, 2007	1,363	718	0	2,081

(2) Tangible assets

	Land and buildings	Technical plant and machinery	Factory and office equipment	Total
	EUR k	EUR k	EUR k	EUR k
Acquisition cost				
January 1, 2007	18,870	7,068	3,181	29,119
Additions	484	227	310	1,021
Transfers	-10	0	10	0
Disposals	0	-1	-52	-53
December 31, 2007	19,344	7,294	3,449	30,087
Accumulated depreciation				
January 1, 2007	10,476	6,773	2,500	19,749
Additions	521	135	220	876
Disposals	0	-1	-34	-35
December 31, 2007	10,997	6,907	2,686	20,590
Carrying value – December 31, 2006	8,394	295	681	9,370
Carrying value – December 31, 2007	8,347	387	763	9,497

(3) Financial assets

	Acquisition cost Dec. 31, 2007	Adjustments to carrying values 2007	Carrying value Dec. 31, 2007	Carrying value Dec. 31, 2006
	EUR k	EUR k	EUR k	EUR k
Interests in Group companies	0	0	0	0
Securities	1,055	-629	426	1,047
Loans	1,736	0	1,736	1,736
	2,791	-629	2,162	2,783

The securities consist of fixed income securities to the value of EUR 426k (2006: EUR 441k) and shares in various investment funds. They serve exclusively to cover the provisions for severance payments and pensions under Sections 14 and 116 Austrian Income Tax Act (EStG).

Fair values (stock market prices) at balance sheet date were as follows:

	Dec. 31, 2007	Dec. 31, 2006
	EUR k	EUR k
Fixed income securities	421	423
Investment fund shares	0	624
	421	1,047

In accordance with IAS 39, available-for-sale securities are reported at market values. Changes in value are reported under equity and do not affect profit and loss.

Due to immateriality, in 2007 no adjustments were made for the difference between the fair and carrying values.

Loans relate to the acquisition costs for the leasing rights purchased in 2006 to a property in Gleisdorf.

(4) Inventories

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Raw materials and consumables	2,130	1,902
Finished goods	410	584
	2,540	2,486

Expenses for materials and services reported in the income statement were as follows:

	2007 EUR k	2006 EUR k
Materials	21,369	16,800
Purchased services	4,712	2,862
	26,081	19,662

(5) Receivables

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Trade receivables	13,074	8,263
Receivables from Group companies	182	2,325
Other receivables and accruals	1,629	1,879
	14,885	12,467

There were no general provisions made against trade receivables (2006: EUR 0k).

Trade receivables include:

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Trade receivables	10,804	6,789
Receivables for goods and services not yet invoiced	4,389	2,812
less: prepayments received	–2,119	–1,338
	13,074	8,263

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Production contracts (not yet invoiced)		
Costs incurred at the balance sheet date	3,820	2,521
Profits recognised at the balance sheet date	569	291
less: prepayments received	–2,119	–1,338
	2,270	1,474

The scheduled completion dates for all production contracts are within one year of the balance sheet date. There were no material retentions.

Receivables from Group companies were as follows:

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Waagner-Biro Stahlbau AG	99	313
Waagner-Biro Austria Stage Systems AG	1	86
Waagner-Biro Binder Stahl- und Maschinenbau AG i. A.	0	239
Waagner-Biro AG	82	1,687
	182	2,325

Other receivables were as follows:

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Receivable from tax office	748	576
Severance payments cover insurance	533	480
Receivables from creditors	73	58
Receivables from employees	26	69
Grants receivable	2	23
Receivable from PSI	32	78
Premiums for apprentices, research and training 2007	92	167
Accruals	116	350
Other sundry receivables	7	78
	1,629	1,879

(6) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank balances available at call.

(7) Equity

The issued share capital of Binder+Co AG at the balance sheet date is reported with 3,750,000 (three million seven hundred and fifty thousand) no-par (bearer) shares with a value of EUR 1 (one euro), representing authorised and issued share capital of EUR 3,750,000 (three million seven hundred and fifty thousand euros).

Pursuant to § 169 of the Austrian Corporations Act, the Management Board has been authorised to increase the share capital of the company by December 20, 2011, to a maximum nominal amount of EUR 1,875,000, if so determined, in several tranches. The increase shall take the form of an issue of 1,875,000 no-par value, voting shares in proportion to the existing no-par value shares in the share capital, in exchange for cash or a contribution in kind. The Management Board is authorised, with approval by the Supervisory Board, to fix the issue price and the other terms and conditions of the issue (authorised capital). The new shares will participate in the profits of the company from the beginning of the financial year in which they are issued. The Supervisory Board is authorised to determine changes in the articles of incorporation as required by the issue of new shares in the authorised capital.

The rights conferred on the holders of the new shares are those normally conferred under the Austrian Corporations Act. They include the right to the payment of dividends pursuant to a resolution of the Annual General Meeting on the basis of the individual financial statements of the company prepared in accordance with Austrian company law (UGB), together with the right to vote in Annual General Meetings.

Reserves include revenue reserves, including accumulated profits, at the balance sheet date amounted to EUR 10,444k (2006: EUR 8,009k).

(8) Obligations in respect of employees (social capital)

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Long-term provisions		
Provisions for severance payments	2,957	2,949
Provisions for pensions	734	757
Provisions for long-service bonuses	575	542
	4,266	4,248

Provisions for severance payments

	2007 EUR k	2006 EUR k
Present value of severance payment obligations (DBO) – January 1	2,949	2,753
Service cost	144	140
Interest cost	146	136
Severance payments	183	131
Actuarial gains/losses	-99	51
Present value of severance payment obligations (DBO) – December 31	2,957	2,949

Provisions for pensions

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Present value of pension obligations (DBO) – January 1	757	785
Change	-23	-28
Present value of pension obligations (DBO) – December 31	734	757

Provisions for long-service bonuses

	2007 EUR k	2006 EUR k
Present value of long-service bonus obligations (DBO) – January 1	542	549
Service cost	32	32
Interest cost	27	26
Bonus payments	38	64
Actuarial gains/losses	12	-1
Present value of long-service bonus obligations (DBO) –December 31	575	542

(9) Financial liabilities

	December 31, 2007			December 31, 2006		
	Long-term	Short-term	Total	Long-term	Short-term	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities to banks						
Current account overdrafts and advances	0	0	0	0	0	0
Loans	0	500	500	0	1,500	1,500
Total	0	500	500	0	1,500	1,500

The fair values of financial liabilities correspond to the carrying values.

Fair values are basically calculated by discounting future payments using a current market interest rate.

In 2007, there were no mortgage loans (2006: EUR 0k).

(10) Other provisions

	Current taxes	Payroll	Open contracts	Other	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
January 1, 2007	1,118	1,749	2,774	94	5,735
Used	0	-1,692	-1,681	-89	-3,462
Released	0	-57	-18	-4	-79
Additions	152	2,162	2,686	109	5,109
December 31, 2007	1,270	2,162	3,761	110	7,303
Thereof short-term	0	2,162	3,761	110	6,033
Thereof long-term	1,270	0	0	0	1,270
	1,270	2,162	3,761	110	7,303

(11) Taxes on income

Taxes on income were structured as follows:

	2007	2006
	EUR k	EUR k
Current taxes on income	1,044	856
Additional payments following tax audit	0	0
Tax credit from previous year	0	-340
Change in accrued and deferred taxation	152	108
	1,196	624

Temporary differences between the carrying amounts of the balance sheet items in the IFRS financial statements and their values for tax purposes were as follows:

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Positive differences		
Tangible assets	878	1,275
Provisions for severance and pension obligations	66	131
Other provisions	824	682
	1,768	2,088
Netting of positive and negative differences	-1,768	-2,088
	0	0
Negative differences		
Tangible assets	6,174	6,268
Provision for severance obligations	112	0
Current assets	569	291
	6,855	6,559
Netting of positive and negative differences	-1,768	-2,088
	5,087	4,471
Net deferred taxation	-1,270	-1,118

The difference between the notional tax charge and the effective tax burden is explained as follows:

	2007 EUR k	2006 EUR k
Profit before tax (including profit from discontinued operations)	4,823	4,006
Notional tax charge	1,206	1,002
Taxes per income statement	1,196	624
Difference	-10	-378
Reasons for difference:		
Reduction of tax burden as a result of loss carryforwards in current year / deferred tax assets not recognised in previous year	0	0
Sundry tax allowances and other permanent differences	-23	-42
Reduction of tax burden as a result of tax credits from previous periods and investment income withholding taxes	0	-329
Non-deductible expenses	15	10
Other	-2	-17
Difference	-10	-378

(12) Trade payables

	Dec. 31, 2007 EUR k	Dec. 31, 2006 EUR k
Creditors	3,019	4,892

There are no long-term trade payables in 2007 (2006: EUR 0k).

(13) Liabilities to Group companies

Liabilities to Group companies were as follows:

	Dec. 31, 2007	Dec. 31, 2006
	EUR k	EUR k
Waagner-Biro Immobilienverwaltungs GmbH	2	405

(14) Other liabilities

	December 31, 2007			December 31, 2006		
	Long-term	Short-term	Total	Long-term	Short-term	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Tax office	0	369	369	0	282	282
Health insurance funds	0	266	266	0	247	247
Other liabilities	211	407	618	209	478	687
Total	211	1,042	1,253	209	1,007	1,216

(15) Sales revenues and segment reporting

Segment reporting is based on business segments (primary segmentation) and geographical regions (secondary segmentation).

The segmentation by business segments corresponds with Binder+Co AG's internal reporting. Assets and liabilities and income and expense have only allocated to individual segments to the extent that this can be completed direct, or on a reasonable basis. Items not so attributable or allocable are disclosed under "Reconciliation". These consist mainly of administration and production assets and expenses, which cannot be allocated to individual segments with certainty. Transfers between the individual segments are in principle on the basis of arm's length prices.

The regional segmentation of sales revenues is based on the destinations for delivery.

Sales revenues in the principal segments not only include product sales but also sales of spare parts. The segments used in segment reporting are as follows:

Primary segments 2007	Secondary segments 2007
Processing Technology (AT)	Austria
Environmental Technology (UT)	Western Europe
Packaging Technology/Other (VT)	Eastern Europe
Reconciliation	Asia/Australia
	Africa
	Americas

Primary segmentation – business segments 2007

	Dec. 31, 2007				
	AT	UT	VT	Reconciliation	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
External sales	24,975	15,114	13,349	0	53,438
Internal sales					
Total Operating segment result (EBIT)	3,594	1,089	210	0	4,893
Financial income / expense					-70
Taxes on income					-1,196
Income for the year					3,627
Assets	10,627	10,104	6,392	4,783	31,906
Liabilities	6,015	4,858	3,330	3,509	17,712
Investments – PPE & IA	634	743	286	0	1,663
Investments – financial assets	0	0	0	0	0
Total investments	634	743	286	0	1,663
Depreciation – PPE & IA	557	543	320	0	1,420
Writedowns – financial assets					
Total depreciation	557	543	320	0	1,420

Primary segmentation – business segments 2006

	Dec. 31, 2006				
	AT	UT	VT	Reconciliation	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
External sales	22,073	13,031	7,566	0	42,670
Internal sales					
Total Operating segment result (EBIT)	2,490	935	467	17	3,909
Financial income / expense					114
Taxes on income					-624
Income for the year					3,399
Assets	10,952	7,910	3,718	7,307	29,887
Liabilities	6,196	4,668	2,712	4,552	18,128
Investments – PPE & IA	505	638	205	0	1,348
Investments – financial assets	0	0	0	1,736	1,736
Total investments	505	638	205	1,736	3,084
Depreciation – PPE & IA	569	392	261	0	1,222
Writedowns – financial assets					
Total depreciation	569	392	261	0	1,222

Secondary segmentation – geographical regions 2007

	Austria	Western Europe	Eastern Europe	Asia / Australia	Africa	Americas	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Sales	6,957	25,359	8,222	10,300	471	2,129	53,438

Secondary segmentation – geographical regions 2006

	Austria	Western Europe	Eastern Europe	Asia / Australia	Africa	Americas	Total
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Sales	10,185	20,280	4,539	3,984	1,154	2,528	42,670

(16) Other income

	2007	2006
	EUR k	EUR k
Income from the release of provisions	79	72
Cross charged expenses	150	186
Grants	78	124
Income from the writing-off of liabilities	0	42
Energy tax refund	0	92
Licences	139	96
Premiums for apprentices, research and training 2007	92	167
Rental agreements	223	14
Other	22	53
	783	846

(17) Staff costs

	2007	2006
	EUR k	EUR k
Wages and salaries	10,767	9,626
Social security contributions	2,771	2,588
Pension expenses	84	77
Expenses for severance payments	219	377
Other employee benefits	220	281
	14,061	12,949

In 2007, remuneration to the members of the Management Board of Binder+Co AG amounted to EUR 358k (2006: EUR 377k).

The average number of employees, including the members of the Executive Board, was as follows:

	2007	2006
Non-salaried staff	88	88
Salaried staff	115	109
Apprentices	11	11
	214	208

(18) Other expenses

	2007 EUR k	2006 EUR k
Transport and freight, maintenance	1,480	971
Leasing	465	206
Advertising	589	610
Travel and accommodation allowances (assembly)	1,300	1,032
Commission	2,240	1,655
Management fees	315	304
Money transfer and bank charges	148	129
Insurance	292	177
Legal and consultancy fees	220	153
Telephone and postage	202	168
Patents	111	183
Guarantees	243	238
Provisions for bad and doubtful debts	69	235
Other expense	454	341
	8,128	6,402

(19) Financial expenses

	2007 EUR k	2006 EUR k
Interest and similar expense	137	347
Other expenses of financial assets	32	0
	169	347

(20) Income from financial investments

	2007 EUR k	2006 EUR k
Interest and similar income	67	417
Realised gains on the disposal of securities	32	44
	99	461

4. Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist entirely of cash in hand and bank balances. Interest receipts and disbursements form part of the operating cash flow. There are no material non-cash transactions. Details are shown in the cash flow statement.

5. Risk management

Binder+Co has installed a risk management system, which matches the size of the company. Details are available in the related section of the management report.

6. Supplementary information

Other obligations and contingent liabilities

Rental and leasing agreements
Binder+Co AG has concluded operating rental and leasing agreements for factory and office equipment with a number of partners. The minimum payments to be made in future under existing agreements were as follows:

	2008	2008-2012	From 2013
	EUR k	EUR k	EUR k
Leasing agreements	83	365	0
Rental agreements	75	341	0
Total	158	706	0

Pending litigation
As at December 31, 2007, there was no pending litigation with a material effect on the annual financial statements.

Contingent liabilities
The contingent liabilities excluded from the balance sheet as liabilities due to uncertainty, were as follows:

	2007	2006
	EUR k	EUR k
Guarantees	0	1,388

Contingent liabilities consisted exclusively of debts to third parties.

Related parties
Binder+Co AG has business relationships with companies in the Waagner-Biro Group. Binder+Co completes sub-contractual production, which is transferred on an arm's length basis.

Events occurring after the balance sheet date
Between the balance sheet date and the approval of the annual financial statements by the Management Board of Binder+Co AG on February 7, 2008, there were no events with a material effect on the annual financial statements for the year ended December 31, 2007.

Earnings per share

Earnings per share have been calculated in accordance with IAS 33, the profit for the year having been divided by the total number of shares issued (3,750,000). Undiluted and diluted earnings per share are the same, since no financial instruments with dilutive effect have been issued. The calculations are as follows:

	2007 EUR	2006 EUR
Profit for the year	3,627,000	3,399,000
number of shares in issue	3,750,000	3,750,000
Earnings per share	0.97	0.91

Proposed distribution of profits

In accordance with the provisions of the Austrian Commercial Code (UGB), the proposed distribution of profits is based on the company's individual financial statements.

The individual financial statement of Binder+Co AG shows distributable profits of EUR 1,810,680.76 for the financial year 2007.

The Management Board proposes to the AGM that profits be distributed as follows:

- payment of a dividend of EUR 0.32 (2006: EUR 0.32) per share and a bonus of EUR 0.16 per share for the 2007 financial year. This amounts to EUR 1,200,000 as a dividend and EUR 600,000 as a bonus, which provides total dividends of EUR 1,800,000 (2006: EUR 1,200,000) on 3,750,000 no-par value shares.

- carry forward of the balance of EUR 10,680.76

7. Differences between Austrian and IFRS accounting principles

Development costs

Under IFRS, the period in which internally generated intangible assets are accrued is divided into a research phase and a development phase. Costs incurred during the research phase are immediately recognised as an expense. Costs incurred in the development phase are capitalised as intangible assets, provided the future economic benefit of the expenses incurred and, above all, the technical feasibility of the product or process can be demonstrated. This option is not available under Austrian law.

Goodwill

Austrian law provides a number of options for the treatment of goodwill. It may be offset directly against reserves, capitalised and amortised over 5 years or, in the case of purchased goodwill, amortised over its expected useful life. Under the IFRS, goodwill must be capitalised, and, under IFRS 3, no amortisation is permitted. Instead, under IAS 36, scheduled impairment tests must be carried out and depreciation and amortisation undertaken to the extent appropriate.

Tangible assets

Under Austrian accounting tangible assets are to be recognised at cost of acquisition or production. Depending on through wear and tear, or impairment losses, the costs are then reduced by scheduled or extraordinary depreciation and amortisation. Revaluations are not permitted, whereas under the IFRS, they are permissible.

Securities

Securities not intended to be of permanent use to the business (available for sale) are disclosed at market prices on the balance sheet date (market-to-market) or at repurchase prices. As opposed to Austrian accounting, under the IFRS revaluations in excess of the cost of acquisition are permissible. Changes in value prior to disposal are recognised as equity and do not affect profit and loss.

Deferred taxes

In Austrian accounting, deferred tax liabilities may only be recognised to the extent of temporary differences, which have been included in profit or loss, while for deferred tax assets there is the option of recognition as assets. The prevailing opinion is that no deferred tax assets may be recognised in respect of loss carryforwards. Under IFRS provisions, deferred tax assets and liabilities calculated using the current tax rate are to be recognised for all temporary differences and this also applies in relation to tax loss carryforwards to the extent that they can be expected to be offset against future taxable profits.

Obligations to employees

Austrian accounting regulations require these obligations to be recognised in the form of provisions calculated on actuarial principles using the entry age normal method without taking into account salary increases (discount rate: 4.0%). Under IFRS, obligations to employees are calculated using the projected unit credit method and a market interest rate of 5.25% (2006: 5.0%), a projected rate of salary increases of 3.0% (2005: 3.0%) and appropriate discounts to reflect staff turnover.

Other provisions

The IFRS and the Austrian Commercial Code interpret the principle of prudence in relation to provisions in a fundamentally different way. IFRS tends to attach greater importance to the likelihood of the events in question and the degree of certainty with which the necessary provision can be determined.

Translation of foreign currencies and currency hedges

There are differences between the two systems of accounting with respect to the recognition of unrealised gains on the valuation of foreign currency amounts as at the balance sheet date. Under Austrian law, only unrealised losses are recognised in line with the imparity principle, while under IFRS unrealised gains must also be taken into account.

No reconciliation of equity and the profit for the period is made, as IFRS figures were already published in previous years.

Gleisdorf, February 2008

The Management Board

Karl Grabner Jörg Rosegger

Declaration of legal representatives

The Binder+Co Management Board declares herewith, that the annual financial statements communicate a picture of the company's assets, finances and income that corresponds with the actual situation and that the management report presents an accurate description of the course of business and the company's status. The results for the financial year ended on December 31, 2007, do not necessarily permit conclusions concerning the trend of future results.

The International Financial Reporting Standards (IFRSs) were followed during the preparation of the financial statements and where necessary, appropriate estimates are undertaken. The management report contains an analysis of the company's assets, finances and income situation, a description of the main risks and uncertainties, as well as further information required by the provisions of the Austrian Commercial Code (UGB).

Gleisdorf, February 2008

The Management Board

Karl Grabner | Jörg Rosegger

Auditor's report and opinion

We have audited the attached financial statements of Binder+Co AG, Gleisdorf, for the financial year ended December 31, 2007, with reported equity on the balance sheet date of EUR 14,194,000. These financial statements incorporate the balance sheet as at December 31, 2007, the income statement, the cash flow statement and the statement of the changes in equity for the financial year ended December 31, 2007, together with a summary of the material accounting and valuation methods employed and other explanatory notes.

Management responsibility for the annual financial statements

The company management is responsible for the preparation of annual financial statements that present a true and fair view of the assets, finances and earnings of the company in accordance with the International Financial Reporting Standards (IFRSs), as applicable in the EU. This responsibility includes the design, implementation and maintenance of an internal control system appropriate to the preparation of annual financial statements that present a true and fair view of the assets, finances and earnings of the company, and are free of material misstatements irrespective of whether these are the result of intentional or unintentional errors, as well as the selection and application of appropriate accounting and valuation methods and the making of estimates, which appear reasonable under the given circumstances.

Auditor's responsibility

Our responsibility is to express an opinion concerning these financial statements on the basis of our audit. We conducted our audit in accordance with the current statutes and regulations in Austria and the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require that we comply with the rules of professional conduct and that we plan and perform the audit in a manner that allows us to state with sufficient certainty that the financial statements are free of material misstatements.

Analogous to §275 (2) of the Austrian Commercial Code (liability for the auditing of the annual financial statements of a large company), our liability to the company and third parties is limited to a maximum of EUR 4 million.

An audit involves the performance of auditing procedures in order to obtain evidence supporting the amounts and other disclosures in the financial statements. The choice of auditing procedures lies within the realms of the professional judgement of the auditors, taking into account their assessment of the risk of material misstatements, irrespective of whether these are the result of intentional or unintentional errors. In making these risk assessments, the auditors take the internal control system into account to the extent that it affects the preparation of annual financial statements, that present a true and fair view of the assets, finances and earnings of the company, in order to apply audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

An audit also includes an appraisal of the appropriateness of the accounting and valuation methods employed and the material estimates made by the management, as well as an assessment of the overall presentation of the financial statements.

We believe that we have obtained sufficient evidence of pertinence for a reliable basis for our audit opinion.

Our audit revealed no grounds for objection. On the basis of the information obtained in the course of audit, in our opinion the annual financial statements for the financial year ended December 31, 2007, with reported equity on the balance sheet date of EUR 14,194,000, comply with the statutory requirements and present a true and fair picture of the company's assets and finances as at December 31, 2007, and of its earnings and cash flows for the financial year ending on December 31, 2007, in accordance with the International Financial Reporting Standards (IFRSs), as applicable in the EU.

REPORT ON THE MANAGEMENT REPORT

Austrian statutes and regulations require us to audit the management report, in order to determine if it is consistent with the annual financial statements and whether the other information that it contains does not give a misleading impression regarding the state of the company's affairs.

In our opinion, the management report is consistent with the annual financial statements.

Graz, February 7, 2008

SOT Wirtschaftsprüfung GmbH

Christoph Lauscher

Gerhard Draskovits

Auditors

Supervisory Board report

The Supervisory Board met on four occasions during the 2007 financial year. At these meetings, the Supervisory Board received reports from the Management Board concerning the status of the company.

The annual financial statements for 2007, including the notes and the management report were audited by SOT Wirtschaftsprüfung GmbH, Graz, the company appointed for this purpose, and given an unqualified opinion.

The Supervisory Board approved the annual financial statements prepared by the Management Board, which in accordance with §125 (2) of the Austrian Corporations Act are thereby adopted. The Supervisory Board also approved the proposal of the Management Board for the appropriation of the profit for the year.

In accordance with §270 (1) of the Austrian Commercial Code, the Supervisory Board proposes the appointment of SOT Wirtschaftsprüfung GmbH, Graz, as the auditors of the annual and consolidated financial statements for the 2008 financial year.

Vienna, February 2008

The Supervisory Board

Hellmut Longin
Chairman

Notes

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We would like to thank Messrs Rhenus AG&Co. KG and Recycling Polska Sp.z.o.o. together with their employees for the friendly support during the photography for this Annual Report.

Capital market calendar 2008

March 5, 2008	Results for the 2007 financial year
March 26, 2008	Annual General Meeting
March 28, 2008	Ex-dividend day
March 31, 2008	Payment day
May 20, 2008	Results for Q1 2008
August 19, 2008	Half-year results 2008
November 18, 2008	Results for Q3 2008






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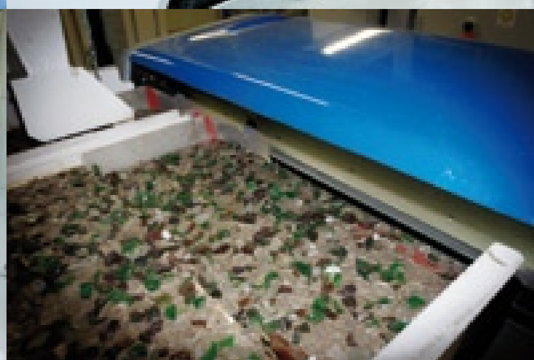
Clarity






Model plant Piła, Poland – important reference project in the environmental technology segment in the growth market CEE.

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ANNUAL REPORT

2007

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