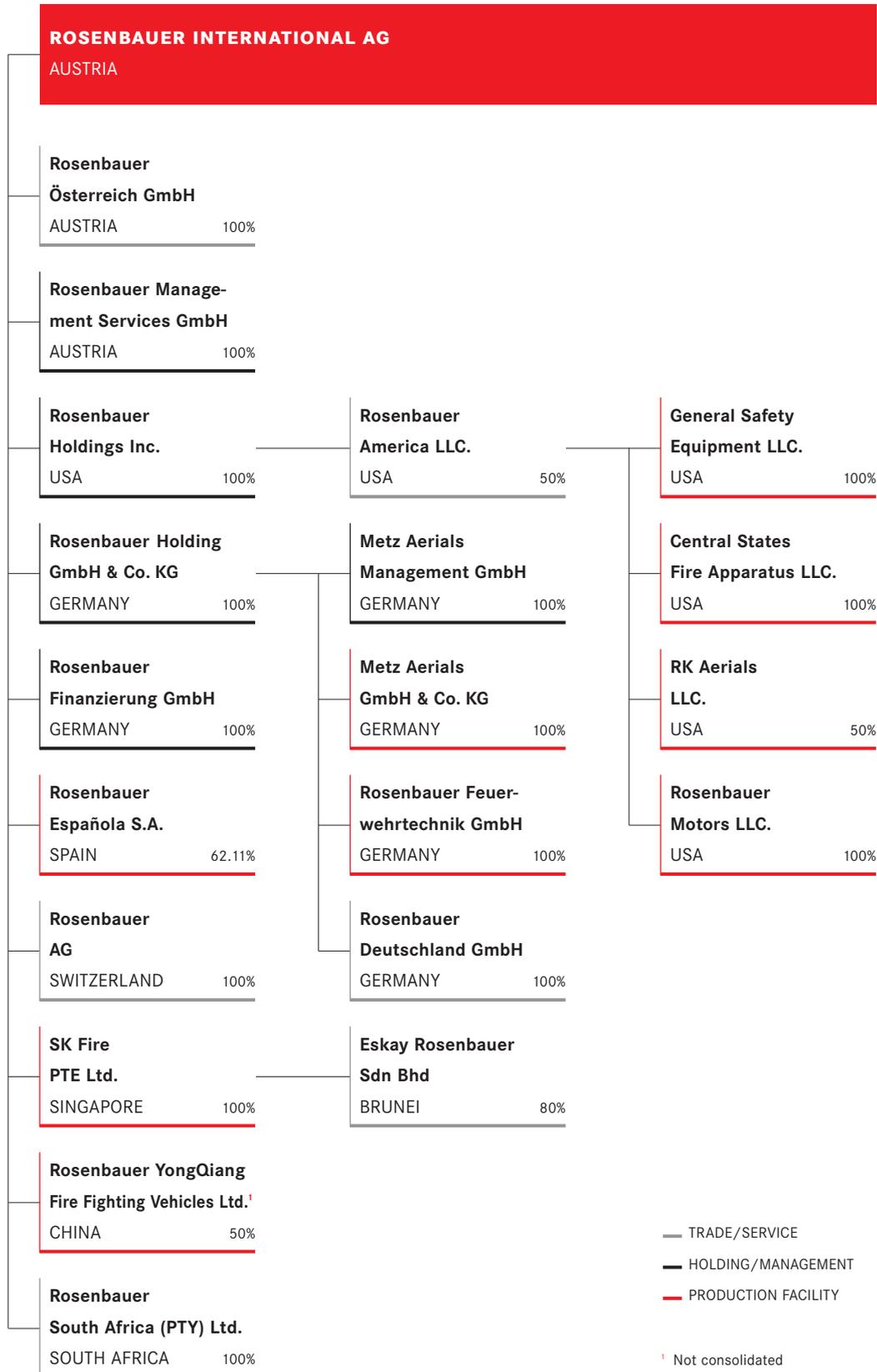


THE FASCINATING WORLD OF



ANNUAL REPORT 2006

# ORGANIZATION CHART



## KEY FIGURES

			2006	2005	2004
<b>Rosenbauer Group</b>	Revenue	m€	<b>372.0</b>	321.3	299.4
	thereof Austria	m€	<b>40.6</b>	43.8	48.2
	thereof international	m€	<b>331.4</b>	277.5	251.2
	EBIT	m€	<b>25.1</b>	19.6	13.7
	EBIT margin		<b>6.8%</b>	6.1%	4.6%
	EBT	m€	<b>22.0</b>	15.9	10.5
	Consolidated profit	m€	<b>18.4</b>	12.0	11.7
	Cash flow from operating activities	m€	<b>(1.4)</b>	21.9	16.4
	Investments	m€	<b>11.2</b>	7.9	5.6
	Order backlog as at Dec 31	m€	<b>354.1</b>	243.1	226.1
	Order intake	m€	<b>485.9</b>	377.0	337.0
	Employees		<b>1,452</b>	1,407	1,376
	thereof international		<b>742</b>	685	665
<b>Key balance sheet data</b>	Total assets	m€	<b>206.2</b>	168.8	161.3
	Equity <sup>1</sup> in % of total assets		<b>30.7%</b>	36.9%	34.4%
	Capital employed (average)	m€	<b>111.2</b>	97.9	99.1
	Return on capital employed		<b>22.6%</b>	20.1%	13.8%
	Return on equity <sup>1</sup>		<b>35.1%</b>	27.0%	19.7%
	Net debt	m€	<b>38.7</b>	9.0	15.2
	Gearing ratio <sup>2</sup>		<b>37.9%</b>	12.6%	21.5%
<b>Key stock exchange figures</b>	Highest share price	€	<b>100.1</b>	72.5	66.5
	Lowest share price	€	<b>61.4</b>	57.5	43.6
	Year-end share price	€	<b>100.0</b>	63.0	64.0
	Number of shares	m units	<b>1.7</b>	1.7	1.7
	Market capitalization	m€	<b>170.0</b>	107.1	108.8
	Dividend	m€	<b>4.8<sup>3</sup></b>	3.4	3.4
	Dividend per share	€	<b>2.8<sup>3</sup></b>	2.0	2.0
	Dividend yield		<b>2.8%</b>	3.2%	3.1%
	Earnings per share	€	<b>8.0</b>	4.1	5.1
	Price/earnings ratio		<b>12.5</b>	15.4	12.5

<sup>1</sup> Including minority interest and subordinated (mezzanine) capital 2004 and 2005

<sup>2</sup> Modified according to the international standards as at January 1, 2004

<sup>3</sup> Proposal to Annual General Shareholders' Meeting

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**2006**

# COMPANY PROFILE

The Rosenbauer Group is one of the world's leading manufacturers of fire fighting vehicles. Rosenbauer is a "full-liner" that supplies the fire fighting sector in over 100 countries with a wide range of products and services. It produces its extensive series of fire fighting vehicles and aerials in three continents, to both European and US Standards. With a workforce of around 1,450, the Group generated 2006 revenues of over 370 m€.

## SEGMENT

## PROFILE

### Vehicles



### ROSENBAUER

- Production facilities in Europe, the USA and Asia
- World's biggest exporter of fire fighting vehicles
- The sector's technological and innovational leader

### Aerials



### METZ AERIALS

- Advanced manufacturer of aerials, based in Karlsruhe, Germany
- Supplies to clients all over the world

### RK AERIALS

- Innovative US-Standard manufacturer

### Fire fighting components



### ROSENBAUER

- Leading fire fighting system supplier
- Individual solutions for complex specifications
- Worldwide partner of superstructure manufacturers

### Fire & safety equipment



### ROSENBAUER

- Full-line supplier of fire & safety equipment
- Rosenbauer products for the most exacting requirements
- International equipment supplier to the fire fighting sector

### Service & spare parts



### ROSENBAUER

- International service and spares network
- Comprehensive instruction and training program
- A high-caliber partner with 30 years' experience!

**SPECTRUM OF PRODUCTS AND SERVICES**
**KEY FIGURES**
**2006**
**2005**

- Municipal fire fighting vehicles, air crash tenders and industrial fire fighting vehicles to European and US Standards

Order intake	<b>342.1 m€</b>	253.6 m€
Revenues	<b>247.4 m€</b>	218.2 m€
Segment assets	<b>148.2 m€</b>	120.6 m€
Investments	<b>7.2 m€</b>	5.2 m€

- Turntable ladders and aerial rescue-platforms with rescue heights of between 20 m and 53 m

Order intake	<b>55.8 m€</b>	46.3 m€
Revenues	<b>45.9 m€</b>	35.8 m€
Segment assets	<b>31.8 m€</b>	22.4 m€
Investments	<b>0.9 m€</b>	0.5 m€

- Turntable ladders and ladder trucks with rescue heights of 60 ft to 109 ft

- Built-in pumps and fire fighting installations, foam proportioning systems and monitors
- Electronic controls for the fire fighting systems and portable fire pumps

Order intake	<b>19.3 m€</b>	17.2 m€
Revenues	<b>14.8 m€</b>	15.4 m€
Segment assets	<b>7.3 m€</b>	5.7 m€
Investments	<b>1.7 m€</b>	0.6 m€

- Personal protective equipment (PPE)
- Technical emergency equipment
- Special equipment for chemical and environmental assignments

Order intake	<b>49.4 m€</b>	39.0 m€
Revenues	<b>45.4 m€</b>	35.2 m€
Segment assets	<b>9.8 m€</b>	5.6 m€
Investments	<b>0.2 m€</b>	0.6 m€

- 24-hour service worldwide
- Refurbishment of fire fighting vehicles
- User, repair and maintenance courses

Order intake	<b>19.3 m€</b>	20.9 m€
Revenues	<b>18.5 m€</b>	16.7 m€
Segment assets	<b>5.3 m€</b>	4.8 m€
Investments	<b>1.2 m€</b>	1.0 m€

## FOREWORD FROM THE PRESIDENT

### Dear Readers,

Rosenbauer's 140<sup>th</sup> year was also the most successful yet in the history of our company, with revenues up once again on the previous year, and a marked improvement in earnings. It is thus with great pride that we present the Annual Report 2006 to you today.

The upbeat climate in the fire equipment sector continued throughout 2006, with international project business stabilizing at a high level. This has been driven by brisk demand for air crash tenders, the growing purchasing power of petroleum-exporting countries and the heightened awareness of security needs in many countries, prompted both by the threat of terrorism and by increasingly frequent and severe natural disasters.

Business also developed very satisfactorily in 2006 in Europe's biggest market, Germany, where for the first time after years of decline and stag-

nation, the market grew again – by over 10%. Whether this was merely a one-off effect, in anticipation of the higher rate of value-added tax due to come into force on January 1, 2007, will only become apparent in the course of the next few years.

The restructuring measures at Metz Aerials GmbH & Co. KG proceeded successfully last year. We not only managed to generate a result that was very definitely “back in the black”, but were also able to present the first fruits of our stepped-up research and development drive. Metz' volume product, the L32 turntable ladder, was given a complete overhaul, with new hydraulics and a reliable CAN-bus control system, and redesigned along ergonomic lines. In terms both of performance and appearance, the new ladder now rates as a top-notch, industry-leading product.

In the USA, we continued build-out of our dealer network, adding some very strong new partners to our organization. This helped us gain additional market share on the US market. Rosenbauer America today serves over 13% of the local American market, where it has now climbed to the Number 2 position.

Austrian pump-engineering and control-technology concepts are winning increasing acceptance among American customers, giving rise to further potential synergies between Austria and the USA.

The dynamic trend on the Chinese market continues unbroken. The products of our joint venture are rapidly convincing more and more Chinese customers of the merits of high-grade “made in China” Rosenbauer quality. The volume produced at the joint venture last year was not far short of breakeven point, and we expect the current year to bring a continuation of this uptrend.

The major program of capital investment at Group HQ in Leonding, Austria, was completed on schedule in 2006. It comprised the enlargement of the production areas, hand-in-hand with the centralization of all logistical activities in a newly built logistics center, and means that we have now taken all necessary steps in good time to meet the ever-rising demand for products from the Leonding production facility. We inaugurated the new premises in September 2006 as part of our 140<sup>th</sup> anniversary celebrations.

In mid-2006, we successfully completed an important personnel management project with the launch of a new remuneration system at the Leonding facility as from July 1, 2006. The new system makes for fair job gradings that fully reflect the demands of each workplace, takes account of the personal performance and qualifications of each individual employee, and guarantees all employees a share in

the company's profits in line with the corporate result. With this modern remuneration system, Rosenbauer is well prepared for the future.

The healthy course of business in 2006, and the clarification that took place in the Group's ownership structure at the beginning of the year, helped the Rosenbauer share to put in an above-averagely good performance. We are pleased that our active involvement on the capital market has been rewarded by growing interest on the part of international investors.

The excellent course taken by the Group's business in 2006 has prompted Management to propose to the General Meeting a significantly higher dividend of 2.80 € per share. Our intention is to demonstrate our continued commitment to being an attractive dividend payer.

At this juncture I wish to record my heartfelt thanks to all Rosenbauer people, both in Austria and abroad, for their superb dedication and outstanding performance. Our company's success is nothing less than the success of every single member of staff, all of whom can be justly proud of all that they have achieved.

Our expectation for the current year is of a continuation of the positive trend experienced in 2006. We started 2007 with the highest order-book levels in the history of the company. The dynamic pace of order intake has been continuing unchanged in the first months of this year, giving us good grounds for expecting a further uptrend in revenues and earnings.

Yours,



Julian Wagner

## **Julian Wagner**

PRESIDENT AND CEO  
Business unit: Aerials

Born in 1950, joined Rosenbauer in 1968

### **Group functions:**

Company strategy, human resources, social management,  
corporate communications, internal audit

## **Manfred Schwetz**

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

Born in 1946, joined Rosenbauer in 1993

### **Group functions:**

Marketing, international sales, customer services

## **Robert Kastil**

MEMBER OF THE EXECUTIVE BOARD  
Sector finances

Born in 1949, joined Rosenbauer in 1983

### **Group functions:**

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

## **Gottfried Brunbauer**

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

Born in 1960, joined Rosenbauer in 1995

### **Group functions:**

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



## The stock-exchange environment.

The overall verdict on last year was once again an altogether satisfactory one: The ATX gained 21.7% in 2006, closing the year at an all-time high. Six new international trading members were admitted for direct dealing at the Vienna Stock Exchange. Around 56% of stock trading is now accounted for by foreign trading members.

**The Rosenbauer share.** The Rosenbauer share put in an impressive performance last year. At the beginning of the year, it profited from the successful reallocation of the 28% block of shares that had been held by Cross Industries. During a series of roadshows in early February, this package was placed with investors from Austria, Germany, Switzerland, Great Britain and France.

Demand for Rosenbauer shares was boosted by the positive media write-ups on the 2005 financial statement. The results figures and forecasts published in the second half of the year prompted financial analysts and investors alike to make frequent upward revisions to their share price forecasts. Thereafter, the share went on to hit a succession of new several-year highs, closing the year at an all-time high of 100.0 €. With a price advance of 59% in the course of one

year, the Rosenbauer share has won acceptance as a highly attractive investment that has since established itself at this higher valuation level.

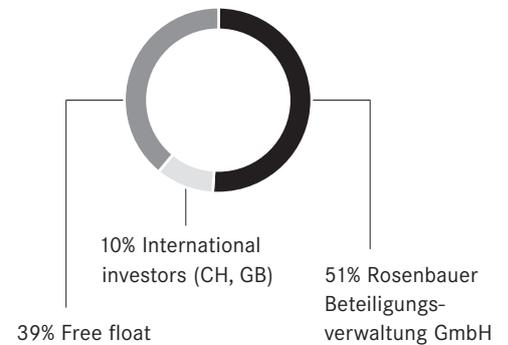
**Dividend increase.** The Executive Board and the Supervisory Board propose to the General Meeting that a 0.8 € higher dividend of 2.8 € per share should be distributed for the financial year 2006 (2005: 2.0 €). This decision to raise the dividend reflects Rosenbauer's pursuit of an investor-friendly dividend policy founded on sustained positive development of the Group's business.

The sum for distribution for 1.7 million non-par-value shares is 4.8 m€ (2005: 3.4 m€). In terms of the share's closing price of 100.0 €, this corresponds to a dividend yield of an attractive 2.8%.

**Internationalization of the shareholder structure.** Rosenbauer International AG has been quoted in the Vienna Stock Exchange's "Prime Market" with 1.7 million non-par-value shares (bearer shares) since 1994.

The shareholder structure was made much more international last year. 51% of the shares are held by Rosenbauer Beteiligungsverwaltung GmbH,

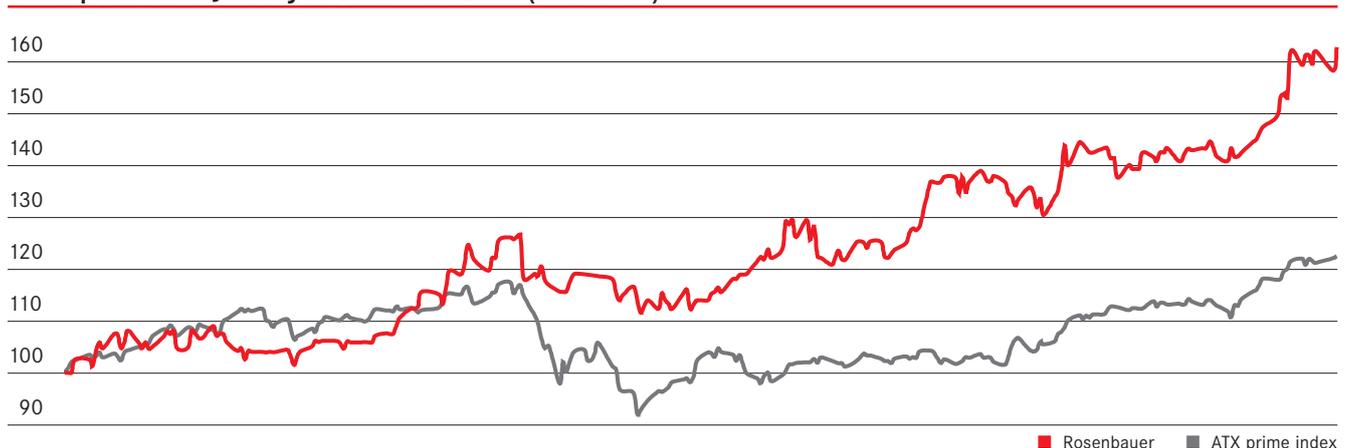
a holdings-management company founded by the family shareholders. The proportion of the total capital held by foreign institutional investors amounts to more than 10%. The remainder is in the free float.



**Investor relations.** Since the increase in the size of the free float, greater demands are being made of Rosenbauer regarding capital market communications. For this reason, more personnel resources have been assigned to investor relations, and the scope of its activities has been further extended.

Several events were held at the Leonding production site to inform private investors, bank representatives and other interested parties about current developments in the Group, and its latest products. In the course of both one-to-one and group discussions and investor conferences

Share-price trend January to December 2006 (index in %)



at all the main international stock exchange centers, many representatives of the financial community and other interested parties were given thorough briefings on Rosenbauer. The company sets great store by consistent, transparent and rapid communications with all participants in the capital markets. In keeping with this principle, mandatory publications such as the annual report and quarter report are supplemented by a wealth of further in-depth information published on the company's website [www.rosenbauer.com](http://www.rosenbauer.com).

## CORPORATE GOVERNANCE

The Management of Rosenbauer International AG is pledged to uphold the new Austrian Corporate Governance Code as amended in January 2006. The Corporate Governance Code makes an important contribution towards strengthening investors' confidence in the company.

As a listed corporation and company that is active at an international level, Rosenbauer pursues a strategy aimed at sustained long-term growth in the value of the company, and so is in any case acting in line with the Code, and complies with all "C" Rules ("Comply or Explain").

The explanations required by the Code are published in the Annual Report and on the corporate website: [www.rosenbauer.com](http://www.rosenbauer.com):

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

**Rule 53: Independence of the Supervisory Board.** The basic rule is: A member of the Supervisory Board shall be deemed to be independent if the said member does not have any business or personal relations to the company or its Executive Board that constitute a material conflict of interest and therefore have the potential to influence the behavior of the member. On the basis of this general clause, and pursuant to Rule 53, the Supervisory Board has defined the criteria that constitute independence as follows:

- The Supervisory Board member shall not maintain, or have maintained in the past year, any business relations with the company or any of its sub-

idiaries to an extent which is of significance for the member concerned. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest.

- The Supervisory Board member shall not, at any time in the previous three years, have acted as auditor of the company or have owned a share in, or been employed by, the auditing firm carrying out the audit.

- The Supervisory Board member shall not be a member of the executive board of another company in which a member of the company's Executive Board is, in turn, a supervisory board member.

Having regard to the general clause and to the above criteria, the Supervisory Board members Peter Louwerse (Chairman), Alfred Hutterer (Deputy Chairman) and Christian Reisinger may be deemed to be independent.

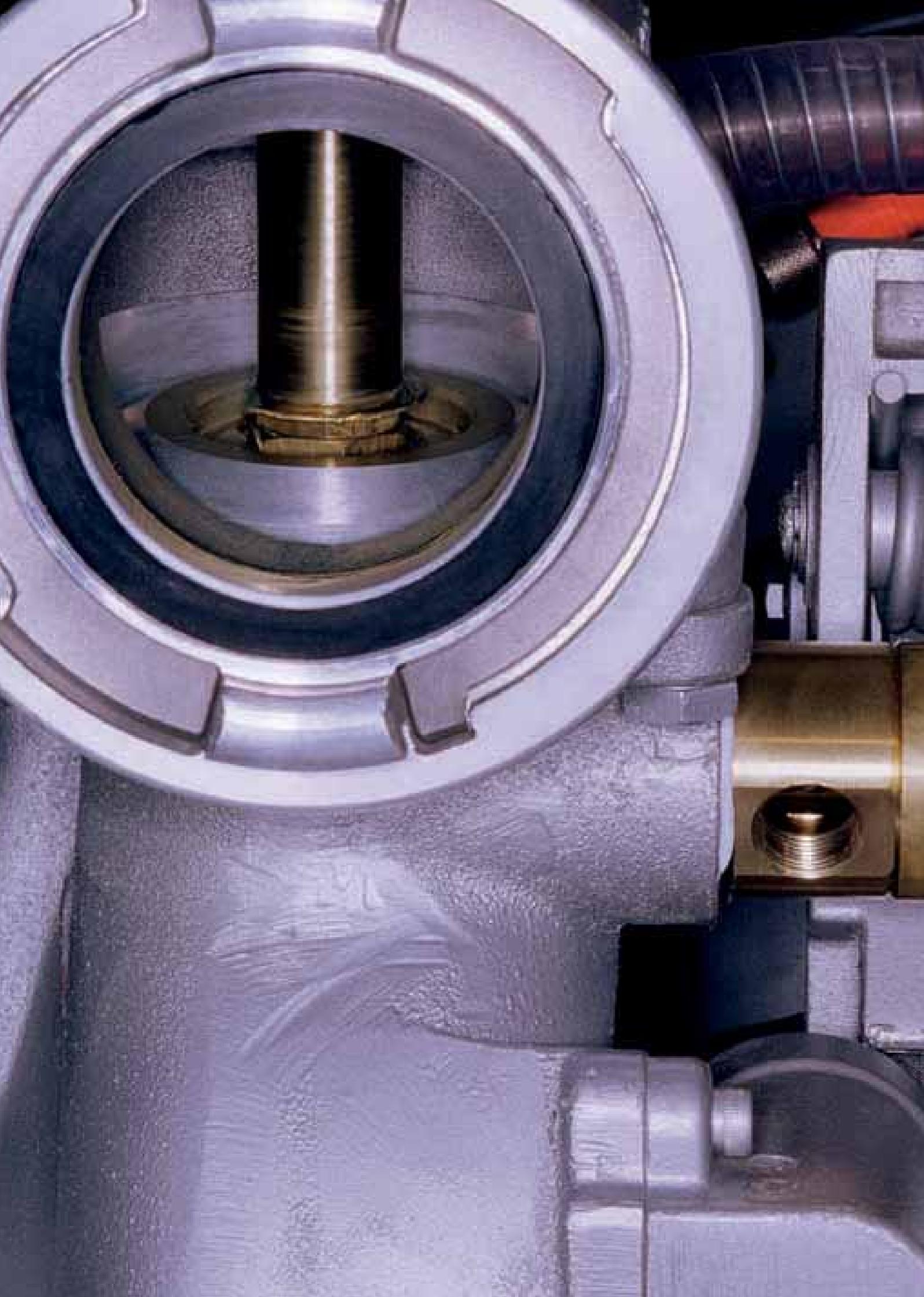
**Rule 54: Supervisory Board members with a shareholding in excess of 10%.** None of the elected members of the Supervisory Board holds more than 10% of the shares of Rosenbauer International AG or represents the interests of a shareholder whose stake is in excess of 10%.

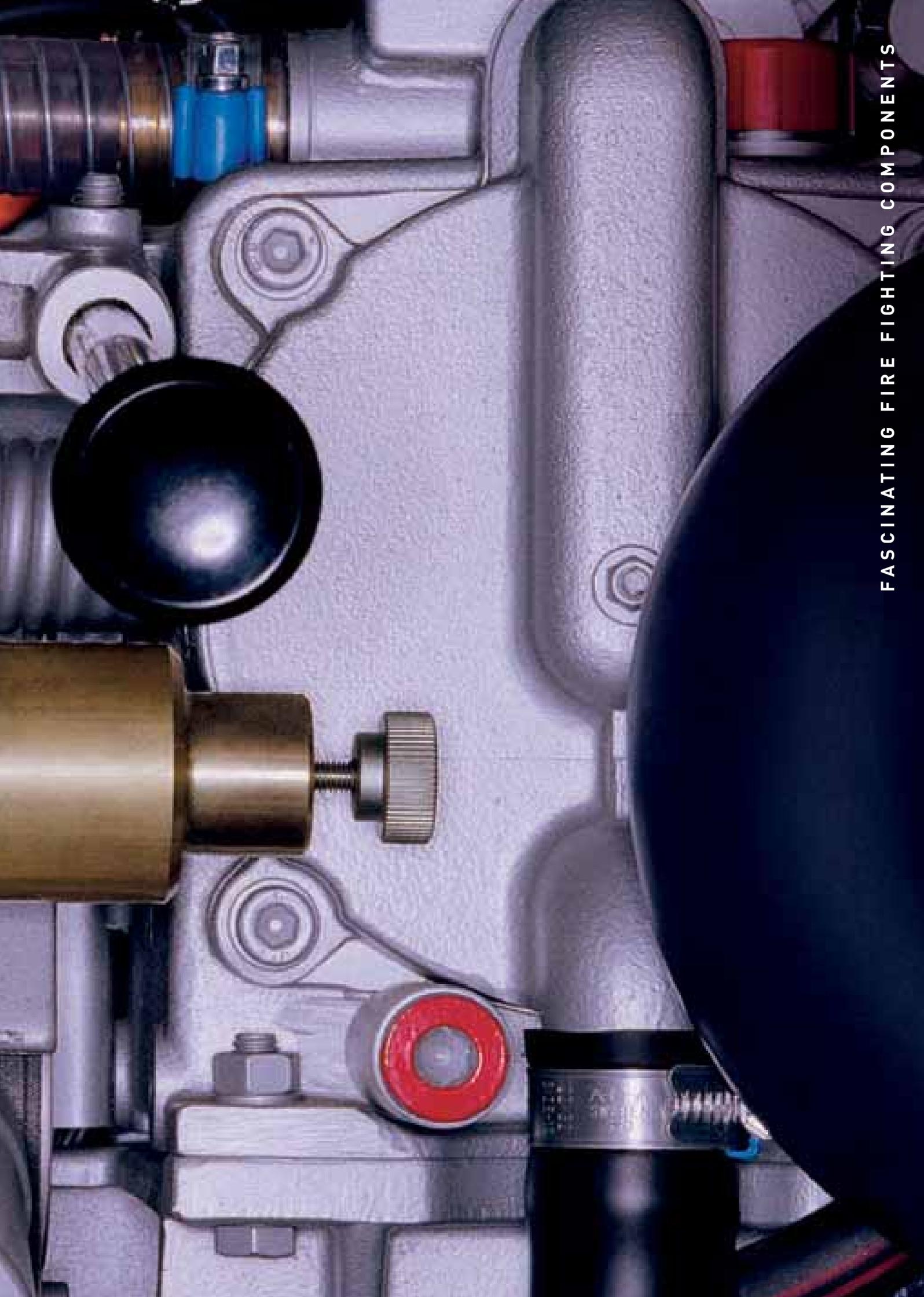
## Details of the share

ISIN	AT0000922554
Class of shares	Non-par-value shares made out to bearer
Nominal share capital	12,359,000 €
Volume traded in 2006	78,280,481 €
Volume traded in 2005	20,468,035 €
N° of shares traded in 2006	1,091,414
N° of shares traded in 2005	326,136
ATX prime weighting	0.1%

## Capital market diary 2007

April 27	Result for the 2006 financial year
May 24	Result for the first quarter of 2007
May 25	Annual General Shareholders' Meeting at "Börsensäle Wien" (former premises of Vienna Stock Exchange), Wipplingerstrasse 34, 1010 Vienna, Austria
June 4	Ex-dividend day
August 24	Result for the first half of 2007
November 23	Result for the first three quarters of 2007





FASCINATING FIRE FIGHTING COMPONENTS

## ECONOMIC ENVIRONMENT

**Moderate growth in world economy.** In 2006 the world economy was into its third consecutive year of growth. Despite the oil price hitting record highs in the middle of the year, real global growth was running at 3.7% (after 4% in 2005), well above its trend rate. For 2007, economists are forecasting a slightly slacker pace of global growth, albeit still at a high level. The expectation is for year-on-year growth of around 2.9%, with a fair chance that for the first time, the engine of growth could be emerging-market countries such as China, India and Russia rather than the USA.

**US economy showing weakness.** Growth in the US economy fell back from 5.6% in the first quarter of 2006 to 1.6% in the third. In the fourth quarter, GDP growth picked up again due to lower oil prices and mild weather, reaching 3.5%, and helping the USA to pull off a classic soft landing. The perceptible cooling of the economic climate since the summer of 2006 – with industrial production suffering the biggest setbacks – has weighed on the forecast for 2007: Most forecasters now expect GDP growth of 2.3%, around one percentage point less than in 2006.

**US dollar stabilized.** The US dollar lost around 10% of its value against the Euro during 2006. This was primarily due to strong economic growth in the euro-zone and the large US trade deficit at the year-end. Since the beginning of 2007, the exchange rate has stabilized again.

**Solid growth in Europe.** The euro-zone economy grew by 2.7% in 2006 (2.9% in the EU as a whole), nearly twice the rate of the year before. The driving force behind the most vigorous growth since 2000 was extremely dynamic foreign trade, with exports to Asia growing especially strongly. However, this was also accompanied by an appreciable revival in EU-wide domestic demand last year, thanks to increased capital investment and consumer expenditure. In December 2006 alone, industrial production in the euro-area surged by 1% over the previous month, and labor-market data also improved.

This renewed impetus in the European economy has continued through into 2007. According to European Commission forecasts, the outlook in the euro-area is likely to diverge still further from developments in the US economy, slackening only slightly by the summer. Growth of 2.7% is expected in the EU this year, and of 2.4% in the 13 euro-zone members.

**German economy on the upswing.** The generally positive mood in Germany again, together with a distinct improve-

ment on the labor market, have led to an about-turn in sentiment. After years of restraint, corporate investment rose again in 2006; private consumption, particularly in the second half of the year, was stimulated by significant pre-emptive effects in anticipation of the three percentage point increase in VAT from January 1, 2007. The lowering of unit labor costs to more competitive levels in recent years, making Germany an attractive business location again, and the more generous depreciation allowances until the end of 2007, both provide a basis for continued growth in 2007.

**CEE countries still attractive.** After a very good 2006, the economic dynamism of the CEE (Central & Eastern European) countries is set to continue through 2007. Healthy domestic demand and strong capital spending are going hand-in-hand with satisfactory export data and improved competitiveness. Following average growth of 6% in 2006, the forecast is for 5.4% in 2007.

**China poised to become world's biggest exporter.** The Chinese economy raced ahead at 10.7% in 2006, emphatically underlining China's rank as the world's fastest growing major economy. The World Bank expects growth of 9.6% in 2007, with exports growing much faster (+19.6%) than imports.

**DEVELOPMENTS IN THE FIRE FIGHTING SECTOR**

**Globalization boosting demand.**

Economic developments in the main markets – the USA, Europe and Asia – in the past few years have led to improved overall parameters for the fire equipment industry.

In total, the world market takes delivery of fire fighting vehicles worth around 2,400 m€ every year. Of these shipments, more than 90% go to the NAFTA region, Western Europe, the Middle East and Central, South and East Asia. Fire & safety equipment is not included in this volume.

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

**North America investing in security.**

Demand in the world’s largest single market remained high in 2006 as well. Higher levels of funding are still being budgeted for upgrading the country’s safety infrastructure, including investments in fire protection and civil defense. In particular, Pierce Oshkosh, the leading manufacturer in the USA, and Rosenbauer have, between them, been able to turn the weak market position of established fire fighting

vehicle manufacturers to their own advantage and carve out extra market share.

**Europe stabilized.** The signals from Germany – Europe’s biggest single market – were distinctly positive again for the first time after years of decline, or at best stagnation. To give one example, sales volumes of fire fighting vehicles – the biggest market segment – leapt by more than 10% in 2006. Some of this procurement was doubtless pre-emptive purchasing in anticipation of the VAT rate-hike at the turn of the year, meaning that it is still too soon to talk of a sustained trend reversal on the German fire equipment market. How high procurement volumes turn out to be this year will depend on whether the proceeds of the VAT increase really are largely applied to municipal budgets as the government has promised.

Demand in the CEE countries has continued to develop very satisfactorily. Whereas sophisticated vehicles are still mainly supplied by noted international manufacturers, simpler fire fighting vehicles are increasingly coming from new local suppliers. It is foreseeable that these will further intensify competition on the hotly contested Central European markets in the coming years.

In Southern Europe, procurement is still dominated by centralized tendering procedures, which is increasingly giving these markets “spot-market” character.

**Lively demand in Asia.** The Chinese fire equipment market has established itself as the leading growth market in Asia. The Chinese government is making great efforts to upgrade the country’s physical infrastructure. Recently introduced certification rules are now leading to a rise in quality standards for locally manufactured fire fighting vehicles as well.

Asia’s booming aviation market has led to a strong uptrend in demand for air crash tenders. More stringent safety regulations issued by the International Civil Aviation Organization (ICAO), and the advent of new “super-jumbo” jetliners have made it necessary for many airports to station new and bigger vehicles carrying larger extinguishant volumes.

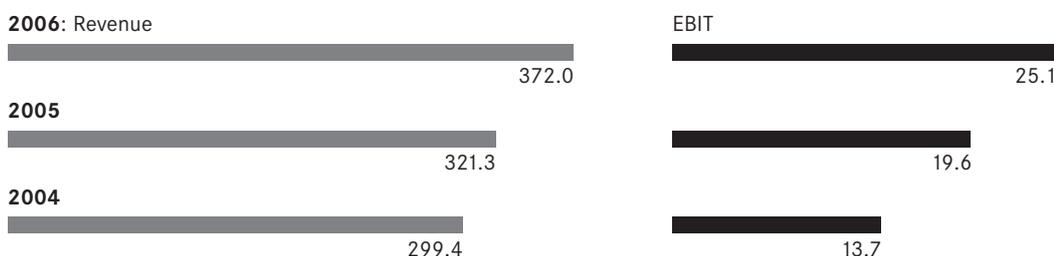
**Middle East goes for high-tech.**

The upgrades being made to infrastructure in this region, coupled with heightened awareness of security needs, have led to brisk demand for high-tech fire protection equipment – a trend favored by the high oil price and resultant increases in funding.

**Greatly fluctuating spot markets.**

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

**Revenue and EBIT trends (in m€)**







## REVENUES, ORDERS AND EARNINGS SITUATION

**A successful 2006.** The 2006 financial year was the best yet in the company's history. The Rosenbauer Group continued to expand, achieving a substantial increase in business volume. This development was driven by the favorable market environment, newly developed products, the turnaround at Metz Aerials and the ongoing rise in productivity. The successes of 2006 also had much to do with our determined implementation of the internationalization strategy.

Group revenues rose last year to 372.0 m€ (2005: 321.3 m€), the highest figure ever. All the segments contributed to the 50.7 m€ increase in revenues. Export sales from Austria, stepped-up shipments of aerials from Karlsruhe, increased sales volumes on the Spanish market and continued growth in the Group's US business were all key drivers here (see the Segment reports for more details).

Once again, the biggest revenue earner in 2006 was Rosenbauer International AG, with revenues of 180.5 m€ (2005: 155.2 m€). This is the biggest production company in the Group and has a high export ratio of 86% (2005: 83%).

**Well-balanced distribution of revenues.** The "Vehicles" product segment accounted for the biggest single share (67%) of Group revenues in 2006 (2005: 68%). The "Aerials" segment posted revenues of 45.9 m€ (2005: 35.8 m€), corresponding to a 12% share of total revenues (2005: 11%). Accounting for 12% (2005: 11%) and 4% (2005: 5%) of revenues respectively, "Fire & safety equipment" and "Fire fighting components" were at roughly the same level as the year before. "Service & spare parts" and "Other" revenues accounted for 5% of the total in 2006 (2005: 5%).

### Sharp increase in NAFTA share.

As in previous years, Western and Eastern Europe were once again Rosenbauer's biggest sales regions in 2006. Around 48% (2005: 51%) of Group revenues, amounting to 177.4 m€ (2005: 163.1 m€) was achieved on these markets. Thanks to the growth on the US market, the NAFTA countries – with 86.8 m€ (2005: 68.1 m€) or 23% of the total (2005: 21%) – took second place in the revenue rankings. They were followed by Asia and Oceania with 29.3 m€ (2005: 34.6 m€) and by the Arab World with 44.0 m€ (2005: 35.5 m€). "Others" rose from 6% (2005) to 9%, largely as a result of shipments to Latin America.

**Record order intake.** At 485.9 m€ (2005: 377.0 m€), the volume of new orders taken by the Group in 2006 was well above the level of the past two years. This has led to a great increase in capacity utilization at the production facilities during the current financial year.

Another new record notched up in 2006 was for the volume of order backlog at the year-end, totaling 354.1 m€ as against 243.1 m€ in 2005.

**Excellent earnings situation.** The international export successes of Rosenbauer International AG, the turnaround at Metz Aerials and a massive increase in output were the crucial factors enabling the operating result (EBIT) to be raised by 28% to 25.1 m€ (2005: 19.6 m€).

Standing in equal measure for innovative products, quality and engineering excellence, the internationally renowned Rosenbauer brand assisted the Group's worldwide export business, as did a favorable market environment.

Following the restructuring of Metz Aerials in Karlsruhe, carried out at a cost of 3.6 m€ in 2005, this firm moved decisively back into the black in 2006. The restructuring operation was based on streamlining the

### Revenues by region 2006

9% Others  
12% Arab countries  
8% Asia/Oceania  
23% NAFTA



48% Western/Eastern Europe

cost structure by reducing material expenses and personnel costs in the administrative field, on tailoring operational capacities to the market situation, and on boosting competitiveness by developing new and improved products in conjunction with product value appraisals. This paved the way for a return to profitability, in turn making a significant contribution towards improving the Group's overall result.

The net figure of 3.0 m€ resulting from financing expenses and income was little changed from the year before (2005: 3.3 m€). The pro-rata (50%) result of Rosenbauer YongQiang, the Group's joint venture in the Chinese province of Guangdong which has been reported "at-equity" in the balance sheet since 2005, came to -0.1 m€ last year (2005: -0.5 m€).

Profit before tax (EBT) rose in line with EBIT to 22.0 m€ (2005: 15.9 m€). The taxation ratio decreased from 24.3% in 2005 to 16.4%. The main

reason for this decrease is the utilization of not yet capitalized loss carryforwards resulting from Metz Aereals. This kept the stated taxation expense of 3.6 m€ below the previous year's figure (2005: 3.9 m€). The consolidated profit rose to 18.4 m€ (2005: 12.0 m€).

The profit-shares for minority interest held by the co-partners in Rosenbauer America LLC. and Rosenbauer Española came to 4.7 m€ (2005: 5.0 m€).

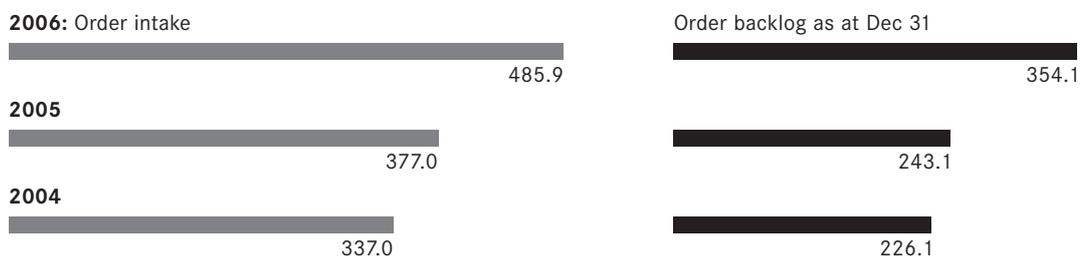
**Joint venture in China running to plan.** Started in May 2005, the 50% joint venture Rosenbauer YongQiang Fire Fighting Vehicles Ltd. in Dongguan got into full swing during 2006. The newly built production facility has 15,000 m<sup>2</sup> of production and office space and had a workforce of 129 by the year-end. On total 2006 revenues of 6.1 m€ (2005: 0.5 m€), a pro-rata result of -0.1 m€ was achieved (2005: -0.5 m€).

The Chinese fire equipment market continued to grow in 2006. The aim of the joint venture is to cover the demand for high-grade, state-of-the-art fire fighting vehicles from local value-addition. Following intensive training given by production specialists from Austria, the China-made vehicles now meet the Group's high technical and qualitative standards. This puts Rosenbauer YongQiang in a position to play a pioneering rôle in the field of locally fabricated high-tech vehicles.

**FINANCIAL POSITION, ASSET AND CAPITAL STRUCTURE**

For industry-specific reasons, the balance-sheet structure of the Rosenbauer Group at the year-end is typified by a high proportion of current assets. This results from the turn-around times, lasting several months, for the vehicle contracts that are currently under manufacture. The Group's financial position and asset

**Order intake/backlog (in m€)**



**Revenues by product segment 2006**



situation was mainly characterized last year by the massive increase in production and shipment volumes over the previous year.

Owing largely to the order-related increase in inventories, the Group's balance-sheet total at year-end 2006 rose to 206.2 m€ (2005: 168.8 m€).

The total amount invested in the course of the financial year came to 11.2 m€ (2005: 7.9 m€). Due to the building of the new logistics center and the expansion of production capacity at Leonding, it exceeded the annual depreciation charges.

The 5.8 m€ of deferred tax assets (2005: 6.7 m€) is slightly down on the previous year's figure.

Due to the massive increase in output, inventories rose to 80.9 m€, from 57.1 m€ the year before. Current receivables also rose, by 13% to 48.2 m€ (2005: 42.7 m€).

Despite the redemption of the subordinated (mezzanine) capital before the end of the year, the substantial improvement in the result meant that equity capitalization still finished the year slightly higher, at 63.4 m€ (2005: 62.2 m€, including subordinated (mezzanine) capital). At 30.7%,

the Group's equity ratio remained below the previous year's figure after redemption of the beneficial interest (2005: 36.9%, including subordinated (mezzanine) capital), owing to the larger balance-sheet total.

In order to finance the high production volume, it was necessary to have recourse to additional interest-paying external financing. For this reason, the interest-bearing liabilities rose from 18.2 m€ (2005) to 42.9 m€.

Owing to a volume-related increase in the trade accounts payable as well as the rise in current, interest-bearing liabilities, the total of all current liabilities increased to 107.6 m€ (2005: 81.1 m€).

As a consequence of the higher levels of financing required, the Group's net debt increased to 38.7 m€ last year (2005: 9.0 m€). This reduced the gearing to 37.9% (2005: 12.6%).

The net cash flow from operating activities decreased last year to -1.4 m€ (2005: 21.9 m€). This deterioration, despite the substantially better result, is primarily attributable to the inventories purchased before the year-end – especially chassis for Panther air crash tenders – with a view to fulfilling the large volume of orders on hand, and to the higher volume of receivables at the year-end as compared to the previous year.

## INVESTMENTS

### Enlarging worldwide capacity.

Investments totaling 10.9 m€ were made in the tangible assets of the Group during the year under review (2005: 7.7 m€). Of this, the lion's share was accounted for by additions to capacity (65%), while 26% went on replacement capital investments and fulfilling official directives, and 9% on rationalization measures.

### New logistics center opened.

Work began at the Leonding facility in 2005 on building a new logistics center; this was put into service in the second quarter of 2006. All logistical activities are now concentrated on a total area of 5,500 m<sup>2</sup>. As well as a new high-rise rack and small-parts store and a bigger, 600 m<sup>2</sup> packing zone, a parking deck was also built with 110 employee car-parking spaces. At the same time, for safety and security reasons, the entire plant site was secured with a new access control system. The costs for the logistics center, including the warehousing appliances, totaled 6.5 m€, of which 3.6 m€ was expended in 2006 (2005: 2.9 m€).

## Key profitability figures

		2006	2005	2004
Capital employed (average)	in m€	111.2	97.9	99.1
Return on capital employed (ROCE)	in %	22.6	20.1	13.8
Return on equity (ROC) <sup>1</sup>	in %	35.1	27.0	19.7
Return on sales (ROS)	in %	5.9	4.9	3.5

<sup>1</sup> Including minority interest and subordinated (mezzanine) capital 2004 and 2005

**Production space enlarged.** The building that was freed up after the former main store was moved to the new logistics center was then modernized at a cost of 1.9 m€. This released around an extra 3,000 m<sup>2</sup> of space for air crash tender production in Leonding.

At the same time, a new fabrication concept was elaborated which has now made line-type assembly possible for air crash tenders as well. The combination of both these measures – enlarging the production areas and optimizing the assembly workflow – has augmented production capacity in Leonding in line with the greatly increased worldwide demand for Rosenbauer air crash tenders.

**Reception area modernized.** In the course of the extensive building and rebuilding activities, the entrance concourse of the Group HQ building was also modernized and given a new glass façade. This project involved an investment of 480 k€.

**New machining center for castings.** A new, fully automated machining center worth 950 k€ was put into service in Leonding last year, for making castings for pumps and other fire fighting components. Fitted out with state of the art tooling, this manufacturing cell permits simultaneous tooling up and machining of components, at more than three times the component fabrication speed of the machine used previously.

## RESEARCH AND DEVELOPMENT

**Successful transition to full-scale production.** The Rosenbauer Group invested 7.4 m€ in research and development in 2006 (2005: 5.8 m€). This amount is equal to 3.4% (2005: 2.9%) of the relevant net sales proceeds from our own production. Around 67% (2005: 74%) of these development costs (5.0 m€, as against 4.3 m€ in 2005) were incurred by Rosenbauer International AG, the Group's center of expertise for specialty vehicles and fire fighting systems.

Rosenbauer products come into being in close collaboration with fire services from all over the world. This is the only way to ensure that every new product is not only right up to date, but also exactly meets firefighters' very specific requirements, also in ergonomical terms. Our strong innovation management system provides the necessary framework for the permanent development effort. Innovation management at Rosenbauer is greatly enriched by the many employees who are themselves active members of volunteer fire brigades and who input their practical know-how directly into our development work.

An innovational highlight of 2006 is the new L32 aerial ladder. In fact, the whole year was marked by the transition to full-scale production and the launch of the 18 product innovations first unveiled by Rosenbauer at the "Interschutz – Red Rooster" international fire equipment fair in 2005. The strongly increased inflow of new orders since then testifies both to the success of this development work and to Rosenbauer's innovational leadership in the industry.

## New Metz turntable ladder L32.

With its new L32 turntable ladder, in 2006 Metz Aerials introduced a novel and revolutionary aerial that unites cutting-edge technology with trend-setting design. A new high-performance hydraulic system has made it possible to raise the motion speed of the aerial ladder by 25%, and to cut the set-up time to less than half that specified in the EU Standard.

On the L32, as in all the other newly developed products, CAN-bus technology provides greatly improved operator handling, for example by showing the operator all relevant information on color displays, as appropriate in the particular operational situation. The CAN-bus system also makes it possible to use a Group-wide service tool, and to connect up to the "service4fire" online service portal that was developed for fire services last year.

## Online service portal for fire services.

In 2006, Rosenbauer was the world's first fire engineering supplier to go online with a service portal for automatic, active status monitoring of fire fighting vehicles. This tool captures the operating data and machine data of fire fighting vehicles and automatically alerts both after-sales service and the client to any out-of-the-ordinary situations by e-mail. Online status monitoring is a reliable method of detecting errors at an early stage, thereby enhancing the availability and safety of fire fighting vehicles and making their routine maintenance easier to plan.





FASCINATING FIRE & SAFETY EQUIPMENT

Over 1,000 items of operational data are captured by a telematic module in the vehicle and sent by GPRS to the portal [www.service4fire.com](http://www.service4fire.com) during every mission. The system thus keeps a complete logbook of all missions and creates an individual maintenance history for every CAN-controlled fire fighting vehicle in the whole world. The client can call up the entire vehicle history at any time. The online service portal thus greatly reduces unforeseen downtime and facilitates pro-active maintenance.

**Fire protection on offshore drilling platforms.** The Rosenbauer POLY CAFS Twin Agent extinguishing system was specially developed for use on helipads on unmanned offshore drilling platforms. The system combines a dry powder extinguishing system with a CAFS foam extinguishing installation in such a way that the extinguishing media can be discharged either together or separately, as needed.

Among the other special features of the installation are its extended throw-range and extremely simple operator guidance arrangements. In this way, the fire fighting crew can commence operations as soon as it has been helicoptered to the platform when needed.

## ENVIRONMENTAL MANAGEMENT

**Sustained protection of the environment.** As a manufacturing and distribution business whose activities span the globe, the Rosenbauer Group regards efficient utilization of resources and sustained environmental protection as indispensable. By expressing all environmental and workplace safety processes in terms of a uniform system of key figures, the environmental management system (UMS, to give it its German initials) has for some years now given the framework for continual improvement of the Group's overall environmental footprint.

**Energy optimization pushed ahead.** A program has been underway since 2005 to optimize energy inputs at the Leonding site. It is based on a computer-aided energy control system and a highly efficient waste-heat recovery system. These measures have led to a substantial reduction in CO<sub>2</sub> emissions, to more efficient use of energy and – in the face of rising energy costs – to savings of over 50 k€ a year.

## QUALITY MANAGEMENT

**Quality as a safety factor.** Fire-fighters' personal safety depends to a high degree on the quality and reliability of their fire and safety equipment and of the vehicles and appliances they use. Quality at Rosenbauer is thus not just defined as a functional

product feature or performance characteristic, but always also understood as a critical safety factor in its own right. This broader understanding is assured by the Group-wide quality policy, which is centrally anchored in the company's organization as a controlling instrument.

All the main corporate processes have been designed with reference to quality criteria, enabling process deviations to be recognized and corrected at an early stage.

Not least, the consistent implementation of this quality policy is reflected in the Group's quality costs: Despite the high capacity utilization and the large number of new products in 2006, the ratio of these costs to overall production costs was still kept at the same low level as the year before. The current quality-cost ratio is 1.92% for the 2006 financial year, as against 2.04% for 2005.

**Group-wide management system.** The basis for Rosenbauer's quality and safety-conscious approach to all it does is the quality and environmental policy derived from the Group's mission statement. Also derived from this policy, the management system is a tool enabling employees to quickly see which rules apply in any given case; this is particularly useful in the case of Group-wide rules.

The Rosenbauer Group management system is uniformly structured, and documented in the Extranet. It consists of the QMS (quality management) and UMS (environmental management) systems, and of the guidelines for workplace safety and the hygiene regulations. The impact of the various processes on quality, environment and workplace safety is displayed in a system of key figures.

In the course of combined prolongation and certification audits conducted in 2006, the Rosenbauer management system at the Leonding, Neidling, Karlsruhe and Luckenwalde locations was certified to EN ISO 9001:2000 and (in the case of the Austrian locations) to the environmental standard EN ISO 14001:2004.

## RISK MANAGEMENT

**Clearly defined risks.** Risk management is a systematic approach to identifying, evaluating and monitoring potential risks. The risk management system is an integral part of the management, planning and controlling process. Rosenbauer has laid down its risk-policy principles in writing and integrated them in the Group-wide management system.

As a globally active company, Rosenbauer is exposed to a large number of risks. Essentially, risks are seen as potential deviations from the corporate objectives, and the term "risk" therefore encompasses not only the possibility of a loss but also the failure to seize potential opportunities or a chance of additional profit.

The immediate responsibility for risk management lies with the management of the operational units in question. This is the level at which risk-related topics are regularly dealt with, and at which the annual risk inventory is carried out. Overall responsibility for operational risk management rests with the Executive Board. The results of the risk inventory are collated by the central risk management team and submitted to – and discussed with – the Supervisory Board once a year.

The most important risk monitoring instrument is the planning and controlling process. Thanks to the consistent reporting system, not only any risk positions, but also opportunities, can be recognized and deliberately responded to, or optimized, at an early stage.

**Strategic risks.** The five-year plan derived from the Group strategy was revised in 2006 and submitted to the Supervisory Board for approval. The annual business plan, made on a revolving basis for a three-year period, comprises a target-catalogue which is broken down into the different areas of business and serves as a controlling instrument. This systematic approach enables us to discern – and then largely avoid – any strategic risks at an early stage.

**Competition-related risks.** The large number of manufacturers means that competition on most markets is very intense in the fire equipment sector. International tenders are now attracting both the large, noted suppliers and many smaller local vehicle-bodywork firms. Due to the fact that most procurement needs are put out to tender, and that the bulk of the customers are public-sector purchasers, the pres-

sure on margins is increased still further. Rosenbauer limits these risks by continuously bringing out new developments, by offering modular product concepts and by ongoing process-efficiency enhancement.

**Operational risks.** A number of risks with a potential impact on earnings result from the company's operational activities. Given the sheer breadth of the spectrum of vendor parts, procurement management plays a vital rôle. In order to ensure that the production operations are kept supplied on schedule and to the requisite quality level, our main vendors are continuously audited. This greatly reduces the risk of production outages. The fact that the Group has its own international network of production facilities also helps to minimize operational risks.

Excess production capacity can have a negative impact on both overheads and margins. For this reason, capacity is analyzed as part of the annual planning process, and adjusted where necessary by means of relevant measures.

Moreover, any earnings risk which might arise as a result of disruption of production operations is covered by appropriate production-outage insurance policies. Adequate insurance coverage is also in place for costs arising in connection with fire, explosion or similar occurrences.

To reduce the risks in the IT field, an audit was performed in 2006 by an independent consultancy. The aim of the audit was to survey the measures taken so far for preventing data loss, for ensuring maximum availability

of the IT systems and for preventing access by non-authorized persons, and to suggest possible improvements. The appraisal arrived at a positive overall picture, especially regarding non-authorized access. An action list for further optimization was drawn up, and is being implemented on an ongoing basis.

With the exception of damages claims in connection with the insolvency of the Group's Dutch company Rosenbauer BV in 2000, no significant legal claims or litigation risks are extant. Sufficient provisions have been made as a precaution against any litigation risks.

Owing to the nature of the manufacturing operations and to the large number of different suppliers, environmental risks, and risks in connection with the reliability of raw-materials and energy supplies, are of only minor significance.

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

**Personnel risks.** Rosenbauer sees its employees as one of the most important factors making for its success. Particularly in a client-orientated manufacturing operation like ours, a

high degree of specialist fire fighting knowledge is a crucial factor. A thorough approach to staff development, featuring institutionalized appraisal interviews, and a new performance-oriented remuneration system, are the central instruments at Rosenbauer for keeping qualified and motivated employees with the company. The comparatively low fluctuation rate the company has enjoyed in recent years owes a great deal to its successful utilization of human resources policy instruments.

**Financial risks.** The Group's credit standing, and with it the safeguarding of liquidity, are of critical importance. For this reason, Financial Management meets with the Group's bankers once a year for rating-talks from which the Group's position on the financial market is established.

Due to the fact that the great majority of clients are from the public sector, the risk of non-payment may be regarded as very limited. In the case of deliveries made to non-OECD countries, use is generally made of both state and private export guarantee schemes to cover the political risks encountered in these cases.

To limit and control interest and exchange rate risks, derivative financial instruments are used. In this connection, we would refer the reader to the explanations in the Notes.

**Market risks.** With its consistently implemented internationalization strategy and worldwide distribution network, Rosenbauer has achieved a well-balanced market position in comparison with its competitors. Given that the number of municipal fire services generally remains constant,

demand may also be expected to remain stable over the long term. Even on this market, however, budget-related fluctuations will occur every so often, in some cases persisting for several years at a time. In the field of specialty vehicles for airports and industry, market developments tend to be rather more dynamic and so are prone to greater fluctuation.

Risks for the fire safety business arising from changes in the overall political or legal conditions are, as a rule, unavoidable. In some European countries, for example, changes in the taxes payable on fire insurance policies can have an impact on fire departments' financing basis.

**Aggregate risk.** The annual evaluation of the Group's companies concluded that there were no relevant new or undocumented risks. On the basis of the information available today, moreover, there are no existential risks which might weigh decisively upon the asset position, financial status and earnings situation.

## PROCUREMENT MANAGEMENT

**Higher purchasing volumes.** Last year, the Group's purchasing volume for production materials, capital goods and merchandise came to 276.6 m€ (2005: 213.0 m€). This corresponds to 74% of Group revenues and is attributable to the large proportion of items which, in our industry, are typically bought in from external vendors. 85% of Rosenbauer International AG's procurement volume is sourced in Europe, and most of the remainder in the USA.

**Mainly local procurement.** The production companies in the USA and Germany cover the majority of their purchasing requirements on their respective local procurement markets. The biggest single item in the Group's procurement volumes are the chassis for fire fighting vehicles, accounting for 25% of the total. The principal chassis suppliers are from Germany, Austria, Sweden and the USA. The chassis for the Panther 4x4 and 6x6 air crash tenders are manufactured at the Group subsidiary Rosenbauer Motors LLC. in Wyoming, Minnesota.

**Long-term vendor relationships.** For selecting and developing suitable suppliers and building long-term vendor relationships, increasing use is being made of framework supply agreements. Routine call-offs are placed by the process teams in the production operations concerned, enabling central procurement management to concentrate more on its strategic tasks.

**Rising raw-materials prices.** The prices of the main raw materials used in the vehicle manufacturing industry, prime among them steel, rose further in 2006. The massive steel-price hikes of the past two years have had only a moderate impact on the Group, as its vehicle superstructures are largely made of aluminum. For some years now, a consistent hedging strategy has been employed for purchasing the raw material aluminum, and this has succeeded in smoothing out particularly severe price peaks.

**EMPLOYEES**

**Shared values.** The Group's success is based to a very large degree on the positive way in which its corporate culture is lived-out in practice, and in which its people then identify with these common values. Values such as helpfulness, camaraderie and trustworthiness, which typify the fire fighting community all over the world, are

also part-and-parcel of the Rosenbauer culture. The most obvious manifestation of this is the fact that many employees are themselves active members of volunteer fire brigades.

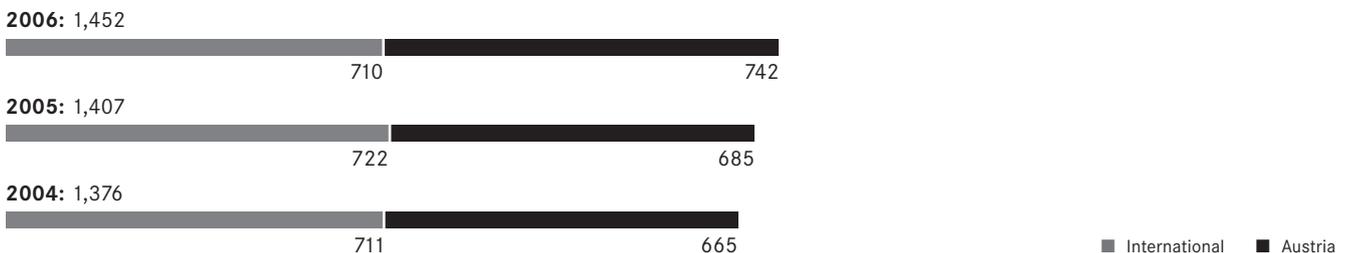
**More employees.** In 2006 an average of 1,452 persons were employed in the Rosenbauer Group, 710 of them in Austria and 742 elsewhere (corresponding figures for 2005: 1,407, 722 and 685, respectively). This total breaks down into 846 (2005: 803) blue-collar staff, 520 (2005: 522) white-collar staff and 86 (2005: 82) apprentices (57 of them in Austria).

The average age of the staff at the Austrian Rosenbauer locations is 36.6 years (blue-collar) and 37.9 years (white-collar), and the average length of stay with the firm is 13.7/14.6 years for blue/white-collar staff respectively. The low fluctuation rate of 4.0% (blue-collar) and 6.5% (white-collar) is another good indicator of the stability of the company.

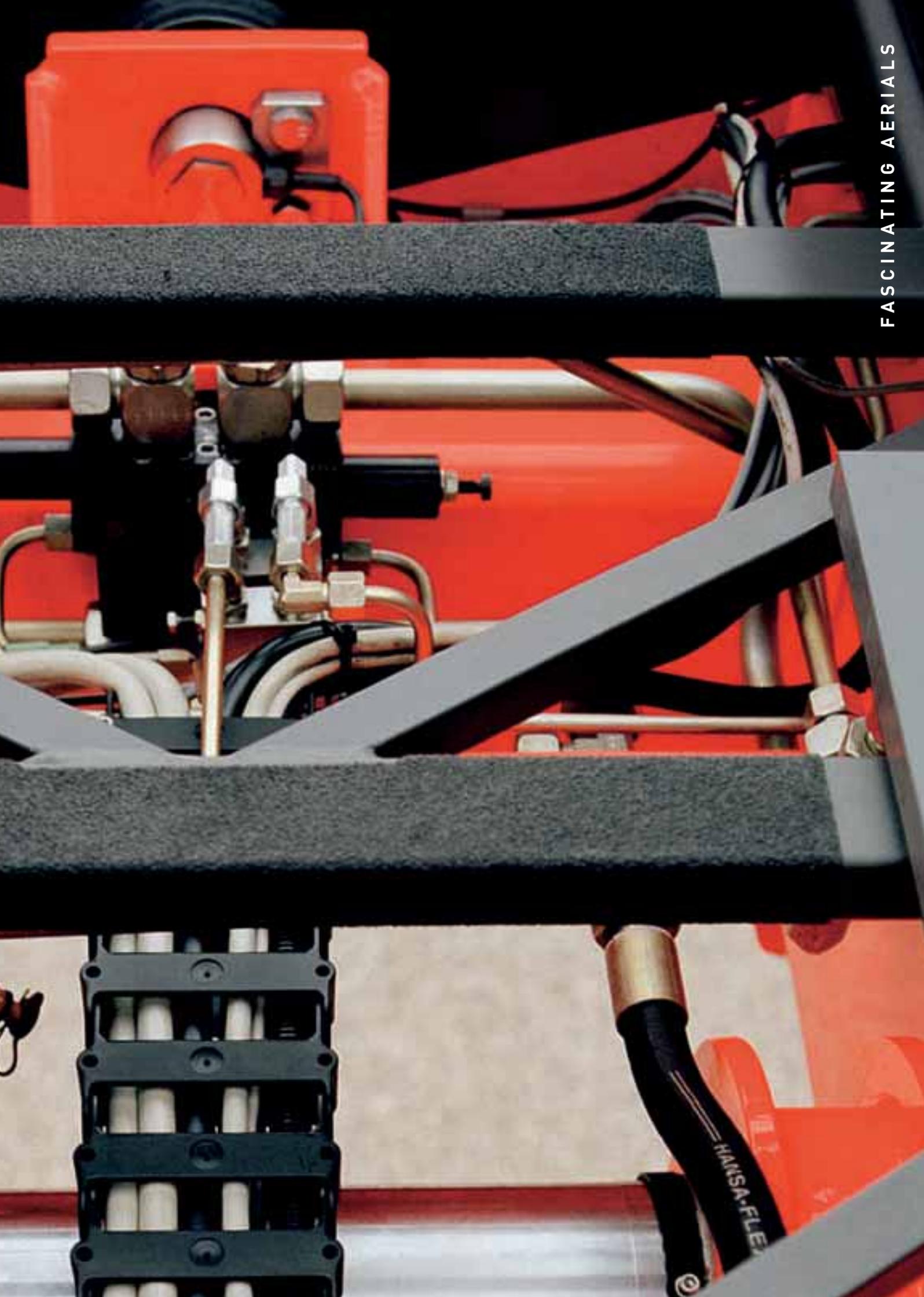
**Procurement volumes of Rosenbauer International AG 2006**



**Number of employees**







FASCINATING AERIALS

**New remuneration system.** The new remuneration system at the Leonding facility marks the creation of a modern-day wage and salary policy instrument that adheres to the principle of broadly harmonizing blue and white-collar pay schemes.

The system takes both the individual's actual performance and his/her commitment into account and assures all employees of a bonus, the size of which will depend on the company's operating result and the individual's performance. In this way, the system gives staff an incentive to work on continuously improving their personal qualifications, and enhances employee motivation. What is more, it also takes full account of both technical/specialist and managerial career paths.

On top of a fixed basic compensation comprising both a function and a person-related component, the employee also receives a variable performance and results-related pay component. In comparison with the previous structure that had accreted over time, the new remuneration system creates substantially more transparency in the pay-setting process.

**International co-operation.** Cross-locational, transnational working is crucially important for the internationalization of the Group. In both of the past two years, there has been an increased trend for younger employees to be sent abroad for longer postings. The main destination countries were

Germany, China and the USA. The focus here is on technical and organizational skill transfer, and on continuing to develop multicultural team-working within the Group.

**Careers at Rosenbauer.** Systematic vocational advancement of employees is a central pillar of the Group's personnel policy. To this end, an institutionalized program has been developed for grooming junior managers and highly skilled specialists, encompassing both technical/methodical skills and personality development.

Another area on which Rosenbauer places tremendous emphasis is apprenticeship training. A special trainee program has been set up to turn young employees who have successfully completed their apprenticeships into skilled, all-round specialists.

These programs are supplemented by a wide range of in-house on-the-job training offerings, which all employees can find out about, and sign up for, on the company Intranet. Expenditure on initial and in-service training in the Group came to 356.0 k€ last year (2005: 327.3 k€).

Besides this, employees at Group HQ also have their very own media library, which was modernized and considerably enlarged in the course of the rebuilding work in 2006. The media library has more than 25,000 books, numerous trade journals and other publications, and a range of electronic media available for borrowing – a service that is in great demand.

**140 years at the service of fire fighters.** More than 100 members of staff played an active part in making our 140<sup>th</sup> anniversary celebrations such a success in September 2006 – another indication of their identification with the company. They not only took on organizational duties, but also presented their products and demonstrated their great capability in numerous guided tours and special exhibitions.

Customers, fire department officials, business associates and employees from all around the world attended the two-day event. They joined with Rosenbauer in celebrating 15 successful years of internationalization – one very visible sign of which is the new logistics center, which was inaugurated on this occasion.

#### **Together into a bright future.**

In our globalized, fast-moving world, nothing is as certain as change itself. A word of heartfelt thanks is due at this point to all employees for their willingness to see this change as a challenge and to work towards a successful future with courage, enthusiasm and great dedication. Our thanks are due in equal measure to the workforce representatives in the Group companies in Austria and abroad, for their constructive co-operation. Together they have brought the company to where it stands today.

## Employees by region 2006

2% Asia

23% NAFTA

26% Rest of Europe



49% Austria

## SUSTAINABILITY

In its mission statement, Rosenbauer commits itself not just once but several times over to the principle of sustainability. As a globally active Group in the field of mobile fire protection and civil defense solutions, Rosenbauer strives to be and remain the very best in the long term, with top-rate performance in all significant areas of our business.

In its business, social, environmental and cultural environment, Rosenbauer is intent on being a fair partner for all who deal with it. The values of trust and respect, and continued employee skill development, are a central concern of the company's Management.

The products manufactured by the Group make a significant contribution towards saving human lives and safeguarding property.

**An attractive employer.** Developing and producing cutting-edge technology is only possible when employees unstintingly contribute their talent, creativity and commitment in equal measure. This attitude is stimulated and fostered by continual development of the corporate culture and by the creation of a positive working climate within the company. One important aim of our communications work is to be seen as a forward-looking, innovative and thus attractive employer.

Involvement in a volunteer fire brigade is a hiring criterion that we are always very happy to see when recruiting new employees. With their practical real-life experience, the firemen in our

own ranks make a vital contribution towards translating customers' requirements into high-performing products. By being at the service of the wider community, they also stand for continuity of the values that make Rosenbauer special.

Health and workplace safety have a high priority at Rosenbauer. Being alcohol-free enterprises, Rosenbauer's Austrian locations provide good fundamentals for a healthy working environment. As part of the "Generation 45+" campaign, older staff have the opportunity to take part in health-promoting programs so as to keep fit for the many and varied challenges of the modern-day world of work. They are also helped in this by the Rosenbauer sports association, which has been a fixture of company life for decades. Here staff can do seven different sports, and thus also do something for their health and fitness in their free time.

At its European facilities, Rosenbauer offers over 80 young people the opportunity of full-time vocational training. Compared with other industrial firms, this gives Rosenbauer an unusually high apprenticeship training rate. During their training, apprentices spend time in all relevant areas of the company; most of them then stay on with the firm for the long term.

By sourcing from a number of smaller subcontracting enterprises, the Group plays an active rôle in creating and sustaining regional employment and economic structures.

**Absolute client-orientation.** The many and varied tasks tackled by fire brigades necessitate a high degree of individualization when it comes to

designing customized products. This may include giving vehicles their own distinctive appearance, or designing them for a very specifically defined payload. Rosenbauer fulfills customer wishes such as these by always fitting out the industrially manufactured products in line with the individual ideas of the fire brigade in question. This is a service which plays no small part in generating sustained, long-term client loyalty.

Another important contribution to putting "sustainability" into practice is made by after-sales service – for instance, by being on call 24/7, made possible by a worldwide network of service stations. Another example is refurbishment, in which older vehicles are rehabilitated from the ground up and then refitted to the very latest state of the art.

Fire engineering equipment has to function reliably for years and decades on end, which is why Rosenbauer ensures the sustained, lasting quality of its products by means of systematic in-house quality management. The quality management system is certified to EN ISO 9001:2000 and is lived out in practice at Rosenbauer as a dynamic process.

The mission conditions under which fire brigades have to operate have changed greatly in the last few years. By institutionalizing innovation management, we have created the framework for systematically gearing product development to the specific requirements of the fire brigades.

In 2006, Rosenbauer's top-of-the-range air crash tender the Panther was awarded the Innovation Prize of the Province of Upper Austria. Together with the award of the Upper Austrian Innovation Prize Rosenbauer also won the nomination for the Austrian State Prize for Innovation.

The Panther won a number of other coveted quality seals for design in 2006: iF design award, red dot, Focus Energy Gold and the Silver German State Prize for Design.

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

### DISCLOSURE PURSUANT TO §243a UGB (AUSTRIAN COMPANY CODE)

The nominal share capital of Rosenbauer International AG comprises 1,700,000 non-par-value shares. A 51% stake in Rosenbauer International AG is held by Rosenbauer Beteiligungsverwaltung GmbH. No limitations are in force regarding the voting rights or the assignment of shares.

To the best of the Company's knowledge, there are no shareholders having special controlling rights. This is also true of employees owning shares in Rosenbauer International AG.

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

The only persons eligible for election to the Supervisory Board are those who have not yet reached the age of 70 at the time of such election. The election of a person to the Supervisory

Board who has already reached the age of 70 at the time of such election shall, however, be permitted if the General Shareholders' Meeting passes an appropriate resolution by a simple majority of the votes cast.

There is no authorized capital at the present time. At the 14<sup>th</sup> Ordinary General Shareholders' Meeting, a resolution was passed prolonging the authorization to purchase (re-purchase) the Company's own shares pursuant to §65 Sect. 1 Clause 8 of AktG (the Austrian Companies Act) by a further 18 months, until November 24, 2007.

The company is not party to any significant agreements which would come into effect, substantially change or terminate if there should be a change in the controlling interest in the company as a result of a takeover bid.

No indemnity agreements have been concluded between the company and its Executive and Supervisory Board members or its employees providing for the event of a public takeover bid.

### SUPPLEMENTARY REPORT

Since the balance-sheet date, no events of any significance have occurred which would have warranted a different presentation of the asset position, financial status and earnings situation.

## OUTLOOK

### Strong business trend in the sector.

Despite the forecast slight slackening in the pace of growth in the world economy, the fundamental conditions on the fire equipment sector's main markets are still expected to continue their positive trend in 2007. Owing to heightened security concerns regarding the increasing threat of terrorism, and of natural disasters due to climate change, greater funding is being budgeted for investments in fire protection and civil defense preparedness.

The headlong growth of low-cost airlines has unlocked a new clientèle for short and medium-haul air travel. This, coupled with rising business passenger numbers throughout the world, has been driving a strong up-trend in demand for air crash tenders. This trend, in turn, has been compounded by the many new airports being built, especially in Asia. Moreover, the new generation of superlarge jetliners necessitate bigger extinguishant volumes, and thus bigger vehicles.

Rosenbauer was quick to spot this trend, and to respond to it with the new Panther. After the increase in production volume achieved last year, a further increase of over 50% is planned for 2007.

### Dynamic trend in CEE countries.

There is every prospect of the great economic dynamism in the CEE countries continuing through the current financial year. This makes it reasonable to expect 2007 to bring similarly high project volumes to those seen in the past two years.

**Booming export business.** The volume of order backlog in the Group's international business – especially from the Middle and Far East – was at record levels at the turn of the year. In view of the high volume of international project business currently being worked on, a strong inflow of new orders is also expected for 2007. Further rises in capacity utilization at the – largely export-oriented – Leonding manufacturing site are thus assured.

**Recovery in Germany.** The European market remains extremely competitive. In Germany – Europe's biggest single market – fire fighting vehicle sales finally rose again in 2006, for the first time after years of stagnation, doing so by more than 10%. It remains to be seen whether this higher procurement level will be sustained through 2007.

Following capacity scale-backs, subsidiary Metz Aerials achieved its turnaround in 2006, and is expected to close 2007 in the black as well. In particular, the strategic product initiative launched last year with the new L32 turntable ladder and B32 aerial rescue platform ought to help give a further lift to revenues and earnings this year.

**North American sales organization expanded.** On this, the world's biggest single market, with a volume of over 5,000 vehicles a year, demand is set to remain at a high level in 2007, continuing the trend of the past several years. Helped by the build-out of its distribution network, Rosenbauer America was able to ratchet up its market share still further last year. Strong order intake from the local market points to higher revenues and results in this coming year as well.

**China in the ascendant.** Having got up to speed in 2006, the Rosenbauer YongQiang joint venture in Dongguan can now hold its own against the competition thanks to its rigorous product and quality policy, and expects to cross the break-even threshold in 2007.

**Continued growth in the company.** In view of the high volume of order backlog at the end of 2006, and the upbeat forecasts for the main markets, Management is confident of further revenue and earnings growth this year. This will be conditional upon smooth fulfillment of the high volumes to be supplied – especially towards year-end 2007.



مصفاة امتصاص 4"  
PUMP SUCTION 4"



كفاءة المصفاة المصنوع / CAPACITY

قاذف الرشوة العنوي / RET

مواسير فلانقة / S

بكرة خرطوم الى  
HOSE REEL

التفريغ رقم ٢  
DISCHARGE #2

الى المضخة  
مفتوحة  
TANK TO  
OPEN

سحب ٢.٥  
2.5" INTAKE



## SEGMENT DEVELOPMENT

### REGIONAL DEVELOPMENT

The reports on the regional segments are broken down in line with Group company locations. The segment reports refer to the revenues and results earned by the individual segments both on their respective local market and from export sales.

#### AUSTRIA

The Austrian segment consists of Rosenbauer International AG, most of whose revenues are derived from export sales, and the sales company Rosenbauer Österreich GmbH, which supplies the Austrian market only.

Revenues at Rosenbauer International AG, the biggest production company in the Group, were up 16% last year at 180.5 m€ (2005: 155.2 m€). This sizeable increase is primarily attributable to revenue growth in the Middle East and Southeast Asia. The increase in revenues was essentially achieved with air crash tenders, especially with the top-of-the-range Panther model.

The sales company Rosenbauer Österreich GmbH posted a drop in turnover to 40.6 m€ (2005: 43.8 m€) due to the intensified competition prevailing in municipal vehicle business on the Austrian market. The company is countering this downturn with an innovative product policy and by systematically strengthening its service activities.

In 2006, the Austrian segment achieved an increase of more than 10% in both its revenues, which reached 194.6 m€ (2005: 172.0 m€) and its EBIT, which totaled 11.0 m€ (2005: 10.0 m€).

#### AMERICA

The US company Rosenbauer America LLC., comprising General Division, Central Division, Rosenbauer Aerials Division and Rosenbauer Motors LLC., did not quite manage a repeat of its record 2005 result last year, as an exceptionally large major order had come to an end.

The United States is the biggest single market in the world. Over the past 12 years, Rosenbauer has notched up some impressive growth here, with over 13% of the market in 2006.

General Division scored a hefty increase in revenues in 2006, from 19.7 m€ (2005) to 29.4 m€. The main reasons for this were strong domestic demand for municipal vehicles, and the success of the Panther air crash tender, sales of which from the US manufacturing facilities were also raised very substantially last year. This Division manufactures mainly custom fire fighting vehicles for airports and municipalities, and is active on both the US market and selected export markets.

Central Division can look back on a very good year, despite the non-recurrence of a major order that was fulfilled the year before. By beefing up its sales organization, the firm was able to continue expanding its business on the local market, largely making up for the non-recurrence of revenues under the previous year's major order. Central Division posted 2006 revenues of 66.6 m€ (2005: 70.2 m€). The 46% rise between the 2004 (45.7 m€) and 2006 revenue totals makes plain the substantial growth that Central Division has achieved on its domestic market.

### Revenues and EBIT of the regional segments

	Revenue			EBIT		
	2006 m€	2005 m€	2004 m€	2006 k€	2005 k€	2004 k€
Austria	194.6	172.0	174.0	11,038.4	9,960.9	6,037.5
America	109.7	97.8	66.7	8,392.3	8,562.3	5,397.2
Germany	84.7	72.6	76.6	2,655.4	2,873.0 <sup>1</sup>	124.1
Spain	31.8	16.7	10.4	1,859.2	817.4	428.3
Switzerland	6.8	7.3	7.3	392.8	396.8	291.6
Asia	11.6	7.0	8.8	687.6	413.6	650.0
Consolidation	(67.2)	(52.1)	(44.4)	110.3	(3,394.7)	745.8
<b>Rosenbauer Group</b>	<b>372.0</b>	<b>321.3</b>	<b>299.4</b>	<b>25,136.0</b>	<b>19,629.3</b>	<b>13,674.5</b>

<sup>1</sup> Including grant of the Rosenbauer International AG in favor of Metz Aerials GmbH & Co. KG in the amount of 3.6 m€

Rosenbauer Aerials Division produces US standard hydraulic turntable ladders and ladder trucks. These are supplied both to the Group's US companies and to other superstructure manufacturers in the USA. Production capacity at the Fremont, Nebraska plant was doubled in 2005, enabling the number of aerials produced to be raised still further. The company achieved a 73% increase in revenues last year, to 6.9 m€ (2005: 4.0 m€).

Rosenbauer Motors produces chassis for the Panther air crash tender, exclusively for the Group's own superstructure fabrication operations in the USA and Austria. Due to the buoyant demand for this hit model, both in international business and in the USA itself, the firm was able to boost its revenues to 10.8 m€ in 2006, from 7.7 m€ the year before.

The American segment managed to lift its revenues from 97.8 m€ to 109.7 m€ last year – despite the non-recurrence of a result-boosting major order that was fulfilled in 2005. The EBIT figure of 8.4 m€ was not far short of the record result for 2005 (8.6 m€). This success once again confirms the strategy pursued jointly with our partners on the American market.

**GERMANY**

For the first time after years of stagnation or even decline, the signals from Germany – Europe's biggest single market – were distinctly positive again. Sales of fire fighting vehicles – the most important market segment – rose more than 10% in 2006. Despite this recovery in the market, the competitive environment in Germany is still very fierce, which has so far prevented any improvement in the unsatisfactory sales prices.

Following the trimming of capacity in Karlsruhe, Metz Aerials GmbH & Co. KG pulled off a turnaround last year. To strengthen the competitiveness of this manufacturer of DIN-Standard aerials, substantial savings were made in both material costs and in administrative personnel costs. Furthermore, a crucial strategic product initiative was launched with the new L32 turntable ladder and B32 aerial rescue platform in 2006, which again will help the firm to move forward on a sustained positive basis.

Metz Aerials boosted its revenues by over 20% in 2006, to 41.1 m€ (2005: 34.1 m€). This growth in revenues is attributable to higher numbers of aerial rescue platforms and to an increase in the proportion of sales accounted for by larger turntable ladders.

Rosenbauer Feuerwehrtechnik GmbH (a manufacturer of standards-compliant fire fighting vehicles for municipalities) posted revenues up 13% at 30.9 m€ (2005: 27.3 m€).

The sales company Rosenbauer Deutschland GmbH generated 2006 revenues of 13.0 m€ (2005: 11.4 m€). It supplies the German market with Austrian-manufactured industrial fire fighting vehicles and air crash tenders.

At 84.7 m€, 2006 revenues in the German segment as a whole were 17% up on the previous year (2005: 72.6 m€). Last year's EBIT came to 2.7 m€ (2005: 2.9 m€). It should be borne in mind here that the originally negative EBIT posted by the German segment in 2005 on account of the restructuring of Metz Aerials had been improved by a 3.6 m€ grant from Rosenbauer International AG.

**SPAIN**

The Spanish segment consists of the Group company Rosenbauer Española, which can look back on an excellent 2006. It supplied a considerable number of Panther air crash tenders both to the Spanish airport and air-traffic control operator and to clients in other countries.

**Breakdown of the Group revenue 2006**

11% Revenue in Austria

29% Export from Austria



60% Foreign subsidiaries

The revenue figure of 31.8 m€ (2005: 16.7 m€) achieved by Rosenbauer Española last year was the highest in the company's history, pushing the previous year's EBIT of 0.8 m€ up to 1.9 m€.

The projects currently being prepared indicate that there are good prospects of the Spanish Group company executing some major export orders again during 2007.

**SWITZERLAND**

The Swiss segment consists of the sales company Rosenbauer AG, which last year generated EBIT of 392.8 k€ (2005: 396.8 k€) on revenues of 6.8 m€ (2005: 7.3 m€) despite the stiffer competition on this market.

**ASIA**

Two companies make up the Asian segment: SK Fire PTE Ltd., Singapore and Eskay Rosenbauer Sdn Bhd,

Brunei. In 2006, SK Fire boosted its revenues from sales of fire fighting vehicles and superstructures for aerials to Hong Kong, Singapore and neighboring countries by 63% to 11.4 m€ (2005: 7.0 m€). Eskay Rosenbauer distributes fire fighting vehicles on the local market, and posted revenues of 1.2 m€ last year (2005: 558.4 k€).

The Asian segment achieved 2006 EBIT of 687.6 k€ (2005: 413.6 k€) on revenues of 11.6 m€ (2005: 7.0 m€).

(2005: 19%) from air crash tenders and 4% (2005: 4%) from industrial fire fighting vehicles.

Rosenbauer develops, manufactures and distributes municipal and custom fire fighting vehicles for industrial firms and airports. Its production facilities are located in Austria, the USA, Germany, Spain, Singapore and – since mid-2005 – also in China. The largest manufacturers in the Group are Rosenbauer International AG in Austria, and Central Division in the USA.

Rosenbauer's main markets for its vehicle business in 2006 were the USA, Germany and Austria.

**PRODUCT SEGMENTS**

**VEHICLES**

With revenues of 247.4 m€ (2005: 218.2 m€), the "Vehicles" product segment last year accounted for the biggest single share (67%) of Group revenues (2005: 68%). A total of 1,593 vehicles were shipped, including aerial rescue vehicles (2005: 1,513). 76% (2005: 77%) of vehicle sales revenues were from municipal vehicles, 20%

**FIRE FIGHTING COMPONENTS**

With a share of 4% (2005: 5%), "Fire fighting components" account for only a comparatively small proportion of the Group's overall revenues. However, it should be remembered here that pump units and other fire fighting systems and components worth

36

**Vehicles supplied (in units)**



**Vehicles by category 2006**

4% Industrial fire fighting vehicles

20% Air crash tenders



76% Municipal vehicles

20.3 m€ (2005: 14.5 m€) are not included in the figure for this product segment. These are installed on vehicles in Leonding and the other production facilities and counted towards the “Vehicles” segment.

The “Fire fighting components” product segment mainly provides the “hearts” of the fire fighting vehicles. These comprise water-hydraulic pumps and pump units, portable fire pumps, foam proportioning systems and monitors, as well as their electronic control systems, complete with the relevant system engineering. This product segment also includes mobile and stationary foam extinguishing installations (POLY and CAF systems). Rosenbauer fire fighting components are developed and produced at the Leonding plant and dispatched from there to other Group companies and to selected superstructure manufacturers and end-customers all over the world. In 2006, Rosenbauer produced a total of 1,225 built-in pump units (2005: 1,314) and 977 (2005: 669) portable fire pumps.

**FIRE & SAFETY EQUIPMENT**

The Rosenbauer “Fire & safety equipment” product segment offers fire services a complete assortment of

equipment for every type of mission. This range includes anything from personal protection equipment (PPE), to technical emergency equipment, to special equipment for dealing with the aftermath of hazmat accidents and environmental disasters. With revenues up at 45.4 m€ (2005: 35.2 m€), this segment accounted for a 12% share of Group revenues in 2006 (2005: 11%).

**AERIALS**

Revenues of 45.9 m€ were achieved with aerials in 2006 (2005: 35.8 m€), accounting for a 12% (2005: 11%) share of Group revenues.

The “Aerials” product segment encompasses turntable ladders and hydraulic rescue platforms. The center of expertise for European standard vehicles is Metz Aerials in Karlsruhe, while US Standard vehicles are manufactured at the Rosenbauer Aerials Division in Fremont, Nebraska.

The bulk of revenues in this segment was accounted for by turntable ladders produced by Metz Aerials and by the Rosenbauer Aerials Division in the USA. Other manufacturers’ equipment was supplied by the parent company in Leonding and by the subsidiaries in Singapore and Switzerland.

**SERVICE & SPARE PARTS**

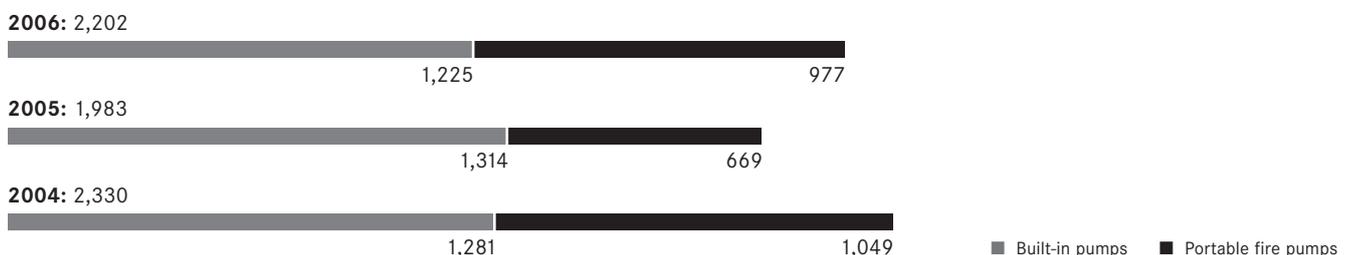
The “Service & spare parts” field accounted for 5% of total revenues in 2006 (2005: 4%). Despite the small percentage that it contributes to overall Group revenues, this is nevertheless a strategically important area of business for the Group.

The reduced budgets available to fire services in many countries mean that refurbishment – i.e. the technical modernization of existing fire fighting vehicles – is becoming an increasingly important area of business. In order to better exploit this opportunity, a special refurbishment program has been developed, ranging from total overhaul of the fire fighting systems all the way through to completely new vehicle superstructures.

**OTHER REVENUES**

“Other revenues” have no causal connection with the ordinary activities of the Group and are thus not directly attributable to any one product segment. They do not, as a rule, have any significant influence on the corporate result, and last year amounted to 1.6 m€ (2005: 2.5 m€).

**Pumps produced (built-in pumps, portable fire pumps; in units)**



# FASCINATED? HERE'S THE WHOLE PICTURE!



## FASCINATING FIRE FIGHTING COMPONENTS

← **FOX portable fire pump:** Pump output, portability, ease of operation and reliability are decisive factors underlying the deployment of portable fire pumps. In all these points, the third-generation FOX sets up brand-new benchmarks. With an output of 1600 l/min at 10 bar and 1,000 l/min at 15 bar, the FOX is the most powerful portable fire pump in its class.



## FASCINATING VEHICLES

← **PANTHER 6x6 air crash tender:** The Panther 6x6 is built on the 705 HP rear-engined chassis produced at Rosenbauer Motors in the USA, and is the trendsetter among air crash tenders. With an operational weight of 34 tonnes, over 12,000 liters of extinguishant, a top speed of 115 km/h and a wealth of high-tech solutions, the Panther is easily the most innovative fire fighting vehicle at the airport of today.

## FASCINATING FIRE & SAFETY EQUIPMENT

→ **HEROS®-xtreme fire helmet:** Developed by Rosenbauer as a helmet system, the HEROS ranks among the best and most comfortable fire helmets in the world. The HEROS®-xtreme gives the fireman the very best possible protection for any mission, even those involving extreme situations.





#### FASCINATING AERIALS

← **Metz turntable ladder L32:** With its new L32, Metz Aerials has introduced a revolutionary aerial that unites cutting-edge technology with trend-setting design. A new high-performance hydraulic system has made it possible to raise the motion speed of the aerial ladder by 25%, and to cut the set-up time to less than half that specified in the EU standard.

#### FASCINATING VEHICLES

→ **Mini pumper:** Maximum performance in compact dimensions – this is what is offered by the mini pumper from Central Division. Thanks to its extruded aluminum-section bodywork, this vehicle combines low weight with extremely rugged constructional design.



→ Find out more about the fascinating world of Rosenbauer at [www.rosenbauer.com](http://www.rosenbauer.com)

## REPORT OF THE SUPERVISORY BOARD

At its meetings held during 2006, the Supervisory Board was informed regularly by the Executive Board upon the situation of the company and the progress of its business. The reports hereon given by the Executive Board, together with its reports on important items of business, were approved by the Supervisory Board.

The Supervisory Board met four times in the year under review. In addition, regular meetings of the owner representatives on the Supervisory Board took place at which matters of operational and strategic corporate governance were discussed with the Executive Board. The Supervisory Board members attended a total of 17 meetings of the Supervisory Board and of its committees during 2006. One of these meetings took place at the production facility in Neidling.

The Audit Committee met in April 2007 to review and prepare the annual accounts, to draw up both a proposal

for the appointment of the External Auditor and a suitable motion to be put to the General Shareholders' Meeting, and for deliberations in all matters relating to the Group's financial reporting. A second meeting of the Audit Committee was given over to an appraisal of the Group's risk management system. The members of the Audit Committee were Peter Louwerse (Chairman), Dieter Siegel and Rudolf Aichinger.

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

The final results of the audit have not given reason to any grounds for query. Accordingly, the financial statement and the situation report have been endorsed with an unqualified audit certificate. The auditors'

report has been submitted to the members of the Supervisory Board in accordance with §273 Sect. 3 of the Austrian Commercial Code.

The financial statement and the Group's financial statement per December 31, 2006 have been approved by the Supervisory Board and is thus established in accordance with §125 of AktG (the Austrian Companies Act). The Supervisory Board concurs with the Executive Board's proposal regarding the distribution of profits and proposes that this proposal be adopted at the Annual General Shareholders' Meeting.

Leonding, April 2007



Peter Louwerse  
Chairman of the Supervisory Board

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# CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2006

	Note N°	Dec 31, 2006 in k€	Dec 31, 2005 in k€
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
I. Tangible assets	(1)	39,731.1	34,393.1
II. Intangible assets	(1)	483.6	628.0
III. Securities	(2)	202.5	1,601.0
IV. Joint venture	(3)	2,014.0	2,135.3
V. Receivables	(7)	1,221.0	2,226.3
VI. Deferred tax assets	(4)	5,845.6	6,671.5
		<b>49,497.8</b>	<b>47,655.2</b>
<b>B. Current assets</b>			
I. Inventories	(5)	80,860.3	57,058.4
II. Production contracts	(6)	23,709.4	13,779.5
III. Receivables	(7)	48,188.2	42,712.9
IV. Cash and short-term deposits	(8)	3,945.6	7,596.6
		<b>156,703.5</b>	<b>121,147.4</b>
<b>Total assets</b>		<b>206,201.3</b>	<b>168,802.6</b>

		Dec 31, 2006 in k€	Dec 31, 2005 in k€
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
I. Share capital	(9)	12,359.0	12,359.0
II. Capital reserves	(9)	24,944.4	24,944.4
III. Other reserves	(9)	144.8	132.9
IV. Accumulated results	(9)	15,039.0	5,317.6
		52,487.2	42,753.9
V. Minority interest	(10)	10,884.4	11,991.2
		<b>63,371.6</b>	<b>54,745.1</b>
<b>B. Subordinated (mezzanine) capital</b>	(11)	<b>0.0</b>	<b>7,488.2</b>
<b>C. Other non-current liabilities</b>			
I. Non-current, interest-bearing liabilities	(12)	13,761.2	5,199.1
II. Other non-current liabilities	(13)	1,453.9	950.8
III. Non-current provisions	(14)	19,388.4	18,911.2
IV. Deferred income tax liabilities	(4)	632.9	391.5
		<b>35,236.4</b>	<b>25,452.6</b>
<b>D. Current liabilities</b>			
I. Current, interest-bearing liabilities	(15)	29,091.8	12,969.3
II. Advance payments received		10,747.2	11,054.1
III. Trade accounts payable	(16)	30,218.4	18,295.4
IV. Other current liabilities	(17)	25,387.8	26,574.9
V. Provisions for taxes	(18)	517.5	543.7
VI. Other provisions	(18)	11,630.6	11,679.3
		<b>107,593.3</b>	<b>81,116.7</b>
<b>Total equity and liabilities</b>		<b>206,201.3</b>	<b>168,802.6</b>

# CONSOLIDATED INCOME STATEMENT 2006

	Note N°	2006 in k€	2005 in k€
1. Revenue	(19)	371,966.0	321,335.5
2. Other income	(20)	3,656.0	4,024.8
3. Change in inventories of finished goods and work in progress		10,324.1	4,497.5
4. Expenses for materials and services		(252,348.3)	(206,177.0)
5. Personnel expenses	(31)	(77,223.6)	(71,619.0)
6. Depreciation on intangible and tangible assets		(5,308.5)	(4,771.5)
7. Goodwill impairment	(1)	0.0	(136.2)
8. Other expenses	(21)	(25,929.7)	(27,524.8)
<b>9. Operating result (EBIT) before result of joint venture</b>		<b>25,136.0</b>	<b>19,629.3</b>
10. Financing expenses	(22)	(4,418.2)	(4,415.7)
11. Financial income	(23)	1,427.2	1,138.6
12. Profits/losses on joint venture	(3)	(124.5)	(471.8)
<b>13. Profit before tax (EBT)</b>		<b>22,020.5</b>	<b>15,880.4</b>
14. Taxes on income	(24)	(3,620.1)	(3,854.3)
<b>15. Consolidated profit thereof</b>		<b>18,400.4</b>	<b>12,026.1</b>
– profits/losses on minority interest		4,726.0	4,992.3
– profits/losses parent company		13,674.4	7,033.8
Average number of shares issued	(32)	1,700,000.0	1,700,000.0
Basic earnings per share	(32)	8.04 €	4.14 €
Diluted earnings per share	(32)	8.04 €	4.14 €

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2006

Attributable to shareholders in the parent company

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

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Attributable to shareholders in the parent company

in k€	Share capital	Capital reserves	Other reserves		
			Currency translation	Re-evaluation reserve	Hedging reserve
As at Jan 1, 2005	12,359.0	24,944.4	(923.0)	36.0	153.2
Currency differences	0.0	0.0	1,229.9	0.0	0.0
Total amounts of joint venture recognized directly in equity	0.0	0.0	10.1	0.0	0.0
Securities valuation	0.0	0.0	0.0	75.4	0.0
Hedging transactions valuation	0.0	0.0	0.0	0.0	(510.1)
Taxes offset directly against equity	0.0	0.0	0.0	(27.9)	89.3
<b>Total income and expense for the year recognized directly in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>1,240.0</b>	<b>47.5</b>	<b>(420.8)</b>
Consolidated profit	0.0	0.0	0.0	0.0	0.0
<b>Total income and expense for the year</b>	<b>0.0</b>	<b>0.0</b>	<b>1,240.0</b>	<b>47.5</b>	<b>(420.8)</b>
Dividend	0.0	0.0	0.0	0.0	0.0
<b>As at Dec 31, 2005</b>	<b>12,359.0</b>	<b>24,944.4</b>	<b>317.0</b>	<b>83.5</b>	<b>(267.6)</b>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

Accumulated results	Subtotal	Minority interest	Equity
1,683.8	38,253.4	9,724.2	47,977.6
0.0	1,229.9	923.2	2,153.1
0.0	10.1	0.0	10.1
0.0	75.4	0.0	75.4
0.0	(510.1)	0.0	(510.1)
0.0	61.4	0.0	61.4
<b>0.0</b>	<b>866.7</b>	<b>923.2</b>	<b>1,789.9</b>
7,033.8	7,033.8	4,992.3	12,026.1
<b>7,033.8</b>	<b>7,900.5</b>	<b>5,915.5</b>	<b>13,816.0</b>
(3,400.0)	(3,400.0)	(3,648.5)	(7,048.5)
<b>5,317.6</b>	<b>42,753.9</b>	<b>11,991.2</b>	<b>54,745.1</b>

# CONSOLIDATED CASH FLOW STATEMENT

	Note N°	2006 in k€	2005 in k€
Profit before tax (EBT)		22,020.5	15,880.4
+ Depreciation		5,308.5	4,907.7
- Gains from the reversal of investment grants		(87.5)	(87.5)
+ Losses from joint venture		124.5	377.0
+/- Expenses/income from valuation of financial instruments		(531.5)	198.6
- Gains from the disposal of tangible assets, intangible assets and securities		(105.1)	(52.4)
+ Interest expenses		3,621.4	3,495.9
- Interest income		(1,280.4)	(923.9)
-/+ Unrealised gains/losses from currency translation		567.5	(586.1)
+/- Change in inventories		(23,801.9)	(703.7)
+/- Change in trade accounts receivable and production contracts		(14,031.6)	(485.1)
+/- Change in other receivables		778.1	(1,185.4)
+/- Change in trade accounts payable/ advance payments received		11,616.1	1,321.1
+/- Change in other liabilities		(1,504.7)	1,693.7
+/- Change in provisions (excluding income tax deferrals)		428.5	3,563.9
<b>= Cash earnings</b>		<b>3,122.4</b>	<b>27,414.2</b>
- Interest paid	(25)	(3,681.0)	(2,974.0)
+ Interest received	(25)	782.0	832.0
- Income tax paid		(1,641.0)	(3,356.0)
<b>= Net cash flow from operating activities</b>		<b>(1,417.6)</b>	<b>21,916.2</b>
- Payments from the purchase of (interests in) subsidiaries/ joint ventures, less purchased cash and cash equivalents	(25)	(1,876.2)	(1,583.4)
- Payments from the purchase of tangible and intangible assets and securities		(11,444.4)	(8,099.9)
+ Proceeds from the sale of tangible and intangible assets and securities		1,898.9	1,607.2
<b>= Net cash flow from investing activities</b>		<b>(11,421.7)</b>	<b>(8,076.1)</b>
- Dividends paid	(25)	(3,400.0)	(3,400.0)
- Dividends paid to minority interest		(4,282.8)	(3,648.5)
+ Proceeds from interest-bearing liabilities		18,481.2	11,770.7
- Repayment of interest-bearing liabilities		(1,296.6)	(18,821.1)
<b>= Net cash flow from financing activities</b>		<b>9,501.8</b>	<b>(14,098.9)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3,337.5)</b>	<b>(258.8)</b>
+ Cash and cash equivalents at the beginning of the period		7,596.6	7,381.4
+/- Adjustment from currency translation		(313.5)	474.0
<b>= Cash and cash equivalents at the end of the period</b>	(25)	<b>3,945.6</b>	<b>7,596.6</b>

## SCHEDULE OF PROVISIONS

in k€	As at Dec 31, 2005	Currency differences	As at Jan 1, 2006	Allocations	Consumption	Reversals	As at Dec 31, 2006
<b>Short-term</b>							
Personnel provisions	829.3	0.0	829.3	96.0	(383.2)	0.0	542.1
Provisions for warranties	4,976.7	(91.0)	4,885.7	5,418.4	(4,610.1)	(281.7)	5,412.3
Contract loss provisions	2,004.1	(1.4)	2,002.7	1,396.7	(1,128.6)	(874.1)	1,396.7
Provision for income taxes	543.7	(15.6)	528.1	474.2	(484.8)	0.0	517.5
Other provisions	3,869.2	(0.6)	3,868.6	1,330.8	(835.5)	(84.4)	4,279.5
	<b>12,223.0</b>	<b>(108.6)</b>	<b>12,114.4</b>	<b>8,716.1</b>	<b>(7,442.2)</b>	<b>(1,240.2)</b>	<b>12,148.1</b>
<b>Long-term</b>							
Provisions for long-service bonuses	1,977.5	0.0	1,977.5	3.2	(11.4)	0.0	1,969.3
Other non-current provisions	439.5	0.0	439.5	19.5	0.0	(306.0)	153.0
	<b>2,417.0</b>	<b>0.0</b>	<b>2,417.0</b>	<b>22.7</b>	<b>(11.4)</b>	<b>(306.0)</b>	<b>2,122.3</b>
<b>Total</b>	<b>14,640.0</b>	<b>(108.6)</b>	<b>14,531.4</b>	<b>8,738.8</b>	<b>(7,453.6)</b>	<b>(1,546.2)</b>	<b>14,270.4</b>

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

# MOVEMENT IN THE CONSOLIDATED ASSETS

AS AT DECEMBER 31, 2006

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

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AS AT DECEMBER 31, 2005

in k€	Cost of acquisition or production					As at Dec 31, 2005
	As at Jan 1, 2005	Currency differences	Additions	Disposals	Adjustment	
<b>I. Tangible assets</b>						
1. Land and buildings						
a) Land value	2,780.6	26.2	0.0	0.0	0.0	2,806.8
b) Office and plant buildings	22,322.0	618.7	1,189.3	14.9	92.2	24,207.3
c) Outside facilities	1,769.8	0.0	170.2	4.3	0.0	1,935.7
d) Investments in non-owned buildings	2,065.5	0.0	134.7	57.1	0.0	2,143.1
2. Undeveloped land	1,967.6	0.0	0.0	0.0	0.0	1,967.6
3. Technical equipment and machinery	14,922.6	314.1	852.2	99.5	0.0	15,989.4
4. Other plant and office equipment	22,257.9	174.0	2,352.1	1,465.9	49.9	23,368.0
5. Advance payments made, construction in progress	142.1	0.0	2,972.0	0.0	(142.1)	2,972.0
	<b>68,228.1</b>	<b>1,133.0</b>	<b>7,670.5</b>	<b>1,641.7</b>	<b>0.0</b>	<b>75,389.9</b>
<b>II. Intangible assets</b>						
1. Rights	3,625.5	12.0	216.5	387.7	0.0	3,466.3
2. Goodwill	1,378.9	0.0	0.0	1,378.9	0.0	0.0
	<b>5,004.4</b>	<b>12.0</b>	<b>216.5</b>	<b>1,766.6</b>	<b>0.0</b>	<b>3,466.3</b>
<b>Investments in associated companies</b>						
	<b>44.0</b>	<b>6.7</b>	<b>0.0</b>	<b>50.7</b>	<b>0.0</b>	<b>0.0</b>
<b>III. Securities</b>						
	<b>3,679.5</b>	<b>0.0</b>	<b>212.9</b>	<b>1,747.6</b>	<b>0.0</b>	<b>2,144.8</b>
<b>IV. Joint venture</b>						
	<b>0.0</b>	<b>10.1</b>	<b>2,125.2</b>	<b>0.0</b>	<b>0.0</b>	<b>2,135.3</b>
	<b>76,956.0</b>	<b>1,161.8</b>	<b>10,225.1</b>	<b>5,206.6</b>	<b>0.0</b>	<b>83,136.3</b>

MOVEMENT IN THE CONSOLIDATED ASSETS

Accumulated depreciation							Net carrying values	
As at Jan 1, 2006	Currency differences	Additions	Value imp. (IAS 36)	Disposals	Adjustment	As at Dec 31, 2006	As at Dec 31, 2006	As at Dec 31, 2005
12.2	0.0	1.8	0.0	0.0	0.0	14.0	2,789.5	2,794.6
10,679.8	(264.3)	1,045.1	0.0	41.7	0.0	11,418.9	19,657.7	13,527.5
1,412.4	0.0	163.6	0.0	65.6	0.0	1,510.4	1,405.9	523.3
1,206.5	(0.5)	180.8	0.0	0.0	0.0	1,386.8	945.2	936.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,967.6	1,967.6
11,380.5	(173.3)	953.1	0.0	276.4	0.0	11,883.9	4,760.6	4,608.9
16,305.4	(110.5)	2,508.7	0.0	1,415.4	0.0	17,288.2	8,179.0	7,062.6
0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.6	2,972.0
<b>40,996.8</b>	<b>(548.6)</b>	<b>4,853.1</b>	<b>0.0</b>	<b>1,799.1</b>	<b>0.0</b>	<b>43,502.2</b>	<b>39,731.1</b>	<b>34,393.1</b>
2,838.3	(8.9)	455.4	0.0	14.5	0.0	3,270.3	483.6	628.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>2,838.3</b>	<b>(8.9)</b>	<b>455.4</b>	<b>0.0</b>	<b>14.5</b>	<b>0.0</b>	<b>3,270.3</b>	<b>483.6</b>	<b>628.0</b>
<b>543.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>238.3</b>	<b>0.0</b>	<b>305.5</b>	<b>202.5</b>	<b>1,601.0</b>
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2,014.0</b>	<b>2,135.3</b>
<b>44,378.9</b>	<b>(557.5)</b>	<b>5,308.5</b>	<b>0.0</b>	<b>2,051.9</b>	<b>0.0</b>	<b>47,078.0</b>	<b>42,431.2</b>	<b>38,757.4</b>

Accumulated depreciation							Net carrying values	
As at Jan 1, 2005	Currency differences	Additions	Value imp. (IAS 36)	Disposals	Adjustment	As at Dec 31, 2005	As at Dec 31, 2005	As at Dec 31, 2004
10.5	0.0	1.7	0.0	0.0	0.0	12.2	2,794.6	2,770.1
9,644.4	202.6	841.1	0.0	8.3	0.0	10,679.8	13,527.5	12,677.6
1,341.4	0.0	71.6	0.0	0.6	0.0	1,412.4	523.3	428.4
1,063.4	0.0	197.9	0.0	54.8	0.0	1,206.5	936.6	1,002.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,967.6	1,967.6
10,302.6	221.8	910.9	0.0	54.8	0.0	11,380.5	4,608.9	4,620.0
15,234.5	135.8	2,240.3	0.0	1,305.2	0.0	16,305.4	7,062.6	7,023.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,972.0	142.1
<b>37,596.8</b>	<b>560.2</b>	<b>4,263.5</b>	<b>0.0</b>	<b>1,423.7</b>	<b>0.0</b>	<b>40,996.8</b>	<b>34,393.1</b>	<b>30,631.3</b>
2,652.5	11.2	508.0	0.0	333.4	0.0	2,838.3	628.0	973.0
1,242.7	0.0	0.0	136.2	1,378.9	0.0	0.0	0.0	136.2
<b>3,895.2</b>	<b>11.2</b>	<b>508.0</b>	<b>136.2</b>	<b>1,712.3</b>	<b>0.0</b>	<b>2,838.3</b>	<b>628.0</b>	<b>1,109.2</b>
<b>44.0</b>	<b>6.7</b>	<b>0.0</b>	<b>0.0</b>	<b>50.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>1,007.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>464.1</b>	<b>0.0</b>	<b>543.8</b>	<b>1,601.0</b>	<b>2,671.6</b>
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2,135.3</b>	<b>0.0</b>
<b>42,543.9</b>	<b>578.1</b>	<b>4,771.5</b>	<b>136.2</b>	<b>3,650.8</b>	<b>0.0</b>	<b>44,378.9</b>	<b>38,757.4</b>	<b>34,412.1</b>

## SEGMENT REPORTING

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

### PRIMARY SEGMENT FOR 2006

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

### PRIMARY SEGMENT FOR 2005

in k€	Austria	America	Germany
External revenue	141,603.4	87,750.6	63,485.4
Internal revenue	30,420.5	10,080.3	9,163.5
<b>Total revenue</b>	<b>172,023.9</b>	<b>97,830.9</b>	<b>72,648.9</b>
Operating result (EBIT)			
before result of joint venture	9,960.9	8,562.3	2,873.0 <sup>1)</sup>
Segment assets	101,008.3	28,973.1	31,532.7
Segment liabilities	53,719.2	13,525.9	36,358.1
Investments	6,275.2	827.6	696.5
Depreciation	3,146.3	521.2	916.9
Other non-cash income/expenses	663.4	0.0	76.5
Result of joint venture	0.0	0.0	0.0
Carrying amount joint venture	2,135.3	0.0	0.0
Employees	722	286	337

<sup>1)</sup> Including grant of the Rosenbauer International AG in favor of Metz Aerials GmbH & Co. KG in the amount of 3.6 m€.

### SECONDARY SEGMENT

in m€	Revenue	
	2006	2005
Vehicles	247.4	218.2
Fire fighting components	14.8	15.4
Equipment	45.4	35.2
Aerials	45.9	35.8
Service & spare parts	16.9	14.2
Others	1.6	2.5
Consolidation	0.0	0.0
<b>Group</b>	<b>372.0</b>	<b>321.3</b>

Spain	Switzerland	Asia	Consolidation	Group
31,478.7	6,798.2	11,582.8	0.0	371,966.0
327.5	0.0	17.6	(67,328.2)	0.0
<b>31,806.2</b>	<b>6,798.2</b>	<b>11,600.4</b>	<b>(67,328.2)</b>	<b>371,966.0</b>

1,859.2	392.8	687.6	110.3	25,136.0
18,241.8	4,273.0	6,641.2	(36,391.6)	194,193.7
18,269.4	789.5	1,404.3	(35,376.9)	98,826.3
8.2	43.2	97.7	0.0	11,210.6
38.0	162.8	93.7	0.0	5,308.5
0.0	0.0	0.0	0.0	1,270.6
0.0	0.0	0.0	0.0	(124.5)
0.0	0.0	0.0	0.0	2,014.0
13	15	35	0	1,452

Spain	Switzerland	Asia	Consolidation	Group
14,174.0	7,339.7	6,982.4	0.0	321,335.5
2,486.7	0.0	7.7	(52,158.7)	0.0
<b>16,660.7</b>	<b>7,339.7</b>	<b>6,990.1</b>	<b>(52,158.7)</b>	<b>321,335.5</b>

817.4	396.8	413.6	(3,394.7)	19,629.3
12,747.1	4,523.6	4,651.8	(32,638.4)	150,798.2
12,926.1	1,772.9	1,405.7	(32,242.1)	87,465.8
9.6	41.4	36.7	0.0	7,887.0
39.5	168.8	115.0	0.0	4,907.7
(60.6)	0.0	0.0	0.0	679.3
0.0	0.0	(471.8)	0.0	(471.8)
0.0	0.0	0.0	0.0	2,135.3
14	15	33	0	1,407

Segment assets		Investments	
2006	2005	2006	2005
148.2	120.6	7.2	5.2
7.3	5.7	1.7	0.6
9.8	5.6	0.2	0.6
31.8	22.4	0.9	0.5
0.3	0.3	0.0	0.0
5.0	4.5	1.2	1.0
(8.2)	(8.3)	0.0	0.0
<b>194.2</b>	<b>150.8</b>	<b>11.2</b>	<b>7.9</b>

## A. GENERAL REMARKS

### 1. General information and basis of preparation

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

These consolidated financial statements for Rosenbauer International AG and its subsidiaries for the financial year 2006 correspond with the International Financial Reporting Standards (IFRSs) and are to be approved for publication by the Supervisory Board, which will probably convene in April 2007.

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

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

### 2. Main effects of new accounting standards

In general, the accounting and valuation methods applied in 2006 correspond with those employed in the preceding year. In addition, the Group utilized new/revised standards, which are binding for the financial year commencing January 1, 2006.

As at January 1, 2006, the Group adopted the amendments to IAS 19. This change has resulted in additional disclosures being included for the financial years 2006 and 2005 but has not had a recognition or measurement impact.

The following amendments to IAS 39 did not have an effect on the financial statements.

Financial guarantee contracts that are not considered to be insurance contracts are to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 (Revenue). This amendment did not have an effect on the financial statements.

Concerning the reporting for hedges of forecast intragroup transactions the amendment to IAS 39 permits to qualify the foreign currency risk of a highly probable intragroup forecast transaction as the hedged item in the cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will effect the consolidated income statement. This amendment to IAS 39 did not have an effect on the financial statements.

The amendment for the fair value option restricts the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, hence the amendment did not have an effect on the financial statements.

As at January 1, 2006, the Group adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognized in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. This change had no impact on the financial years 2006 and 2005.

The Group adopted IFRIC 4 as at January 1, 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has not had a significant impact on the Group as at December 31, 2006 and December 31, 2005.

The Group adopted IFRIC 5 as at January 1, 2006, which establishes the accounting treatment for funds established to help finance decommissioning for a companies assets. This change had no impact on the financial years 2006 and 2005.

The Group adopted IFRIC 6 as at January 1, 2006, which established the recognition date for liabilities arising from the EU Directive relating to the disposal of waste electrical and electronic equipment. This change had no impact on the financial years 2006 and 2005.

IFRIC 8 regulates the application of IFRS 2 to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. The interpretation had no impact on the financial statements of the Group.

The amendment to IAS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This amendment was not put to premature use.

Furthermore, IFRS 7 (Financial Instruments: Disclosure), which extends the scope of reporting on financial instruments and applies to financial years beginning on or after January 1, 2007, was not put to premature use.

### **3. Future changes in reporting and valuation methods**

IFRIC 9 was issued in March 2006, and becomes effective for financial years beginning on or after June 1, 2006. This interpretation establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The Group is still evaluating the effect of this interpretation and expects that adoption of this interpretation will have no impact on the Group's financial statements implemented in 2007.

## B. CONSOLIDATION PRINCIPLES

### 1. Scope of consolidation

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

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

For all subsidiaries, over which the parent company holds not more than half of the voting rights, a dominant influence on a contractual basis exists.

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

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

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

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

	Number of fully consolidated companies	Number of companies consolidated at equity
January 1, 2006	20	1
Acquisitions	0	0
Foundations	1	0
Disposals	1	0
Mergers	0	0
<b>December 31, 2006</b>	<b>20</b>	<b>1</b>

	Date	Business activities
<b>Foundations</b>		
Rosenbauer South Africa (PTY) Ltd., South Africa	Jan 1, 2006	Service/spare parts
<b>Disposals</b>		
Rosenbauer New England LLC., USA	Dec 31, 2006	Service/spare parts

## 2. Methods of consolidation

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

Following a repeat assessment of identifiable assets, liabilities and contingent liabilities, in accordance with IFRS 3, a liabilities side difference is recognized immediately in the income statement. The annual financial statements of the companies included in the consolidated financial statements are drawn up on the basis of uniform accounting and valuation standards. The individual financial statements of the companies included are prepared on the closing date of the consolidated financial statements. All receivables and liabilities, expenses and income derived from clearing between companies included in the scope of consolidation are eliminated. Interim results derived from asset transfers within the Group are also eliminated.

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

## 3. Currency translation

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

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

The translation difference derived from the adjustment of equity as compared to initial consolidation is netted against the Group reserves. During the year under review, reporting date translation differences of – 1,806.7 k€ (2005: 2,153.1 k€) are recognized at fair value in the income statement under equity.

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

in €	Closing rate		Annual mean rate	
	Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
100 US dollars	75.8725	84.5309	79.5603	80.3229
100 Swiss francs	62.2123	64.3418	63.5062	64.6223
100 Singapore dollars	49.5295	50.7743	50.1449	48.2659
100 Brunei dollars	49.5295	50.7743	50.1449	48.2659
100 Chinese renminbi	9.7339	10.4753	9.9879	9.8077
100 South African rand	10.8578	13.3779	11.6956	12.6781

## C. REPORTING AND VALUATION METHODS

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

### Assets

**Tangible assets** are valued at the cost of acquisition or production, less scheduled depreciation, accumulated value impairment, or the lower attainable amount (Note: Real estate is not subject to scheduled depreciation). Scheduled depreciation is calculated using the linear method and takes place at the time an asset becomes operational. The cost of acquisition or production derives from the amount of cash or cash equivalents paid for the acquisition or production, or from the market value or other form of payment at the time of acquisition or production. The following scheduled depreciation is employed:

Office and plant buildings	2.00% – 20.00%
Technical equipment and machinery	10.00% – 25.00%
Other plant and office equipment	10.00% – 33.33%

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

As at December 31, 2006 and 2005 there were no leased assets, for which in the main all the risks and chances derived from the possession of an asset are transferred (finance leasing), as well as there were no investment properties, which are retained for the purpose of obtaining rent or value added. Borrowing costs are recognized as an expense when incurred.

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

Pursuant to IAS 38 (Intangible Assets), research costs cannot be capitalized and are thus reported in their entirety in the income statement (2006: 7,434.0 k€; 2005: 5,771.1 k€). Development costs may only be capitalized, when the prerequisite conditions exist in accordance with IAS 38. As at December 31, 2006 no development costs are capitalized.

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

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

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

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

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

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

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

In general, **derivative financial instruments** relating to hedge accounting are reported at market value on a fair value basis in line with the hedge accounting stipulations of IAS 39 (Financial Instruments). Should the hedge prove ineffective, recognition in the income statement occurs. Removal from the balance sheet takes place when the power of disposition is lost. Hedging policy, as well as the financial instruments existent on the balance-sheet date are described in detail under item D.27. "Risk management".

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

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

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

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

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

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

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

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

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

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

The capitalization of **trade account and other receivables** takes place at the cost of acquisition. Value impairments are taken into account in accordance with IAS 39. Impaired debts are derecognized when they are assessed as uncollectible.

The cash and cash equivalents reported under the item D.8. "**Cash and short-term deposits**", such as cash and bank balances are valued at the market value on the reporting date.

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

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

- a) the rights to receive cash flows from the asset have expired;
- b) the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement;
- c) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Liabilities

### a) PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

Under national law, in the case of dismissal or upon attainment of retirement age, employees of Austrian corporations with entry point until December 31, 2002 are entitled to a one-off severance payment. The amount of this payment is dependent on the number of years of service and remuneration at the time of severance. The provisions for severance payments are calculated in a uniform manner on the reporting date using the project unit credit method, an interest rate of 4.75% p.a. (2005: 4.5% p.a.) and a dynamic rate of 3.5% p.a. (2005: 3.5% p.a.) for future increases in remuneration. If the balance of the accumulated non-recognized actuarial gains and losses at the end of the previous reporting period exceeds more than 10% of the cash value of the obligation (corridor method), this excess has to be allocated by the expected average remaining working lives of the employees participating in that plan.

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

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

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

In the case of existing pension entitlements established within the framework of company agreements, payments are calculated on the basis of the eligible years of service in the form of a fixed annual amount. This fixed sum is modified upon retirement according to pensionable, individual income. Current pensions are subject to regular examination with regard to indexing. Current pensions are paid fourteen times annually, whereby a transitional widow/widower regulation amounting to 50% is partly employed.

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

	Interest rate	Remuneration increase	Pension increase
Austria	4.75%	3.5%	3.0%
Germany	4.75%	1.5%	1.5%

Apart from the performance-related system, workers in Austria, who entered employment beginning with January 1, 2003, have access to a contribution-related pension's scheme. A mandatory amount of 1.53% of gross remuneration is to be paid into an employee pension fund, which is reported under "Personnel expenses" (details are contained in the Notes under the item D.31. "Personnel expenses, corporate bodies and employees". Accordingly, the creation of a provision for these employees is not given.

#### b) OTHER NON-CURRENT/CURRENT LIABILITIES

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

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

**Liabilities** are reported at the cost of acquisition. Liabilities in foreign currency are valued at the mean foreign exchange rate on the reporting date.

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

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

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

## Income

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

## Estimates

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

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

The Group checks for the value impairment of existing goodwill at least once annually. Estimates are made of the probable future cash flow from the cash generating units to which the goodwill is allocated. In addition, an appropriate interest rate (2006: 6.0%; 2005: 5.7%) is selected in order to determine the cash value of this cash flow. As at December 31, 2006, there is no goodwill.

The Rosenbauer Group employs actuarial tables for the calculation of provisions for pensions. The calculations are based on assumptions concerning the discount rate, as well as increases in wages, salaries and pensions. The discount rate is oriented towards specific, national first class industrial bonds. The balance-sheet provision as at December 31, 2006 amounted to 12,501.7 k€ (2005: 11,752.3 k€) for severance payments and 4,764.4 k€ (2005: 4,741.9 k€) for pensions. More detailed information concerning the provision for pensions is contained in the description of the accounting and valuation methods, as well as the calculations contained under item D.14. "Non-current provisions".

The basis for the capitalization of asset-side tax deferrals is provided by both the business plans of the subsidiaries and tax planning calculations. If, on the basis of these forecasts, an existing loss carryforward will not be consumed within an appropriate period of three to five years, this loss carryforward is not capitalized. The amount of the non-capitalized loss carryforwards is reported under item D.4. "Deferred tax assets".

### Changes in presentation

In the figures for the preceding year, reallocations from the current personnel provisions to the other current liabilities in the amount of 2,596.2 k€ were done.

## D. NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

### 1. Tangible and intangible assets

The assets combined in the consolidated balance sheet and the related movements are shown in the movement in the consolidated assets table on pages 48 to 49. The tangible assets contain as in the preceding year no rented goods or real estate held as a financial investment.

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

in k€	Dec 31, 2006	Dec 31, 2005
In the following year	1,359.2	1,560.2
In the following 1 to 5 years	4,373.0	4,971.5
Over 5 years	2,232.0	4,617.9

Payments from operative leasing agreements, which are carried in the result for the period amounted to 1,501.4 k€ (2005: 1,585.4 k€).

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

As at December 31, 2006, the order liability for tangible assets in the Group amounted to 350.7 k€ (2005: 212.5 k€). During the 2006 financial year, no extraordinary depreciation was undertaken on tangible assets (2005: 0.0 k€). There were also no write-ups (2005: 0.0 k€).

Public subsidies were granted for investments in tangible assets. As at December 31, 2006, a subsidy of 407.3 k€ (2005: 494.8 k€) is reported on the liabilities-side under "Other liabilities". The subsidies are not to be repaid.

Construction in progress amounting to 25.6 k€ (2005: 2,972.0 k€) are reported in the movement in the consolidated assets. In the main, the amount of the financial year 2005 related to a new logistics center in Austria, which became operational in 2006.

Tangible assets of 2,488.5 k€ were pledged as hedging for liabilities (2005: 2,573.7 k€). There are no limitations with regard to rights of disposal.

The intangible assets contain software licences and rights in the amount of 483.6 k€ (2005: 628.0 k€). The depreciation of the financial year 2006 amounted to 455.4 k€ (2005: 508.0 k€). As at December 31, 2006, there is no goodwill as in the preceding year.

## 2. Securities

The securities reported in the consolidated financial statements in the amount of 202.0 k€ (2005: 1,601.0 k€) are in the available-for-sale category. The highly reduction compared to the financial year 2005 can be explained by the disposal of the mandatory cover for severance payments and pensions in Austria.

## 3. Joint venture

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

### Development of the value of the investment

in k€	2006	2005
Beginning of the year	2,135.3	0.0
Capital payment	0.0	2,597.0
Share of loss/profit	(124.5)	(471.8)
Currency differences	3.2	10.1
<b>End of the year</b>	<b>2,014.0</b>	<b>2,135.3</b>

### Financial information

in k€	2006	2005
Non-current assets	2,118.3	2,304.9
Current assets	2,547.4	2,481.3
Current liabilities	2,802.8	2,650.9
Income	3,070.6	225.2
Expenses	3,195.1	697.0

As at December 31, 2006, capital obligations in favour of the joint venture in the amount of 1.0 m USD exist.

#### 4. Deferred tax

Differences between the values in the consolidated tax and IFRS balance sheets derive from the following difference amounts or deferred taxes:

in k€	Deferred tax assets/liabilities			
	2006		2005	
	Asset-side	Liabilities-side	Asset-side	Liabilities-side
Open one-seventh depreciation purs. § 12 (3) Austrian Corporation Tax Act	1,440.0	0.0	1,979.6	0.0
Foreign exchange forwards and securities (recognized at fair value in equity)	7.1	169.1	91.9	30.5
Foreign exchange forwards and securities (recognized in the income statement)	20.7	185.0	148.6	79.3
Valuation differences of receivables	37.4	58.6	35.6	40.5
Production contracts	0.0	880.8	0.0	689.7
Loss carryforwards	2,890.3	0.0	2,971.7	0.0
Special tax allowance	0.0	210.1	0.0	214.4
Valuation differences of other provisions and payables	2,345.0	0.0	1,909.3	1.5
Others	286.0	310.2	568.6	369.4
<b>Asset-side/Liabilities-side deferred tax</b>	<b>7,026.5</b>	<b>1,813.8</b>	<b>7,705.3</b>	<b>1,425.3</b>
Netting of asset-side and liabilities-side deferred tax	(1,180.9)	(1,180.9)	(1,033.8)	(1,033.8)
	<b>5,845.6</b>	<b>632.9</b>	<b>6,671.5</b>	<b>391.5</b>

Asset-side tax deferrals of 2,379.5 k€ (2005: 2,455.3 k€) for loss carryforwards are not reported as their effectiveness as definitive tax relief is insufficiently secured.

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#### 5. Inventories

in k€	Dec 31, 2006	Dec 31, 2005
Raw materials and supplies	34,707.9	26,887.2
Work in progress	30,976.4	20,186.1
Finished goods	12,440.0	8,217.3
Goods in transit	2,580.5	1,593.5
Advance payments made	155.5	174.3
	<b>80,860.3</b>	<b>57,058.4</b>

The inventories contain accumulated value impairments amounting to 3,599.5 k€ (2005: 4,774.7 k€). The amount of the value impairment in the current year in the amount of 1,107.9 k€ is included in the income statement under "Expenses for materials and services". There were no value write-ups in the current financial year (2005: 0.0 k€) and no inventories were pledged as hedging for liabilities. The balance-sheet value of the inventories reported corresponds with the lower of value at the cost of acquisition or production and net selling price.

#### 6. Production contracts

in k€	Dec 31, 2006	Dec 31, 2005
Production contracts		
costs up to the balance-sheet date	23,988.2	13,259.8
gains up to the balance-sheet date	4,037.1	2,858.2
advance payments received	(4,315.9)	(2,338.5)
	<b>23,709.4</b>	<b>13,779.5</b>

All production contracts have a residual period of less than one year. Sales revenues include sales from production contracts in the amount of 12,735.4 k€ (2005: 666.5 k€).

## 7. Receivables

in k€	Dec 31, 2006	Dec 31, 2005
Trade accounts receivable	42,101.2	38,000.2
Other receivables	7,308.0	6,939.0
	<b>49,409.2</b>	<b>44,939.2</b>

In 2006, the other receivables with a period to maturity of between one and five years totaled 1,221.0 k€ (2005: 2,226.3 k€). As in the preceding year, in 2006 there are no receivables with a period to maturity in excess of five years.

As at December 31, 2006, the value impairments on the trade accounts receivable, as well as other receivables totaled 1,015.5 k€ (2005: 1,252.0 k€). The value impairments of the current year are reported in the amount of 365.4 k€ as other expenses.

## 8. Cash and short-term deposits

in k€	Dec 31, 2006	Dec 31, 2005
Cash, bank balances	3,945.6	7,596.6

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

## 9. Equity

Rosenbauer Group share capital comprises 1,700,000 non-par value shares. At the 14<sup>th</sup> Ordinary General Shareholders' Meeting, a resolution was passed concerning the prolongation of the authorization to purchase (repurchase) company shares in accordance with §65 Para. 1 Clause 8 Austrian Stock Corporation Act by a further 18 months up to November 24, 2007.

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

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

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

Details concerning the reserves can be obtained from the consolidated statements of changes in equity table on pages 44 to 45.

## 10. Minority interest

The item "Minority interest" contains the interests of third parties in the equity of Group subsidiaries. In 2006, 4,282.8 k€ (2005: 3,648.5 k€) was distributed among minority shareholders in Group subsidiaries. Third party shareholders exist with regard to the following subsidiaries:

	2006	2005
Rosenbauer AG, Oberglatt, Switzerland <sup>1)</sup>	0.00%	30.00%
Rosenbauer Española S.A., Madrid, Spain	37.89%	37.89%
Rosenbauer America LLC., Lyons, USA	50.00%	50.00%
Eskay Rosenbauer Sdn Bhd, Brunei	20.00%	20.00%

<sup>1)</sup> The parent company Rosenbauer International AG acquired further 30% of its subsidiary Rosenbauer AG, Switzerland, on June 29, 2006. The purchase price amounted to 957.5 k€. Since then, the investment totals 100%. The carrying amount of the additional shares acquired was 695.7 k€. The difference of 261.8 k€ was netted against reserves.

## 11. Subordinated (mezzanine) capital

The subordinated (mezzanine) capital of 7,488.2 k€ reported in the balance sheet 2005 was totally repaid on December 29, 2006. The reimbursement occurred according to prior agreement between the holder and Rosenbauer by the use of an option.

## 12. Non-current, interest-bearing liabilities

This item contains all interest-bearing liabilities to banks and the Austrian Research Promotion Fund with a remaining period to maturity of over one year. Details concerning financial liabilities are contained under the item D.27. "Risk management".

in k€	Dec 31, 2006	Dec 31, 2005
Liabilities to banks and the Austrian Research Promotion Fund		
thereof with a period to maturity of 1 to 5 years	13,761.2	5,199.1
thereof with a period to maturity of over 5 years	0.0	0.0
	<b>13,761.2</b>	<b>5,199.1</b>

## 13. Other non-current liabilities

in k€	Dec 31, 2006	Dec 31, 2005
Other non-current liabilities		
thereof with a period to maturity of 1 to 5 years	714.2	335.4
thereof with a period to maturity of over 5 years	739.7	615.4
	<b>1,453.9</b>	<b>950.8</b>

In 2006, the non-current liabilities mainly relate to export financing.

#### 14. Non-current provisions

##### a) PROVISIONS FOR SEVERANCE PAYMENTS

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

in k€	2006	2005
Cash value of the obligation	13,398.2	12,271.8
Not yet recognized actuarial gains/losses	896.5	519.5
<b>Provision reported as at Dec 31</b>	<b>12,501.7</b>	<b>11,752.3</b>

in k€	2006	2005
Provision as at Jan 1	11,752.3	11,610.7
Service expense	633.9	610.7
Interest expense	564.9	665.8
Recognized actuarial gains/losses	4.5	0.0
Ongoing payments	(453.9)	(1,134.9)
<b>Provision as at Dec 31</b>	<b>12,501.7</b>	<b>11,752.3</b>

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

in k€	2006	2005	2004	2003	2002
Cash value of the obligation as at Dec 31	13,398.2	12,271.8	11,938.7	11,587.1	9,319.7

##### b) PROVISIONS FOR PENSIONS

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

in k€	2006	2005
Cash value of the obligation	4,979.1	5,311.2
Not yet recognized actuarial gains/losses	214.7	569.3
<b>Provision reported as at Dec 31</b>	<b>4,764.4</b>	<b>4,741.9</b>

in k€	2006	2005
Provision as at Jan 1	4,741.9	4,741.0
Service expense	40.8	32.7
Interest expense	231.9	254.0
Recognized actuarial gains/losses	27.3	0.0
Ongoing payments	(277.5)	(285.8)
<b>Provision as at Dec 31</b>	<b>4,764.4</b>	<b>4,741.9</b>

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

in k€	2006	2005	2004	2003	2002
Cash value of the obligation as at Dec 31	4,979.1	5,311.2	4,790.9	4,620.5	4,693.2

#### c) OTHER NON-CURRENT PROVISIONS

in k€	2006	2005
Provisions for long-service bonuses	1,969.3	1,977.5
Other non-current provisions	153.0	439.5
	<b>2,122.3</b>	<b>2,417.0</b>

The change in non-current provisions for 2006 under the item c) is contained in the schedule of provisions on page 47.

### 15. Current, interest-bearing liabilities

Apart from production and investment loans, this item also includes the ongoing account overdrafts as at December 31 of the respective reporting date. Details concerning the financial liabilities are contained under the item D.27. "Risk management".

### 16. Trade accounts payable

All trade accounts payable in the amount of 30,218.4 k€ (2005: 18,295.4 k€) mature within a year.

### 17. Other current liabilities

in k€	Dec 31, 2006	Dec 31, 2005
Tax liabilities	3,565.1	3,413.5
Liabilities derived from social security contributions	850.7	1,186.0
Other liabilities	20,972.0	21,975.4
	<b>25,387.8</b>	<b>26,574.9</b>

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

**18. Other current provisions**

in k€	Dec 31, 2006	Dec 31, 2005
Tax provisions	517.5	543.7
Current provisions	11,630.6	11,679.3
	<b>12,148.1</b>	<b>12,223.0</b>

The other provisions contain cover for guarantees and risks in the sales area, as well as provisions from the personnel area. The remaining current provisions for 2006 are contained in the schedule of provisions on page 47.

**19. Revenue**

Sales revenues derive mainly from the completion of orders. Information concerning the revenue structure is contained in the product segment sections and segment reporting in the Notes on pages 50 to 51.

**20. Other income**

in k€	Dec 31, 2006	Dec 31, 2005
Income from the disposal of assets	24.0	52.4
Own work capitalized	16.3	56.1
Other income	3,615.7	3,916.3
	<b>3,656.0</b>	<b>4,024.8</b>

Other income largely consists of cost transfers to third parties.

**21. Other expenses**

in k€	Dec 31, 2006	Dec 31, 2005
Taxes other than taxes on income	259.2	197.2
Administrative expenses	15,498.9	16,219.4
Marketing and sales expenses	10,171.6	11,108.2
	<b>25,929.7</b>	<b>27,524.8</b>

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

**22. Financial expenses**

in k€	Dec 31, 2006	Dec 31, 2005
Interest and other expenses	3,621.4	3,495.9
Interest on non-current personnel provisions	796.8	919.8
	<b>4,418.2</b>	<b>4,415.7</b>

**23. Financial income**

in k€	Dec 31, 2006	Dec 31, 2005
Income on securities	65.7	90.1
Gains from the disposal of securities	81.1	124.6
Other interest and similar income	1,280.4	923.9
	<b>1,427.2</b>	<b>1,138.6</b>

**24. Taxes on income**

in k€	2006	2005
Expense for current income tax	2,776.2	3,508.8
Change in deferred income tax	843.9	345.5
	<b>3,620.1</b>	<b>3,854.3</b>

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

in k€	2006	2005
Profit before income tax	22,020.5	15,880.4
thereof 25% (2005: 25%) calculated income tax expense	5,505.1	3,970.1
Permanent differences	(498.4)	735.4
Effect of differing tax rates	1,278.0	719.3
Effect of tax rate change	19.2	(122.0)
Consumption of unaccounted loss carryforwards	(99.6)	0.0
Tax relief on limited companies <sup>1)</sup>	(1,507.0)	(1,183.9)
Capitalized loss carryforwards, for which no deferred taxes had previously been reported	(1,077.2)	(1,429.1)
Taxes from previous years, withholding taxes, minimum taxes	0.0	1,164.5
<b>Effective tax income (-)/expense (+)</b>	<b>3,620.1</b>	<b>3,854.3</b>

<sup>1)</sup> Taxes relating to minority interest

**25. Consolidated cash flow statement**

The consolidated cash flow statement was prepared according to the indirect method. The finance funds consist entirely of cash in hand and bank balances. Interest received and paid is reported as part of current business activities. Dividend payments are reported as part of financing activities. There were no material non-cash transactions.

In 2006, capital contributions of 918.7 k€ were made for the in 2005 founded joint venture in China. These have already been recognized as a liability in the financial year 2005. Furthermore, Rosenbauer International AG increased its investment in Rosenbauer AG, Switzerland, from 70% to 100%. The purchase price amounted to 957.5 k€.

More detailed information is contained in the consolidated cash flow statement on page 46.

## 26. Segment reporting

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

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

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

Group revenue in the amount of 372.0 m€ (2005: 321.3 m€) splits up into Western and Eastern Europe (177.4 m€; 2005: 163.1 m€), NAFTA countries (86.8 m€; 2005: 68.1 m€), Arab World (44.0 m€; 2005: 35.5 m€), Asia and Oceania (29.3 m€; 2005: 34.6 m€) and other countries (34.5 m€; 2005: 20.0 m€).

Sales revenues in the amount of 17.4 m€, segment assets in the amount of 7.5 m€ as well as investments in the amount of 3.5 m€ allocated in the previous year under the item "Others" have been attributed in the current year to segment concerned. The previous year was adapted correspondingly.

The numerical presentation of the segments is available from the primary and secondary segment tables for the years 2005 and 2006 on pages 50 to 51.

## 27. Risk management

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

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

Financial instruments form one important area of risk hedging. Financial instruments are cash business procedures based on civil law contracts. In accordance with IAS 32 these include original financial instruments such as receivables, trade accounts payable, financial receivables and liabilities. On the other hand, there are also derivative financial instruments, which are used as hedging transactions against the risks derived from exchange and interest rate shifts. Both categories of financial instruments are reported on subsequently.

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

Due to daily or short-term maturity, the fair value of cash and short-term deposits, short-term receivables and payables largely corresponds with the carrying value. Banks largely administer the securities reported under non-current assets within the scope of portfolio management. On the reporting date, the securities were allocated a fair value of 202.5 k€ (2005: 1,601.0 k€).

#### a) CREDIT RISK

As a result of the customer structure and the credit risk hedging policy, the receivables risk can be regarded as negligible. The amounts reported also represent the maximum creditworthiness and loss risk. The carrying values reported largely correspond with the market values.

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

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

#### b) INTEREST RATE RISK

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

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

Long-term payables to banks consist of loans for various investments in operative business. Interest rates are hedged in the medium-term by means of interest cap instruments.

#### c) FOREIGN EXCHANGE RISK

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

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

## d) DERIVATIVE FINANCIAL INSTRUMENTS

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

The changes in value of the instruments used as a cash flow hedge are recognized under equity and reported separately in the movements in the Group equity table. The contribution to profit of the hedge is recognized in the income statement as of the date of the realization of the underlying transaction.

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

On the reporting date, the Rosenbauer Group had the following list of hedging transactions running, whereby the nominal values are reported in the respective local currency.

**Hedging recognized in the income statement**

in 1,000	Nominal value		Fair value	
	Currency	Dec 31, 2006	Currency	Dec 31, 2006
Currency future	SGD	5,032.8	SGD   €	113.5   56.9
Currency future	USD	371.8	USD   €	12.1   9.7
Currency future	€	12,498.0	€	340.1
Interest instrument	€	36,534.9	€	124.8

in 1,000	Nominal value		Fair value	
	Currency	Dec 31, 2005	Currency	Dec 31, 2005
Currency future	SGD	3,047.8	SGD   €	(20.1)   (9.7)
Currency future	USD	1,369.9	USD   €	(71.1)   (57.1)
Currency future	CHF	2,583.0	CHF   €	48.8   31.5
Currency future	€	5,456.8	€	(118.7)
Interest instrument	€	17,000.0	€	(41.0)

**Hedging recognized at fair value in equity**

in 1,000	Nominal value		Fair value	
	Currency	Dec 31, 2006	Currency	Dec 31, 2006
Currency future	€	21,376.1	€	648.0

in 1,000	Nominal value		Fair value	
	Currency	Dec 31, 2005	Currency	Dec 31, 2005
Currency future	€	13,720.3	€	(284.9)
Interest instrument	€	23,000.0	€	(72.0)

In the 2006 financial year –267.6 k€ were transferred from the equity to the income statement.

## e) LIQUIDITY RISK

Group liquidity is secured by appropriate liquidity planning at the beginning of the year, sufficient financial assets with a maturity of less than one year and short-term credit lines. The following table shows the breakdown of interest-bearing liabilities as at December 31, 2006.

in 1,000	Currency	Loan Dec 31, 2006	Final maturity	Interest in %	Interest variable/fixed	Dec 31, 2006 in k€	Dec 31, 2005 in k€
<b>Current, interest-bearing liabilities</b>							
Production financing	SGD	4,809	2007	Sibor+ 1.25	variable	2,382.0	2,054.6
Production financing	USD	1,000	2007	6.150	variable	758.7	0.0
Production financing	USD	307	2007	5.810	variable	232.7	0.0
Production financing	USD	8,550	2007	7.250	variable	6,487.1	0.0
Production financing	CHF	1,700	2007	Libor+ 1.50	variable	1,057.6	965.1
Production financing	€	2,000	2007	4.133	variable	2,000.0	1,500.0
Production financing	€	2,100	2007	4.188	variable	2,100.0	1,700.0
Production financing	€	2,847	2007	4.640	variable	2,847.2	2,087.1
Production financing	€	96	2007	6.830	fixed	95.9	95.9
Research promotion fund	€	180	2007	2.500	fixed	180.0	0.0
Investment loan	€	0	2006	4.000	fixed	0.0	94.5
Investment loan	€	174	2007	1.500	fixed	174.4	174.4
Loan on overdraft	€					10,776.2	4,297.7
<b>Total</b>						<b>29,091.8</b>	<b>12,969.3</b>
<b>Non-current, interest-bearing liabilities</b>							
Production financing	USD	0	2007	6.150	variable	0.0	1,690.5
Production financing	USD	43	2009	5.810	variable	32.8	0.0
Production financing	€	983	2010	6.830	fixed	982.6	1,078.5
Research promotion fund	€	0	2007	2.500	fixed	0.0	180.0
Research promotion fund	€	382	2008	2.000	fixed	382.4	382.4
Investment loan	USD	3,000	2010	5.750	variable	2,276.2	1,606.1
Investment loan	€	10,000	2011	4.250	variable	10,000.0	0.0
Investment loan	€	87	2008	1.500	fixed	87.2	261.6
<b>Total</b>						<b>13,761.2</b>	<b>5,199.1</b>
<b>Interest-bearing liabilities</b>						<b>42,853.0</b>	<b>18,168.4</b>

Of the non-current, interest-bearing loans, 565.5 k€ mature in one-two years, 128.7 k€ in two-three years, 3,067.0 k€ in three-four years and 10,000.0 k€ in four-five years. The carrying values reported largely correspond with the market values.

The entire interest-bearing financial liabilities amount to 42,853.0 k€ (2005: 18,168.4 k€). The interest on interest-bearing liabilities amount to 2,735.9 k€ (2005: 2,367.3 k€), which represented an average of 5.0% (2005: 5.6%). Non-current variable interest-bearing liabilities are based on interest agreements on 3-months respectively 6-months Euribor/Libor.

**28. Events after the balance-sheet date**

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

## 29. Contingent liabilities and commitments

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

## 30. Related party disclosures

### SUBSIDIARIES

in 1,000	Currency	Equity	Holding <sup>1)</sup>	Result <sup>2)</sup>	Type of consolidation
Rosenbauer Österreich GmbH, Austria, Leonding	€	2,951	100%	0 <sup>3)</sup>	FC
Rosenbauer Management Services GmbH, Austria, Leonding	€	77	100%	0	FC
Rosenbauer Holding GmbH & Co. KG, Germany, Karlsruhe	€	6,087	100%	42	FC
Rosenbauer Deutschland GmbH, Germany, Passau	€	823	100%	152	FC
Rosenbauer Feuerwehrtechnik GmbH, Germany, Luckenwalde	€	4,314	100%	257	FC
Metz Aerials Management GmbH, Germany, Karlsruhe	€	24	100%	1	FC
Metz Aerials GmbH & Co. KG, Germany, Karlsruhe	€	4,163	100%	988	FC
Rosenbauer Finanzierung GmbH, Germany, Passau	€	38	100%	1	FC
Rosenbauer AG, Switzerland, Oberglatt	CHF	3,872	100%	495	FC
Rosenbauer Española S.A., Spain, Madrid	€	3,453	62.11%	1,141	FC
General Safety Equipment LLC., USA, Minnesota <sup>4)</sup>	USD	14,044	50%	1,691	FC
Central States Fire Apparatus LLC., USA, South Dakota <sup>4)</sup>	USD	51,034	50%	8,097	FC
Rosenbauer Holdings Inc., USA, South Dakota	USD	14,883	100%	3,340	FC
Rosenbauer America LLC., USA, South Dakota <sup>4)</sup>	USD	73,321	50%	9,357	FC
RK Aerials LLC., USA, Nebraska <sup>4)</sup>	USD	6,035	25%	1,178	FC
Rosenbauer Motors LLC., USA, Minnesota <sup>4)</sup>	USD	283	50%	190	FC

<sup>1)</sup> Direct interest

<sup>2)</sup> Profit/loss for the year after movements in the reserves

<sup>3)</sup> Profit transfer agreement with Rosenbauer International AG

<sup>4)</sup> Deciding vote right with Rosenbauer International AG

FC = fully consolidated companies

AE = at equity consolidated companies

	Currency	Equity	Holding <sup>1)</sup>	Result <sup>2)</sup>	Type of consolidation
in 1,000					
SK Fire PTE Ltd., Singapore	SGD	5,412	100%	967	FC
Rosenbauer YongQiang Fire Fighting Vehicles Ltd., China, Dongguan	CNY	38,275	50%	(2,493)	AE
Eskay Rosenbauer Sdn Bhd, Brunei	BND	2	80%	5	FC
Rosenbauer South Africa (PTY) Ltd., South Africa, Pretoria	ZAR	384	100%	383	FC

<sup>1)</sup> Direct interest

<sup>2)</sup> Profit/loss for the year after movements in the reserves

FC = fully consolidated companies

AE = at equity consolidated companies

The following transactions took place with closely associated persons. The purchases of goods relate in particular to vehicle deliveries by a Spanish company, the owner of which is related to the management of the recipient Spanish subsidiary. The loan in 2005 was provided to an American subsidiary by an executive manager. The rental agreement relates to the use of a property and was agreed between the manager and an American company. The one concerning an office in Beijing was agreed between the manager of the joint venture and Rosenbauer International AG.

in k€	Dec 31, 2006	Dec 31, 2005
Sale of goods	9.0	20.8
Purchase of goods	1,441.1	2,833.4
Loan from closely associated persons	0.0	1,014.4
Rental agreement for land	923.7	970.9
Rental agreement for office	103.4	104.4

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

in k€	Dec 31, 2006	Dec 31, 2005
Sale of goods	1,545.7	560.5
Purchase of goods	882.0	1.2
Receivables	656.9	560.5
Liabilities	842.3	918.7

The salaries of the members of the Rosenbauer International AG Executive Board in 2006 amounted to 2,753.4 k€ (2005: 2,533.4 k€) and consisted of a basic salary (2006: 982.4 k€; 2005: 982.4 k€), fees (2006: 1,603.0 k€; 2005: 1,383.0 k€) and rights for the creation of independent retirement and dependant provisions (2006: 168.0 k€; 2005: 168.0 k€). Provisions for severance payments of the Executive Board total 1,723.2 k€ as at December 31, 2006. Total expenses of the members of the Executive Board, which consist of salaries and changes in provisions for severance payments amounted to 2,349.4 k€ in the financial year 2006.

Following the termination of an employment relationship, there are no future burdens on the company resulting from company pension scheme contributions for Executive Board members.

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

**31. Personnel expenses, corporate bodies and employees**

in k€	2006	2005
Wages	31,863.8	28,039.3
Salaries	30,449.0	28,569.9
Expenses for severance payments and pensions	1,043.9	1,976.0
Expenses for the company employee pension fund	83.2	67.0
Expenses for mandatory social security payments as well as wage-related taxes and obligatory contributions	12,778.5	12,143.8
Other social security payments	1,005.2	823.0
	<b>77,223.6</b>	<b>71,619.0</b>

<b>Average number of employees</b>	2006	2005
Blue-collar	846	803
White-collar	520	522
Apprentices	86	82
	<b>1,452</b>	<b>1,407</b>

**32. Earnings per share**

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

		2006	2005
Consolidated profit minus minority interest	in k€	13,674.4	7.033,8
Average number of shares issued	units	1,700,000	1,700,000
Basic earnings per share	in €/share	8.04	4.14
Diluted earnings per share	in €/share	8.04	4.14

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

**33. Proposal for the distribution of profits**

The individual financial statements of the company prepared according to Austrian Accounting Law (HGB) provide the basis for the proposal for the distribution of profits. A net profit of 4,862,934.65 € is reported in the individual financial statements of Rosenbauer International AG. The Executive Board proposes to distribute this net profit through the payment of a dividend p.a. of 2.8 € (2005: 2.0 €) per share (4,760,000.0 € for 1,700,000 ordinary shares). The carryforward to new account: 102,934.65 €.

### 34. Corporate bodies

#### SUPERVISORY BOARD

- Peter Louwerse (Chairman)  
Initial appointment: August 28, 1992  
End of current term: General Shareholders' Meeting 2008
- Alfred Hutterer (Vice Chairman since May 25, 2006)  
Initial appointment: May 24, 2003  
End of current term: General Shareholders' Meeting 2008
- Christian Reisinger  
Initial appointment: May 25, 2006  
End of current term: General Shareholders' Meeting 2011
- Hans Hojas (Vice Chairman) until May 24, 2006  
Initial appointment: June 10, 1994  
End of current term: General Shareholders' Meeting 2008  
Resignation: May 24, 2006
- Dieter Siegel  
Initial appointment: May 18, 2002  
End of current term: General Shareholders' Meeting 2008

In the 2006 financial year, the Supervisory Board received emoluments of 175.4 k€ (2005: 159.9 k€). Emoluments to the Supervisory Board consist of a fixed amount and a variable sum. The latter is calculated as a percentage of the consolidated profit in the income statement prior to income tax and "Minority interest", whereby the percentage is gradually reduced in line with improvements in the consolidated profit.

Works Council delegates to the Supervisory Board:

- Alfred Greslehner
- Rudolf Aichinger

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#### EXECUTIVE BOARD

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

Leonding, March 23, 2007

The Executive Board



Wagner



Schwetz



Kastil



Brunbauer

# AUDITOR'S REPORT (TRANSLATION)

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rosenbauer International Aktiengesellschaft, Leonding, for the financial year from January 1, 2006 to December 31, 2006. These consolidated financial statements comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year ended December 31, 2006, and a summary of significant accounting policies and other explanatory notes.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

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

OPINION

Our audit did not give rise to any objections. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of December 31, 2006, and of its financial performance and its cash flows for the financial year from January 1, 2006 to December 31, 2006 in accordance with International Financial Reporting Standards as adopted by the EU.

**Report on Other Legal and Regulatory Requirements**

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

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

Vienna, March 23, 2007

 **ERNST & YOUNG**

Wirtschaftsprüfungsgesellschaft mbH

Gerhard Schwartz m.p.  
(Chartered Accountant)

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

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

## GLOSSARY

### **Order intake/order backlog**

Including shipping and commission revenues

### **Capital employed**

Equity plus interest-bearing outside capital minus interest-bearing assets

### **Earnings per share**

Consolidated profit minus minority interest divided by the number of shares

### **EBIT (Earnings before interest and tax)**

Operating result

### **EBIT margin**

EBIT divided by revenues

### **EBT (Earnings before tax)**

Profit before tax

### **Employees**

Average size of the workforce during the period under review

### **Equity**

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

### **Gearing ratio (in %)**

Net debt divided by the interest-bearing capital

### **Interest-bearing outside capital**

Non-current and current interest-bearing liabilities

### **Interest-bearing capital**

Equity plus interest-bearing liabilities minus cash and short-term deposits minus securities

### **Investments**

Additions to tangible and intangible assets

### **Market capitalization**

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

### **Net debt**

Interest-bearing liabilities minus cash and short-term deposits minus securities

### **Price/earnings per share**

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

### **Return on capital employed (ROCE in %)**

EBIT divided by the average capital employed

### **Return on equity (ROE in %)**

EBT divided by the average equity

### **Return on sales (ROS in%)**

EBT divided by revenues

### **Subordinated (mezzanine) capital**

Indefinitely paid-up capital. The profit-sharing rights are subordinated to those of the company's remaining creditors. The profit-sharing rights do not confer any corporate or voting rights.

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