SEMPERIT AG Holding

ANNUAL FINANCIAL REPORT 2008

SEMPERIT

Contents

MANAGEMENT REPORT

Rapid economic downturn in the second half of 2008

On balance, the overall business environment proved to be quite robust for the Semperit Group in the first half of 2008. There was already a slight slowdown in some individual markets such as Great Britain and Spain, but generally demand in Europe remained satisfactory in the first half year. The economic situation in the USA was also stable in the first six months of 2008. The dynamic growth in Asian markets continued uninterruptedly for a long time.

Starting in the third quarter of 2008, there were clear signs of a cyclical weakening in large portions of Europe, and the slowdown also impacted emerging markets such as China and India for the first time. All in all, the entire global economy lost momentum as of the middle of the year. Towards the end of 2008, the situation once again deteriorated significantly. Economic experts already concluded that the USA, Japan and the EU were in the midst of a recession. Economic growth in emerging markets slowed down considerably.

Record prices on raw material markets

Price increases for key raw materials

The entire rubber industry was affected by massive price increases for its key raw materials in the 2008 financial year. By the end of October, many materials were being traded at all-time highs. Eventually there was a reversal of the trend starting in November. A deterioration of the economic environment and the resulting weakening of global demand led to a general price decline. The reaction to this extraordinary price development was one of the major challenges for Semperit during the period under review.

Latex price up close to 50%

Latex is the single most important raw material used by the Semperit Group, and comprises the highest share in material costs by far in the Sempermed division. Natural rubber and latex are traded on Asian commodities exchanges, for example in Thailand and Malaysia. For this reason, prices are not only subject to the natural forces affecting supply and demand, but are also partially influenced by speculative activities. In the first half of the 2008 financial year, the price of latex climbed by close to 50%, but ultimately successively decreased.

Upward price trend for oil-dependent materials

In addition to natural rubber, synthetic rubber is one of the most crucial raw materials required by Semperit. Many different types of synthetic rubber are being offered, with crude oil serving as the most important building block. Accordingly, the price of many types of synthetic rubber is naturally linked to the development of the price of oil. However, multiphase production processes are required to manufacture synthetic rubber from crude oil. As a result, the price of crude oil is first reflected in selling prices for synthetic rubber with several months delay. Against this backdrop, the synthetic rubber costs for Semperit climbed to record levels up until the end of October, and then declined somewhat as of the middle of the fourth quarter.

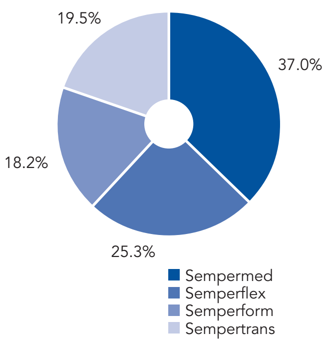
Prices for other oil-based raw materials such as chemicals and carbon black, which are the primary cost factors for rubber compounds, evolved in a similar manner as synthetic rubber. Steel cables and steel wires, which serve as vital reinforcing materials for Semperit products, were also subject to a massive surge in prices in 2008.

Energy costs which are encompassed under the item "cost of materials" also rose dramatically up until the middle of 2008. The turnaround leading to a sustainable reduction in energy prices commenced in the second half of the year.

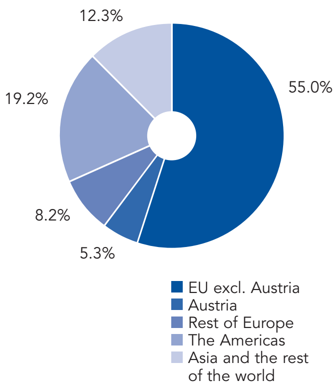
Condensed income statement

in EUR million	2007	2008	Change in %
Revenue	**607.8**	**655.3**	**+7.8**
Changes in inventories	1.3	5.0	+298.2
Own work capitalised	0.9	1.4	+58.2
Operating revenue	**610.0**	**661.7**	**+8.5**
Other operating income	13.2	25.1	+89.7
Cost of materials	–338.3	–381.9	+12.9
Personnel expenses	–101.6	–109.3	+7.5
Depreciation and amortisation	–31.8	–29.2	–8.2
Other operating expenses	–87.6	–107.7	+23.0
Earnings before interest and tax (EBIT)	**63.9**	**58.7**	**–8.2**
Financial results	**–4.3**	**–0.6**	**+86.4**
Earnings before tax (EBT)	**59.6**	**58.1**	**–2.6**
Income taxes	–11.9	–13.2	+10.8
Earnings after tax	**47.7**	**44.9**	**–5.9**
Minority interests	–3.1	–7.3	+136.5
Net profit for the year	**44.6**	**37.6**	**–15.7**

Revenue by division



Revenue by region



Revenue

The Semperit Group once again succeeded in achieving record revenue in 2008 despite the accelerating pace of the economic downswing in the second half of the year.

Driven by a positive business development in all divisions, total revenue rose 7.8% year-on-year, to EUR 655.3 million. The Sempermed division posted the highest revenue growth, expanding by 10.8%, to EUR 242.8 million, followed by the Sempertrans division, whose revenue increased 10.2%, to EUR 127.5 million. Semperform reported a revenue increase of 6.8%, to EUR 119.0 million, whereas the Semperflex division most severely felt the effects of weakening demand, only increasing revenue by 2.6%, to EUR 166.0 million.

With a 37.0% share of total revenue, business with medical and industrial gloves (Sempermed) continued to make the biggest contribution to revenue of the Semperit Group. The share of revenue generated by Semperflex declined to 25.3% due to its weaker performance in 2008. Sempertrans accounted for 19.5% of total revenue, followed by Semperform with 18.2%.

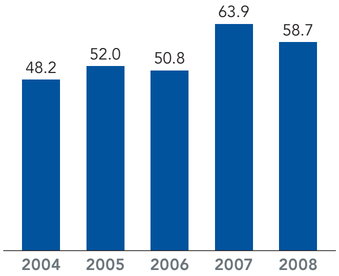
From a regional perspective, the strongest growth proportionally was observed in Asia and the rest of the world. Europe accounted for 68.5% of Group revenue in 2008 (previous year: 69.7%). America generated about 19.2% of total revenue (previous year: 19.3%), whereas the remaining 12.3% of revenue can be attributed to Asia and the rest of the world.

Earnings

Decline in EBIT

Earnings before interest and tax (EBIT) decreased by 8.2%, to EUR 58.7 million, which is related to the massive price increases for raw materials. The EBIT margin in relation to revenue also declined to 9.0%, down from 10.5% in the previous year. Earnings before tax (EBT) were satisfactory in the light of the difficult business environment, at EUR 58.1 million, but nevertheless 2.6% below the 2007 level. These earnings before tax represent a return on sales of 8.9% (previous year: 9.8%), a return on equity of 16.6% (previous year: 18.0%) and a return on assets of 12.0% (previous year: 12.5%).

Operating profit (EBIT) in EUR million



However, earnings did not develop uniformly in the individual divisions of the Semperit Group. Despite the immense price rises for latex, the Sempermed division once again posted a significant increase in its earnings before tax, which climbed 53.4%, to EUR 19.7 million. This is primarily related to the extremely quick response to raw material price rises as well as productivity improvements. In contrast, the other divisions could not continue the extraordinarily good results achieved in the previous year. The cost burden resulting from higher raw material costs led to an EBT decline of 27.8% in the Semperflex division, to EUR 15.7 million, whereas earnings before tax of the Semperform division fell by EUR 2.0 million, to EUR 14.5 million. The increased cost of materials resulted in a 24.1% decrease in the earnings before tax of the Sempertrans division, to EUR 11.4 million.

Materials as share of operating revenues up to 57.7%

The price rises for all key important raw materials required by the Semperit Group as well as higher energy costs accounted for the 12.9% increase in the cost of materials in the 2008 financial year, to EUR 381.9 million. Accordingly, the ratio of the cost of materials to operating revenues climbed to 57.7%, up from 55.5% in 2007.

In 2008, the average annual number of employees declined by 54 to a total of 7,064 employees. However, on the basis of salary increases, personnel expenses rose 7.5%, to EUR 109.3 million. Nevertheless, personnel expenses as a share of operating revenues could once again be reduced to 16.5% (previous year: 16.7%), which was the result of a further improvement in productivity.

Depreciation and amortisation fell by 8.2%, to EUR 29.2 million. The increase in other operating expenses and other operating income is partly due to higher exchange rate gains and losses, which however balance each other out.

Earnings before tax (EBT) include the improved financial result amounting to minus EUR 0.6 million (previous year: minus EUR 4.3 million). As a consequence, earnings before tax totalled EUR 58.1 million, which was only 2.6% below the previous year's results.

Higher minority interests

The effective tax burden of the Semperit Group rose to 22.8%, up from 20.0% in 2007. For this reason, earnings after tax amounted to EUR 44.9 million, significantly lower than in the preceding year. Minority interests more than doubled to EUR 7.3 million. Subsequently, consolidated net profit for the year after minority interests reached a level of EUR 37.6 million.

The share capital of Semperit AG Holding amounts to EUR 21,358,996.53, and is divided into 20,573,434 non-par value bearer shares, each of which represents an equal interest in the equity capital. Earnings per share in 2008 declined to EUR 1.83, down from EUR 2.17 for 2007.

Dividend proposal to the Annual General Meeting: EUR 1.09

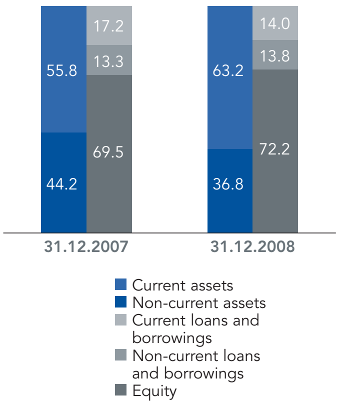
The Management Board will propose a dividend increase to the Annual General Meeting to EUR 1.09 per share for the 2008 financial year. As a consequence, the dividend payout ratio will improve to 59.6%. The dividend yield amounts to 9.2% based on the share price at the end of December 2008. B & C Privatstiftung continues to be the stable core shareholder of the Semperit Group, with a stake of over 50%. The remaining shares are in free float.

Profit, asset and financial position

Reduction in financial assets

During the year under review, the balance sheet total of the Semperit Group rose by 1.8%, to EUR 485.5 million. Tangible assets were down 16.3%, to EUR 167.7 million, which is related to the reduction in the Group's financial assets. Property, plant and equipment fell slightly to EUR 157.9 million (previous year: EUR 160.4 million). Property, plant and equipment includes prepayments and assets under construction in the amount of EUR 7.3 million. Financial assets declined to EUR 4.7 million in 2008 from the previous year's level of EUR 37.3 million due to disposals. Current assets climbed 14.9% to EUR 317.8 million. Inventories reported in the balance sheet totalling EUR 96.4 million are 7.2% higher than the preceding year's level of EUR 90.0 million. Trade receivables were down 5.3%, to EUR 86.8 million. Working capital, consisting of inventories plus trade receivables less trade payables, was up 8.0% on the previous year, at EUR 152.7 million. Information on the allocated emission certificates can be found in the notes to the consolidated financial statements on page 55. Cash and cash equivalents amounted to EUR 107.3 million at the balance sheet date, an increase of 52.7% year-on-year.

Balance sheet structure in %



Capital and reserves without minority interests totalling EUR 291.9 million (+4.3%) includes inflows of capital from the consolidated net profit for the year of EUR 37.6 million, outflows for dividend payments to shareholders of EUR 19.5 million, and currency translation differences of minus EUR 1.4 million. The equity ratio of the Semperit Group without minority interests as a benchmark of the Group's financial autonomy increased from 58.7% in the preceding year to 60.1% in 2008. Equity capital covers Semperit Group's tangible assets by 174.1% (previous year: 140.0%). Provisions amounted to EUR 77.2 million, at approximately the previous year's level. Liabilities totalled EUR 57.9 million in 2008, a decline of 14.9% from 2007, which is primarily the result of lower trade payables. Accordingly, cash and cash equivalents exceeded financial liabilities by EUR 100.4 million (previous year: EUR 63.6 million).

There were no significant events requiring disclosure after the balance sheet date.

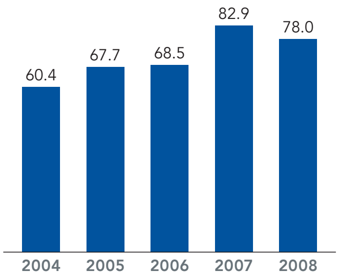
Condensed balance sheet

in EUR million	31.12.2007	31.12.2008	Change in %
Assets			
Tangible assets	200.3	167.7	–16.3
Inventories	90.0	96.4	+7.2
Trade receivables	91.7	86.8	–5.3
Other current assets including deferred taxes	94.8	134.6	+42.0
Total assets	**476.8**	**485.5**	**+1.8**
Equity and liabilities			
Capital and reserves without minority interests	280.0	291.9	+4.3
Minority interests	51.6	58.5	+13.5
Provisions including social capital	77.3	77.2	–0.2
Liabilities	67.9	57.9	–14.9
Total equity and liabilities	**476.8**	**485.5**	**+1.8**

Cash-flow

Gross cash flow as an indicator of the Group's self-financing capability decreased slightly by 5.9% in 2008, to EUR 78.0 million. Cash flow from operating activities, which also takes into account changes in working capital, was down EUR 20.9 million, to EUR 56.1 million. Cash flow from investing activities amounted to EUR 2.7 million, which can be attributed to cash inflows from disposals of assets amounting to EUR 28.3 million, in particular the sale of financial assets. Expansion, replacement and rationalisation investments of the Semperit Group in intangible and tangible assets totalled EUR 27.6 million. The acquisition of the new subsidiaries led to a capital inflow of EUR 0.8 million. The net flows from the changes in marketable securities led to a capital inflow of EUR 1.9 million.

Gross cash flow in EUR million



The cash flow from financing activities amounting to minus EUR 20.1 million comprises the dividend payment of EUR 19.5 million for the 2007 financial year, and the dividend share of minority shareholders of EUR 2.6 million. The proceeds from capital increases amounting to EUR 2.4 million can be attributed to the cash inflow of the minorities developed from the aquisition of Sempermed Singapore. Cash and cash equivalents at the balance sheet date of December 31, 2008, which takes exchange rate changes into consideration, totalled EUR 107.3 million, or EUR 37.0 million higher than in the previous year.

As an indicator of the company's ability to finance investments from its own income, the cash flow ratio is calculated as the proportion of the gross cash flow to revenue. The Semperit Group achieved a cash flow ratio of 11.9% in 2008 (previous year: 13.6%).

Condensed cash flow statement

in EUR million	2007	2008	Change in %
Gross cash flow	82.9	78.0	–5.9
Cash flow from operating activities	77.0	56.1	–27.2
Cash flow from investing activities	–24.8	2.7	+110.9
Cash flow from financing activities	–31.9	–20.1	–37.0
Change in cash and cash equivalents	20.3	38.6	+90.7
Cash and cash equivalents at the end of the period	70.3	107.3	+52.7

Investments

Increase in investments

In 2008, the Semperit Group invested EUR 28.5 million in tangible, intangible and financial assets. The investments were primarily designed to expand capacity, as well as to rationalisation and modernisation projects. Of the total investments, EUR 7.1 million can be attributed to the Sempermed division, EUR 9.4 million to Semperflex, EUR 5.6 million to Semperform and EUR 5.9 million to the Sempertrans division.

Sempermed

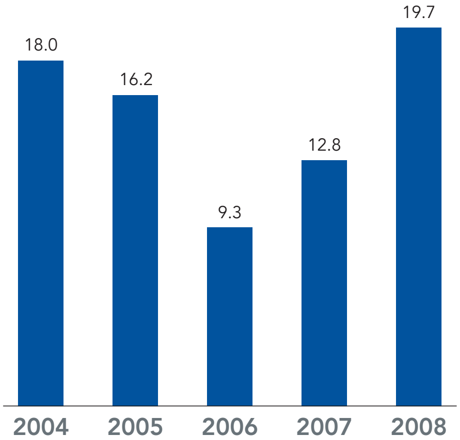
Higher revenue

In the 2008 financial year, the Sempermed division reported a 10.8% increase in revenue, to EUR 242.8 million. Business in the second half of the year was particularly gratifying, with sales rising significantly both in Europe and the USA. In addition to higher sales, the selling price rises carried out during the year as well as the increasing US dollar exchange rate against the euro starting in the middle of the year had a positive effect on overall revenue growth.

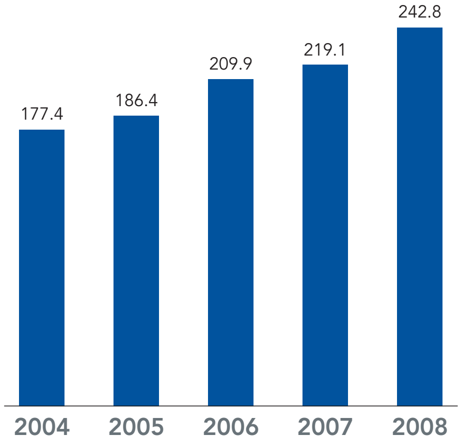
EBT: +53.4%

Despite the massive rise in raw material prices, the Sempermed division also succeeded in improving its earnings. This is primarily related to internal cost savings carried out at all production sites, as well as a consistent price policy. On this basis, earnings before tax climbed by EUR 6.9 million, to EUR 19.7 million.

EBT development in EUR million



Revenue development in EUR million



Business development in the segments

Expanded market shares for surgical gloves

Sempermed's business with surgical gloves in Europe, particularly for high quality, powder-free surgical gloves, was characterised by very good capacity utilisation in 2008. Sempermed managed to further increase its market share in its European core markets. Premium powder-free products already accounted for more than half of Sempermed's total sales.

Capacity expansion in Europe

A shortfall in production capacity which emerged during the first half of 2008 was overcome in the second half-year by installing a new production line at the Austrian plant in Wimpassing and a new packaging machine in Hungary. As a result, output climbed by more than 20% in the course of the second half of 2008.

Higher sales of examination gloves

Sales of examination gloves were also satisfactory in 2008. Sempermed also further raised its market share even in the core markets of this business segment. In the USA, Sempermed was particularly successful in the second half of 2008. The dynamic global demand for latex-free products was reflected extremely positively in the sales figures for nitrile examination gloves.

Productivity improvements in Asia

Sempermed achieved gratifying improvements in productivity at the manufacturing plant in Thailand for latex and nitrile examination gloves. Accordingly, Semperit Group projects designed to reduce the level of waste, scrap and weight were successfully concluded. In addition, technical progress made it possible to boost process stability. The situation was similar at the manufacturing facility in China, which produces Sempermed synthetic PVC gloves, where production processes were also improved, enabling the plant to achieve the targeted level of quality and output. Based on this progress, capacities will be further increased at both plants in 2009.

Acquisition of a sales subsidiary in Brazil

At the end of October 2008, Sempermed announced the purchase of a Brazilian sales and distribution company for medical gloves. The aim of this acquisition is to further expand market share in this important market, and establish a foothold in order to comprehensively penetrate the growth region of South America. The integration of the new subsidiary Sempermed Brazil Comèrcio Exterior Ltda. in the division's global distribution network will enable the Brazilian company to do business with large customers, an opportunity it did not previously have. Sempermed aims to considerably increase its market share in Brazil in 2009. The expansion of Sempermed's sales and distribution capabilities in the region was already initiated in 2008.

Investments

Investments: EUR 7.1 million

More than half of the EUR 7.1 million in investments made in the Sempermed division in 2008 were related to production capacity expansion and modernisation programmes in Austria and Hungary. Sempermed significantly boosted its capacities in Europe thanks to a new production line for surgical gloves and new packaging machine. The remaining investments involved the modernisation and upgrading of Asian factories, which enabled Sempermed to achieve considerable improvements in productivity.

Semperflex

First three quarters still satisfactory

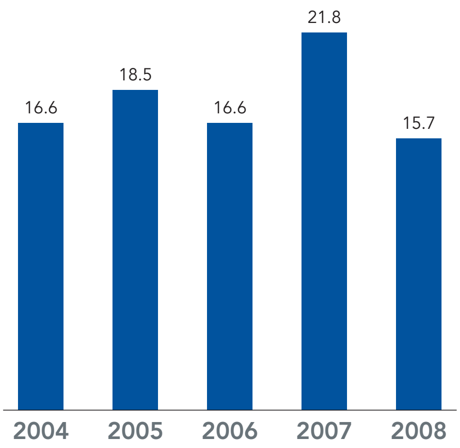
Growth in the Semperflex division slowed in 2008 following the exceptionally good results posted in 2007. In the fourth quarter of the period under review, the level of orders was significantly below the usual order volume. The economic crisis aroused a perceptible feeling of uncertainty on the part of Semperflex customers, which in turn negatively impacted the division's business. Nevertheless, due to the satisfactory order volume in the first three quarters of 2008, total revenue for the year as a whole amounted to EUR 166.0 million, an increase of EUR 4.3 million compared to the preceding year.

Earnings burdened

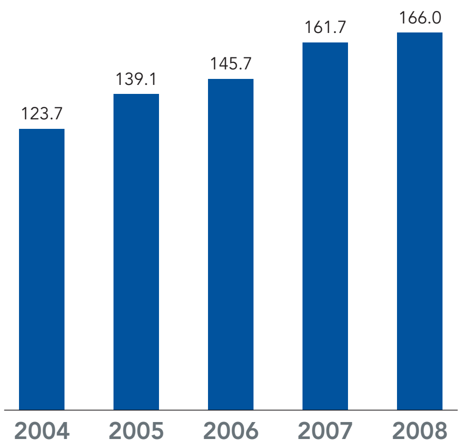
The massive price rises for raw materials had a significant effect on business during the 2008 financial year. The resultant cost increases could only be partially compensated for although several rounds of price negotiations were held with customers. In this case, the time delay between the increase in raw material costs and the implementation of selling price adjustments negatively affected earnings. All successfully implemented cost savings measures were not sufficient to counteract these developments. Accordingly, earnings before tax of the Semperflex division totalled EUR 15.7 million, a decline of 27.8% compared to EUR 21.8 million in 2007.

In December, Semperflex already initiated a series of restructuring measures designed to counteract the low order volume prevailing at the end of the year. Production workers in the Czech Republic, Italy and Austria were put on short time, employees had to take an extended Christmas vacation and personnel cutbacks were carried out if there was no other alternative.

EBT development in EUR million



Revenue development in EUR million



Business development in the segments

Semperflex Hydraulics boosts revenue

The hydraulic hose segment registered market share gains up until and including October 2008, and thus achieved satisfactory revenue growth. However, demand slumped in all markets in the months of November and December, which had followed a declining level of orders in the preceding months. Although the fourth quarter turned out to be particularly weak, the total annual revenue of the segment exceeded the performance of 2007.

Successful development in Southeast Asia

Business in Southeast Asia expanded very positively for Semperflex Hydraulics in 2008, thanks to extensive progress made in the division's market development efforts. In addition, the quality of the products manufactured in Thailand was considerably improved, which was well received not only in Asia but also by American customers. The company also intensified its expansion drive on the domestic market of China.

On the product side, Semperflex Hydraulics is expanding the production of braided hoses and enlarging the product portfolio for spiral hoses by including a new high performance line. In addition, cost savings were achieved in all factories on the basis of transport optimisation measures and a reduction in waste and scrap. In the field of research and development, Semperflex Hydraulics has been successfully working to reduce tolerance levels.

Semperflex Industrial slightly below 2007 results

In the first half of 2008, order volume in the industrial hose segment was generally higher than in the preceding year. However, starting in the third quarter, a weakening of demand already became apparent in several countries, for example Spain and Great Britain, which ultimately spread to the rest of Europe in the last two months of the year. On balance, sales generated by Semperflex Industrial were slightly below the comparable figures for 2007.

Stable revenue with elastomer sheeting

Revenue in the elastomer sheeting segment remained stable in the 2008 financial year. Order intake declined towards the end of the year. Nevertheless Semperflex factories were operating at full capacity due to full order books throughout the year. Business in the markets of France, Germany and Italy expanded in a gratifying manner, whereas demand in Great Britain and Spain declined somewhat due to the unfavourable economic climate.

Investments

Investments: EUR 9.4 million

Expansion of the Chinese hydraulic hose plant continued with the installation of an additional braiding machine. A new production line was put into operation in Italy during the second quarter of 2008 in order to increase capacity. In the 2008 financial year, investments in the Semperflex division totalled EUR 9.4 million.

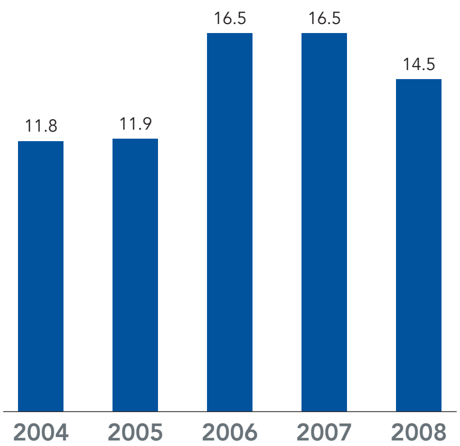
Semperform

Semperform revenue: +6.8%

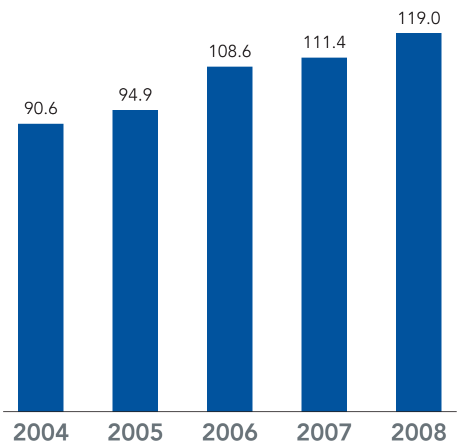
In the past financial year, total revenue of the Semperform division climbed by 6.8%, to EUR 119.0 million. Business developments varied among the individual segments. Growth was primarily achieved in the seal profile, handrail, railway superstructure and ski membrane segments. However, the economic downswing was clearly being felt in the fourth quarter, and dampened demand particularly for seal profiles and industrial moulded goods.

Semperform endeavoured to pass on the higher raw materials costs to its customers as did the other Semperit Group divisions, but could not fully compensate for the additional price burdens. For this reason, earnings before tax declined by 12.1%, to EUR 14.5 million.

EBT development in EUR million



Revenue development in EUR million



Business development in the segments

Cyclical weakness impacts profile business

Revenue from seal profiles for windows and doors in 2008 were significantly above the comparable level of 2007. However the economic crisis hit this segment with its full intensity towards the end of the year. In November and December, Semperform posted revenue losses in all European markets, and in particular demand in Eastern Europe declined rapidly. The higher material costs could only partially be passed on to customers in the form of upward selling price adjustments. Nevertheless, due to internal optimisation measures, earnings in this segment were slightly higher than in the previous year.

Revenue from handrails remains strong

Semperform achieved worldwide growth in its handrail business during the course of 2008. The trend towards relocating original equipment manufacturing (OEM) to Asia continued, and thus served as a further growth driver to Semperform's business in China. In absolute terms, the OEM business in Europe declined even further, but Semperform nevertheless managed to increase its market share in this segment. The business with spare parts developed satisfactorily around the world, with revenue and especially market shares rising in Europe and in the USA.

Weaker cable car business

Semperform's sales of cable car rings were not quite as satisfactory in 2008. The large cable car manufacturers produced a lower volume of cable car facilities, resulting in a decline of cable car rings for original equipment. Sales of spare parts could not compensate for this drop in demand.

Good sales volume for ski membranes

In contrast, sales of ski membranes were very good in 2008. This development is mainly related to increased demand for high quality skis, the production of which requires several layers of ski membranes.

High demand for intermediate rail layers

On balance, the railway superstructure segment also developed positively, in particular the business in intermediate layers for railway tracks. On this basis Semperform achieved a marked sales increase in France due to the approval of new products, which should continue in 2009.

The demand for filter membranes remained solid. In contrast, sales of moulded industrial parts, pipe construction and sanitary fittings stagnated at the previous year's level, due to the fact that demand declined somewhat towards the end of the year in the light of the economic downturn.

Investments

Increased capacities

In the 2008 financial year, the Semperform division invested a total of EUR 5.6 million to raise capacity, carry out maintenance and repair work and modernise its facilities. Three new injection moulding machines for manufacturing moulded goods were purchased and put into operation at the Austrian facility in Wimpassing. The new machinery is designed to overcome the capacity shortfalls identified at the beginning of 2008 for the railway structure and pipe construction segments, and simultaneously ensure sufficient long-term capacity reserves. Semperform installed additional automatic coiling machines in Germany and a state-of-the-art palletisation facility as a means of increasing the level of automation in the production of seal profiles. An additional production line was put into operation in China, further boosting capacity in 2008.

Sempertrans

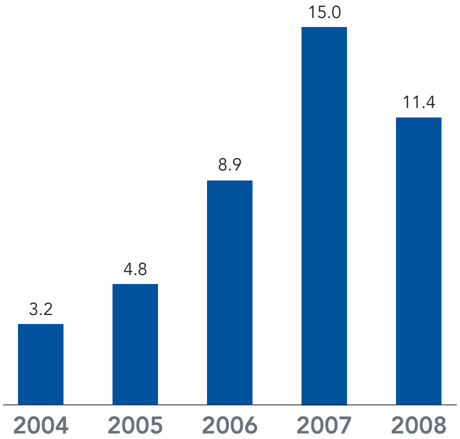
Satisfactory order situation

The Sempertrans division registered a satisfactory level of orders throughout the year 2008, however incoming orders from CIS fell in the fourth quarter, and in isolated cases orders were deferred. On this basis, revenue was up 10.2% from 2007, to EUR 127.5 million.

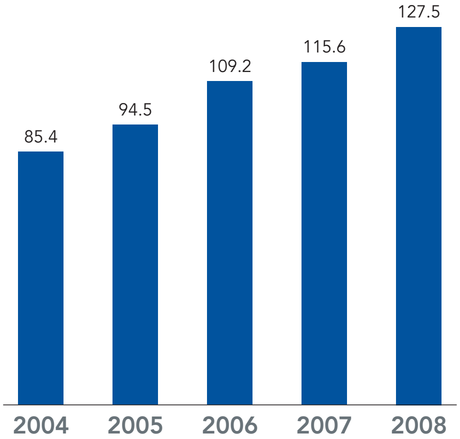
Decline in profit margin

Sempertrans could only compensate for the drastic rise in raw material costs by raising selling prices with a certain time lag. Because of high order volume many orders had to be carried out at higher costs than when the contracts were originally signed and selling prices were stipulated. The result was a decrease in the profit margin for Sempertrans. The division achieved earnings before tax of EUR 11.4 million in 2008, compared to EUR 15.0 million in the previous year.

EBT development in EUR million



Revenue development in EUR million



Business development in the segments

Full capacity utilisation at all production plants

All production facilities of the Sempertrans division were operating at full capacity in 2008 based on good global demand. The large number of orders placed by the mining sector made a major contribution to the division’s success. Revenue from both metal and textile belts expanded. However, there was a perceptible increase in competition from Asian manufacturers in the textile belt segment.

Production capacity almost doubled in India

The refitting and upgrading of machinery as well as the cleaning of press lines at the Polish plant were accelerated, enabling a further increase in output without having to expand capacity. In particular, the output of higher quality metal bands was continually raised. A new press line and a new calendar machine were installed at the Indian plant, which came close to doubling total production capacity until the end of 2008, thus laying the basis for further growth in the upcoming year.

Production impaired in France

Production at the French Sempertrans plant in the first half-year was satisfactory. However, in the second half-year the plant was faced with production problems, due to the demand voiced by the company's management for a longer working week, which was met with repeated and regular work stoppages under the organisation of the labour representatives.

Investments

Investments: EUR 5.9 million

Investments at Sempertrans amounting to EUR 5.9 million were primarily related to modernisation and maintenance expenditures in Poland along with capacity expansion in India. Further investments are planned for these two factories in the upcoming years.

Risk management

Identification and analysis

The basis for the risk management policy of Semperit is the early identification and evaluation of risks and opportunities. The company only takes risks if the perceived benefits clearly outweigh risks. This is made possible in particular by focusing on the core business activities of the Semperit Group, long-term experience in the field and the significant market position achieved by Semperit in its markets.

Management of risks

Risk policy comprises a core component of Semperit's corporate management. Accordingly, the management of earnings and risks in all business areas are closely interrelated to each other. The Management Board decides on the process to be applied in order to monitor risks. The implementation of risk management is coordinated by the responsible managers, who report directly to the Management Board. Based on this information, the management evaluates the current risk situation, taking into consideration the risk-bearing capacity and the corresponding risk limits.

Evaluation through auditors

The top priority of Semperit's risk management is to prevent dangers from occurring and to cushion against their impact while simultaneously exploiting the company's earnings potential. If economically feasible, suitable hedging instruments are implemented or Group-wide insurance policies concluded to cover risks. The effectiveness of the company's risk management system, as far as it applies to the consolidated financial statements, was evaluated by the auditor on the basis of the prepared documents and was reported to the Management Board as well as to the Supervisory Board.

Risk management at Semperit is subject to guidelines which stipulate goals, underlying principles, responsibilities and competencies. In accordance with these binding guidelines, the operational risk management is delegated to each organisational unit to which the respective risk is assigned.

Existing risks

Semperit is subject to a broad variety of risks. In addition to economic risks, the company is affected by external factors such as political conditions and natural events. The primary risks faced by the company are identified and evaluated once a year within the context of normal planning processes.

Market risk

On the basis of the diversification in four divisions and a broad geographical distribution of business operations featuring production facilities on three continents, specific market and product risks never threaten the entire Group, but only parts of it. This enables Semperit to naturally compensate for market risks.

Global economy risks always exist. However, the Group's differentiated structure based on four divisions significantly reduces this risk, especially in times of weak economic activity. The favourable cost structure and a solid equity base also serve to ensure competitiveness.

Procurement risk

As a production company, Semperit is dependent on the availability of required raw materials at the right time and in the desired quality. Otherwise, the consequence would be production interruptions. Semperit purchases large quantities of natural and synthetic rubber, fillers, chemicals and reinforcing materials made of textiles and steel. The company boasts a broad spectrum of suppliers due to its longstanding experience in the rubber industry. In addition to reliability and quality, price is the most important criteria in selecting suppliers. For this reason, Semperit's procurement departments continually search for alternative providers. Semperit counteracts the risk of an insufficient supply of individual raw materials by working to develop cost-effective alternatives within the context of its research and development work.

Credit risk

Semperit has a diversified and geographically spread customer base, which excludes concentration risk with individual customers. No customer accounts for more than 2% of total Group sales. Default risk in which the counterparty to a transaction is unable to meet its contractually stipulated payment obligations is limited by ongoing evaluations of a customer's creditworthiness, as well as credit insurance on trade receivables. Bank guarantees are required in some cases.

Currency risk

Semperit is subject to currency risks as a result of its internationally-oriented business operations. Currency risks are continually evaluated and hedged by appropriate financial instruments within the framework of a centralised foreign exchange risk management. The most important currencies requiring hedging against currency fluctuations are the US dollar, Thai baht, British pound sterling, the Polish zloty, Czech koruna and the Hungarian forint. Semperit does not make use of any derivative financial instruments for speculative purposes.

The focus of research and development (R&D) within the Semperit Group is on further advances with regard to materials, manufacturing processes and product quality to the benefit of customers, the environment and the company. Thus, the business areas are supported in achieving their operational targets and implementing high quality standards.

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

Cost reduction measures

One important goal of Semperit's R&D activities is a minimisation of production costs, regardless of whether this is achieved by material savings, the optimisation of existing production processes, or the development of innovative manufacturing processes. Indeed, in the light of the continuous increase in raw material costs, reductions in materials consumption and the use of alternative materials are top priorities. Another important task is the development of innovative solutions to fulfil specific market and customer requirements. A variety of projects were launched in the 2008 financial year in all areas.

Sempermed develops a new latex cross-linking process

New product planned for 2010

During 2008, R&D activities within the Sempermed division again provided significant results. For example, in the basic research sector, a new latex cross-linking process was developed in collaboration with the Polymer Competence Center Leoben. This innovative vulcanisation technique enables the replacement of the chemical substances previously employed for the acceleration of the cross-linking process with the aim of producing allergen-free latex products without the use of sensitising or allergenic chemicals. Further research projects in this area are concerned with integrating this process into production. A new product will probably be launched on to the market in 2010.

The introduction of a new process for material thickness optimisation has resulted in a marked improvement in the quality of PVC examination glove production. Numerous projects for the fulfilment of specific customer demands in the latex examination glove sector were also successfully implemented.

2009 should also see greater use of the potential derived from the WOM (Waste of Material) initiative. In addition, work is to be carried out on the automation of the surgical glove packing process in cooperation with a packaging producer.

Semperflex makes savings through more exact production processes

Two new premium product lines

Various projects aimed at optimising product quality and precision were completed the Semperflex division. These included a tightening of tolerances in mandrel production and in the spiralled coiled hose segment, which is of particular strategic importance to Semperit, two premium product lines reached market-readiness. In addition, the range of industrial hoses has been supplemented by new products designed to meet customer stipulations.

Semperform develops products for special customer requirements

New products

The Semperform division completed a targeted review of the possibilities for the further development of its products in all areas. In the railway superstructure segment, work was carried out on sleeper shock absorption elements, which facilitate a reduction in maintenance work, and on the development of intermediate layers for improved spring rigidity regulation.

A new calculation programme was installed for injection moulded components, which determines precisely the vulcanisation time required for every mixture and, in many cases, allows a shortening of the process.

In the handrail segment, work continued on the production of a new product that will meet changed customer requirements in an optimum manner. During the 2009 financial year, the development of a new fabrication system for the location in China will form the centrepiece of R&D activities.

2008 also saw the development and public debut of a new generation of sealings for window manufacture. The new product constitutes an excellent alternative to co-extruded sealings and has already been met with a positive market response.

Expansion of the Sempertrans product portfolio to meet new standards

New requirements from deep mining

The Sempertrans division of the Semperit Group again expanded its product portfolio in the course of 2008. In particular, numerous developments were implemented for the fulfilment of customer requirements and the meeting of standard stipulations in the deep mining sector.

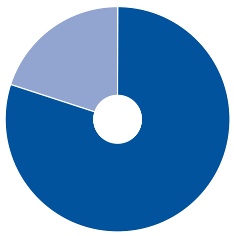
The vulcanisation times for the production of steel ropes and textile conveyor belts were reduced markedly through improvements in the production process. Further savings with regard to the consumption of materials, material costs and manufacturing processes were also successfully realised.

Successful cooperation with external institutions

K*plus* centres are important partners

Semperit has been collaborating with external research institutions for many years, particularly in the field of basic research. In addition to cooperation with Austrian and foreign universities, the so-called K*plus* centres play a major role in Semperit's R&D activities. K*plus* centres are research facilities established jointly for a limited period by business and scientific experts for the express purpose of carrying out top level research of academic and commercial relevance. For example, within the framework of this scheme, Semperit is completing studies for handrail, glove and filter membranes in cooperation with the Polymer Competence Center Leoben.

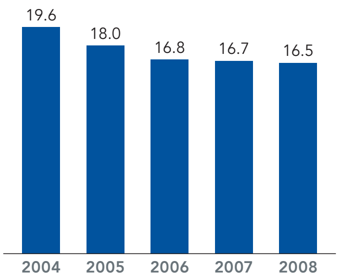
Split blue-collar/ white-collar employees



In the 2008 financial year, the Semperit Group employed an average of 7,064 people worldwide (previous year: 7,118), of which 5,637 were blue-collar and 1,427 white-collar employees. In the first half of the year, many Semperit Group companies hired employees in order to fulfil the good level of orders. At the end of the year, there was a reduction in the number of staff in the cyclically dependent business areas, particularly in the Semperflex division.

The personnel policy of the Semperit Group is generally based on compensating for short-term fluctuations in personnel requirements by means of staff holidays, a reduction in overtime and a flexitime account. However, due to the drastic change in the order volume, it became necessary for the Semperit Group to reduce the number of production shifts at the end of 2008. As a consequence, a corresponding adjustment of personnel capacities in the affected manufacturing plants was unavoidable.

Personnel expenses as a % of operating revenues



The ratio of personnel expenses to operating revenues in the 2008 financial year was 16.5% (previous year: 16.7%). This reduction in the relative level of personnel expenses can be primarily attributed to further improvements in productivity.

Employees as a success factor

Competent and motivated employees are essential factors in the successful business development of the Semperit Group, particularly in difficult times. Their expertise, commitment and hard work serve as the basis for the sustainable success of the company. For this reason, Semperit strives to attract and retain the best employees, offering an attractive workplace within the context of an international work environment with interesting training and professional development opportunities.

Personnel development and further education

Customised training and continuing education

Semperit concentrates its efforts on promoting its own human resources, and thus invests in the professional development and further education of its employees. As a consequence, a broad offering of training and continuing education courses also including the promotion of social competences are made available to employees and from that each employee can choose his or her own customised, tailor-made training programmes. In addition, individual further education requirements are fulfilled on the basis of relevant internal and external trainings.

Cooperation with universities and research institutions

Early contact with high potentials

An important challenge for Semperit's human resources management is to plan and fulfil the company's need for qualified employees. Semperit closely cooperates with universities of applied sciences and colleges in Austria and other countries in order to get in touch with graduates at an early stage. The aim is to arouse interest in Semperit as a potential employer, and attract highly qualified and promising people to the company. For this purpose, plant tours were once again organised for professors and students during the period under review. Students were provided with assistance with their dissertations, and presentations were held at universities. In addition, pupils and students were given the opportunity to gain work experience in the context of internships.

International exchange of know-how and experience

Development of best practices

The internationalisation of Semperit's business operations has made the ongoing exchange of know-how and experience increasingly important throughout the Group. In order to facilitate communications among the individual production locations, international meetings of technicians and sales staff were also held in the 2008 financial year. In addition to promoting more extensive networking within the Group, these meetings were designed to raise the efficiency of all relevant operational processes. Moreover, employees were deployed to work in associated companies for limited periods of time.

Efficient use of resources

The production of Semperit products automatically entails waste gas emissions in air and water and waste materials to an extent which is customary in the sector. Semperit attaches particular importance to the economical and prudent use of natural resources in all aspects of its business operations, not only to increase profitability, but also in the light of the company's corporate social responsibility to people and the environment. Measures designed to minimise the environmental impact are locally managed by the respective production plants. Generally speaking, the company increasingly relies on resource-saving technologies, and constantly invests in the modernisation and automation of its facilities. In recent years, the Semperit Group has succeeding in exploiting cost savings potential, for example based on the reduction of specific raw material and energy consumption. A key focal point of all expansion and modernisation investments carried out by the Semperit Group is the minimisation of resource use and the optimisation of all required production processes.

The glove factory in Thailand, which requires the largest volume of thermal energy, serves as an environmental role model in respect to protecting the environment and saving energy. For more than ten years, the required heat has been produced with the help of a biomass-heat plant. The boiler plants, based on rubber tree wood, supply 100% of the required thermal energy, which can be derived in a CO_2 neutral and environmentally compatible manner. Rubber tree wood is a byproduct of the rubber industry that is used by the timber industry or as an energy source at the end of its life cycle. The company is continually working on further improving energy efficiency.

Prudent selection of raw materials

In order to minimise the burden on the environment, Semperit places great importance on the proper selection of raw materials and supplies. The company does not use forbidden materials. The Semperit Group is committed to supporting the REACH guidelines (Registration, Evaluation and Authorisation of Chemicals), which took effect in 2007. The aim of this initiative is to promote the responsible use of chemical substances. Semperit is closely cooperating with national facilities institutions and EU platforms, which submit recommendations for courses of action which are compatible with the REACH guidelines. This approach also encompasses the targeted coordination with customers and suppliers, in order to ensure an effective exchange of information on the chemical substances which are being used.

Reduction of waste and scrap material

Semperit's waste management activities are also oriented towards responsible environmental behaviour. The priority is not only ensuring the environmentally compatible disposal of waste materials arising from everyday business operations, but the prevention and reduction of waste as much as feasibly possible. The project WOM (Waste of Material) designed to reduce the production of waste and scrap material, which was initiated some time ago, was once again remarkably successful in 2008.

Most of the unavoidable waste is collected, separated, sorted according to specific categories and disposed of in an orderly manner by externally licensed companies. Part of the rubber waste is recycled and processed into rubber flour, which in turn can be reused in the production process.

Legally prescribed wastewater disposal

All the wastewater arising from Semperit's production processes is disposed of in accordance with prevailing local regulations. If necessary, the company has installed its own wastewater plants which operate in line with valid regulatory requirements. Any dirt residues are subject to professional waste disposal.

Recessionary environment

Leading economic research institutes expect negative global economic growth of at least 0.5% for the year 2009. However, ongoing adjustments being made to the published figures underline the high level of uncertainty in respect to the reliability of this forecast. A sustainable market recovery is only likely to take place once the financial sector has rebounded and credit markets function effectively again. Experts anticipate a gross domestic product (GDP) decline of 1.2% in the eurozone. According to the Austrian Institute of Economic Research, the extraordinarily expansive fiscal policy in Austria will limit the extent of the slowdown somewhat.

Decline in raw material prices

In terms of raw material costs, the market for the most crucial raw materials required by Semperit is expected to relax. Because the decrease in oil prices, which occurred in 2008, is reflected in lower procurement prices for synthetic rubber and chemicals after a given time lag, price reductions for the most important products and grades took place in the first month of 2009. The price for natural rubber also fell at the beginning of the 2009 financial year.

Difficult year for Semperit

On balance, the Semperit Group sees itself confronted with a difficult financial year ahead in 2009 as a consequence of extremely challenging business conditions. The perceptible decline in demand which had already negatively affected several segments in 2008 is expected to continue on the basis of the weak cyclical environment. Moreover, we must consider that selling prices will be put under pressure from the market over the course of the year. From today's perspective, it is not yet possible to precisely predict how long the economic downswing will last. In any case, the Sempermed division will serve as a stabilising factor, due to its ongoing success in expanding sales despite the gloomy business environment.

Investments 2009

Capacity expansion at Sempermed

Capacities will be further expanded at Sempermed as a consequence of the good level of orders. Two new production lines will be put into operation in both Thailand and China. Investments in the other divisions in 2009 will primarily focus on rationalisation and modernisation projects. The goal for the 2009 financial year is to achieve the highest possible utilisation of existing capacities.

Outlook for divisions

Sempermed: further growth

The Sempermed division expects good demand for surgical and examination gloves in 2009 featuring growth in all markets. The goal is to further expand sales and market shares based on the good cost position achieved in recent years.

Semperflex: focus on spare parts business

The sales potential in the Semperflex division for the 2009 financial year is primarily with spare parts. This business segment mainly supplies wholesalers and distributors. Accordingly, it is not exclusively dependent on new investment activity but can profit from the spare parts business, which is considerably less cyclically dependent. Against this backdrop, the business target is to increase the volume supplied to existing customers as well as acquire new ones.

Inconsistent development for Semperform

The Semperform division is likely to benefit from a positive development of the railway superstructure and filter membrane segments, which reported full order books at the beginning of 2009. The focus of Semperform's customers on new markets such as China and South America, where cable cars are used as a substitute for underground railways, could potentially lead to increasing demand for cable car rings. Semperform expects approval of new innovative products in the industrial moulded good segment in the first quarter of 2009, which will bring about higher order volume in subsequent months. Demand for new handrails and spare parts has been on the decline since January 2009. The level of orders for ski membranes was significantly dampened in January, with the business not expected to recover before the second half of 2009.

Sempertrans: satisfactory development expected

Demand in the Sempertrans division has been lower, particularly in Western Europe. In contrast, the Polish subsidiary was able to win several large contracts. Further sales potential exists for exporting to Asia and Africa, based on the low market share of the company in these regions as well as the good competitive position of Semperit products.

All in all, the outlook for 2009 is very divergent for the various divisions of the Semperit Group, and is subject to many uncertainties at the present time. In 2008, the Semperit Group already initiated a series of measures designed to increase profitability through reduced fixed costs and further process optimisation in its business operations. In addition, the decrease in raw material prices should relieve to some extent the tight material cost situation. Due to the good competitive position and a solid equity capital structure, Semperit expects to emerge even stronger from the crisis and gain market shares in the end.

Vienna, March 5, 2009

The Management Board

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets

in TEUR	Note	31.12.2007	31.12.2008
Intangible assets	(4.1)	2,565.3	5,004.2
Tangible assets	(4.1)	160,430.3	157,930.6
Financial assets	(4.1)	37,260.9	4,735.9
Non-current trade receivables	(4.3)	7.2	4.6
Other non-current receivables	(4.3)	919.1	856.5
Deferred charges	(4.3)	496.1	456.0
Deferred taxes	(4.4)	9,109.5	9,918.1
Non-current assets		**210,788.4**	**178,905.9**
Inventories	(4.2)	89,966.4	96,421.1
Current trade receivables	(4.3)	91,681.1	86,829.2
Other current receivables	(4.3)	10,378.5	13,662.9
Cash and cash equivalents		70,284.4	107,330.9
Financial investments in securities		2,174.3	225.5
Deferred charges	(4.3)	1,571.3	2,166.2
Current assets		**266,056.0**	**306,635.8**
Assets		**476,844.4**	**485,541.7**

Equity and liabilities

in TEUR		31.12.2007	31.12.2008
Share capital		21,359.0	21,359.0
Capital reserves		21,503.2	21,503.2
Revenue reserves		232,412.3	250,523.5
Currency translation adjustmets		4,697.0	–1,441.6
Minority interest		51,576.2	58,544.0
Capital and reserves	(4.5)	**331,547.7**	**350,488.1**
Provisions for pensions and severance payments	(4.6)	43,820.6	44,556.2
Provisions for deferred taxes	(4.4)	2,274.3	2,462.0
Other non-current provisions	(4.6)	11,895.9	13,642.7
Non-current financial liabilities	(4.7)	4,106.9	5,677.8
Non-current trade payables		184.9	46.5
Other non-current liabilities		616.3	473.6
Deferred charges		258.4	234.4
Non-current provisions and liabilities		**63,157.3**	**67,093.2**
Current tax provisions	(4.6)	3,922.4	2,100.7
Other current provisions	(4.6)	15,399.8	14,408.7
Current financial liabilities	(4.7)	2,546.4	1,251.7
Current trade payables		40,098.7	30,506.2
Prepayments		904.1	444.9
Other current liabilities		19,045.3	18,660.7
Deferred charges		222.7	587.5
Current provisions and liabilities		**82,139.4**	**67,960.4**
Equity and liabilities		**476,844.4**	**485,541.7**

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

in TEUR	Note	2007	2008
Earnings after tax		47,688.9	44,877.3
Depreciation/write-ups of non-current assets		37,425.7	31,510.7
Profit and loss from asset disposal		1,494.6	3,329.1
Changes in non-current provisions	(4.6)	–2,115.9	2,670.0
Changes in non-cash items resulting from currency translation adjustments, changes in minority interests and other		–1,558.9	–4,360.1
Gross cash flow		**82,934.4**	**78,027.0**
Increase/decrease in inventories	(4.2)	–5,416.9	–5,606.1
Increase/decrease in trade receivables	(4.3)	–9,769.7	2,379.4
Increase/decrease in other receivables and deferred charges	(4.3)	–1,796.5	–4,555.6
Increase/decrease in trade payables and prepayments	(4.7)	6,503.9	–10,213.2
Increase/decrease in other liabilities, current provisions and deferred charges	(4.7)	4,549.3	–3,957.8
Cash flow from operating activities		**77,004.5**	**56,073.7**
Proceeds from the sale of assets		4,223.4	28,286.8
Investments in tangible and intangible assets		–24,985.4	–27,576.8
Investments in financial assets		–1,913.2	–765.7
Aquisition of subsidiaries less net cash		0.0	801.7
Net proceeds from the sale of financial investments in securities		–2,143.0	1,948.8
Cash flow from investing activities		**–24,818.2**	**2,694.8**
Net redemption of current and non-current financial liabilities	(4.7)	–16,243.5	–234.9
Dividends		–17,281.7	–19,544.8
Dividends to minority interest		–381.6	–2,558.5
Changes in financial liabilities resulting from currency translation adjustments		1,230.8	–157.1
Proceeds from capital increases		759.9	2,364.8
Other		0.0	8.9
Cash flow from financing activities		**–31,916.1**	**–20,121.6**
Change in cash and cash equivalents		**20,270.2**	**38,646.9**
Effects of exchange rate fluctuations on cash and cash equivalents		118.9	–1,600.4
Cash and cash equivalents at the beginning of the period		49,895.3	70,284.4
Cash and cash equivalents at the end of the period		**70,284.4**	**107,330.9**

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

CONSOLIDATED INCOME STATEMENT

in TEUR	Note	2007	2008
Revenue	(5.1)	**607,847.4**	655,292.0
Changes in inventories		1,262.2	5,025.6
Own work capitalised		862.3	1,364.3
Operating revenue		**609,971.9**	**661,681.9**
Other operating income	(5.2)	13,232.7	25,101.3
Cost of materials	(5.3)	–338,265.1	–381,929.4
Personnel expenses	(5.4)	–101,649.7	–109,287.8
Depreciation and amortisation		–31,769.2	–29,179.8
Other operating expenses	(5.5)	–87,593.9	–107,699.3
Earnings before interest and tax (EBIT)		**63,926.7**	**58,686.9**
Income from participations		83.4	108.4
Interest result		712.4	3,215.0
Other financial results		–5,098.0	–3,907.6
Financial results	(5.6)	**–4,302.2**	**–584.2**
Earnings before tax (EBT)		**59,624.5**	**58,102.7**
Income taxes	(5.7)	–11,935.6	–13,225.4
Earnings after tax		**47,688.9**	**44,877.3**
thereof minority interest		–3,073.2	–7,269.4
thereof Semperit AG shareholders (net profit for the period)		44,615.7	37,607.9
Earnings per share (outstanding shares)	(7.1)	2.17	1.83
Earnings per share (weighted shares)		2.17	1.83
Paid or proposed dividend per share in EUR		0.95	1.09

The notes to the consolidated financial statements comprise an integral part of this consolidated income statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TEUR	Share capital	Capital reserves	Revenue reserves	Revaluation reserve	Currency translation	Semperit AG shareholders	Minority interest	Total
Balance at 31.12.2006	**21,359.0**	**21,503.2**	**205,292.6**	**–55.4**	**3,918.1**	**252,017.5**	**51,070.6**	**303,088.1**
Net profit			44,615.7			44,615.7	3,073.2	47,688.9
Valuation gains/losses for financial assets not recognised in profit or loss				–158.9		–158.9		–158.9
Currency translation adjustments					778.9	778.9	–2,945.9	–2,167.0
Total recognised profits and losses	**0.0**	**0.0**	**44,615.7**	**–158.9**	**778.9**	**45,235.7**	**127.3**	**45,363.0**
New minority interest						0.0	759.9	759.9
Dividends			–17,281.7			–17,281.7	–381.6	–17,663.3
Balance at 31.12.2007	**21,359.0**	**21,503.2**	**232,626.6**	**–214.3**	**4,697.0**	**279,971.5**	**51,576.2**	**331,547.7**
Net profit			37,607.9			37,607.9	7,269.4	44,877.3
Valuation gains/losses for financial assets not recognised in profit or loss				39.3		39.3		39.3
Currency translation adjustments					–6,138.6	–6,138.6	544.7	–5,593.9
Total recognised profits and losses	**0.0**	**0.0**	**37,607.9**	**39.3**	**–6,138.6**	**31,508.6**	**7,814.1**	**39,322.7**
New minority interest						0.0	1,712.1	1,712.1
Dividends			–19,544.8			–19,544.8	–2,558.5	–22,103.3
Other			8.9			8.9		8.9
Balance at 31.12.2008	**21,359.0**	**21,503.2**	**250,698.6**	**–175.0**	**–1,441.6**	**291,944.2**	**58,543.9**	**350,488.1**

The following notes to the consolidated financial statements comprise an integral part of this consolidated statement of changes in equity.

in TEUR	Acquisition/construction costs Balance at 1.1.2007	Change in the consoli-dation range	Currency translation differences	Additions	Disposals	Transfers	Balance at 31.12.2007
I. Intangible assets							
Software licenses, industrial property rights and similar rights	10,629.7	0.0	58.6	228.3	–502.3	53.0	10,467.3
Goodwill	2,124.7	0.0	–33.8	0.0	0.0	0.0	2,090.9
Prepayments	104.1	0.0	–10.7	4.3	0.0	–2.8	94.9
	12,858.5	**0.0**	**14.1**	**232.6**	**–502.3**	**50.2**	**12,653.1**
II. Tangible assets							
Land and buildings, including buildings on land owned by third parties	114,159.3	0.0	384.8	1,757.7	–671.9	5,415.0	121,044.9
Machinery and equipment	259,759.0	0.0	–135.6	5,841.9	–4,132.0	17,510.0	278,843.3
Fixtures, fittings, tools and equipment	64,864.2	0.0	–1,547.6	4,119.4	–2,831.5	3,717.4	68,321.8
Prepayments and assets under construction	22,838.3	0.0	–817.6	13,033.8	0.0	–26,692.6	8,361.9
	461,620.8	**0.0**	**–2,116.0**	**24,752.8**	**–7,635.4**	**–50.2**	**476,571.9**
III. Financial assets							
Investments in subsidiaries	403.9	0.0	0.0	0.0	0.0	0.0	403.9
Investments in associated companies	289.5	0.0	0.0	83.4	–97.4	0.0	275.5
Other investments	11.9	0.0	39.4	44.7	–23.3	0.0	72.7
Securities	40,709.9	0.0	–47.1	1,865.8	–3,896.5	0.0	38,632.2
Loans granted	85.2	0.0	–0.2	2.7	–2.8	0.0	84.9
	41,500.4	**0.0**	**–7.9**	**1,996.6**	**–4,020.0**	**0.0**	**39,469.2**
	515,979.7	**0.0**	**–2,109.8**	**26,982.0**	**–12,157.7**	**0.0**	**528,694.2**

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

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

CHANGES IN FIXED AND FINANCIAL ASSETS 2008

in TEUR	Balance at 1.1.2008	Change in the consoli-dation range	Currency translation differences	Additions	Disposals	Transfers	Balance at 31.12.2008
	Acquisition/construction costs						
I. Intangible assets							
Software licenses, industrial property rights and similar rights	10,467.3	1,302.6	–24.1	555.1	–28.3	245.7	12,518.3
Goodwill	2,090.9	787.8	12.9	0.0	0.0	0.0	2,891.6
Prepayments	94.9	0.0	4.1	19.4	0.0	–4.3	114.1
	12,653.1	**2,090.4**	**–7.1**	**574.5**	**–28.3**	**241.4**	**15,524.0**
II. Tangible assets							
Land and buildings, including buildings on land owned by third parties	121,044.9	0.0	–993.7	1,401.6	–235.2	1,220.6	122,438.2
Machinery and equipment	278,843.3	0.0	–3,088.9	9,471.8	–3,559.3	15,122.0	296,788.9
Fixtures, fittings, tools and equipment	68,321.8	96.4	–272.1	3,337.8	–2,269.4	–3,118.4	66,096.1
Prepayments and assets under construction	8,361.9	0.0	–125.9	12,791.1	–22.9	–13,465.6	7,538.6
	476,571.9	**96.4**	**–4,480.6**	**27,002.3**	**–6,086.8**	**–241.4**	**492,861.8**
III. Financial assets							
Investments in subsidiaries	403.9	0.0	0.0	0.0	0.0	0.0	403.9
Investments in associated companies	275.5	0.0	0.0	108.4	0.0	0.0	383.9
Other investments	72.7	0.0	–55.5	0.0	–17.2	0.0	0.0
Securities	38,632.2	0.0	2.6	763.2	–33,577.5	0.0	5,820.5
Loans granted	84.9	0.0	–0.5	2.5	–2.4	0.0	84.5
	39,469.2	**0.0**	**–53.4**	**874.1**	**–33,597.1**	**0.0**	**6,692.8**
	528,694.2	**2,186.8**	**–4,541.1**	**28,450.9**	**–39,712.2**	**0.0**	**515,078.6**

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

Depreciation/write-ups									Book value	
Balance at 1.1.2008	Currency translation differences	Change in the consoli-dation range	Deprecia-tion for the year 2008	Disposals	Transfers	Write-ups for the year 2008	Changes not recognised in the income statement	**Balance at 31.12.2008**	Carrying amount at 31.12.2008	Carrying amount at 31.12.2007
9,997.2	–32.9	0.0	442.1	–28.3	47.0	0.0	0.0	10,425.1	2,093.2	470.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,891.6	2,090.9
90.6	4.1	0.0	0.0	0.0	0.0	0.0	0.0	94.7	19.4	4.3
10,087.8	**–28.8**	**0.0**	**442.1**	**–28.3**	**47.0**	**0.0**	**0.0**	**10,519.8**	**5,004.2**	**2,565.3**
63,636.0	–922.0	0.0	3,527.8	–103.1	0.0	0.0	0.0	66,138.7	56,299.5	57,408.9
202,262.1	–3,254.0	0.0	19,930.4	–3,177.6	0.0	0.0	0.0	215,760.9	81,028.0	76,581.2
50,111.2	–283.4	49.7	5,227.9	–2,220.9	–47.0	0.0	0.0	52,837.5	13,258.6	18,210.6
132.3	12.1	0.0	51.7	–2.0	0.0	0.0	0.0	194.1	7,344.5	8,229.6
316,141.6	**–4,447.3**	**49.7**	**28,737.8**	**–5,503.6**	**–47.0**	**0.0**	**0.0**	**334,931.2**	**157,930.6**	**160,430.3**
369.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	369.0	34.9	34.9
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	383.9	275.5
72.7	11.1	0.0	0.0	–17.2	0.0	–66.6	0.0	0.0	0.0	0.0
1,694.9	2.6	0.0	2,397.5	–2,547.0	0.0	0.0	–31.3	1,516.7	4,303.8	36,937.3
71.7	–0.5	0.0	0.0	0.0	0.0	0.0	0.0	71.2	13.3	13.2
2,208.3	**13.2**	**0.0**	**2,397.5**	**–2,564.2**	**0.0**	**–66.6**	**–31.3**	**1,956.9**	**4,735.9**	**37,260.9**
328,437.7	**–4,462.9**	**49.7**	**31,577.4**	**–8,096.1**	**0.0**	**–66.6**	**–31.3**	**347,407.9**	**167,670.7**	**200,256.5**

Strategic areas (primary segments)

in TEUR	Sempermed	Semperflex	Semperform	Sempertrans	Other and Group eliminations	Group
2008						
Revenue[1]	242,839.2	165,953.4	119,041.3	127,458.1	0.0	655,292.0
Earnings before tax (EBT)	19,694.5	15,718.0	14,535.9	11,394.7	–3,240.4	58,102.7
Financial results	–184.6	73.8	63.9	572.3	–1,109.7	–584.2
Depreciation and amortisation	–9,074.4	–11,971.7	–5,307.0	–2,786.9	–39.8	–29,179.8
Assets	152,634.2	142,957.8	73,138.4	88,545.4	28,265.9	485,541.7
thereof financial assets	27,198.2	22,112.0	21,812.2	10,546.1	25,534.6	107,203.1
Liabilities	36,929.6	25,259.2	23,879.6	23,935.5	25,049.7	135,053.6
thereof liabilities due to banks	6,424.0	235.1	235.1	35.3	0.0	6,929.5
Investments	7,143.0	9,438.6	5,559.3	5,894.6	415.4	28,450.9
Employees	3,970	1,529	731	809	25	7,064
2007						
Revenue[1]	219,086.1	161,722.1	111,427.9	115,611.2	0.0	607,847.4
Earnings before tax (EBT)	12,837.5	21,756.2	16,531.3	15,010.3	–6,510.8	59,624.5
Financial results	–575.5	–98.3	246.1	476.1	–4,350.6	–4,302.2
Depreciation and amortisation	–10,868.2	–12,740.4	–5,551.1	–2,537.2	–72.3	–31,769.2
Assets	137,690.8	135,035.1	68,914.8	96,185.1	39,018.6	476,844.4
thereof financial assets	17,660.1	16,722.0	19,687.7	15,460.1	606.8	70,136.7
Liabilities	34,702.2	29,501.3	25,391.2	28,492.0	27,210.0	145,296.7
thereof liabilities due to banks	4,158.6	1,651.2	764.1	79.4	0.0	6,653.3
Investments	7,140.8	9,555.2	4,527.7	3,826.0	1,932.3	26,982.0
Employees	4,074	1,497	745	777	25	7,118

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

Information on business developments in the individual divisions is included in the Management Report. The allocation of assets, liabilities, financial results and revenue has already been adjusted for consolidation on the business division level.

Regions (secondary segments)

	2007			2008		
in TEUR	Assets[2]	Investments	Revenue[1]	Assets[2]	Investments	Revenue[1]
Austria	172,953.4	8,793.0	34,872.0	176,033.8	9,852.8	34,518.8
EU excluding Austria	166,385.9	9,447.5	344,621.7	152,950.8	9,558.7	360,158.2
Total EU	339,339.3	18,240.5	379,493.7	328,984.6	19,411.5	394,677.0
Rest of Europe	0.0	0.0	44,151.2	0.0	0.0	53,997.1
Total Europe	339,339.3	18,240.5	423,644.9	328,984.6	19,411.5	448,674.1
The Americas	28,804.0	78.2	117,300.0	34,490.3	69.6	126,037.6
Asia and the rest of the world	113,448.6	8,663.3	66,902.5	126,110.7	8,969.8	80,580.3
Consolidation	–4,747.5	0.0	0.0	–4,043.9	0.0	0.0
Group	**476,844.4**	**26,982.0**	**607,847.4**	**485,541.7**	**28,450.9**	**655,292.0**

[1] After elimination of inter-company sales. [2] Consolidation entries are assigned to the regions wherever possible.

I. General information

1.1 General principles

Reporting in accordance with International Financial Reporting Standards (IFRS)

These financial statements as at December 31, 2008 were prepared in accordance with the principles set forth by the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Pursuant to § 245a of the Austrian Enterprise Code – UGB, in connection with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council from July 19, 2002, all listed companies are required to prepare their financial statements in accordance with IFRS for all financial years starting after December 31, 2004. The consolidated financial statements are presented in thousands of euros (TEUR).

The following standards were published or revised before the preparation of the annual financial statements for December 31, 2008:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23	Borrowing Costs
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interests in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture

As the regulations specified above are not binding for financial years beginning on or before January 1, 2009 in accordance with the provisions of these standards, and Semperit did not choose to voluntarily apply them in advance, these regulations will not be applied until the next financial year. These new regulations are not expected to have any material effect on the Semperit Group.

The following interpretations were recently issued by the IFRIC:

IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions on Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

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

1.2 Major differences between Austrian and IFRS accounting rules

Fundamental differences

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

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

Financial assets

According to Austrian reporting principles, financial assets must be reported at the cost of acquisition or market value, whichever is lower. According to IAS 39, financial assets of the Semperit Group must be reported at their market value. Gains and losses from the valuation of securities that are classified as "available for sale" are not reported in the income statement, but directly in equity until the asset is written off. At this point, the accumulated gain or loss that was reported in equity must be reported in the result for the period.

Deferred taxes

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

Other provisions

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

Provisions for personnel accruals

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

Foreign exchange valuation

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

1.3 General information on the consolidated financial statements

Semperit Aktiengesellschaft Holding is an internationally manufacturing company with its headquarters in Vienna, Austria. Its business activities are divided into four strategic business divisions:

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

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

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

1.4 Consolidation principles and methods

The financial statements of the individual companies included in Austria and abroad were drawn up as at the balance sheet date of December 31, 2008.

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

Capital consolidation involves offsetting the acquisition costs of the participatory shares against the revalued proportional shareholders' equity of the subsidiaries on the date of acquisition.

Asset-side balancing items originating from first-time consolidation are reported as goodwill on the asset side of the balance sheet in accordance with IFRS 3, liability-side balancing items from first-time consolidation resulting from a lower acquisition price are recognised immediately in the income statement.

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

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

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

In the course of expenses and income elimination, all inter-company income and expenses that arise from the sale of goods or services between Group companies are eliminated.

Subsidiaries outside the eurozone are regarded as financially independent companies. In compliance with the functional currency concept, the assets and liabilities reported in the individual annual financial statements of these companies, including goodwill and value adjustments resulting from first-time consolidation, are translated at mean exchange rates at the balance sheet date. The items of the income statement are translated using the average exchange rates of the financial year. Resulting foreign currency gains and losses are reported in equity under the item currency translation differences.

II. Accounting and valuation methods

2.1 Date of revenue and profit realisation

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

2.2 Tangible and intangible fixed assets

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

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

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

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

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

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

2.3 Investments in associated companies

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

2.4 Financial assets/financial instruments

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

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

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

2.5 Emission certificates

In accordance with the Emission Certificate Act, a total of 26,592 emission certificates were allocated to Semperit Technische Produkte GmbH and Semperflex Optimit s.r.o. at no charge in the 2008 financial year. The certificates are not reported in the balance sheet (net method). The companies used 21,144 emission certificates in the 2008 financial year, and did not purchase or sell any additional certificates. The number of unused certificates amounted to 5,448 as at December 31, 2008.

2.6 Inventories

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

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

2.7 Receivables and other assets

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

2.8 Tax accrual and deferral

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

2.9 Provisions

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

Provisions for current pensions and anticipated pensions are created along actuarial lines according to the projected unit credit method in compliance with IAS 19. Calculations are based on an interest rate of 4.0%. Anticipated salary increases of 3.4% p.a. are taken into account for the valuation of pension commitments. Pension obligations are based on written individual contracts with board members and senior personnel as well as on the statutory pension rules and regulations. Contractual inflation adjustments are taken into account. Actuarial gains and losses are reported in the income statement for the period in which they are incurred.

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

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

Provisions for liabilities similar to severance payments are created for jubilee bonuses. Provisions are calculated along actuarial principles according to the projected unit credit method in accordance with IAS 19 using a standard national rate of interest of 4.0% and an appropriate staff turnover deduction. Other provisions are created in the amount of the presumable claim according to the principle of prudence. They take into account all discernible risks and future liabilities of as yet uncertain amount and are valuated at the most likely amount after careful investigation of the facts.

2.10 Liabilities

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

2.11 Other

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

If required, estimations are made for the consolidated annual financial statements that influence the assets and liabilities reported in the balance sheet, the reporting of other obligations on the balance sheet date and the reporting of earnings and expenditures during the period under review. The actual amounts may diverge from these estimations.

III. Consolidation range

3.1 Group companies (fully consolidated)

	Currency	Authorised share capital in 1,000s	Investment in %
Domestic			
Semperit AG Holding, Vienna	EUR	21,359.0	–
Semperit Technische Produkte GmbH, Vienna	EUR	10,900.9	100
Arcit HandelsgmbH, Vienna	EUR	36.3	100
PA 82 WT Holding GmbH, Vienna	EUR	35.0	100
Foreign			
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100.0	100
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318.0	100
Semperit Ibérica S.A., Barcelona, Spain	EUR	156.0	100
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750.0	100
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281.3	100
Sempermed Kft., Sopron, Hungary	EUR	3,680.0	100
Semperit (France) S.A.R.L., Argenteuil, France	EUR	495.0	100
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	2,050.0	100
Semperit Technische Produkte GmbH, Gevelsberg, Germany	EUR	50.0	100
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165.0	100
Sempertrans Maintenance France Méditeranée E.U.R.L., Port de Bouc, France	EUR	165.0	100
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176.0	100
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471.0	90
Semperit Conveyor Services Ltd., Walsall, Great Britain	GBP	100.0	100
Semperit Industrial Products Ltd., Daventry, Great Britain	GBP	750.0	100
Semperform Kft., Sopron, Hungary	HUF	243,000.0	100
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000.0	100
Sempertrans Nirlon (P) Ltd., Maharashtra, Roha, India	INR	230,769.0	74
"DOM" Sp. z o.o., Belchatow, Poland	PLN	2,610.0	100
Fabryka Lin "Stolin" Sp. z o.o., Belchatow, Poland	PLN	800.0	100
Sempertrans Belchatow Sp. z o.o., Belchatow, Poland	PLN	7,300.5	100
Semperit Tekniska Produkter AB, Skärholmen, Sweden	SEK	800.0	100
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	190.8	100
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000.0	50
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	60,000.0	50
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000.0	50
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1.0	100
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000.0	50
Shanghai Foremost Plastic Industrial Co. Ltd., Shanghai, China	USD	6,000.0	50
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000.0	50
Sempermed Singapore Pte Ltd., Singapore	USD	6,000.0	50
Sempermed Brazil Comèrcio Exterior Ltda., Piracicaba, Brazil	BRL	12,546.6	50

3.2 Associated companies (equity method)

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

The net book value of Isotron Deutschland GmbH at the balance sheet date of December 31, 2008 amounted to TEUR 383.9 (previous year: TEUR 275.5).

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

Isotron Deutschland has a different balance sheet date, namely March 31. Interim financial statements as at December 31, 2008 are not put together due to immateriality.

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

in TEUR	31.3.2007	31.3.2008
Assets		
Non-current assets	4,681.5	4,625.4
Current assets	503.0	506.6
	5,184.5	**5,132.0**
Equity and liabilities		
Equity	734.0	1,023.0
Non-current provisions	290.1	280.8
Non-current liabilities	1,500.0	1,500.0
Current provisions	309.6	167.2
Current liabilities	2,350.8	2,161.0
	5,184.5	**5,132.0**
	2006/07	**2007/08**
Revenue	2,118.7	2,712.1
Earnings after tax	222.4	289.0

3.3 Group companies excluded from the consolidated financial statements

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

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

3.4 Changes in the consolidation range

The following companies were included in the consolidated financial statements of the Semperit Group for the first time in 2008:

Sempermed Singapore Pte Ltd., Singapore
Sempermed Brazil Comèrcio Exterior Ltda., Piracicaba, Brazil
PA 82 WT Holding GmbH, Vienna

The PA 82 WT Holding GmbH (100%) was initially consolidated on October 9, 2008. Sempermed Singapore Pte Ltd. (50%) was initially consolidated on the reporting date October 27, 2008. Sempermed Brazil Comèrcio Exterior Ltda. (50%) was not included on the balance sheet as at December 31, 2008 due to immateriality (reporting date of initial consolidation: December 31, 2008).

The effects of the initial consolidation of these companies on the consolidated balance sheet as at December 31, 2008 are presented below:

in TEUR

Assets	
Non-current assets	6,010.2
Current assets	7,060.4
	13,070.6
Equity and liabilities	
Equity	8,111.9
Non-current liabilities	29.9
Current liabilities	4,928.8
	13,070.6

The integration of the newly-acquired subsidiaries in the consolidated financial statements as at December 31, 2008 is carried out by recognising the fair value of the acquired assets, liabilities and contingent liabilities pursuant to IFRS 3, taking account of the corresponding depreciation and amortisation. The capitalised goodwill amounted to TEUR 787.8. Immaterial assets were capitalised for a customer base in connection with the acquisition of Sempermed Brazil Comèrcio Exterior Ltda.

IV. Notes to the balance sheet

4.1 Fixed and financial assets

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

Land with buildings includes real estate assets totalling TEUR 7,105.2 (previous year: TEUR 7,062.5).

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

in TEUR	2007	2008
Within one year	864.6	712.2
Within five years	2,117.0	1.543.4
Over five years	403.3	400.5

4.2 Inventories

The balance sheet item "Inventories" is comprised of the following:

in TEUR	2007	2008
Raw materials and supplies	32,532.8	31,610.3
Work in progress	9,843.6	10,484.4
Finished goods	45,853.5	52,126.2
Services not yet invoiced	150.7	58.2
Prepayments	1,585.8	2,142.0
	89,966.4	**96,421.1**

4.3 Receivable and deferred charges

The necessary valuation adjustments are made to all receivables. Receivables from related companies not included in the consolidated accounts amounting to TEUR 0.0 (previous year: TEUR 3.9) and from associated companies totalling TEUR 577.1 (previous year: TEUR 562.5) result from loans and the provision of goods and services. Receivables to the amount of TEUR 3,017.4 (previous year: TEUR 13,039.9) are secured by bills of exchange.

in TEUR	2007			2008		
	Total	of which less than 1 year to run	of which more than 1 year to run	Total	of which less than 1 year to run	of which more than 1 year to run
Trade receivables	91,684.4	91,677.2	7.2	86,833.8	86,829.2	4.6
Receivables from associated companies (not consolidated)	3.9	3.9	0.0	0.0	0.0	0.0
Receivables from associated companies (equity method)	562.5	0.0	562.5	577.1	14.6	562.5
Other receivables and assets	10,735.1	10,378.5	356.6	13,942.3	13,648.3	294.0
Deferred charges	2,067.4	1,571.3	496.1	2,622.2	2,166.2	456.0
	105,053.3	**103,630.9**	**1,422.4**	**103,975.4**	**102,658.3**	**1,317.1**

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

in TEUR					
Net amount	of which not overdue	of which overdue			
		Up to 3 months	3-6 months	6-12 months	More than 12 months
2008					
86,833.8	53,240.6	32,061.5	905.6	244.3	381.8
2007					
91,684.4	73,831.7	16,242.8	980.5	429.7	199.7

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

4.4 Deferred taxes

Tax deferments are calculated using the balance sheet liability method for all temporary differences between the valuations of the balance sheet items in the IFRS Group financial statements and the tax values at the individual companies. Furthermore, the tax advantage that can probably be realised from existing loss carry-forwards is included in the calculation. Exceptions to this comprehensive tax deferment are non-tax-deductible goodwill and temporary differences relating to equity interests. Prepaid taxes are not reported if it is unlikely that the tax advantage they include can be realised. Prepaid taxes for the 2008 financial year were calculated using the tax rate of 25% applicable in Austria.

in TEUR	**2007**		**2008**	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	51.1	–59.1	53.4	–80.1
Tangible assets	458.7	–1,768.7	281.1	–1,815.8
Financial assets	120.4	–187.3	156.1	–45.8
Inventories	1,299.9	–23.8	1,416.6	–20.7
Receivables	758.3	–19.2	1,720.0	–321.0
Other assets	13.3	–407.5	3.9	–158.2
Untaxed reserves	0.0	–173.5	0.0	–140.8
Provisions for personnel	5,019.1	0.0	4,967.6	0.0
Other provisions	2,170.0	0.0	2,150.0	–106.4
Trade payables	133.0	–0.1	58.6	–6.7
Other liabilities	332.2	–1.0	749.4	–1.4
Tax loss carry forwards	484.0	0.0	247.1	0.0
Total deferred tax assets/liabilities	**10,840.0**	**–2,640.2**	**11,803.8**	**–2,696.9**
Valuation allowance for deferred tax assets	–1,365.2	0.6	–1,651.2	0.4
Offset of deferred tax assets and liabilities	–365.3	365.3	–234.5	234.5
Net deferred tax assets	**9,109.5**		**9,918.1**	
Net deferred tax liabilities		**–2,274.3**		**–2,462.0**

4.5 Equity

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

The share capital of Semperit AG Holding amounts to EUR 21,358,996.53 and is divided into 20,573,434 shares. Each share represents an equal interest in the equity capital.

The item "Addition of minority interest" contained in the statement of changes in equity amounting to TEUR 1,712.1 is allocated to companies acquiered in the last year.

4.6 Provisions

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

Severance payments: depending on their seniority, Austrian and French employees are generally entitled to a statutory lump-sum payment upon retirement or dismissal by the employer.

Provisions were formed for these future obligations.

in TEUR	1.1.2008	Currency translation differences	Transfer	Release	Use	Addition	**31.12.2008**
Severance payments	23,147.9	–9.5	1.7	0.0	–667.9	407.7	22,879.9
Pensions	20,672.7	1.7	–1.7	0.0	–20.1	1,023.7	21,676.3
Deferred taxes	2,274.3	–115.9	0.0	0.0	–41.1	344.7	2,462.0
Current taxes	3,922.4	14.8	0.0	0.0	–2,954.6	1,118.1	2,100.7
Other	27,295.7	–234.7	0.0	–3.520.7	–11,677.7	16,188.8	28,051.4
	77,313.0	**–343.6**	**0.0**	**–3,520.7**	**–15,361.4**	**19,083.0**	**77,170.3**

The other provisions are comprised as follows:

in TEUR	1.1.2008	Currency translation differences	Transfer	Release	Use	Addition	**31.12.2008**
Investments/restructuring	4,743.6	0.0	0.0	–509.0	0.0	0.0	4,234.6
Jubilee bonuses	3,974.9	–8.9	0.0	0.0	–215.9	0.0	3,750.1
Unused vacations	3,419.0	–16.3	0.0	0.0	–3,390.8	2,938.0	2,949.9
Warranties	3,016.4	–143.8	0.0	–856.4	–503.0	5,831.7	7,344.9
Bonuses	1,294.7	5.2	0.0	–53.5	–1,250.1	1,437.7	1,434.0
Other	10,847.1	–70.9	0.0	–2,101.8	–6,317.9	5,981.4	8,337.9
	27,295.7	**–234.7**	**0.0**	**–3,520.7**	**–11,677.7**	**16,188.8**	**28,051.4**

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

4.7 Liabilities and deferred charges

The residual maturity of liabilities to banks is as follows:

in TEUR		2007 EUR	2007 USD	2007 THB	2007 Book value	2007 Of which collater-alised	2008 EUR	2008 USD	2008 THB	2008 Book value	2008 Of which collater-alised
Up to 1 year	fixed interest	1,425.0	0.0	0.0	1,425.0	1,425.0	712.5	0.0	0.0	712.5	712.5
	variable interest	234.4	0.0	887.0	1,121.4	0.0	28.1	511.1	0.0	539.2	0.0
Longer than 1 year and up to 2 years	fixed interest	712.5	0.0	0.0	712.5	712.5	0.0	0.0	0.0	0.0	0.0
	variable interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Longer than 2 years and up to 3 years	fixed interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	variable interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Longer than 4 years and up to 5 years	fixed interest	0.0	3,394.4	0.0	3,394.4	0.0	0.0	5,677.8	0.0	5,677.8	0.0
	variable interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total		**2,371.9**	**3,394.4**	**887.0**	**6,653.3**	**2,137.5**	**740.6**	**6,188.9**	**0.0**	**6,929.5**	**712.5**

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

Collateral primarily involves pledged securities.

The current trade payables include TEUR 11.5 (previous year: TEUR 0.7) payable to affiliated companies. Other liabilities include TEUR 0.0 (previous year: TEUR 48.6) payable to associated companies.

4.8 Contingent liabilities

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

in TEUR	2007	2008
Guarantee/security	2,180.4	1,877.0
Other	161.4	282.8

V. Notes to the income statement

5.1 Revenue

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

5.2 Other operating income

in TEUR	2007	2008
Exchange rate gains	4,591.8	13,796.3
Rental income	800.4	339.7
Reversal of value adjustments	448.7	396.8
Insurance claims	564.9	1,201.7
Other operating income	6,826.9	9,366.8
	13,232.7	**25,101.3**

Other operating income mainly includes various repayments (energy, taxes), the sale of byproducts and waste materials and the release of provisions.

5.3 Cost of materials

in TEUR	2007	2008
Cost of materials	303,442.1	345,313.1
Third party services	34,823.0	36,616.3
	338,265.1	**381,929.4**

5.4 Personnel expenses

Personnel expenses include the following items:

in TEUR	2007	2008
Wages	44,960.6	46,950.7
Salaries	32,923.5	35,888.8
Severance payments	3,240.5	1,863.0
Pensions	175.0	2,929.3
Statutory social security contributions and other compulsory wage-related payments	19,043.3	20,267.0
Other social security contributions	1,306.8	1,389.0
	101,649.7	**109,287.8**

Obligations for pensions, severance payments and jubilee bonuses developed as follows in 2008:

in TEUR	2007	2008
Pensions		
Present value of the obligations (DBO) as at January 1	22,353.1	20,672.7
Entitlements acquired in 2008	306.1	312.9
Imputed interest expense on existing obligations	860.7	788.4
Actuarial gains/losses	–991.8	1,828.0
Total pension expenses	175.0	2,929.3
Payments	–1,855.3	–1,925.7
Present value of the obligation (DBO) as at December 31	20,672.7	21,676.3
Severance payments		
Present value of the obligations (DBO) as at January 1	22,021.2	23,147.9
Entitlements acquired in 2008	943.3	721.4
Imputed interest expense on existing obligations	748.5	771.1
Actuarial gains/losses	1,548.7	370.5
Total severance expenses	3,240.5	1,863.0
Payments	–2,113.9	–2,131.0
Present value of the obligation (DBO) as at December 31	23,147.9	22,879.9
Jubilee bonuses		
Present value of the obligations (DBO) as at January 1	3,762.9	3,974.9
Entitlements acquired in 2008	179.3	206.0
Imputed interest expense on existing obligations	135.9	148.6
Actuarial gains/losses	221.5	–210.4
Total jubilee bonus expenses	536.7	144.2
Payments	–324.7	–369.0
Present value of the obligation (DBO) as at December 31	3,974.9	3,750.1

	Severance payments	Pensions	Jubilee bonuses
2008			
Actuarial gains/losses	370.5	1,828.0	–210.4
of which experience adjustments	422.4	921.5	–46.0
of which effects of changes in actuarial assumptions	–51.9	906.5	–164.4
2007			
Actuarial gains/losses	1,548.7	–991.8	221.5
of which experience adjustments	1,548.7	–991.8	221.5
of which effects of changes in actuarial assumptions	0.0	0.0	0.0

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

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

in TEUR	2007	2008
Blue-collar employees	5,744	5,637
White-collar employees	1,374	1,427
	7,118	**7,064**

The average number of staff employed in Austria totalled 836 (previous year: 855).

The Management Board's remuneration amounted to TEUR 2,233.0 in the 2008 financial year, which included TEUR 1,201.6 in variable salary components. The level of the variable salary component is determined on the basis of the net profit for the year and the dividend distributed to the shareholders. Former members of the Management Board and their surviving dependents received TEUR 388.8 during the year under review. Severance and pension expenses for members of the Management Board and top executives in 2008 amounted to TEUR 2,966.7, and for other employees to TEUR 1,825.6.

5.5 Other operating expenses

Other operating expenses include the following items:

in TEUR	2007	2008
Outgoing freight	22,981.6	22,681.1
Maintenance and third-party services	24,791.1	28,883.0
Commission and advertising costs	6,431.2	7,396.7
Exchange rate losses	6,112.6	13,458.6
Travel expenses	4,502.6	4,885.2
Insurance premium	2,222.8	2,281.3
Cost of rents and lease	2,356.4	2,457.1
Other taxes	1,911.8	1,888.2
Guarantees	1,030.3	332.7
Auditing and consultancy fees	1,992.3	2,406.5
Fees, subscriptions and donations	1,285.7	1,067.0
Losses of accounts receivables	791.3	3,382.5
Other	11,184.2	16,579.4
	87,593.9	**107,699.3**

The Supervisory Board received remuneration totalling TEUR 97.7 in 2008 (previous year: TEUR 94.0).

5.6 Financial results

in TEUR	2007	2008
Income from associated companies	83.4	108.4
Income from other investments	0.0	0.0
Income from participations	**83.4**	**108.4**
Interest and related income	1,585.7	3,561.1
Interest and related expenses	–873.3	–346.1
Interest result	**712.4**	**3,215.0**
Income from other securities and loans	1,490.5	1,456.1
Write-ups on financial assets	22.1	66.6
Profit/loss on the disposal of financial assets	–931.9	–3,032.8
Write-downs on financial assets	–5,678.7	–2,397.5
Other financial results	**–5,098.0**	**–3.907.6**
	–4,302.2	**–584.2**

Net interest income in 2008 amounted to TEUR 2,469.5 in cash inflow (previous year: TEUR 622.4).

5.7 Income taxes

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

in TEUR	2007	2008
Current tax expense	13,551.5	13,848.8
Deferred tax expense	–1,615.9	–623.4
	11,935.6	**13,225.4**

The cash outflow for income taxes in 2008 amounted to TEUR 12,601.5 (previous year: TEUR 9,350.2).

The effective tax rate in the reporting year was 22.8% (previous year: 20.0%). The Group tax ratio is a weighted average of the local income tax rates of all consolidated subsidiaries. The translation of the profit before tax to the current Group tax expenses from income and earnings is as follows:

in TEUR	2007	2008
Earnings before tax	59,624.5	58,102.7
Tax expense/earnings (–/+) at 25%	–14,906.1	–14,525.7
Different tax rates in other countries	1,438.1	–260.6
Non-temporary differences	876.9	1,529.5
Value adjustments for non-deferred taxes on losses, loss carry forwards and tax credits not applied to deferred tax	1,001.7	91.8
Tax rate changes	–346.2	–60.4
Effective tax expense	**–11,935.6**	**–13,225.4**
Effective tax rate in %	20.0	22.8
thereof from deferred tax	1,615.9	623.4

VI. Risk management and financial instruments

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

Market risk
In recent years, Semperit has considerably reduced risks on its key sales markets by opening local operating units. While business risks always exist worldwide, the Group's differentiated structure based on four divisions has clearly reduced this risk, especially in times of weak economic activity, while its favourable cost structure also ensures that competitiveness is maintained.

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

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

Default/credit risk
Credit risk arises when the counterparty to a transaction is not able to meet its contractually stipulated payment obligations, and thus the company is subject to financial loss. Default risk on financial assets is taken into consideration by means of value adjustments. The risk of customers defaulting on payments is small, as the creditworthiness of customers is constantly being checked, and the broad customer base avoids risk being concentrated on individual customers. Furthermore, the risk of default is extensively limited by taking out credit insurance as well as by obtaining collateral.

Foreign exchange risk
The exchange rates of the most important currencies for the Semperit Group against the euro in 2008 are as follows:

FX rates for EUR 1	2007	2008	2007	2008
	Average rate		Rate on balance sheet date	
US dollar	1.38	1.47	1.47	1.41
Thai baht	47.23	48.86	49.04	48.88
Polish zloty	3.77	3.52	3.60	4.19
Czech koruna	27.77	24.97	26.62	26.50
Hungarian forint	251.86	250.54	253.25	265.55
British pound sterling	0.69	0.80	0.74	0.96

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

The management of financial risk is regulated by Group guidelines. An internal controlling system has been established in order to monitor and steer existing financial risks according to the needs of the Group.

IFRS distinguishes between primary financial instruments and derivative financial instruments.

6.1 Primary financial instruments

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

The non-current securities are comprised of the following:

	2007			2008		
	Book value in TEUR	Market value in TEUR	Average effective interest rate in %	Book value in TEUR	Market value in TEUR	Average effective interest rate in %
Shares, funds, portfolios	35,874.5	35,874.5	–7.0	4,303.8	4,303.8	–10.8
Other	1,062.8	1,062.8	0.3	0.0	0.0	0.0
	36,937.3	**36,937.3**		**4,303.8**	**4,303.8**	

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

	Currency	Nominal value in 1,000s	Book value in TEUR	Effective interest rate in %
Loans	EUR	5,700.0	712.5	2.5
Loans	USD	692.4	511.1	4.9
Loans	USD	8,000.0	5,677.8	2.9
			6,901.4	
Other	EUR		28.1	
			6,929.5	

6.2 Derivative financial instruments

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

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

Company	Country	Type of transaction	Currency	Hedged amount[1)]	Hedging rate[2)]	Fair value in TEUR 31.12.2008
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	4,410,000	24.66	–378.6
Semperflex A.H. s.r.o.	Czech Republic	Forward exchange	EUR	35,000	24.79	–2.8
Sempertrans Belchatow Sp. z o.o.	Poland	Forward exchange	EUR	8,000,000	3.68	–951.6
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	2,300,000	0.83	348.5
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	250,000,000	250.49	67.2
Semperit Technische Produkte GmbH	Austria	Forward exchange	USD	2,000,000	1.44	–54.4
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	EUR	148,562	48.71	–1.7
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	27,954,505	33.90	–653.9
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	EUR	261,532	48.02	–6.8
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	3,088,990	33.82	–82.9

1) Refers to the total amount of all existing derivative financial instruments at the balance sheet date.
2) Refers to the weighted average rate derived from all existing derivative financial instruments at the balance sheet date.

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

VII. Other information

7.1 Earnings per share, proposal for distribution of the profit

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

Number of shares	2007	2008
Shares issued	20,573,434	20,573,434
Weighted shares	20,573,434	20,573,434

According to the provisions of the Austrian Stock Corporation Act the financial statements of Semperit AG Holding prepared in compliance with Austrian accounting principles form the basis for the dividend payment. These financial statements show a net profit of TEUR 22,970.1. The Management Board proposes that the Annual General Meeting approve a dividend payment of EUR 1.09 per share and carry forward the remaining TEUR 545.0.

7.2 Transactions with related parties and individuals

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

The companies in Thailand and China which are fully consolidated in the financial statements undertake business transactions with our joint venture partner Sri Trang Agro Plc under established market conditions. Insignificant business transactions were carried out with related parties and individuals at prevailing market rates.

7.3 Environment

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

7.4 Other

There are no significant events after the balance sheet date that require disclosure.

Vienna, March 5, 2009

The Management Board

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

STATEMENT BY THE MANAGEMENT BOARD

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

The Management Board of the Semperit Group certifies, to the best of its knowledge, that the consolidated financial statements of the Semperit Group for the 2008 financial year have been prepared in accordance with the International Financial Reporting Standards (IFRS), and present a fair and accurate picture of the profit, asset and financial position of the Semperit Group and all the companies which have been included in consolidation.

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

Vienna, March 5, 2009

Rainer Zellner Chairman	Richard Ehrenfeldner	Richard Stralz

AUDITOR'S REPORT (REPORT OF THE INDEPENDENT AUDITOR)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding (Semperit Group), Vienna, which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by 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 responsiblity is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with binding legal regulations in Austria, and with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Semperit Aktiengesellschaft Holding (Semperit Group), Vienna, as of December 31, 2008, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the Group Management Report

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

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

Vienna, March 5, 2009

Eidos Deloitte
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH

Harald Breit   Leopold Fischl
Auditors and Tax Advisors

The publication or distribution of this annual financial statement in a form which deviates from the approved version requires renewed confirmation of our statement in the event that our report is quoted, or reference is made to our audit.