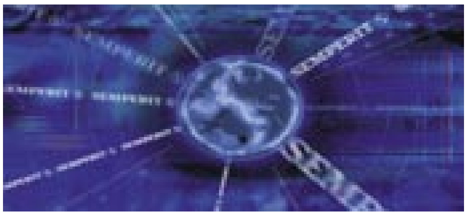
SEMPERIT AKTIENGESELLSCHAFT HOLDING

SEMPERIT

TABLE OF CONTENTS

SEMPERIT GROUP

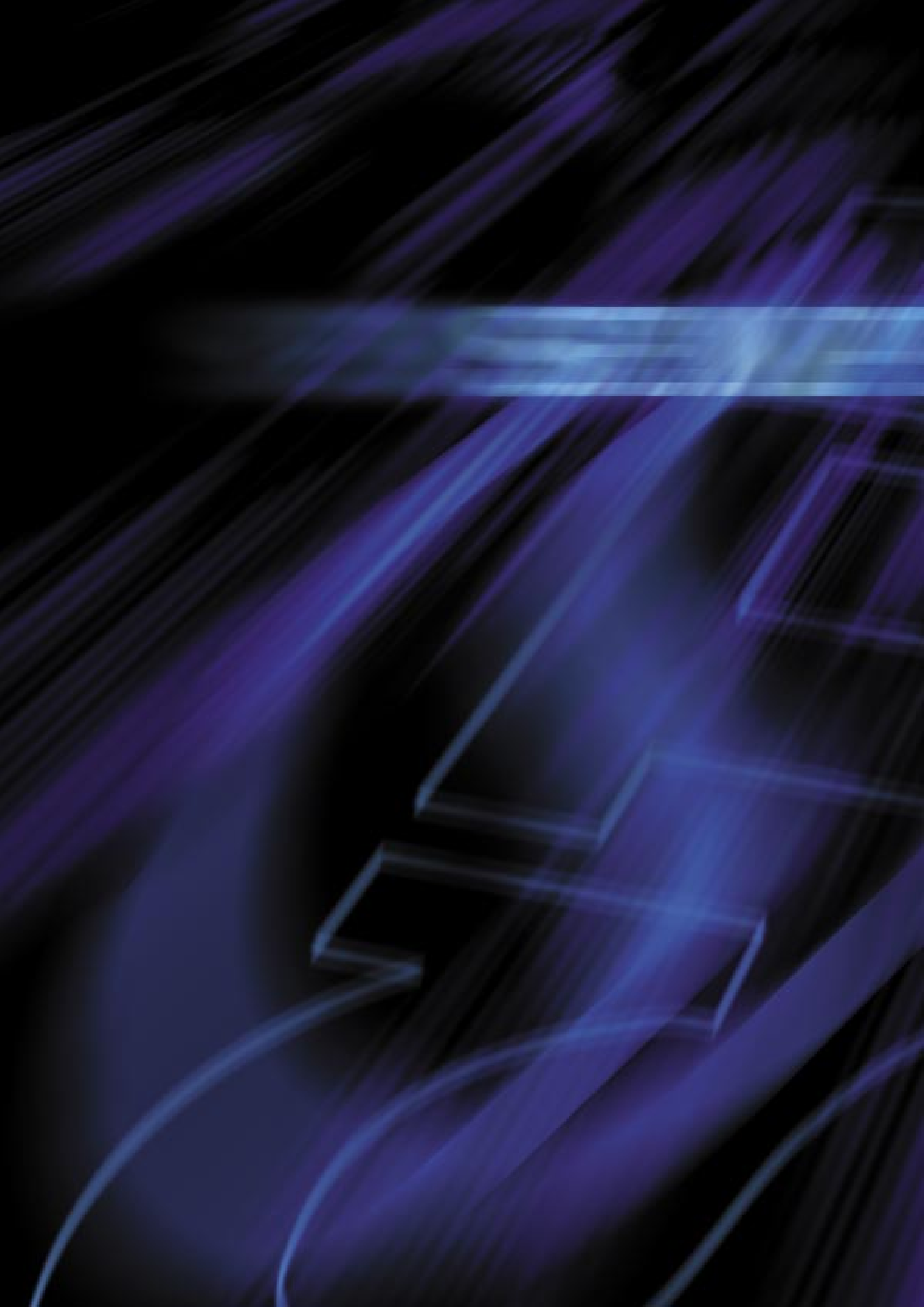


CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS OF SEMPERIT AG HOLDING

IMPRESSUM

Annual Report and Financial Statements 2003, presented to the 115th Ordinary General Meeting on 26 May 2004
Media Proprietor: Semperit Aktiengesellschaft Holding, A-1030 Vienna, Modecenterstrasse 22
Tel +43(1) 79 777-300, Telefax +43(1) 79 777-602
e-mail: wolfgang.hampel@semperit.at, homepage: www.semperit.at
Designed and produced by: Werbeagentur Bauderer



SEMPERIT-GROUP 2003

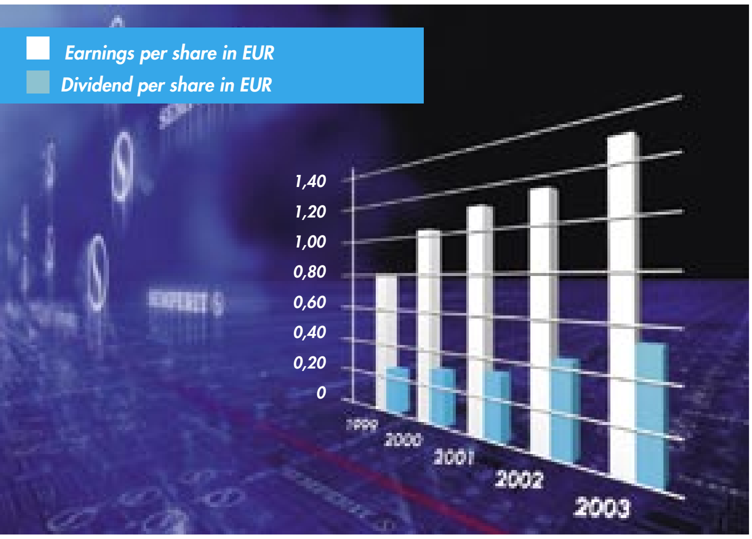
CHIEF EXECUTIVE'S REVIEW

Dear Shareholders,

Although the international economic recovery started taking shape in 2003 - the global economy and global trade grew by 3.75 % - levels of economic activity were only slightly higher than in the previous year. At 2.0 %, growth in industrialised nations remained virtually the same as in 2002. Only Asia could claim to be an economic locomotive. In the USA economic growth accelerated significantly only in the second half of the year.

In the Euro zone economic growth of 0.4 % in the year under review was only half as high as in the previous year. Germany even suffered from economic stagnation for the second year in a row.

This brief outline of the economic situation gives an indication that the business climate was only moderately conducive to the achievement of the Semperit Group's growth targets. It is, therefore, all the more pleasing to report that we have seen an increase in profits for the 13th consecutive year. Pre-tax profits rose by 6.3 % to EUR 44.3 million, Group sales by 2.7 % to EUR 463.5 million.



FURTHER INCREASE IN DIVIDEND PAYMENTS

The positive corporate performance has made it possible for the Management Board to propose to the General Meeting of Shareholders that dividend payments for the past business year be increased once again from 41 cents most recently to 54 cents per share. This is the equivalent of a dividend payment of 52 % in terms of issued capital of EUR 21.4 million.

BUSINESS OBJECTIVES HAVE BEEN ACHIEVED

The highly globalised structure of the Group, which had been built up in less than a decade, proved to be extremely robust in the years marked by a flagging international economy. The Group was able to achieve its target of a further increase in sales and earnings to a new record in the year under review. At the same time, the Group fully exploited its strengths:

- Permanent optimisation of competitive strengths through targeted increases in productivity and cost minimisation.
- Globalisation of production structure and utilisation of comparative competitive advantages.
- Intensification of research and development in the four core business areas with the aim of optimising product quality and production processes.

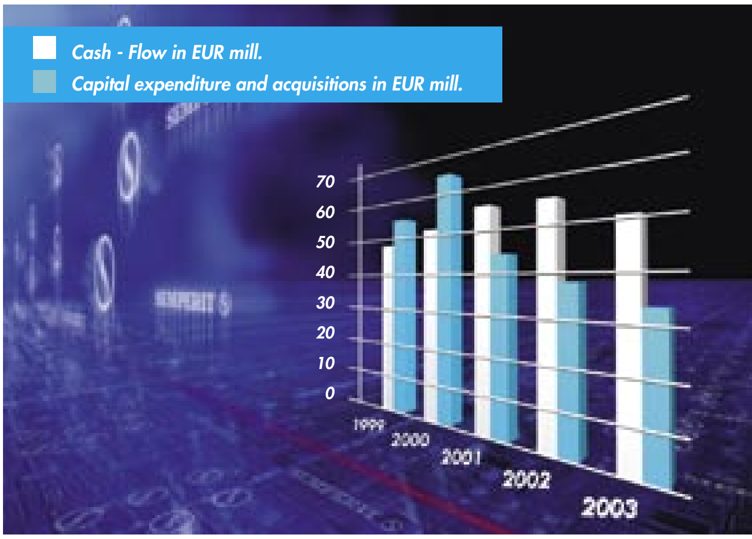
By clearly focussing on these basic goals, Group companies were able to gain a leading position in almost all business areas on the most important markets. This created the conditions in which it was possible to compete successfully in markets which remain characterised by extremely tough price competition and in some cases highly deflationary prices, while at the same time significantly increasing market share in many cases.

This pleasing overall picture of the Group's position should not, however, hide the fact that a number of external circumstances have considerably impaired our economic expansion in a number of areas. Prices of rubber and other important raw materials remain at record levels, the huge decline in the price of the US dollar combined with the extreme volatility of other currencies became an increasingly constrictive factor given the high percentage of our invoices which are issued in foreign currencies.

Even if these currency realignments provided opportunities to cut costs in certain areas of production, these will not nearly suffice to compensate for the far greater negative impacts of currency movements.

Against this background of unfavourable conditions we have continued our strategy of optimisation and restructuring at all Group companies with even greater intensity. We have achieved considerable progress both with regard to the basic strategic positioning of our businesses and the main operational success factors.

The cross-linking of the individual subsidiaries in order to achieve a more efficient and rapid transfer of knowledge within the Group also progressed well. Our newly opened R & D centre in Wimpassing made an important contribution to this process, as did the interesting innovation activities of our Asian plants, which benefited the entire Group.



SEMPERMED HIT BY LOW DOLLAR

The Sempermed division worked at full capacity in the period under review. However, this is only reflected to a limited degree in the figures because increases in the price of latex and, in particular, the unfavourable development of the US dollar could not be adequately offset by price increases. The decline in the price of the US dollar contributed to a massive distortion of international competition. Ultimately, this also means that the pleasing expansion of Sempermed's business is only inadequately reflected in the single European currency in this Annual Report.

Due to the favourable market position of our Thai production company we achieved the most impressive volume increases – albeit with less than satisfactory earnings in some cases – with examination gloves. Accordingly, production plants worked at maximum capacity over the entire year.

Austrian glove production also successfully defended its position against increasing numbers of cheap imports from dollar markets by partially making by price concessions in some areas.

Overall, both the European and the US markets developed satisfactorily. We recorded impressive sales increases accompanied by significant gains in market share in these important regions. In the five years since it was founded, Sempermed USA has succeeded in establishing itself as one of the leading suppliers on the most important market for medical gloves.

ECONOMIC TREND FAVOURS SEMPERFLEX

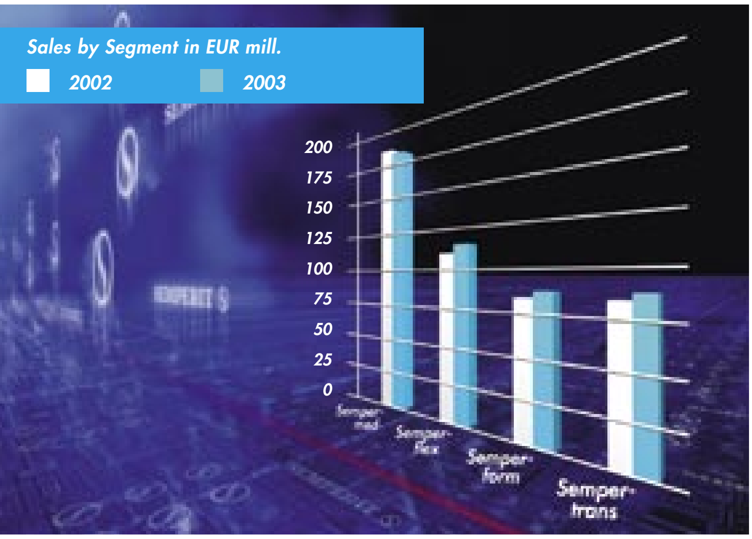
The four Semperflex division production plants registered stimulating economic impulses in the year under the review. The hydraulic hose segment in particular benefited from gradually increasing demand on European markets and in the USA.

Despite increases in installed production capacity and realised productivity gains, delays in fulfilling clients' demands had to be registered. Hence further build up of production capacity in Europe and in Asia is currently in realisation or under planning.

Although global economic conditions remained sluggish, business with elastomer sheeting was expanded. Overall earnings also increased respectably thanks to tough cost management in this division.

All four production plants are making pleasing progress, with Optimit showing the highest increase in profit.

GROWTH AT SEMPERFORM



The upturn in business activity as a result of the general improvement in the economic climate did not affect all of Semperform's product lines in equal measure. There was a distinctly positive trend for products for railway superstructure, aerial ropeway rings, profiles and sponge rubber. In contrast to this, sales of vibration damping ski foils suffered from weak sales in the ski manufacturing industry.

Sales of handrails for escalators only recovered slowly during the year from a weak beginning caused by the generally sluggish economic situation. Growing new business with escalator manufacturers, especially in China, and a drive to increase sales of spare parts boosted business.

The German plant in Deggendorf performed extremely well. Despite continuing low levels of activity in the building sector and extremely tough competition, this Group company once again significantly increased sales and turnover.

Overall, this division recorded the greatest leap in earnings.

HIGHER THAN AVERAGE GROWTH AT SEMPERTRANS

The Sempertrans division also achieved a pleasing increase in business in the year under review. The two European plants not only benefited from the upturn in economic activity, but also from the strategic optimisation of the sites and the concentration of different product groups at different locations. The Polish conveyor belt manufacturer in particular significantly expanded its market position. Earnings at the French plant stabilised. Conveyor belt production in India made only slow progress in overcoming specifically challenges which are mainly specific to the region.

FURTHER GROWTH IN 2004 EXPECTED

We expect a continuation of the modest upturn in business activity in 2004. From today's standpoint, the Semperit Group will continue to follow its growth course. Given our strong competitive position we should remain successful in our efforts to penetrate new markets and expand our position in existing markets. However, it is the blatant weakness of the US currency which will have the gravest negative impact this year, as it significantly distorts competition to our disadvantage. This is aggravated by the continuing boom in the price of important raw materials such as, and in particular, rubber.

We are, however, confident that we will be able to successfully overcome these challenges and achieve further increases in sales and earnings in 2004. Positive first quarter resultts constitute the basis for this optimistic outlook.

NEW MAJORITY SHAREHOLDER

Semperit Group's ownership structure significantly changed in 2003. The Austrian- based B & C Holding GmbH, already a major shareholder of Semperit AG Holding, increased its stake from more than 25 % to over 50 %.

THANK YOU TO EMPLOYEES, CUSTOMERS AND SHAREHOLDERS

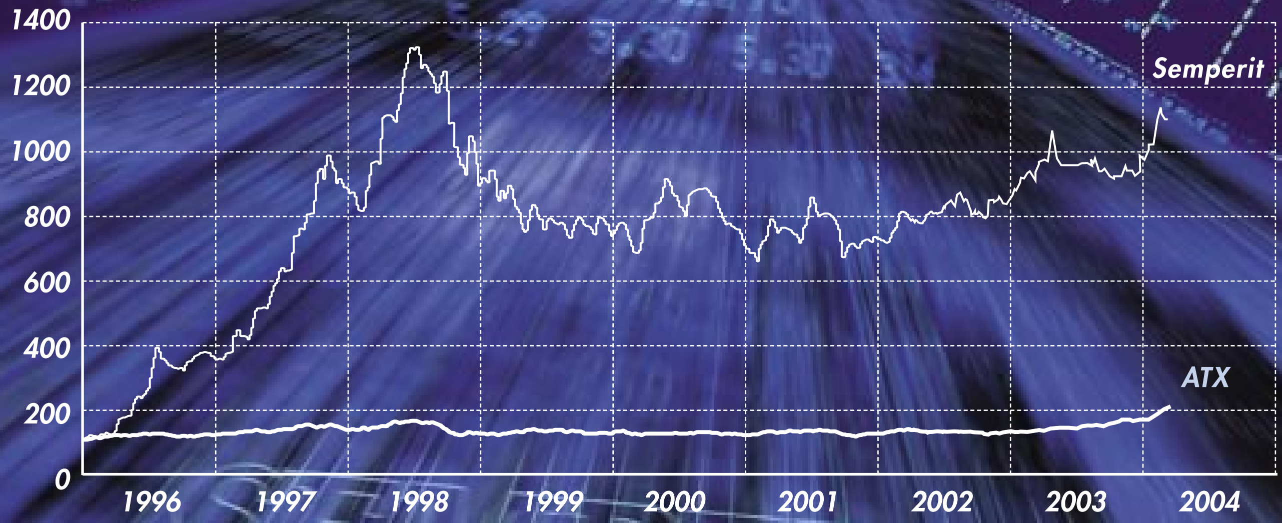
Employees at all companies belonging to the Semperit Group once again more than met the expectations which had been placed in them in 2003. We would like to thank them for all they have done to ensure that the company has been able to continue the successful course it has taken over the last few years. We would like to thank our customers and our shareholders for the excellent cooperation we have enjoyed.

Zellner

Dipl. Ing. Rainer Zellner

SEMPERIT SHARE

Comparison of performance: Semperit/ATX

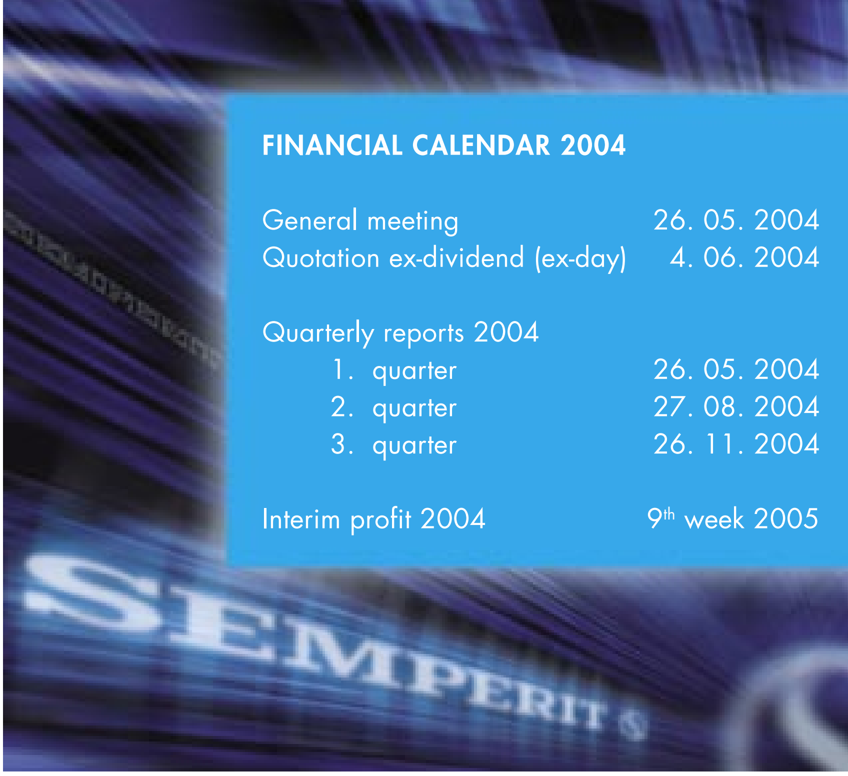


STOCK EXCHANGE DATA	1999	2000	2001	2002	2003
Share price high in EUR	14.14	13.63	12.59	12.98	15.49
Share price low in EUR	10.31	9.63	9.15	10.41	12.20
Share price at year-end in EUR	11.03	10.25	10.80	12.49	13.37
Price variation p.a. at year-end in %	- 17.5	- 7.1	+ 5.4	+ 15.6	+ 7.0
Shares outstanding at year-end in 1,000	20,573	20,573	20,573	20,573	20,573
Market Capitalization at year-end in mill. EUR	226.9	210.9	222.2	257.0	275.1
Earnings per share in EUR	0.80	1.07	1.10	1.18	1.32
Dividend payout per share in EUR	0.25	0.33	0.36	0.41	0.54
Net assets per share in EUR	5.16	5.77	6.89	7.22	7.54
Price / earnings ratio per 31.12.	13.8	9.6	9.8	10.6	10,1

International stock exchanges as usual anticipated economic movements by several months, with an impressive price rally begining mid March. Following a weaker phase which began in the middle of the year, markets ended the year with a year-end rally.

The Austrian main index ATX gained 34.5 % during the course of the year, for the first time in many years outperforming the German DAX index (+ 27.7 %).

After having clearly outperformed the ATX index in recent years, and up until May 2003 the most important international indices as well, the Semperit share then lost ground, increasing in value by 7.0 % in the calendar year 2003.



FINANCIAL CALENDAR 2004

General meeting	26. 05. 2004
Quotation ex-dividend (ex-day)	4. 06. 2004
Quarterly reports 2004	
1. quarter	26. 05. 2004
2. quarter	27. 08. 2004
3. quarter	26. 11. 2004
Interim profit 2004	9th week 2005

Taking into account the dividend payments made in the middle of the year, a Semperit investment had an attractive growth rate of 10.3 % in 2003 (2002: 19.0 %). Over a three-year period, growth of EUR 4.22 or 41.2 % per share can be calculated from the increase in the share price and in dividends paid.

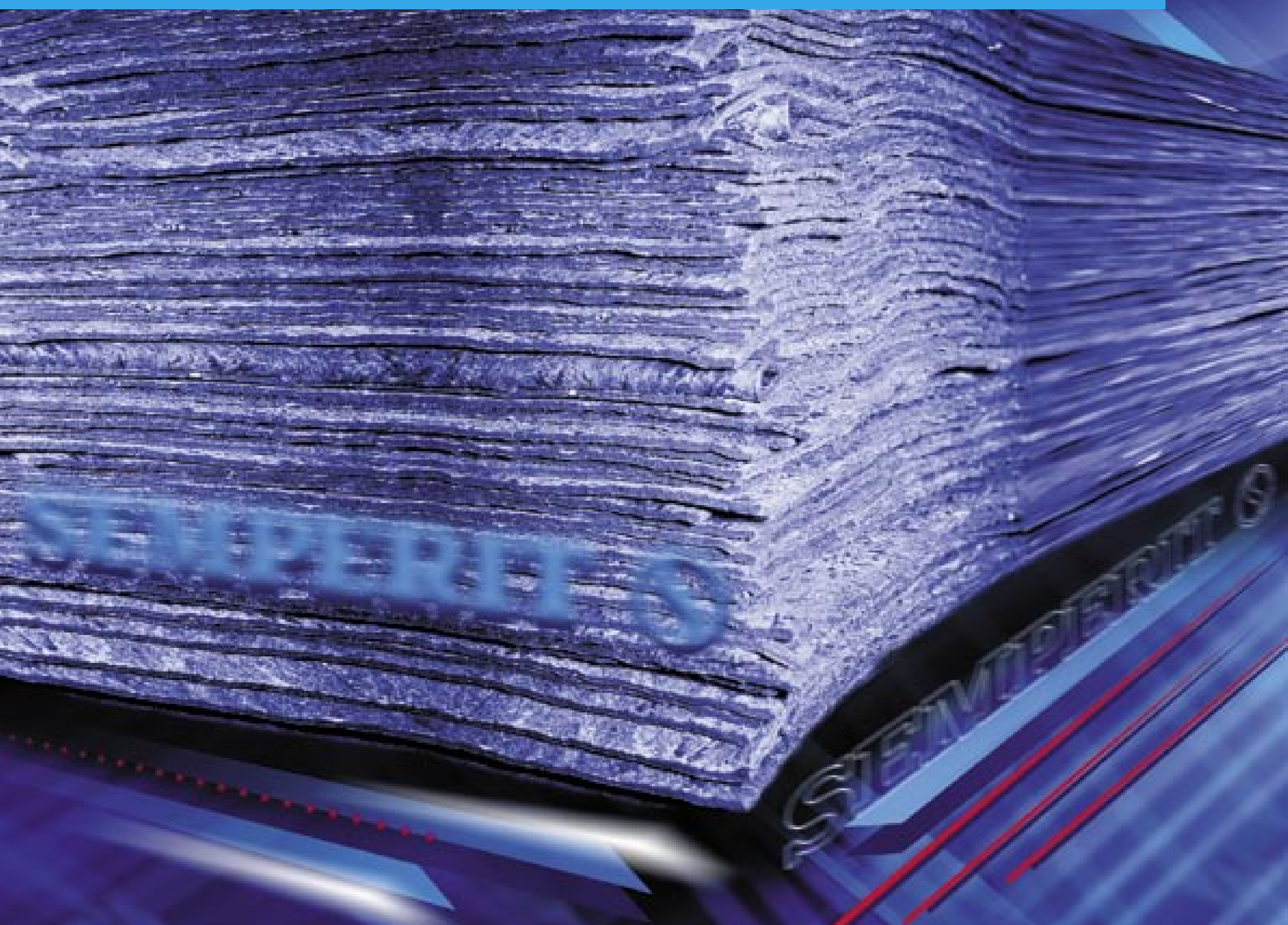
INCREASED DIVIDENDS PROPOSED

In line with the continued improvement in earnings, the Management Board will propose to the forthcoming General Meeting of Shareholders an increase in profit distribution per share from 41 cents to 54 cents; this corresponds to an increase in dividends from 39 % to 52 % of issued capital. Semperit once again justified the faith placed in it by shareholders.

Our activities to provide information for our shareholders and international investors continued unchanged in 2003. We have continued to adhere to a policy of providing fair information to shareholders, guaranteeing international investors a sound insight into the development of the company which for many years has formed the basis for the considerable increase in the price of the share. The year 2003 once more showed that the Semperit share represents a stable investment with continuous increases in value and high value as a long-term asset.

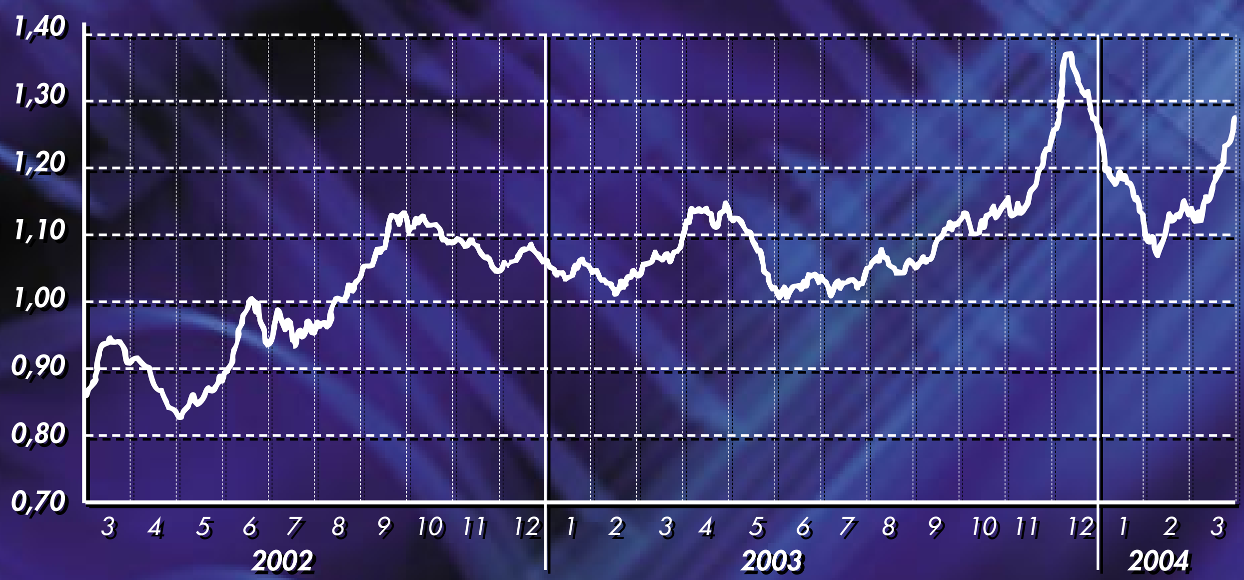
Earnings and the share price have moved in lockstep over the years. Moreover, investments and acquisitions of attractive companies have significantly increased the value of the Group as a whole.

With a price/earnings ratio (PER) of 10:1 at the end of 2003, Semperit remains attractively priced compared to our international competitors and other leading companies listed on the Vienna Stock Exchange.



FINANCIAL REPORT

RAW MATERIAL PRICE TRENDS (NATURAL RUBBER) IN EUR/KG



GLOBAL ECONOMIC CONDITIONS

The Asian economy was the most important engine of international economic growth in 2003. China recorded a growth rate of between 7 % and 8 %. South Korea, Taiwan and the other „tiger states" of Southeast Asia have also retuned to higher than average growth. After many years in the doldrums, the Japanese economy showed the first significant signs of recovery in the first six months of 2003, with economic growth of 1.8 % for the year as a whole.

In contrast, the 1.4 % growth rate posted by the industrialised nations in 2003 was lower than in the previous year (1.8 %). However, it showed signs of picking up in the second half of the year.

Economic policy in the euro zone was unable to develop a coordinated and effective strategy to combat the weakness in demand which has prevailed since the end of 2000. Economic policy efforts concentrated primarily on cutting expenditure in the public sector and on infrastructure and welfare. Despite this, the two big EU states Germany and France failed to meet budgetary targets, running deficits which were well above the Maastricht criteria.

Given falling producer prices, the rigid interest rate policy of the Central European Bank (ECB) has resulted in a substantial real interest rate level. The trend toward a higher euro that this has fostered has markedly dampened economic growth. At the end of the year, the rate of exchange to the US dollar was 20 % higher than the annual average in 2002. This weakened European exports and investments. The Euro Growth Indicator predicted that GDP in the euro zone would be curbed by 0.6 percentage points in the second half of 2003 alone. In contrast to exports and investments, demand in the retail sector remained lively in 2003.

Per capita GDP in the 10 countries joining the European Union on 1 May 2004 is less than half that of the current member states.

Reflecting the general OECD trend, the Austrian economy grew more slowly in 2003 (+ 0.7 %) than in 2002 (+ 1.1 %). In contrast to previous years domestic demand stabilised the economy. Investments in plant and equipment rose slightly. On the other hand, export growth weakened considerably. Imports grew by 2.3 % in real terms and, for the first time in many years, exceeded growth in exports (plus 2.0 %). The current account balance therefore turned from EUR + 0.95 billion (+ 0.4 % of GDP) to minus EUR 0.03 billion.

SEMPERIT GROUP BENEFITED FROM ECONOMIC RECOVERY

The Semperit Group was able to profit to a pleasing degree from the appreciable stimuli to economic activity felt in certain areas. The Group's favourable competitive position allowed it to gain market shares on all world markets. However, falling producer prices, sustained increases in the prices of important raw materials such as natural latex, and the simultaneous progressive decline of the US dollar had a negative effect on the growth of both sales and earnings.

The geographical distribution of production plants proved to be a major advantage in this phase and resulted in all Group companies being able to report a satisfactory development.

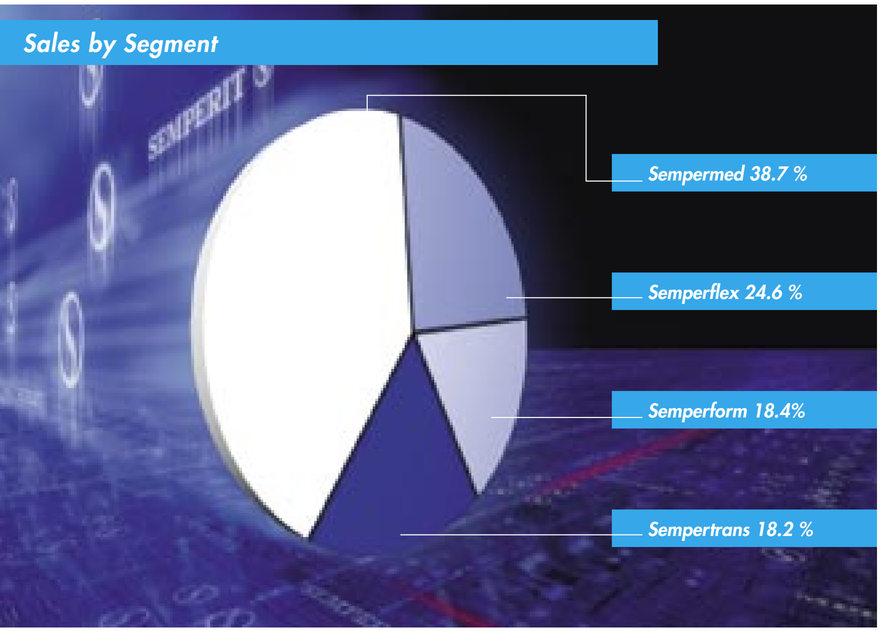
ANALYSIS OF RESULTS

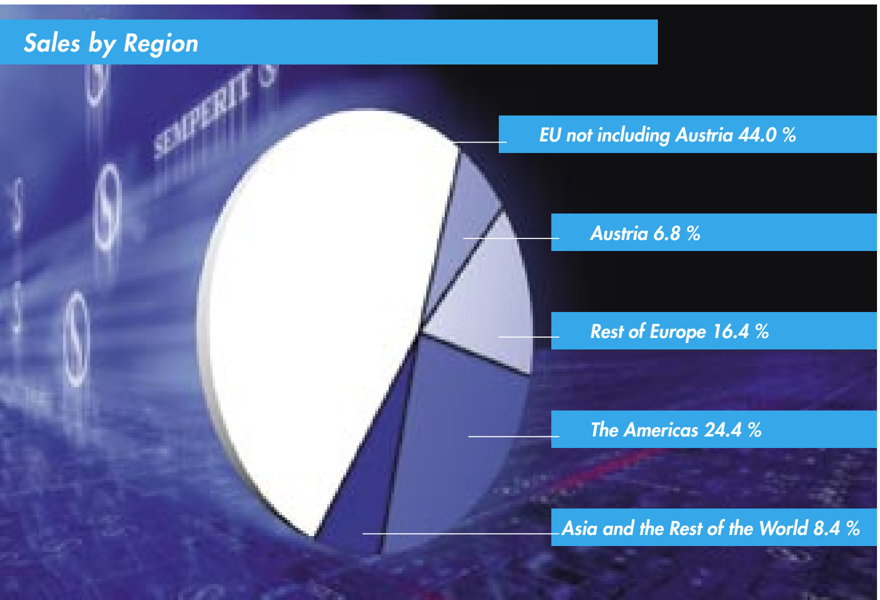
SALES

Group sales rose by 2.7 % to EUR 463.5 million in 2003. However, the four core business divisions displayed very different trends.

The biggest division, Sempermed, experienced a decline in sales revenue of 0.9 % to EUR 179.1 million on a year-to-year comparison. The positive sales trend, however, is not reflected in the figures, as both the downward drift of the US dollar and sustained pressure on prices significantly reduced the figures for sales revenue which is reported in euro. However, this division still accounts for 39 % of total Group sales. As a result of the weak dollar, the sales figure for the biggest market in the world rose only slightly despite significant gains in market share, whereby container business with examination gloves continued to dominate. The percentage of business with Europe remained stable at around 40 %.

The Semperflex division recorded the fastest sales growth last year, with an increase of 5.4 % to EUR 114.2 million. The biggest expansion in business was achieved in western Europe, followed by the USA.





While sales at Semperform remained slow due to low levels of activity in the construction sector, particularly in Germany, they were still 5.2 % higher than in the previous year at EUR 85.5 million.

Sales at the Sempertrans division rose by 4.4 % to EUR 84.3 million this year, as demand picked up again following a period of stagnation in the previous year.

At the end of 2003 Sempermed accounted for 38.7 % of total Group sales, Semperflex for 24.6 %, Semperform for 18.4 % and Sempertrans for 18.2 %.

In regional terms, sales trends were significantly influenced by the strong currency movements. The EU, excluding Austria, accounted for 44.0 %, of sales, Austria for 6.8 %, the rest of Europe for 16.4 %, the Americas for 24.4 % and Asia and the rest of the world for 8.4 %.

Sales growth was strongest in Europe at 5.5 %. A 4.1 % decline in sales in the USA is attributable to the weakening of the US dollar against the euro.

SUMMARY PROFIT AND LOSS ACCOUNT

in EUR mill.	2002	2003	Change in %
Sales (net)	451.2	463.5	2.7
Differences between opening and closing stocks	- 2.7	1.5	>100.0
Own work capitalised	1.0	0.5	- 49.5
Operating revenues	449.5	465.5	3.6
Other operating income	8.8	11.6	32.9
Cost of materials	- 212.5	- 223.8	5.3
Staff costs	- 96.4	- 97.7	1.4
Depreciation	- 24.1	- 23.2	- 3.6
Other operating expenses	- 83.0	- 89.2	7.6
Operating profit (EBIT)	42.3	43.2	1.9
Financial result	- 0.7	1.1	> 100.0
Profit before tax (EGT)	41.6	44.3	6.3
Taxes on income	- 9.3	- 11.3	21.2
Profit after tax	32.3	33.0	2.0

EARNINGS POSITION

Operating profit (EBIT) rose by 1.9 % to EUR 43.2 million. The EBIT margin reached 9.3 %, which was almost the same level as the previous year.

The continuing excessive cost burden due to record prices for a number of raw materials, in particular rubber, was largely offset by strong growth in productivity.

Cost of materials rose by 5.3 % to EUR 223.8 million and, at 48.3 % of sales, was of slightly greater consequence than in the previous year.

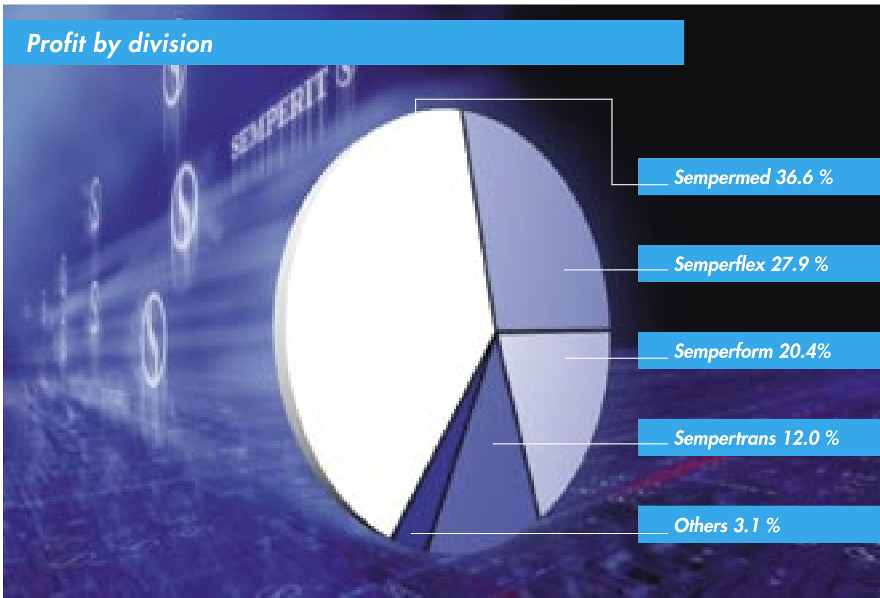
The number of employees rose on average for the year by 3.4 % to 5,886. Staff costs rose by 1.4 % to EUR 97.7 million. Personnel expenses as a percentage of sales declined slightly to 21.1 %.

Depreciation fell by 3.6 % to EUR 23.2 million from EUR 24.1 million in the previous year.

The financial result for the Semperit Group was EUR 1.1 million (2002: - EUR 0.7 million).

Pre-tax profits rose by 6.3 % to EUR 44.3 million. The partial operating result of Sempermed amounted to EUR 16.2 million, that of Semperflex improved to EUR 12.4 million, that of Semperform to EUR 9.0 million. Sempertrans achieved to EUR 5.3 million.

36.6 % of the total result was thus attributable to Sempermed, 27.9 % to Semperflex, 20.4 % to Semperform, 12.0 % to Sempertrans and 3.1 % to Others.



The tax rate amounted to 25.5 %, higher than in the previous year (22.3 %).

Net profit rose from EUR 32.3 to EUR 33.0 million. Earnings per share of 1.32 EUR exceeded the previous year's figure by 12.5 % continuing the steady upward trend.

ASSET AND FINANCIAL POSITION

Total net assets of the Semperit Group grew by EUR 8.4 million to EUR 333.9 million (+ 2.6%). The ratio of fixed assets resp. current assets to net assets is 42.0 % (45.1 % in the previous year) resp. 58.0 % (54.9 % in the previous year).

The value of fixed assets declined by 4.5 % to EUR 140.3 million.

Inventories of EUR 58.7 million were reported in the balance sheet, around the previous year's level. Trade receivables declined from EUR 72.8 million to EUR 67.4 million. Working capital, consisting of inventories plus receivables minus trade payables, was down 2.6 % on the previous year at EUR 102.0 million

Cash and cash items on the balance sheet date amounted to EUR 40.3 million, up EUR 21.3 million on the previous year.

Group equity in the amount of EUR 155.2 million (+ 4.5 %) includes inflows of capital from the Group result of EUR 26.9 million and outflows for dividend payments to shareholders of EUR 8.3 million and currency translation differences of EUR – 11.9 million. The equity ratio excluding minority interests as per 31.12.2003 was 46.5 % (2002: 45,6 %). The equity capital ratio of the Semperit Group as a benchmark of the Group's financial independence rose once again on the previous year's figure. Shareholder capital covers Semperit Group's fixed assets by 110.6% (2002: 101.1 %).

The increase in provisions by EUR 7.5 million to EUR 87.5 million is the result of an increased provisioning requirement for Other Provisions, Provisions for Taxes and Social Capital.

Financial liabilities rose to EUR 56.8 million, up 1.3 % on the previous year. Net debt declined again. Cash and cash items exceeded financial liabilities by EUR 23.5 million (2002: EUR 5.8 million).

SUMMARY BALANCE SHEET

in EUR mill.	2002	2003	Change in %
ASSETS			
Fixed assets	146.9	140.3	- 4.5
Stocks	58.4	58.7	+ 0.4
Trade receivables	72.8	67.4	- 7.3
Other current assets	47.4	67.5	+ 42.5
Balance sheet total	325.5	333.9	+ 2.6
LIABILITIES			
Equity capital	148.6	155.2	+ 4.5
Minority interests	40.9	34.4	- 15.8
Reserves and social overhead capital	80.0	87.5	+ 9.4
Accounts payable	56.0	56.8	+ 1.3
Balance sheet total	325.5	333.9	+ 2.6

CASH FLOW

Cash flow from profits as an indicator of the Group's high level of self-financing reached the pleasing level of EUR 50.7 million (2002: EUR 55.4 million). Cash flow from operating activities, which also takes into account changes to within working capital, rose to EUR 58.8 million, another increase on the previous year.

Cash flow from investment activity amounted to EUR -25.3 million. Capital inflow from operating activities therefore exceeded outflows for investment by EUR 33.5 million. Cash flow from financing activities, which amounted to EUR -10.4 million, includes EUR -8.3 million for dividend payments for the business year 2002. Taking into account exchange rate movements, total liquid capital on the balance sheet date amounted to EUR 40.3 million, up EUR 21.3 million on the year before.

As an indicator of a company's ability to finance investments from its own income and therefore ensure its continued growth, the cash flow ratio is calculated as the proportion of the cash flow in percentage of sales. For 2003 the Semperit Group shows a cash flow ratio of 10.9 %.

SUMMARY STATEMENT OF CASH FLOW

in EUR mill.	2002	2003	Change in %
Cash flow from profits	55.4	50.7	- 8.4
Cash flow from operating activities	54.8	58.8	+ 7.3
Cash flow from investing activities	- 34.2	- 25.3	- 26.0
Cash flow from financing activities	- 18.3	- 10.4	- 43.2
Change in cash and cash equivalents	2.3	23.1	> 100.0
Cash and cash equivalents at the end of the period	19.0	40.3	> 100.0

CAPITAL EXPENDITURE AND ACQUISITIONS

Expenditure and acquisitions amounted to EUR 31.8 million in the year under review. Thereof capital expenditure on tangible and intangible fixed assets amounted to a total of EUR 15.2 million, on financial assets of EUR 14.3 million and on acquisitions of EUR 2.3 million.

Capital expenditure concentrated on the expansion of capacities and modernisation of existing plants. The main thrust of investments was directed to Sempermed with EUR 9.5 million and to Semperflex with EUR 9.0 million. Semperform invested EUR 8.0 million, Sempertrans EUR 2.2 million.

SEMPERIT GROUP

The consolidated financial statements for 2003 for the Semperit Group are shown in detail on pages 34 to 60.

THE FOUR OPERATING DIVISIONS

Group business activities are concentrated in four divisions - Sempermed, Semperflex, Semperform and Sempertrans. Corresponding operating subsidiary companies are assigned to the relevant divisions. Activities which cannot be clearly allocated are reported in an additional section of the financial statements under the collective heading „Other Activities and Group Eliminations" in line with International Financial Reporting Standards (IFRS). The individual economic positions of the four divisions are described in detail on pages 20 to 27.

SEMPERIT AG HOLDING

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

Semperit AG Holding reported net income for the year 2003 of EUR 11.5 million. The Management Board will propose to the Annual General Meeting that a dividend distribution of 54 Cent per share. Pages 61 to 63 set out the Company's Balance Sheet and Income Statement in detail.

SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG

Semperit Technische Produkte GmbH & Co KG (STP) runs the main Wimpassing plant in Austria, which is the only Group plant to manufacture for three divisions – namely Sempermed, Semperflex and Semperform. This wholly owned subsidiary of Semperit AG Holding increased sales for the business year 2003 by 4.0 % to EUR 222.0 million. Total assets rose to EUR 122.9 million. Equity capital amounted to EUR 11.2 million.

SEMPERIT TECHNISCHE PRODUKTE GMBH

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

Sales from these activities amounted to EUR 8.2 million. The profit for the period is reported at EUR 11.5 million. Total assets increased to EUR 74.9 million. At the year-end, the company's equity capital amounted to EUR 58.1 million.

SEMPERIT GROUP COMPANIES

SEMPERIT AG HOLDING

SEMPERIT TECHNISCHE PRODUKTE GMBH

PRODUCTION COMPANIES

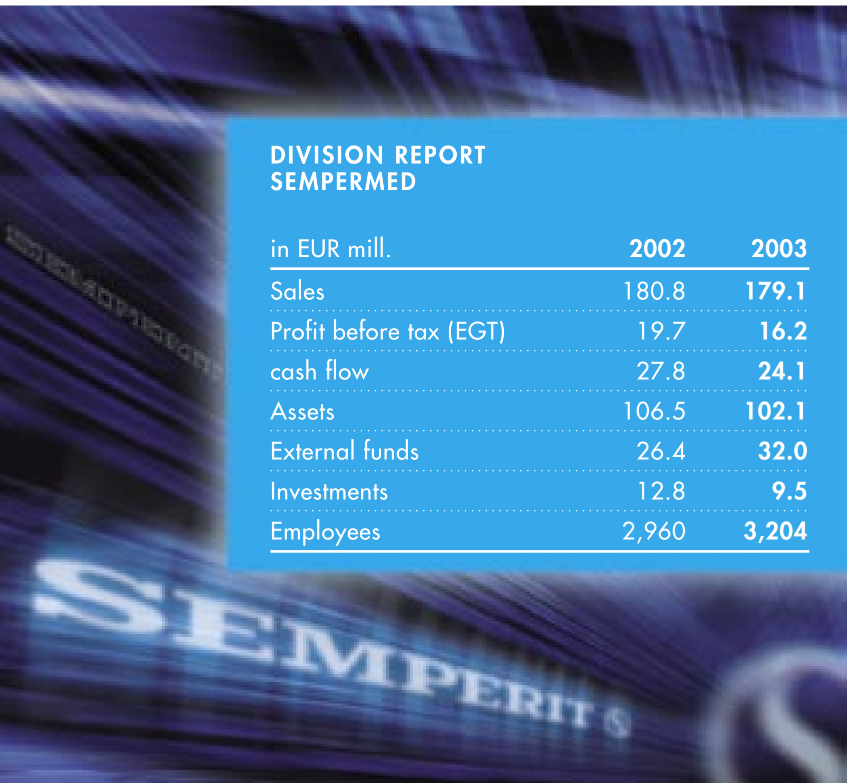
SEMPERMED	SEMPERFLEX	SEMPERFORM	SEMPERTRANS
SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERIT TECHNISCHE PRODUKTE GMBH & CO KG, VIENNA	SEMPERTRANS FRANCE BELTING TECHNOLOGY S.A., ARGENTEUIL, FRANCE
SIAM SEMPERMED CORPORATION LTD., HATYAI, THAILAND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

TRADING COMPANIES

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

SEMPERMED DIVISION

The Sempermed division registered a further expansion of its business activities in the year under review with impressive increases in sales. However, strong demand for examination and surgical gloves continued to be matched by considerable excess capacity. The resulting fierce competition was further distorted to the detriment of European production plants by the significant decline in the value of the US dollar against the euro. Consequently, the expansion of Sempermed's business could not be adequately represented in euro. Reported in euro, sales at this division fell to EUR 179.1 million, profit on ordinary activity to EUR 16.2 million.



DIVISION REPORT SEMPERMED

in EUR mill.	2002	2003
Sales	180.8	**179.1**
Profit before tax (EGT)	19.7	**16.2**
cash flow	27.8	**24.1**
Assets	106.5	**102.1**
External funds	26.4	**32.0**
Investments	12.8	**9.5**
Employees	2,960	**3,204**

In local currencies however, the subsidiaries in Thailand, China and the USA continued to achieve marked increases in sales revenues. These were largely the result of further volume increases for examination gloves.

It was not possible to expand the business for surgical gloves due to the expiry of a number of large contracts and fiercer competition in this sector.

In the case of industrial gloves, the selective portfolio strategy and concentration on specific segments resulted in increased market penetration and considerable business expansion.

All the Group's glove factories operated at full capacity throughout the entire year. The comparatively favourable cost situation vis-à-vis competitors made it possible to market the volumes which had been produced and at the same time increase market share.

WIMPASSING

Surgical glove production at the main Austrian plant in Wimpassing benefited from continued strong demand on European markets. However, products from manufacturers of countries related to the US-Dollar put considerable pressure on market prices.

SIAM SEMPERMED

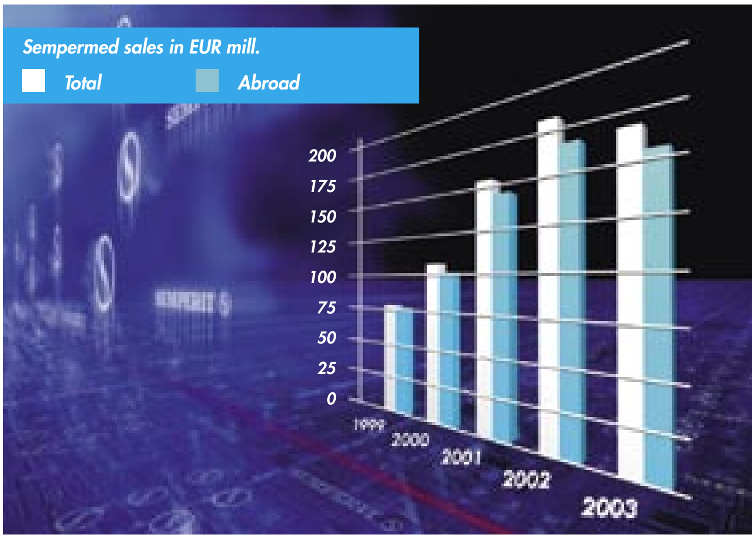
Capacity at the two Thai plants was sometimes overbooked during 2003. However, strong competitive pressure made it impossible to adjust prices to the massive increases in costs, especially the higher cost of latex. The detoriation in the terms of trade was only partly of the by productivity increases.

SHANGHAI FOREMOST

A fire in spring at our newly acquired subsidiary Shanghai Foremost Plastic Industrial Co. Ltd. in Shanghai/China caused delays in capacity expansions. The first full year of production was therefore mainly used to consolidate and streamline production.

SEMPERMED USA

The distribution company Sempermed USA achieved higher sales and sales revenue in local currency than last year in the world's biggest market for medical gloves. As in previous years, these increases were also accompanied by pleasing gains in market share. In the fiercely competitive hospital business the company was able to strengthen its position, particularly in the examination glove segment. The Long Term Care Sector also saw considerable increases in volume output. However, as this segment is at the low-price end of the market margins have to be calculated tightly.

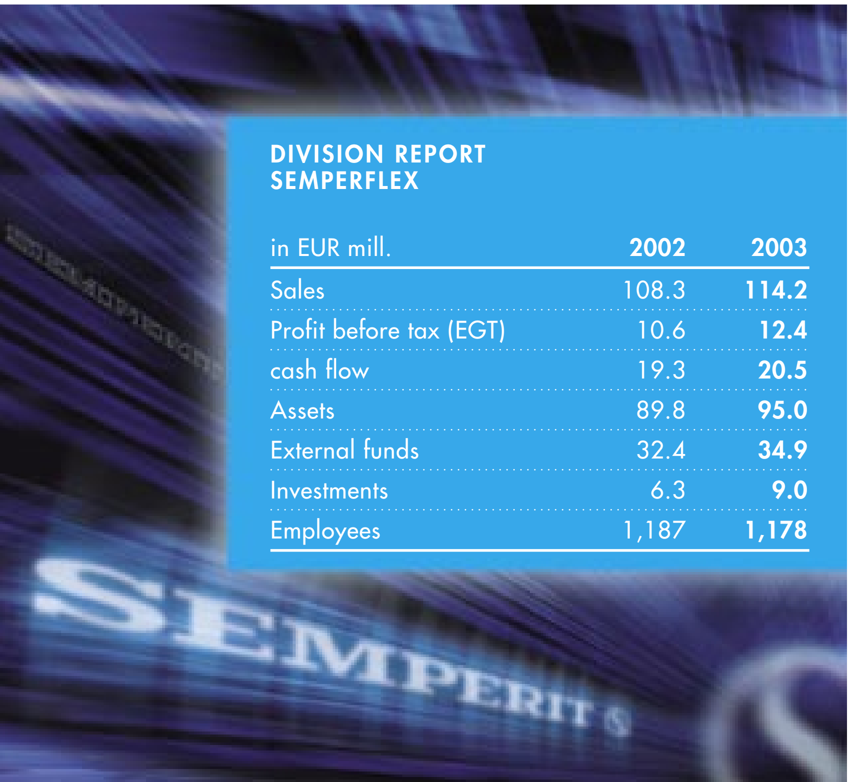


Overall, the unfavourable currency realignments considerably hampered the sale of Sempermed products in the USA, putting downward pressure on margins. Aggressive price competition continued. Sempermed USA was able to close the gap to the leading market players and establish itself among the most important suppliers. The full utilisation of capacity at the plants required a more selective approach with a focus on Alternate Care (Medical – Dental) and the industrial segment, which more than doubled.

SEMPERFLEX DIVISION

The Semperflex division manufactures and distributes hydraulic and industrial hoses, elastomer sheeting and wear-resistant sheets. The four production plants Wimpassing, Semperflex Optimit (Czech Republic), Roiter (Italy) and Semperflex Asia (Thailand) generally worked at full capacity in the year under review.

2003 saw a marked improvement in the economic climate. The hydraulic hose segment in particular benefited from lively demand on European markets and in the USA. Strict cost management and the pursuit of clearly defined market strategies assisted expansive sales activities on the most important markets.



DIVISION REPORT SEMPERFLEX

in EUR mill.	2002	2003
Sales	108.3	**114.2**
Profit before tax (EGT)	10.6	**12.4**
cash flow	19.3	**20.5**
Assets	89.8	**95.0**
External funds	32.4	**34.9**
Investments	6.3	**9.0**
Employees	1,187	**1,178**

In an improvement on the last year, total sales revenue at this division rose by 5.4 % to EUR 114.2 million, profit on ordinary activity amounted to EUR 12.4 million (+ 16.7 %). In the Hydraulic Hose division, the concentration on selected market segments continued to pay dividends, with considerable gains in market share on some markets.

WIMPASSING

The Austrian production company was able to increase sales in line with expectations. Sales revenue and earnings therefore developed satisfactorily. Sales of elastomer sheeting increased.

SEMPERFLEX OPTIMIT

Czech hose production achieved the ambitious targets set for it both in terms of sales and earnings. Lively demand on European markets and in the USA guaranteed full utilisation of capacities.

The above average profit growth is attributable to tight cost control for variable and fixed costs. The plant in Odry also profited from cutting-edge manufacturing and machining technology, allowing it to offer optimal quality and custom-tailored products.

SEMPERFLEX ASIA

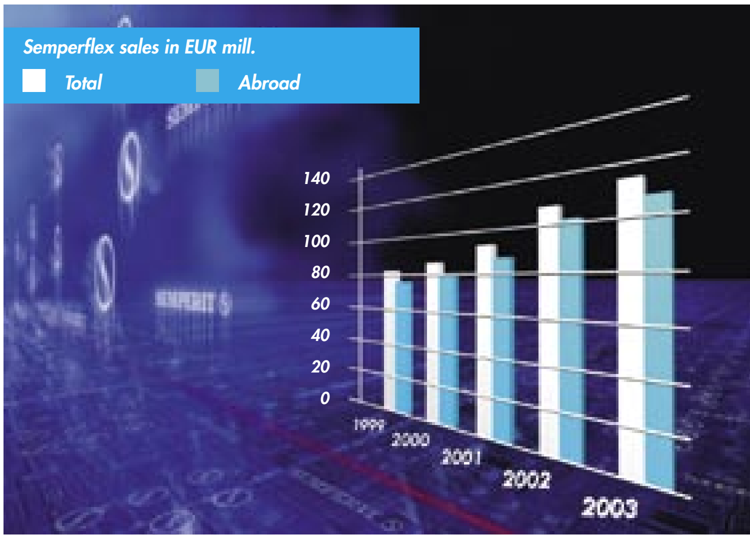
The production companies in Thailand also worked at maximum capacity last year. However, the statement of earnings in euro does not do justice to the successful operating trend. Healthy demand in both the USA and Europe resulted in higher than average increases in sales revenue in local currencies.

The new distribution subsidiary in Singapore successfully commenced operations for Semperflex in the second half of the year.

ROITER S. P. A.

The Italian hose factory Semperflex Roiter, which was purchased in 2002, was confronted with marketing difficulties in the shrinking Italian market, as a result of which business activity slowed down.

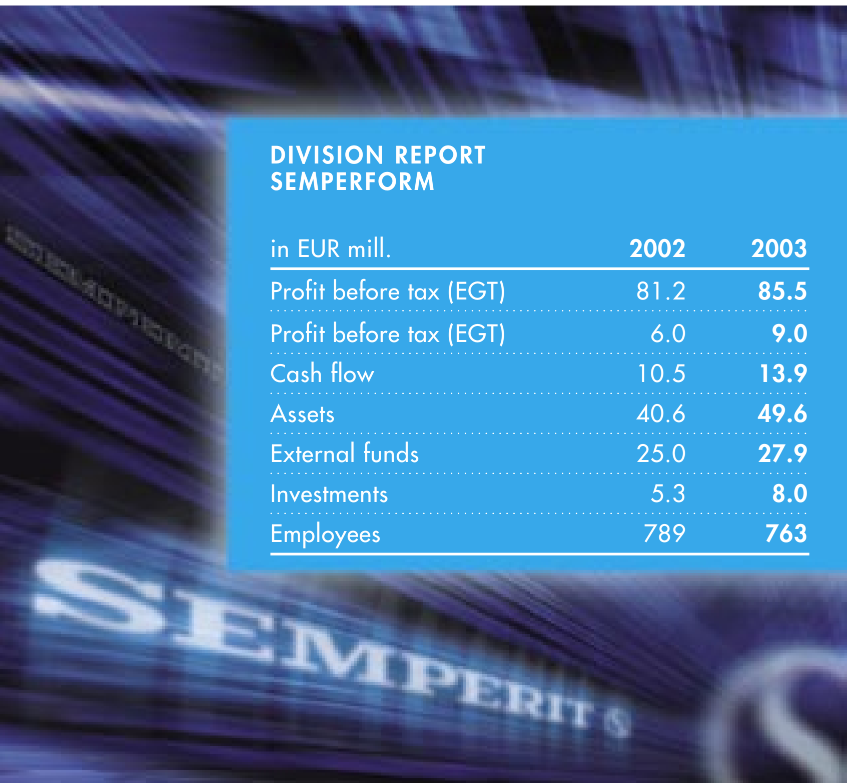
Integration into the international Semperflex structure progressed. Roiter products were included in the Group marketing programme and distributed in many new markets in Europe. However, sales of non- Roiter manufactured products of the Group's product range did not progress satisfactorily.



SEMPERFORM DIVISION

The Semperform division performed considerably better in the year under review than in previous years. However, sales to the US were hit by the currency slump; price increases to compensate for currency losses were almost impossible.

Semperform's sales at EUR 85.5 million showed an 5.2 % increase to the year before. Profit on ordinary activity amounted to EUR 9.0 million (+ 51.5 %). However, these overall figures conceal considerable differences in the individual segments.



DIVISION REPORT SEMPERFORM

in EUR mill.	2002	2003
Profit before tax (EGT)	81.2	**85.5**
Profit before tax (EGT)	6.0	**9.0**
Cash flow	10.5	**13.9**
Assets	40.6	**49.6**
External funds	25.0	**27.9**
Investments	5.3	**8.0**
Employees	789	**763**

WIMPASSING

The production of moulded articles at Wimpassing was characterised by varying order levels. The product lines for railway construction (railway sleeper beds, dowels and angular plates, isolation elements) enjoyed higher than average business as did aerial ropeway rings. Sales of pipe seals and filter membranes rewarded many years of hard work building up the market. The high market share in the aerial ropeway ring segment was consolidated. Stronger orders for profiles went hand in hand with pleasing gains in market share. Adjustments to customer and product structures were continued. In the escalator handrail segment, OEM-business with the major escalator manufacturers was initially slow to develop due to low levels of activity in the construction sector. The order book was still unsatisfactory at the end of the year. Fierce competition among escalator manufacturers resulted in a perceptible erosion of prices. Increased canvassing of the spare parts market has already started to show positive results. Sales of cellular and sponge rubber were above those of the previous year with order levels remaining strong.

SEMPERFORM SOPRON

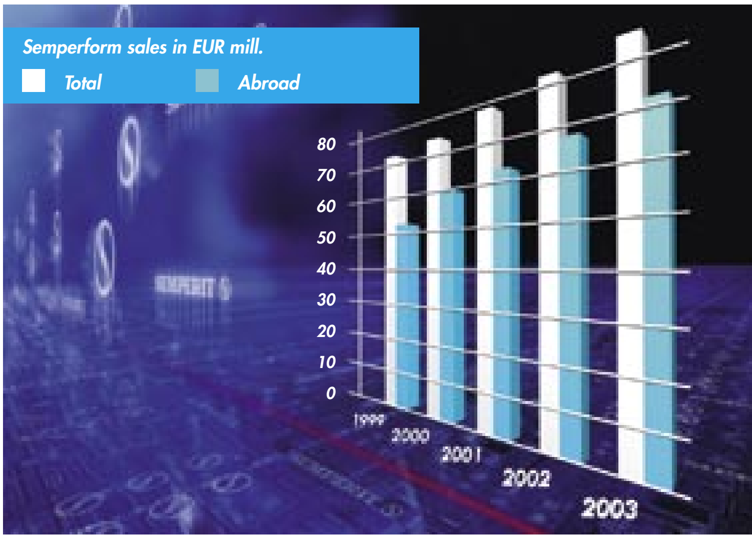
Semperform in Hungary registered rising sales throughout the year with excellent levels of incoming orders, in particular from suppliers to the vehicle manufacturing industry and for roof windows.

SEMPERIT GUMMIWERK DEGGENDORF

Increases in sales and market share at our German plant in Deggendorf surpassed expectations. This was despite the fact that its most important market, the German construction industry, remains mired in crisis for the seventh consecutive year. Extremely aggressive price competition meant that the increase in sales revenue was slightly lower than the volume of sales. The resulting loss of relative earnings power was partly compensated for by increased productivity and savings on the cost of materials. Beside sales expansion, the result was a massive increase in profits.

SEMPERFORM PACIFIC

The Thai manufacturer of moulded articles performed well below expectations due to strong local competition for pipe seals and orders for the railway sector which failed to materialise. Redeployment of production within the Group was partly able to compensate for this.

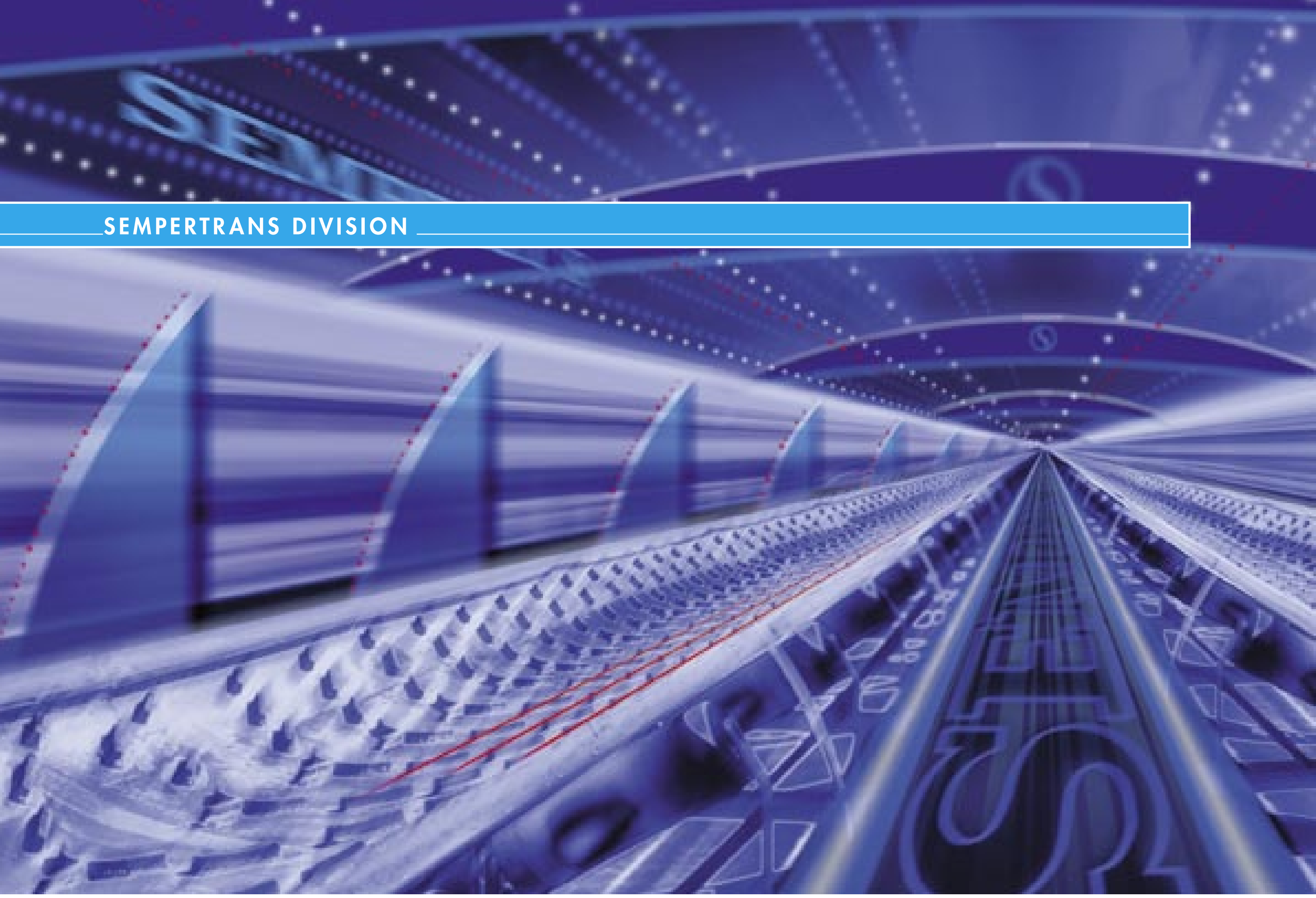


SHANGHAI SEMPERIT RUBBER & PLASTIC

Business development at our Chinese handrail manufacturer was better than expected in the reporting year, both in terms of sales figures and earnings. The business upturn at major international escalator manufacturers operating in China was bolstered by the production capacity which has been moved there, and resulted in a pleasing improvement of the order level which continued until the end of the year. The relocation of labour-intensive products with the simultaneous use of local raw materials was the prerequisite for higher competitiveness on the fast-growing Chinese market.

SEMPERIT INDUSTRIAL PRODUCTS

In a stagnant market, order levels at the US handrail production company only started to pick up in the second quarter of 2003. However, the resulting shortfall could not be made up. The unfavourable exchange rate is causing increasing difficulties. Sales increases were achieved in the sponge rubber business.

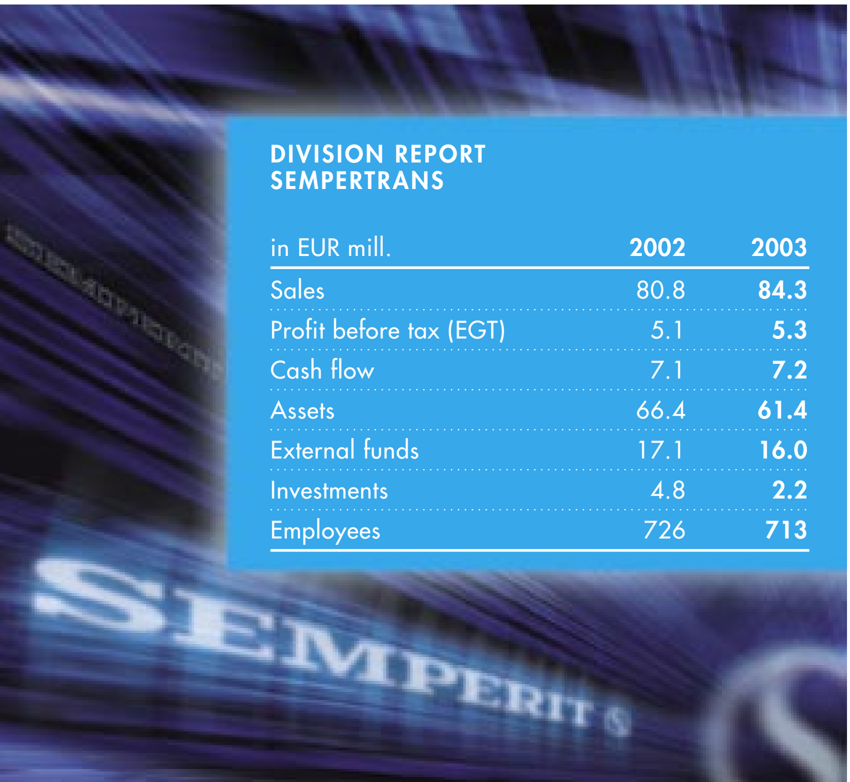


SEMPERTRANS DIVISION

The Sempertrans division achieved further increases in business in the year under review. Sales revenue rose by 4.4 % to EUR 84.3 million, profit on ordinary activity by 3.6 % to EUR 5.3 million.

The Polish conveyor belt manufacturer in particular, significantly expanded its market position. The earnings position at the French plant improved too. Synergies between the two European locations were further optimised during the reporting year and a number of products concentrated at one of the two production sites. The standardisation of specifications also helped strengthen the market position. Overall, the Sempertrans division has consolidated its position as an international conveyor belt manufacturer specialising in textile and steel conveyor belts with a complete product range of various widths and qualities. The Sempertrans brand, which was launched a year ago, has promoted a uniform corporate identity and increased visibility all over the world.

The division has significantly increased its competitiveness in recent years following plant expansions. This has facilitated the optimisation of production processes, considerably improving productivity. Sempertrans products were international front-runners in the year under review, a position they will continue to expand in future.



DIVISION REPORT SEMPERTRANS

in EUR mill.	2002	2003
Sales	80.8	**84.3**
Profit before tax (EGT)	5.1	**5.3**
Cash flow	7.1	**7.2**
Assets	66.4	**61.4**
External funds	17.1	**16.0**
Investments	4.8	**2.2**
Employees	726	**713**

SEMPERTRANS FRANCE BELTING TECHNOLOGY (SFBT)

Business at the French company SFBT in Argenteuil/Paris developed in line with planning in 2003, resulting in improved earnings. However, overseas exports were hurt by the continuing weakness of the US dollar.

The production and sale of metal belts remained at record levels. However, excess production of textile belts continued to put pressure on prices, thus depressing profits in this segment.

SEMPERTRANS BELCHATOW

Polish conveyor belt manufacturer Sempertrans Belchatow recorded a significant upturn in business.

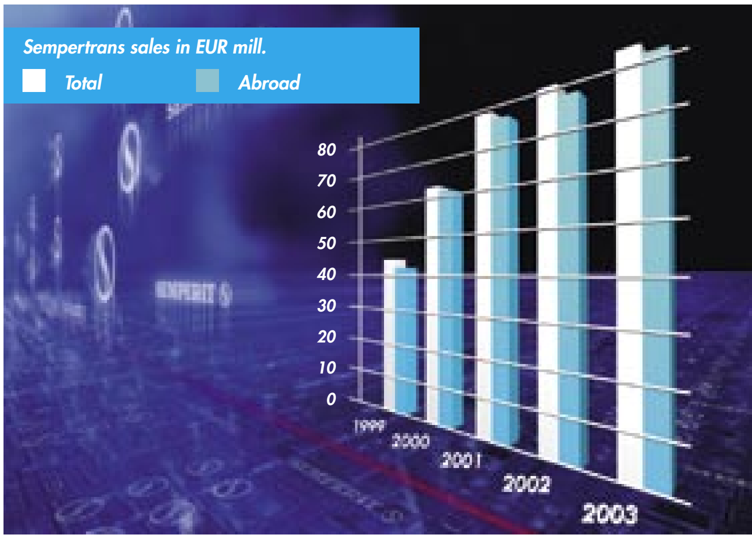
Measures to increase productivity and reduce costs were major factors behind this success. Sales growth was achieved on the Polish market, as well as with exports to both eastern and western Europe.

Products from Poland also made significant gains in market share. A rigorous programme of cost-cutting measures was able to partly absorb the effect of higher prices for raw materials.

SEMPERTRANS NIRLON

The Indian subsidiary Sempertrans Nirlon faced tougher competition both on the domestic and export markets. As a result, it was unable to raise prices.

Measures to improve competitiveness and cut costs were therefore accelerated, laying the groundwork for enlarging the company's market share. However, raw material prices, which are above world market level due to customs duties, were clearly reflected in low earnings.



RESEARCH AND DEVELOPMENT

The new R&D centre at the plant in Wimpassing, Austria, has already proven its full functionality as the hub of Group-wide research and development activities.

The new state-of-the-art environment made an important contribution to product transfer and product standardisation, process alignment and technology adjustment between the international Group production companies and plants. In the laboratories, our highly qualified teams of researchers continued to work intensively on the further development of product quality, manufacturing processes and materials.

KEY RESEARCH AT THE INDIVIDUAL DIVISIONS IN 2003

To ensure the continued success of our products on international markets, a large number of projects were started for the different divisions in the year under review.

At the Sempermed division, work focussed on the company's promising own development of a medical glove made of synthetic materials that has similar properties to a natural latex glove biocompatible. The potential possibilities for reducing protein that had been developed in cooperation with two universities entered the implementation phase. Research continued on new acceleration and connectivity systems.

At the Semperflex division, the fitting programme was revised and work on a computer model for the simulation of hose applications, including fittings, was completed and taken into service. This model had also been developed in cooperation with a university. Other key areas included components to reduce complexity, the redesign of various hoses from the industrial hose segment, as well as the redesign of the cover and liner materials of high-pressure hoses. Process engineering focussed on optimisation by exploiting the interaction of compound properties and process management as well as on improvements to the roller-head machine.

The wide range of projects for the Semperform division included basic developments in the process-engineering sector; innovations in construction profiles, pipe clamp profiles and pipe seals, process, material and product developments for wagon and railway superstructures to meet a wide range of product requirements. Cost reduction projects focused on profile production for the construction, railway and pipe construction sectors.

Materials and process development programmes were continued for the manufacture of filter membranes using injection-moulding technology. The potential from the process development „burr-free injection moulding" was also implemented in 2003. Intense work continued on basic studies to reduce heating time.

In the handrail segment, the development of the Hypalon project and „NEW Slider" was taken further, while work continued on reducing both complexity and costs.

In the Sempertrans division, high-temperature resistant conveyor belts with steel reinforcements, as well as conveyor belts built to specific customer requirements were redeveloped.

KEY RESEARCH AREAS IN 2004

As is general practice within our Group, we continued to work with a number of Austrian and foreign universities in 2004. Traditionally, relations are extremely close with the Montan University Leoben, the Technical Universities in Vienna and Graz, the Zentrum für Elektronenmikroskopie (Graz) and the Austrian Research Institute for Chemistry and Technology (Vienna).

We also work with the German Institute for Rubber Engineering (Hanover) and the Institute of Plastics Processing (Aachen). More recently, we have forged links with the Polish research institutes „University of Technology Wvoctaw" and „Stomil" in Piastow. In the Czech Republic, we cooperate with the Tomos Bata University Zlin and ITC Zlin.

A number of key research areas have also been defined for the individual business divisions in 2004.

At the Sempermed division, priority will be given to further development and basic development work in the field of synthetic latexes to enhance the range of gloves, to new acceleration and coonectivity systems as part of a basic research project, to the continued integration of the new PVC-examination glove plant in Shanghai, to the implementation of cost-cutting projects and, within the scope of a research project, to film formation in dip processes.

At the Semperflex hose division, product and material developments will be on the programme. Cost-cutting projects, product development and process optimisation projects will be carried out at Semperform. At the Sempertrans division, the product range will be extended.

The following research projects are being carried out in cooperation with universities or within the framework of EU projects and the Kplus projects: Studies to predict the service life of articles that are subject to dynamic stress, alternative accelerator systems, EU projects to reduce zinc oxides in rubber mixtures, studies concerning film formation, a description of the extrusion process.

HUMAN RESOURCES

The challenges facing the management of the Semperit Group grow with each new international location. Due to acquisitions abroad the percentage of personnel employed in Austria has declined from 35 % to 16 % within ten years. Although the number of white collar employees at Wimpassing and Vienna has remained more or less constant over the years, the number of blue collars tendencially declined.

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

Against this background, it is only natural that there has been a significant increase in the level of qualification. This is particularly evident among white collar employees at the Austrian plant in Wimpassing. While in 1993 university graduates accounted for only 19 % of the workforce, by 2003 the figure had risen to more than 36 %. The percentage of high-school graduates and engineers has also risen sharply.

More than ever, it is vital for our employees to continuously expand their knowledge. This is especially true for executives, who need to possess the tools to filter out and recognise relevant information.

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

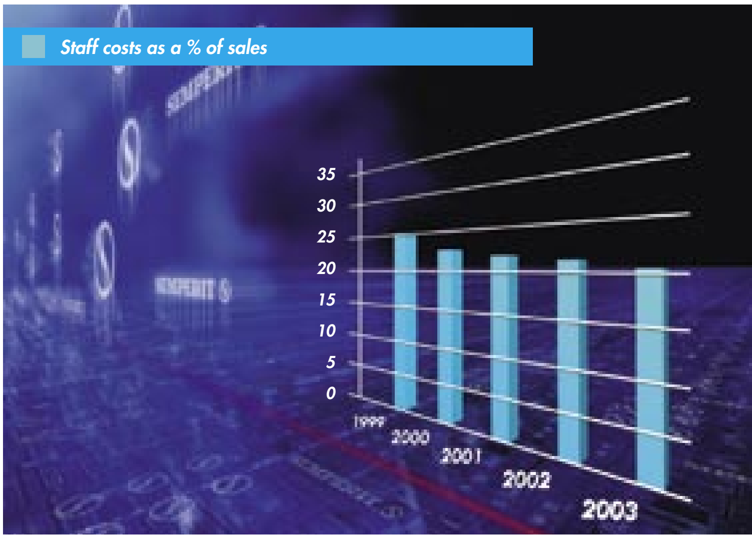
Management receive intensive management training within the scope of a cooperation with the St. Gallen Management Centre in Switzerland. This scheme offers a comprehensive and integrated overview of key management tasks on the basis of system-oriented management theories, change recognition and increasing personal productivity.

We are increasing our efforts to adequately train our young engineering and commercial personnel. Within the scope of standardised introductory training courses, the young graduates also receive selective specialist training in areas such as rubber technology, logistics, quality assurance, controlling, industrial engineering, procurement, product liability etc. In addition to this, specific modules are offered which round off this training stage. These include time and goal management, presentation and public speaking skills, sales training, product training, language courses and multi-stage management courses.

Training is also being intensified in the area of „Basic Knowledge for Project Management," the modern tool for successful project management. This is communicated in a very practical form.

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

New skills for the „Back-Office" area have been intensively communicated in recent years. However, continuously increasing demands mean that content also changes. Further training therefore remains a permanent necessity.



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

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

Semperit has taken the appropriate steps in recent years and will purposefully continue down this road to success.

OUTLOOK FOR 2004

The slight economic recovery which started in the year under review – initially in the USA and Asia – has continued in 2004. However, the positive impulses generated by this will be significantly weakened in the euro zone due to the appreciation of the European currency against the global lead currency, the US dollar. According to the Euro Growth Indicator, the European economy suffered a 0.6 % loss of economic growth in the second half of 2003 due to the strength of the euro. Nevertheless, the growth of the global economy should be strong enough to ensure a sustained recovery in the euro zone. Despite the unfavourable currency relations, this will mainly be sustained by overseas exports. In the meantime, the prolonged weakness of domestic demand was the key economic challenge. At any rate, investments in plant and equipment, which are of crucial importance for the European business cycle, had not shown any significant signs of recovery at the start of the year.

The indicator-based quarterly forecast model of the European Commission had already signalled a slight upturn in growth for the first quarter 2004. However, the large European economies of Germany, France and Italy continued to struggle with economic problems, as did the Netherlands and Portugal.

RECORD PROFITS EXPECTED AGAIN

In line with forecasts, the Semperit Group continued to chart a growth course in the first quarter 2004, although this was only partly due to the general economic recovery. The trend in the first few months of the year gave good reason to assume that Semperit would achieve record profits for the 14th consecutive year. However, continuing uncertainty about the development of the euro against the dollar does not permit any more specific predictions for the time beeing.

Operations at the Sempermed division, in particular, are largely free of cyclical influence. Consequently, this division will once again significantly increase production volumes in 2004. At the Thai plants, output should be accelerated to over 6 billion gloves by means of massive productivity increases and the promotion of synthetic products made of nitril, as well as powder-free gloves with higher added value. Projects are also underway for a further expansion of capacity.

We also expect that the modernisation and streamlining of non-latex glove capacity at the Shanghai plant will result in significant business growth, provided that demand in the non-latex segment continues to rise. At the same time, despite stiffer competition, efforts will be made to gain additional market shares in both Europe and the USA, where the segments Acute Care (Hospital) and Alternate Care (Dental und Doctors Office) will be promoted. The excessive depreciation of the US dollar will, however, influence figures again this year.

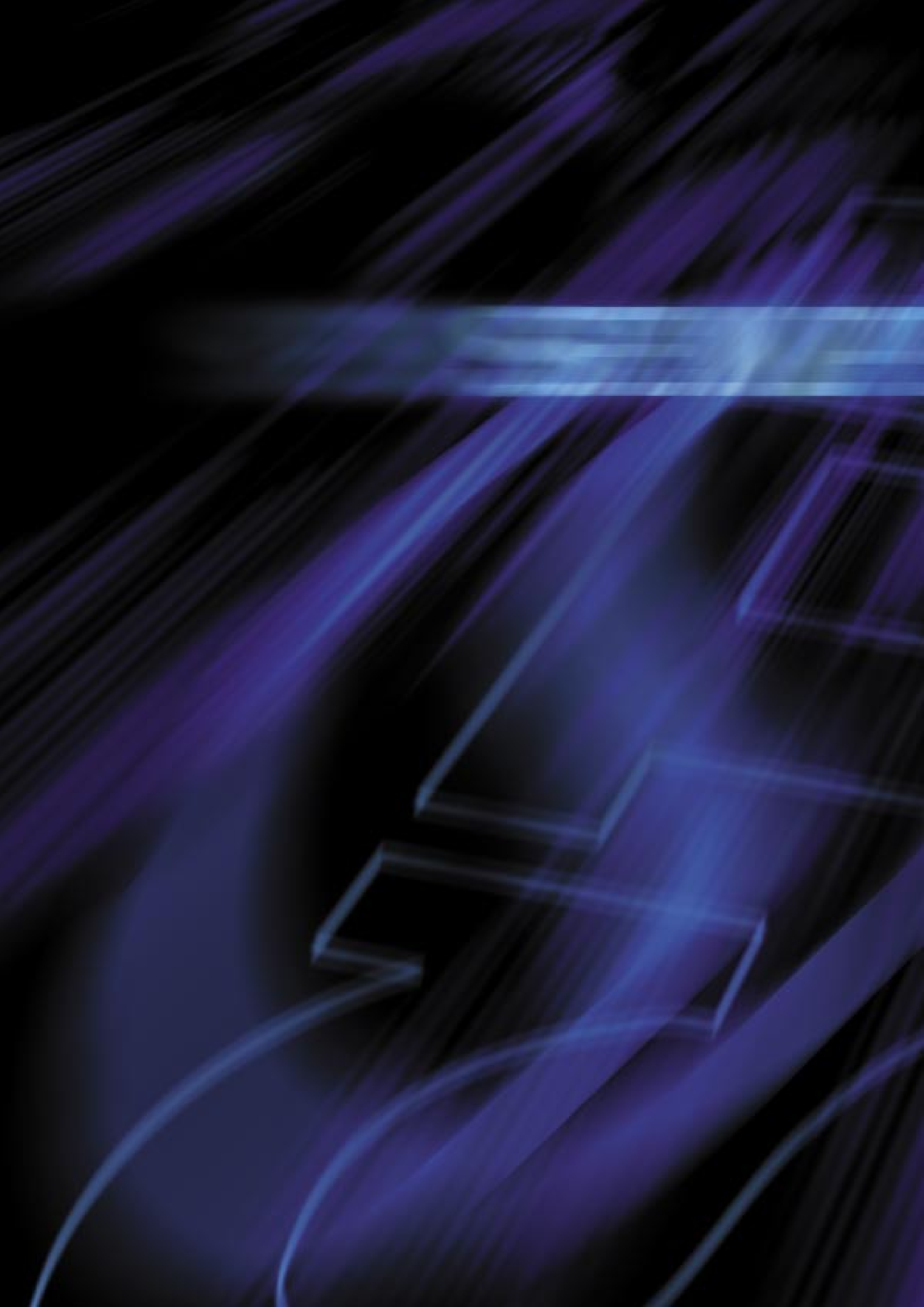
Austrian production of surgical gloves will remain under pressure if the current weakness of the dollar continues. Aggressive selective marketing campaigns will be started to introduce powder-free surgical gloves to new markets, in order to generate increased sales revenue away from the price competition for standard gloves. We will seek to consolidate the business with industrial gloves in order to optimise earnings, as capacities are anyway being fully utilised.

The Semperflex division will profit from the improved economic situation in 2004. Increased demand is predicted for the hydraulic hose segment in particular. The high competitiveness of the individual plants also permits the conclusion that we will be able to increase our share of the market for both hydraulic and industrial hose. Hence further build up of production capacity in Europe and in Asia is currently in realisation or under planning.

In the Semperform division, the railway construction, aerial ropeway rings and sponge rubber segments can all expect a satisfactory level of business. Handrail sales will also be satisfactory. Less impressive at the start of the year was demand for ski foils and profiles. The vehicle components manufacturer in Sopron has justified grounds for optimism. An upturn in the construction sector will stimulate profile production at the Deggendorf plant in Germany now that the housing construction sector has followed the example of the civil engineering sector and shown the first positive trends for a long time.

Sempertrans products are well positioned on the market, both in terms of their quality and the calculated prices. Once the recovery firms up, business at this division should expand considerably.

Due to our favourable competitive position we therefore expect on a group level a further significant improvement for the business year 2004.



CONSOLIDATED FINANCIAL STATEMENTS

Profit And Loss Account

in TEUR	Note	2002	2003
SALES	(5.1.)	**451,186.8**	**463,484.3**
Differences between opening and closing stocks		-2,728.8	1.456.5
Own work capitalised		1,059.0	535.0
OPERATING REVENUES		**449,517.0**	**465,475.8**
Other operating income	(5.2.)	8,746.2	11,622.4
Cost of materials	(5.3.)	-212,522.7	-223,801.9
Staff costs	(5.4.)	-96,378.1	-97,693.0
Depreciation		-24,052.2	-23,186.0
Other operating expenses	(5.5.)	-82,972.8	-89.266.6
OPERATING PROFIT (EBIT)		**42,337.4**	**43,150.7**
Income from companies in which Group has a participating interest		44.3	0.0
Interest result		-560.8	20.2
Other financial results		-196.4	1,083.5
FINANCIAL RESULTS	(5.6.)	**-712.9**	**1,103.7**
PROFIT BEFORE TAX (PBT)		**41,624.5**	**44,254.4**
Taxes on income	(5.7.)	-9,293.5	-11,263.7
PROFIT AFTER TAX		**32,331.0**	**32,990.7**
Minority interests		-8,401.1	-6,077.5
NET PROFIT FOR THE PERIOD		**23,929.9**	**26,913.2**
in EUR			
Earnings per share (outstanding shares)	(7.1.)	1.16	1.31
Earnings per share (weighted average number of shares)		1.18	1.32
Paid or recommended dividend per share		0.41	0.54

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

Cash Flow Statement

in TEUR	Note	2002	2003
Profit after taxes		32,331.0	32,990.7
Depreciation and amortisations/write ups		25,370.1	23,602.6
Increase/decrease in long-term provisions	(4.6)	4,908.8	2,494.8
Reversal of negative goodwill		-526.1	-613.2
Changes in non-cash items and minority interests resulting from foreign exchange translations		-6,704.0	-7,769.3
GROSS CASH FLOW		**55,379.8**	**50,705.6**
Increase/decrease in inventories	(4.2)	2,698.6	594.3
Increase/decrease in trade receivables	(4.3)	-142.9	6,943.5
Increase/decrease in other receivabbles and deferred charges	(4.3)	3,294.4	1,176.3
Increase/decrease in trade payables and prepayments	(4.7)	-3,370.5	-2,928.8
Increase/decrease in other liabilities and deferred charges	(4.7)	-3,025.5	2,355.4
CASH FLOW FROM OPERATING ACTIVITIES		**54,833.9**	**58,846.3**
Proceeds from the sale of assets		556.7	4,539.2
Purchase of property, plant and equipment and intangible assets		-26,104.8	-15,155.9
Investments in financial assets		-6,809.1	-14,288.1
Acquisition of subsidiaries less acquired cash and cash equivalents	(3.4)	-1,855.3	-474.4
Net flows from increase/decrease in marketable securities		11.3	64.4
CASH FLOWS FROM INVESTING ACTIVITIES		**-34,201.2**	**-25,314.8**
Net redemptions of short-term and long-term borrowings	(4.7)	-5,464.3	3,652.2
Dividends		-7,325.4	-8,342.9
Dividends to minority interests		-5,535.0	-5,720.9
CASH FLOW FROM FINANCING ACTIVITIES		**-18,324.7**	**-10,411.6**
CHANGE IN CASH AND CASH EQUIVALENTS		**2,308.0**	**23,119.9**
Effect of exchange rate fluctuations on cash and cash equivalents		-1,591.8	-1,800.2
Cash and cash equivalents at the beginning of the year		18,265.5	18,981.7
FINANCIAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**18,981.7**	**40,301.4**

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

Balance Sheet

ASSETS

in TEUR	Notes	31.12.2002	31.12.2003
Intangible assets		-2,535.8	-2,980.7
Property, plant and equipment		129,601.1	117,737.8
Financial assets		19,861.3	25,592.0
FIXED AND FINANCIAL ASSETS	(4.1.)	**146,926.6**	**140,349.1**
Inventories	(4.2.)	58,448.6	58,668.4
Trade receivables	(4.3.)	72,774.7	67,443.5
Other receivables	(4.3.)	14,568.5	14,957.7
Marketable securities		64.4	0.0
Cash and cash equivalents		18,981.7	40,301.4
Deferred charges	(4.3.)	989.6	630.2
CURRENT ASSETS		**165,827.5**	**182,001.2**
Deferred taxes	(4.4.)	12,729.4	11,570.6
ASSETS		**325,483.5**	**333,920.9**

EQUITY AND LIABILITIES

in TEUR	Notes	31.12.2002	31.12.2003
Issued capital		21,359.0	21,359.0
Share premium		21,503.2	21,503.2
Retained earnings		109,914.5	128,484.8
Treasury shares		-2,460.0	-2,460.0
Currency translations		-1,770.6	-13,685.0
EQUITY	(4.5.)	**148,546.1**	**155,202.0**
MINORITY INTEREST		**40,897.5**	**34,427.7**
Provisions for pensions and severance payments		52,753.7	54,231.2
Provisions for deferred taxes	(4.6.)	600.7	746.2
Provisions for current taxes		2,361.6	4,679.4
Other provisions		24,291.6	27,846.1
PROVISIONS	(4.6.)	**80,007.6**	**87,502.9**
Liabilities due to banks		13,159.6	16,811.8
Trade payables		26,489.2	24,104.3
Prepayments		316.1	526.5
Other liabilities		15,243.6	14,701.2
Deferred charges	(4.7.)	823.8	644.5
LIABILITIES	(4.7.)	**56,032.3**	**56,788.3**
EQUITY AND LIABILITIES		**325,483.5**	**333,920.9**

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

Capital and Reserves

in TEUR	Issued-capital	Share-premium	Retained-earnings	Own shares	Currency-translations	**Total**
Balance on 1.1.2002	**21,359.0**	**21,503.2**	**93,310.0**	**-2,460.0**	**8,143.8**	**141,856.0**
Net profit			23,929.9			23,929.9
Dividend			-7,325.4			-7,325.4
Currency translation adjustments					-9,914.4	-9,914.4
Balance on 31.12.2002	**21,359.0**	**21,503.2**	**109,914.5**	**-2,460.0**	**-1,770.6**	**148,546.1**
Net profit			26,913.2			26,913.2
Dividend			-8,342.9			-8,342.9
Currency translation adjustments					-11,914.4	-11,914.4
Balance on 31.12.2003	**21,359.0**	**21,503.2**	**128,484.8**	**-2,460.0**	**-13,685.0**	**155,202.0**

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

Changes in Fixed and Financial Assets

ACQUISITION OR PRODUCTION COSTS

in TEUR	Balance on 1.1.2003	Acquisitions/ disposals of businesses	Foreign exchange differences	Acquisitions	Disposals	Transfers	Balance on 31.12.2003
I. INTANGIBLE ASSETS							
Software licenses, industrial property rights and similar rights	9,210.1	396.8	-176.5	646.7	-749.8	831.5	10,158.8
Goodwill	4,660.9	0.0	-124.5	444.1	0.0	0.0	4,980.5
Negative goodwill	-11,487.5	0.0	0.0	-1,239.5	0.0	0.0	-12,727.0
Down payments made	127.8	0.0	-22.1	792.9	0.0	-789.9	108.7
	2,511.3	**396.8**	**-323.1**	**644.2**	**-749.8**	**41.6**	**2,521.0**
II. PROPERTY, PLANT AND EQUIPMENT							
Land and buildings, including buildings on land owned by third parties	93,861.5	2,675.3	-4,856.6	1,279.6	-1,167.6	243.7	92,035.9
Machinery and equipment	199,476.2	2,629.7	-8,351.3	4,229.5	-2,218.1	3,037.3	198,803.3
Fixtures, fittings, tools and equipment	50,390.5	137.4	-2,730.7	2,524.7	-1,697.2	787.9	49,412.6
Prepayments and assets under construction	2,400.9	0.0	-115.7	6,477.9	-219.3	-4,110.5	4,433.3
	346,129.1	**5,442.4**	**-16,054.3**	**14,511.7**	**-5,302.2**	**-41,6**	**344,685.1**
III. FINANCIAL ASSETS							
Investments in subsidiaries	5,281.4	-4,864.9	0.0	0.0	0.0	0.0	416.5
Investments in associates	224.8	0.0	-5.0	0.0	0.0	0.0	219.8
Other investments	588.0	0.0	-193.4	0.0	-139.7	0.0	254.9
Securities	13,975.0	0.0	-661.1	14,258.9	-2,680.8	0.0	24,892.0
Loans granted	773.6	-563.6	-110.3	29.2	-14.9	0.0	114.0
	20,842.8	**-5,428.5**	**-969.8**	**14,288.1**	**-2,835.4**	**0.0**	**25,897.2**
	369,483.2	**410.7**	**-17,347.2**	**29,444.0**	**-8,887.4**	**0.0**	**373,103.3**

Note: Rounding differences may arise from the automatic processing of data.
Changes to fixed and financial assets and the following segment report are an integral part of the notes to the financial statements.

DEPRECIATION/APPRECIATION							BOOK VALUES	
Balance on 1.1.2003	Acquisitions/ disposals of businesses	Foreign exchange differences	Depreciation for business year 2003	Disposals	Appreciation for business year 2003	Balance on 31.12.2003	Carrying amount on 31.12.2003	Carrying amount on 31.12.2002
5,627.8	6.6	-101.7	1,386.2	-749.8	0.0	6,169.1	3,989.7	3,582.3
756.8	0.0	-43.1	579.0	0.0	0.0	1,292.7	3,687.8	3,904.1
-1,452.6	0.0	0.0	-613.2	0.0	0.0	-2,065.8	-10,661.2	-10,034.9
115.1	0.0	-21.0	11.6	0.0	0.0	105.7	3.0	12.7
5,047.1	**6.6**	**-165.8**	**1,363.6**	**-749.8**	**0.0**	**5,501.7**	**-2,980.7**	**-2,535.8**
44,557.4	541.5	-1,670.2	2,466.5	-306.2	0.0	45,589.0	46,446.9	49,304.1
134,363.1	1,115.2	-5,314.7	13,909.2	-2,159.0	0.0	141,913.8	56,889.5	65,113.1
37,607.5	114.4	-2,088.5	5,435.1	-1,635.6	0.0	39,432.9	9,979.7	12,783.0
0.0	0.0	0.0	11.6	0.0	0.0	11.6	4,421.7	2,400.9
216,528.0	**1,771.1**	**-9,073.4**	**21,822.4**	**-4,100.8**	**0.0**	**226,947.3**	**117,737.8**	**129,601.1**
369.0	0.0	0.0	0.0	0.0	0.0	369.0	47.5	4,912.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	219.8	224.8
127.4	0.0	-55.2	0.0	0.0	0.0	72.2	182.7	460.6
418.3	0.0	-82.4	52.6	-333.0	-261.8	-206.3	25,098.3	13,556.7
66.8	0.0	-0.1	12.6	-9.0	0.0	70.3	43.7	706.8
981.5	**0.0**	**-137.7**	**65.2**	**-342.0**	**-261.8**	**305.2**	**25,592.0**	**19,861.3**
222,556.6	**1,777.7**	**-9,376.9**	**23,251.2**	**-5,192.6**	**-261.8**	**232,754.2**	**140,349.1**	**146,926.6**

Segment Reporting

STRATEGIC AREAS (PRIMARY SEGMENTS)

in TEUR	Sempermed	Semperflex	Semperform	Sempertrans	Other and Group Eliminations	Group
2003						
Sales *)	179,148.7	114,188.4	85,472.4	84,342.9	331.9	463,484.3
Profit before tax	16,197.7	12,355.6	9,041.2	5,329.4	1,330.5	44,254.4
Financial results	-148.1	-82.2	56.6	95.6	1,181.8	1,103.7
Depreciation	7,900.3	8,137.4	4,810.5	1,853.3	484.5	23,186.0
Assets	102,082.5	95,026.7	49,634.9	61,352.0	25,824.8	333,920.9
thereof financial assets	11,375.5	15,206.5	9,454.1	1,101.3	195.3	37,332.7
Liabilities	32,047.4	34,890.3	27,906.5	15,996.6	33,450.4	144,291.2
of which liabilities due to banks	10,351.3	4,276.2	2,124.8	59.5	0.0	16,811.8
Capital expenditures	9,548.8	9,016.9	7,970.3	2,235.6	672.3	29,444.0
Employees	3,204	1,178	763	713	28	5,886
2002						
Sales *)	180,815.7	108,299.2	81,214.1	80,788.5	69.3	451,186.8
Profit before tax	19,657.3	10,584.0	5,966.9	5,142.6	273.7	41,624.5
Financial results	-144.0	-239.5	-63.4	41.9	-307.9	-712.9
Depreciation	8,132.3	8,720.7	4,505.2	1,973.8	720.2	24,052.2
Assets	106,471.3	89,771.3	40,553.9	66,421.8	22,265.2	325,483.5
thereof financial assets	7,039.5	5,650.4	4,345.8	1,039.7	228.1	18,303.5
Liabilities	26,430.4	32,385.8	25,034.7	17,146.2	35,042.8	136,039.9
of which liabilities due to banks	7,825.0	3,848.4	437.3	455.5	593.4	13,159.6
Capital expenditures	12,799.6	6,338.0	5,342.4	4,837.5	3,596.5	32,913.9
Employees	2,960	1,187	789	726	29	5,691

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

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

REGIONS (SECONDARY SEGMENTS)

	2002			2003		
in TEUR	**Assets**	**Capit. Expend.**	**Sales *)**	**Assets**	**Capit. Expend.**	**Sales *)**
Austria	106,585.3	22,194.0	29,513.3	124,020.8	18,103.4	31,413.2
EU excluding Austria	58,789.2	1,228.5	200,951.0	59,426.1	1,480.1	203,788.0
Total EU	165,374.5	23,422.5	230,464.3	183,446.9	19,583.5	235,201.2
Rest of Europe	69,993.9	6,433.4	64,743.3	70,150.9	3,166.0	76,142.2
Total Europe	235,368.4	29,855.9	295,207.6	253,597.8	22,749.5	311,343.4
The Americas	33,196.5	234.1	118,122.1	30,818.7	1,149.8	113,234.0
Asia and the rest of the world	71,551.6	9,964.7	37,857.1	68,515.4	5,544.7	38,906.9
Consolidation	-14,633.0	-7,140.8	0.0	-19,011.0	0.0	0.0
GROUP	**325,483.5**	**32,913.9**	**451,186.8**	**333,920.9**	**29,444.0**	**463,484.3**

*) after elimination of inter company sales

NOTES ON THE FINANCIAL STATEMENTS

1. General Information

1.1. General Principles

International Financial Reporting Standards (IFRS)
These financial statements as at 31 December 2003 were prepared in keeping with the principles set forth by the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). In view of § 245 a HBG (Austrian Commercial Code) the financial statements drawn up in accordance with IFRS give sufficient grounds for exemption.

1.2. Major Differences Between Austrian and IFRS Accounting Rules

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

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

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

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

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

Other Provisions

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

Provisions for Personell Accruals

In keeping with the Austrian Commercial Code, provisions for personnel costs in the Semperit Group are calculated without incorporating the effect of future salary increases according to the part value method with a discount rate of 4 %. Under IFRS, provisions for employees are calculated using the projected unit credit method with a capital market interest rate of 4.5 % and taking into account the expected salary increases and contractual 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 balance sheet data. 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 (SAG) is an international industrial company with headquarters in Vienna, Austria. Its business activities can be divided into four strategic business divisions:

Sempermed (medical gloves, industrial gloves),
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 Annex provides a detailed presentation. Rounding differences in the summation of rounded amounts and percents may arise from the automatic processing of data.

The financial statements of all major companies and fully consolidated companies in Austria and abroad that are subject to statutory audits were investigated by independent auditors and were awarded unqualified opinions. The 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, 31 December 2003.

Items 3.1 and 3.2 of the Annex provide an overview of the fully consolidated companies valued at equity. Changes in the scope of consolidation are presented in item 3.4 of this report.

The capital of the fully consolidated companies was included in the consolidated accounts using the book value method. This approach involves offsetting the acquisition costs of the participatory shares secured against the book value of the subsidiaries' shareholder's equity.

Asset-side balancing items originating from first-time consolidation are reported as goodwill on the asset side of the balance sheet. New differences in the liabilities from first-time consolidation that are the result of a favourable purchasing price are shown separately next to the non-monetary assets and reduced over the weighted average useful life of the acquired depreciable fixed assets. On the reporting date, liability differences of TEUR 10,661.2 (2002: TEUR 10,034.9) were shown as an asset.

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

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

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

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

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

II. Accounting and Valuation Methods

2.1. Date of Sales- and Profit Realisation

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

2.2. Tangible and Intangible Fixed Assets

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

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

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

In accordance with IAS 36 (Impairment of Assets) assets are written down to net selling price or liquidation value if there is evidence of a loss in value and the present value of future payment surpluses lies below book value. For this, the individual locations were defined as cash-generating units.

2.3. Financial Assets

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

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

2.4. Inventories

Stocks were valued at their cost of acquisition or manufacture taking into account the strict 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 includes direct expenditures as well as all variable and fixed overheads incurred by production. The costs of borrowed capital are reported as expenditure in the period in which they were incurred.

2.5. Receivables

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

2.6. Provisions

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

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

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

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

2.7. Liabilities

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

2.8. Other

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

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

In the reporting year, minor changes were made to the allocation of accounts to balance sheet items. The previous year's amounts were adjusted correspondingly.

III. Scope of Consolidation

3.1. Group Companies (fully consolidated)

Domestic	Currency	Authorised share capital in thousand	Holding in %
Semperit AG Holding, Vienna	EUR	21,359.0	-
Semperit Technische Produkte GmbH & Co KG, Vienna	EUR	3,000.0	100
Semperit Technische Produkte GmbH, Vienna	EUR	10,900.9	100
Arcit HandelsgmbH, Vienna	EUR	36.3	100
Foreign			
Semperflex A.H. S.R.O., Odry, Czech Republic	CZK	100.0	100
Semperflex Optimit S.R.O., Odry, Czech Republic	CZK	470,318.0	100
Apligom S.A.R.L., Argenteuil, France	EUR	176.0	100
Mangueras Técnicas Roiter S.A., Barcelona, Spain	EUR	156.0	100
Roiter S.p.A., Rovigo, Italy	EUR	750.0	100
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281.3	100
Sempermed Kft., Sopron, Hungary	EUR	3,680.0	100
Semperit (France) S.A.R.L., Argenteuil, Frankreich	EUR	495.0	100
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Deutschland	EUR	2,050.0	100
Semperit Technische Produkte GmbH, Gevelsberg, Deutschland	EUR	511.3	100
Sempertrans France Belting Technology S.A., Argenteuil, Frankreich	EUR	3,165.0	100
Shanghai Semperit Rubber & Plastic Products Co Ltd., Shanghai, China	EUR	2,471.0	90
Vulgeco S.A.R.L., Port de Bouc, France	EUR	165.0	100
Semperit Conveyor Services Ltd., Walsall, United Kingdom	GBP	100.0	100
Semperit Industrial Products Ltd., Reading, United Kingdom	GBP	750.0	100
Semperform Kft., Sopron, Hungary	HUF	243,000.0	100
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000.0	100
Sempertrans Nirlon Ltd., Maharashtra, Roha, India	INR	230,769.0	74
Fabryka Lin „Stolin" S.p.z.o.o., Belchatow, Poland	PLN	800.0	100
Sempertrans Belchatow S.A., Belchatow, Poland	PLN	7,300.5	100
Semperit Tekniska Produkter AB, Skärholmen, Sweden	SEK	800.0	100
Semperit Industrial Products Singapore Private Ltd., Singapore	SGD	190.8	100
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000.0	50
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	60,000.0	50
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000.0	50
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1.0	100
Sempermed USA Inc., Palm Harbor, Florida, USA	USD	4,000.0	50
Shanghai Foremost Plastic Industrial Co Ltd., Shanghai,China	USD	6,000.0	50

3.2. Associated Companies (Equity Method)

Isotron Deutschland GmbH, Allershausen, Germany	EUR	511.6	37.5

The net book value of Isotron Deutschland at 31.12.2003 was TEUR 191.9 (2002: TEUR 191.9).

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

3.3. Group Companies Excluded from the Consolidated Financial Statements

Domestic	Currency	Authorised share capital in thousand	Holding in %
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH, Vienna	EUR	36.3	100
Foreign			
Semperit Technische Produkte AG, Dietikon, Switzerland	CHF	100.0	100
SPT Kaucsuk Kft., Budapest, Hungary	HUF	3,000.0	100

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

3.4. Changes in the Scope of Consolidation

In the course of the business year 2003 Semperit Industrial Products in Singapore was established. The consolidation of the acquisition came into effect when the company was founded.

The Shanghai Foremost Plastic Industrial Co. Ltd. was consolidated for the first time in the business year 2003.

The interests in Semperflex Optimit S.R.O. were increased by 4.5 % in the reporting year, those in Sempertrans Belchatow S.A. by 3.8 %. The interest in both companies on the balance sheet date was therefore 100 %. The increased interests were consolidated for the first time on the date of acquisition.

Due to the first-time consolidation of the additions to the scope of consolidation reported sales revenues rose by TEUR 1.378,1.

For the impact of first-time consolidation on the consolidated balance sheet at the year end see the table above.

EFFECTS OF CHANGES TO THE BASIS OF CONSOLIDATION ON THE GROUP BALANCE SHEET

ASSETS	in TEUR
Fixed and financial assets	3,866.6
Current assets	3,326.6
Prepaid expenses and deferred charges	29.6
	7,222.8
EQUITY AND LIABILITIES	
Equity capital	5,471.5
Provisions	36.2
Liabilities	1,715.1
	7,222.8

IV. Notes on the Balance Sheet

4.1. Fixed Assets

The composition of fixed assets is shown under the development of fixed assets. Land with buildings includes real estate assets totalling TEUR 5,058,9 (2002: TEUR 4,784.6). The financial assets include securities to cover the social capital.

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

in TEUR	**2002**	**2003**
in the following year	776.6	736.3
in the following five years	1.813.1	1.320.2
over five years	0.0	605.5

4.2. Inventories

The balance sheet item Inventories is comprised as follows:

in TEUR	**2002**	**2003**
Raw materials and supplies	17,674.9	16,741.9
Work in progress	5,473.7	6,106.3
Finished goods	35,288.9	35,768.0
Services not yet ready for invoicing	10.8	46.8
Advance payments	0.3	5.4
	58,448.6	**58,668.4**

4.3. Accounts Receivable and Other Assets

The necessary valuation adjustments were made to receivables. Receivables from related companies not included in the consolidated accounts and from companies in which there is an equity interest, amounting to TEUR 589.7 mill (2002:673.7) result primarily from loans and the provision of goods and services.

RECEIVABLES AND DEFERRED CHARGES	2002			2003		
in TEUR	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 lmore than 1 year to run
Trade receivables	72,766.0	72,757.2	8.8	67,416.3	67,410.9	5.4
Accounts due from Group companies	8.7	8.7	0.0	27.2	27.2	0.0
Accounts due from undertakings in which Group has a participating interest	665.0	102.5	562.5	562.5	0.0	562.5
Other receivables and assets	13,903.5	12,938.2	965.3	14,395.2	12,771.6	1,623.6
Deferred charges	989.6	989.6	0.0	630.2	630.2	0.0
	88,332.8	**86,796.2**	**1,536.6**	**83,031.4**	**80,839.9**	**2,191.5**

4.4. Deferred Taxes

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

DEFERRED TAXES	2002		2003	
in TEUR	Assets	Equity and liabil.	Assets	Equity and liabil.
Intangible assets	51.1	-63.3	64.6	-167.9
Property, plant and equipment	834.3	-1,339.2	783.9	-1,074.8
Financial assets	1,018.4	-476.9	600.2	-433.6
Inventories	3,080,2	-112,6	2,193.3	-15.5
Receivables	595.2	-142.2	342.6	-76.9
Other assets	182.7	-162.1	82.9	-150.6
Untaxed reserves	7.0	-1.125.1	0.0	-844.2
Provisions for personnel	6,434.8	0.0	6,746.8	-394.9
Other provisions	3,451.3	-52.2	3,591.4	-147.4
Trade liabilities	0.0	-5.7	3.4	-1.3
Other liabilities	571.6	-319.6	511.1	-256.9
Tax loss carryforwards	1,078.0	0.0	493.0	0.0
Total deferred tax assets/provisions	17,304.6	-3,798.9	15,413.2	-3,564.0
Valuation allowance for tax assets	-1,377.0	0.0	-1,024.8	0.0
Offset of deferred tax assets and provisions	-3,198.2	3,198.2	-2,817.8	2,817.8
Net deferred tax assets and provisions	**12,729.4**	**-600.7**	**11,570.6**	**-746.2**

4.5. Shareholders' Equity

Development in shareholder's equity is presented on page 39 of this report.

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

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

The Semperit Stock Option Plan was approved at the General Meeting of Shareholders on 7 June 2002. The 225,000 treasury shares acquired by Semperit AG Holding for this purpose will be set off under the item shareholder's equity.

4.6. Provisions

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

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

Provisions are being formed for future obligations.

PROVISIONS

in TEUR	1.1.2003	Currency differences	Changes to the scope of consolidation	Dissolution	Use	Addition	31.12.2003
Severance payments	20,207.2	-4,0	0.0	0.0	-288.3	1,121.2	21,036.1
Pensions	32,546.5	-7.0	0.0	0.0	-1,395.2	2,050.8	33,195.1
Deferred taxes	600.7	-62.1	0.0	0.0	-222.8	430.4	746.2
Current taxes	2,361.6	-30.0	0.0	0.0	-2,361.6	4,709.4	4,679.4
Other	24,291.6	-156.8	38.4	-687.9	-6,057.9	10,418.7	27,846.1
	80,007.6	**-259.9**	**38.4**	**-687.9**	**-10,325.8**	**18,730.5**	**87,502.9**

In the reporting year, TEUR 70,114.9 (2002: TEUR 67,620.1) of the total sum of provisions was classified as long-term.

The other provisions are made up as follows:

in TEUR	1.1.2003	Currency differences	Changes to the scope of consolidation	Dissolution	Use	Addition	31.12.2003
Stake risks/ restructuring	8,942.0	0.0	0.0	0.0	-1,581.1	0.0	7,360.9
Jubilee bonus	3,058.0	-2.0	0.0	0.0	-43.5	765.1	3,777.6
Vacational provisions	2,804.9	-27.6	0.0	-3.6	-1,017.7	1,490.6	3,246.6
Warranties	2,493.0	-5.3	0.0	-203.9	-203.9	947.8	3,027.7
Bonuses	1,405.9	-9.1	0.0	-59.6	-1,234.9	1,410.4	1,512.7
Other	5,587.8	-112.8	38.4	-420.8	-1,976.8	5,804.8	8,920.6
	24,291.6	**-156.8**	**38.4**	**-687.9**	**-6,057.9**	**10,418.7**	**27,846.1**

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

4.7. Liabilities and Deferred Charges

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

in TEUR	Total	Of which due date within less than 1 year to run	Of which with less than between 1 and 5 years to	Of which with less than 1 year to run and collateralised	Of which with less than more than 1 year to run and collateralised
Liabilities due to banks	16,811.8	5,080.4	11,731.4	805.5	6,511.6
Advance payments received on orders	526.5	526.5	0.0	0.0	0.0
Trade accounts payable	22,780.9	22,762.1	18.8	0.0	0.0
Notes payable	1,256.6	1,256.6	0.0	0.0	0.0
Accounts due to Group companies	66.8	66.8	0.0	0.0	0.0
Accounts due to undertakings in which Group has a participating interest	56.9	56.9	0.0	0.0	0.0
Other liabilities	14,644.3	14,395.6	248.7	0.0	0.0
Deferred charges	644.5	644.5	0.0	0.0	0.0
Liabilities and deferred charges 2003	**56,788.3**	**44,789.4**	**11,998.9**	**805.5**	**6,511.6**
Liabilities and deferred charges 2002	**56,032.3**	**49,230.4**	**6,801.9**	**0.0**	**300.2**

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

Collateral primarily involves collateral on securities.

4.8 Contingent Liabilities

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

in TEUR	2002	2003
Sureties	393,0	292,2
Other	95,8	129,9
	488,8	**422,1**

V. Notes on the Profit and Loss Account

5.1. Sales

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

5.2. Other Operating Income

Other operating income primarily includes exchange rate gains of TEUR 3,730.3 (2002: TEUR 1.516.0), rental revenues of TEUR 857.5 (2002: 936.5), write-backs of value adjustments amounting to TEUR 785.4 (2002: 227.4) and sales-like revenues, which are not part of the direct business activities amounting to TEUR 6,249.2 (2002: TEUR 6,066.3). The latter basically include various reimbursements (Employment Office, energy, charges).

5.3. Cost of material

in TEUR	2002	2003
Cost of material	190,637.6	202,264.2
Third party services	21,885.1	21,537.7
	212,522.7	**223,801.9**

5.4. Staff Costs

Personnel costs include the following items:

in TEUR	2002	2003
Wages	40,807.9	41,913.6
Salaries	31,032.5	30,433.2
Severance payments	1,659.2	2,494.7
Pensions	3,169.2	3,467.1
Statutory social security contributions and other compulsory wage-dependent payments	18,529.0	18,248.5
Other social security contributions	1,180.3	1,135.9
	96,378.1	**97,693.0**

Pension expenditures include the following items:

in TEUR	PENSIONS 2002	2003
DBO per 01.01.	31,930.2	32,546.5
New pensions payable during the financial year	134.0	378.5
Calculated cost of interest on existing pensions	1,376.9	1,526.9
Actuarial elimination	1,658.3	1,561.7
Total personnel expenses	3,169.2	3,467.1
Payments	-552.9	-818.5
DBO per 31.12.	**32,546.5**	**33,195.1**

in TEUR	SEVERANCE PAYMENTS 2003	JUBILEE BONUSES 2003
DBO per 01.01.	20,207.2	3,058.0
New pensions payable during the financial year	1,136.5	158.0
Calculated cost of interest on existing pensions	1,036.8	134.6
Actuarial Profit/losses	321.4	630.5
Total personnel expenses	2,494.7	923.1
Payments	-1,665.8	-203.5
DBO per 31.12.	**21,036.1**	**3,777.6**

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

Average number of employees:

	2002	2003
Blue collar employees	4,496	4,687
White collar employees	1,195	1,199
	5,691	**5,886**

The average number of employees increased by 195 from the previous year. In Austrai, the number of employees fell from 942 to 897 on average.

The Management Board's emoluments and the pension payments to former board members and their surviving dependents amounted to TEUR 1,798.4 (2002: TEUR 1,558.9) in the year under review Expenditure on severance payments and pensions amounted to TEUR 2,561.07 (2002: TEUR 1,563.5) for the Management Board and senior employees.

The Supervisory Board received attendance fees of TEUR 37.1 for 2002. A provision totalling TEUR 40.0 was created for 2003.

5.5. Other Operational Expenditures

Other operational expenditures include the following items:

in TEUR	2002	2003
Maintenance and third party services	27,239.1	24,917.1
Outgoing freight	24,232.7	25,012.8
Commission and advertising costs	7,204.4	7,188.5
Travel expenses	4,262.0	3,993.6
Insurance premiums	2,895.5	3,080.6
Cost of rent and leases	2,519.4	2,488.6
Other taxes	1,738.9	1,542.8
Auditing and consultancy fees	1,571.5	1,570.6
Exchange rate losses	1,495.6	4,824.2
Losses of accounts receivable	1,345.9	1,604.0
Fees, subscriptions, donations	1,289.7	2,395.9
Other	7,178.1	10,647.9
	82,972.8	**89,266.6**

5.6. Financial Results

in TEUR	2002	2003
Income from associated companies	44.3	0.0
Income from non-consolidated Group undertakings	0.0	0.0
Income from holdings	**44.3**	**0.0**
Interest income and similar income	519.3	594.9
Interest expenses and similar expenses	-1,080.1	-574.7
Interest result	**-560.8**	**20.2**
Income from other securities and loans	662.7	1,109.7
Profit/loss on the disposal of financial assets	163.9	39.0
Depreciation on financial assets	-1,023.0	-65.2
Other financial results	**-196.4**	**1,083.5**

Net interest income/expenses in the reporting year was TEUR 42.1 in cash (2002: TEUR 567.9).

5.7. Income Tax

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

in TEUR	2002	2003
Deferred tax expense	703.7	1,113.9
Current tax expense	8,589.8	10,149.8
	9,293.5	**11,263.7**

The cash outflow for income taxes amounted to TEUR 6,503.7 (2002: 4,771,0)

The effective tax rate in the reporting year is 25.5 % (2002: 22.3 %). The Group tax ratio is a weighted average of the local income tax rates of all consolidated subsidiaries. The transition from the Austrian corporation tax rate of 34 % to the reported Group tax ratio is as follows:

in TEUR	2002	2003
Profit before tax	41,624.5	44,254.4
Tax due at the rate of 34 %	-14,152.3	-15,046.5
Different tax rates in other countries	1,196.2	1,629.6
Non-timing differences and taxes from previous years	3,476.1	2,020.8
Changes to deferred tax provisions and losses not offset against deferred taxes	186.5	111.6
Differences in the rate of tax	0.0	20.7
Effective tax expense	**-9,293.5**	**-11,263.7**
Effective tax rate in %	**22.3**	**25.5**

VI. Financial Instruments

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 Instrument

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

SECURITIES	2002			2003		
	in TEUR Book value	in TEUR Market value	in % Average effective interest rate	in TEUR Book value	in TEUR Market value	in % Average effective interest rate
Shares, funds, portfolios	11,169.4	11,169.4	3.7	23,113.3	23,113.3	4.1
Other	2,387.3	2,387.3	1.9	1,985.0	1,985.0	1.5
	13,556.7	**13,556.7**		**25,098.3**	**25,098.3**	

FINANCIAL LIABILITIES

	Currency	Face value in thousand	Book value in thousand	Effective interest rate in %
Loan	EUR	11,134	8,030.6	3.2
Loan	THB	185,952	3,730.9	2.0
Loan	USD	5,000	3,965.1	1.9
			15,726.6	
Current account	EUR	139	138.5	3.9
	GBP	1	1.5	4.3
			140.0	
Bills	EUR	498	498.1	3.2
Others	EUR	447	447.1	4.0
			16,811.8	

6.2. Derivative Financial Instruments

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

VII. Other Information

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

The number of shares outstanding is 20,573,434. As at 31 December 2003, the company held 225,000 treasury shares, which were deducted on a pro rata basis to calculate earnings per share. Treasury shares are not taken into account when calculating earnings per share (shares issued).

Number of shares	**2002**	**2003**
Shares issued	20.573,434	20.573,434
Weighted shares	20.348,434	20.348,434

In accordance with the provisions of the Austrian Stock Corporation Act, the financial statements of Semperit AG Holding as at 31 December 2003 and prepared in compliance with Austrian accounting principles, form the basis for the dividend payment. These financial statements show a net profit of EUR 11.528,161.69. The Management Board recommends the Annual General Shareholder's Meeting to approve a dividend payment of 54 cents per share and carry forward the remaining amount.

7.2. Semperit Stock Option Plan

The Semperit Stock Option Plan will give selected employees of the Semperit Group the option to participate in the company's success. For this purpose, 225,000 treasury shares were acquired in the business year 2000. Every entitled person is given the option of acquiring shares of Semperit AG Holding at striking price within the set deadline (first ten trading days in the months of June and November 2004), provided the necessary long-term rise in share price is achieved as scheduled. All those persons who upon exercise of the option are active employees with Semperit AG Holding or an Austrian Group company or who are defined senior employees, directores or executives working for a subsidiary with a majority stake may participate in the Option Plan, provided they fulfil the defined minimum seniority. This Stock Option Plan involved no accounting in the year under review, as the right to exercise the option can only be evaluated in 2004.

7.3. Transactions with Related Parties and Individuals

Following the acquisition of an interest of more than 50 % in Semperit AG Holding, B & C Holding GmbH has a dominating influence in the company. B & C Holding and its associated companies therefore stand in a group relationship with the Semperit Group.

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

7.4. Others

The Austrian governement has announced that the rate of corporate income tax will be reduced from 34 % to 25 % as of 2005. In accordance with the provisions of IFRS the deferred tax provisions for temporary differences which arise between financial statements prepared for tax purposes and IFRS financial statements for the Austrian Group have still been calculated at a rate of 34 %. When the new rate of corporate income tax is applied, the tax accruals and deferrals will be TEUR 1,753.9 lower. The extent to which the tax burden is really eased will depend upon the final adoption of the new tax rate, calculation of income and the pre-tax results.

Vienna, 5 April 2004

The Management Board

Dipl.-Ing. Rainer Zellner
Chairman

Dipl.-Ing. Richard Ehrenfeldner

AUDITOR'S REPORT AND CERTIFICATION

To the Supervisory Board and Management Board of Semperit AG Holding

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding for the business year ending on 31 December 2003 in accordance with the International Financial Reporting Standards (IFRS). These financial statements are the responsibility of the company's Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets and the financial position of the Semperit Aktiengesellschaft Holding as of 31 December 2003 and of the results of its operations and its cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standard Board.

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

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

Vienna, 5 April 2004

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Robert Reiter DDr. Hans Zöchling
Auditors and Tax advisers

FINANCIAL STATEMENTS OF SEMPERIT AG HOLDING

Balance Sheet

ASSETS

in TEUR	31.12.2002	31.12.2003
Intangible assets	7.7	5.1
Property, plant and equipment	77.1	55.9
Financial assets	45,283.5	46,554.5
FIXED AND FINANCIAL ASSETS	**45,331.8**	**46,615.5**
Accounts receivable from related undertakings	29,910.6	34,467.5
Other accounts receivable and assets	2,022.8	1,019.4
Own shares	2,306.3	2,306.3
Cash in banks	189.8	148.9
CURRENT ASSETS	**34,429.5**	**40,942.1**
Prepaid expenses and deferred charges	145.9	51.8
ASSETS	**79,907.2**	**87,609.4**

EQUITY AND LIABILITIES

in TEUR		
Issued capital	21,359.0	21,359.0
Share premium	21,539.5	21,539.5
Statutory retained earnings	999.3	999.3
Reserve in accordance with § 225 para 5 HGB	2,306.2	2,306.2
Net retained earnings	8,400.0	11,528.2
EQUITY CAPITAL	**54,604.0**	**57,732.2**
PROVISIONS	**21,986.1**	**23,885.5**
Trade accounts payable	57.1	55.7
Liabilities payable to related undertakings	2,128.0	5,632.1
Other liabilities	1,132.0	303.9
LIABILITIES	**3,317.1**	**5,991.7**
EQUITY AND LIABILITIES	**79,907,2**	**87,609.4**
Guarantees and other contractual obligations	1.661,6	1.336,3

Profit and Loss Account

in TEUR	2002	2003
SALES	**4,764.6**	**4,814.5**
Other operating expenses	64.5	120.7
Cost of material	-13.3	-11.9
Staff costs	-3,295.9	-4,460.3
Depreciations	-52.2	-25.1
Other operating expenses	-2,600.2	-2,082.1
EARNINGS BEFORE INTEREST AND TAX (EBIT)	**-1,132.5**	**-1,644.2**
Income from associated companies	11,583.2	14,556.8
Net interest result	775.2	713.3
Other financial results	49.0	512.4
FINANCIAL RESULTS	**12,407.5**	**15,782.5**
PROFIT ON ORDINARY BUSINESS ACTIVITIES	**11,275.0**	**14,138.3**
Taxes on income	-2,944.6	-2,667.3
SURPLUS FOR THE YEAR	**8,330.4**	**11,471.0**
Release of retained earnings	33.1	0.0
Profit brought forward	36.5	57.2
NET RETAINED EARNINGS	**8,400.0**	**11,528.2**

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

The Management Board recommends the Annual General Meeting to pay out a dividend of 54 Cents per share on capital stock and carry forward the remaining amount.

Vienna, am 29 March 2004

The Management Board

Dipl.-Ing. Rainer Zellner
Chairman

Dipl.-Ing. Richard Ehrenfeldner

Supervisory Board and management

Supervisory board

Dr. Erich Hampel (Chairman)
Dkfm. Karl Fink (Vice-Chairman)
Dr. Walter Lederer
Karl Schmutzer
Dr. Martin Simhandl
Dipl.-Ing. Herbert Spatschek
Karl Weißkopf

Delegated from the workers council:
Franz Mersich
Gerhard Dworak
Alexander Hollerer
Ing. Franz Prudic (until 17. 3. 2004)
Aloisia Ringhofer (from 19. 4. 2004)

Management Board

Dipl.-Ing. Rainer Zellner (Chairman)
Dipl.-Ing. Richard Ehrenfeldner

Report of the supervisory Board

In the business year 2003 the Supervisory Board carried out the duties placed upon it by law and the company statutes at five meetings as well as in other forms. There was also one meeting of the Financial Audit Committee.

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

The Annual Financial Statements and the management report were audited by KPMG Austria Wirtschaftsprüfungs- und Steuerberatungs-GmbH, Vienna. According to its conclusive result, this audit gave rise to no objections.

The auditor therefore confirmed that the Annual Financial Statements meet the statutory requirements and give as accurate an account of the assets, financial position and earnings position of the company as possible and that the management report accords with the Annual Financial Statements. The Supervisory Board concurred with the auditor in this opinion.

There are no grounds for objections to the Annual Financial Statements, the management report and the conduct of business based on the conclusive result of the Supervisory Board's examination thereof in accordance with Article 96 of the Austrian Stock Corporation Act (AktG). The Supervisory Board approved the Annual Financial Statements, which are consequently adopted in accordance with Article 125 (2) of the Austrian Stock Corporation Act.

Vienna, April 2004 The Supervisory Board

Dr. Erich Hampel
Chairman