



Annual Financial Report 2007

according to § 82 Para 4 Stock Exchange Act

Key financial figures of the HTI Group

	2007	2006	2005	2004	2003
Earnings					
Total sales in TEUR	151,645	78,725	72,937	80,287	81,540
Plastics	71,137	78,725	72,937	80,287	81,540
Metals	60,532	0	0	0	0
Mechanical Engineering	21,424	0	0	0	0
EBITDA in TEUR	17,736	8,794	8,582	-11,163	1,482
EBIT in TEUR	8,031	2,119	441	-26,237	-6,667
EBT in TEUR	2,804	304	-1,249	-28,223	-8,311
Consolidated net profit for the period in TEUR	2,802	111	7,480	-33,284	-6,812
EBITDA margin in %	11.7	11.2	11.8	-13.9	1.8
EBIT margin in %	5.3	2.7	0.6	-32.7	-8.2
EBT margin in %	1.8	0.4	-1.7	-35.2	-10.2
Consolidated earnings margin in %	1.8	0.1	10.3	-41.5	-8.4
Financial situation					
Total assets in TEUR	194,773	101,821	79,389	85,061	110,738
Equity ratio in %	24	31	30	11	35
Gearing in %	140	75	76	271	88
Capital expenditure in TEUR	22,163	8,059	7,816	11,265	12,515
Depreciation and amortization in TEUR	9,705	6,675	8,141	15,074	8,149
Gross cash flow in TEUR	11,653	7,102	14,985	-18,653	918
Cash flow from operating activities in TEUR	4,630	-88	5,047	-11,244	335

	2007	2006	2005	2004	2003
The HTI share					
Shares issued	13,993,556	10,500,000	8,500,000	5,500,000	5,500,000
Weighted average number of shares	12,981,416	9,552,055	6,972,194	5,194,614	5,227,054
Share price at the end of December in EUR	4.38	3.79	3.88	4.60	6.25
Highest price in EUR	5.06	5.25	4.18	7.10	8.28
Lowest price in EUR	3.58	3.30	2.70	2.95	3.95
Market capitalization at the end of December in TEUR	61,292	39,795	32,980	25,300	34,375
Earnings per share in EUR	0.22	0.01	1.07	-6.42	-1.35
Employee-related ratios					
Average annual number of employees	1,111	669	683	808	866
Number of employees at the end of December	1,155	675	621	764	871
Sales/employee in TEUR	136	118	107	99	94
Total gross income/employee in TEUR	147	128	114	91	99
Staff costs/employee in TEUR	39	36	34	38	36

Contents

CONSOLIDATED FINANCIAL STATEMENTS OF THE HTI GROUP	3
Group management report	4
Consolidated financial statements	20
Notes to the consolidated financial statements	29
Auditor's Report	62
FINANCIAL STATEMENTS OF HTI HIGH TECH INDUSTRIES AG	64
STATEMENT OF THE LEGAL REPRESENTATIVES	65
REPORT OF THE SUPERVISORY BOARD	66

Consolidated financial statements of the HTI Group

Group management report
Consolidated financial statements
Notes to the consolidated financial statements
Qualified Independent Auditor's Report

Market environment

General economic conditions

All in all, despite the turbulences on international financial markets, which commenced in the summer of 2007, the world economy developed very dynamically in 2007, expanding by about 4.9%. The main trends were the ongoing devaluation of the US dollar, the corresponding above-average strength of the euro, rising crude oil prices which reached record levels, and the credit crisis on financial markets unleashed by the subprime mortgage crisis.

In particular, the credit crisis had an impact on the market for company acquisitions, which is of relevance to the business model of HTI. Financial investors such as private equity funds faced difficulties in finding investors for acquisitions which are often highly leveraged. In addition, company valuations showed a slight downward trend.

In spite of the financial turbulences, economic growth in the eurozone remained stable in the second half of 2007. This development is chiefly related to robust domestic demand and ongoing booming exports. The effects of the crisis on financial markets are manageable at present. In 2007, economic growth in the eurozone was 2.6%, slightly below last year's level of 2.8%. However, the economic outlook for 2008 is dampened due to a deterioration of the overall business environment.

In 2007, the Central and Eastern European (CEE) countries continued to generate strong growth, expanding by 5.5%. In most of these countries, current investment activity is likely to have peaked. Forecasts for the CEE region anticipate a growth rate of about 4.6%.

Economic development in Asia continued to be shaped by high growth rates in China and India. The US economy was astonishingly strong in 2007, even if it significantly lost momentum in the fourth quarter of the year because of the housing market correction,

increasing energy prices and restrictive credit policies. GDP growth was 2.2% in 2007, below the 2.9% growth rate posted in the previous year.

Industrial sectors

The German automobile industry, which is of relevance to the Plastics and Metals Processing segment of the HTI Group, can look back on a record performance in 2007. Driven by strong foreign business, German automobile manufacturers achieved a new production record in the period under review. Passenger car output rose 6%, to 5.7 million vehicles. Thanks to the ongoing dynamic development of both domestic and foreign business, the production of commercial utility vehicles climbed 16%, to a record volume of 486,500 vehicles, which encompass 283,200 transporter vans, an increase of 20%, and 194,300 heavy-duty commercial vehicles, a rise of 10%. (source: German Association of the Automotive Industry).

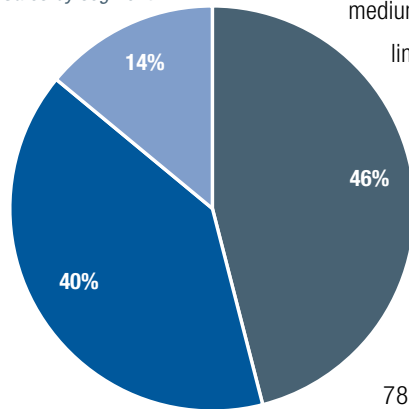
The European construction industry, which is extremely important to the HTI Mechanical Engineering segment, developed in regionally divergent ways. In Western Europe, the growth rate declined by half to about 1.7%, and EUROCONSTRUCT expects a further downturn in 2008 to about 1%. This development can be primarily attributed to the turbulences on international financial markets, which have led to greater caution in making investments, the strength of the euro, high interest rates and a general decline in demand. Construction investments declined particularly in Spain, Ireland and Great Britain, due to a slackening of demand on real estate markets and the resulting excess capacities. In contrast, the Central and Eastern European markets developed dynamically, and emerged as the growth engine in the branch. The construction industry in these countries expanded by 7.6% in 2007, with even higher growth predicted for 2008.

The firms Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH and BBG Baugeräte

Business development and earnings

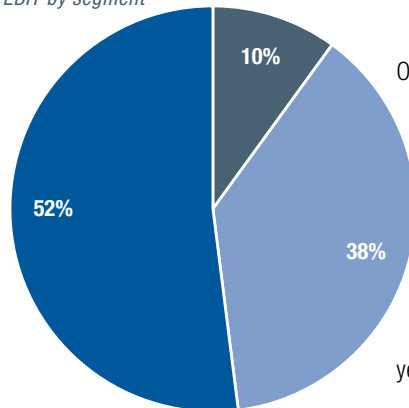
GmbH were initially consolidated as at February 1, 2007. These companies served as the basis for establishing the newly formed “Metals Processing” and “Mechanical Engineering” segments in the HTI Group. Due to the transformation of HTI into a medium-sized industrial holding company, its business results are only limitedly comparable to the performance of the previous company, HTP High Tech Plastics AG. An organic comparison can only be carried out for the Plastics Processing segment which corresponds to the former HTP High Tech Plastics AG.

Sales by segment



The acquisitions carried out at the beginning of 2007 came close to doubling total Group sales, which rose to TEUR 151,645 during the period under review, from a level of TEUR 78,725 in the preceding year. Total gross income climbed by 90.7%, from TEUR 85,840 in 2006 to TEUR 163,721 in 2007.

EBIT by segment

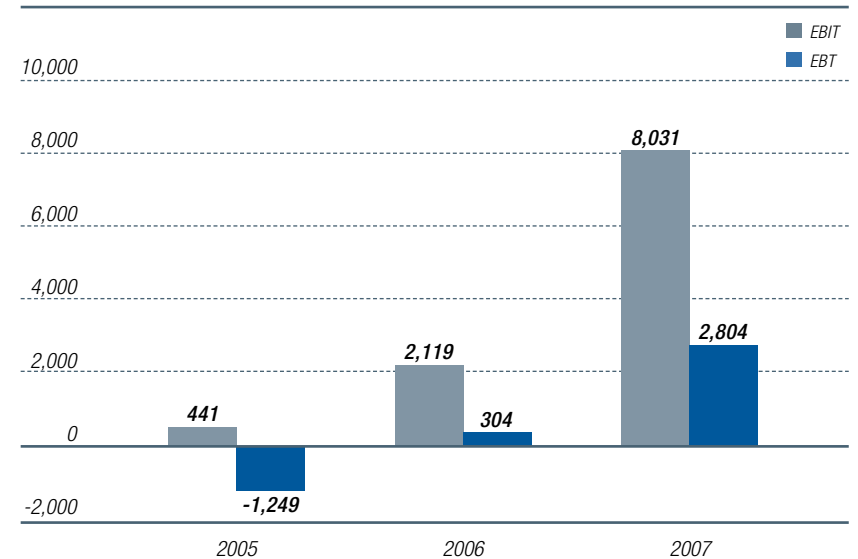


One of the primary goals of the strategic reorientation of HTI's business operations was the sustainable improvement in the operating result, which was achieved due to HTI's new business model based on a broader technological portfolio. Earnings before non-recurring items, interest, tax, depreciation and amortization (EBITDA) doubled during the 2007 business year, rising to TEUR 17,736, an increase of 101.7% year-on-year, from the previous year's level of TEUR 8,794. Accordingly,

■ Plastics Processing ■ Metals Processing ■ Mechanical Engineering

the EBITDA margin climbed slightly, to 11.7%. HTI almost quadrupled earnings before interest and tax (EBIT), which rose by 279.0%, to TEUR 8,031. As a result, the targeted EBIT margin of 4.5–4.7% was significantly surpassed, and reached 5.3%. The higher profitability of HTI AG compared to HTP AG is impressively demonstrated by the company's earnings before tax (EBT), which rose nine-fold (+822.4%) to TEUR 2,804, up from TEUR 304 in 2006. The EBT margin also developed positively, rising from 0.4% in the year 2006 to 1.8% during the period under review. The consolidated net profit for the period amounted to TEUR 2,802 in the 2007 business year, up from TEUR 111 in 2006.

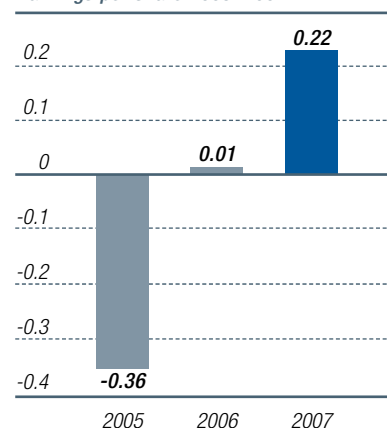
EBIT and EBT development 2005–2007



Despite a slight dilution resulting from the capital increase, earnings per share rose to EUR 0.22 in 2007, up from EUR 0.01 in 2006.

Segment reporting

Earnings per share 2005–2007



The development of the net financial result, which dropped to TEUR -5,227 in 2007 compared to TEUR -1,815 is primarily related to the financing costs involved in expanding the Vrábľe production facility, expenditures for the issuing and servicing of the corporate bond, and generally with the expansion of the entire HTI Group.

Note: Earnings per share 2005 adjusted to include the bank rebate amounting to TEUR 10,000.

Segment reporting

Plastics Processing segment

The Plastics Processing segment of HTI consists of the operating business of HTP AG before it was transformed into HTI AG. All operating units were integrated into the newly formed company HTP High Tech Plastics GmbH and its subsidiaries. Production and sales locations have been set up to date in Neudörfel/Burgenland, Austria (Automotive & Electronics), Fohnsdorf/Styria, Austria (Aircraft & Automotive), Strasslach near Munich, Germany (Liebscher), Türkheim/Bavaria, Germany (Motion), Vrábľe/Slovakia, Brasov/Romania, Bromsgrove/UK and in Celeste/USA.

The market for plastic components in Europe remained stable in the 2007 business year, which can be attributed to high passenger car sales. HTI more effectively positioned itself in the automotive sector, and evolved from a company specializing in injection molding

to a provider of sophisticated plastic components based on injection molding technology. New contract orders developed very favorably, due to the fact that most were long-term, strategic production agreements.

Starting in the third quarter of 2007, HTI succeeded in compensating for sluggish sales in the electronics business area. In the fourth quarter, full production capacity in toolmaking was achieved as a result of new contract orders for loudspeaker mesh structures. In the aircraft sector, delays in assembling the Airbus A380 had a negative impact on HTI sales in 2007. However, this only represents a temporary postponement until the 2008 business year. The modernized and upgraded production facility in Vrábľe in Slovakia developed very positively. Sales growth surpassed initial expectations. The plant received large contract orders from the neighboring automobile cluster as well as from electronics and medical technology companies at the time when the new factory was finished. Business development of HTI's subsidiary in Germany was far more challenging. Sales and earnings were negatively impacted by the decision to stop a large contract with a negative contribution margin. In Romania, HTI set up a joint venture with a local toolmaker. Production is expected to commence in the middle of 2008.

The loss of the large contract in Germany is the main reason underlying the slight decline in sales in Plastics Processing. On balance, total sales decreased by 9.6% compared to the preceding year, to TEUR 71,137. Despite consistent process optimization efforts and initial outsourcing of production to the new facility in Vrábľe, earnings of the Plastics Processing segment were below the budget figures. This can be primarily attributed to rising raw material prices, increasing cost pressure on the part of customers and the above-mentioned cancellation of the large contract order. EBITDA of the Plastics Processing segment fell by 12% to TEUR 7,735, whereas the segment's EBIT was TEUR 835, down from TEUR 2,119 in the previous year. Although the financial result improved slightly to TEUR -1,489,

compared to TEUR -1,815 in 2006, segment EBT was no longer positive, declining from TEUR 304 in 2006 to TEUR -654 during the period under review.

Metals Processing segment

With a 40% share of total sales, the Metals Processing segment is the second largest within the HTI Group. The Metals Processing segment is comprised of Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH, which is located in Traun and St. Marien, Upper Austria.

The expansion of the St. Marien plant began in the summer of 2007. In addition to the existing production space, an additional 6,000 m² of space and an office building with 1,600 m² of space were newly built. The expansion of the facility is scheduled for completion in the spring of 2008. Following the transfer of the Traun production operations to St. Marien, the Traun site will be shut down, and the commercial properties sold to the municipality of Traun. Initial synergies will be exploited with the relocation of metal post-production refining and finishing processes to the Vráble facility in Slovakia. Gruber & Kaja's development of a rear-axle transmission housing made of aluminum represents a major innovation for which the firm has started series production. As the product development partner of a leading German automobile manufacturer, Gruber & Kaja has become the first company to produce a lightweight, aluminum rear-axle transmission housing.

In the 2007 business year, the Metals Processing segment generated total sales of TEUR 60,532. (Note: due to the initial consolidation of Gruber & Kaja as at February 1, 2007, all figures refer to the period February 1, 2007–December 31, 2007.) Against the backdrop of continuing customer efforts to cut their costs, as well as rising staff costs and considerable increases in energy prices, the margin situation in the Metals Processing

segment remained quite challenging. Moreover, modernization work and the transfer of production to the new site in St. Marien in the midst of normal business operations also burdened earnings. In 2007, EBITDA of the Metals Processing segment was TEUR 6,187, whereas the segment posted an EBIT of TEUR 4,345 and EBT of TEUR 2,889. The Metals Processing segment achieved the original margin targets set at the beginning of 2007, showing an EBITDA margin of 10.2%, an EBIT margin of 7.2% and an EBT margin of 4.8% for the 2007 business year. The company will be able to achieve considerably higher margins in the future on the basis of the consolidation of manufacturing operations and the potential improvement in the efficiency of production and organizational processes.

Mechanical Engineering segment

The considerable willingness on the part of the blast furnace and steelmaking industry to make significant investments and the high-capacity utilization in the construction industry led to a very gratifying development in sales and earnings of the Mechanical Engineering segment, which consists of BBG Baugeräte GmbH. In particular, there was a major upturn in sales of machinery and devices designed for iron and steel production due to sound growth in the relevant industrial sectors. BBG has a balanced and high-performance sales and distribution network targeting customers in the construction industry based on dealer organizations. In the 2007 business year, the Mechanical Engineering segment posted total sales of TEUR 21,424. (Note: due to the initial consolidation of BBG as at February 1, 2007, all figures refer to the period February 1, 2007–December 31, 2007.) The company's positioning as a highly specialized niche provider featuring a product portfolio which is not easily substitutable serves as the basis for generating above-average earnings margins. EBITDA of the Mechanical

Segment reporting

** In the course of 2007, the company's organizational structure was adapted to the strategic reorientation of business operations. As a consequence, HTI High Tech Industries AG emerged as a pure holding company. In order to more effectively compare 2006 and 2007, Group functions and administrative units were assigned to the Plastics Processing segment. Prevailing market prices were charged to the recipient for intragroup services rendered (primarily management services and licensing fees). Accordingly, a significant contribution to profit arose for the Plastics Processing segment in 2007 for the first time.*

Segment reporting 2007*

in TEUR	Plastics Processing	Metals Processing	Mechanical Engineering	Other Interests	Consolidation	Total	2006 Plastics
Total sales	71,137	60,532	21,424	0	-1,448	151,645	78,725
as a % of total sales	46%	40%	14%	n.a.	n.a.	100%	100%
EBITDA	7,735	6,187	3,934	-120	0	17,736	8,794
Depreciation of intangible assets, property, plant and equipment	6,900	1,841	785	0	179	9,705	6,675
EBIT	835	4,345	3,150	-120	-179	8,031	2,119
EBIT margin	1.2%	7.2%	14.7%	n.a.	n.a.	5.3%	2.7%
EBT	-654	2,889	2,926	-2,178	-179	2,804	304
EBT margin	-0.9%	4.8%	13.7%	n.a.	n.a.	1.8%	0.4%
Segment assets	129,116	64,357	14,407	27,303	-40,410	194,773	101,821
Segment liabilities	87,476	50,542	8,020	22,135	-19,643	148,530	70,644

Engineering segment amounted to TEUR 3,934, corresponding to an EBITDA margin of 18.4%. The segment's EBIT totaled TEUR 3,150, with an EBIT margin of 14.7%, whereas EBT of the Mechanical Engineering segment was TEUR 2,926, corresponding to an EBT margin of 13.7%. As the technology leader in the field of emission control, i.e. noise and vibration reduction, and thanks to its focus on core technological competencies, the Mechanical Engineering segment is expected to maintain its positive business development in terms of both sales and earnings. The production and sales headquarters of BBG are located in Kapfenberg in the Austrian province of Styria. Another sales office is located in Bezons near Paris.

Other Interests segment

The Other Interests segment encompasses the business activities of HTI Holding as well

as ProRegio Mittelstandsfinanzierungs AG, based in Linz, Austria, which was initially consolidated as of July 1, 2007. ProRegio primarily owns minority stakes in various companies. For this reason, the consolidation of ProRegio has primarily impacted HTI's financial result. A large share of the segment's financial result totaling TEUR -2,059 relates to the holding's financing activities. After taking account of other expenses, the segment's earnings before tax amounted to TEUR -2,178. (Note: All figures refer to the period July 1, 2007–December 31, 2007.)

In December 2007, ProRegio acquired a 10% stake in Carbo Tech Composites GmbH, an innovative producer of carbon fiber composites. Carbo Tech primarily serves customers in the fields of motor sports and series production of automobiles. HTP and Carbo Tech Composites plan to intensify their cooperation in 2008 to develop carbon fiber composites for series production in different industrial fields.

Cash flow / Financial situation

Group management report

Cash flow

The consolidated cash flow statement for the 2007 business year was primarily influenced by the initial consolidation of the companies Gruber & Kaja and BBG Baugeräte as of February 1, 2007 as well as ProRegio (initial consolidation as of July 1, 2007) and the issue of a corporate bond. Gross cash flow rose by 64.1% in comparison to the previous year, from TEUR 7,102 in 2006 to TEUR 11,653 in 2007. Cash flow from operating activities improved considerably, rising to TEUR 4,630 for the 2007 business year, up from the level of TEUR -88 in 2006. The net cash flow from investing activities almost tripled, from TEUR -12,355 to TEUR -35,069, as a consequence of the acquisitions carried out during the period under review. The cash flow from financing activities, which climbed to TEUR 41,767 compared to TEUR 12,959 in the preceding year, includes the corporate bond issued in June 2007 with a nominal value of TEUR 20,000. Accordingly, total cash and cash equivalents increased by TEUR 11,329.

<i>in TEUR</i>	<i>Jan. 1– Dec. 31, 2007</i>	<i>Jan. 1– Dec. 31, 2006</i>
<i>Gross cash flow</i>	11,653	7,102
<i>Movements in working capital</i>	-7,023	-7,190
<i>Cash flow from operating activities</i>	4,630	-88
<i>Net cash flow from investing activities (ICF)</i>	-35,069	-12,355
<i>Net cash flow from financing activities (FCF)</i>	41,767	12,959
<i>Net increase in cash and cash equivalents</i>	11,329	520
<i>Cash and cash equivalents at the beginning of the period</i>	6,884	6,364
<i>Cash and cash equivalents at the end of the period</i>	18,213	6,884

Financial situation

The composition of the newly structured HTI Group is reflected in the balance sheet. The consolidation of the companies acquired in January 2007 doubled total assets from TEUR 101,821 in 2006 to TEUR 194,773 at the balance sheet date of December 31, 2007. Equity rose by 48.3%, to TEUR 46,243. This can be primarily attributed to a capital increase through a contribution in kind. Due to the acquisition of ProRegio AG, the HTI shares in the ProRegio portfolio valued at TEUR 463 were reported as own shares and deducted from Group equity. The Management Board plans to pay off the subordinated capital, which is reported as totaling TEUR 4,696, ahead of schedule in the coming years by concluding individual agreements with the respective banks. Such premature loan redemption would lead to the annulment of the earn-out provision within the context of the financing agreement. The equity ratio as at December 31, 2007 was 23.7%.

Net debt climbed to TEUR 64,757 as at the end of 2007, up from TEUR 23,487 in the preceding year. This development is chiefly related to the issuance of a corporate bond. As a result, gearing increased from 75% to 140% year-on-year.

Risk management

The new, broader-based business model of the HTI Group has led to an improvement in the overall risk situation.

In the spirit of ensuring a flexible and unbureaucratic organization with close proximity to the market, risk management at HTI is, for the most part, the responsibility of the local operating units in the Group. On a holding level, the operational risk management is regularly evaluated and, if necessary, supported or coordinated within the context of the Group's reporting structures. All decisions or business processes are continually monitored by means of ongoing risk management. The Management Board assumes overall responsibility for monitoring risk management on a Group level. Certain individual risks (e.g. financing risk) are analyzed on a Group level. The risks primarily relate to the industries and markets in which the Group operates, the business operations of the Group, large contracts, and ensuring that orders on hand are translated into actual sales.

The primary risks identified within the framework of the risk analysis process for HTP also apply to HTI AG:

- Technological change and process development
- Competition risk due to a strong fragmented market
- Industrial risk and dependency on economic developments
- Dependence on raw material prices
- Contractual obligations
- Qualified staff

- Customer concentration
- Growth projects
- Product deficiencies and delivery reliability
- Risks linked to international business operations
- Credit risk of customers

In order to avoid and effectively manage risks, the local companies deliberately take on risks only as part of their operating activities in the production and sales of products. These risks are always evaluated in relation to the potential gains. Risks beyond the scope of operating activities, such as financial risks, are monitored and hedged by HTI AG as the Group holding. In this case, the role of the local companies is to supply information.

In addition to operating risks, the Group is primarily subject to acquisition, financing and participatory risks due to the new business model, which is more strongly oriented to achieving growth through acquisitions. Other risks are avoided or hedged.

The most important instruments for the monitoring and management of risks are the planning and controlling processes, Group-wide guidelines and ongoing reporting. Reporting processes play a major role in the monitoring and control of risks associated with normal business operations. All early risk indicators which point to a major potential risk and which are not included in the formal reporting process must be immediately reported to the next management level.

Research and development

One of the fundamental responsibilities of all managers in the Group is ensuring the consistent compliance with rules and regulations and the monitoring of how employees deal with risks. Group-wide guidelines, instructions and manuals are designed to ensure a unified and safe course of action. All employees are required to adhere to the predefined guidelines.

A comprehensive description of the original and derivative financial instruments applied by the HTI Group can be found in Section III, "Accounting and Valuation Principles" of the notes to the consolidated financial statements as at December 31, 2007.

Research and development

The range of applications for plastics and metals has continually expanded. Thanks to its unique properties and compatibility with other materials such as metal, glass and wood, the applications of plastics are almost unlimited. In the last few decades, plastic products have been a triumphant success in the automobile and aircraft industries, due to their lower weight in comparison to other materials, and thus the corresponding energy savings. Plastics will further gain in importance, but will become increasingly complex and sophisticated. In addition to their low weight as a key selling point, the simple handling of plastic products is an important competitive advantage underlying the decision to use plastics. Plastics are being increasingly seen as the ideal materials in the field of medical technology and for packaging solutions.

A top priority in the Plastics Processing segment in 2007 was to sufficiently develop multi-component injection molding parts to be ready for large volume series production. Moreover, the Plastics Processing segment evolved from being a specialist in injection molding to a provider of sophisticated plastics components based on injection molding technology, complemented by lacquering and assembly work. The Plastics Processing segment concluded the "PIM – Powder Injection Molding" research project. The electronics business area aims to penetrate new markets and expand into other industrial sectors. Moreover, HTP Electronics is developing plastic components for use in the field of biotechnology, within the context of a research project supported by EU funding. In the 2007 business year, a new EU-aided research and development project was initiated, focusing on new applications for magnetic special materials.

Two trends could be identified in relation to metals. Whereas the production of simple and light molded parts are being outsourced to production facilities with lower production costs, relatively complex, large format components will continue to be manufactured in Central Europe in the future. The capability to produce and develop completely finished components or component groups which can be integrated into the products manufactured by customers without the need for any further processing will be a key factor underlying a company's competitiveness. The construction of a new plant in St. Marien is designed to respond to these trends, and ensure that the required equipment is at the company's disposal.

Research and development

Considerable progress was made in the field of form filling simulation. Investments were made in technologically advanced software and the relevant training of employees. The goal was to sustainably improve the productivity of molding forms. Important product development work is regularly carried out in close cooperation with the R&D departments of customers within the context of the pre-production development of die-cast parts. For example, the manufacture of a rear-axle transmission housing made of aluminum represents a major innovation of the Metals Processing segment for which the firm has started series production.

Research and development traditionally plays a major role in the technology-intensive Mechanical Engineering segment. In 2007, this segment had an R&D quota of 13%. New developments included improvements in the vibration and noise dampening properties of chipping and pick hammers as well as tap hole drills. Furthermore, a new hammer drill concept was developed featuring optimized vibration and noise dampening as well as design and performance improvements.

The main goal in the strategic reorientation of the HTI Group was and remains the exploitation of synergies across all segments in order to develop new, high-margin business areas and product applications and attract new clients. In the future, product innovations and process optimization should lead to decisive competitive advantages for the entire HTI Group. For this reason, a management group for technology and knowledge transfer was set up in the middle of 2007. Fortunately, an initial large contract was concluded after just a few weeks. A new production technology has enabled the company to achieve a higher level of design flexibility for a product used by the computer industry.

Employees / Corporate Responsibility

Group management report

Employees

For employees, the 2007 business year was characterized by the reorientation of HTI's business operations. The number of employees increased significantly as a result of the integration of the two companies acquired during the year, Gruber & Kaja and BBG Baugeräte, rising to 1,155 people as at December 31, 2007. The workforce in Plastics Processing consisted of 697 employees, slightly higher than the 675 people employed by the segment in 2006.

Personnel policies are the responsibility of the individual operating units. In order to ensure lean but efficient Group management, only four people were employed in the holding company as at the end of 2007.

In the Plastics Processing segment, there were also a number of personnel changes, also in top management, which were designed to increase the dependability of the company and its ability to effectively respond to market challenges. Major organizational changes were implemented in HTI's electronics business operations, which merged the injection molding and tool making production teams. Furthermore, a separate process technology department was created to manage the transition from pilot production to series production. Processes involved in purchasing external tools were standardized throughout Plastics Processing. These activities were complemented by numerous internal training courses.

In the Metals Processing segment, the focus of professional training courses for staff was on the fields of construction and form-filling simulation. Furthermore, a broad-based training program for production employees was implemented to more efficiently carry out production processes and to optimize organizational structures and occupational safety. A comprehensive foreign language program supported the increasing international business of this segment. A total of 14 apprentices were being trained as skilled workers during the 2007 business year.

In the Mechanical Engineering segment, the company invested in general qualifications such as English language competence and IT applications, as well as specialized skills such as crane and forklift driving.

Corporate Responsibility

As a high-tech company which focuses on long-term projects and developmental cycles due to the specific conditions in its core industries, HTI is committed to the principles of sustainable corporate management. HTI's product development work reflects its striving to support sustainable and environmentally compatible economic development, in particular by increasingly replacing heavyweight materials with lightweight composites. Among the advantages of plastics are their more favorable energy balance, low raw material use, outstanding environmental compatibility, long product life and high-precision processability without waste and the need for further reworking.

Corporate Governance

Continuous process optimization programs are designed to reduce primary energy expenditures and minimize waste. An important criterion in purchasing new machinery is ensuring an increase in energy efficiency. At the HTP Liebscher factory, energy efficiency was significantly increased by installing a heat exchanging device, which converts industrial waste heat in order to heat the office building and other buildings on the plant grounds.

In the course of expanding production capacity at the St. Marien facility, the company attached great importance to sustainability and energy efficiency, in particular in regards to the technical equipment:

- **Production:** Installation of a liquid aluminum facility, which supplies pre-heated liquid aluminum at a temperature of about 700 degrees Celsius for use in the production process. As a result, the energy-intensive melting process is no longer required for these quantities.
- **Ventilation system:** Heat recovery to heat fresh air, which is then pumped into the ventilation cycle.
- **Compressed air system:** The industrial waste heat of the compressors is used to heat offices and the water for staff rooms.
- **Load management in peak load electricity use:** The temporary controlled cut-off of electricity reduces the consumption of peak load electricity.

- **Cooling tower facility:** Water from the company's own well is first used for the office cooling cycle. However, it is not subsequently pumped to an infiltration system but used in different stages of the production process.

Corporate Governance

HTI High Tech Industries AG has declared its commitment to comply with the Austrian Corporate Governance Code. The total of 80 rules contained in the Austrian Corporate Governance Code (available at www.corporate-governance.at) is divided into three categories:

1. L-rules (Legal Requirements): This category pertains to legally binding regulations, which the company is obliged to comply with.
2. C-rules (Comply or Explain): This refers to internationally accepted guidelines. Reasons for non-compliance must be explained.
3. R-rules (Recommendations): The third category contains recommendations. A company is not required to explain any deviations from the R-rules.

HTI adheres to all L-rules (“Legal Requirements”) and C-rules (“Comply or Explain“) of the Austrian Corporate Governance Code, with the exception of those rules specified below:

Rule 34

The supervisory board shall adopt internal rules of procedure for its work, which shall contain stipulations regarding the disclosure and reporting obligations of the management board, including subsidiaries, unless these obligations are defined in articles of incorporation or the internal rules of procedure of the management board. Furthermore, the internal rules of procedure shall define the establishment of committees and their scope of competence. The sections of the internal rules of procedure concerning these areas are to be disclosed on the website of the company.

The Articles of Association of the HTI Group stipulate that the Supervisory Board can adopt internal rules of procedure. The Supervisory Board exercised this right.

Rule 38

The supervisory board shall define a profile for the management board members that takes into account the enterprise’s business focus and its situation, and shall use this profile to appoint the management board members in line with a predefined appointment procedure. Furthermore, the supervisory board shall also give due attention to the issue of successor planning. Nominations to the management board for the last time must be made before the age limit defined in the internal rules or in the articles of incorporation is reached.

The Articles of Association of the HTI Group do not stipulate any age limits for members of the Management Board. HTI’s Supervisory Board regularly deals with strategic personnel management issues, including future appointments to the Management Board.

Rule 51

A remuneration schedule for supervisory board members shall be defined and published in the annual report.

The Articles of Association of the HTI Group stipulate that remuneration for members of the Supervisory Board is determined by the Annual General Meeting.

Rule 53

The members of the supervisory board elected by the general meeting or delegated by shareholders in accordance with the articles of incorporation shall include – in the opinion of the supervisory board – a sufficient number of members independent of the company and its management. A member of the supervisory board shall be deemed as independent if said member does not have any business or personal relations to the company or its management board that constitute a material conflict of interests and is therefore suited to influence the behaviour of the member. The supervisory board shall define on the basis of this general clause the criteria that constitute independence and shall publish them on the website of the company. The guidelines in Annex 1 shall serve as further orientation. According to the criteria defined, it shall be the responsibility

HTI shares, position of shareholders and changes to the Articles of Association

of every member of the supervisory board to declare its independence vis-à-vis the supervisory board. The annual report shall clearly explain which members are deemed independent according to this assessment.

Members of the HTI Supervisory Board are elected by the Annual General Meeting, and are obliged to work in the best interests of the company. If individual members of the Supervisory Board have close personal ties to members of the Management Board, they are required to declare their independence vis-à-vis the company.

Rule 54

In the case of companies with a free float of more than 20%, the members of the Supervisory Board elected by the General Meeting or delegated by shareholders in accordance with the articles of Association shall include at least one independent member pursuant to C-Rule 53 who is not a shareholder with a stake of more than 10% or who represents such a shareholder's interests. In the case of companies with a free float of over 50%, at least two members of the Supervisory Board must meet these criteria. The annual report must indicate which members of the Supervisory Board meet these criteria.

At present, no member of the Supervisory Board owns a stake in HTI which exceeds 10%, nor does any member represent a shareholder with a stake of more than 10%.

Rule 57

A person holding a position on the management board of a listed company may not hold more than four positions on the supervisory boards (position of chairperson counts double) of stock corporations not belonging to the group. Major shareholdings are not considered non-group companies. An appointment as supervisory board member must be made for the last time before the age limit defined in the internal rules or the articles of incorporation is reached.

The Articles of Association of HTI do not stipulate any age limit for members of the Supervisory Board. In terms of other Supervisory Board positions, no member of the Supervisory Board has a conflict of interest at present.

HTI shares, position of shareholders and changes to the Articles of Association

As at December 31, 2007, HTI High Tech Industries AG had a share capital amounting to EUR 13,993,556, which is divided into 13,993,556 non-par-value bearer shares, each with a pro-rate share of the company's authorized capital amounting to EUR 1.00 per share. The authorized capital of the company has been completely paid.

HTI shares, position of shareholders and changes to the Articles of Association

All shares of the HTI Group are represented in a variable global certificate which is kept in custody by Österreichischen Kontrollbank Aktiengesellschaft, Am Hof 4, 1010 Vienna, as a central depository for securities. Shareholder entitlement to individual share certificates is excluded in accordance with the HTI Articles of Association. All issued shares of HTI are admissible for trading on the Vienna Stock Exchange at the reporting date. The ISIN of the share is AT0000764626.

Every share grants the owner the right to take part in the Annual General Meeting, and to exercise voting rights, in which case each share is equivalent to one vote. No single shareholder has any special veto or controlling rights.

According to the information at the disposal of the company, Astor Industriebeteiligung GmbH and Astor Privatstiftung jointly hold 13.91% of the share capital of the HTI Group as at December 31, 2007. Glatzmeier Beteiligungs GmbH and Peter Glatzmeier, member of the Management Board, jointly hold 13.90% of the share capital. The stake held by the Androsch and Dörflinger Privatstiftungen (private trusts) amounts to 5% each, with the remaining shares in the hands of institutional investors and free float. The Management Board and Supervisory Board of HTI are not aware of any material change in the shareholder structure since the balance sheet date.

Principally speaking, changes made to the Articles of Association require the formal approval of the Annual General Meeting. However, pursuant to § 4 (4) of the current version of the Articles of Association (dated May 14, 2007), HTI is authorized to raise the company's authorized capital, as a cash contribution or a contribution in kind, at

the latest by May 31, 2012, by a maximum nominal value of EUR 6,950,000, which is to be implemented by issuing a maximum of up to 6,950,000 new non-par-value bearer shares with full voting rights, in one or in several installments, whilst partially or completely excluding the legal subscription rights of existing shareholders amounting to an option on purchasing new shares. The issuing price of the new shares, which may not be below 100% of the pro rata share of the company's authorized capital, as well as the specific terms under which the new shares are to be issued, are to be determined with the express consent of the Supervisory Board (authorized capital).

Pursuant to § 7 of the current version of the Articles of Association, the Management Board consists of two to six members. In accordance with § 11 (1) of the current version of the Articles of Association, the Supervisory Board consists of a minimum of three and a maximum of eight elected members. At the time the Annual General Meeting appoints a member of the Supervisory Board, it is also authorized to elect a deputy member of the Supervisory Board, who will be appointed as a member of the Supervisory Board if the elected member retires before the term of office expires. Both provisions in the Articles of Association – § 7 and § 11 (1) – were approved by the 9th Annual General Meeting on May 14, 2007.

Furthermore, the 9th Annual General Meeting resolved to change § 1 of the Articles of Association in terms of the company name and structure (HTI High Tech Industries AG is the new company replacing the former firm, HTP High Tech Plastics AG) and also the headquarters of the company (St. Marien, Austria, is the location of the new registered headquarters instead of Neudörfel, Austria).

Significant events after the balance sheet date

At the end of January 2008, HTI formally concluded the agreement to acquire HAT Skinline GmbH, a Carinthia-based specialist for the development and processing of plastic sheeting. The assets acquired by HTI will be integrated into the newly established company HTP Skinline GmbH, and incorporated into the Plastics Processing segment holding HTP High Tech Plastics GmbH.

On the basis of this acquisition, HTI plans a further development in the direction of cross-engineering spanning all three core business areas (Plastics Processing, Metals Processing and Mechanical Engineering). HTI expects profitable growth from its operations in the automotive, electrical and electronics industries, as well as in the mobile telephony segment through the acquisition of comprehensive technological competencies and the potential to develop new ideas. HTI is currently processing an initial contract to manufacture design keyboards.

In January 2008, HTI founded HTE High Tech Engineering Holding GmbH. It will serve as the holding company for the Mechanical Engineering segment, which will incorporate the company's 100% stake in BBG Baugeräte GmbH. All majority shareholdings acquired in the fields of machine construction and engineering in the future will be encompassed in this segment holding company.

In February 2008, HTI founded the operational subsidiary HTP Romania S.R.L. in Romania, thus continuing its ongoing expansion into Eastern Europe. The new site will house a mold service company, which will be successively expanded by the new subsidiary's 20 employees during the course of the 2008 business year to encompass injection molding.

In February 2008, the HTI Group concluded an agreement with Oberbank AG to pay off its subordinated capital ahead of schedule, in which case the earn-out provision of the previous financing agreement was mutually annulled. For the current and upcoming years, HTI intends to conclude similar agreements with other credit institutions which are party to the financing agreement, inasmuch as they would be of benefit to the HTI Group.

The closing of the 100% acquisition of the Theysohn Group took place on March 20, 2008. The Mechanical Engineering group Theysohn, based in Korneuburg, Austria, will be integrated into "HTE High Tech Engineering Holding GmbH", the holding company for the Mechanical Engineering segment. Theysohn-Holding GmbH consists of Theysohn Extrusionstechnik GmbH (Korneuburg), the toolmaking subsidiary Topf Kunststofftechnik GmbH (Kirchdorf), as well as Theysohn Extruder Komponenten Salzgitter GmbH (Salzgitter, Germany). The industrial group also encompasses sales and distribution companies operating in the USA, Russia and India along with a sales office located in China. Theysohn develops, produces and markets extrusion equipment to manufacture plastic pipes, profiles, siding and sheets, and is recognized as one of the world's leading producers of high-performance Plastics Processing machinery.

Outlook

To date, the 2008 business year has developed favorably in all segments. In the Plastics Processing segment, the increasing fears of an upcoming recession could potentially lead to a decline in automobile sales and thus a decrease in the sales of plastic components. At the same time, new, attractive automobile models will be launched, which are designed to counteract this risk. The high pressure put on margins by our customers in the automotive sector will continue, which will force us to continually intensify our efforts to improve earnings.

At best, plastic prices will remain at the previous year's level, in which case pressure will continue on margins. In part, this can be compensated by reducing scrap rates.

Series production of the A380 aircraft was initiated after technical problems were rectified, a development which is likely to have a positive effect on sales in both the current and subsequent business years. In addition, HTP Aircraft has established itself as a systems supplier to another major tier one supplier of the international aircraft industry.

The outlook for HTI's two Eastern European facilities in Slovakia and Romania (planned production start in the summer of 2008) is extremely positive. The Management Board expects a significant rise in sales, thanks to ongoing local demand for plastic components as well as cost advantages.

In the Metals Processing segment, increasing production volumes demanded by customers are being accompanied by considerably more aggressive price expectations on the part of the automobile industry. Almost all large automobile manufacturers publish very ambitious cost savings targets each year in their procurement efforts. In its product portfolio, Gruber & Kaja will keep pace with the volume growth of its major customers.

One of management's most important responsibilities will be to ensure that this increase in production volumes will result in a correspondingly attractive rise in earnings, despite aggressive selling price demands on the part of customers. In addition, HTI will proactively pursue the acquisition of strategically interesting new customers.

In the Mechanical Engineering segment, it should be possible to achieve satisfactory organic growth on the basis of continuing attractive margins.

The prevailing crisis on international financial markets as a consequence of the subprime mortgage crisis in the USA will likely only have a very minor impact on the business development of the HTI Group. The corporate bond is subject to a fixed interest rate and thus not affected by the financial turbulences. The declining valuations of companies will tend to push down costs of acquisitions.

In addition to the anticipated organic growth, a main focal point of HTI's business operations in 2008 will once again be the continuation of its successful acquisition strategy. Total sales exceeding EUR 200 million are a realistic possibility in 2008, based on HTI's acquisition of a stake in HAT Skinline GmbH, the planned intensification of the cooperation with Carbo Tech, the takeover of the Theysohn Group and other acquisitions currently being evaluated.

St. Marien, March 21, 2008

The Management Board

Peter Glatzmeier / Nikolaus Kretz

Birgit Hochenegger-Stoier / Thomas Vondrak / Karlheinz Wintersberger

Consolidated income statement

for the 2007 business year

TEUR	Notes	2007	2006
Total sales	1	151,645	78,725
Changes in finished goods and work in progress		2,407	1,809
Own work capitalized		3,747	1,599
Other operating income	5	5,922	3,707
Total gross income		163,721	85,840
Material expenses	2	-79,208	-37,501
Personnel expenses	3	-42,926	-23,782
Other operating expenses	5	-23,851	-15,763
Earnings before non-recurring items, interest, tax, depreciation and amortization (EBITDA)		17,736	8,794
Depreciation and amortization expense	4	-9,705	-6,675
Earnings before interest and tax (EBIT)		8,031	2,119
Interest result	6	-5,159	-2,117
Share of results from associated undertakings		84	23
Other financial result	7	-152	279
Financial result		-5,227	-1,815
Earnings before tax and after non-recurring items (EBT)		2,804	304
Non-recurring expenses	9	0	-1,469
Earnings before tax and after non-recurring items		2,804	-1,165
Income tax expense	8	-2	1,377
Net result		2,802	212
Minority interest		0	-101
Consolidated net profit for the period		2,802	111
Earnings per share (in EUR) basic		0.22	0.01
Earnings per share (in EUR) diluted		0.22	0.01
Dividend proposed or distributed per share (in EUR)		0	0
Weighted average number of shares		12,981,416	9,552,055

Consolidated balance sheet

as at December 31, 2007

Consolidated financial statements

TEUR	Notes	31.12.2007	31.12.2006
ASSETS			
Intangible assets		12,417	4,471
Goodwill		5,120	1,865
Property, plant and equipment	10	82,454	45,170
Investments in associated undertakings		868	893
Other financial assets	11	3,550	276
Other non-current receivables	14	647	3,079
Deferred tax assets	12	7,676	5,574
Non-current assets		112,732	61,328
Inventories	13	32,551	17,277
Trade accounts receivable	14	23,709	11,370
Receivables from affiliated and associated companies		3,795	265
Marketable securities	15	735	859
Cash and cash equivalents	16	18,213	6,884
Other current receivables and assets	14	3,038	2,322
Current assets		82,041	38,977
Assets held for sale	17	0	1,516
Total assets		194,773	101,821

TEUR	Notes	31.12.2007	31.12.2006
EQUITY AND LIABILITIES			
Issued share capital	18	13,994	10,500
Share premium	18	50,086	40,878
Treasury shares	18	-463	0
Retained earnings	18	-22,070	-24,897
Subordinated capital	18	4,696	4,696
Equity	18	46,243	31,177
Employee benefits	19	5,584	1,838
Deferred tax liabilities	12; 20	2,528	1,395
Other non-current provisions	20	1,679	0
Non-current interest-bearing liabilities	21	51,853	12,583
Other non-current liabilities	21; 22	15,582	18,030
Non-current liabilities		77,226	33,846
Current interest-bearing liabilities	21	31,117	17,788
Trade payables and prepayments received	22	23,083	8,279
Tax and other current provisions	20	6,255	2,927
Other current liabilities	21; 22	10,849	7,804
Current liabilities		71,304	36,798
Total equity and liabilities		194,773	101,821

Consolidated cash flow statement

for the 2007 business year

TEUR	2007	2006
Earnings before tax	2,804	-1,165
Depreciation and amortization	9,705	6,675
Depreciation on financial assets	0	15
Movements in non-current provisions	-772	209
Gains/losses on the disposal of non-current assets	0	0
Other non-cash movements	0	1,361
Income tax paid	-84	7
Gross cash flow	11,653	7,102
Inventories	-1,617	-2,263
Receivables and accrued deferred tax assets and liabilities	572	-1,209
Movements in current provisions	-4,589	-1,325
Movements in trade payables	3,856	506
Movements in other liabilities	-5,269	-3,154
Foreign currency translation	24	255
Cash flow from operating activities	4,630	-88

TEUR	2007	2006
Proceeds from the disposal of assets	1,083	709
Purchase of intangible assets, property, plant and equipment	-22,163	-8,059
Payments for investments in financial assets	-579	-105
Movements in marketable securities	123	-29
Foreign currency translation	1	-204
Acquisition of subsidiaries	-13,534	-4,667
Net cash flow from investing activities	-35,069	-12,355
Movements in interest-bearing liabilities	9,726	5,796
Repayment / issue of convertible bonds	19,802	0
Proceeds from capital increases	12,494	7,163
Movements in treasury shares	-255	0
Net cash flow from financing activities	41,767	12,959
Exchange rate effects	1	4
Net increase in cash and cash equivalents	11,329	520
Cash and cash equivalents at January 1, 2007	6,884	6,364
Cash and cash equivalents at December 31, 2007	18,213	6,884
Net increase	11,329	520

Consolidated statement of changes in equity

Consolidated financial statements

TEUR	Share capital	Share premium	Treasury shares	Retained earnings	Currency translation differences	Subordinated capital	Minority interests	Total
Balance at January 1, 2007	10,500	40,878	0	-25,042	145	4,696	0	31,177
Consolidated net profit for the period				2,802				2,802
Capital increase	3,494							3,494
Agio		9,082						9,082
Costs of capital increase		-82						-82
Acquisition of treasury shares			-3,026					-3,026
Sale of treasury shares		208	2,563					2,771
Currency translation differences					25			25
Balance at December 31, 2007	13,994	50,086	-463	-22,240	170	4,696	0	46,243
TEUR								
Balance at January 1, 2006	8,500	35,715	0	-25,153	-7	4,696	-59	23,692
Consolidated net profit for the period				111			101	212
Capital increase	2,000							2,000
Agio		6,000	0					6,000
Costs of capital increase		-837	0					-837
Currency translation differences					152			152
Additions/disposal of minority interests							-42	-42
Balance at December 31, 2006	10,500	40,878	0	-25,042	145	4,696	0	31,177

Assets analysis 2007

Costs

TEUR	Cost on Jan. 1, 2007	Foreign currency diff.	Acquisitions	Transfers	Additions	Disposals	Cost on Dec. 31, 2007
<i>Goodwill</i>	7,835	0	71	0	3,184	0	11,090
<i>Licenses and similar rights</i>	4,898	4	1,730	-8	6,079	7	12,696
<i>Development costs</i>	3,439	0	0	0	2,959	0	6,398
<i>Intangible assets</i>	16,172	4	1,801	-8	12,222	7	30,184
<i>Property, buildings and construction on third-party land</i>	24,780	22	22,166	1,466	7,601	432	55,603
<i>Technical equipment and machinery</i>	46,369	61	27,804	716	3,414	1,677	76,687
<i>Other equipment, furniture and fittings</i>	18,263	2	5,937	27	2,941	203	26,967
<i>Motor vehicles</i>	819	0	310	40	177	150	1,196
<i>Prepayments received and assets under construction</i>	2,360	29	64	-2,240	5,627	191	5,649
<i>Property, plant and equipment</i>	92,591	114	56,281	9	19,760	2,653	166,102
<i>Investments in subsidiaries</i>	105	0	-21	28	156	0	268
<i>Investments in associated undertakings</i>	897	-93	0	0	0	0	804
<i>Other investments</i>	28	0	2,682	-28	0	0	2,682
<i>Non-current securities</i>	186	0	485	0	0	0	671
<i>Financial assets</i>	1,216	-93	3,146	0	156	0	4,425
	109,979	25	61,228	1	32,138	2,660	200,711

Assets analysis 2007

Depreciation and amortization

<i>Accumulated depreciation and amortization Jan. 1, 2007</i>	<i>Foreign currency diff.</i>	<i>Acquisitions</i>	<i>Transfers</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated depreciation and amortization Dec. 31, 2007</i>	<i>Net book value Dec. 31, 2007</i>	<i>Net book value Jan. 1, 2007</i>
5,970	0	0	0	0	0	5,970	5,120	1,865
2,659	1	1,304	0	654	0	4,618	8,078	2,239
1,207	0	0	0	852	0	2,059	4,339	2,232
9,836	1	1,304	0	1,506	0	12,647	17,537	6,336
4,564	6	5,555	0	1,277	25	11,377	44,226	20,216
28,611	27	18,163	0	4,694	197	51,298	25,389	17,758
13,814	2	4,598	0	2,024	103	20,335	6,632	4,449
432	0	70	0	204	68	638	558	387
0	0	0	0	0	0	0	5,649	2,360
47,421	35	28,386	0	8,199	393	83,648	82,454	45,170
0	0	0	0	0	0	0	268	105
4	5	0	0	-73	0	-64	868	893
0	0	0	0	0	0	0	2,682	28
43	0	7	0	21	0	71	600	143
47	5	7	0	-52	0	7	4,418	1,169
57,304	41	29,697	0	9,653	393	96,302	104,409	52,675

Assets analysis 2006

Costs

TEUR	Cost on Jan. 1, 2006	Foreign currency diff.	Acquisitions	Transfers	Additions	Disposals	Cost on Dec. 31, 2006
<i>Goodwill</i>	6,615	0	1,220	0	0	0	7,835
<i>Licenses and similar rights</i>	3,959	4	1,000	0	138	203	4,898
<i>Development costs</i>	1,694	0	0	0	1,745	0	3,439
<i>Intangible assets</i>	12,268	4	2,220	0	1,883	203	16,172
<i>Property, buildings and construction on third-party land</i>	11,824	113	11,502	662	822	143	24,780
<i>Technical equipment and machinery</i>	45,491	246	1,730	87	2,317	3,502	46,369
<i>Other equipment, furniture and fittings</i>	17,661	2	0	109	855	364	18,263
<i>Motor vehicles</i>	1,161	3	0	-30	92	407	819
<i>Prepayments received and assets under construction</i>	1,106	16	0	-828	2,091	25	2,360
<i>Property, plant and equipment</i>	77,243	380	13,232	0	6,177	4,441	92,591
<i>Investments in subsidiaries</i>	0	0	0	0	105	0	105
<i>Investments in associated undertakings</i>	1,000	-103	0	0	0	0	897
<i>Other investments</i>	23	0	5	0	0	0	28
<i>Non-current securities</i>	576	0	0	0	0	390	186
<i>Financial assets</i>	1,599	-103	5	0	105	390	1,216
	91,110	281	15,457	0	8,165	5,034	109,979

Assets analysis 2006

Depreciation and amortization

<i>Accumulated depreciation and amortization Jan. 1, 2006</i>	<i>Foreign currency diff.</i>	<i>Transfers</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated depreciation and amortization Dec. 31, 2006</i>	<i>Net book value Dec. 31, 2006</i>	<i>Net book value Jan. 1, 2006</i>
5,970	0	0	0	0	5,970	1,865	645
2,509	3	0	350	203	2,659	2,239	1,450
559	0	0	648	0	1,207	2,232	1,135
9,038	3	0	998	203	9,836	6,336	3,230
4,115	26	0	434	11	4,564	20,216	7,709
26,832	145	-14	3,503	1,855	28,611	17,758	18,659
12,619	2	44	1,610	461	13,814	4,449	5,042
606	3	-30	130	277	432	387	555
0	0	0	0	0	0	2,360	1,106
44,172	176	0	5,677	2,604	47,421	45,170	33,071
0	0	0	0	0	0	105	0
14	0	0	-23	-13	4	893	986
0	0	0	0	0	0	28	23
28	0	0	6	-9	43	143	548
42	0	0	-17	-22	47	1,169	1,557
53,252	179	0	6,658	2,785	57,304	52,675	37,858

Segment reporting

Key indicators by segment 2007

TEUR	Plastics	Metals	Mechanical Engineering	Other Interests	Consolidation	Total
Total sales	71,137	60,532	21,424	0	-1,448	151,645
EBITDA	7,735	6,187	3,934	-120	0	17,736
Capital expenditure	14,486	7,490	187	0	0	22,163
Depreciation and amortization	6,900	1,841	785	0	179	9,705
EBIT	835	4,345	3,150	-120	-179	8,031
EBT	-654	2,889	2,926	-2,178	-179	2,804
Segment assets	129,116	64,357	14,407	27,303	-40,410	194,773
Segment liabilities	87,476	50,542	8,020	22,135	-19,643	148,530

Key indicators by segment 2006

TEUR	Plastics	Metals	Mechanical Engineering	Other Interests	Total
Total sales	78,725	0	0	0	78,725
EBITDA	8,794	0	0	0	8,794
Capital expenditure	8,059	0	0	0	8,059
Depreciation and amortization	6,675	0	0	0	6,675
EBIT	2,119	0	0	0	2,119
EBT	304	0	0	0	304
Segment assets	101,821	0	0	0	101,821
Segment liabilities	70,644	0	0	0	70,644

Key indicators by region 2007

TEUR	Austria	EU	Other countries	Total
Total sales	29,806	111,117	10,722	151,645
Segment assets	160,862	32,562	1,349	194,773
Capital expenditure	13,363	8,800	0	22,163

Key indicators by region 2006

TEUR	Austria	EU	Other countries	Total
Total sales	12,891	59,792	6,042	78,725
Segment assets	78,498	22,180	1,143	101,821
Capital expenditure	4,460	3,599	0	8,059

I. Business description and Group structure

Notes to the consolidated financial statements

HTI High Tech Industries AG based in St. Marien, Austria (formerly: HTP High Tech Plastics AG, Neudörfel), is an industrial medium-sized holding. Since its strategic restructuring effective January 31, 2007, it not only encompasses the existing Plastics Processing segment which was previously part of the HTP Group, but two additional industrial core business segments, namely “Metals Processing” and “Mechanical Engineering”, as well as the “Other Interests” segment.

The present consolidated financial statements of HTI High Tech Industries AG based in St. Marien (previously: HTP High Tech Plastics AG, Neudörfel), in short “HTI AG” or “HTI Group”, were prepared in accordance with the guidelines set forth in the International Financial Reporting Standards (IFRS) in the version adopted by the European Union (EU/IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which were in effect at the balance sheet date. Pursuant to § 245a Business Enterprise Code, these consolidated financial statements discharge the HTI Group from its obligation to compile accounts in accordance with the provisions in the code.

In preparing the consolidated financial statements, all the standards were applied whose application was obligatory for the business year. Standards or interpretations which have been published and adopted by the EU but which were not binding for the 2007 business year have not been applied in advance. IFRS 7, which was applied by HTI Group for the first time, and the related changes in IAS 1 led to a significant extension of the information about financial instruments provided in the notes to the consolidated financial statements.

In the light of the future application of standards or interpretations which have not yet taken effect and which have not yet been applied by the HTI Group, no material changes in the reported assets, liabilities or other items in the consolidated financial statements are expected.

II. Scope and principles of consolidation

The consolidated financial statements are presented in euros. Numerous figures and percentages have been rounded in the consolidated financial statements. Accordingly, totals may deviate somewhat from the amounts shown. The consolidated income statement was compiled according to the total cost method. In order to improve the presentation of the company’s performance, certain items in the balance sheet, income statement and cash flow statement were grouped together. More detailed information is contained in the notes to the consolidated financial statements.

In addition to HTI AG, the consolidated financial statements include domestic and foreign subsidiaries, in which HTI AG directly or indirectly exercises a controlling influence.

During the course of the 2007 business year, the following changes were made in the consolidation range compared to the previous year:

At the end of January 2007, a 100% shareholding in Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH was acquired. The company has been fully consolidated since February 1, 2007, and comprises the “Metals Processing” segment.

The HTI Group also acquired a 74% stake in BBG Baugeräte GmbH and its French subsidiary FAVRE Sarl as at February 1, 2007. At the same time, it also concluded a purchase option for the remaining 26% of the shares, a right which HTI exercised on December 19, 2007. Both companies, which comprise the new “Mechanical Engineering” segment together with the toolmaking facility in Neudörfel, Austria, were fully consolidated as at February 1, 2007.

Moreover, on February 1, 2007, HTI acquired 100% of the shares in ProRegio Mittel-

II. Scope and principles of consolidation

standsfinanzierungs AG from its shareholders, which in turn received 2,000,000 new shares in the HTI Group.

The accumulated acquisition costs are presented in the following chart:

	TEUR
<i>Cash consideration</i>	7,762
<i>Shares (3,493,556 shares at a share price of EUR 3.60)</i>	12,577
<i>Present value of the deferred consideration</i>	2,642
<i>Expenses</i>	257
Total acquisition costs	23,238

The following table shows the accumulated full fair value of the acquired assets and liabilities:

	TEUR
<i>Goodwill</i>	3,255
<i>Intangible assets</i>	5,909
<i>Property, plant and equipment</i>	27,895
<i>Own shares (treasury shares)</i>	3,026
<i>Other financial assets</i>	3,139
<i>Deferred tax liabilities</i>	837
<i>Other non-current assets</i>	478
<i>Current assets (incl. net cash acquired of TEUR 4,036)</i>	30,146
<i>Non-current liabilities</i>	-22,298
<i>Current liabilities</i>	-29,149
Fair value of net assets acquired	23,238

Goodwill results from calculating the difference between the acquisition costs and the reported fair value of the acquired assets and liabilities.

The following table presents the full fair value of the acquired intangible assets divided into categories:

	TEUR
<i>Trademark</i>	3,607
<i>Customer relationships</i>	1,876
<i>Licenses and similar rights</i>	426
Fair value of acquired intangible assets	5,909

Cash flow from business combinations:

	TEUR
<i>Cash consideration including expenses and shares</i>	20,596
<i>Less acquired treasury shares</i>	-3,026
<i>Cash outflow</i>	17,570
<i>Net cash acquired</i>	-4,036
Net cash flow from business combinations	13,534

Details on the effects of the acquisitions of BBG Baugeräte GmbH and its French subsidiary FAVRE Sarl, as well as Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH, on the consolidated financial statements of the HTI Group are included in the segment reporting. Operating exclusively as a financing company, ProRegio Mittelstandsfinanzierungs AG generated no sales. The contribution to earnings since its initial consolidation amount to TEUR -160.

II. Scope and principles of consolidation

Notes to the consolidated financial statements

Consolidation methods

The individual financial statements of the domestic and foreign subsidiaries included in consolidation were compiled as at the balance sheet date of the consolidated financial statements, audited by independent auditors and consolidated according to IFRS, based on the premise of being a legal entity. Capital consolidation of companies acquired up until March 31, 2004 was carried out on the basis of the equity method by offsetting the acquisition costs against the proportional share of equity acquired in the subsidiary at the acquisition date. Goodwill was generally reported as an asset. In previous years, a negative consolidation difference (negative goodwill) was evaluated according to its root cause, and in accordance with IAS 22, future losses and costs expected to be incurred were reported as a gain at the time incurred.

IFRS 3 “Business Combinations” was applied for all acquisitions carried out after March 31, 2004. Capital consolidation was implemented on the basis of the purchase method (recognizing all assets and liabilities at their full fair value). The book value of the investments is offset against the pro-rate, newly valuated equity of the subsidiary (purchase accounting). Any differences are reported as goodwill. Goodwill is subject to an impairment test at least once annually or if there is a reasonable assumption that an impairment is necessary. If the determined value in use or sale value is lower than the carrying amount, it is written down to the lower of the two values.

Within the context of **debt consolidation**, trade receivables, loans and other receivables as well as other provisions were offset against the corresponding intragroup liabilities and provisions included in the consolidated financial statements. Within the context of the

consolidation of income and expense, all expenses and income resulting from intragroup transactions and services rendered are offset against each other. Any preliminary gains are eliminated. Deferred tax liabilities are recognized to reflect the income tax effect of the consolidation process reported in the income statement.

Capital consolidation for fully consolidated companies is reported according to the acquisition method of accounting. Companies which are acquired or disposed of during the business year are recognized in the consolidated financial statements up until the acquisition or disposal date.

Shares in associates are reported at equity. If there is a reasonable assumption that an impairment of assets occurred, or that an impairment no longer applies for an asset recognized in the income statement in the past as a profit or loss, then the company estimates the individual value of its shares in associates.

Foreign currency translation

The financial statements of foreign subsidiaries that report in foreign currencies are translated into the euro based on the functional currency method. For all companies in the HTI Group, the relevant local currency is the functional currency, due to the fact that these companies operate their business independently from a financial, economic and organizational standpoint. With the exception of equity items, all balance sheet positions are translated using the average exchange rate on the balance sheet of December 31, 2007. Expenses and income are translated at the average exchange rate for the reporting period.

III. Accounting and valuation principles

The financial statements of all companies included in consolidation in the consolidated financial statements of the HTI Group are based on uniform accounting and valuation principles.

Profit realization

Income from the provision of goods or services are realized when all material risks and opportunities arising from the object supplied have been legally transferred to the buyer. Operating expenses are recognized at the time the service is rendered or the delivery is received, or at the time such liability is incurred.

Intangible assets, property, plant and equipment

Acquired **intangible assets** are recognized at their acquisition or production cost, less straight-line depreciation or any potential unscheduled depreciation.

Based on an analysis of their economic useful lives, brand names (trademarks) are classified as intangible assets with an indefinite useful life. For this reason, they are not subject to amortization on a straight-line basis. However, they are subject to an annual impairment test. Acquired customer relationships are reported as intangible assets, and depreciated on a straight-line basis over a period of 15 years.

Pursuant to IAS 38, an intangible asset resulting from product development work (or from the development phase) is recognized, if the technical feasibility, intention and

capability exist to economically exploit or sell the intangible asset, sales are likely to be realized, the corresponding resources are available to conclude the project and the development expenses are reliably attributable. Self-created intangible assets are capitalized at their production cost, and are amortized on a straight-line basis over their useful life.

Acquisition costs encompass the purchase price including import customs duties and non-refundable taxes, as well as all direct costs incurred in order to ensure that the asset reaches the intended location and is made available for its intended use. Repair and maintenance costs that do not increase the presupposed useful life of assets are reported as current expenses.

In addition to individual costs, production costs encompass an appropriate share of the material and manufacturing overheads. General administrative and distribution expenses are not capitalized. Depreciation rates are oriented to the useful operating life of the respective assets.

Costs of borrowed capital, which are directly related to the acquisition or creation of assets, are capitalized and depreciated over the useful life of the asset.

Straight-line depreciation is calculated based on the following expected useful life:

	<i>Useful life in years</i>
<i>Intangible assets</i>	<i>3–15</i>
<i>Buildings</i>	<i>20–50</i>
<i>Plant and machinery</i>	<i>3–25</i>
<i>Other equipment, furniture and fittings</i>	<i>3–10</i>

Pursuant to IFRS 5, abandoned or discontinued assets held for sale are reported under a separate item at the lower of book value and the carrying amount less costs to sell. Assets held for sale are not subject to scheduled depreciation.

Items of immaterial value are fully amortized in the year of addition. Maintenance and repair costs are charged to current expenses. Replacement investments are only capitalized if they contribute to a future increase in the useful life or enhance the value of the object.

In accordance with IAS 17, leased property, plant and equipment, which from an economic point of view are to be classified as finance leases with long-term financing, are reported at the acquisition costs which would have been paid had the asset been purchased. The assets are amortized over the expected useful life of the asset. Obligations arising from future lease payments are shown as liabilities. Subsidies and investment grants are also reported as liabilities, and used in accordance with the useful life of the respective asset.

Gains from sale and leaseback transactions are carried over the term of the lease and reported under other operating income. Losses from sale and leaseback transactions are immediately recognized at the time they arise and are reported as other operating expenses.

In accordance with IAS 36, assets in which a reasonable assumption exists that an impairment may be necessary, and whose present value (discounted at a WACC rate

of 8.0%) of future cash flows is less than the book value, are written down to the higher of value in use or market value. In the HTI Group, production groups are generally classified as cash generating units (CGU).

The main factor determining the value in use is the assumptions formed concerning future local market and sales volume developments. The value in use is based on assumptions of local market growth rates and business forecasts for the particular sector. Cost-structure forecasts use short-term planning data of the CGUs.

If the reasons for impairment cease to exist, a corresponding write-up is recorded. Pursuant to IFRS 3, the impairment loss cannot be reversed for goodwill which was once subject to impairment.

Assets from other leasing contracts are considered as **operating leasing**, and attributed to the lessor. Lease payments are reported as operating expenses.

Financial investments

Investments in affiliates, inasmuch as they are not fully consolidated, as well as **other investments**, are reported at acquisition cost or their fair lower values. They are recognized as available for sale financial assets. If material, depreciation is shown under the financial result.

III. Accounting and valuation principles

Investments in **associates** are principally stated at equity, unless these investments are immaterial.

Securities held to maturity (held to maturity financial assets) are reported at amortized acquisition cost. All other securities are classified as available for sale. They are stated at acquisition cost at the acquisition date. In subsequent reporting periods, they are shown at the respective market values or share prices at the balance sheet date. Changes in value are directly recognized in equity without recognition through profit or loss.

Securities are reported at their respective settlement date.

Inventories

Inventories are stated at acquisition or production cost or the lower net realizable value on the balance sheet date. Production costs include direct expenses, a proportionate share of the fixed and variable overhead expenses including depreciation based on normal capacity utilization. Interest expenses on borrowed capital, as well as general administrative or distribution expenses are not included in the production cost of current assets. Appropriate impairment losses are reported for risks arising from the duration of storage or reduced convertibility.

Receivables

Receivables and other assets are generally reported at acquisition cost. Financial receivables and other assets are stated as loans and receivables. Corresponding value adjustments allow for all recognizable individual risks. Non-interest bearing receivables with a remaining term to maturity of more than one year are reported at their discounted present value. Foreign exchange receivables in individual financial statements are translated at the average exchange rate on the balance sheet date.

Marketable securities

Marketable securities classified as securities available for sale are stated at their acquisition cost at the acquisition date, and are carried at fair value in subsequent periods based on stock exchange quotations at the balance sheet date. Fluctuations in the market value of the securities are generally not recognized through profit or loss. Financial assets are reported at the value date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at banks as well as current receivables (cash equivalents) which are due within one month, and are free of any risk of impairment.

Impairment

On each balance sheet date, it is evaluated whether there is any reasonable assumption for an impairment of assets. Such an impairment test is carried out for goodwill and intangible assets with indefinite lives before each balance sheet date.

The impairment test determines the recoverable amount for the respective asset. This corresponds to the higher of the value in use or the net selling price. If the realizable amount is lower than the previously reported carrying amount of the asset, then the difference is reported as an impairment loss recognized in net profit or loss.

The value in use of the asset corresponds to the present value of the expected future cash flow from its continued use, and its disposal at the end of its useful life on the basis of an interest rate before tax conforming to usual market conditions and adapted to the specific risks of the asset. If no independent cash flow can be determined for an individual asset, the value in use is determined for the next biggest unit to which the asset belongs, and for which an independent cash flow can be determined (cash generating unit).

The net selling price corresponds to the realizable amount to be obtained for the asset from independent third parties, less costs to sell.

If the reasons for impairment cease to exist, this leads to a write-up, except in the case of goodwill, to the lower value of the previously reported carrying amount of acquisition cost or production cost and value in use.

Employee benefits

Austrian companies are required to set up provisions for future severance payments. Under Austrian labor legislation, when employees whose employment began before January 1, 2003 are dismissed or have reached the legal retirement age, they are entitled to receive one-off payments. The amount of such payments is based on the number of years of service and the salary at the time the employment is terminated.

Provisions for severance payments are calculated on an actuarial basis on the balance sheet date using the projected unit credit method, based on an interest rate of 5.5% (2006: 4.5%), a salary progression of 2% (2006: 1%), and the legally stipulated retirement age (graduated up to 60 years for women and 65 years for men). As in the previous year, the staff turnover rate is also graduated and calculated on the basis of existing statistics.

For employees whose employment commenced after January 1, 2003, the responsibility for fulfilling this obligation is assumed by regular contributions of the stipulated amounts to an external employee benefit fund. In addition to this, there is no other legal obligation for severance payments on the part of the company. No provisions are required for this contribution-based severance payment system.

In accordance with company agreements, employees are entitled to jubilee benefits within the context of a service anniversary program. Pursuant to IAS 19, provisions were determined as in past years applying the projected unit credit method, based on an interest rate of 5.5% (2006: 4.5%), and a salary progression of 2% (2006: 1%).

III. Accounting and valuation principles

As in the previous year, the staff turnover rate is also graduated and calculated on the basis of existing statistics.

Provisions

Provisions are set at the amount determined by a commercial evaluation which is required on the balance sheet date to cover future financial payment obligations, identifiable risks and as yet undetermined obligations of the Group based on past events. The amounts of the provisions formed represent the best possible estimate of the expenditure required to cover the respective obligations.

If the present value of a provision based on the prevailing market interest rate differs considerably from the nominal value, the present value of the liability is reported.

Deferred taxes

Deferred tax assets and liabilities are recorded for all temporary valuation and accounting differences arising between the amounts for tax purposes and the IFRS balance sheet items of the individual companies as well as for the Group. Pursuant to IAS 12, the deferred taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognized if it is likely that the tax advantage from them can

actually be utilized within a foreseeable period of time. The calculation of deferred tax is based on the prevailing tax rates in the individual countries on the probable balance sheet date when short-term differences are to be reversed. Future changes in tax rates are only recognized if the changes are already applicable at the balance sheet date or have been publicly announced.

Liabilities

Financial liabilities are stated at the actual amount received. They are classified as financial liabilities at amortized cost (FLAC). Any premium, discount or other difference between the amount received and the amount to be repaid is distributed over the maturity and disclosed under the financial result.

Trade payables are stated at the fair value of the services rendered. Subsequently, these liabilities are stated at amortized acquisition costs. Other liabilities not resulting from services rendered are stated at the amount to be repaid.

Primary and derivative financial instruments

Primary financial instruments in the HTI Group include financial assets, marketable securities, trade payables and trade receivables, cash and cash equivalents, subordinated

capital, banks loans, finance lease obligations, corporate bonds and other financial assets and liabilities. Depending on their classification (category of financial asset), they are either reported at the amortized acquisition cost or at fair value (IAS 39).

Principally speaking, the fair values of financial assets or liabilities correspond to the market values on the balance sheet date. Inasmuch as prices derived from active markets are not directly available, they are calculated using recognized actuarial valuation models and current market parameters (in particular interest rates, exchange rates and the credit ratings of contractual partners). In addition, the cash flows of the financial instruments are discounted on the balance sheet date.

The value of all financial assets and liabilities is reported at the settlement date. Financial assets and liabilities are deleted from the accounts when the right to payments from the investment has ceased or been assigned elsewhere, and the Group has essentially passed on all the risks and opportunities connected with possession of these items.

Derivative financial instruments, encompassing forward exchange contracts, currency options, caps, interest swaps, etc., are carried on the balance sheet at their fair value. They are classified as belonging to the trading category. Determining the fair value of the derivative financial instruments is based exclusively on the valuation by banks.

Changes in the fair value are fundamentally recognized as a profit or loss. Derivative financial instruments are exclusively used for hedging purposes.

Estimates

In preparing the consolidated financial statements, it is necessary to make estimates and future-oriented assumptions which materially influence the recognition and valuation of assets and liabilities, the reporting of other obligations at the balance sheet date, and that of income and expenses for the business year. The actual figures may differ from these estimates.

Estimates and uncertainties in case of discretionary judgments and assumptions

In particular, the uncertainties related to estimates exist with regard to:

- reporting of intangible assets and property, plant and equipment
- the valuation of receivables
- the statement and valuation of employee benefits and provisions, as well as
- the evaluation of the realizability of deferred tax assets.

III. Accounting and valuation principles

On the one hand, the reporting of **intangible assets and property, plant and equipment** is related to estimates concerning the expected useful life of the assets. On the other hand, it is based on the judgment of management with respect to impairment testing or the existence of impairments. Factors such as planned net cash flows or changes in the discounting rate could lead to an impairment. More information on the methods to determine goodwill impairment is contained in the notes to the consolidated financial statements on impairment.

The valuation of **receivables** is influenced by estimates on their recoverability. The criteria used by management to determine recoverability include the credit rating of the customer, the term to maturity of the receivables, experiences with regard to past write-offs, as well as changes in payment conditions. In case there is a deterioration in the financial standing of the customer, actual write-offs may exceed the expected write-offs.

Expenses for **employee benefits** (i.e. severance and pension commitments as well as long service payments) are calculated on an actuarial basis, determined in accordance with assumptions concerning the discount rate, life expectancy, salary increases and staff turnover rates. In case these parameters materially deviate from initial expectations, this could have an impact on the future amounts of obligations.

With regards to **provisions**, uncertainties exist particularly in relation to provisions for impending losses, which are based on current management estimates.

Deferred tax assets are recognized to the extent that it is likely that the tax advantage from them can actually be utilized. In order to judge the probability of their future applicability, factors such as past earnings, operating planning, loss carryforwards and tax planning strategies are taken into account. If actual results deviate negatively from these estimates, this could lead to a depreciation of the deferred tax assets in the income statement.

Earnings per share

Earnings per share are calculated on the basis of the consolidated net profit for the period less minority interest divided by the weighted number of shares in circulation (issued shares less treasury stock).

Segment reporting

Since the strategic restructuring of the HTI Group as at the end of January 2007, the company's management has focused on its three industrial core business areas. The Plastics Processing segment of the HTI Group consists of the operating business of HTP before its conversion into a medium-sized industrial holding. Depending on the respective business areas, all operating units were integrated into HTP Automotive GmbH, HTP Electronics GmbH and HTP Aircraft GmbH, and comprise the "Plastics Processing"

segment, together with the operating units HTP Liebscher GmbH & Co KG, HTP Motion GmbH and HTP Slovakia Vráble s.r.o. (previously: Plasmet s.r.o.).

The new "Metals Processing" segment is comprised of Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH, located in Traun, Upper Austria.

The "Mechanical Engineering" segment consists of BBG Baugeräte GmbH based in Kapfenberg, Styria, its French subsidiary FAVRE Sarl, and the toolmaking unit of what used to be HTP.

The fourth business area, the "Other Interests" segment, is comprised of ProRegio Mittelstandsfinanzierungs AG. Within the HTI Group, ProRegio is responsible for the M&A activities and ensuring the financing of further acquisitions. In the 2007 business year, HTP AG, formerly a company specializing in Plastics Processing, was restructured

and converted into HTI AG. In addition to the original Plastics Processing business of HTP, two additional industrial segments were created, "Metals Processing" and "Mechanical Engineering". In the course of 2007, the company's organizational structure was adapted to the strategic reorientation of business operations. As a consequence, HTI High Tech Industries AG emerged as a pure holding company. In order to more effectively compare 2006 and 2007, Group functions and administrative units were assigned to the Plastics Processing segment.

Intragroup services (primarily management services and licensing fees) rendered to other segments were charged on an arms length transaction basis. Accordingly, a significant contribution to profit arose for the Plastics Processing segment in 2007 for the first time.

The above-mentioned business areas serve as the basis for the primary segment reporting. Consolidation entries are reported in the individual segments.

IV. Notes to the consolidated income statement

The consolidated income statement was compiled in accordance with the total cost method.

1. Revenues

Revenues are derived from the following regions:

<i>in TEUR</i>	2007	2006
<i>Austria</i>	29,806	12,891
<i>EU</i>	111,117	59,792
<i>Other countries</i>	10,722	6,042
	151,645	78,725

The increase in revenues is primarily related to the initial consolidation of the companies acquired during the period under review.

2. Material expenses

<i>in TEUR</i>	2007	2006
<i>Material expenses (including merchandise)</i>	54,770	29,087
<i>Expenses for services rendered</i>	24,438	8,414
	79,208	37,501

3. Personnel expenses

<i>in TEUR</i>	2007	2006
<i>Wages</i>	20,462	11,002
<i>Salaries</i>	12,685	7,496
<i>Severance payments and contributions to employee benefit funds</i>	631	293
<i>Compulsory social security contributions and payroll-related taxes</i>	8,877	4,793
<i>Other employee related expenses</i>	271	198
	42,926	23,782

4. Depreciation and amortization

Expenses for **depreciation and amortization** amounting to TEUR 9,705 (2006: TEUR 6,675) include only scheduled depreciation of property, plant and equipment and amortization of intangible assets. The breakdown of depreciation and amortization according to the type of assets is presented in the assets analysis accompanying the notes (pages 24–27).

5. Other operating income and expenses

Other operating income

<i>in TEUR</i>	2007	2006
<i>Gains from the disposal of fixed assets excluding financial assets</i>	1,030	60
<i>Gains from the reversal of provisions</i>	1,803	1,237
<i>Other miscellaneous operating income</i>	3,089	2,410
	5,922	3,707

Other operating income includes subsidies and grants amounting to TEUR 385 (2006: TEUR 771).

Other operating expenses

<i>in TEUR</i>	2007	2006
<i>Operating expenses</i>	11,995	6,596
<i>Sales and distribution expenses</i>	4,823	2,947
<i>Administrative expenses</i>	7,033	6,220
	23,851	15,763

6. Interest result

<i>in TEUR</i>	2007	2006
<i>Bank and other interests payable</i>	-6,023	-2,437
<i>Bank and other interests receivable</i>	864	320
	-5,159	-2,117

Interest income and expenses primarily result from business transactions with banks. Bank and other interests payable totaling TEUR 1,126 include interest from leasing agreements (2006: TEUR 616).

7. Other financial results

<i>in TEUR</i>	2007	2006
<i>Expenses from investments</i>	-100	0
<i>Result from investments</i>	-100	0
<i>Income from securities</i>	52	36
<i>Currency translation differences</i>	-39	249
<i>Expenses from securities</i>	-65	-6
Other financial results	-52	279
	-152	279

V. Notes to the consolidated balance sheet

8. Income tax expense

The income tax expense relates to income tax paid on profit for the period by the individual companies, as well as deferred tax expenses.

<i>in TEUR</i>	2007	2006
<i>Income tax expense</i>	-134	7
<i>Deferred tax expense</i>	132	1,370
	-2	1,377

The reasons for the difference between the expected tax charge applying the Austrian corporate tax rate of 25% and the actual tax charge are as follows:

<i>in TEUR</i>	2007	2006
Earnings before tax	2,804	-1,165
Expected tax expense at 25% tax rate	-701	291
<i>Value adjustment on available tax losses</i>	105	767
<i>Research and investment subsidies</i>	112	29
<i>Tax credits from previous years</i>	0	8
<i>Income not subject to tax</i>	275	282
<i>Different tax rates applied in foreign subsidiaries</i>	207	0
Actual tax charge	-2	1,377

9. Restructuring result

<i>in TEUR</i>	2007	2006
<i>Material expenses</i>	0	0
<i>Personnel expenses</i>	0	-1,469
<i>Other operating expenses</i>	0	0
	0	-1,469

The restructuring result totaling TEUR -1,469 in the previous year consists of non-recurring items. Non-recurring personnel expenses include severance payments and other payments occurring within the context of staff reductions.

V. Notes to the consolidated balance sheet

10. Intangible assets and property, plant and equipment

A detailed breakdown of the intangible assets and property, plant and equipment included in the consolidated balance sheet and their movements in the 2006 and 2007 business years are reported in the assets analysis accompanying the notes (pages 24–27).

The HTI Group does not hold any investment properties.

The HTI Group has assumed various finance lease agreements for machinery, commercial space in buildings and other assets as a lessee. In accordance with IAS 17, leased property, plant and equipment of material importance, which are classified as assets with long-term financing (finance leasing), are recognized at the lower of the fair value of the leased object at the beginning of the leasing contract or the present value of the future minimum lease payments. The leased assets are depreciated over the expected useful life for the duration of the lease. Pursuant to IAS 17, liabilities from finance leases are reported at the present value of the minimum lease payments.

The capitalized present values and corresponding accumulated depreciation are presented in the following chart:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Buildings</i>	18,286	15,704
<i>Plant and machinery</i>	24,015	13,642
<i>Other equipment, furniture and fittings</i>	774	397
<i>Motor vehicles</i>	709	489
Total acquisition costs	43,784	30,232
<i>Accumulated depreciation</i>	-7,173	-6,974
Net value	36,611	23,258

Future minimum lease payments resulting from non-terminable finance lease contracts are as follows:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Subsequent year</i>	6,018	4,883
<i>1–5 years</i>	14,394	9,728
<i>More than 5 years</i>	1,983	2,793
Future minimum lease payments	22,395	17,404
<i>Less interest</i>	-4,036	-4,287
Present value of future minimum lease payments	18,359	13,117
<i>Thereof in the subsequent year</i>	4,816	3,894
<i>Thereof 1–5 years</i>	12,070	7,165
<i>Thereof more than 5 years</i>	1,473	2,058

Within the context of **operating leasing**, rental and leasing expenses totaling TEUR 20 (2006: TEUR 23) arose for the use of property, plant and equipment not reported in the balance sheet. The reported expenses do not include any contingent rental payments or payments from subtenancies.

In the 2007 business year, no impairment charge was carried out, nor were there any reversals from write-downs.

V. Notes to the consolidated balance sheet

11. Other financial assets

The item "other financial assets" includes the following:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Investments in associated undertakings</i>	2,682	28
<i>Investments in subsidiaries not included in consolidation</i>	268	105
<i>Securities held as non-current assets</i>	600	143
<i>Thereof held to maturity</i>	0	0
<i>Thereof available for sale</i>	600	143
	3,550	276

Limitations with respect to the rights of disposition for securities exist for securities held as non-current assets totaling TEUR 600.

More detailed information about the Group's interests is provided in the list of HTI Group investments accompanying the notes (page 61).

12. Deferred tax assets and liabilities

According to the balance sheet liability method for determining deferred taxes pursuant to IFRS, deferred tax assets and liabilities for the main balance sheet items are as follows:

<i>in TEUR</i>	31.12.2007	31.12.2006
Deferred tax assets		
<i>Assets</i>		
<i>Other assets</i>	220	0
<i>Liabilities</i>		
<i>Other liabilities</i>	4,385	5,187
<i>Available tax losses</i>	7,676	5,574
<i>Deferred tax assets offset against deferred tax liabilities</i>	-4,605	-5,187
	7,676	5,574
Deferred tax liabilities		
<i>Assets</i>		
<i>Property, plant and equipment</i>	-6,622	-6,087
<i>Other assets</i>	-214	-416
<i>Liabilities</i>		
<i>Provisions</i>	-179	-79
<i>Other liabilities</i>	-118	0
<i>Deferred tax assets offset against deferred tax liabilities</i>	4,605	5,187
	-2,528	-1,395
	5,148	4,179

Based on current tax regulations, it is to be assumed that differences in retained earnings between the tax valuation of an investment in subsidiaries and the proportionate equity of the fully consolidated subsidiaries are basically not subject to tax. Thus no deferred tax was recognized on such differences.

From the total available tax losses amounting to TEUR 54,862 (2006: TEUR 46,874), deferred tax assets only totaling TEUR 7,676 (2006: TEUR 5,574) were recognized. This can be attributed to planning calculations, which foresee utilizing the deferred tax assets with future taxable profits.

The movement on deferred taxes during the 2007 business year is as follows:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Net deferred taxes on January 1</i>	4,179	2,808
<i>Acquisition</i>	837	0
<i>Deferred tax expense reported in the income statement</i>	132	1,371
<i>Net deferred tax on December 31</i>	5,148	4,179

Pursuant to IAS 12.39, no deferred taxes were recognized for temporary differences relating to investments in subsidiaries.

13. Inventories

The item "inventories" is divided into the following categories:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Raw materials</i>	10,787	7,028
<i>Work in progress</i>	11,574	4,245
<i>Finished goods</i>	10,114	5,973
<i>Prepayments</i>	76	31
	32,551	17,277

14. Trade and other receivables

The item "Trade and other receivables" encompasses the following assets:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Trade accounts receivable</i>	23,709	11,370
<i>Thereof more than 1 year</i>	0	0
<i>Receivables from subsidiaries and associated undertakings</i>	3,795	265
<i>Thereof more than 1 year</i>	0	0
<i>Other financial assets</i>	486	401
<i>Thereof more than 1 year</i>	486	201
<i>Other assets</i>	3,199	5,000
<i>Thereof more than 1 year</i>	161	2,878
	31,189	17,036

V. Notes to the consolidated balance sheet

All receivables reported as trade accounts receivable are due in less than one year.

Other assets primarily refer to tax credits.

The present value of financial trade accounts receivable represents an appropriate approximate value for the fair value, and thus the maximum credit risk on the balance sheet date.

Trade accounts receivable amounting to TEUR 1,690 (2006: 1,056) were impaired in value, as shown in the following table (on the right).

<i>in TEUR</i>	2007	2006
<i>Balance on January 1</i>	1,056	823
<i>Change in the consolidation range</i>	755	0
<i>Exchange rate differences</i>	-100	37
<i>Additions</i>	756	342
<i>Allocation</i>	-31	-87
<i>Disposals</i>	-746	-59
<i>Balance on December 31, 2007</i>	1,690	1,056

Expenses relating to the write-down of specified trade accounts receivables amounted to TEUR 31 in the 2007 business year (2006: TEUR 0).

Income from the reversal of write-down of specified trade accounts receivables were TEUR 1 in 2007 (2006: TEUR 0).

The present value of the trade accounts receivable from financial instruments is as follows:

<i>in TEUR</i>	Book value 31.12.2007	<i>Thereof: neither impaired nor due on the balance sheet date</i>	<i>Thereof: not impaired on the balance sheet date but due in</i>				<i>Thereof: remain- ing receivables (impaired)</i>
			<i>Less than 60 days</i>	<i>60–180 days</i>	<i>180–360 days</i>	<i>More than 360 days</i>	
<i>Trade accounts receivable</i>	23,709	16,203	5,336	307	18	135	1,710
<i>Receivables from subsidiaries and associated undertakings</i>	3,795	3,795	0	0	0	0	0
<i>Other financial assets</i>	486	486	0	0	0	0	0
Total	27,990	20,484	5,336	307	18	135	1,710

<i>in TEUR</i>	<i>Book value 31.12.2006</i>	<i>Thereof: neither impaired nor due on the balance sheet date</i>	<i>Thereof: not impaired on the balance sheet date but due in</i>				<i>Thereof: remain- ing receivables (impaired)</i>
			<i>Less than 60 days</i>	<i>60–180 days</i>	<i>180–360 days</i>	<i>More than 360 days</i>	
<i>Trade accounts receivable</i>	11,370	8,541	1,255	707	196	39	632
<i>Receivables from subsidiaries and associated undertakings</i>	265	265	0	0	0	0	0
<i>Other financial assets</i>	401	401	0	0	0	0	0
<i>Total</i>	12,036	9,207	1,255	707	196	39	632

With regard to the financial assets neither impaired nor due, there are no indications that the debtors will not be able to meet their payment obligations.

Assignment agreements totaling TEUR 19,715 (2006: TEUR 8,463) have been concluded for receivables.

15. Securities held as current assets

Securities held as current assets (marketable securities) primarily refer to medium-term bonds amounting to TEUR 727 (2006: TEUR 727).

16. Cash and cash equivalents

At the balance sheet date, the company's cash and cash equivalents totaled TEUR 18,213 (2006: TEUR 6,884).

17. Assets held for sale

In the 2006 business year, property, plant and equipment from the mold service operations of the company in Fohnsdorf totaling TEUR 1,516 were reported in the 2006 business year. These assets were completely disposed of during the 2007 business year.

V. Notes to the consolidated balance sheet

18. Equity

The movement of capital and reserves in the years **2006 and 2007** are presented in the charts accompanying the notes to the financial statements.

As a consequence of the authorization granted to the Management Board by a resolution of the Annual General Meeting held on December 6, 2005 (authorized capital), a total of 3,493,556 new shares were issued by means of a capital increase through a contribution in kind in order to acquire BBG Baugeräte GmbH and ProRegio Mittelstandsfinanzierungs AG. The issue price was EUR 3.60 per share. Accordingly, the total volume of the capital increase was TEUR 12,576. The expenses directly related to the capital increase of TEUR 82 were reported without impact on profit or loss in the share premium. The capital market transaction resulted in a net cash inflow of TEUR 12,494.

A resolution passed by the Annual General Meeting on May 14, 2007 revoked the previous resolution passed by the Annual General Meeting on December 6, 2005 with regards to the unused authorized capital of TEUR 756. At the same time, the Management Board was authorized pursuant to § 159 (3) Austrian Stock Corporation Act to raise the company's authorized capital, as a cash contribution or against a contribution in kind, at the latest by May 31, 2012, by a maximum nominal value of TEUR 6,950, which is to be implemented by issuing a maximum of up to 6,950,000 new non-par-value bearer shares with full voting rights, in one or several installments, whilst partially or completely excluding the legal subscription rights of existing shareholders amounting to an option on purchasing new shares. The Management Board is also authorized to determine the issue price of the new shares, which may not be below 100% of the pro rata share of the company's authorized capital, as well as the specific terms and conditions under which the new shares are to be issued.

The **issued share capital** of HTI High Tech Industries AG amounts to TEUR 13,994, and is divided into 13,993,556 non-par-value shares.

With the acquisition of ProRegio Mittelstandsfinanzierungs AG on February 1, 2007, a total of 817,764 **own shares** (treasury shares) at a price of EUR 3.70 were transferred to HTI AG. On December 19, 2007, a total of 692,764 own shares were sold. At the balance sheet date (as at December 31, 2007), the HTI Group held 125,000 own shares as treasury shares, at a carrying amount of TEUR -463.

Retained earnings include the loss carryforward from the previous year amounting to TEUR -25,042, the consolidated net profit for the period during the 2007 business year of TEUR 2,802, as well as currency translation differences of TEUR 170.

Within the context of the 2005 agreement concluded with banks, the financing banks made a total of TEUR 5,000 available as subordinated debt. **Subordinated capital** must be successively repaid from a proportion of the company's consolidated net profit for the period once the equity ratio (excluding subordinated capital) exceeds 25%. Until repayment of secondary debts, dividends may only be distributed to the extent that the equity ratio (excluding subordinated capital) does not drop below a level of 25% after repayment. At the balance sheet date, the liabilities from this secondary capital totaled TEUR 4,696. The interest to be paid on this secondary capital is reported as interest expense in the consolidated income statement.

With regards to the waiving of TEUR 10,000, and the subordination of TEUR 5,000 in capital, HTI AG (formerly HTP High Tech Plastics AG) is committed to paying an amendment amount of TEUR 2,500 to a group of banks after the repayment of subordinated capital if HTI AG's equity ratio did not fall below the level of 25%. Furthermore, the banks were granted an option to acquire one million bearer shares against contribution

in kind of receivables amounting to TEUR 2,000. The option will end on December 16, 2010. With the subscription of shares, the banks waive their entitlement to the agreed earn-out provision. The Management Board plans to pay off the subordinate debts, which are reported as totaling TEUR 4,696 as at December 31, 2007, ahead of schedule in the coming years by concluding individual agreements with the respective banks. Such premature loan redemption would lead to the annulment of the earn-out provision within the context of the financing agreement.

Approximately 32% of the shares of HTI AG were held by HTI Management (or companies owned by them) as at December 31, 2007. The stake held by the Androsch and Dörlinger Privatstiftungen (private foundations) amounts to 5% each with about 8% in the hands of institutional investors. As at December 31, 2007, about 50% of the shares were in free float.

19. Employee benefits

The obligations to employees amounted to:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Provisions for severance payments</i>	4,769	1,601
<i>Provisions for long-service payments</i>	728	149
<i>Provisions for other personnel-related obligations</i>	87	88
	5,584	1,838

The movement of provisions for severance payments and long-service payments is presented in the following table:

<i>in TEUR</i>	<i>Severance payments</i>		<i>Long-service payments</i>	
	2007	2006	2007	2006
<i>Provisions on January 1</i>	1,601	1,809	149	123
<i>Acquisition</i>	2,904	0	526	0
<i>Movement in provisions</i>	264	-208	53	26
<i>Provisions on December 31</i>	4,769	1,601	728	149

Settlements in the 2007 business year amounted to TEUR 381 (2006: TEUR 782).

The most important actuarial parameters and relevant accounting principles are presented in point III.

Expenses reported in the consolidated income statement consist of the following items:

<i>in TEUR</i>	<i>Severance payments</i>		<i>Long-service payments</i>	
	2007	2006	2007	2006
<i>Performance-related plans</i>				
<i>Current service costs</i>	287	250	52	23
<i>Interest costs</i>	198	60	30	4
<i>Settlements</i>	-302	-782	-79	0
<i>Actuarial gain/loss</i>	81	264	50	-1
	264	-208	53	26

There was no investment gain or loss in the 2007 business year, as in the preceding year.

V. Notes to the consolidated balance sheet

20. Provisions

<i>in TEUR</i>	1.1.2007	<i>Acquisition</i>	<i>Reversal</i>	<i>Use</i>	<i>Additions</i>	31.12.2007
Non-current provisions						
<i>Deferred tax liabilities</i>	1,395	-837	0	0	1,970	2,528
<i>Other non-current provisions</i>	0	1,252	-16	-736	1,179	1,679
	1,395	415	-16	-736	3,149	4,207
Current provisions						
<i>Other current provisions</i>	2,927	5,716	-1,569	-3,287	2,468	6,255

Other current provisions primarily relate to provisions for unused vacation time, impending losses, restructuring and risks of litigation.

21. Financial liabilities

The item "financial liabilities" consists of the following:

<i>in TEUR</i>	31.12.2007	31.12.2006
Non-current financial liabilities (term to maturity > 1 year)		
<i>Bank loans</i>	32,051	12,583
<i> Thereof maturity of more than 5 years</i>	5,157	1,126
<i>Corporate bonds</i>	19,802	0
<i> Thereof maturity of more than 5 years</i>	0	0
<i>Non-current interest-bearing liabilities</i>	51,853	12,583
<i> Thereof maturity of more than 5 years</i>	5,157	1,126
<i>Finance lease obligations</i>	13,543	18,030
<i> Thereof with a maturity of more than 5 years</i>	1,473	7,774
	65,396	30,613
<i>Thereof with a maturity of more than 5 years</i>	6,630	8,900

<i>in TEUR</i>	31.12.2007	31.12.2006
Current financial liabilities (term to maturity < 1 year)		
<i>Bank loans</i>	31,117	17,783
<i>Corporate bonds</i>	0	5
<i>Finance lease obligations</i>	4,816	4,384
	35,933	22,172

The buildings on third-party land in Neudörfel are secured by a mortgage. Mortgages have also been concluded to secure financial liabilities for commercial properties in Traun and St. Marien as well as commercial properties and buildings in Vráble, Slovakia. The total volume of the hypothecary securities amounts to TEUR 16,844.

Restrictions on disposal have been imposed on technical equipment valued at TEUR 7,045 to serve as collateral for bank loans.

Non-current securities amounting to TEUR 600 have been pledged as collateral for liabilities.

Assignment agreements have been concluded for receivables amounting to TEUR 19,715 (2006: TEUR 8,463). Moreover, liens on outstanding accounts total TEUR 700 (2006: TEUR 0).

Liens also exist upon time deposit account totaling TEUR 7,051.

22. Other liabilities

The following other liabilities existed on the balance sheet date:

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Non-current liabilities (maturity > 1 year)</i>		
<i>Other financial liabilities</i>	1,977	0
<i>Thereof with a maturity of more than 5 years</i>	0	0
<i>Other non-financial liabilities</i>	62	0
<i>Thereof with a maturity of more than 5 years</i>	25	0
	2,039	0
<i>Thereof with a maturity of more than 5 years</i>	25	0

<i>in TEUR</i>	31.12.2007	31.12.2006
<i>Current liabilities (maturity < 1 year)</i>		
<i>Trade accounts payable and prepayments received</i>	23,083	8,279
<i>Other financial liabilities</i>	961	762
<i>Other non-financial liabilities including accruals</i>	5,072	2,658
	29,116	11,699

Other non-financial liabilities primarily refer to taxes and social security contributions.

VI. Financial risks, capital management and financial instruments

23. Financial risks

Within the context of its global business operations, the HTI Group is subject to numerous risks which could impact its financial position and earnings:

Foreign exchange risks are of minor importance in the HTI Group, and are subject to hedging on a case-by-case basis. There were no outstanding hedging transactions at the balance sheet date.

Liquidity risks arise if customers are not able to meet their payment obligations within the predefined payment period. The HTI Group regularly monitors the creditworthiness of its customers as a means of counteracting these risks. The parent company ensures that sufficient liquidity and required credit facilities are available to ensure that the company is able to meet its financial obligations. Liquidity which is not required in the short-term is parked in short-term investments.

Credit risk or **default risk** on the part of contractual partners are counteracted by means of credit checks and limits as well as evaluation processes. In order to reduce default risk, the company takes advantage of government export guarantees or similar guarantees from private institutions. The credit risk related to investments in cash and cash equivalents and securities is limited as the HTI Group only works with financial partners having excellent credit ratings. Allowances have been made for all existing risks, so that the company's management is of the opinion that no further credit risks will arise.

The company considers **interest rate risk** for financial assets and liabilities to be minimal. Accordingly, derivative financial instruments are not used extensively. In addition to foreign exchange and interest rate risks, HTI is also subject to other market price risks. However, these risks are of minor importance for the HTI Group.

24. Capital management

The HTI Group aims to grow primarily through acquisitions. Considerable importance is attached to diversification of the business areas in order to minimize corporate risks. The targeted growth in sales is to be accompanied by a corresponding, stable earnings situation. The aim is to implement suitable measures as the basis for continually increasing the equity ratio, including subordinated capital liabilities.

25. Financial instruments

Carrying amounts, fair values and valuation

The carrying amounts and valuation of the financial assets (financial instruments on the assets side) consist of the following classes or valuation categories pursuant to IAS 39 or IAS 17:

Notes to the consolidated financial statements

in TEUR	Valuation category (IAS 39)	Carrying amount 31.12.2007	Valuation (IAS 39)				Valuation (IAS 17)
			Amortized acquisition costs	Acquisition costs	Fair value recognized as profit or loss	Fair value recognized in equity	
Other financial assets – investments	Available-for-sale (at cost)	3,818		X			
Other financial assets – securities, available for sale investments	Available-for-sale	600				X	
Trade accounts receivable	Loans and receivables	23,709	X				
Receivables from subsidiaries and associated undertakings	Loans and receivables	3,795	X				
Other financial assets	Loans and receivables	486	X				
Marketable securities	Available-for-sale	735				X	
Cash and cash equivalents	Loans and receivables	18,213	X				
Total		51,356					
		Carrying amount 31.12.2006					
Other financial assets – investments	Available-for-sale (at cost)	1,025		X			
Other financial assets – securities, available for sale investments	Available-for-sale	143				X	
Trade accounts receivable	Loans and receivables	11,370	X				
Receivables from subsidiaries and associated undertakings	Loans and receivables	265	X				
Other financial assets	Loans and receivables	401	X				
Marketable securities	Available-for-sale	859				X	
Cash and cash equivalents	Loans and receivables	6,884	X				
Total		20,947					

VI. Financial risks, capital management and financial instruments

Cash and cash equivalents, trade accounts receivable and other financial assets primarily have short terms to maturity. For this reason, the carrying amounts on the balance sheet date come close to representing the fair values on the balance sheet date. If they are of material significance, the fair values of non-current financial assets correspond to the present value of the payments related to the assets, taking

account of the particular updated market parameters.

The carrying amounts and valuations of **financial liabilities** (liability side financial instruments) consist of the following classes or valuation categories pursuant to IAS 39 or IAS 17:

in TEUR	Valuation category (IAS 39)	Carrying amount 31.12.2007	Valuation (IAS 39)				Valuation (IAS 17)
			Amortized acquisition costs	Acquisition costs	Fair value recognized as profit or loss	Fair value recognized in equity	
Bank loans	FLAC*)	63,168	X				X
Finance lease obligations	Not applicable	18,359					
Corporate bonds	FLAC*)	19,802	X				
Trade payables	FLAC*)	23,083	X				
Other financial liabilities	FLAC*)	2,938	X				
Total		127,350					
		Carrying amount 31.12.2006					
Bank loans	FLAC*)	30,366	X				X
Finance lease obligations	Not applicable	22,414					
Corporate bonds	FLAC*)	5	X				
Trade payables	FLAC*)	8,279	X				
Other financial liabilities	FLAC*)	762	X				
Total		61,826					

*) FLAC – Financial liabilities at amortized cost

Trade payables regularly have short terms to maturity. For this reason, the carrying amounts on the balance sheet date come close to representing the fair values on the balance sheet date. If they are of material significance, the fair values of liabilities to banks, finance lease liabilities and loans and borrowings correspond to the present value of the payments related to the liabilities, taking account of the respective updated market parameters.

Analysis of contractually stipulated cash flows

The **contractually stipulated (undiscounted)** cash flows (interest and repayment) of financial liabilities are comprised of the following:

The chart encompasses all financial instruments which were in the company's portfolio at the balance sheet date, and for which payment has been contractually stipulated. Target figures for new financial liabilities in the future are not included. Foreign currency amounts are calculated at the exchange rate on the balance sheet date. Variable interest rate payments of financial instruments are based on the fixed interest rates which prevailed before the balance sheet date. Financial liabilities which are repayable prematurely are reported at the earliest period.

The interest-bearing financial liabilities primarily relate to bank overdrafts at floating and fixed interest rates. The weighted average interest rate for working capital loans amounted to 6.2% in 2007 (2006: 6.0%), 5.0% for current financial liabilities (2006: 3.1%) and 5.3% for non-current financial liabilities (2006: 4.2%).

<i>in TEUR</i>	Carrying amount 31.12.2007	<i>Cash flows 2008</i>			<i>Cash flows 2009–2012</i>			<i>Cash Flows as of 2013</i>		
		<i>Fixed interest</i>	<i>Floating interest</i>	<i>Repay- ment</i>	<i>Fixed interest</i>	<i>Floating interest</i>	<i>Repay- ment</i>	<i>Fixed interest</i>	<i>Floating interest</i>	<i>Repay- ment</i>
<i>Bank loans</i>	63,168	53	3,728	31,117	0	4,484	26,894	0	2,114	5,157
<i>Finance lease obligations</i>	18,359	0	1,202	4,816	0	2,325	12,070	0	509	1,473
<i>Corporate bonds</i>	19,802	1,375	0	0	5,500	0	20,005	0	0	0
<i>Trade payables</i>	23,083	0	0	23,083	0	0	0	0	0	0
<i>Other financial liabilities</i>	2,938	118	0	961	152	0	1,977	0	0	0
Total	127,350	1,546	4,930	59,977	5,652	6,809	60,946	0	2,623	6,630

VI. Financial risks, capital management and financial instruments

Net results from financial instruments

The **net results from financial instruments** according to classes or valuation categories pursuant to IAS 39 are comprised of the following:

<i>in TEUR</i>	<i>Interest</i>	<i>Fair value</i>	<i>Impairment</i>	<i>Disposal result</i>	<i>Total</i>
<i>Loans and receivables</i>	820	0	12	-31	801
<i>Available-for-sale financial assets</i>	44	-30	0	0	14
<i>Financial liabilities and amortized cost</i>	-4,537	0	0	0	-4,537
Total	-3,673	-30	12	-31	-3,722

Sensitivity analyses

In order to present the key market risks arising from the use of financial instruments, IFRS 7 "Financial Instruments: Disclosures" requires companies to perform sensitivity analyses, which demonstrate the effects of hypothetical changes of relevant risk variables on profit or loss and equity. The HTI Group is primarily subject to interest rate risk from financial instruments with variable interest rates (cash flow risk). For this reason, corresponding sensitivity analyses were carried out for this market risk.

The portfolio of financial instruments utilized by the HTI Group on the balance sheet date served as the basis for determining the potential effects of hypothetical changes in the risk variables. The underlying assumption is that the risk on the balance sheet

date closely represents the risk during the entire business year. Efforts to counteract risks, for example through the use of derivative financial instruments, were also taken into account. The Group corporate tax rate of 25% was applied.

A change in the market interest rate of 100 basis points on the balance sheet date would have resulted in an increase or decline in earnings (after tax) as well as equity by the following amounts, which is presented in the following chart:

<i>in TEUR</i>	<i>Increase of 100 basis points</i>	<i>Decrease of 100 basis points</i>
31.12.2007	-386	386
31.12.2006	-258	258

This analysis assumed that all other variables remain constant, in particular exchange rates. The sensitivity of equity was only influenced by earnings before tax in the above-mentioned analysis.

Derivatives and hedging

The company has concluded interest rate swaps at a nominal value of TEUR 10,467 and a fair value of TEUR -117 in order to reduce the interest rate risk from credit lines at floating interest rates.

VII. Consolidated cash flow statement

Notes to the consolidated financial statements

The consolidated cash flow of HTI AG is presented according to the indirect method.

Cash and cash equivalents include cash at hand and cash at banks. Available for sale securities and bank overdrafts are not classified as cash and cash equivalents.

At the balance sheet date, liens existed on time deposit accounts and other deposit account balances at banks amounting to TEUR 7,051.

26. Consolidated cash flow from operating activities

The consolidated cash flow from operating activities includes the following interest and tax payments:

<i>in TEUR</i>	2007	2006
<i>Interest received</i>	786	320
<i>Interest paid</i>	-4,719	-2,437
<i>Tax paid</i>	-84	-7

VIII. Segment reporting

Segment reporting is presented separately on page 28.

IX. Other information

27. Contingent liabilities, guarantees and other financial obligations

The HTI Group has assumed liability for financial obligations on behalf of non-consolidated and consolidated Group companies. The guarantees assumed by HTI amounted to TEUR 382 as at December 31, 2007.

28. Research and development

In the 2007 business year, HTI invested a total of TEUR 2,769 (2006: TEUR 1,996) in research and development. TEUR 85 (2006: TEUR 251) were reported as other operating expenses.

29. Purchase commitments

Obligations resulting from contracts pertaining to investments in property, plant and equipment are of minor significance.

IX. Other information

30. Earnings per share

The earnings per share in 2007 were calculated on the basis of the consolidated net profit for the period of TEUR 2,802 and the average number of issued shares amounting to 12,981,416 shares. The current number of outstanding shares amounts to 13,993,556. In March 2007, HTI AG carried out a capital increase and issued 3.5 million new shares. The own shares (treasury shares) held by HTI AG reduce the number of issued shares.

31. Proposal to the Annual General Meeting for the allocation of unappropriated profits

The Management Board will propose to the Annual General Meeting to carry forward the consolidated net profit for the period.

32. Significant events after the balance sheet date

On January 28, 2008, HTI formally closed the agreement to acquire HAT Skinline GmbH, a Carinthia-based specialist for the development and processing of plastic sheeting. The assets acquired by HTI will be integrated into the newly established company HTP Skinline GmbH, and incorporated into the Plastics Processing segment holding HTP High Tech Plastics GmbH.

In February 2008, the HTI Group concluded an agreement with Oberbank AG to pay off its subordinate debts ahead of schedule, in which case the earn-out provision of the previous financing agreement was mutually annulled. For the current and upcoming years, HTI intends to conclude similar agreements with other credit institutions which are party to the financing agreement, inasmuch as they would be of benefit to the HTI Group.

On February 21, 2008, HTP Romania S.R.L. in Romania was set up as a subsidiary and operational unit of HTI High Tech Industries S.R.L. The new site will house a mold service company, which will be successively expanded to encompass injection molding.

The closing of the 100% acquisition of the Theysohn Group took place on March 20, 2008. The Mechanical Engineering group Theysohn, based in Korneuburg, Austria, will be integrated into the Mechanical Engineering segment. Theysohn-Holding GmbH consists of Theysohn Extrusionstechnik GmbH (Korneuburg), the toolmaking subsidiary Topf Kunststofftechnik GmbH (Kirchdorf) as well as Theysohn Extruder Komponenten Salzgitter GmbH (Salzgitter, Germany). The industrial group also encompasses sales and distribution companies operating in the USA, Russia and India along with a sales office located in China. Theysohn develops, produces and markets extrusion equipment to manufacture plastic pipes, profiles, siding and sheets, and is recognized as one of the world's leading producers of high-performance Plastics Processing machinery.

The required data for the purchase price allocation pursuant to IFRS 3.67 is not yet available.

33. Business transactions with related companies

in TEUR	Receivables		Liabilities	
	2007	2006	2007	2006
HTI High Tech Industries S.R.L. (Romania)	1,392	0	0	0
IS Industrie-Service Dienstleistungs GmbH	328	0	0	0
ProRegio Gamma Beteiligungsverwaltungs GmbH	813	0	0	0
Glatzmeier Beteiligungs GmbH	3	0	0	0
Scherbaum / Seebacher Rechtsanwälte GmbH	0	0	5	2
	2,536	0	5	2

Furthermore, the following **income and expenses** in the 2007 business year can be attributed to related companies:

in TEUR	Expenses		Income	
	2007	2006	2007	2006
ProRegio Invest & Consult GmbH	0	19	0	0
IS Industrie-Service Dienstleistungs GmbH	0	0	32	0
GHI Immobilien GmbH	204	0	3	0
Scherbaum / Seebacher Rechtsanwälte GmbH	27	2	0	0
	231	21	35	0

HTI High Tech Industries S.R.L. (Romania) was established at the end of 2007, and acquired machinery from the HTI Group to build up its toolmaking activities on behalf of the HTI Group. It is planned to include this company in consolidation in 2008. **IS Industrie-Service Dienstleistungs GmbH** is a facility management company for the HTI Group site in Fohnsdorf, in which the HTI Group holds a 55% stake. Trade accounts receivable refer to current invoices. **ProRegio Gamma Beteiligungsverwaltungs GmbH** is a fully owned subsidiary of ProRegio Mittelstandsförderung AG. The reported trade accounts receivable refer to current invoices. **Glatzmeier Beteiligungs GmbH** is owned by Peter Glatzmeier. The reported trade accounts receivable refer to current invoices to cover expenses. A 50% stake in **GHI Immobilien GmbH** is owned by Glatzmeier Beteiligungs GmbH, and is the owner and lessor of the commercial property used in Kapfenberg which is used by BBG Baugeräte GmbH. Norbert Scherbaum is a member of the Supervisory Board of HTI AG, and is managing partner of the law offices **Scherbaum / Seebacher Rechtsanwälte GmbH**, which occasionally provides legal advisory services to individual companies of the HTI Group.

34. Board and staff information

	2007	2006
Average number of employees		
Salaried employees	325	193
Workers	786	476
	1,111	669

Remuneration paid to members of the Management Board in the 2007 business year totaled TEUR 900 (2006: TEUR 403).

IX. Other information

Management Board

Peter Glatzmeier / Member of the Management Board

Appointed February 1, 2007 (Chairman of the Management Board and Chief Executive Officer as of January 1, 2008), term of office runs until December 31, 2008

Kurt Helletzgruber / Chairman of the Management Board

From December 20, 2004 to December 31, 2007

Nikolaus Kretz / Member of the Management Board

Appointed May 31, 2007, term of office runs until December 31, 2008

Birgit Hochenegger-Stoirer / Deputy Member of the Management Board

Appointed February 28, 2005, term of office runs until December 31, 2008

Thomas Vondrak / Deputy Member of the Management Board

Appointed June 28, 2005, term of office runs until December 31, 2008

Karlheinz Wintersberger / Deputy Member of the Management Board

Appointed May 31, 2007, term of office runs until December 31, 2008

The total remuneration paid to the members of the **Supervisory Board** for the 2007 business year amounted to TEUR 23 (2006: TEUR 23). No loan guarantees or corporate loans have been granted by companies within the HTI Group to members of the Management Board or Supervisory Board. It is planned for the financial statements to be approved by the Supervisory Board at its meeting on April 8, 2008.

Supervisory Board

Gerd-Dieter Mirtl / Chairman

Appointed December 20, 2004*

Fritz Kretz / Deputy Chairman

Appointed December 20, 2004*

Peter Glatzmeier / Member

Appointed May 15, 2006 until January 31, 2007

Franz Rossler / Member

Appointed May 26, 2004*

Norbert Scherbaum / Member

Appointed May 15, 2006*

** The term of office of the Supervisory Board members elected by the Annual General Meeting expires at the end of the Annual General Meeting resolving upon the 2008 business year.*

St. Marien, March 21, 2008

Peter Glatzmeier / Nikolaus Kretz

Birgit Hochenegger-Stoirer / Thomas Vondrak / Karlheinz Wintersberger

Group investments

Notes to the consolidated financial statements

Company	Head office	Country	Currency	Nominal capital in thousands (local currency)	Group interest in %	Type of consolidation
1. Investments in subsidiaries (fully consolidated companies)						
HTM High Tech Metals GmbH	St. Marien	A	EUR	35	100.00	FC
Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH	St. Marien	A	EUR	4,500	100.00	FC
BBG Baugeräte GmbH	Kapfenberg	A	EUR	100	100.00	FC
FAVRE Sarl	Bezons	F	EUR	765	100.00	FC
HTP High Tech Plastics GmbH	Neudörfel	A	EUR	2,750	100.00	FC
HTP Automotive GmbH	Neudörfel	A	EUR	35	100.00	FC
HTP Electronics GmbH	Neudörfel	A	EUR	35	100.00	FC
HTP Aircraft GmbH	Neudörfel	A	EUR	35	100.00	FC
HTP Slovakia Vráble s.r.o.	Vráble	SVK	SKK	97,534	100.00	FC
HTP High Tech Plastics Slovakia s.r.o.	Vráble	SVK	SKK	200	100.00	FC
HTP Germany GmbH	Meinerzhagen	D	EUR	26	100.00	FC
HTP Liebscher Kunststofftechnik GmbH & Co KG	Straßlach	D	EUR	1,249	100.00	FC
HTP Liebscher Kunststofftechnik BeteiligungsgesmbH	Straßlach	D	EUR	26	100.00	FC
HTP Motion GmbH	Türkheim	D	EUR	25	100.00	FC
JS Vermögensverwaltung GmbH	Leoben	A	EUR	18	100.00	FC
Verwaltungsobjekt Eumigstraße 6 der JS Vermögensverwaltungs GmbH & Co KEG	Leoben	A	EUR	10	100.00	FC
HTP High Tech Plastics U.S. Inc.	Detroit	USA	USD	1	100.00	FC
ProRegio Mittelstandsfinanzierungs AG	Linz	A	EUR	8,000	100.00	FC
2. Investments in associated undertakings (consolidated at equity)						
S.P.I. LLC	Detroit	USA	USD	1,000	26.00	EC
3. Investments, not included in consolidation						
HTI High Tech Industries S.R.L.	Bucharest	RO	RON	110	100.00	NC
ProRegio Gamma Beteiligungsverwaltungs GmbH ¹⁾	Linz	A	EUR	35	100.00	NC
ProRegio Delta Beteiligungsverwaltungs GmbH ¹⁾	Linz	A	EUR	36	100.00	NC
ProRegio Invest & Consult GmbH	Linz	A	EUR	36	100.00	NC
ZF Getränke GmbH	St. Nikolai	A	EUR	36	80.00	NC
IS Industrie-Service Dienstleistungs GmbH	Fohnsdorf	A	EUR	50	55.00	NC
Young Enterprises Media GmbH	Vienna	A	EUR	36	30.00	NC
MB Steinbau GmbH	St. Martin	A	EUR	36	25.10	NC
MB Immobilien GmbH	St. Martin	A	EUR	36	25.10	NC
Roaring Lion Trading GmbH	Mondsee	A	EUR	35	25.10	NC
Roaring Lion Trading GmbH & Co KG	Mondsee	A	EUR	10	25.10	NC
HTE High Tech Engineering Holding GmbH ²⁾	St. Marien	A	EUR	35	100.00	NC

¹⁾ Half of nominal capital has been paid / ²⁾ Entered into the commercial register on January 25, 2008 / FC = Fully consolidated / EC = Equity consolidation / NC = Not consolidated

Qualified Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying **consolidated financial statements of HTI High Tech Industries AG, St. Marien, Austria (formerly: HTP High Tech Plastics AG, Neudörfel)** for the financial year from January 1, 2007 to December 31, 2007. Those consolidated financial statements comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year ending December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Qualified audit opinion

As in the prior year, the consolidated equity of the HTI Group as at December 31, 2007 include subordinated debts amounting to TEUR 4,696, which have to be presented as long-term liabilities. Concerning the credit terms we refer to paragraph 18 of the notes to the consolidated financial statements.

With the qualification that the amendment in presentation described in the above paragraph has not been considered, and that the notes to this disclosure in paragraphs 21 and 25 of the notes to the consolidated financial statements are partially not appropriate, the consolidated financial statements present fairly, in all material aspects, the financial position of the group as at December 31, 2007, and of its financial performance and its cash flows for the financial year from January 1, 2007 to December 31, 2007, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the Group Management Report

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

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

Linz, March 21, 2008

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Cäcilia Gruber
Austrian Certified Public Accountant

Helge Löffler
Austrian Certified Public Accountant

Financial statements of HTI High Tech Industries AG

The financial statements of HTI High Tech Industries AG according to the Austrian Commercial Code UGB are solely available in German language and can be accessed on the HTI Group's website under:

<http://www.hti-ag.at/de/investor-relations/publikationen/finanzberichte/>

Statement of the legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.


We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

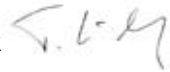
St. Marien, March 21, 2008


The Management Board of HTI High Tech Industries AG

Peter Glatzmeier 
Chairman of the Management Board

Nikolaus Kretz 
Member of the Management Board

Birgit Hochenegger-Stoirer 
Deputy Member of the Management Board

Thomas Vondrak 
Deputy Member of the Management Board

Karlheinz Wintersberger 
Deputy Member of the Management Board

Report of the Supervisory Board

During the period under review, the Supervisory Board carried out its legally stipulated duties and fulfilled the responsibilities delegated to it by the Articles of Association. It regularly advised the Management Board in managing the company, and supervised its activities. The Supervisory Board was directly and timely involved in all decisions which were of substantial importance to the Group.

The Management Board regularly provided the Supervisory Board with information on all relevant issues pertaining to the business development of the HTI Group and the individual segments, as well as about important business transactions. In order to increase the efficiency of the Supervisory Board's work, the decision was made to set up an accounting committee and a personnel committee, each of which is comprised of all the members of the Supervisory Board. The Supervisory Board convened for five meetings during the 2007 business year, in which it discussed strategic issues pertaining to corporate planning, business strategy, business development, the risk situation and risk management with the Management Board. Furthermore, all business transactions of significance to the company were comprehensively dealt with, discussed and deliberated upon with the Management Board and formally approved in the course of the Supervisory Board meetings. Accordingly, the Supervisory Board was given ample opportunity to fulfill its reporting and supervisory responsibilities.

The focus of the joint consultations was the strategic reorientation of the HTI Group and related acquisitions, as well as the integration of all business operations into the holding company HTI High Tech Industries AG. The operational, financial and personnel consequences of this fusion were discussed in detail with the Management Board.

Against the backdrop of potential future acquisitions, all planned projects as well as further growth financing and long-term company strategy were considered at length. Another focal point of the Supervisory Board's deliberations was the revenue and earnings development and employment situation in the Group and its segments, consultations regarding business transactions requiring Supervisory Board approval, and the company's declaration of compliance with the Austrian Corporate Governance Code. Accordingly, the Supervisory Board and Management Board are committed to abiding by the principles of good corporate governance and recognize these guidelines as an integral part of corporate management.

One member resigned from the Supervisory Board during the 2007 business year. The annual financial statements and the notes to the financial statements as at December 31, 2007 and the management report including the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). They were audited by and subsequently granted a qualified auditor's opinion by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, which was appointed as the company's certified public accountants by the Annual General Meeting. There were no grounds for any objections to the activities of the Management Board.

The Management Board timely presented the annual financial statements and consolidated financial statements of HTI High Tech Industries AG as well as the Group management report and auditor's reports as at December 31, 2007 to the Supervisory Board, and reported on these at length. The Supervisory Board formally acknowledged the results

of the audit. The Supervisory Board also examined the above-mentioned documents on its own, and did not discover any inconsistencies or objections to the annual financial statements and the consolidated financial statements of HTI High Tech Industries AG. In accordance with valid and binding regulations, the auditor attended the Supervisory Board meeting assessing the business results, and informed the Supervisory Board about the main conclusions of the audit. The Supervisory Board approved the Management Board's proposal for the distribution of the net profit for the 2007 business year.

In the meeting of the accounting committee held on April 8, 2008, the Supervisory Board examined and approved the annual financial statements and management report of HTI High Tech Industries AG for the 2007 business year. Accordingly, the annual financial statements of HTI High Tech Industries AG for the 2007 business year have been duly adopted.

The Supervisory Board extends its thanks to the members of the Management Board as well as all employees for their commitment and hard work on behalf of the company, and in particular for the successful strategic reorientation of the Group, which serves as a sound basis for further profitable growth.

St. Marien, April 8, 2008

The Supervisory Board

Gerd-Dieter Mirtl / Chairman of the Supervisory Board

HTI High Tech Industries AG

Austria – 4502 St. Marien / Neuhofen, Gruber & Kaja Straße 1

Phone +43-3862-304-8562, Fax +43-3862-304-7598

E-mail: ir@hti-ag.at