



ANNUAL FINANCIAL REPORT  
2007

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# Board Members

## THE MANAGEMENT BOARD

Wilhelm HÖRMANSEDER

Chairman, born 1954  
Member of the Management Board  
since March 9, 1994  
appointed until year-end 2009

Andreas BLASCHKE

born 1961  
Member of the Management Board  
since May 14, 2002  
appointed until May 2010

Franz RAPPOLD

born 1952  
Member of the Management Board since  
May 14, 2002  
appointed until May 2010

## THE SUPERVISORY BOARD

Michael GRÖLLER <sup>1)</sup>

Chairman since June 8, 2002

Clemens GOESS-SAURAU <sup>1) 2)</sup>

Deputy Chairman since May 18, 2005  
Member of the board since March 2, 1994  
passed away on January 10, 2008

Friedrich MAYR-MELNHOF <sup>1)</sup>

Deputy Chairman since March 2, 1994

Romuald BERTL <sup>1) 2)</sup>

Deputy Chairman since March 2, 1994

## Board Members

Gerhard GLINZERER

Member of the board since June 17, 1997

Johannes GOESS-SAURAU

Member of the board since May 18, 2005

Manfred GRUNDAUER <sup>2)</sup>

Member of the board since June 17, 1997  
Delegate of the European Staff Council  
of MM Karton

Hubert ESSER

Member of the board since May 10, 1995  
Delegate of the European Staff Council  
of MM Karton

Gerhard NOVOTNY

Member of the board since May 10, 1995  
Delegate of the Staff Council of MM Packaging

<sup>1)</sup> Member of the Committee for Management Board Issues

<sup>2)</sup> Member of the Audit Committee

The current mandate of all members of the Supervisory Board elected by the shareholders expires with the 16<sup>th</sup> Annual Shareholders' Meeting in 2010 on the financial year 2009.

All mandates of the Supervisory Board members delegated by the staff council are for an indefinite period of time.

# Management Report

## **1. POSITIONING OF THE MAYR-MELNHOF GROUP AND THE DIVISIONS**

### **GROUP**

The Mayr-Melnhof Group is oriented to its two core business areas – the production of cartonboard and the production of folding cartons. These are accommodated in the MM Karton and the MM Packaging segments and operated as independent profit centers. With both divisions MM holds the by far leading market position in Europe.

The core of our corporate strategy is to achieve profitable growth with sustainability by focusing on our core business, as well as to enhance our competitive strength. We strive to achieve a cost and market leadership position on all markets where we are present. The road to reach this goal is to continuously improve our processes, to make acquisitions in Europe and the adjoining regions, as well as to expand our business operations organically.

# Mayr-Melnhof Karton

- The biggest manufacturer of recycled cartonboard worldwide
- Activities in about 100 countries
- Ongoing optimizing process by using economies of scale
- Organic growth and growth by acquisitions

With an annual capacity of more than 1.7 million tons, MM Karton is the world's biggest manufacturer of recycled cartonboard. We produce a wide range of attractive cartonboard grades on 13 cartonboard machines. Our products excel in their constantly high quality, dependability and reliability in application.

We have reached this leading position essentially through acquisitions. Simultaneous to the market consolidation, we concentrated production within the division on the top-performing units, which have replaced less efficient equipment. MM Karton thus has a strong and competitive production base.

In addition to energy and chemicals, recovered paper is the most important direct input factor for manufacturing recycled cartonboard. As we have concentrated our technology on the use of secondary fibers for many decades, MM Karton is now in a position to use primarily mixed recovered paper for the production of high-quality cartonboard grades.

We obtain the raw materials for manufacturing cartonboard almost exclusively in Europe. Recovered paper, which is the most important raw material in strategic terms, is obtained both by longer-term agreements with municipalities and on the spot market.

Our cartonboard products are used essentially as folding carton packaging for consumer goods. We continuously advance our products in line with demands, and we are able to meet all current customer requirements as well as regulatory stipulations.

In 2007, more than 33 million tons of cartonboard were produced worldwide. Consumption correlates largely with the development of the overall economy as well as of private consumption. In consequence, the dynamics of cartonboard sales are focused on the regions of Asia, Eastern Europe, the Middle East and North Africa, where above-average growth is expected in the coming years.

The sales organization of MM Karton distributes cartonboard in about one hundred countries and is represented with its own sales offices on all strategically important markets. Europe still is our biggest sales market, but we have also built up a leading position on the dynamic markets of Central and Eastern Europe for many years.

The primary customers of our products are enterprises in the fragmented European folding carton sector. To date, deliveries between Europe and China or other continents are less significant, as European folding carton producers receive their deliveries almost exclusively from within Europe for logistic reasons.

Among the leading consolidation activities of MM Karton, the concentration of the European cartonboard industry has made great progress. At present, about two thirds of the capacities are covered by the five major manufacturers. Within a foreseeable period of time, this concentration will increase further as it will be possible to achieve competitive advantages in the future exclusively by using top-performing units or by operating highly specialized plants. For more than seventeen years not a single new recycled cartonboard machine has been built in Europe. Nevertheless, there is major competition among suppliers, as a result of larger capacities due to ongoing technological improvements.

# Mayr-Melnhof Packaging

- Europe's biggest manufacturer of folding cartons
- A network of production sites from Western and Eastern Europe to North Africa and the Middle East
- All printing and finishing technologies
- Sustainable growth based on highest efficiency in production and services, both in Europe and on the attractive markets of the future

In 2007, we processed about 650,000 tons of cartonboard into high-quality folding cartons for the consumer goods industry, using state-of-the-art technology in an environment marked by extremely intensive competition. The focus of sales is on packaging solutions for the food, cigarette, detergent/personal care and confectionary sectors. The major part of our deliveries goes to multinational companies – our key account customers.

MM Packaging applies all current and innovative printing and processing technologies in its industrial production of folding cartons. In general, the production of folding cartons is a multi-stage process. The cartonboard is printed, die-cut, glued, finished in a variety of processes and finally delivered to the packaging lines of our customers. By standardizing these processes and applying ambitious performance benchmarking among our plants, we manage to systematically implement optimizing measures at a rapid pace in our network of locations.

In comparison with the manufacturers in the cartonboard industry, the European folding carton sector still has a clearly lower level of supplier concentration. According to our estimates, the five largest manufacturers account for slightly more than one third of the market. Thus, this sector continues to have a structure of mainly medium-sized companies and trade enterprises. On the customer side, there is already a very high level of consolidation among manufacturers of consumer goods and the retail trade.

The market development for folding cartons is closely linked to the overall economic conditions and to private consumption as the overwhelming portion of business is derived from consumer goods meeting everyday needs.

MM Packaging is continuously expanding its role as a market leader in Europe. Since the Group went public in 1994, its business volume has multiplied almost sevenfold. We achieved this growth by continuous acquisition activities and by building new plants. In this context, we especially succeeded in clearly expanding our business relations with large multinational customers. On the one hand, these experience a very dynamic growth, but on the other hand, they concentrate their packaging needs increasingly transnationally on a smaller number of higher-performing suppliers.

Europe and the adjoining regions are the main sales markets for the products of MM Packaging. The economic transport radius restricts the sales of the individual production sites essentially to the respective regional markets.

On the one hand, successful multinational customers offer new opportunities to gain additional market shares, on the other hand, they create a persistent pressure on prices. Even on growing markets, permanent crowding-out competition is the rule of the day. We can offer long-term successful cooperation possibilities with an attractive combination of high-performance production and a comprehensive innovation management as well as ongoing investments in modern technologies.



## **2. DEVELOPMENT IN THE YEAR 2007**

### **2.1. General economic situation**

The generally favorable economic situation prevailing in 2006 continued in Europe also during the first six months of 2007, however without growth as inflationary trends had an increasingly dampening effect on all procurement markets. Furthermore, the unclear consequences of the international financial crisis caused an obvious uncertainty on almost all markets starting in the third quarter. It was merely on account of the vigorous demand for capital goods that Europe recorded an overall positive economic growth for the year. Private consumption, however, continued to pick up only slowly. Against the background of inflation and the loss in value of the US Dollar, there were also increasing signs towards the end of the year that the speed of growth in Europe was losing momentum. In Central and Eastern Europe, the economies continued to develop vigorously, benefitting from sustained lively investment and export activities as well as dynamic consumer demands.

### **2.2. Sector development**

During the summer months of 2007, demand in Europe both for packaging cartonboard and folding cartons picked up extremely strongly, however, with noticeable regional differences. Since fall, incoming orders have gradually normalized once again to a sound customary level.

With the vigorous demand, the price hikes for all industrial input factors began to accelerate. Owing to the onset of the recovered paper boom, prices for recycled cartonboard had to be raised as of the middle of the year. Folding carton manufacturers were therefore forced to pass on the higher cartonboard prices to their customers. In spite of almost full capacity utilization, the competitive pressure remained considerable in both the cartonboard and the folding carton sectors.

On account of the stronger demand for cartonboard in Europe, exports, especially of recycled cartonboard to markets outside Europe, clearly decreased, as compared to the year before. While cartonboard based on virgin fiber recorded the highest growth rates in Eastern Europe due to the rising demand for high-grade packaging, recycled cartonboard succeeded in maintaining its good position on above-average levels because of the vigorous demand for general packaging applications in Western Europe.

With regard to the production of folding cartons, both the food and non-food segments benefitted from the positive sales environment. As to the business relations with multinational customers, the trend towards concentration on procurement as well as towards shifting production from Western to Eastern Europe persisted.

## 2.3. Development of business 2007

### 2.3.1. Group

As expected, the Mayr-Melnhof Group succeeded in 2007 in benefitting from the positive economic situation in Western Europe as well as from the cyclical dynamics in Eastern Europe and the adjoining regions. Both the manufacture of cartonboard and the production of folding cartons recorded high levels of incoming orders and a high capacity utilization. With the new record performances in production and sales, both divisions managed to benefit disproportionately from the overall economic conditions and gaining further market shares. In the wake of the strong demand for raw materials, many industrial input factors were characterized by significant price increases that persisted for several quarters. However, correspondingly higher prices for cartonboard and folding cartons made it possible to largely compensate the higher costs and to stabilize margins. The Mayr-Melnhof Group therefore succeeded in closing the business year 2007 once again with a new record result, which was primarily due to the strong growth in quantities.

#### CONSOLIDATED STATEMENT OF INCOME

<b>CONSOLIDATED INCOME STATEMENTS (CONDENSED VERSION)</b>			
(in millions of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006	+/-
Sales	1,737.0	1,512.5	+14.8 %
Operating profit	169.4	158.6	+6.8 %
Financial result and result from investments	1.5	0.6	
Income tax expense	(54.3)	(51.9)	
<b>Profit for the year</b>	<b>116.6</b>	<b>107.3</b>	<b>+8.7 %</b>

The Group's consolidated sales amounted to EUR 1,737.0 million and thus were 14.8 % or EUR 224.5 million above the figure for the previous year (2006: EUR 1,512.5 million). This increase is mainly due to larger quantities sold by both divisions as well as higher cartonboard prices. About 21 % of the growth is attributable to the most recent acquisitions of MM Packaging made in the previous year. From a regional perspective, the share of sales realized in Eastern Europe rose disproportionately, hence, the share of sales realized in Western Europe and markets outside of Europe declined slightly. Intra-Group sales between the divisions amounted to EUR 146.0 million (2006: EUR 117.9 million) and mainly concerned deliveries by MM Karton to MM Packaging.

<b>GROUP SALES BY DESTINATION</b>		
(in %)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Western Europe (excl. Austria)	62.6 %	66.1 %
Austria	6.1 %	5.7 %
Eastern Europe	24.5 %	21.1 %
Asia	2.8 %	3.1 %
Other overseas	4.0 %	4.0 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

**COST OF SALES**

(in millions of EUR)	Percentage of Sales				
	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006	+/-	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
Cost of materials and purchased services	976.8	807.8	20.9 %	56.2 %	53.4 %
Personnel expenses	242.2	229.2	5.7 %	13.9 %	15.2 %
Depreciation and amortization	81.8	73.0	12.1 %	4.7 %	4.8 %
Other expenses	30.5	38.1	-19.9 %	1.8 %	2.5 %
<b>Cost of sales</b>	<b>1,331.3</b>	<b>1,148.1</b>	<b>16.0 %</b>	<b>76.6 %</b>	<b>75.9 %</b>

The cost of sales for the operating performance amounted to EUR 1,331.3 million and exceeded the previous year by EUR 183.2 million or 16.0 %. This change resulted from clearly higher costs of material and purchased services, especially for recovered paper, as well as from the expansion of the business volume in both divisions.

**SELLING AND DISTRIBUTION EXPENSES,  
GENERAL AND ADMINISTRATIVE EXPENSES**

(in millions of EUR)	Percentage of Sales				
	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006	+/-	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
Personnel expenses	90.1	81.5	10.6 %	5.2 %	5.4 %
Depreciation and amortization	7.4	7.4	0.0 %	0.4 %	0.5 %
Other expenses	149.5	134.6	11.1 %	8.7 %	8.9 %
<b>Selling and distribution expenses, general and administrative expenses</b>	<b>247.0</b>	<b>223.5</b>	<b>10.5 %</b>	<b>14.3 %</b>	<b>14.8 %</b>

The percentage of sales for selling and distribution expenses as well as general and administrative expenses amounting to 14.3 % was maintained at the previous year's level (2006: EUR 14.8 %).

The operating profit amounted to EUR 169.4 million and thus improved by 6.8 % or EUR 10.8 million (2006: EUR 158.6 million). This increase is due to higher results achieved by both divisions. The decline in other operating income to EUR 10.7 million (2006: EUR 17.7 million) mainly resulted from the absence of insurance compensations and non-recurring profits from the divestment of real-estate property in Hungary in 2006. The Group's operating margin amounted to 9.8 % (2006: 10.5 %). The return on capital employed reached 18.7 % (2006: 19.5 %).

## FINANCIAL RESULT AND RESULT FROM INVESTMENTS

The financial income came in at EUR 14.5 million (2006: EUR 10.0 million), while the financial expenses stood at EUR -9.1 million (2006: EUR -6.8 million), from which a balance of EUR +5.4 million can be calculated (2006: EUR +3.2 million). This improvement was achieved by reducing our financial liabilities and by optimizing investments of our liquidity.

The change in the item “Other income (expenses) – net” from EUR -1.7 million to EUR -4.4 million mainly derives from changes in exchange rates, especially with regard to the British Pound.

Profit before tax amounted to EUR 170.9 million (2006: EUR 159.2 million). This corresponds to an increase of 7.3 %.

Income tax expense is paid in 22 countries and amounted to EUR 54.3 million (2006: EUR 51.9 million). The effective tax rate attained 31.8 %, which is below the value of the previous year (2006: 32.6 %). This decrease mainly results from changes in the regional distribution of the tax assessment base.

#### PROFIT FOR THE YEAR AND EARNINGS PER SHARE

The profit for the year before minorities of the Mayr-Melnhof Group thus clearly went up by 8.7 % to EUR 116.6 million (2006: EUR 107.3 million). The net profit margin reached 6.7 % (2006: 7.1 %).

In 2007, a basic weighted average of 22,010,084 shares (after the share split) was in circulation, which translates into basic earnings per share of EUR 5.22 (2006 – adjusted for the number of shares after the split: EUR 4.79).

## VALUE ADDED

The Group's value added is calculated as the difference between total operating revenue less expenditures on goods and services purchased from external sources. The statement of distribution highlights the share of all parties participating in the net value added.

<b>VALUE ADDED</b>				
(in millions of EUR)	2007	2007	2006	2006
<b>Origin:</b>				
Sales	1,737.0		1,512.5	
Other operating income	10.8		19.0	
Increase (decrease) in finished goods	22.3		8.5	
Own work capitalized	0.9		0.2	
<b>Total operating revenue</b>	<b>1,771.0</b>		<b>1,540.2</b>	
(-) Expenditures on purchased goods and services	(1,176.4)		(983.9)	
(-) Depreciation and amortization	(89.2)		(81.7)	
<b>Net value added</b>	<b>505.4</b>	<b>100.0 %</b>	<b>474.6</b>	<b>100.0 %</b>
<b>Distribution:</b>				
Employees	(193.6)	(38.3 %)	(180.3)	(38.0 %)
Social benefit costs	(93.4)	(18.6 %)	(88.5)	(18.6 %)
Public authorities	(103.2)	(20.4 %)	(99.1)	(20.9 %)
Financial result and result from investments	1.4	0.3 %	0.6	0.2 %
Minority interests	(1.7)	(0.3 %)	(1.7)	(0.4 %)
Shareholders (proposed dividend 2007)	(37.4)	(7.4 %)	(30.8)	(6.5 %)
Company	77.5	15.3 %	74.8	15.8 %

In 2007, the Group achieved total operating revenue of EUR 1,771.0 million after EUR 1,540.2 million in 2006. After deducting expenditures on purchased goods and services, as well as depreciation and amortization amounting to EUR 1,265.6 million (2006: EUR 1,065.6 million), the net value added stood at EUR 505.4 million (2006: EUR 474.6 million). This corresponds to an increase of EUR 30.8 million or 6.5 %.

As in previous years, the largest share in the net value added, i.e. 38.3 % or EUR 193.6 million, went once again to the Group's employees in 2007 (2006: 38.0 % or EUR 180.3 million). According to the proposal of the Management Board, a dividend of EUR 37.4 million or 7.4 % of the net value added shall be paid to the shareholders of Mayr-Melnhof Karton AG for 2007 (2006: EUR 30.8 million or 6.5 %). The Group will retain earnings of EUR 77.5 million or 15.3 % of the net value added (2006: EUR 74.8 million or 15.8 %).

## ASSETS, CAPITAL AND LIQUID FUNDS

**CONSOLIDATED BALANCE SHEETS (CONDENSED VERSION)**

(in millions of EUR)	Dec. 31, 2007	Dec. 31, 2006
Non-current assets	675.8	750.5
Current assets	857.7	745.5
<b>Total assets</b>	<b>1,533.5</b>	<b>1,496.0</b>
Total equity	933.9	851.5
Non-current liabilities	235.5	245.7
Current liabilities	364.1	398.8
<b>Total equity and liabilities</b>	<b>1,533.5</b>	<b>1,496.0</b>

Compared to the previous year, total assets of the Group increased by EUR 37.5 million to EUR 1,533.5 million as at December 31, 2007. The increase in equity from EUR 851.5 million to EUR 933.9 million is mainly attributable to the profit for the year less the dividend. Total equity to total assets stood at 60.9 % (December 31, 2006: 56.9 %), the return on equity reached 13.1 % (December 31, 2006: 13.3 %).

The financial liabilities are mainly of a non-current character and were decreased by net redemptions in the amount of EUR 34.5 million to EUR 182.5 million. Of these, about EUR 163.3 million (December 31, 2006: EUR 202.0 million) comprise non-current bank liabilities, with current revolving bank liabilities of EUR 38.1 million (December 31, 2006: EUR 38.1 million) being classified as non-current. Short-term borrowings amounted to EUR 17.6 million (December 31, 2006: EUR 12.5 million). Provisions for other non-current liabilities of EUR 81.2 million (December 31, 2006: EUR 82.3 million) were attributable to the social capital.

Total funds available to the Group decreased by EUR 11.9 million and amounted to EUR 355.0 million. They exceed the interest-bearing liabilities by EUR 172.5 million (December 31, 2006: EUR 149.9 million), hence the Group continues to show net liquidity.

Moreover, at the end of 2007 the Group had unused financial arrangements available at any time of EUR 70.6 million, thereof EUR 50.0 million (December 31, 2006: EUR 120.0 million) are largely classified as non-current and EUR 20.6 million (December 31, 2006: EUR 31.5 million) as current.

## CASH FLOW DEVELOPMENT

**CONSOLIDATED CASH FLOW STATEMENTS (CONDENSED VERSION)**

(in millions of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Net cash provided by operating activities	138.8	154.7
Net cash used in investing activities	(4.7)	(127.4)
Net cash used in financing activities	(75.2)	2.3
Effect of exchange rate changes	(0.8)	(0.2)
<b>Net increase in cash and cash equivalents (&lt; 3 months)</b>	<b>58.1</b>	<b>29.4</b>
<b>Cash and cash equivalents (&lt; 3 months) at the end of the year</b>	<b>350.5</b>	<b>292.4</b>
Current and non-current available-for-sale financial assets	4.5	74.5
<b>Total funds available to the Group</b>	<b>355.0</b>	<b>366.9</b>

The **cash flow from operating activities** amounted to EUR 138.8 million, which is below the value of EUR 154.7 million obtained in the previous year. This difference resulted, on the one hand, from the increase in stocks, as a consequence of the bigger business volume at higher prices, and, on the other hand, from tax payments for previous periods.

The **cash flow from investing activities** amounted to EUR -4.7 million (2006: EUR -127.4 million). This significant change is largely due to the sale of available-for-sale financial assets and other financial assets in the amount of EUR +80.3 million (2006: EUR +6.5 million). The net payments for investments in tangible and intangible fixed assets stood at EUR -92.7 million (2006: EUR -110.9 million). Net payments for acquisitions, which amounted to EUR -4.6 million (2006: EUR -27.8 million), were also below the previous year's level.

The investment expenditures of MM Karton amounted to EUR -38.1 million (2006: EUR -43.5 million). Larger projects related to optimizing energy and production efficiency as well as improving fire protection.

The investment expenditures of MM Packaging amounted to EUR -58.6 million (2006: EUR -74.7 million) and primarily concerned capacity expansions or building measures at the rotogravure locations in Turkey and Ukraine as well as at the plants in Russia, France and Poland.

The **cash flow from financing activities** amounted to EUR -75.2 million (2006: EUR 2.3 million). The higher outflow of funds compared to the previous year was essentially due to the redemption of interest-bearing financial liabilities, amounting to EUR -59.4 million (2006: EUR -32.0 million), combined with a lower inflow of funds in the form of financial liabilities amounting to EUR +25.1 million (2006: EUR +71.9 million).

#### INCREASE OF THE SHARE CAPITAL/SHARE SPLIT

In accordance with the resolution taken at the 13<sup>th</sup> Annual General Meeting, the share capital of Mayr-Melnhof Karton AG was increased from EUR 87.2 million to EUR 96.0 million by converting the committed capital reserve without issuing new shares. Furthermore, a share split at a ratio of 1:2 was affected. As a result, the number of MM bearer shares was doubled from 12 million to 24 million shares.

#### SHARE REPURCHASE PROGRAM/CANCELATION OF TREASURY SHARES

Since March 2001, Mayr-Melnhof Karton AG has been acquiring own shares. The 2 million shares (after the share split) repurchased by June 8, 2007, which account for 8.33 % of the share capital, were canceled as at August 30, 2007. The share capital of the Company amounting to EUR 88.0 million is thus made up of 22 million shares each having a pro-rata share in the share capital of EUR 4.00.

Pursuant to the authorization of the 13<sup>th</sup> Annual General Meeting, own shares will again be repurchased in the course of a new repurchase program between November 27, 2007 and October 25, 2008, at the latest. As at December 31, 2007, the Company had purchased 1,325 shares for EUR 0.1 million including fees.



## FURTHER INFORMATION

In November 2007, MM Packaging acquired 52.57 % of Al-Ekbal Printing & Packaging Co., the leading Jordanian folding carton producer, located in Amman. The goal is to supply the Arabic region mainly in the primary sales areas of the plant, namely cigarette and detergent packages. The company was integrated into the Group and the division as of December 31, 2007.

In December 2007, MM Packaging acquired the rotogravure operation of Field Packaging (Bremen) GmbH, located at Delmenhorst, Germany, via an asset deal, and took over the respective staff. The location is specialized in the production of cigarette packages and high-quality folding cartons.

## DEFINITION OF FINANCIAL INDICATORS

### Operating margin

Operating profit divided by sales.

### Return on capital employed

The sum of profit before tax, net interest (income) expenses and the respective profit attributable to minority shareholders in partnerships divided by the average sum of total equity and net debt. The net debt is only included when current and non-current financial liabilities exceed the sum of cash and available-for-sale financial assets.

### Net profit margin

Profit for the year divided by sales.

### Cash earnings

Sum of profit for the year, depreciation and amortization as well as deferred taxes.

### Cash earnings margin

Cash earnings divided by sales.

### Total equity to total assets

Total equity divided by total assets.

### Return on equity

Profit for the year divided by the average total equity.

### Net debt

Current and non-current financial liabilities, less cash and available-for-sale financial assets in current and non-current assets.

All indicators were calculated exclusively on the basis of the information in the consolidated financial statements.

### 2.3.2. Development in the Divisions 2007

#### MM KARTON

Against the background of the positive development of demand, especially at mid-year, the average order level of the divisions amounted to 172,000 tons in 2007, which was clearly above the figure of the previous year (2006: 89,000 tons). On this very solid basis, MM Karton succeeded in obtaining new record results both with regard to sales and production.

Compared to the year before, production grew by 8.3 % to 1,682,000 tons (2006: 1,553,000 tons), which resulted in a capacity utilization of 97 % (2006: 92 %). This improvement partly resulted from resuming continuous production at the cartonboard mill in Nikopol, Bulgaria, which was oriented successfully to manufacturing uncoated technical cartonboard (plasterboard cartonboard).

Based on the average number of employees, it was possible to raise the tonnage produced per staff member to 574 tons in 2007 from 532 tons in 2006.

On account of the marked rise in prices for almost all input factors, especially recovered paper, cartonboard prices were increased at mid-year, which made it possible to compensate the earlier price hikes to a large extent.

The sold quantities went up by about 113,000 tons or 7.3 % to 1,655,000 tons. Revenues from sales increased due to both better prices and larger sales volumes, namely by 14.3 % to EUR 924.4 million (2006: EUR 808.8 million). About 70 % of sales revenues were made in Western Europe, 19 % in Eastern Europe and 11 % in markets outside of Europe (2006: 73 %; 15 %; 12 %). With a delivery share of 265,000 tons (2006: 223,000 tons), MM Packaging was once again the largest customer of MM Karton in 2007. Altogether, more than 1,000 customers are supplied, mostly medium-sized processing companies.

Operating profit rose by 11.7 % or EUR 7.6 million. The operating margin therefore amounted to 7.9 % after 8.0 % in the year before. Return on capital employed stood at 12.6 % (2006: 12.3 %). Cash earnings reached EUR 103.7 million (2006: 97.4 million) reducing the cash earnings margin from 12.0 % to 11.2 %.

## MM PACKAGING

The positive overall economic conditions and the consistent pursuit of our expansion course marked the development of business activities at MM Packaging in 2007. In spite of the unabatedly fierce competition on European folding carton markets, we succeeded in generating new business and in achieving an overall good capacity utilization of our folding carton plants.

We further strengthened our market position in the growth regions of North Africa and the Middle East with new plants in Jordan and Tunisia. The rotogravure capacities in Ukraine and Turkey were expanded by a second printing line each, in reaction to the vigorous demand.

Productivity gains at all stages of the value added chain continued to be at the center of our plant-level measures. We placed special focus on swiftly optimizing the three rotogravure plants that were built in 2006 (Trier, Izmir, Cherkassy) for their operation at full capacity. Passing on to customers the higher costs, which were caused by significant price increases on procurement markets, especially concerning cartonboard – our main raw material was another major focus in the course of business.

The tonnage processed amounted to 653,000 tons, which increased by 21.4 % or 115,000 tons compared to the previous year (2006: 538,000 tons). The full capacity utilization and the expansion of the new rotogravure plants, the acquisitions in Russia and Tunisia in 2006 as well as generating new business were the main growth factors.

The annual tonnage processed per employee increased from 114.3 tons in 2006 to 121.3 tons.

Besides the significant growth in volumes, sales revenues also experienced a clear increase by 16.7 % or EUR 137.0 million to EUR 958.6 million. Western Europe accounted for 70 % of sales, Eastern Europe for 28 % and markets outside of Europe for 2 % (2006: 73 %; 26 %, 1 %).

MM Packaging has a broad customer base comprising about 2,000 customers in various sales areas. More than two thirds of the business is done with multinational manufacturers of consumer goods. In 2007, the five largest customers generated about 43 % of sales (2006: 42 %).

The operating profit was increased by 3.4 % to EUR 96.8 million (2006: EUR 93.6 million). The operating margin therefore stood at 10.1 %, after 11.4 % in the year before. The main reasons for this decrease in the margin compared to 2006 were the absence of revenues from the sale of real-estate property (as in the year before), startup costs at the new rotogravure locations as well as higher cartonboard prices and scheduled depreciation and amortization. The return on capital employed amounted to 23.6 % (2006: 29.1 %). The cash earnings went up from EUR 94.0 million to EUR 103.0 million, with the cash earnings margin going down from 11.4 % to 10.7 %.

### 3. HUMAN RESOURCES

As at December 31, 2007, the Mayr-Melnhof Group had about 8,657 employees in 20 countries. Their professional expertise and commitment determine the long-term success of our Group. Within the framework of a newly designed comprehensive human resources program, we have clearly stepped up the focus on future-oriented staff development, training and effective recruiting, which have been organized as a new central function. The goal is to secure our sustained competitiveness and long-term growth strategy.

Leadership based on solidarity has always been the key management concept in our corporate culture, which is characterized by trust and the aspiration to achieve top performances. Subsidiarity and openness are the fundamental principles of our organization.

Short decision-making processes and a high level of individual responsibility constitute a major challenge for every staff member. They help to maintain the necessary flexibility of the work organization and ensure the required expediency in the decision-making process. A high level of basic training and continuous further training are the decisive fundament for coping with our tasks successfully and in a sustainable manner.

Against the background of the demographic development and the growing scarcity of qualified skilled labor, we are focusing our staff development on ensuring the overall conditions to enable staff members to fully develop their talents on a long-term basis and to increasingly assume more responsible tasks in an international context, as their competences grow. Active support is given to advancement possibilities and international assignments within the Group.

In this connection the MM Academy was set up in 2006, which is the Group's institution for developing the technical and personality-related top qualifications of our staff members. The program offered by the MM Academy to all staff members was considerably expanded in 2007. Due to the added value yet experienced, the program will be further expanded in the future. The training focuses especially on the specific technical know-how, languages as well as on social and leadership skills. In 2007, about 1,500 staff members received further training on about 360 training days at the MM Academy. As part of the management program, which is directed at talented participants from all production sites, a large number of innovation projects were elaborated, in addition to developing management skills. These will eventually be of benefit to all plants.

In parallel to our international growth strategy, we have a continuous exchange of staff members, a systematic intra-Group knowledge transfer as well as ambitious benchmarking among the locations. As a result, we are able to ensure that current best practice know-how is always available at all sites with a high level of transparency and that acquisitions can be integrated swiftly.

We meet the demographic challenges of the labor market pro-actively and attach top priority to the training and promotion of young staff members. At the end of 2007, 195 apprentices received their training in the Group (2006: 168). In addition, we run several projects that will keep the knowledge and experience of older staff members within the Group on a longer-term basis.

The vitality and health of our staff members are a top concern to us. In this connection, we offer our employees regular check-ups by the plant physicians as well as training on health and safety-at-the-work-place issues.

In line with our focus on value-oriented corporate management, success-related remuneration systems are a major element of our corporate culture. They comprise individual agreements as well as site-specific bonus systems and involve staff members on all levels.

## EMPLOYMENT

The Mayr-Melnhof Group had 8,657 employees (December 31, 2006: 7,969) as at December 31, 2007. Thereof, 3,010 worked in the MM Karton division (31 December 2006: 2,848). At MM Packaging, the staff level increased on account of acquisitions and site expansions from 5,121 at year-end 2006 to 5,647 as at December 31, 2007. The share of employees outside Austria amounted to 78.6 % (2006: 77.1 %). The share of staff members in Eastern Europe and Northern Africa went up from 28.1 % to 32.0 %.

<b>EMPLOYEES GROUP</b>		
(in %)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Western Europe (excl. Austria)	46.6 %	49.0 %
Austria	21.4 %	22.9 %
Eastern Europe	28.5 %	26.4 %
Other overseas	3.5 %	1.7 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>

The Management Board would like to thank all employees for their outstanding performance and great commitment during the business year 2007, which made it possible to achieve one further record year in a row. The staff representatives deserve our thanks for their constructive and reliable cooperation.

#### 4. RESEARCH & DEVELOPMENT

Our research and development activities focus on innovations and ongoing optimization of our products and processes with the aim of sustainably securing and expanding the competitive position of the Group. Research and development is part of the Group's strategic planning and is centrally performed by the headquarters. In line with our corporate strategy, the main R&D tasks serve objectives that derive from our claim to cost and competence leadership.

For quite some time, cartonboard and folding carton have been among the most successful packaging materials. In addition, on account of the diversity of modern and technologically mature products, they are currently also convincing products for a high-quality presentation of consumer goods at the points of sale. Based on decades of experience and the focus on these product areas, we manufacture them according to market requirements and the most recent state of the art and are in a position to offer a wide range of cartonboard products for standard and special applications as well as a broad spectrum of attractive packaging solutions for the consumer goods industry. As the time-to-market is getting increasingly shorter when launching new products, and as demands are growing with regard to cartonboard and folding carton, we rely on close cooperation with all partners along the value added chain in our development work.

By cooperating with legislative and standardization bodies, we actively contribute to standardizing future requirements for our products and are thus in a position to always comply with them in a timely manner. Tasks involving basic research are regularly carried out on a project basis in cooperation with international research institutions and universities.

In 2007, MM Karton's development focus was mainly on optimizing the technical cartonboard parameters as well as on a large number of stabilizing measures in order to secure the established high quality standards. We were able to achieve special progress essentially in the visual appearance of the surfaces and reverse sides of selected varieties as well as in terms of the gluing properties. Further improvements were linked to the running properties of cartonboard while being processed by high-performance technologies. At our Bulgarian cartonboard plant, the new orientation of producing uncoated technical cartonboard (plasterboard cartonboard) was successfully transferred from pilot operations to a continuous manufacturing operation at stable quality. One of the process optimizing measures was to focus on a division-wide initiative to reduce the specific energy consumption. The savings potential, which was determined in this connection by a knowledge transfer involving all plants, as well as the projects that have been implemented so far and are currently being planned will result in a tangible improvement of the energy efficiency of MM Karton in the years to come.

All R&D activities of MM Karton are coordinated in organizational terms via the central laboratory at the Frohnleiten parent mill in Austria. As a rule, specific group-wide optimizing projects are implemented by expert teams from the various cartonboard plants.

With regard to cartonboard processing, the R&D activities are bundled in an innovation network of specialists in the various areas (packaging development, IT, design, consulting). MM Packaging thus reacts to the strong market demands for packaging solutions that must increasingly comprise the upstream and downstream areas of the supply chain in addition to producing folding carton. By ongoing investments in state-of-the-art printing and finishing technologies and by expanding the range of our services related to folding carton products from consulting to packaging services, we are in a position to launch highly efficiently innovative packaging solutions on the market and, at the same time, to enhance our own value added.

The current trends are characterized by a clearly identifiable packaging design, the claim to premium standards through targeted finishing as well as the demand for a high level of environmental compatibility. We meet these requirements by producing packaging solutions with innovative forms, material combinations and functionalities.

The new creation of “Coco Pops Creations” for a multinational cereal producer met all these criteria to a particularly high degree and, therefore, received the “European Pro Carton / ECMA Carton Award” in 2007. It is also a perfect example of success-oriented cooperation in developing innovative products involving the brand-product manufacturer, packaging supplier and design agency.

## **5. RISK**

As an internationally active Group, Mayr-Melnhof is exposed to a number of different risks. On account of the wide geographical spread of our locations, the diversity of our sales segments and our flexibility in adapting manufacturing processes, the entire Group is never exposed to individual specific production and market risks.

The goal of our established group-wide risk management system is to identify risks at an early point in time and to take precautionary and hedging measures timely in order to control risks effectively. For this purpose, all risks are identified regularly and systematically, assessed with regard to their potential effects and managed on the basis of a defined risk policy. As a result of consistently focusing on our core business areas for many years, we have established a sound basis for identifying potential risks early and for assessing possible consequences adequately.

The individual local companies manage their operational risks in close coordination with the central functions. Group-wide risk control is the responsibility of the holding company, i.e. Mayr-Melnhof Karton AG. Risk prevention has top priority and is complemented by suitable hedging instruments and the corporate insurance program, as far as it is economically justifiable. The Group auditors regularly evaluate the efficiency of the risk management and report their findings to the Supervisory Board and the Management Board.

## MARKET

The demand for cartonboard and folding cartons correlates closely with overall economic demand and thus depends largely upon the economic situation in the sales regions. In spite of progressing consolidation, the suppliers both on the cartonboard and folding carton markets are engaged in a permanent and intensive competition over terms and conditions as a result of existing overcapacities.

MM Karton and MM Packaging have a broad spectrum of customers of far more than one thousand individual customers each. As the focus of the folding carton production is on business with international consumer goods producers, about 80 % of the sales volume can be accredited to multinational customers. However, dependency on individual customers is classified as manageable. Major increases in input factor prices are taken into account by long-term supply contracts.

The regional focus of our business activities lies in the Euro zone. The US Dollar influences pricing mainly on several markets in Central and Eastern Europe as well as in North Africa, Turkey and Asia.

As cartonboard capacities were massively expanded in the Far East, volume pressure from cartonboard markets outside of Europe has clearly increased in recent years. It is expected that the extremely fierce competition in these sales regions will also persist in the course of the coming years.

Cartonboard and folding cartons are industrial mass products and are, thus, subject to permanent price pressure. Against this background, the Mayr-Melnhof Group strives for cost, service and competence leadership, with the goal of maintaining the leading market position of the two divisions on a long-term basis, exploiting new opportunities and further enhancing the added value.

## PROCUREMENT

Fibers, energy and coating chemicals are the most important input factors in the manufacture of cartonboard. Their prices are subject to high fluctuations. In order to compensate short-term price peaks we maintain strategic stocks of recovered paper, the most important fiber material, and cover part of our demand through longer-term delivery contracts. A broad European procurement basis and a sound knowledge of the individual markets also help us to steadily optimize the ongoing procurement activities. As recycling ratios continue to rise in Europe, especially in Eastern Europe, we estimate that long-term supplies are available in adequate quantities.

The cartonboard mills largely use natural gas for generating electricity and steam on site in highly efficient cogeneration plants. Any additional demand for electrical energy is satisfied from third-party sources. We offset the price risk by continuously monitoring the relevant markets and selectively fixing the prices for future periods. Whenever possible, the



demands of individual plants are bundled and contracts are signed with national or international suppliers, in line with the availability of resources.

Cartonboard is by far the most important raw material for the production of folding cartons. Sufficient capacities in Europe and a large number of manufacturers secure the continuous supply to our mills.

In addition to energy, the Group is dependent on the development of the crude oil price, in particular within the areas of chemicals, ink and varnish, logistics, and transport packaging.

Within specific product and service categories, the Group procures individual demands in a concentrated form, with the goal of securing a continuous supply at the best-possible conditions.

In the event that factor cost increases can no longer be compensated internally, efforts are made to the extent possible to pass these on to customers by adapting sales prices in a timely fashion.

## OPERATING RISKS

By producing in line with the state of the art as well as through ongoing maintenance and regular audits, we ensure uninterrupted operations and minimize the risk of equipment failure. The Group has sufficient back-up capacities in order to cope with longer interruptions in production. The integration risk, due to acquisitions, is kept within manageable limits by focusing on our core business, transferring our knowledge within the Group and setting clear profitability targets.

## FINANCIAL RISKS

Our liquidity management makes sure that the Group has sufficient own funds or immediately available credit lines at its disposal in order to meet its liabilities and to finance further growth. Investments are primarily made in money-market instruments. Acquisitions and investments are regularly tested for their risk aspects and must comply with clearly defined target rates of return.

The default risk is minimized by ongoing credit-rating checks, using of customer credit insurances and a central working-capital management.

Interest and foreign-currency risks are met by using appropriate derivative hedging instruments, especially foreign exchange forwards, foreign exchange option contracts and swaps. The most important currencies for which hedges are signed to offset exchange rate fluctuations are British Pounds, US Dollars and Swiss Francs. We strive to minimize the currency risk in Eastern Europe primarily by matching currencies in business transactions.

The Group does not use any derivative financial instruments for trading or speculation purposes.

The risk of loss due to the non-performance of a contract partner under a derivative financial instrument is insignificant. On the one hand, it is possible to offset the receivables against the liabilities from a financial instrument, on the other hand, all contract partners are renowned international financial institutes with which the Group has maintained ongoing business relationships.

#### OTHER RISKS

We address risks for our products caused by tightened requirements and new legal restraints through early awareness and cooperation with the respective standardizing and legislative bodies as well as through adapting production processes and product parameters in accurate time.

The risk of a long-term total failure of the central data processing system is minimized by the installation of separate parallel systems.

The Group may encounter further risks in addition to the ones listed above. At present, we are not aware of any such risks or consider them to be negligible.

Assessing the current Group's overall risk situation, no risks can be identified that would endanger the Group as a going concern.

## 6. ENVIRONMENTAL PROTECTION

The business activities of the Mayr-Melnhof Group have always been based on the principles applicable to a comprehensive protection of the environment. Attractive cartonboard and folding carton products are manufactured primarily from renewable raw materials in environmentally friendly processes. They can be recycled to a large extent. With the consistent use of the best technology available for the production process, we make sure that our products succeed in convincing customers, both on account of their highest-possible efficiency in production and their maximum environmental compatibility and safety.

As we focus on the manufacturing and processing of cartonboard, our production processes and products are continuously further improved in line with challenging efficiency targets in order to meet market and ecological demands. However, measures to protect the environment are not only restricted to production, but also comprise the upstream and downstream phases in the supply chain such as procurement and logistics. By using ongoing group-wide benchmarking processes among our plants, we make sure that potentials at all locations can be used on a regular basis.

As a result of their continuous optimizations, the Mayr-Melnhof cartonboard mills have recorded top results for a long time in European industrial comparisons concerning the values obtained for a large number of specific consumption and emission values that are of relevance to the environment. Further improvements will therefore often be possible only in marginal areas, or require technological innovations.

Today, the ongoing improvements concerning environmental compatibility relate primarily to optimizing the raw-material and energy consumption. This process is, in fact, supported by environmental management systems in a growing number of locations.

At present, environmental management systems according to ISO 14000 have been implemented by about 50 % of the cartonboard mills as well as by 4 packaging plants. Improvements of the operational quality system are implemented throughout the Group as a result of audits according to ISO 9000. In addition, all cartonboard and folding carton plants producing for the food industry have implemented hygiene management systems according to HACCP and/or BRC/IoP standards and thus meet the high product standards of this sensitive area.

Regular re-certifications document the ongoing optimization process on a high level and create the required transparency.

The plants located in the EU were allocated carbon dioxide emission certificates for the use of fossil energy. As in the past, there were no shortfalls in the Group as at December 31, 2007.

In 2007, special attention was also given to the practical operational implementation of the European regulations on REACH (safe use of chemicals) and traceability (traceability of raw materials). Information about these measures was also provided at specific customer seminars.

## ENVIRONMENTAL PROTECTION MEASURES IN 2007

### MM KARTON

In 2007, the operational environmental management clearly focused on the topics relating to energy savings. Further optimizations were achieved especially in the fields of water, chemicals and product quality.

#### Energy

“e.ffiiciency”, the division-wide initiative to reduce the consumption of specific energy, served to identify the savings potentials of all cartonboard plants that can be realized with today’s state of the art. These were integrated into about 400 individual projects. Priority was given to tackling projects that can be implemented immediately. Due to large order volumes, optimizing measures that required machine standstills were only implemented at the end of the year. The implemented measures related especially to process optimizations, heat recovery, as well as improvements of the circuitry and the steam and/or condensate systems.

#### Water

At the cartonboard plant at Nikopol, preparatory work was underway to change from the mechanical to the biological purification plant. In addition, the content of solids in the waste water was reduced significantly.

#### Chemicals

Targeted optimizing of formulations helped once again to save both costs and resources. Training activities and investments concerning the storage of chemicals contributed towards further raising the safety standards.

#### Quality

All qualities from the virgin-fiber cartonboard mills at Eerbeek (Netherlands) and Baiersbronn (Germany) can now also be obtained with a certification according to FSC (Forest Stewardship Council).

#### CO<sub>2</sub>

The cartonboard mill at Frohnleiten was awarded the “klima:aktiv” certificate of the Austrian Ministry of Agriculture, Forestry, Water Management and Environmental Protection for shifting its intra-plant goods transport from road to rail and thus reducing its CO<sub>2</sub> emissions.

### MM PACKAGING

Improvements in the production of folding cartons were once again achieved mainly by measures to increase the efficiency of production and materials. In close cooperation with customers, decisive optimizations in the supply chain, especially in logistics, were achieved in a large number of individual projects. Moreover, we also succeeded in achiev-

ing major progress in matters of relevance to the environment by adapting the most recently acquired or newly built plants to Group-wide standards.

## **7. DISCLOSURES ACCORDING TO ARTICLE 243a OF THE AUSTRIAN COMPANIES CODE**

### 7.1. Composition of capital, stock categories

Please refer to the information provided in the consolidated financial statements under Note 15 a).

### 7.2. Restrictions concerning the voting rights and the transfer of shares

Approximately 65% of the shares are held by the core shareholder families in a syndicate. A syndicate agreement exists, which regulates the transferability of shares within the syndicate and to outside parties. Issues that concern the annual general meeting are decided by the syndicate with a simple majority. Modifications of the syndicate agreement require a three-fourths majority.

### 7.3. Direct or indirect participation in capital of at least 10 %

According to the information provided by the Company, there were the following minimum participations of 10% in the capital at year-end 2007:

CAMA Privatstiftung  
MM Salzburg Privatstiftung

### 7.4. The owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

### 7.5. The type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

### 7.6. The provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

### 7.7. The authorizations of the members of the Management Board that do not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

Please refer to the information provided in the consolidated financial statements under Note 15 a).

7.8. All significant agreements to which the Company is party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as their effects; excepted are agreements which would significantly damage the Company if made public, unless the Company is obligated to make such information public as a result of other statutory provisions

The protective clause with regard to the disclosure of this information is invoked. The scope of the business in question is considered reasonable.

7.9. Existence and significant contents of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

## **8. SUBSEQUENT EVENTS**

In February 2008, MM Karton closed the sale of its 100% share in Joh. Spiels & Co GmbH, the recovered-paper company in Vienna.

MM Karton intends to sell its majority stake of 94.45 % in the recovered-paper companies of PAREK Papierverwertungs Gesellschaft m.b.H. with offices in Kapfenberg, Austria, as well as of the "Papyrus Group 63.34 % with sites in Austria (Vienna, Villach) and Germany (Bad Reichenhall), depending on the dispositions concerning the rights of first refusal of the minority shareholders and the approval of the antitrust authorities.

## 9. OUTLOOK ON THE FINANCIAL YEAR 2008

This outlook refers to the Management's opinion on February 28, 2008, and does not reflect any effects of possible acquisitions, divestments or other structural changes within the year 2008. All preceding and following statements to the future are subject to both known and unknown risks as well as uncertainty factors, with the possibility that actual events may differ from statements made herein.

As was already noticeable during the last quarter of 2007, order levels returned to their normal level after reaching historical peak values at mid-year 2007. The first months of 2008 have therefore continued to ensure a solid utilization of our capacities and demand for our cartonboard and folding cartons.

However, since the beginning of the year 2008, the feelings about cyclical trends have clearly become more moderate. The obvious inflation affects mass buying power, while keeping prices for raw materials at a high level. Business operations during the first half of the year 2008 will therefore be characterized by unchanged high costs and demand-driven price pressure. However, further gains of market shares and in productivity concerning folding cartons and/or selective capacity adjustments at the cartonboard mills should support the overall profitability of our business operations.

The Mayr-Melnhof Group will continue its growth course in both divisions, focusing on Europe and the adjoining regions.

Investments in expansion, in order to accommodate growing market shares, as well as projects to reduce direct costs will constitute a major priority of our ongoing investment activities.

Due to the limited forecast horizon it is currently not possible to give an estimate of the profit in 2008.

Vienna, February 28, 2008

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

# Consolidated Income Statements

(all amounts in thousands of EUR except share and per share data)	Notes	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
Sales		1,736,959.2	1,512,492.1
Cost of sales		(1,331,292.1)	(1,148,092.9)
<b>Gross margin</b>		<b>405,667.1</b>	<b>364,399.2</b>
Other operating income	5	10,746.7	17,687.3
Selling and distribution expenses		(172,033.4)	(149,720.0)
Administrative expenses		(74,204.0)	(71,547.3)
Other operating expenses	6	(758.2)	(2,200.5)
<b>Operating profit</b>		<b>169,418.2</b>	<b>158,618.7</b>
Financial expenses		(9,082.9)	(6,813.8)
Financial income		14,534.1	9,968.2
Share of profit (loss) of associated companies		377.9	(833.2)
Other income (expenses) - net	7	(4,383.4)	(1,719.6)
<b>Profit before tax</b>		<b>170,863.9</b>	<b>159,220.3</b>
Income tax expense	8	(54,289.9)	(51,930.4)
<b>Profit for the year</b>		<b>116,574.0</b>	<b>107,289.9</b>
<b>Attributable to:</b>			
Shareholders of the Company		114,859.2	105,599.4
Minority interests		1,714.8	1,690.5
<b>Profit for the year</b>		<b>116,574.0</b>	<b>107,289.9</b>
<b>Earnings per share for profit attributable to the shareholders of the Company during the year:</b>			
Basic average number of shares outstanding		22,010,084	22,035,544 <sup>1)</sup>
<b>Basic earnings per share</b>		<b>5.22</b>	<b>4.79<sup>1)</sup></b>
Diluted average number of shares outstanding		22,010,084	22,035,544 <sup>1)</sup>
<b>Diluted earnings per share</b>		<b>5.22</b>	<b>4.79<sup>1)</sup></b>

<sup>1)</sup> adapted to number of shares after share split 1:2

The accompanying notes are an integral part of these consolidated financial statements.



# Consolidated Balance Sheets

(all amounts in thousands of EUR)	Notes	Dec. 31, 2007	Dec. 31, 2006
<b>ASSETS</b>			
Property, plant and equipment	9	598,803.0	588,456.7
Investment property	9	1,913.0	2,067.1
Intangible assets including goodwill	9	55,919.6	53,791.6
Investments in associated companies	10	74.5	187.9
Available-for-sale financial assets	10	1,540.4	74,507.6
Other financial assets	10	6,048.8	14,663.7
Deferred income taxes	8	11,529.0	16,764.1
<b>Non-current assets</b>		<b>675,828.3</b>	<b>750,438.7</b>
Inventories	12	252,733.5	202,426.5
Trade receivables	13	203,880.6	199,673.1
Income tax receivables		9,686.3	16,133.6
Prepaid expenses and other current assets	14	37,871.2	34,875.1
Available-for-sale financial assets	10	3,000.0	0.0
Cash and cash equivalents		350,494.1	292,427.2
<b>Current assets</b>		<b>857,665.7</b>	<b>745,535.5</b>
<b>TOTAL ASSETS</b>		<b>1,533,494.0</b>	<b>1,495,974.2</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	88,000.0	87,240.0
Additional paid-in capital		168,453.4	169,213.4
Treasury shares	15	(100.1)	(54,477.3)
Retained earnings	15	650,462.3	623,189.5
Other reserves	15	(185.3)	3,504.4
<b>Equity attributable to shareholders of the Company</b>		<b>906,630.3</b>	<b>828,670.0</b>
Minority interests		27,265.8	22,796.2
<b>Total equity</b>		<b>933,896.1</b>	<b>851,466.2</b>
Interest bearing financial liabilities	16	114,329.1	115,701.4
Financial lease liabilities	16	0.0	1,825.5
Provisions for other non-current liabilities and charges	17	81,172.7	82,300.1
Deferred income taxes	8	39,976.8	45,841.8
<b>Non-current liabilities</b>		<b>235,478.6</b>	<b>245,668.8</b>
Interest bearing financial liabilities	16	66,631.2	98,828.0
Financial lease liabilities	16	1,540.0	685.0
Liabilities and provisions for income tax	18	4,199.9	22,419.5
Trade liabilities	19	157,831.1	158,432.0
Deferred income and other current liabilities	20	53,800.1	43,145.5
Provisions for other current liabilities and charges	21	80,117.0	75,329.2
<b>Current liabilities</b>		<b>364,119.3</b>	<b>398,839.2</b>
<b>Total liabilities</b>		<b>599,597.9</b>	<b>644,508.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,533,494.0</b>	<b>1,495,974.2</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statements of Changes in Equity

(all amounts in thousands of EUR)	Notes	Equity attributable to			
		Share capital	Additional paid-in capital	Treasury shares	Retained earnings
<b>Balance at Jan. 1, 2006</b>		<b>87,240.0</b>	<b>169,213.4</b>	<b>(53,100.8)</b>	<b>546,252.9</b>
Profit for the year					105,599.4
Profit (loss) directly recognized in equity, net of tax:					
Net profit (loss) from valuation of available-for-sale financial assets					
Foreign currency translation differences					
Net profit (loss) from derivative financial instruments					
<b>Total profit (loss) directly recognized in equity</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total profit for the year</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>105,599.4</b>
Dividends paid					(28,662.8)
Acquisitions and disposals of businesses					
Treasury shares at cost				(1,376.5)	
<b>Balance at Dec. 31, 2006</b>		<b>87,240.0</b>	<b>169,213.4</b>	<b>(54,477.3)</b>	<b>623,189.5</b>
Profit for the year					114,859.2
Profit (loss) directly recognized in equity, net of tax:					
Net profit (loss) from valuation of available-for-sale financial assets	15				
Foreign currency translation differences	15				
Net profit (loss) from derivative financial instruments	15				
<b>Total profit (loss) directly recognized in equity</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total profit for the year</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>114,859.2</b>
Dividends paid	15				(30,827.4)
Capital contribution by minority shareholders					
Acquisitions of businesses					
Capital increase funded from the Company's own resources		8,760.0	(8,760.0)		
Purchase of treasury shares at cost				(2,381.8)	
Cancellation of treasury shares		(8,000.0)	8,000.0	56,759.0	(56,759.0)
<b>Balance at Dec. 31, 2007</b>		<b>88,000.0</b>	<b>168,453.4</b>	<b>(100.1)</b>	<b>650,462.3</b>

The accompanying notes are an integral part of these consolidated financial statements.

shareholders of the Company

**Profit (loss) directly recognized in equity**

Valuation of available- for-sale financial assets	Derivative financial instruments	Foreign currency translation	Other reserves	Total	Minority interests	Total equity
<b>1,302.6</b>	<b>(62.9)</b>	<b>6,608.4</b>	<b>7,848.1</b>	<b>757,453.6</b>	<b>6,870.8</b>	<b>764,324.4</b>
			0.0	105,599.4	1,690.5	107,289.9
(692.8)			(692.8)	(692.8)	8.3	(684.5)
		(3,713.8)	(3,713.8)	(3,713.8)	(65.1)	(3,778.9)
	62.9		62.9	62.9		62.9
<b>(692.8)</b>	<b>62.9</b>	<b>(3,713.8)</b>	<b>(4,343.7)</b>	<b>(4,343.7)</b>	<b>(56.8)</b>	<b>(4,400.5)</b>
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(4,343.7)</b>	<b>101,255.7</b>	<b>1,633.7</b>	<b>102,889.4</b>
			0.0	(28,662.8)	(1,010.1)	(29,672.9)
			0.0	0.0	15,301.8	15,301.8
			0.0	(1,376.5)		(1,376.5)
<b>609.8</b>	<b>0.0</b>	<b>2,894.6</b>	<b>3,504.4</b>	<b>828,670.0</b>	<b>22,796.2</b>	<b>851,466.2</b>
			0.0	114,859.2	1,714.8	116,574.0
(639.3)			(639.3)	(639.3)	11.2	(628.1)
		(3,050.4)	(3,050.4)	(3,050.4)	(870.3)	(3,920.7)
	0.0		0.0	0.0		0.0
<b>(639.3)</b>	<b>0.0</b>	<b>(3,050.4)</b>	<b>(3,689.7)</b>	<b>(3,689.7)</b>	<b>(859.1)</b>	<b>(4,548.8)</b>
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(3,689.7)</b>	<b>111,169.5</b>	<b>855.7</b>	<b>112,025.2</b>
			0.0	(30,827.4)	(1,418.1)	(32,245.5)
			0.0	0.0	2,663.5	2,663.5
			0.0	0.0	2,368.5	2,368.5
			0.0	0.0		0.0
			0.0	(2,381.8)		(2,381.8)
			0.0	0.0		0.0
<b>(29.5)</b>	<b>0.0</b>	<b>(155.8)</b>	<b>(185.3)</b>	<b>906,630.3</b>	<b>27,265.8</b>	<b>933,896.1</b>

# Consolidated Cash Flow Statements

(all amounts in thousands of EUR)	Notes	2007	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit for the year		116,574.0	107,289.9
<b>Adjustments to reconcile profit for the year to net cash provided by operating activities:</b>			
Income tax expense	8	54,289.9	51,930.4
Depreciation and amortization of property, plant and equipment, and intangible assets	9	89,229.7	81,685.8
Gains (losses) from disposals of property, plant and equipment, and intangible assets	5	(1,276.4)	(5,080.9)
Gains (losses) from disposals of available-for-sale and other financial assets		52.4	14.2
Interest income		(14,486.2)	(9,968.2)
Interest expense		8,982.6	6,799.6
Share of profit (loss) of associated companies		(377.9)	833.2
Other		(2,122.7)	(907.2)
<b>Changes in working capital:</b>			
Inventories		(49,948.8)	(21,104.3)
Trade receivables		(6,555.3)	(17,049.8)
Prepaid expenses and other current assets		401.4	947.2
Trade liabilities		155.8	20,086.9
Deferred income and other short-term liabilities		4,193.1	(9,309.1)
Provisions for other short-term liabilities and charges		4,773.4	3,208.3
<b>Changes in working capital</b>		<b>(46,980.4)</b>	<b>(23,220.8)</b>
<b>Cash flow provided by operating activities excluding interest and taxes paid</b>		<b>203,885.0</b>	<b>209,376.0</b>
Income taxes paid		(65,115.1)	(54,706.3)
<b>Net cash provided by operating activities</b>		<b>138,769.9</b>	<b>154,669.7</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Proceeds from disposals of property, plant and equipment, and intangible assets		4,012.0	7,249.2
Purchases of property, plant and equipment, and intangible assets		(96,717.2)	(118,177.7)
Acquisitions of companies or businesses, net of cash and cash equivalents of acquired companies (2007: thous. EUR 422.7 2006: thous. EUR 9,374.3)	4	(4,563.5)	(27,798.8)
Proceeds from disposals of available-for-sale and other financial assets		80,305.5	6,478.0
Purchases of available-for-sale and other financial assets		(1,665.7)	(4,289.4)
Dividends received		377.9	342.3
Interest received		13,570.7	8,834.9
<b>Net cash used in investing activities</b>		<b>(4,680.3)</b>	<b>(127,361.5)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Interest paid		(8,957.7)	(6,581.3)
Issuances of interest bearing financial liabilities		25,092.7	71,870.8
Repayments of interest bearing financial liabilities		(59,391.3)	(31,977.1)
Treasury shares	15	(2,381.8)	(1,376.5)
Dividends paid to the shareholders of the Company	15	(30,827.4)	(28,662.8)
Dividends paid to minority interests		(1,418.1)	(1,010.1)
Capital contribution by minority interests		2,663.5	0.0
<b>Net cash used in financing activities</b>		<b>(75,220.1)</b>	<b>2,263.0</b>
Effect of exchange rate changes on cash and cash equivalents		(802.6)	(137.8)
<b>Net increase in cash and cash equivalents</b>		<b>58,066.9</b>	<b>29,433.4</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>292,427.2</b>	<b>262,993.8</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>350,494.1</b>	<b>292,427.2</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) General explanations

#### The Mayr-Melnhof Group

Mayr-Melnhof Karton AG and its subsidiaries (“the Group”) are primarily engaged in manufacturing and selling cartonboard and folding cartons within Europe. The Group is divided into two operating segments (see Note 24): Mayr-Melnhof Cartonboard (“MM Karton”) and Mayr-Melnhof Packaging (“MM Packaging”). MM Karton manufactures and markets numerous grades of cartonboard, concentrating on cartonboard produced predominantly from recovered paper. MM Packaging converts cartonboard into industrial printed folding cartons mainly for food (e.g. cereals, dried foods, sugar, confectionary and baked products), other consumer goods (e.g. cosmetics and toiletries, detergents, household articles, and toys), and into cigarette packaging as well as high-grade confectionary packaging.

The parent company of the Group is Mayr-Melnhof Karton AG, located at Brahmplatz 6, 1041 Vienna, Austria.

#### Basic accounting principles

The consolidated financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS” and “IAS”, respectively) as adopted by the International Accounting Standards Board (“IASB”) and the respective interpretations as adopted by the Standing Interpretations Committee (“SIC”) and by the International Financial Reporting Interpretations Committee (“IFRIC”).

There are no further liabilities or claims with regard to third parties other than those which have been recorded in the consolidated financial statements and notes thereto.

The preparation of consolidated financial statements and the notes thereto in accordance with generally accepted accounting and recognition standards of IFRS is performed by making estimates and assumptions for certain items, which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates and assumptions.

All amounts herein, except share data and per share amounts, are specified in thousands of Euro unless otherwise stated.

## **b) Consolidation principles and consolidation methods**

The consolidated financial statements and notes thereto include the accounts of Mayr-Melnhof Karton AG (“the Company”) and all wholly and majority-owned subsidiaries, except where control is temporary or does not reside within the Group. Minority interest represents minority shareholders’ proportionate share of the equity and profit in several majority-owned subsidiaries of the Company. Investments in companies in which Mayr-Melnhof Karton AG has the ability to exercise significant influence over its operating and financial policies, generally when the Group holds at least 20 % but not more than a 50 % voting interest, are accounted for under the equity method. Investments in companies in which less than a significant influence is maintained, are accounted for at cost or fair value as appropriate. All effects of inter-company transactions have been eliminated.

According to IFRS 3 “Business Combinations”, all acquisitions of companies and businesses shall be accounted for using the purchase method. Thereby, the cost of the acquired interest is offset against the acquirer’s interest in equity at the acquisition date. Any difference between the cost of acquisition and the acquirer’s interest in equity shall be allocated to the respective identifiable assets and liabilities of the acquired company or business up to its fair values irrespective of the percentage of the interest acquired. Accordingly, the interest of the remaining shareholders shall be recognized at fair value of their interest in equity. A remaining excess of the purchase price over the fair value of the equity interest acquired shall be capitalized as goodwill. Negative goodwill shall be recognized immediately in the income statement.

## **c) Accounting and recognition principles**

During the preparation of the consolidated financial statements and notes, relevant amendments to existing IAS, IFRS and interpretations as well as newly enacted IFRS and IFRIC interpretations, as published in the Official Journal of the European Union and put into effect no later than December 31, 2007, have been taken into consideration.

As of December 31, 2007, the amendment to IAS 1 “Presentation of Financial Statements”, which requires the Group to make new disclosures about objectives, policies and processes for managing capital, and the recently released IFRS 7 “Financial Instruments: Disclosure”, which provides further reporting obligations concerning significance as well as nature and scope of risks in combination with financial instruments have become compulsory. Furthermore, new interpretations of already existing standards to be applied, comprise IFRIC 7 “Applying the Restatement Approach under IAS 29 *Financial Reporting in Hyperinflationary Economies*”, IFRIC 8 “Scope of IFRS 2”, IFRIC 9 “Reassessment of Embedded Derivatives” and IFRIC 10 “Interim Financial Reporting and Impairment”. These amendments and revised/or superseded standards, as applicable, have been implemented through appropriate information in the notes.

Amendments accepted and ratified by the EU to existing or newly issued standards and interpretations, which have been released up to and including December 31, 2007, but have not come into effect so far, have not been applied earlier. In this context, IFRS 8 “Operating Segments” and IFRIC 11 “IFRS 2 - Group and Treasury Share Transactions” can be mentioned, which will be applied in 2009.

#### Foreign currency translation

The assets and liabilities of foreign subsidiaries, where the functional currency is other than the Euro, are translated into Euro using exchange rates in effect at the balance sheet date. Revenues and expenses are translated using average exchange rates for the year. Differences arising from the translation of assets and liabilities in comparison with the previous periods are included as a separate part of shareholders’ equity. Transaction profit and loss resulting from foreign currency translations are included in the results from operations as incurred.

Exchange differences arising on monetary items that form part of a net investment in a foreign operation are recognized initially in accordance with IAS 21.32 as a separate component of equity and recognized in profit or loss upon disposal of the net investment.

The exchange rates of the relevant currencies of non-Euro participating countries used in preparing the consolidated financial statements and notes thereto were as follows:

<b>Currency:</b>		<b>Exchange rate at Dec. 31, 2007</b>	Exchange rate at Dec. 31, 2006	<b>Annual average exchange rate 2007</b>	Annual average exchange rate 2006
		<b>1 EUR =</b>	1 EUR =	<b>1 EUR =</b>	1 EUR =
Bulgaria	BGN	1.96	1.96	1.96	1.96
Czech Republic	CZK	26.63	27.49	27.71	28.32
Denmark	DKK	7.46	7.46	7.45	7.46
Great Britain	GBP	0.73	0.67	0.69	0.68
Jordan	JOD	1.04	-	1.04	-
Poland	PLN	3.59	3.83	3.78	3.90
Romania	RON	3.61	3.38	3.34	3.52
Russia	RUB	35.99	34.68	35.07	34.14
Slovenia	SIT	-	239.64	-	239.59
Switzerland	CHF	1.65	1.61	1.64	1.57
Tunisia	TND	1.80	1.71	1.75	1.67
Turkey	TRY	1.72	1.86	1.79	1.78
Ukraine	UAH	7.42	6.65	6.92	6.32

#### Revenue recognition

The Group recognizes revenue when convincing evidence of an arrangement exists, products are shipped to customers, the price of the transaction is fixed and determinable, and payment is reasonably assured. Revenues are recorded net of discounts, such as sales incentives, customer bonuses, and rebates granted. Provisions for estimated costs related to product warranty and returns are made at the time the related sale is recorded. Shipping and handling costs are recorded as selling expenses.

#### Earnings per share

Earnings per share is calculated in accordance with IAS 33 “Earnings per Share”. The standard requires the calculation of two key figures, basic and diluted earnings per share. Basic earnings per share is calculated by dividing profit or loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting outstanding shares, assuming conversion of all potentially dilutive stock options. Neither as of December 31, 2007, nor as of December 31, 2006, there are any exercisable or outstanding options.

#### Research and development costs

Research costs are recognized as expense as incurred. Development costs are capitalized only after the following criteria can be verified and are met cumulatively: It has to be possible among other criteria to use or sell internally generated intangible assets and additionally, future economic benefits for the Group have to be achieved. Neither as of December 31, 2007, nor as of December 31, 2006, have development costs been capitalized.

#### Intangible assets including goodwill

Acquired intangible assets which are determined to have a finite useful life including licences, patents, concessions, trademarks, and assets regarding customer relationship are capitalized at cost and amortized on a straight-line basis over their estimated useful lives ranging from 5 to 10 years. Acquired intangible assets which are determined to have an indefinite useful life are not amortized but tested for impairment on an annual basis.

According to IFRS 3 “Business Combinations”, goodwill is not amortized but tested for impairment on an annual basis. The recoverability evaluation of goodwill is performed at least annually or when it is evident that an impairment exists. Such impairment test is conducted on the operating segment level. In this context, the value in use of the segment is compared to the carrying amounts of non-current assets, comprising property, plant and equipment and intangible assets including goodwill. The value in use of the segment is determined by assessing the present value of the estimated future cash flows. If the fair value of the operating segment is less than these carrying amounts, the difference is recognized as an impairment loss.

Neither in 2007 nor in 2006 has goodwill been amortized as a result of an impairment.



### Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation. Therefore, depreciation expense is recognized using the straight-line method over the following estimated useful lives:

Buildings	10–50 years
Technical equipment and machines	8– 15 years
Other equipment, fixtures and fittings	4– 10 years

It is the policy of the Group to capitalize renewal investments and leasehold improvements. Generally, costs resulting in a prolongation of utilization or in an increase in future utilization of assets are capitalized. Current cost of maintenance and repairs is recognized as expense as incurred.

The cost of internally generated assets includes the respective direct costs as well as directly attributable material and manufacturing overhead costs including depreciation.

### Investment property

The Group holds investment property, which is disclosed and reported separately and recognized at depreciated cost. Investment property concerns land and buildings mainly held to achieve rental income. Additionally, this property is not used in the production or for administration or selling purposes.

### Leases

The Group is exclusively lessee in lease transactions. As far as the Group substantially bears all the risks and rewards incidental to the ownership of the asset, thereby being considered as beneficial owner (“Financial lease”), the asset is recognized under non-current assets at the present value of the non-cancellable minimum lease payments, recording a corresponding lease obligation as liability. For all remaining lease transactions (“Operating lease”), the lease-related payments are recognized as expense as incurred.

### Impairment of non-current-assets

A recoverability evaluation of non-current assets is performed as soon as events that have occurred and circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. In such a case, the carrying amount of the asset or the group of assets is compared with the higher of the fair value less costs to sell or its present value of estimated future cash flows. In case that the reasons for an impairment no longer exist, a revaluation has to be conducted. Goodwill and intangible assets with indefinite useful lives are not amortized but annually tested for impairment in accordance with IAS 36.

#### Investments in associated companies

Material investments in which the Company has a significant influence have to be accounted for using the equity method. In general, the accounting principles as stated in this section are also applied for investments in associated companies.

#### Marketable securities

Marketable securities have been classified under measurement category “available-for-sale” and are carried at fair value. The corresponding unrealized profit and loss, if it does not represent a permanent loss, is directly recognized in equity, net of deferred income taxes.

#### Other financial assets

Other financial assets comprise investments in non-consolidated subsidiaries, other investments, loans to third parties and other financial investments. Investments in non-consolidated subsidiaries and other investments are in fact held as available-for-sale, but in general these investments are recognized at cost, as no active market exists for these investments and the respective fair values can not be reliably measured within an economically justifiable period of time. In case of an indicated lower fair value, this value is recorded. Loans to third parties are classified under measurement category “Financial assets” measured at cost less accumulated depreciation, whereas non-interest and low-interest-bearing loans are recognized at present value. All remaining other investments are impaired in case of a permanent reduction in value. In case that the reasons for impairment no longer exist, a revaluation has to be conducted.

#### Deferred taxes

Deferred tax assets and liabilities are accounted for in accordance with IAS 12 “Income Taxes” for all temporary differences between the tax bases of existing assets and liabilities and their value in the financial statements. In this context, those enacted statutory tax rates have to be applied which are applicable in future periods in which these differences will be reversed. Permanent differences are not included in the calculation of deferred taxes. Furthermore, deferred tax assets are recorded for those tax loss carryforwards which can be utilized. The effect of tax rate changes on deferred tax assets and liabilities is recognized in income tax expense in the period of a tax rate change. If realization of deferred tax assets becomes improbable, a valuation allowance will be recorded.

#### Inventories

Inventories are valued at the lower of cost or market, with cost determined on an average basis. In order to determine purchase and/or manufacturing costs of raw materials, manufacturing and operation supplies and goods for resale, a weighted average price method is applied. Work in process and finished goods are recorded including material, labor, and manufacturing overhead costs. Allowances for slow moving and obsolete inventories are recognized based on the passage of time and sales activity.

#### Receivables and other assets

Receivables and other assets are accounted for at par value less bonuses, discounts, and allowances and are classified under the measurement category “Financial assets”.

#### Emission rights

In the course of the implementation of the Kyoto Protocol, the Directive 2003/87/EC came into force within the European Union as of January 1, 2005, onwards. Based on this directive, the Group is obliged to redeem specified emission rights for incurred carbon dioxide emissions during cartonboard production. These emission rights have been allocated to the Group’s respective production sites for a three-year period beginning January 1, 2005, until December 31, 2007, free of charge.

As IFRIC 3 “Emission Rights” has been withdrawn by the IASB, definite regulations concerning the accounting treatment of emission rights are missing. Therefore these emission rights are recognized in accordance with IAS 38 “Intangible Assets” as intangible assets in “Prepaid expenses and other current assets”, measured at cost amounting to zero as the rights have been allocated free of charge. If effective carbon dioxide emissions exceed the number of existing emission rights during the reporting period at the balance sheet date, a provision for these missing emission rights in the amount of their market value has to be accounted for. As of December 31, 2007 and 2006, the Group has sufficient emission rights available.

Accordingly, only expenses from the utilization of acquired emission rights and income from the sale of redundant emission rights are recorded in the income statement.

#### Cash and cash equivalents

Means of payment include cash and cash equivalents, cheques, and deposits at financial institutions. Means of payment denominated in foreign currencies are translated into Euro using the exchange rate in effect at the balance sheet date.

#### Financial instruments

On the debit side, the Group’s financial instruments consist of derivative financial instruments, financial assets comprising cash and cash equivalents, loans, trade receivables, the position “Prepaid expenses and other current assets” less tax receivables and prepaid expenses (see note 14) as well as available-for-sale financial assets. On the credit side, financial instruments include derivative financial instruments, financial liabilities, comprising interest-bearing financial liabilities, financial lease liabilities, trade liabilities less advances from customers and the position “Deferred income and other current liabilities” less deferred income, tax liabilities and obligations for personnel and social costs (see Note 20).

#### Derivative financial instruments

Derivative financial instruments are recognized in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”. According to IAS 39, all derivative financial instruments are recognized at market value as assets or liabilities. Profit and loss resulting from changes in the fair value of derivative instruments is either recognized in profit or loss in the income statement or in profit or loss directly recognized in equity, depending on the intended use of the derivative and the compliance with certain requirements. In case of a Fair Value Hedge, the change in fair value is recognized in profit or loss as incurred by compensating the effect on profit or loss with a corresponding measurement of the underlying transaction. In case of a Cash Flow Hedge, the effective portion of the change in fair value is recognized directly in equity. Inefficiencies, classified as a non-complete hedge of the underlying instrument by the derivative instrument, are of insignificant importance to derivative instruments classified as Fair Value or Cash Flow Hedge.

#### Concentration of financial risks

Financial instruments, which may cause a concentration of financial risks in certain cases, comprise primarily cash and cash equivalents, securities, and trade receivables. The Group’s trade receivables derive from a broad and diversified group of customers. The financial risk arising from customer bad debt is monitored by ongoing credit rating assessments. Additionally, the Group concludes credit insurance contracts in order to cover certain potentially uncollectible receivables. Furthermore, the Group makes allowances for losses based upon the expected collectible trade receivables.

#### Profit or loss directly recognized in equity

In this position, the following changes directly recognized in equity are included: Differences arising from foreign currency translation, unrealized profit and loss from fair value changes of marketable securities, changes in the fair value of derivative financial instruments determined to be effective Cash Flow Hedge transactions, after considering the respective deferred income taxes.

#### Other non-current provisions

Defined benefit pension obligations and other benefits related to severance obligations are valued in accordance with IAS 19 “Employee benefits” using the projected unit credit method. The present value of defined benefit obligations is calculated based on the years of service, the anticipated development of the employee’s compensation as well as contractual and statutory enacted pension revaluation requirements. Actuarial gains and losses are recognized in profit or loss in accordance with IAS 19 using the corridor approach. Surpluses from pension funds are recorded in other non-current assets, if the economic benefit can be determined with sufficient certainty.

Provisions for anniversary bonuses are accrued for non-current obligations against employees related to the number of years of their service based on collective or plant bargaining agreements.

Provisions for pre-retirement programs are accrued upon conclusion of individual contractual agreements as well as for probable pre-retirement agreements in the future, if employees have the right to participate in pre-retirement programs based on plant bargaining agreements or collective agreements.

#### Other provisions

Other provisions are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IAS 19 "Employee Benefits". A provision is recognized when the Group has a present legal or factual obligation as a result of a past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. If material, non-current provisions are discounted using the present value method.

For the calculation of other provisions, particularly for warranty costs and losses from uncompleted contracts, the Group accounts for all cost components which are used for the calculation of inventories.

Provisions for restructuring costs are recognized when a detailed formal plan for the restructuring process has been approved and the management has either started its implementation or its public announcement.

#### Liabilities

Non-current liabilities including financial liabilities are classified under measurement category "Financial liabilities" and measured at amortized cost unless they are designated as the underlying item in a Fair Value Hedge. Current liabilities are stated at cost, which is the consideration to be paid. Financial lease liabilities are recognized at their present value.

#### Minority interests in partnerships

The prevailing opinion in interpreting the rules of IAS 32 for defining liabilities and equity is to present minority interests in partnerships as liability if the minority stakeholders are entitled to resign. In the consolidated balance sheet, these shares in equity are presented as liabilities under "Prepaid expenses and other current assets". In the consolidated income statement, the corresponding profit is presented under "Other financial income - net".

Correspondingly, the minority interest of 25 % in C.P. Schmidt Verpackungs-Werk GmbH & Co. KG formerly, reported as minority interest, has been adjusted for the financial year 2006 including all affected notes. Hence, a decrease in equity of thous. EUR 5,359.7 and thous. EUR 5,227.3 and a corresponding increase in the balance sheet position "Deferred income and other current liabilities" (see Note 20) as per January 1, 2006 and December 31, 2006, were recorded. As a consequence the profit attributable to minority interests was reduced by thous. EUR 1,105.8 and "Other financial expenses" were increased accordingly in 2006 (see Note 7).

## **(2) KEY ASSUMPTIONS ENTAILING A CONSIDERABLE RISK OF A CHANGE IN VALUE**

The consolidated financial statements and notes thereto include the following material items for which the determination of their carrying amounts is highly dependent on the underlying assumptions and estimations:

### Provisions for pensions and severance payments

The actuarial calculation of pension and severance obligations is based on assumptions about discount rates used, expected return on plan assets, future increases in salaries and probable life expectancies. Actual outcomes can be different from these assumptions due to changes in the economic environment and market conditions.

### Impairment of non-current assets

Goodwill and other intangible assets are reviewed for impairment annually. In the course of these impairment reviews, the evaluation of non-current assets is also based on budget assessments of market or company-specific discount rates, expected annual growth rates and currency exchange rates. The assumptions involved in these calculations may change and cause an impairment loss in future periods.

### Provisions for litigations

The outcome of litigations in progress cannot be anticipated with certainty. The Group recognizes adequate provisions if reasonable assessments can be made. The actual outcomes of litigations may differ from these assessments.

### Provisions for restructuring costs

The calculation of provisions for restructuring costs is based on assumptions about the termination of contracts, staff redundancies or pension payments. The actual amounts to be considered may deviate from these assumptions.

### Realization of deferred tax assets

Deferred taxes are calculated by applying enacted statutory tax rates applicable for future years to temporary differences as well as by evaluating the capacity of future taxable income. Potential tax rate changes or future taxable income which differs from the assumptions may result in the fact that the realization of deferred tax assets becomes improbable and consequently a valuation allowance of the respective assets has to be recorded.

### Useful life of non-current assets

Property, plant and equipment, and acquired intangible assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives. The estimation of the useful lives is based on assumptions about wear and tear, ageing, technical standards, contract periods and changes in demand. Changes in these factors may cause a reduction of the useful life of the asset. This would result in a higher depreciation or amortization of the remaining carrying amount over the remaining shorter useful life and a higher annual depreciation and amortization expense.

### **(3) FINANCIAL RISK MANAGEMENT**

The Group is subject to various financial risks arising from its operating activities and the structure of its financing. These financial risks primarily comprise the credit risk, liquidity risk, currency risk and the risk of interest rate changes. These risks are mitigated using a centralized risk management which is applied throughout the Group.

The identification, analysis and evaluation of the financial risks as well as the decisions concerning the application of financial instruments in order to manage these risks are taken by the Group's headquarters.

#### **Credit risk**

The credit risk represents the risk arising from a non-fulfilment of contractual obligations by business partners which may result in losses. The immanent risk of default of business partners resulting from the underlying transaction is widely hedged by credit risk insurance as well as by bank guarantees and letter of credits. The definition criteria to be applied for credit ratings are based on contractual agreements with credit insurance institutions and are stipulated by internal guidelines.

The credit and default risks are continuously monitored, incidental and identifiable risks are provided for by recording appropriate allowances or provisions. For the assessment of the overall risk, existing insurance coverage, possible guarantees and letters of credit are taken into consideration. As a result of the broad and diversified customer base, a concentrated risk of default does not exist.

#### **Liquidity risk**

The liquidity risk is referred to as the risk to raise the required means of payment at any time in order to settle the amounts payable in due course. Based on a well-timed liquidity management, sufficient cash and cash equivalents as well as current and non-current credit lines are available to the Group's subsidiaries. Consequently, liquidity risk is categorized as low.

#### **Currency risk**

The currency risk represents the risk arising from changes in the value of financial instruments due to fluctuations in exchange rates. This risk especially exists if business transactions are denominated and settled in currencies other than the Euro. This is particularly the case for sales in British Pound, US Dollar or Swiss Franc. The Group uses foreign exchange forward and foreign exchange option contracts in order to reduce the respective currency risks (see Note 11).

At December 31, 2007, if the exchange rate of the Euro had strengthened (weakened) 1,0 % against these currencies, foreign currency exchange result and profit resulting from foreign exchange forward and foreign exchange option contracts would have been thous. EUR 352.6 lower (higher).

As of the balance sheet date, the interest-bearing financial liabilities are predominantly denominated in Euro. Therefore, no significant currency risk concerning these liabilities exists.

#### Interest rate risk

The interest rate risk is referred to as the risk arising from changes in the value of financial instruments due to fluctuations of market interest rates. It comprises the interest-rate related price risk for fixed interest-bearing financial instruments and the settlement risk of variable interest-bearing financial instruments. The Group is predominately financed by variable interest-bearing financial liabilities.

At December 31, 2007 and December 31, 2006, the Group showed a net liquidity. Therefore, a change in the market interest rate does not represent an interest expense risk.

#### Derivative financial instruments

The Group mainly applies derivative financial instruments to mitigate the risks from exchange rate and interest rate changes. In this context, the Group uses foreign exchange forward and foreign exchange option contracts in order to mitigate the effects of current exchange rate fluctuations and interest rate swap agreements in order to mitigate the current market interest rate risk. All counterparties in these transactions are reputable financial institutions with whom the Group conducts business on a regular basis. Accordingly, the Group considers the corresponding risk of default and related losses as being remote.

#### Fair values

In the consolidated balance sheet, the amounts recorded for trade and other receivables, current liabilities as well as cash and cash equivalents approximate substantially their fair values due to the short-term nature of these items. The amounts recorded for interest-bearing financial liabilities basically correspond to their present values.



#### (4) SIGNIFICANT CHANGES IN THE CONSOLIDATED COMPANIES

##### a) Acquisitions, dispositions and formations in 2007

###### Acquisitions

In June 2007, the division MM Karton acquired the remaining minority interest of 43 % in PAREK Papierverwertungs Gesellschaft m.b.H, located in Kapfenberg, Austria, for thous. EUR 335.7. By applying the provisions of IFRS 3, an excess of thous. EUR 65.8 was recorded in the income statement.

In November 2007, the division MM Packaging acquired an interest of 52.57 % in the Jordanian packaging producer Al-Ekbal Printing & Packaging Co., located in Amman, Jordan, for thous. EUR 3,634.9. In this context, a goodwill in the amount of thous. EUR 541.6 was recorded. Inclusion into the Group and division was effected on December 31, 2007. A condensed balance sheet according to IFRS at this date includes the following:

<b>CONDENSED BALANCE SHEET INFORMATION</b>	
(in thousands of EUR)	<b>Dec. 31, 2007</b>
Intangible assets, property, plant and equipment	4,125.9
Goodwill	541.6
Available-for-sale financial assets	134.4
Other current assets	4,068.4
<b>Total assets</b>	<b>8,870.3</b>
Equity attributable to equity holders of the Company	3,634.9
Minority interest	2,790.9
Non-current liabilities	1,383.5
Current liabilities	1,061.0
<b>Total equity and liabilities</b>	<b>8,870.3</b>

In December 2007, the division MM Packaging acquired the rotogravure operation of Field Packaging (Bremen) GmbH, located in Delmenhorst, Germany, via an asset deal and carried over the respective staff. The acquisition costs in this regard amount to thous. EUR 8,647.6. In this context, the Group assumed provisions for personnel costs in the amount of thous. EUR 610.0, primarily for pre-retirement programs, as well as the assets accounting for these programs in the amount of thous. EUR 171.3.

###### Dispositions

In March 2007, the division MM Karton sold its 100 % interest in Mayr-Melnhof Papierresidu Verwerking B.V. located in Eerbeek, Netherlands, as well as its interests of 33.33 % in Cdem Holland B.V. and CDEM V.O.F., both located in 's-Hertogenbosch, Netherlands. This transaction resulted in a pre-tax profit of thous. EUR 110.8.

#### Formations

In December 2007, the division MM Karton formed the company MM Prodaja Kartona d.o.o. located in Domzale, Slovenia.

In December 2007, the division MM Packaging formed the company Mayr-Melnhof Tiefdruck GmbH, located in Frankfurt, Germany.

### b) Acquisitions, dispositions and formations in 2006

#### Acquisitions

In May 2006, the division MM Packaging acquired the controlling interest in the leading Russian packaging producer Polygrafoformlenie in St. Petersburg, Russia, for thous. EUR 24,969.9. In the course of this transaction, the division acquired a direct interest of 50.05 % in MM Polygrafoformlenie Limited, Cyprus, as well as an indirect interest in Herakles LLC, Polygrafoformlenie MM Assets LLC, and Polygrafoformlenie OFSET XXI vek LLC. In this context, a goodwill in the amount of thous. EUR 13,659.4 was recorded. Concerning the acquisition of the remaining minority interest of 49.95 %, both the division MM Packaging and the minority shareholder have an irrevocable option with the earliest possible exercise dates being May 2010 (call option) and May 2008 (put option), respectively. Exercising these options depends on certain conditions precedent. As of October 1, 2006, the results of operations have been included in the Group's and divisional consolidated statements of income.

The contractual right to purchase the remaining minority interest in an entity granted to the seller by the acquirer in the course of the acquisition of a controlling interest in the entity is deemed to be a financial instrument ("puttable instrument" according to IAS 32 "Financial Instruments: Disclosure and Presentation"). Due to the fact that the fair value of this contractual right cannot be measured reliably at the balance sheet date, it is not accounted for as a financial instrument. The minority interest in the acquired entity is accounted for as a component of consolidated total equity until further notice.

A condensed balance sheet according to IFRS as of October 1, 2006, includes the following:

<b>CONDENSED BALANCE SHEET INFORMATION</b>	
(in thousands of EUR)	<b>Oct. 1, 2006</b>
Property, plant and equipment	25,116.2
Goodwill	13,659.4
Deferred income taxes	546.7
Other current assets	16,704.0
<b>Total assets</b>	<b>56,026.3</b>
Equity attributable to equity holders of the Company	24,969.9
Minority interest	11,287.9
Non-current liabilities	3,348.4
Deferred income taxes	929.5
Current liabilities	15,490.6
<b>Total equity and liabilities</b>	<b>56,026.3</b>

In May 2006, the division MM Packaging acquired an interest of 51 % in TEC MMP SARL, located in Sfax, Tunisia, for thous. EUR 4,981.5, which has been founded jointly with TEC S.A., the leading Tunisian packaging producer. Concerning the acquisition of the remaining minority interest of 49 %, both the division MM Packaging and the minority shareholder have an irrevocable option with the earliest possible exercise dates being May 2016 (call option) and May 2009 (put option), respectively. Exercising these options depends on certain conditions precedent. As of July 1, 2006, the results of operations have been included in the Group's and divisional consolidated statements of income.

The contractual right to purchase the remaining minority interest in an entity granted to the seller by the acquirer in the course of the acquisition of a controlling interest in the entity is deemed to be a financial instrument ("puttable instrument" according to IAS 32 "Financial Instruments: Disclosure and Presentation"). Due to the fact that the fair value of this contractual right cannot be measured reliably at the balance sheet date, it is not accounted for as a financial instrument. The minority interest in the acquired entity is accounted for as a component of consolidated total equity until further notice.

A condensed balance sheet according to IFRS as of July 1, 2006, includes the following:

<b>CONDENSED BALANCE SHEET INFORMATION</b>	
(in thousands of EUR)	<b>Jul. 1, 2006</b>
Property, plant and equipment	8,246.6
Current assets	8,516.5
<b>Total assets</b>	<b>16,763.1</b>
Equity attributable to equity holders of the Company	4,981.5
Minority interest	4,786.2
Current liabilities	6,995.4
<b>Total equity and liabilities</b>	<b>16,763.1</b>

On January 1, 2006, MM Packaging acquired the remaining minority interest of 33 % in Ernst Schausberger & Co Gesellschaft m.b.H., located in Gunskirchen, Austria, and is now the single owner of the company. In this context, a goodwill was recorded in the amount of thous. EUR 4,709.7.

#### Dispositions

By the end of June 2006, the division MM Packaging had completed the closure of MM Packaging Hungária Kft. and sold its 100 % interest by realization of the remaining real estate. This transaction resulted in a pre-tax gain after deduction of closure costs amounting to thous. EUR 3,259.8 which is included in "Other operating income" (see Note 5).

### Formations

In April 2006, the division MM Karton formed the trading company Mayr-Melnhof Mediterra SARL, located in Tunis, Tunisia.

In December 2006, the division MM Karton formed the company CartPrint Insurance AG, located in Vaduz, Liechtenstein.

## (5) OTHER OPERATING INCOME

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Gains and losses from disposal of property, plant and equipment, and intangible assets - net	1,276.4	5,080.9
Insurance claims	1,528.2	5,728.2
Rental income	1,329.8	1,426.8
Other income - net	6,612.3	5,451.4
<b>Other operating income</b>	<b>10,746.7</b>	<b>17,687.3</b>

## (6) OTHER OPERATING EXPENSES

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Depreciation and amortization	(612.1)	(558.4)
Taxes other than income taxes	(12.2)	(1,319.8)
Other expenses	(133.9)	(322.3)
<b>Other operating expenses</b>	<b>(758.2)</b>	<b>(2,200.5)</b>

## (7) OTHER INCOME (EXPENSES) - NET

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Foreign currency exchange rate gains (losses) - net	(2,964.8)	(594.1)
Other financial income - net	(1,418.6)	(1,125.5)
<b>Other income (expenses) - net</b>	<b>(4,383.4)</b>	<b>(1,719.6)</b>

## (8) INCOME TAXES

The components of profit before tax by tax jurisdictions are as follows:

(in thousands of EUR)	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
<b>Profit before tax:</b>		
Austria	36,450.3	33,545.3
Other countries	134,413.6	125,675.0
<b>Profit before tax</b>	<b>170,863.9</b>	<b>159,220.3</b>

Income tax expense consists of the following:

(in thousands of EUR)	Austria	Other countries	Total
<b>Financial year 2007:</b>			
Current for the period	8,507.1	43,012.7	51,519.8
Current for prior periods	1,780.9	45.2	1,826.1
Deferred benefits excluding loss carryforwards	(4,873.1)	3,788.1	(1,085.0)
Deferred benefits of operating loss carryforwards	0.0	766.8	766.8
Deferred benefits due to tax rate changes	0.0	1,262.2	1,262.2
<b>Income tax expense</b>	<b>5,414.9</b>	<b>48,875.0</b>	<b>54,289.9</b>
<b>Financial year 2006:</b>			
Current for the period	6,748.6	45,812.7	52,561.3
Current for prior periods	(466.3)	(2,595.9)	(3,062.2)
Deferred benefits excluding loss carryforwards	(102.6)	2,444.3	2,341.7
Deferred benefits of operating loss carryforwards	0.0	680.1	680.1
Deferred benefits due to tax rate changes	0.0	(590.5)	(590.5)
<b>Income tax expense</b>	<b>6,179.7</b>	<b>45,750.7</b>	<b>51,930.4</b>

A reconciliation from the applicable tax rate, which results from the geographical allocation of income in the respective tax jurisdictions of the Group, to the effective tax rate is as follows:

(in %)	Year ended Dec. 31, 2007	Year ended Dec. 31, 2006
<b>Applicable tax rate</b>	<b>32.25 %</b>	<b>33.78 %</b>
Non-taxable expenses (income) - net	0.29 %	0.07 %
Valuation allowance and tax restructurings	(1.47 %)	(1.02 %)
Tax rate changes	0.74 %	(0.37 %)
Other - net	(0.04 %)	0.16 %
<b>Effective tax rate</b>	<b>31.77 %</b>	<b>32.62 %</b>

The item "Valuation allowance and tax restructurings" includes effects of restructurings due to improvements in the Group's organizational and tax structure. It also includes the use of tax loss carryforwards which were regarded as unrealizable in prior periods and valuation allowances relating to new loss carryforwards.

In the financial statements, deferred tax assets and liabilities are netted out according to maturities as follows:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Current deferred tax assets	6,451.9	8,548.2
Non-current deferred tax assets	5,077.1	8,215.9
Current deferred tax liabilities	(2,938.7)	(2,369.3)
Non-current deferred tax liabilities	(37,038.1)	(43,472.5)
<b>Net deferred tax liability</b>	<b>(28,447.8)</b>	<b>(29,077.7)</b>

The tax effects of temporary differences and loss carryforwards representing deferred tax assets and liabilities as of December 31, 2007 and 2006, are as follows:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Intangible assets	3,175.7	5,240.2
Inventories	1,467.1	1,376.5
Benefit plans and other liabilities and charges	10,059.5	12,048.3
Operating loss carryforwards	9,095.0	10,946.9
Other	1,254.8	1,955.2
<b>Gross deferred tax assets</b>	<b>25,052.1</b>	<b>31,567.1</b>
Valuation allowance	(5,948.3)	(6,962.5)
<b>Net deferred tax assets</b>	<b>19,103.8</b>	<b>24,604.6</b>
Property, plant and equipment	(17,473.3)	(19,282.3)
Loans receivable, investments and financial assets	(29,667.4)	(33,916.0)
Other	(410.9)	(484.0)
<b>Deferred tax liabilities</b>	<b>(47,551.6)</b>	<b>(53,682.3)</b>
<b>Net deferred tax liability</b>	<b>(28,447.8)</b>	<b>(29,077.7)</b>

The Group has tax loss carryforwards available to reduce future taxable income of certain Austrian and foreign subsidiaries. At December 31, 2007, the Group has corporate tax loss carryforwards of thous. EUR 48,438.1 (December 31, 2006: thous. EUR 54,117.9), which must be utilized within the next one to fourteen (December 31, 2006: one to fifteen) years, and thous. EUR 4,078.7 (December 31, 2006: thous. EUR 5,402.5), which can be utilized over an indefinite period. Additionally, at December 31, 2007, the Group has trade tax loss carryforwards of thous. EUR 2,081.7 (December 31, 2006: thous. EUR 2,807.4) available in Germany, which can be utilized over an indefinite period.

At December 31, 2007, the Group believed that certain corporate and trade tax loss carryforwards would be utilized and recorded a deferred tax asset of thous. EUR 3,261.1 (December 31, 2006: thous. EUR 4,032.8).

In other subsidiaries with operating loss carryforwards, cumulative losses were incurred during the past three years. Accordingly, the Group believes it is more likely that these deferred tax assets will not be realized. Consequently, valuation allowances amounting to thous. EUR 5,833.9 and thous. EUR 6,914.1 have been provided for the deferred tax assets relating to these carryforwards at December 31, 2007 and 2006, respectively.

Corporate and trade tax loss carryforwards underlying this allowance amount to thous. EUR 41,825.7 (December 31, 2006: thous. EUR 46,408.3), from which loss carryforwards in the amount of thous. EUR 6,107.7 (December 31, 2006: thous. EUR 8,209.9) can be utilized over an indefinite period and loss carryforwards in the amount of thous. EUR 35,718.0 (December 31, 2006: thous. EUR 38,198.4) must be utilized within the next fourteen (December 31, 2006: fifteen) years.

In 2007, the Group further optimized its tax structure and consumed corporate and trade tax loss carryforwards amounting to thous. EUR 5,958.6 and thous. EUR 720.1 for which a valuation allowance for the deferred tax assets relating to these loss carryforwards was recorded in previous periods. In 2006, the Group used similar corporate and trade tax loss carryforwards amounting to thous. EUR 2,119.7 and thous. EUR 3.2, respectively.

At December 31, 2007 and 2006, no deferred taxes had been provided for the undistributed earnings of the Company's subsidiaries. Under current tax jurisdictions within the Group and existing tax treaties, these earnings can be remitted with little or no additional tax.

**(9) DEVELOPMENT OF FIXED ASSETS**

**a) Intangible assets including goodwill**

(in thousands of EUR)	Concessions, licenses and similar rights, and payments on account	Goodwill	Other intangible assets	<b>Intangible assets including goodwill</b>
<b>ACQUISITION OR MANUFACTURING COSTS:</b>				
<b>Balance at Jan. 1, 2007</b>	<b>40,102.2</b>	<b>59,183.7</b>	<b>150.6</b>	<b>99,436.5</b>
Effect of exchange rate changes	21.4	308.5	0.0	329.9
Changes in consolidated companies	3.7	541.6	0.0	545.3
Additions	904.7	22.9	2,100.0	3,027.6
Disposals	(70.1)	0.0	0.0	(70.1)
Reclassifications	40.8	0.0	0.0	40.8
<b>Balance at Dec. 31, 2007</b>	<b>41,002.7</b>	<b>60,056.7</b>	<b>2,250.6</b>	<b>103,310.0</b>
<b>DEPRECIATION/AMORTIZATION:</b>				
<b>Balance at Jan. 1, 2007</b>	<b>36,477.5</b>	<b>9,054.9</b>	<b>112.5</b>	<b>45,644.9</b>
Effect of exchange rate changes	5.3	7.3	0.0	12.6
Changes in consolidated companies				0.0
Disposals	(70.0)	0.0	0.0	(70.0)
Depreciation/amortization expense for the year	1,622.6	0.0	248.1	1,870.7
Reclassifications	(67.8)	0.0	0.0	(67.8)
<b>Balance at Dec. 31, 2007</b>	<b>37,967.6</b>	<b>9,062.2</b>	<b>360.6</b>	<b>47,390.4</b>
<b>NET BOOK VALUE:</b>				
<b>Net book value at Dec. 31, 2007</b>	<b>3,035.1</b>	<b>50,994.5</b>	<b>1,890.0</b>	<b>55,919.6</b>
<b>Net book value at Dec. 31, 2006</b>	<b>3,624.7</b>	<b>50,128.8</b>	<b>38.1</b>	<b>53,791.6</b>



**b) Property, plant and equipment**

(in thousands of EUR)	Lands, similar land rights and buildings	Technical equipment and machines	Other equipment, fixtures and fittings	Payments on account and construction in progress	<b>Property, plant and equipment</b>
<b>ACQUISITION OR MANUFACTURING COSTS:</b>					
<b>Balance at Jan. 1, 2007</b>	<b>392,276.2</b>	<b>1,269,183.6</b>	<b>123,289.2</b>	<b>44,984.5</b>	<b>1,829,733.5</b>
Effect of exchange rate changes	(2,259.6)	(7,633.9)	(765.1)	(283.8)	(10,942.4)
Changes in consolidated companies	8,370.8	9,306.0	949.6	0.0	18,626.4
Additions	9,745.9	30,904.3	10,177.2	41,892.5	92,719.9
Disposals	(307.1)	(19,257.0)	(4,578.2)	(165.5)	(24,307.8)
Reclassifications	5,893.0	25,464.3	2,996.8	(36,558.0)	(2,203.9)
<b>Balance at Dec. 31, 2007</b>	<b>413,719.2</b>	<b>1,307,967.3</b>	<b>132,069.5</b>	<b>49,869.7</b>	<b>1,903,625.7</b>
<b>DEPRECIATION/AMORTIZATION:</b>					
<b>Balance at Jan. 1, 2007</b>	<b>187,192.4</b>	<b>959,891.0</b>	<b>94,153.0</b>	<b>40.4</b>	<b>1,241,276.8</b>
Effect of exchange rate changes	(1,264.7)	(6,274.8)	(630.9)	(0.3)	(8,170.7)
Changes in consolidated companies	451.0	4,962.0	443.6	0.0	5,856.6
Disposals	(197.1)	(17,193.0)	(4,152.2)	(30.0)	(21,572.3)
Depreciation/amortization expense for the year	9,887.8	67,629.4	9,492.2	195.5	87,204.9
Reclassifications	852.2	(1,555.3)	766.3	164.2	227.4
<b>Balance at Dec. 31, 2007</b>	<b>196,921.6</b>	<b>1,007,459.3</b>	<b>100,072.0</b>	<b>369.8</b>	<b>1,304,822.7</b>
<b>NET BOOK VALUE:</b>					
<b>Net book value at Dec. 31, 2007</b>	<b>216,797.6</b>	<b>300,508.0</b>	<b>31,997.5</b>	<b>49,499.9</b>	<b>598,803.0</b>
<b>Net book value at Dec. 31, 2006</b>	<b>205,083.8</b>	<b>309,292.6</b>	<b>29,136.2</b>	<b>44,944.1</b>	<b>588,456.7</b>

### c) Investment property

(in thousands of EUR)	Investment property
<b>ACQUISITION OR MANUFACTURING COSTS:</b>	
<b>Balance at Jan. 1, 2007</b>	<b>7,251.1</b>
Effect of exchange rate changes	0.0
Changes in consolidated companies	0.0
Additions	0.0
Disposals	0.0
Reclassifications	0.0
<b>Balance at Dec. 31, 2007</b>	<b>7,251.1</b>
<b>DEPRECIATION/AMORTIZATION:</b>	
<b>Balance at Jan. 1, 2007</b>	<b>5,184.0</b>
Effect of exchange rate changes	0.0
Changes in consolidated companies	0.0
Disposals	0.0
Depreciation/amortization expense for the year	154.1
Reclassifications	0.0
<b>Balance at Dec. 31, 2007</b>	<b>5,338.1</b>
<b>NET BOOK VALUE:</b>	
<b>Net book value at Dec. 31, 2007</b>	<b>1,913.0</b>
<b>Net book value at Dec. 31, 2006</b>	<b>2,067.1</b>

In 2007, the Group realized rental income arising from “Investment property” amounting to thous. EUR 408.0 (2006: thous. EUR 384.0), compared with expenses including repairs and maintenance amounting to thous. EUR 0.0 (2006: thous. EUR 552.4).

In 2007, the depreciation and amortization expense included in “Intangible assets including goodwill”, “Property, plant and equipment” and “Investment property” amounted to thous. EUR 89,229.7 (2006: thous. EUR 80,377.3).

**(10) FINANCIAL ASSETS****a) Available-for-sale financial assets**

At December 31, 2007 and 2006, the Group exclusively holds available-for-sale financial assets. These securities are carried at fair values based on quoted market prices. Unrealized profit or loss, net of deferred income taxes, are directly recognized in equity in other reserves. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in “Financial income” or “Financial expenses”. Realized profit and loss from sale are being determined using the specific identification method. Declines in value classified to be other than temporary are included in “Financial income” or “Financial expenses”.

Securities of the Group are composed as follows:

	Dec. 31, 2007			Dec. 31, 2006		
	Costs of acquisition	Estimated market value	Average effective interest rate	Costs of acquisition	Estimated market value	Average effective interest rate
(in thousands of EUR)						
Debt securities issued by the Republic of Austria	3,022.6	3,000.0	5.00 %	0.0	0.0	0.00 %
Corporate bonds	0.0	0.0	0.00 %	10,021.1	10,004.0	4.42 %
Debt-based funds	1,441.1	1,405.2	1.62 %	63,672.7	64,502.8	1.60 %
Equity securities	113.4	135.2	0.00 %	0.8	0.8	0.00 %
<b>Total</b>	<b>4,577.1</b>	<b>4,540.4</b>	<b>3.81 %</b>	<b>73,694.6</b>	<b>74,507.6</b>	<b>1.98 %</b>

As of December 31, 2007, securities with estimated fair values of thous. EUR 1,371.4 (December 31, 2006: thous. EUR 728.0) have been given as security for provisions for pre-retirement programs within the scope of the respective legal commitments.

In 2007, proceeds from sales of available-for-sale financial assets amounted to thous. EUR 69,844.7 (2006: thous. EUR 135.4). The resulting realized profit or loss amounted to thous. EUR 47.9 (2006: thous. EUR 0.0) and thous. EUR 100.3 (2006: thous. EUR 14.2), respectively.

The debt securities issued by the Republic of Austria amounting to thous. EUR 3,000.0 are maturing the next year and are shown in the consolidated balance sheet at December 31, 2007, in the short-term position “Available-for-sale financial assets”.

## b) Investments in associated companies and other financial assets

Investments in associated companies and other financial assets have developed as follows:

(in thousands of EUR)	Other financial assets					Total
	Investments in associated companies	Investments in unconsolidated subsidiaries	Other investments	Other loans receivable	Other non-current financial assets	
<b>ACQUISITION OR MANUFACTURING COSTS:</b>						
<b>Balance at Jan. 1, 2007</b>	<b>187.9</b>	<b>187.1</b>	<b>7,144.7</b>	<b>1,516.2</b>	<b>11,255.2</b>	<b>20,291.1</b>
Effect of exchange rate changes	0.0	0.0	(6.9)	(1.4)	(0.1)	(8.4)
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.0	47.5	125.6	198.8	1,396.5	1,768.4
Disposals	(113.4)	0.0	(1.0)	(377.5)	(9,989.3)	(10,481.2)
Reclassifications	0.0	0.0	0.0	(7.5)	0.0	(7.5)
<b>Balance at Dec. 31, 2007</b>	<b>74.5</b>	<b>234.6</b>	<b>7,262.4</b>	<b>1,328.6</b>	<b>2,662.3</b>	<b>11,562.4</b>
<b>DEPRECIATION/AMORTIZATION:</b>						
<b>Balance at Jan. 1, 2007</b>	<b>0.0</b>	<b>0.0</b>	<b>5,439.1</b>	<b>0.4</b>	<b>0.0</b>	<b>5,439.5</b>
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0	0.0
Changes in consolidated companies	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	(0.4)	0.0	(0.4)
Depreciation/amortization expense for the year	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
<b>Balance at Dec. 31, 2007</b>	<b>0.0</b>	<b>0.0</b>	<b>5,439.1</b>	<b>0.0</b>	<b>0.0</b>	<b>5,439.1</b>
<b>NET BOOK VALUE:</b>						
<b>Net book value at Dec. 31, 2007</b>	<b>74.5</b>	<b>234.6</b>	<b>1,823.3</b>	<b>1,328.6</b>	<b>2,662.3</b>	<b>6,123.3</b>
<b>Net book value at Dec. 31, 2006</b>	<b>187.9</b>	<b>187.1</b>	<b>1,705.6</b>	<b>1,515.8</b>	<b>11,255.2</b>	<b>14,851.6</b>

Detailed information concerning the Group's investments with an ownership percentage of more than 20 % is contained in the table of affiliated and associated companies (see Note 26). As at December 31, 2007, other loans receivable included loans to affiliated companies amounting to thous. EUR 402.4 (December 31, 2006: thous. EUR 495.3).

## (11) FINANCIAL INSTRUMENTS

### a) Financial instruments

The carrying amounts of financial instruments in accordance with measurement categories consist of:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Derivative financial instruments	(1,325.6)	(794.7)
Financial receivables	562,285.9	502,283.5
Securities <sup>1)</sup>	4,540.4	74,507.6
Financial liabilities	365,096.9	393,843.8

<sup>1)</sup> available-for-sale

The income and expenses presented in the Group's income statement in accordance with measurement categories are as follows:

(in thousands of EUR)	Year ended Dec. 31, 2007		Year ended Dec. 31, 2006	
	Profit / loss	Interest	Profit / loss	Interest
Derivative financial instruments	164.9		150.7	
Financial receivables <sup>1)</sup>	629.0	12,946.9	(46.4)	7,565.1
Available-for-sale financial assets <sup>2)</sup>	(52.4)	1,539.3	(14.2)	2,403.1
Financial liabilities		(10,277.3)		(7,876.9)

<sup>1)</sup> including allowances for receivables

<sup>2)</sup> available-for-sale

### b) Derivative financial instruments

Derivative financial instruments are valued at the amounts by which the respective contracts could be settled. The fair value of foreign exchange forward contracts is based on the spot foreign currency rates as of the balance sheet date, adjusted for time-related charges or discounts for the respective remaining term of the contract and compared with the contracted forward rate. Interest rate swap agreements are valued at fair values which are estimated by discounting the anticipated future cash flows.

#### Foreign exchange forward contracts

Foreign exchange forward contracts are principally used to protect the Group against exchange rate changes of the British Pound, the US Dollar and the Swiss Franc. The changes in fair values of these derivatives are recognized in "Foreign currency exchange rate gains (losses) - net" (see Note 7).

### Interest rate swaps

The Group has interest rate swap agreements in order to convert fixed rate liabilities into floating rate liabilities. The change in fair value of the liabilities designated as hedged item is effectively offset by the related derivatives, having no net effect on the Group's net profit.

### Overview

The following table shows the market values and the nominal values of the derivatives as of the balance sheet dates:

(in thousands of EUR)	Dec. 31, 2007		Dec. 31, 2006	
	Nominal value	Market value	Nominal value	Market value
Foreign exchange forward contracts	41,648.0	362.5	42,127.9	73.7
Interest rate swaps	90,090.0	(1,688.1)	104,490.0	(868.4)
<b>Total</b>	<b>131,738.0</b>	<b>(1,325.6)</b>	<b>146,617.9</b>	<b>(794.7)</b>

The derivative financial instruments are recorded in the consolidated balance sheet under "Pre-paid expenses and other current assets" in the amount of thous. EUR 626.3 (2006: thous. EUR 552.9), as well as under "Deferred income and other current liabilities" in the amount of thous. EUR 1,951.9 (2006: thous. EUR 1,347.6).

## (12) INVENTORIES

(in thousands of EUR)	<b>Dec. 31, 2007</b>	Dec. 31, 2006
Raw materials, manufacturing and operating supplies	129,686.1	101,601.5
Work in process	17,865.8	15,758.3
Finished goods and goods for resale	122,324.3	99,800.1
<b>Total</b>	<b>269,876.2</b>	<b>217,159.9</b>
Allowance	(17,142.7)	(14,733.4)
<b>Inventories - net</b>	<b>252,733.5</b>	<b>202,426.5</b>

In 2007, write-down of inventories recognized as an expense amounted to thous. EUR 4,683.4 (2006: thous. EUR 3,151.7). The reversal of write-down of inventories recognized as income amounted to thous. EUR 102.4 (2006: thous EUR 1,346.4). The carrying amount of inventories carried at fair value less cost to sell amounted to thous. EUR 16,968.2 (2006: thous. EUR 23,210.6).

A breakdown of cost of materials and purchased services is as follows:

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Cost of materials	956,963.8	791,884.9
Cost of purchased services	19,865.2	15,856.4
<b>Total</b>	<b>976,829.0</b>	<b>807,741.3</b>

### (13) TRADE RECEIVABLES

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Trade receivables	205,807.1	202,208.4
Allowance	(1,926.5)	(2,535.3)
<b>Trade receivables - net</b>	<b>203,880.6</b>	<b>199,673.1</b>

At December 31, 2007, trade receivables in the amount of thous. EUR 2,440.4 (December 31, 2006: thous. EUR 3,991.5) were overdue more than 60 days, thereof thous. EUR 1,725.6 (December 31, 2006: thous. EUR 2,526.8) have been impaired.

Allowances for trade receivables developed as follows:

(in thousands of EUR)	2007	2006
<b>Allowances at the beginning of the year</b>	<b>2,535.3</b>	<b>1,920.3</b>
Effect of exchange rate changes	(24.5)	4.4
Changes in consolidated companies	44.7	564.2
Utilization	(1,032.4)	(309.8)
Reversal	(244.9)	(901.1)
Increase	648.3	1,257.3
<b>Allowances at the end of the year</b>	<b>1,926.5</b>	<b>2,535.3</b>

### (14) PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets are as follows:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Value-added tax receivables	15,364.9	15,908.5
Other tax receivables	6,616.1	4,874.3
Other receivables and other assets	7,021.2	8,942.2
Other receivables from affiliated companies	187.7	278.1
Prepaid expenses	4,874.3	4,872.0
Assets available for sale <sup>1)</sup>	3,807.0	0.0
<b>Prepaid expenses and other current assets</b>	<b>37,871.2</b>	<b>34,875.1</b>

<sup>1)</sup> see Note 23



**(15) EQUITY****a) Share capital / treasury shares**

The share capital of the Company amounts to thous. EUR 88,000.0 and comprises 22 million approved and issued no-par value shares.

By resolution of the 13<sup>th</sup> Ordinary Shareholders' Meeting of Mayr-Melnhof Karton AG, the share capital of the Company increased from thous. EUR 87,240.0 to thous. EUR 96,000.0 with the respective entry into the company register at the commercial court in Vienna, as of June 15, 2007, via conversion of a respective amount of the appropriate additional paid-in capital without issuing new shares and to carry out a two-for-one share split. Thereby, the number of no-par bearer shares doubled to 24 million.

Furthermore, a simplified reduction of the Company's share capital by cancellation of 2 million treasury shares relating to EUR 8 million or 8.33 % of the share capital become effective as of August 30, 2007.

From 2000 to 2006, the shareholders approved several plans to repurchase up to 10 % of the Group's share capital. These repurchase programs were terminated according to schedule.

On April 25, 2007, a new share repurchase program was approved by the shareholders, lasting from November 27, 2007 up to and including October 25, 2008, at the latest. In 2007 the Company repurchased 28,629 treasury shares for the amount of thous. EUR 2,381.8 and in 2006 21,000 (adjusted to the number of shares after the two-for-one share split) treasury shares for the amount of thous. EUR 1,376.5 respectively including fees.

At December 31, 2007, the details of the Group's treasury stock are as follows:

<b>Number of shares acquired</b>	<b>Share of share capital (in thousands of EUR)</b>	<b>Share of share capital (in %)</b>
1,325	5.3	0.006 %

Treasury shares are accounted for under the cost method and reported as a deduction from total equity (see "Consolidated Statements of Changes" in Equity).

## b) Dividend

Under Austrian Corporate Law the amount of dividends available for distribution to shareholders is based upon the unappropriated retained earnings of Mayr-Melnhof Karton AG, determined in accordance with the Austrian Companies Code. At December 31, 2007, the distributable unappropriated retained earnings amounted to thous. EUR 61,918.6 (December 31, 2006: thous. EUR 47,331.4).

(in thousands of EUR)	2007	2006
<b>Unappropriated retained earnings at Jan. 1</b>	<b>47,331.4</b>	<b>38,086.1</b>
Net profit of the Company for the year ended Dec. 31	61,918.6	47,331.4
Changes in reserves	(16,504.0)	(9,423.3)
Dividend paid	(30,827.4)	(28,662.8)
<b>Unappropriated retained earnings at Dec. 31</b>	<b>61,918.6</b>	<b>47,331.4</b>

For the year ended December 31, 2007, the Management Board of the Company has proposed a dividend of EUR 1.70 (December 31, 2006: EUR 1.40 – adapted to number of shares after split 1:2) per voting share, currently amounting to thous. EUR 37,397.7 (December 31, 2006: thous. EUR 30,838.2).

## c) Profit and loss directly recognized in equity, net of tax

A summary of components of profit and loss directly recognized in equity for the years ended December 31, 2007 and 2006, includes the following tax components:

(in thousands of EUR)	Year ended Dec. 31, 2007			Year ended Dec. 31, 2006		
	Pretax	Income Tax	Net	Pretax	Income Tax	Net
Available-for-sale financial assets	(860.7)	221.4	(639.3)	(920.7)	227.9	(692.8)
Derivatives	0.0	0.0	0.0	83.8	(20.9)	62.9
Foreign currency translation	(3,050.4)	0.0	(3,050.4)	(3,713.8)	0.0	(3,713.8)
<b>Total</b>	<b>(3,911.1)</b>	<b>221.4</b>	<b>(3,689.7)</b>	<b>(4,550.7)</b>	<b>207.0</b>	<b>(4,343.7)</b>

## (16) FINANCIAL LIABILITIES

### a) Interest-bearing financial liabilities

At December 31, 2007, the Group had current interest-bearing credit lines available in the amount of thous. EUR 38,199.5 (December 31, 2006: thous. EUR 43,977.2) of which thous. EUR 17,639.2 (December 31, 2006: thous. EUR 12,482.7) were outstanding as of the balance sheet date. At December 31, 2007, the weighted average interest rate of these current credit lines was 6.650 % (December 31, 2006: 6.136 %). These credit line facilities are subject to normal banking terms and conditions.

At December 31, 2007 and December 31, 2006, non-current interest-bearing financial liabilities exclusively comprise bank liabilities, except for a loan by a minority shareholder in the amount of thous. EUR 1,927.0. A summary of these non-current financial liabilities at current interest rates is as follows:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
4.950 % EUR bank loan due 2008	29,700.0	29,700.0
6.268 % EUR bank loan due 2011	24,000.1	19,890.8
3.880 % EUR bank loan due 2009	22,173.7	22,219.0
3.400 % EUR bank loan due 2011	17,797.0	17,982.6
4.010 % EUR bank loan due 2010	13,576.6	13,610.0
5.070 % EUR bank loan due 2008	9,080.0	1,410.0
3.300 % EUR bank loan due 2011	7,021.7	7,177.0
4.070 % EUR bank loan due 2009	6,857.8	6,827.7
3.290 % EUR bank loan due 2011	6,709.9	6,789.5
2.750 % EUR bank loan due 2009	5,530.0	5,530.0
5.025 % EUR bank loan due 2008	5,450.5	5,450.5
5.070 % EUR bank loan due 2011	3,290.0	3,290.0
4.260 % EUR bank loan due 2009	3,079.6	3,075.6
4.425 % EUR bank loan due 2008	2,900.0	2,900.0
6.500 % RUB loan due 2009	1,927.0	0.0
5.475 % EUR bank loan due 2009	1,428.6	2,142.9
7.500 % JOD bank loan due 2011	1,358.2	0.0
Other	1,440.4	54,051.1
<b>Non-current financial liabilities</b>	<b>163,321.1</b>	<b>202,046.7</b>

At December 31, 2007, the weighted average interest rate for these non-current financial liabilities was 4.536 % (December 31, 2006: 3.204 %).

Aggregate amounts of current and non-current interest-bearing financial liabilities maturing in each of the next five years and thereafter, beginning from the balance sheet dates December 31, 2007 and December 31, 2006, are as follows:

(in thousands of EUR)	Dec. 31, 2007		
	Interest-bearing financial liabilities		
	Current	Non-current	Total
Maturity:			
2008	17,639.2	48,992.0	66,631.2
2009		43,693.8	43,693.8
2010		19,061.7	19,061.7
2011		45,554.9	45,554.9
2012		6,001.2	6,001.2
Thereafter		17.5	17.5
<b>Total</b>	<b>17,639.2</b>	<b>163,321.1</b>	<b>180,960.3</b>

(in thousands of EUR)	Dec. 31, 2006		
	Interest-bearing financial liabilities		
	Current	Non-current	Total
Maturity:			
2007	12,482.7	86,345.3	98,828.0
2008		14,288.2	14,288.2
2009		45,695.2	45,695.2
2010		18,496.1	18,496.1
2011		37,203.2	37,203.2
Thereafter		18.7	18.7
<b>Total</b>	<b>12,482.7</b>	<b>202,046.7</b>	<b>214,529.4</b>

At December 31, 2007, the Group had current revolving bank liabilities available amounting to thous. EUR 38,050.5 (December 31, 2006: thous. EUR 38,050.5), which are included in the non-current interest-bearing financial liabilities under “Maturity 2008”. These liabilities were classified as non-current liabilities as the Group has the intent and ability to refinance these obligations on a non-current basis.

At December 31, 2007, thous. EUR 0.0 of the interest bearing financial liabilities were secured by Group assets (December 31, 2006: thous. EUR 758.1).

At December 31, 2007, the Group had unused mainly non-current financing arrangements available in the amount of thous. EUR 50,000.0 (December 31, 2006: thous. EUR 120,000.0).

## b) Financial lease liabilities

The Group is lessee of property, plant and equipment. At the balance sheet dates, the future minimum lease payments under non-redeemable lease obligations are as follows:

(in thousands of EUR)	Dec. 31, 2007	
	Financial leases	Operating leases <sup>1)</sup>
Lease payments with interest, due in the following years ending December 31:		
2008	1,579.9	8,826.4
2009	0.0	8,438.0
2010	0.0	7,795.4
2011	0.0	7,282.7
2012	0.0	6,974.3
Thereafter	0.0	18,389.6
<b>Total minimum lease payments</b>	<b>1,579.9</b>	<b>57,706.4</b>
Less amount representing interest	39.9	
<b>Present value of minimum lease payments</b>	<b>1,540.0</b>	
Less current maturities of financial lease liabilities	1,540.0	
<b>Non-current financial lease liabilities</b>	<b>0.0</b>	

<sup>1)</sup> including rental payments

(in thousands of EUR)	Dec. 31, 2006	
	Financial leases	Operating leases <sup>1)</sup>
Lease payments with interest, due in the following years ending December 31:		
2007	714.3	7,714.8
2008	131.4	7,051.2
2009	1,619.3	6,578.1
2010	85.4	6,552.5
2011	85.4	5,632.2
Thereafter	64.7	16,591.8
<b>Total minimum lease payments</b>	<b>2,700.5</b>	<b>50,120.6</b>
Less amount representing interest	190.0	
<b>Present value of minimum lease payments</b>	<b>2,510.5</b>	
Less current maturities of financial lease liabilities	685.0	
<b>Non-current financial lease liabilities</b>	<b>1,825.5</b>	

<sup>1)</sup> including rental payments

The following assets held under financial lease agreements are recorded in the consolidated balance sheets of the Group at December 31, 2007 and 2006:

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Buildings	1,533.9	1,533.9
Technical equipment and machines	0.0	20,987.7
Other equipment, fixtures and fittings	0.0	122.8
<b>Total</b>	<b>1,533.9</b>	<b>22,644.4</b>
Accumulated depreciation	(207.6)	(19,660.3)
<b>Net book value</b>	<b>1,326.3</b>	<b>2,984.1</b>

Expenses relating to operating lease agreements amounted to thous. EUR 10,161.5 and thous. EUR 8,194.2 for the years ended December 31, 2007 and 2006, respectively.

## (17) PROVISIONS FOR OTHER NON-CURRENT LIABILITIES AND CHARGES

### a) Development of provisions for other non-current liabilities and charges

In 2007, the provisions for other non-current liabilities and charges have developed as follows:

(in thousands of EUR)	Pensions	Severance	Anniversary bonuses	Pre-retirement programs	Other	Total
<b>Balance at Jan. 1, 2007</b>	<b>51,816.1</b>	<b>16,249.7</b>	<b>6,663.2</b>	<b>5,982.3</b>	<b>1,588.8</b>	<b>82,300.1</b>
Effect of exchange rate changes	(137.1)	8.2	(3.6)	0.0	(9.3)	(141.8)
Changes in consolidated companies	0.0	0.0	54.0	416.7	49.4	520.1
Utilization	(5,211.6)	(1,512.7)	(353.6)	(1,243.3)	(599.5)	(8,920.7)
Reversal	(1,474.6)	(249.6)	(47.0)	(318.4)	(128.5)	(2,218.1)
Increase	5,504.3	2,367.7	645.8	1,046.6	739.4	10,303.8
Reclassifications	(0.0)	(484.7)	(105.4)	(80.6)	0.0	(670.7)
<b>Balance at Dec. 31, 2007</b>	<b>50,497.1</b>	<b>16,378.6</b>	<b>6,853.4</b>	<b>5,803.3</b>	<b>1,640.3</b>	<b>81,172.7</b>

In particular, other provisions include provisions for benefits due to the termination of employment, of which provisions amounting to thous. EUR 620.1 are payable on a short-term basis.

### b) Provisions for pensions and severance payments

The majority of the Group's employees is covered by government-sponsored pension and welfare programs whereas the Group makes periodic payments to various government agencies, which are expensed as incurred. In addition, the Group provides to certain employees additional retirement benefits through the sponsorship of defined contribution and defined benefit plans. The benefits provided by the Group depend on the legal, fiscal and economical circumstances of each particular country and are primarily based on the length of service and the employee's compensation. Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions are made, the Group does not incur any further payment obligations towards the employees. These periodical contribution payments are recognized as part of the annual pension costs and amounted to thous. EUR 2,141.8 in 2007 (2006: thous. EUR 1,787.7). Furthermore, in some countries the Group is obligated to make severance payments upon retirement and partly also in case of termination due to legal or contractual regulations. These obligations are dependent on the length of service and the compensation of the employee. The Austrian severance obligations, which are based on the legal regulations in effect until 2003, are included in these liabilities as well.

Defined benefit pension and other benefit plans are assessed and recognized according to the internationally common projected unit credit method by applying IAS 19. Under this method, the actuarial calculation of the future obligations is based on the proportionate obligations as of the balance sheet date. Actuarial gains and losses, which result from changes in the number of plan participants and from differences between actual trends and estimates that are the basis for calculation, are recognized in profit or loss using the corridor method in accordance with IAS 19. Thus, actuarial gains and losses are recognized as income or expense over the expected remaining working life of the employee only if the amount exceeds either 10 % of the defined benefit obligation or 10 % of the plan assets as of the valuation date.

The calculation of pension and other benefit obligations is based on the following actuarial assumptions:

(in %)	Dec. 31, 2007		Dec. 31, 2006	
	Pensions	Severance	Pensions	Severance
Discount rate	4.6 %	5.0 %	4.1 %	4.5 %
Expected return on plan assets	4.7 %	-	4.3 %	-
Rate of compensation increase	1.7 %	2.5 %	1.7 %	2.5 %

Assumptions regarding the expected rate of return are based upon both actually realized non-current portfolio returns and forecasts on the development of all categories of securities included in these portfolios.

The components of net periodic benefit costs are as follows:

(in thousands of EUR)	Year ended Dec. 31, 2007		Year ended Dec. 31, 2006	
	Pensions	Severance	Pensions	Severance
Service cost	2,437.1	1,138.0	2,399.0	1,217.6
Interest cost	7,244.6	870.6	7,367.0	848.6
Expected return on plan assets	(5,925.1)	0.0	(5,107.8)	0.0
Actuarial gains and losses - net	1,113.2	95.0	739.4	116.7
Effects due to plan changes	(1,412.2)	16.4	(916.9)	114.4
Effects due to the application of IAS 19.58	572.3	0.0	1,314.7	0.0
<b>Net periodic benefit cost</b>	<b>4,029.9</b>	<b>2,120.0</b>	<b>5,795.4</b>	<b>2,297.3</b>

The defined benefit obligation and plan assets have developed as follows:

(in thousands of EUR)	2007		2006	
	Pensions	Severance	Pensions	Severance
<b>Defined benefit obligation at beginning of year</b>	<b>185,016.5</b>	<b>19,865.6</b>	<b>193,061.1</b>	<b>20,196.3</b>
Service cost	2,437.1	1,138.0	2,399.0	1,217.6
Interest cost	7,244.6	870.6	7,367.0	848.6
Plan participants contributions	946.4	0.0	1,135.0	0.0
Actuarial gains and losses - net	(9,265.3)	(1,157.3)	(7,576.6)	(423.5)
Effect of exchange rate changes	(4,236.6)	6.7	(1,375.4)	8.1
Benefit payments	(8,306.8)	(1,512.7)	(8,009.5)	(2,139.3)
Transfers	(743.7)	0.0	(890.1)	0.0
Effects due to plan changes	(1,412.2)	(525.1)	(1,094.0)	157.8
<b>Defined benefit obligation at end of year</b>	<b>171,680.0</b>	<b>18,685.8</b>	<b>185,016.5</b>	<b>19,865.6</b>

(in thousands of EUR)	2007		2006	
	Pensions	Severance	Pensions	Severance
<b>Fair value of plan assets at beginning of year</b>	<b>141,064.1</b>	<b>0.0</b>	<b>142,099.0</b>	<b>0.0</b>
Expected return on plan assets	5,925.1	0.0	5,107.8	0.0
Actuarial gains and losses - net	(4,942.6)	0.0	(1,387.3)	0.0
Effect of exchange rate changes	(4,373.8)	0.0	(2,110.4)	0.0
Employer contributions	2,764.0	0.0	2,621.6	0.0
Plan participants contributions	946.4	0.0	1,135.0	0.0
Benefit payments	(5,858.7)	0.0	(5,511.5)	0.0
Transfers	(743.7)	0.0	(890.1)	0.0
Effects due to plan changes	0.0	0.0	0.0	0.0
<b>Fair value of plan assets at end of year</b>	<b>134,780.8</b>	<b>0.0</b>	<b>141,064.1</b>	<b>0.0</b>

The Group's defined pension benefit plans in the United Kingdom, Switzerland and the Netherlands are funded. At December 31, 2007, the respective plan assets were invested in different portfolios. These consisted of debt securities, equity securities, real estate and money market investments. The actual return on plan assets amounted to thous. EUR 982.6 in 2007 (2006: thous. EUR 3,573.5).

The structure of plan assets as at the balance sheet dates December 31, 2007 and December 31, 2006, is as follows:

(in %)	Dec. 31, 2007	Dec. 31, 2006
Equity securities	14.0 %	22.0 %
Debt securities	44.0 %	55.0 %
Real estate	14.0 %	15.0 %
Money market investments / bank deposits	18.0 %	2.0 %
Other	10.0 %	6.0 %



The employers' contributions to plan assets for the year 2008 are expected in the amount of thous. EUR 2,821.8.

The net liability from pension and severance obligations, and the reconciliation to the net liability recognized are as follows:

(in thousands of EUR)	Dec. 31, 2007		Dec. 31, 2006	
	Pensions	Severance	Pensions	Severance
<b>Defined benefit obligation</b>	<b>171,680.0</b>	<b>18,685.8</b>	<b>185,016.5</b>	<b>19,865.6</b>
Thereof obligations not covered by funds	26,565.8	18,685.8	28,884.2	19,865.6
Thereof obligations covered by funds	145,114.2	0.0	156,132.3	0.0
<b>Fair value of plan assets</b>	<b>134,780.8</b>	<b>0.0</b>	<b>141,064.1</b>	<b>0.0</b>
<b>Net liability</b>	<b>36,899.2</b>	<b>18,685.8</b>	<b>43,952.4</b>	<b>19,865.6</b>
Unrecognized actuarial gains and losses - net	(4,742.9)	(2,183.4)	(10,437.3)	(3,497.7)
Unrecognized effects due to plan changes	0.0	(123.8)	0.0	(118.2)
Not recognized as asset according to IAS 19.58	18,340.8	0.0	18,301.0	0.0
<b>Net liability recognized</b>	<b>50,497.1</b>	<b>16,378.6</b>	<b>51,816.1</b>	<b>16,249.7</b>
Thereof provisions for other long-term liabilities and charges	50,497.1	16,378.6	51,816.1	16,249.7

In the years 2005 to 2007, defined benefit obligations, fair value of plan assets, net liability and actuarial gains and losses, based upon deviations between the underlying assumptions and actual trends, are as follows:

(in thousands of EUR)	2007		2006		2005	
	Pensions	Severance	Pensions	Severance	Pensions	Severance
Defined benefit obligation	171,680.0	18,685.8	185,016.5	19,865.6	193,061.1	20,196.3
Deviation in defined benefit obligation <sup>1)</sup>	(18.3)	22.5	2,712.1	(55.5)	(855.2)	(826.3)
Fair value of plan assets	134,780.8	0.0	141,064.1	0.0	142,099.0	0.0
Deviation in fair value of plan assets <sup>1)</sup>	(4,866.2)	0.0	(1,415.6)	0.0	4,903.6	0.0
Net liability	36,899.2	18,685.8	43,952.4	19,865.6	50,962.1	20,196.3

<sup>1)</sup> Gain/(Loss)

### c) Share-based payment

In line with a long-term compensation agreement with the members of the Management Board of Mayr-Melnhof Karton AG a fixed bonus will be granted at the end of the respective period in office, provided the Board mandates remain valid till then, and the market value of the Mayr-Melnhof Karton AG shares at the Vienna stock exchange, exceeds EUR 85.00 per share for consecutive 60 trading days over a monitoring period, which contains the years 2008 and 2009.

According to IFRS 2, such share-based payments have to be valued at fair value at each balance sheet date. This fair value was calculated by an actuarial expert according to an applicable valuation method, whereas the risk-free interest rate was specified at 4.03 % p.a., the volatility at 46.6 % p.a. and the expected fluctuation with 0 %.

The calculated fair value will be allocated pro rata temporis over the vesting period at the balance sheet date. The long-term provision at the balance sheet date amounts to thous. EUR 391.5. A corresponding amount was recognized under personnel expenses.

### (18) LIABILITIES AND PROVISIONS FOR INCOME TAXES

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Provisions for income taxes	2,923.2	18,521.5
Income tax liabilities	1,276.7	3,898.0
<b>Liabilities and provisions for income taxes</b>	<b>4,199.9</b>	<b>22,419.5</b>

### (19) TRADE LIABILITIES

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Advances from customers	1,685.1	1,376.9
Trade liabilities	156,100.2	156,995.9
Trade liabilities from affiliated companies	45.8	59.2
<b>Trade liabilities</b>	<b>157,831.1</b>	<b>158,432.0</b>

### (20) DEFERRED INCOME AND OTHER CURRENT LIABILITIES

(in thousands of EUR)	Dec. 31, 2007	Dec. 31, 2006
Obligations for personnel and social costs	11,676.8	11,313.9
Other tax liabilities	8,417.2	7,024.7
Deferred income	3,213.1	3,710.5
Liabilities related to assets available for sale <sup>1)</sup>	2,090.5	0.0
Other liabilities	28,402.5	21,096.4
<b>Deferred income and other current liabilities</b>	<b>53,800.1</b>	<b>43,145.5</b>

<sup>1)</sup> see Note 23

**(21) PROVISIONS FOR OTHER CURRENT LIABILITIES AND CHARGES**

In 2007, the provisions for other current liabilities and charges have developed as follows:

(in thousands of EUR)	Personnel	Procurement	Customer rebates and bonuses	Sales	Other	Total
<b>Balance at Jan. 1, 2007</b>	<b>27,379.6</b>	<b>18,106.4</b>	<b>11,465.7</b>	<b>4,122.3</b>	<b>14,255.2</b>	<b>75,329.2</b>
Effect of exchange rate changes	(184.1)	(54.8)	(54.6)	(6.2)	(77.5)	(377.2)
Changes in consolidated companies	185.8	30.1	0.0	0.0	175.0	390.9
Utilization	(20,040.7)	(16,887.6)	(9,443.1)	(2,682.6)	(3,102.4)	(52,156.4)
Reversal	(825.0)	(641.0)	(900.0)	(266.2)	(2,205.4)	(4,837.6)
Increase	24,484.1	20,314.7	9,317.4	2,698.7	5,823.0	62,637.9
Reclassifications	(263.0)	(19.0)	13.3	0.0	(601.1)	(869.8)
<b>Balance at Dec. 31, 2007</b>	<b>30,736.7</b>	<b>20,848.8</b>	<b>10,398.7</b>	<b>3,866.0</b>	<b>14,266.8</b>	<b>80,117.0</b>

In particular, provisions for personnel comprise pay-roll obligations, social security charges, premiums and bonuses as well as provisions for unused vacations.

Provisions for procurement are related to obligations for the delivery of products or services, already supplied or rendered, but not yet invoiced.

Provisions for premiums and bonuses to customers include premium and bonus claims of customers calculated on the basis of the underlying customer arrangements.

Sales-related provisions concern product guarantee agreements and warranty costs, re-consignments, losses from uncompleted contracts and provisions related to sales staff commissions.

Other provisions primarily contain provisions for litigation, legal advice, audit and consulting as well as obligations for other taxes and environmental matters.

## **(22) COMMITMENTS AND CONTINGENT LIABILITIES**

### Commitments from legal proceedings and similar claims

The Group is subject to various claims and legal proceedings that arise in the ordinary course of business. Based on all of the facts available to the Management, the Group believes that the ultimate resolution of these claims and legal proceedings will not likely have a material adverse effect on the financial position or the results of its operations, although no assurances can be given with respect to the outcome of such claims or litigation.

On May 25, 2004, the Austrian Federal Competition Authority conducted, on behalf of the German competition authorities, an investigation in Vienna regarding the purchase of recovered paper in Germany. There were no indications that Mayr-Melnhof violated any antitrust laws. The competition authorities do not provide any information regarding the actual status of proceedings.

### Commitments from environmental matters

The Group is also subject to various environmental legislations and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. The Group records an accrual for environmental matters when an expense is probable and can be reasonably estimated. Costs of assessment and remediation of environmental matters to be accrued are based on estimates by the Management. It is possible that the final assessment of some of these matters may require the Group to make expenditures in excess of the amounts currently provided. However, the Management believes that such additional amounts will not have a material effect on the Group's financial position or results of operations.

Expenses related to environmental matters were not material for the years ended December 31, 2007 and 2006.

### Commitments and contingent liabilities

Commitments and contingencies contain guarantees with contractual values amounting to thous. EUR 123.9 (December 31, 2006: thous. EUR 1,065.6).

At December 31, 2007, purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amount to approximately thous. EUR 32,689.3 (December 31, 2006: thous. EUR 29,027.4).

**(23) SUBSEQUENT EVENTS**

In February 2008, the division MM Karton sold its 100 % interest in Joh. Spiels & Co GmbH, located in Vienna, Austria. In the consolidated balance sheet as at December 31, 2007, all appropriate assets of Joh. Spiels & Co GmbH amounting to thous. EUR 3,807.0 and all liabilities amounting to thous. EUR 2,090.5, by applying IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, were reclassified at book values to the current positions “Pre-paid expenses and other current assets“ and “Deferred income and other current liabilities”.

The division MM Karton intends to sell the majority interest of 63.34 % in “Papyrus” Altpapierservice Handelsgesellschaft m.b.H., located in Vienna, Austria, as well as the indirectly held majority interest of 63.34 % in “Papyrus” Altpapierservice Handelsgesellschaft m.b.H., located in Villach, Austria and Papyrus Wertstoff Service GmbH, located in Bad Reichenhall, Germany, as well as the majority interest of 94.45 % in PAREK Papierverwertungs Gesellschaft m.b.H., located in Kapfenberg, Austria, depending on the disposition of the pre-emptive right by minority shareholders and the approval of the antitrust authority.

The companies concerned operate in the business of recovered paper collection.

## (24) SEGMENT REPORTING INFORMATION

The Group is primarily engaged in manufacturing and selling cartonboard, folding cartons and similar packaging products:

**MM Karton:** This division manufactures and markets numerous grades of cartonboard, concentrating particularly on coated cartonboard primarily from recycled fiber.

**MM Packaging:** This division converts cartonboard into printed folding cartons purchased by customers in a variety of industries including food and other consumer goods (e.g. cereals, dried foods, sugar, confectionary and baked goods, cosmetics and toiletries, detergents, domestic appliances, toys, cigarette packaging and also high-grade confectionary packaging).

The Group's management reporting and controlling systems are substantially the same as those described in the summary of significant accounting policies (see Note 1). The Group measures the performance of its operating segments through the assessment of "Operating profit".

Intersegment sales are carried out on an arm's length basis.

Revenues are allocated based on the shipment destination countries of finished goods, whereas long-lived assets are allocated according to the location of the respective units.

Capital expenditures represent the purchase of property, plant and equipment as well as the purchase of investment properties and intangible assets including goodwill.

The segment reporting information concerning the Group's operating segments can be illustrated as follows:

(in thousands of EUR)	2007			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	782,395.3	954,563.9	0.0	1,736,959.2
Intersegment sales	142,014.4	3,988.3	(146,002.7)	0.0
<b>Total sales</b>	<b>924,409.7</b>	<b>958,552.2</b>	<b>(146,002.7)</b>	<b>1,736,959.2</b>
Operating profit	72,550.2	96,868.0	0.0	169,418.2
Financial expenses	(3,594.7)	(7,294.9)	1,806.7	(9,082.9)
Financial income	13,292.4	3,048.4	(1,806.7)	14,534.1
Share of profit (loss) of associated companies	314.9	63.0	0.0	377.9
Profit before tax	80,082.3	90,781.6	0.0	170,863.9
Income tax expense	(21,361.3)	(32,928.6)	0.0	(54,289.9)
Profit for the year	58,721.0	57,853.0	0.0	116,574.0
Capital expenditures <sup>1)</sup>	38,086.3	57,661.2	0.0	95,747.5
Depreciation and amortization <sup>1)</sup>	(47,273.8)	(41,955.9)	0.0	(89,229.7)
Investments in associated companies	74.5	0.0	0.0	74.5
Segment assets <sup>2) 3)</sup>	881,269.4	668,633.6	(26,095.3)	1,523,807.7
Segment liabilities <sup>2) 3)</sup>	306,289.2	315,204.1	(26,095.3)	595,398.0
Employees per segment as of December 31 of the year	3,010	5,647		8,657

<sup>1)</sup> Capital expenditures in and depreciation / amortization of property, plant and equipment, investment property and intangible assets including goodwill (see Note 9)

<sup>2)</sup> Segment assets and liabilities do not include income tax receivables and liabilities.

<sup>3)</sup> This specification is determined by the allocation of consolidated total equity to the segments.

(in thousands of EUR)	2006			
	MM Karton	MM Packaging	Eliminations	Consolidated
Sales to external customers	692,506.3	819,985.8	0.0	1,512,492.1
Intersegment sales	116,279.4	1,654.4	(117,933.8)	0.0
<b>Total sales</b>	<b>808,785.7</b>	<b>821,640.2</b>	<b>(117,933.8)</b>	<b>1,512,492.1</b>
Operating profit	65,027.2	93,591.5	0.0	158,618.7
Financial expenses	(3,921.9)	(4,920.9)	2,029.0	(6,813.8)
Financial income	9,480.6	2,516.6	(2,029.0)	9,968.2
Share of profit (loss) of associated companies	(871.3)	38.1	0.0	(833.2)
Profit before tax	70,111.6	89,108.7	0.0	159,220.3
Income tax expense	(22,857.7)	(29,072.7)	0.0	(51,930.4)
Profit for the year	47,253.9	60,036.0	0.0	107,289.9
Capital expenditures <sup>1)</sup>	38,909.1	72,218.9	0.0	111,128.0
Depreciation and amortization <sup>1)</sup>	(47,335.7)	(34,350.1)	0.0	(81,685.8)
Investments in associated companies	187.9	0.0	0.0	187.9
Segment assets <sup>2) 3)</sup>	850,436.3	655,438.7	(26,034.4)	1,479,840.6
Segment liabilities <sup>2) 3)</sup>	314,586.7	333,536.2	(26,034.4)	622,088.5
Employees per segment as of December 31 of the year	2,848	5,121		7,969

<sup>1)</sup> Capital expenditures in and depreciation / amortization of property, plant and equipment, investment property and intangible assets including goodwill (see Note 9)

<sup>2)</sup> Segment assets and liabilities do not include income tax receivables and liabilities.

<sup>3)</sup> This specification is determined by the allocation of consolidated total equity to the segments.

The following is a country-by-country breakdown of net sales based upon shipment destination and a summary of long-lived assets based upon location:

(in thousands of EUR)	2007			2006		
	Net sales	Non-current assets <sup>1)</sup>	Capital expenditures <sup>1)</sup>	Net sales	Non-current assets <sup>1)</sup>	Capital expenditures <sup>1)</sup>
Austria	105,538.2	92,382.6	15,823.6	85,933.2	97,814.4	13,499.5
Germany	449,416.7	242,028.5	30,322.7	431,846.9	232,585.4	43,301.1
United Kingdom	202,501.7	12,801.8	2,840.5	186,539.3	14,883.8	1,927.3
France	127,066.0	13,394.4	3,600.5	119,285.4	11,589.9	3,427.7
Other Western European countries	308,460.0	67,004.3	4,548.7	261,928.2	80,105.8	14,664.7
Eastern European countries	424,864.4	214,599.1	35,595.4	319,078.8	199,346.0	34,017.4
Asia	49,080.0	0.0	0.0	46,990.6	0.0	0.0
Other overseas	70,032.2	14,424.9	3,016.1	60,889.7	7,990.1	290.3
<b>Consolidated Total</b>	<b>1,736,959.2</b>	<b>656,635.6</b>	<b>95,747.5</b>	<b>1,512,492.1</b>	<b>644,315.4</b>	<b>111,128.0</b>

<sup>1)</sup> Non-current assets and capital expenditures are comprised of property, plant and equipment, and investment property, and intangible assets including goodwill (see Note 9).

## (25) DISCLOSURE ON TRANSACTIONS WITH RELATED PARTIES

In 2007 and 2006, no material business transactions were concluded between the Group and related parties. Transactions are carried out on an arm's length basis. The respective sales, receivables and liabilities are not of substantial importance.



**(26) SUPPLEMENTARY DISCLOSURES TO THE NOTES IN ACCORDANCE  
WITH REGULATION 245a OF THE AUSTRIAN COMPANIES CODE**

**a) Additional disclosures to the notes**

Additional disclosures related to the application of the costs of goods sold method  
A breakdown of personnel expenses is as follows:

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Gross wages	168,093.3	155,508.3
Gross salaries	96,005.7	88,890.8
Severance expense	3,641.2	3,122.5
Pension expense	5,414.4	7,308.5
Expenses for statutory social security, and payroll-related taxes and other contributions	53,857.0	51,372.7
Other welfare expenditures	5,254.3	4,452.4
<b>Total</b>	<b>332,265.9</b>	<b>310,655.2</b>

Other information

The average number of employees is as follows:

(Number of persons)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Factory workers	6,339	5,847
Office staff	1,943	1,780
<b>Total</b>	<b>8,282</b>	<b>7,627</b>

The remuneration of members of the Management Board is as follows:

(in thousands of EUR)	<b>Year ended Dec. 31, 2007</b>	Year ended Dec. 31, 2006
Base salary	1,173.7	1,359.0
Variable compensation	2,294.8	1,887.5
<b>Total</b>	<b>3,468.5</b>	<b>3,246.5</b>

The remuneration of members of the Supervisory Board for the financial year 2007 amounted to thous. EUR 146.3 (2006: thous. EUR 146.8).

Concerning the remuneration of former members of the Management and Supervisory Boards, the clause of non-publishing these remunerations by referring to the regulations of 241 paragraph 4 in conjunction with 266 figure 7 last sentence of the Austrian Companies Code has been applied.

**b) Table of affiliated and associated companies**

Company name	Registered office	Country	Primary activities	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
Mayr-Melnhof Karton Aktiengesellschaft	Vienna	AUT	Holding / Consulting	EUR	88,000	-	FC <sup>1)</sup>
<b>MM KARTON</b>							
Baiersbronn Frischfaser Karton GmbH	Baiersbronn	DEU	Cartonboard production	EUR	2,050	100.00 %	FC <sup>1)</sup>
CartPrint Insurance AG	Vaduz	LIE	Insurance company	EUR	3,000	100.00 %	FC <sup>1)</sup>
Colthrop Board Mill Limited	London	GBR	Owning company	GBP	7,000	100.00 %	FC <sup>1)</sup>
CP (CartPrint) International Trading AG	Stettlen	CHE	Sourcing	CHF	50	100.00 %	FC <sup>1)</sup>
FS-Karton GmbH	Baiersbronn	DEU	Cartonboard production	EUR	51,641	100.00 %	FC <sup>1)</sup>
Hermann Schött GmbH Offsetdruckerei	Baiersbronn	DEU	Owning company	EUR	2,733	100.00 %	FC <sup>1)</sup>
Industriewater Eerbeek B.V.	Eerbeek	NLD	Waste water purification	EUR	143	37.50 %	EC <sup>2)</sup>
Karton Deisswil AG	Stettlen	CHE	Cartonboard production	CHF	6,000	100.00 %	FC <sup>1)</sup>
Kolicevo Karton Proizvodnja kartona, d.o.o.	Domzale	SVN	Cartonboard production	SIT	3,074,067	100.00 %	FC <sup>1)</sup>
Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H.	Reichenau an der Rax	AUT	Railway transport	ATS	2,500	100.00 %	NC <sup>3)</sup>
Management Transport & Logistik GmbH	Frohnleiten	AUT	Logistics company	EUR	37	70.00 %	FC <sup>1)</sup>
Mayr-Melnhof Cartonboard International GmbH	Vienna	AUT	Holding company	EUR	450	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Eerbeek B.V.	Eerbeek	NLD	Cartonboard production	EUR	7,300	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Gernsbach GmbH	Gernsbach	DEU	Cartonboard production	EUR	9,205	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Holdings N.V.	Eerbeek	NLD	Holding / Consulting	EUR	67,254	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Karton Gesellschaft m.b.H.	Frohnleiten	AUT	Cartonboard production	ATS	100,000	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Nikopol A.D.	Nikopol	BGR	Cartonboard production	BGN	7,302	99.98 %	FC <sup>1)</sup>
MM Holding UK Limited	London	GBR	Holding company	GBP	5,170	100.00 %	FC <sup>1)</sup>
Stort Doonweg B.V.	Eerbeek	NLD	Waste dumping	EUR	18	50.00 %	NC <sup>3)</sup>
<b>Recoverd paper companies of MM Karton</b>							
Joh. Spiëhs & Co GmbH	Vienna	AUT	Recovered paper collection	EUR	35	100.00 %	FC <sup>1)</sup>
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Villach	AUT	Recovered paper collection	ATS	1,500	63.34 %	FC <sup>1)</sup>
"Papyrus" Altpapierservice Handelsgesellschaft m.b.H.	Vienna	AUT	Recovered paper collection	EUR	229	63.34 %	FC <sup>1)</sup>
Papyrus Wertstoff Service GmbH	Bad Reichenhall	DEU	Recovered paper collection	DEM	50	63.34 %	FC <sup>1)</sup>
PAREK Papierverwertungs Gesellschaft m.b.H.	Kapfenberg	AUT	Recovered paper collection	EUR	84	94.45 %	FC <sup>1)</sup>
W Ü R O Verwaltungsgesellschaft mit beschränkter Haftung	Würzburg	DEU	General partner	DEM	51	66.67 %	FC <sup>1)</sup>
WÜRO Papierverwertung GmbH & Co KG <sup>4)</sup>	Würzburg	DEU	Recovered paper collection	DEM	420	66.67 %	FC <sup>1)</sup>

Company name	Registered office	Country	Primary activities	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
<b>Trading companies &amp; sales offices of MM Karton</b>							
Austria Carton, S.A.	Barcelona	ESP	Sales office	EUR	60	75.00 %	FC <sup>1)</sup>
Keminer Remmers Spiehs Kartonhandels GmbH	Gernsbach	DEU	Cartonboard trading	DEM	2,500	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Belgium N.V.	Zaventem	BEL	Sales office	EUR	62	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof France SARL	Paris	FRA	Sales office	EUR	8	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Italia SRL	Milano	ITA	Sales office	EUR	51	75.00 %	FC <sup>1)</sup>
Mayr-Melnhof Karton Polska Sp. z o.o.	Poznan	POL	Sales office	PLN	50	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Mediterra SARL	Tunis	TUN	Sales office	TND	80	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Nederland B.V.	Amstelveen	NLD	Sales office	EUR	91	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof UK Limited	London	GBR	Sales office	GBP	100	100.00 %	FC <sup>1)</sup>
MM Karton Bulgaria EOOD	Sofia	BGR	Sales office	BGN	5	100.00 %	FC <sup>1)</sup>
MM Karton Praha s.r.o.	Prague	CZE	Sales office	CZK	820	100.00 %	FC <sup>1)</sup>
MM Karton Russia LLC	Moscow	RUS	Sales office	RUB	14,290	100.00 %	FC <sup>1)</sup>
MM Kartonvertrieb GmbH	Neuss	DEU	Sales office	DEM	50	100.00 %	FC <sup>1)</sup>
MM Prodaja Kartona d.o.o.	Domzale	SVN	Sales office	EUR	30	75.00 %	NC <sup>3)</sup>
MM Scandinavia ApS	Copenhagen	DNK	Sales office	DKK	210	100.00 %	FC <sup>1)</sup>
MM-Karton Export GmbH	Vienna	AUT	Cartonboard trading	EUR	35	100.00 %	FC <sup>1)</sup>
Varsity Packaging Limited	London	GBR	Cartonboard trading	GBP	300	100.00 %	FC <sup>1)</sup>

<sup>1)</sup> FC...fully consolidated

<sup>2)</sup> EC...consolidated at equity

<sup>3)</sup> NC...non-consolidated

<sup>4)</sup> The present consolidated financial statements exempt from these general partnerships as stipulated in section 264b of the German Commercial Code.

Company name	Registered office	Country	Primary activities	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
<b>MM PACKAGING</b>							
Al-Ekbal Printing & Packaging Co.	Amman	JOR	Production of packaging	JOD	5,000	52.57 %	FC <sup>1)</sup>
C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH	Kaiserslautern	DEU	General partner	EUR	180	75.00 %	FC <sup>1)</sup>
C.P. Schmidt Verpackungs-Werk GmbH & Co. KG <sup>4)</sup>	Kaiserslautern	DEU	Production of packaging	EUR	4,000	75.00 %	FC <sup>1)</sup>
Ernst Schausberger & Co. Gesellschaft m.b.H.	Gunskirchen	AUT	Production of packaging	EUR	2,910	100.00 %	FC <sup>1)</sup>
Herakles LLC	St. Petersburg	RUS	Owning company	RUB	10,500	50.05 %	FC <sup>1)</sup>
Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi	Izmir	TUR	Production of packaging	TRY	24,613	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Gravure GmbH	Trier	DEU	Production of packaging	EUR	7,000	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging Austria GmbH	Vienna	AUT	Production of packaging	EUR	3,050	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging GmbH	Baiersbronn	DEU	Holding / Consulting	DEM	8,000	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging Holding S.A.R.L.	Seignelay	FRA	Holding company	EUR	9,245	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging Iberica SL	Valencia	ESP	Production of packaging	EUR	7,000	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging International GmbH	Vienna	AUT	Holding / Consulting	EUR	3,500	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging Romania S.R.L.	Ploiesti	ROU	Production of packaging	RON	5,504	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Packaging UK Limited	London	GBR	Production of packaging	GBP	9,700	100.00 %	FC <sup>1)</sup>
Mayr-Melnhof Tiefdruck GmbH	Frankfurt	DEU	Corporate shell	EUR	25	100.00 %	NC <sup>3)</sup>
MM Graphia Beteiligungs- und Verwaltungs GmbH	Baiersbronn	DEU	Holding / Consulting	EUR	5,538	100.00 %	FC <sup>1)</sup>
MM Graphia Bielefeld GmbH	Bielefeld	DEU	Production of packaging	EUR	526	100.00 %	FC <sup>1)</sup>
MM Graphia Dortmund GmbH	Dortmund	DEU	Production of packaging	EUR	100	100.00 %	FC <sup>1)</sup>
MM Graphia Innovaprint GmbH & Co. KG <sup>4)</sup>	Bielefeld	DEU	Production of packaging	EUR	500	100.00 %	FC <sup>1)</sup>
MM Graphia Trier GmbH	Trier	DEU	Production of packaging	EUR	3,500	100.00 %	FC <sup>1)</sup>
MM Innovaprint Verwaltungs GmbH	Bielefeld	DEU	Limited partner	DEM	50	100.00 %	FC <sup>1)</sup>
MM Packaging Behrens GmbH & Co KG <sup>4)</sup>	Alfeld (Leine)	DEU	Production of packaging	EUR	1,790	100.00 %	FC <sup>1)</sup>
MM Packaging Behrens Verwaltungs GmbH	Alfeld (Leine)	DEU	General partner	EUR	26	100.00 %	FC <sup>1)</sup>
MM Packaging Caesar GmbH & Co KG <sup>4)</sup>	Traben-Trarbach	DEU	Production of packaging	EUR	5,120	100.00 %	FC <sup>1)</sup>
MM Packaging Caesar Verwaltungs GmbH	Traben-Trarbach	DEU	General partner	EUR	26	100.00 %	FC <sup>1)</sup>
MM PACKAGING France S.A.S.	Monetaeu	FRA	Production of packaging	EUR	6,950	100.00 %	FC <sup>1)</sup>
MM Packaging Poligram Sp. z o.o.	Jozefow	POL	Production of packaging	PLN	18,700	100.00 %	FC <sup>1)</sup>
MM Packaging Schilling GmbH	Heilbronn	DEU	Production of packaging	EUR	2,500	100.00 %	FC <sup>1)</sup>
MM Packaging St. Petersburg LLC	St. Petersburg	RUS	Production of packaging	RUB	43,929	100.00 %	FC <sup>1)</sup>
MM Packaging Ukraine LLC	Cherkassy	UKR	Production of packaging	UAH	56,896	100.00 %	FC <sup>1)</sup>
MM Polygrafoformlenie Limited	Nicosia	CYP	Holding company	CYP	4	50.05 %	FC <sup>1)</sup>
MM Polygrafoformlenie Packaging LLC	St. Petersburg	RUS	Production of packaging	RUB	565,851	50.05 %	FC <sup>1)</sup>
Neupack Gesellschaft m.b.H.	Reichenau an der Rax	AUT	Production of packaging	ATS	25,000	100.00 %	FC <sup>1)</sup>
Neupack Polska Sp. z o.o.	Bydgoszcz	POL	Production of packaging	PLN	9,260	99.97 %	FC <sup>1)</sup>
PacProject GmbH	Hamburg	DEU	Development of packaging	EUR	26	75.77 %	FC <sup>1)</sup>
TEC MMP SARL	Sfax	TUN	Production of packaging	TND	21,400	51.00 %	FC <sup>1)</sup>
Ukrainisch-Deutsche geschlossene Aktiengesellschaft "Graphia Ukraina"	Cherkassy	UKR	Production of packaging	UAH	5,880	94.78 %	FC <sup>1)</sup>
VTV Verpackungstechnische Verfahren GmbH	Kaiserslautern	DEU	Development of packaging	EUR	200	75.00 %	FC <sup>1)</sup>

Company name	Registered office	Country	Primary activities	Currency	Nominal capital in thousand currency units	Shareholding in %	Type of consolidation
<b>OTHERS</b>							
"free com" internet-services GmbH	Vienna	AUT	IT services	EUR	35	36.00 %	FC <sup>1)</sup>
Syn-Group Unternehmensberatung GmbH	Vienna	AUT	Consulting	EUR	37	38.00 %	FC <sup>1)</sup>

<sup>1)</sup> FC...fully consolidated

<sup>2)</sup> EC...consolidated at equity

<sup>3)</sup> NC...non-consolidated

<sup>4)</sup> The present consolidated financial statements exempt from these general partnerships as stipulated in section 264b of the German Commercial Code.

During the financial year 2007, the Board Members were as follows:

Management board

Wilhelm HÖRMANSEDER, Purkersdorf (Chairman)

Andreas BLASCHKE, Perchtoldsdorf (Member of the Management Board)

Franz RAPPOLD, Laab im Walde (Member of the Management Board)

Supervisory board

Michael GRÖLLER, Vienna (Chairman)

Friedrich MAYR-MELNHOF, Grödig (Vice-Chairman)

Clemens GOESS-SAURAU, Frohnleiten (Vice-Chairman),  
passed away on January 10, 2008

Romuald BERTL, Graz (Vice-Chairman)

Johannes GOESS-SAURAU, Neumarkt / Raab

Gerhard GLINZERER, Vienna

Manfred GRUNDAUER, Frohnleiten (Staff Council Representative, MM Karton)

Hubert ESSER, Neuss (Staff Council Representative, MM Karton)

Gerhard NOVOTNY, Vienna (Staff Council Representative, MM Packaging)

Vienna, February 28, 2008

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

# Report of independent auditors

To the Management Board, the Supervisory Board and the shareholders of Mayr-Melnhof Karton AG, Vienna, Austria.

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mayr-Melnhof Karton AG, Vienna, for the financial year from January 1, 2007 to December 31, 2007. These consolidated financial statements comprise the balance sheet as at December 31, 2007, and the income statement, the statement of changes in equity and the cash flow statement for the year ended December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

## Management's responsibility for the consolidated financial statements

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

## Auditor's responsibility

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

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

#### Opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 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 as adopted by the EU.

#### Report on other legal and regulatory requirements

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

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

Vienna, February 28, 2008

**gmc-unitreu**

Wirtschaftsprüfungs- und Steuerberatungs GmbH

Christoph ZIMMEL

Johannes THEISS

Austrian Chartered Accountants



Lagebericht und Jahresabschluss  
der  
Mayr-Melnhof Karton AG

**Lagebericht gem. § 243 UGB der Mayr-Melnhof Karton Aktiengesellschaft  
über das Geschäftsjahr 1. Jänner 2007 bis 31. Dezember 2007**

Die Mayr-Melnhof Karton Aktiengesellschaft ist die geschäftsleitende Holdinggesellschaft des Mayr-Melnhof Konzerns. Die von ihr wahrgenommenen Führungs- und Steuerungsaufgaben umfassen die Bereiche Strategie, Investitionen, Rechnungswesen, Controlling, Steuern, Finanzmanagement, Investor Relations, Qualitätswesen, Einkauf, Informationstechnologie und Human Resources.

**1. Geschäftsverlauf im Jahr 2007**

**A) Vermögenslage**

	<b>31.12.2007</b> in TEUR	<b>31.12.2006</b> in TEUR	Veränderung in TEUR	Veränderung in %
Immaterielle Vermögensgegenstände und Sachanlagen	2.504	2.570	-66	-2,6%
Finanzanlagen	235.236	346.447	-111.211	-32,1%
sonstiges Umlaufvermögen und Rechnungsabgrenzungsposten	196.088	94.343	101.745	107,8%
<b>Gesamtvermögen</b>	<b>433.828</b>	<b>443.360</b>	<b>-9.532</b>	<b>-2,1%</b>
Eigenkapital, unversteuerte Rücklagen und Investitionszuschüsse	353.897	379.485	-25.588	-6,7%
Rückstellungen	17.680	12.606	5.074	40,3%
Verbindlichkeiten und Rechnungsabgrenzungsposten	62.251	51.269	10.982	21,4%
<b>Gesamtkapital</b>	<b>433.828</b>	<b>443.360</b>	<b>-9.532</b>	<b>-2,1%</b>

$$\text{Eigenkapitalausstattung} = \frac{\text{Eigenkapital (353.897)}}{\text{Gesamtkapital (433.828)}} = \frac{\mathbf{2007} \quad \mathbf{81,6\%}}{\mathbf{2006} \quad 85,6\%}$$

## B) Ertragslage

### Gewinn- und Verlustrechnung

	2007 in TEUR	in % der Umsatz- erlöse	2006 in TEUR	in % der Umsatz- erlöse	Verän- derung in TEUR	Verän- derung in %
+ Finanzerfolg	64.709	100,0%	49.513	100,0%	15.196	30,7%
+ Sonst. betr. Erträge	6.878	10,6%	4.629	9,3%	2.249	48,6%
- Verwaltungskosten	-8.071	-12,5%	-6.980	-14,1%	-1.091	15,6%
= Betriebsergebnis	-1.193	-1,8%	-2.351	-4,7%	1.158	-49,3%
Ergebnis der ge- wöhnlichen Ge- schäftstätigkeit	63.517	98,2%	47.162	95,3%	16.355	34,7%
+/- Jahresüber- - schuss/-fehlbetrag	61.919	95,7%	47.331	95,6%	14.588	30,8%

			<b>2007</b>	2006
		Jahresüberschuss (61.919) + Abschreibun- gen (auf Sachanlagen und immaterielle Vermögensgegenstände) (70) + latente Steuern (0)	<u><b>61.989</b></u>	47.331
Cash Earnings	=			

			<b>2007</b>	2006
Eigenkapitalrentabilität nach Steuern	=	$\frac{\text{Jahresüberschuss (61.919)}}{\text{Durchschnittl. Eigenkapital (366.691)}}$	<u><b>16,9%</b></u>	12,8%

Die Beteiligungserträge aus der Holdingfunktion der Mayr-Melnhof Karton AG erhöhten sich von 42,4 Mio. EUR im Jahr 2006 auf 60,3 Mio. EUR im Jahr 2007.

Diese resultieren überwiegend aus der Dividende der Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten, in Höhe von 30,0 Mio. EUR (2006: 24,0 Mio. EUR) und der Dividende der MM Graphia Beteiligungs- und Verwaltungsgesellschaft mbH, Baiersbrunn, in Höhe von 25,4 Mio. EUR (Vorjahr: 0,0 Mio. EUR).

Die Zinserträge aus Wertpapieren betragen EUR 1,4 Mio. (2006: EUR 2,0 Mio.).

## **2. Geschäftsverlauf in den Segmenten**

### **MM Karton**

Vor dem Hintergrund der positiven Nachfrageentwicklung, insbesondere zur Jahresmitte, lag der durchschnittliche Auftragsstand der Division in 2007 mit rund 172.000 Tonnen deutlich über dem Vorjahr (2006: 89.000 Tonnen). Auf dieser starken Basis erzielte MM Karton sowohl beim Absatz als auch in der Produktion neue Höchstwerte.

Die Produktion stieg gegenüber dem Vorjahr um 8,3 % auf 1.682.000 Tonnen (2006: 1.553.000 Tonnen), wodurch die Kapazitäten zu 97 % (2006: 92 %) ausgelastet waren. Ein Teil dieser Verbesserung resultiert aus der Wiederaufnahme der kontinuierlichen Fertigung am bulgarischen Kartonstandort Nikopol, die erfolgreich auf die Herstellung von ungestrichenem technischen Karton (Gipskarton) ausgerichtet wurde.

Die jährlich produzierte Tonnage je Mitarbeiter konnte bezogen auf den durchschnittlichen Mitarbeiterstand von 532 Tonnen in 2006 auf 574 Tonnen gesteigert werden. Infolge des deutlichen Preisauftriebs bei nahezu allen Inputfaktoren, insbesondere Altpapier, wurden die Kartonpreise zur Jahresmitte erhöht. Dadurch war es möglich, die bisherigen Kostensteigerungen weitgehend zu kompensieren.

Die verkaufte Menge wurde um rund 113.000 Tonnen bzw. 7,3 % auf 1.655.000 Tonnen erhöht. Die Umsatzerlöse stiegen sowohl aufgrund besserer Preise als auch infolge des gestiegenen Absatzvolumens um 14,3 % auf 924,4 Mio. EUR (2006: 808,8 Mio. EUR). Rund 70 % der Umsatzerlöse entfielen auf Westeuropa, 19 % auf Osteuropa und 11 % auf das außereuropäische Geschäft (2006: 73 %; 15 %; 12 %). Mit einem Lieferanteil von 265.000 Tonnen (2006: 223.000 Tonnen) war MM Packaging auch in 2007 größter Kunde von MM Karton. Insgesamt werden mehr als 1.000 Kunden, zumeist mittelständische Verarbeitungsbetriebe, beliefert.

Beim betrieblichen Ergebnis konnte ein Anstieg um 11,7 % bzw. 7,6 Mio. EUR erzielt werden. Die Operating Margin betrug damit 7,9 % nach 8,0 % im Vorjahr. Der Return on Capital Employed belief sich auf 12,6 % (2006: 12,3 %). Die Cash Earnings lagen bei 103,7 Mio. EUR (2006: 97,4 Mio. EUR), womit sich die Cash Earnings Margin von 12,0 % auf 11,2 % reduzierte.

### **MM Packaging**

Gute gesamtwirtschaftliche Rahmenbedingungen und eine konsequente Verfolgung des Expansionskurses prägten die Geschäftsentwicklung von MM Packaging in 2007. Trotz unvermindert starken Wettbewerbs auf den europäischen Faltschachtelmärkten gelang es, Neugeschäft zu gewinnen und die Faltschachtelwerke insgesamt sehr gut auszulasten.

Mit neuen Standorten in Jordanien und Tunesien wurde die Marktposition in der Wachstumsregion Nordafrika - Mittlerer Osten weiter gestärkt. In der Ukraine und in der Türkei wurden die Tiefdruckkapazitäten entsprechend der starken Nachfrage jeweils um eine zweite Drucklinie erweitert.

Produktivitätssteigerungen in sämtlichen Stufen des Wertschöpfungsprozesses standen nach wie vor im Mittelpunkt der betrieblichen Maßnahmen. Besonderes Augenmerk lag auf der zügigen Optimierung der drei in 2006 neu errichteten Tiefdruckwerke (Trier, Izmir, Cherkassy) im Vollausbetrieb. Infolge des signifikanten Preisanstiegs auf den Beschaffungsmärkten, vor allem beim Hauptrohstoff Karton, war die Weitergabe der gestiegenen Kosten an die Kunden ein weiterer wesentlicher Schwerpunkt im laufenden Geschäft.

Die verarbeitete Tonnage lag mit 653.000 Tonnen um 21,4 % bzw. 115.000 Tonnen über dem Vorjahr (2006: 538.000 Tonnen). Wesentliche Wachstumsfaktoren waren die Vollausbetrieb und Erweiterung der neuen Tiefdruckstandorte, die Akquisitionen in Russland und Tunesien in 2006 sowie die Gewinnung von Neugeschäft. Die jährlich verarbeitete Tonnage pro Mitarbeiter konnte von 114,3 Tonnen auf 121,3 Tonnen gesteigert werden.

Parallel zum signifikanten Mengenwachstum verzeichneten auch die Umsatzerlöse einen deutlichen Anstieg von 16,7 % bzw. 137,0 Mio. EUR auf 958,6 Mio. EUR. Der Umsatzanteil belief sich auf 70 % in Westeuropa, 28 % in Osteuropa und 2 % auf außereuropäischen Märkten (2006: 73 %; 26 %; 1 %).

MM Packaging verfügt über eine breite Kundenbasis von rund 2.000 Abnehmern in verschiedenen Absatzbereichen. Mehr als zwei Drittel des Geschäftes werden mit multinationalen Konsumgüterherstellern erzielt. Auf die fünf größten Kunden entfielen 2007 rund 43 % (2006: 42 %) der Umsatzerlöse.

Das betriebliche Ergebnis konnte um 3,4 % auf 96,8 Mio. EUR verbessert werden (2006: 93,6 Mio. EUR). Die Operating Margin erreichte damit 10,1 % nach 11,4 % im Vorjahr. Der Wegfall betrieblicher Erträge aus einem Immobilienverkauf im Vorjahr, Anlaufkosten an den neuen Tiefdruckstandorten sowie höhere Kartonpreise und planmäßige Abschreibungen waren die wesentlichen Gründe für den Margenrückgang gegenüber dem Vorjahr. Der Return on Capital Employed betrug 23,6 % (2006: 29,1 %). Die Cash Earnings erhöhten sich von 94,0 Mio. EUR auf 103,0 Mio. EUR, wobei die Cash Earnings Margin von 11,4 % auf 10,7 % zurückging.

### **3. Finanzinstrumente und Risikoberichterstattung**

Finanzinstrumente sind auf Vertrag basierende wirtschaftliche Vorgänge, die einen Anspruch auf Zahlungsmittel beinhalten. Dabei unterscheidet man einerseits originäre Finanzinstrumente wie Liquide Mittel, Wertpapiere, Forderungen und Verbindlichkeiten aus Lieferungen und Leistungen oder auch Finanzforderungen und Finanzverbindlichkeiten. Andererseits gehören hierzu auch die derivativen Finanzinstrumente, die als Sicherungsgeschäfte zur Absicherung gegen Risiken aus Änderungen von Währungskursen eingesetzt werden.

Die Gesellschaft ist mit einer Anzahl von Risiken konfrontiert, die ein systematisches und kontinuierliches Risikomanagement erforderlich machen. Zu den Finanzinstrumenten, die in der Gesellschaft in bestimmten Fällen eine Konzentration des Finanzrisikos verursachen können, zählen vor allem Liquide Mittel, Wertpapiere und Forderungen aus Beteiligungserträgen. Die Risiken und ihre potenziellen Auswirkungen werden im Rahmen des Risikomanagements erhoben, analysiert und auf Basis der definierten Risikopolitik bewältigt. Ziel ist es, die im Rahmen unserer Tätigkeit entstehenden potenziellen Risiken frühzeitig zu identifizieren, zu bewerten, ihre Folgen abzuschätzen und geeignete Vorsorge- und Sicherungsmaßnahmen einzuleiten.

Das Cash- und Liquiditätsmanagement stellt sicher, dass ausreichend Liquidität (eigene Mittel bzw. jederzeit ausnutzbare Kreditlinien) verfügbar ist, um eingegangene Verbindlichkeiten zu begleichen.

Die Forderungen aus Lieferungen und Leistungen bestehen überwiegend gegenüber verbundenen Unternehmen. Es werden daher von der Gesellschaft keine Kundenkreditversicherungen abgeschlossen.

Fremdwährungsrisiken und Zinsänderungsrisiken werden durch regelmäßige Management- und Bankgespräche und den Einsatz geeigneter Sicherungsgeschäfte in Form von Devisentermingeschäften bzw. Zinsswap Vereinbarungen minimiert. Es werden keine Derivate zu Handels- oder Spekulationszwecken verwendet.

Das Risiko eines Verlustes aufgrund der Nichterfüllung eines Vertragspartners aus den derivativen Finanzinstrumenten ist unbedeutend. Einerseits besteht die Möglichkeit der Aufrechnung von Forderungen und Verbindlichkeiten aus einem Finanzinstrument, andererseits sind alle Vertragspartner namhafte internationale Finanzinstitute, mit denen die Gesellschaft in laufenden Geschäftsbeziehungen steht. Die Gesellschaft betrachtet das Risiko der Nichterfüllung durch einen Vertragspartner als gering.

Für unser Geschäft können zusätzlich zu den aufgeführten Risiken weitere Risiken bestehen. Zum gegenwärtigen Zeitpunkt sind solche Risiken nicht bekannt oder werden von uns für vernachlässigbar gehalten.

Die Gesamteinschätzung der Risikosituation der Gesellschaft weist keine bestandsgefährdenden Elemente auf. Derartige Risiken sind auch im kommenden Geschäftsjahr nicht zu erwarten.

#### **4. Forschung und Entwicklung**

Im Mittelpunkt der Forschungs- und Entwicklungsarbeit stehen Innovationen und laufende Optimierungen bei unseren Produkten und Prozessen mit dem Ziel, die Wettbewerbsposition des Konzerns nachhaltig abzusichern und auszubauen. Forschung und Entwicklung sind Teil der strategischen Planung des Konzerns und werden zentral gesteuert. Im Einklang mit der Konzernstrategie verfolgen die F&E-Aufgabenschwerpunkte Zielsetzungen, die sich aus unserem Anspruch auf Kosten- und Kompetenzführerschaft ableiten.

Karton und Faltschachteln zählen nicht nur seit geraumer Zeit zu den erfolgreichsten Verpackungsmaterialien, sondern überzeugen aktuell auch durch vielfältige moderne und technologisch ausgereifte Produkte für die hochwertige Präsentation von Konsumgütern am „Point of Sale“. In jahrzehntelanger Konzentration auf diese beiden Produktbereiche produzieren wir heute marktgerecht auf dem letzten Stand der Technik ein vielfältiges Kartonsortiment für Standard- und Spezialanwendungen sowie ein breites Spektrum attraktiver Verpackungslösungen für die Konsumgüterindustrie. Entsprechend der immer schnelleren Geschwindigkeit bei der Markteinführung neuer Produkte sowie den wachsenden Ansprüchen an Karton und Faltschachteln setzen wir in der Entwicklungsarbeit auf enge Zusammenarbeit mit allen Partnern aus der Wertschöpfungskette.

Durch Mitarbeit in den Gremien der Gesetzgebung und Normung arbeiten wir aktiv an der Standardisierung künftiger Anforderungen an unsere Produkte mit und können diesen dadurch stets zeitnah entsprechen. Bei Aufgabenstellungen in Bereichen der Grundlagenforschung wird regelmäßig projektbezogen mit internationalen Forschungseinrichtungen und Universitäten zusammengearbeitet.

Entwicklungsschwerpunkte bei MM Karton betrafen in 2007 vor allem Optimierungen der technischen Kartonparameter sowie eine Vielzahl von Stabilisierungsmaßnahmen zur Absicherung der bereits etablierten hohen Qualitätsstandards. Besondere Fortschritte konnten im Wesentlichen bei der Oberflächen- und Rückseitenoptik ausgewählter Sorten sowie hinsichtlich der Verklebbarkeit erzielt werden. Weitere Verbesserungen betrafen die Laufeigenschaften von Karton für die Verarbeitung mit Hochleistungstechnologie. Im bulgarischen Kartonwerk wurde die Neuausrichtung der Produktion auf ungestrichenen technischen Karton (Gipskarton) erfolgreich vom Testbetrieb in die qualitätsstabile kontinuierliche Fertigung übergeführt. Im Rahmen der Prozessoptimierungen lag der Schwerpunkt bei einer divisionsweiten Initiative zur Senkung des spezifischen Energieverbrauchs. Das in diesem Zusammenhang durch werksübergreifenden Know-how-Transfer ermittelte Einsparungspotenzial und die bereits umgesetzten bzw. geplanten Projekte werden die Energieeffizienz von MM Karton in den nächsten Jahren spürbar verbessern.

Sämtliche F&E-Aktivitäten von MM Karton werden organisatorisch über das Zentrallabor im österreichischen Stammwerk Frohnleiten koordiniert. Spezifische konzernweite Optimierungsprojekte werden in der Regel durch Expertenteams aus den einzelnen Kartonfabriken umgesetzt.

In der Kartonverarbeitung sind die F&E-Aktivitäten in einem Innovationsnetzwerk aus Spezialisten der unterschiedlichsten Bereiche (Verpackungsentwicklung, IT, Design, Consulting) zusammengefasst. Damit entspricht MM Packaging der starken Forderung des Marktes nach Verpackungslösungen, die neben der Faltschachtelfertigung auch zunehmend die vor- und nachgelagerten Bereiche der Supply Chain abdecken müssen. Durch laufende Investitionen in modernste Druck- und Veredelungstechnologie und Ausweitung des Dienstleistungsangebotes rund um die Faltschachtel, vom Consulting bis zu Abpackdienstleistungen, sind wir in der Lage, hocheffizient innovative Verpackungen auf den Markt zu bringen und gleichzeitig die eigene Wertschöpfung zu erhöhen.

Klar identifizierbares Verpackungsdesign, Premium-Anspruch durch gezielte Veredelung sowie die Forderung nach hoher Umweltverträglichkeit charakterisieren die aktuellen Trends, denen wir durch innovative Verpackungslösungen hinsichtlich Form, Materialkombinationen und Funktionalität entsprechen.

Die Neuentwicklung von „Coco Pops Creations“ für einen multinationalen Zerealienproduzenten erfüllte all diese Kriterien in einem besonderen Maße und wurde dafür 2007 mit dem europäischen „Pro Carton/ECMA Carton Award“ ausgezeichnet. Sie ist zudem ein Musterbeispiel für die erfolgsgerichtete partnerschaftliche Zusammenarbeit zwischen Markenartikler, Verpackungslieferant und Designagentur bei der Entwicklung innovativer Produkte.

## **5. Personal**

Die Gesellschaft beschäftigt keine Arbeitnehmer.

## **6. Umweltschutz**

Die Geschäftstätigkeit des Mayr-Melnhof Konzerns beruht seit jeher auf den Prinzipien des umfassenden Umweltschutzes. Auf Basis vorwiegend nachwachsender Rohstoffe werden umweltschonend attraktive Karton- und Faltschachtelprodukte erzeugt, die in hohem Maße wiederverwertet werden können. Durch konsequenten Einsatz der jeweils besten verfügbaren Technologie im Produktionsprozess stellen wir sicher, dass unsere Produkte sowohl durch größtmögliche Effizienz in der Herstellung als auch höchste Umweltverträglichkeit und Sicherheit überzeugen können.

Mit dem Fokus auf die Herstellung und Verarbeitung von Karton werden unsere Fertigungsprozesse und Produkte kontinuierlich nach herausfordernden Effizienzvorgaben markt- und umweltgerecht weiterverbessert. Maßnahmen zum Schutz der Umwelt bleiben dabei aber nicht nur auf die Produktion beschränkt, sondern umfassen auch vor-



und nachgelagerte Bereiche der Supply Chain wie Einkauf und Logistik. Der Einsatz eines laufenden konzernweiten Benchmarkings unter den Werken gewährleistet, dass Potenziale regelmäßig an allen Standorten genutzt werden können.

Infolge der kontinuierlichen Optimierungen erzielen die Mayr-Melnhof Kartonwerke bereits seit Langem bei einer Vielzahl der spezifischen umweltrelevanten Verbrauchs- und Emissionswerte im europäischen Branchenvergleich beste Ergebnisse bei den erreichten Werten. Neuerliche Verbesserungen können daher oft nur noch im Marginalbereich stattfinden oder setzen technologische Innovationen voraus.

Die laufenden Verbesserungen der Umweltverträglichkeit betreffen heute vorrangig Optimierungen im Rohstoff- und Energieverbrauch, wobei dieser Prozess an einer wachsenden Anzahl von Standorten durch Umweltmanagementsysteme unterstützt wird.

## **7. Angaben nach § 243a UGB**

### **7.1. Zusammensetzung des Kapitals, Aktiengattungen**

Es wird auf die Angaben im Konzernabschluss unter Anhangsangabe 15 a) verwiesen.

### **7.2. Beschränkungen hinsichtlich der Stimmrechte bzw. der Übertragung von Aktien**

Rund 65 % der Aktien werden von den Kernaktionärsfamilien in einem Syndikat gehalten. Es besteht ein Syndikatsvertrag, welcher die Übertragbarkeit der Aktien innerhalb des Syndikates und nach außen regelt. Angelegenheiten, die die Hauptversammlung betreffen, beschließt das Syndikat mit einfacher Mehrheit. Änderungen des Syndikatsvertrages bedürfen einer Dreiviertelmehrheit.

### **7.3. Direkte oder indirekte Beteiligungen am Kapital, die zumindest 10 vom Hundert betragen**

Nach den der Gesellschaft bekannt gegebenen Informationen bestanden per Jahresende 2007 folgende Beteiligungen von mindestens 10 Prozent am Kapital:

CAMA Privatstiftung  
MM Salzburg Privatstiftung

### **7.4. Die Inhaber von Aktien mit besonderen Kontrollrechten und eine Beschreibung dieser Rechte**

Es bestehen keine Aktien mit besonderen Kontrollrechten.

#### **7.5. Die Art der Stimmrechtskontrolle bei einer Kapitalbeteiligung der Arbeitnehmer, wenn sie das Stimmrecht nicht unmittelbar ausüben**

Es besteht kein derartiges Kapitalbeteiligungsmodell für Mitarbeiter.

#### **7.6. Die sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstands und des Aufsichtsrats und über die Änderung der Satzung der Gesellschaft**

Es bestehen keine Bestimmungen dieser Art.

#### **7.7. Die sich nicht unmittelbar aus dem Gesetz ergebenden Befugnisse der Mitglieder des Vorstands, insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen**

Es wird auf die Angaben im Konzernabschluss unter Anhangsangabe 15 a) verwiesen.

#### **7.8. Alle bedeutenden Vereinbarungen, an denen die Gesellschaft beteiligt ist und die bei einem Kontrollwechsel in der Gesellschaft infolge eines Übernahmeangebots wirksam werden, sich ändern oder enden, sowie ihre Wirkungen; ausgenommen hiervon sind Vereinbarungen, deren Bekanntmachung der Gesellschaft erheblich schaden würde, es sei denn, die Gesellschaft ist zur Bekanntgabe derartiger Informationen aufgrund anderer Rechtsvorschriften ausdrücklich verpflichtet**

Es wird von der Schutzklausel hinsichtlich der Bekanntgabe Gebrauch gemacht. Die Größenordnung des betroffenen Geschäfts ist als überschaubar einzustufen.

#### **7.9. Bestand und wesentlicher Inhalt von Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebots**

Es bestehen keine Vereinbarungen dieser Art.

### **8. Wesentliche Ereignisse nach dem Bilanzstichtag**

Im Februar 2008 hat MM Karton den Verkauf des 100 %-Anteils am Altpapierunternehmen Joh. Spiehs & Co GmbH, Wien, vollzogen.

MM Karton beabsichtigt, ihre Mehrheitsbeteiligungen an den Altpapierunternehmen der PAREK Papierverwertungs Gesellschaft m.b.H. mit Sitz in Kapfenberg, Österreich, im Ausmaß von 94,45 % sowie an der „Papyrus-Gruppe“, die Standorte in Österreich (Wien, Villach) und Deutschland (Bad Reichenhall) betreibt, im Ausmaß von 63,34 %, in Abhängigkeit von der Disposition bezüglich des Aufgriffsrechts der Minderheitsgesellschafter und nach wettbewerbsbehördlicher Genehmigung, zu verkaufen.

## **9. Ausblick auf das Geschäftsjahr 2008**

Wie bereits im letzten Quartal 2007 erkennbar, haben die Auftragsstände nach den historischen Höchstwerten Mitte des Vorjahres wieder Normalniveau erreicht. Die ersten Monate 2008 brachten daher noch solide Auslastung und Nachfrage für Karton und Faltschachteln.

Das konjunkturelle Sentiment hat sich seit Jahresanfang 2008 aber eindeutig abgeschwächt. Die unübersehbare Inflation belastet die Massenkaufkraft und hält gleichzeitig die Rohstoffpreise hoch. Damit werden unverändert hohe Kosten und nachfragebedingter Preisdruck die Gebarung des ersten Halbjahres 2008 prägen. Weitere Marktanteils- und Produktivitätsgewinne im Faltschachtelbereich bzw. selektive Kapazitätsanpassungen in den Kartonfabriken sollten die Ergiebigkeit unseres Geschäftes jedoch insgesamt stützen.

Mit Fokus auf Europa und die angrenzenden Regionen wird der Mayr-Melnhof Konzern den Expansionskurs in beiden Segmenten fortsetzen.

Daher werden Erweiterungsinvestitionen zur Erschließung wachsender Marktanteile neben Projekten zur Reduktion direkter Kosten einen wesentlichen Schwerpunkt in unserer anhaltenden Investitionstätigkeit bilden.

Eine Ergebniseinschätzung für 2008 ist zum gegebenen Zeitpunkt infolge des eingeschränkten Prognosehorizonts nicht möglich.

Wien, am 28. Februar 2008

Der Vorstand

Dr. Wilhelm Hörmanseder e.h.

Dr Andreas Blaschke e.h.

Ing. Franz Rappold e.h.

BILANZ ZUM 31. DEZEMBER 2007

AKTIVA

PASSIVA

	Stand 31.12.2007		Stand 31.12.2006			Stand 31.12.2007		Stand 31.12.2006	
	EUR	EUR	TEUR	TEUR		EUR	EUR	TEUR	TEUR
<b>A. ANLAGEVERMÖGEN</b>					<b>A. EIGENKAPITAL</b>				
I. Sachanlagen					I. Grundkapital		88.000.000,00		87.240
1. Grundstücke und Bauten	2.429.884,27		2.486		II. Kapitalrücklagen				
davon Grundwert:					1. gebundene	164.658.448,08		165.418	165.418
EUR 577.352,82 (Vorjahr: TEUR 577)					III. Gewinnrücklagen		164.658.448,08		
2. andere Anlagen, Betriebs- und					1. andere Rücklagen (freie Rücklagen)	38.829.223,80		24.708	24.708
Geschäftsausstattung	74.418,34	2.504.302,61	84	2.570	IV. Rücklage für eigene Anteile		100.149,58		54.397
II. Finanzanlagen					V. Bilanzgewinn		61.918.607,04		47.331
1. Anteile an verbundenen Unternehmen	231.164.781,79		229.865			353.506.428,50		379.094	
2. Beteiligungen	494.917,78		495		<b>B. UNVERSTEUERTE RÜCKLAGEN</b>				
3. eigene Anteile	100.149,58		54.397		1. Bewertungsreserve aufgrund von				
4. Wertpapiere (Wertrechte) des					Sonderabschreibungen	391.007,46		391	391
Anlagevermögens	3.476.487,42		61.691			391.007,46		391	
		235.236.336,57		346.448	<b>C. RÜCKSTELLUNGEN</b>				
		237.740.639,18		349.018	1. Rückstellungen für Abfertigungen	541.673,00		381	
<b>B. UMLAUFVERMÖGEN</b>					2. Rückstellungen für Pensionen	1.892.437,00		1.823	
I. Forderungen und sonstige					3. Steuerrückstellungen	14.082.337,31		8.200	
Vermögensgegenstände					4. sonstige Rückstellungen	1.163.139,00		2.202	
1. Forderungen gegenüber verbundenen	3.273.142,44		1.239			17.679.586,31		12.606	
Unternehmen		20.323.762,70		16.348	<b>D. VERBINDLICHKEITEN</b>				
2. sonstige Forderungen und	17.050.620,26		15.109		1. Verbindlichkeiten gegenüber				
Vermögensgegenstände		175.747.164,67		77.965	Kreditinstituten	30.570.000,00		30.700	
II. Guthaben bei Kreditinstituten		196.070.927,37		94.313	2. Verbindlichkeiten aus Leistungen	336.351,70		183	
		16.268,40		30	3. Verbindlichkeiten gegenüber				
<b>C. RECHNUNGSABGRENZUNGSPOSTEN</b>					verbundenen Unternehmen	31.334.275,76		20.379	
					4. sonstige Verbindlichkeiten				
					a) Steuern	6.045,93		3	
					b) soziale Sicherheit	3.651,84		4	
					c) übrige	487,45		1	
						10.185,22		8	
						62.250.812,68		51.270	
		433.827.834,95		443.361		433.827.834,95		443.361	

**GEWINN- UND VERLUSTRECHNUNG**  
**FÜR DAS GESCHÄFTSJAHR VOM 1. JÄNNER 2007 BIS 31. DEZEMBER 2007**

	2007		2006	
	EUR	EUR	TEUR	TEUR
1. Erträge aus Beteiligungen				
a) verbundene Unternehmen	60.246.120,81		42.381	
b) übrige	<u>126.000,00</u>		<u>76</u>	
		60.372.120,81		42.457
2. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens				
a) verbundene Unternehmen	0,00		313	
b) übrige	<u>1.376.016,24</u>		<u>2.001</u>	
		1.376.016,24		2.314
3. sonstige Zinsen und ähnliche Erträge				
a) übrige	<u>4.535.963,10</u>		<u>1.344</u>	
		4.535.963,10		1.344
4. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens		760.205,72		4.494
5. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens davon Abschreibungen EUR 22.594,00 (Vorjahr: TEUR 0)		-22.594,00		0
6. Zinsen und ähnliche Aufwendungen				
a) verbundene Unternehmen	-657.815,17		-367	
b) übrige	<u>-1.654.673,22</u>		<u>-729</u>	
		<u>-2.312.488,39</u>		<u>-1.096</u>
<b>7. Zwischensumme aus Z 1 bis 6 (Finanzerfolg)</b>		<u>64.709.223,48</u>		<u>49.513</u>
8. sonstige betriebliche Erträge				
a) Erträge aus der Auflösung von Rückstellungen	1.684.827,82		16	
b) übrige	<u>5.192.757,42</u>		<u>4.613</u>	
		6.877.585,24		4.629
9. Personalaufwand				
a) Gehälter	-2.686.302,64		-1.887	
b) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-160.826,98		60	
c) Aufwendungen für Altersversorgung	-224.548,48		59	
d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	<u>-181.396,37</u>		<u>-149</u>	
		-3.253.074,47		-1.917
10. Abschreibungen				
a) auf Sachanlagen	<u>-69.940,66</u>		<u>-72</u>	
		-69.940,66		-72
11. sonstige betriebliche Aufwendungen				
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	-1.714,35		-2	
b) übrige	<u>-4.745.539,74</u>		<u>-4.989</u>	
		<u>-4.747.254,09</u>		<u>-4.991</u>
<b>12. Zwischensumme aus Z 8 bis 11 (Betriebserfolg)</b>		<u>-1.192.683,98</u>		<u>-2.351</u>
<b>13. Ergebnis der gewöhnlichen Geschäftstätigkeit</b>		63.516.539,50		47.162
14. Steuern vom Einkommen und vom Ertrag davon aus Vorjahren: EUR -1.211.868,78 (Vorjahr: TEUR 424)		-1.597.932,46		169
<b>15. Jahresüberschuss</b>		<u>61.918.607,04</u>		<u>47.331</u>
<b>16. Jahresgewinn</b>		<u>61.918.607,04</u>		<u>47.331</u>
<b>17. Bilanzgewinn</b>		<u>61.918.607,04</u>		<u>47.331</u>

## A N H A N G

### I. Allgemeine Erläuterungen

Der vorliegende Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt. Die Bestimmungen des Unternehmensgesetzbuches stellen die Grundlage dieses Jahresabschlusses dar.

Die auf den vorjährigen Jahresabschluss angewandten **Bewertungsmethoden** wurden beibehalten.

Der Grundsatz der **Vollständigkeit** wurde bei der Erstellung des Jahresabschlusses eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der **Einzelbewertung** beachtet und eine **Fortführung** des Unternehmens unterstellt.

Dem **Vorsichtsprinzip** wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gliederung der Gewinn- und Verlustrechnung wird, um den Charakter der Mayr-Melnhof Karton Aktiengesellschaft als Holding mit Management- und Finanzierungsfunktion für die Konzerngesellschaften deutlicher herauszuheben und die Aussagefähigkeit des Abschlusses zu erhöhen, so dargestellt, dass das Finanzergebnis (-erfolg) an den Anfang der Gewinn- und Verlustrechnung gestellt wird.

Im Jahr 2005 wurde ein Antrag auf Feststellung einer Unternehmensgruppe gem. § 9 Abs. 8 KStG 1988 (Mayr-Melnhof Karton AG als Gruppenträger sowie Mayr-Melnhof Karton Gesellschaft m.b.H., Joh. Spiels & Co GmbH, A. Spiels Beteiligungsgesellschaft m.b.H (seit 27.09.2006 Mayr-Melnhof Cartonboard International GmbH), PAREK Papierverwertungs Gesellschaft m.b.H., "Papyrus" Altpapierservice Handelsgesellschaft m.b.H., Wien, "Papyrus" Altpapierservice Handelsgesellschaft m.b.H., Villach, sowie Mayr-Melnhof Nikopol A.D. als Gruppenmitglieder) zum Zweck der **Gruppenbesteuerung** ab dem Veranlagungsjahr 2005 eingebracht. Es wurde ein Steuerumlagevertrag abgeschlossen, der die Belastungsmethode vorsieht.

Mit 15.12.2006 wurde die Mayr-Melnhof Packaging International GmbH (vormals MM Packaging Europe GmbH) Gruppenmitglied.

Mit Antrag vom 21.12.2007 wurde die steuerliche Gruppe gem. § 9 Abs. 8 KStG 1988 um folgende Unternehmen erweitert: MM Karton Export GmbH, MM Packaging Austria GmbH, Neupack GmbH und Ernst Schausberger & Co. GmbH.

## II. Bilanzierungs- und Bewertungsmethoden

### 1. Anlagevermögen

#### a) Sachanlagen

Das Sachanlagevermögen ist mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet.

Die Ermittlung der planmäßigen Abschreibung erfolgt, von vernachlässigbaren Ausnahmen (gebrauchte Vermögensgegenstände) abgesehen, linear unter Anwendung folgender Nutzungsdauern:

Gebäude	10 - 50 Jahre
Technische Anlagen und Maschinen	4 - 5 Jahre
Andere Anlagen, Betriebs- und Geschäftsausstattung	4 - 5 Jahre

Geringwertige Wirtschaftsgüter werden im Jahr der Anschaffung voll abgeschrieben und als Aufwand verbucht.

#### b) Finanzanlagen

Die **Beteiligungen und Ausleihungen** sind zu Anschaffungskosten bewertet, wobei wesentliche Wertminderungen durch außerplanmäßige Abschreibungen berücksichtigt werden.

Als verbundene Unternehmen werden alle Gesellschaften bezeichnet, die unmittelbar oder mittelbar im Mehrheitsbesitz der Gesellschaft stehen, unter einheitlicher Leitung der Gesellschaft stehen (§ 244 Absatz 1 UGB) oder auf die im Sinne des Kontrollkonzeptes (§ 244 Absatz 2 UGB) ein beherrschender Einfluss ausgeübt wird.

Die **Wertpapiere des Anlagevermögens** sind zu Anschaffungskosten erfasst und soweit erforderlich auf ihren niedrigeren Börsenkurs zum Abschlusstichtag außerplanmäßig abgeschrieben.

## 2. Umlaufvermögen

Forderungen und sonstige Vermögensgegenstände sind mit dem Nennwert angesetzt. Erkennbare Einzelrisiken werden durch Wertberichtigungen berücksichtigt.

## 3. Rückstellungen

Rückstellungen werden nach dem Grundsatz der kaufmännischen Vorsicht in Höhe des voraussichtlichen Anfalls gebildet.

Die Pensions- und Abfertigungsverpflichtungen werden zum 31. Dezember 2007 erstmalig gemäß den internationalen Rechnungslegungsstandards IFRS/IAS ermittelt. Der Methodenwechsel begründet sich mit einer wirtschaftlich verbesserten Aussagekraft.

## 4. Verbindlichkeiten

Die Verbindlichkeiten sind mit ihrem Rückzahlungsbetrag erfasst.

## 5. Währungsumrechnung

Die Fremdwährungs**forderungen** sowie die **liquiden Mittel** sind mit dem Anschaffungskurs bzw dem niedrigeren Devisenmittelkurs zum Bilanzstichtag bewertet.

Die Fremdwährungs**verbindlichkeiten** sind mit dem Anschaffungskurs bzw dem höheren Devisenmittelkurs zum Bilanzstichtag bewertet.



### III. Erläuterungen zu einzelnen Posten der Bilanz und Gewinn- und Verlustrechnung

#### Bilanz

##### a) Anlagenspiegel gemäß § 226 UGB

	Anschaffungs - oder Herstellungskosten				kumulierte Ab- schreibungen 31.12.2007 EUR	Buchwert	Buchwert	Abschreibungen des Geschäfts- jahres 2007 EUR	Zu- schreibungen 2007 EUR
	Stand 31.12.2006 EUR	Zugänge 2007 EUR	Abgänge 2007 EUR	Stand 31.12.2007 EUR		31.12.2007 EUR	31.12.2006 EUR		
<b>I. Sachanlagen</b>									
1. Grundstücke und Bauten									
Grundwert	577.352,82	0,00	0,00	577.352,82	0,00	577.352,82	577.352,82	0,00	0,00
Gebäudewert	2.623.946,36	0,00	0,00	2.623.946,36	771.414,91	1.852.531,45	1.908.513,30	55.981,85	0,00
2. Andere Anlagen, Betriebs- und Geschäftsausstattung	222.570,29	3.850,00	0,00	226.420,29	152.001,95	74.418,34	84.527,15	13.958,81	0,00
<b>Summe I</b>	<b>3.423.869,47</b>	<b>3.850,00</b>	<b>0,00</b>	<b>3.427.719,47</b>	<b>923.416,86</b>	<b>2.504.302,61</b>	<b>2.570.393,27</b>	<b>69.940,66</b>	<b>0,00</b>
<b>II. Finanzanlagen</b>									
1. Anteile an verbundenen Unternehmen	255.306.944,67	1.300.000,00	0,00	256.606.944,67	25.442.162,88	231.164.781,79	229.864.781,79	0,00	0,00
2. Ausleihungen an verbundene Unternehmen	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3. Beteiligungen	494.917,78	0,00	0,00	494.917,78	0,00	494.917,78	494.917,78	0,00	0,00
4. Eigene Aktien	54.397.118,41	2.381.890,79	56.678.859,62	100.149,58	0,00	100.149,58	54.397.118,41	0,00	0,00
5. Wertpapiere (Wertrechte) des Anlagevermögens	62.402.936,56	59.063,30	58.962.918,44	3.499.081,42	22.594,00	3.476.487,42	61.690.682,71	22.594,00	0,00
<b>Summe II</b>	<b>372.601.917,42</b>	<b>3.740.954,09</b>	<b>115.641.778,06</b>	<b>260.701.093,45</b>	<b>25.464.756,88</b>	<b>235.236.336,57</b>	<b>346.447.500,69</b>	<b>22.594,00</b>	<b>0,00</b>
<b>GESAMT</b>	<b>376.025.786,89</b>	<b>3.744.804,09</b>	<b>115.641.778,06</b>	<b>264.128.812,92</b>	<b>26.388.173,74</b>	<b>237.740.639,18</b>	<b>349.017.893,96</b>	<b>92.534,66</b>	<b>0,00</b>

**b) Aufgliederung der Anteile an verbundenen Unternehmen**

	Anteil am Nenn- kapital in 31.12.2007 %	Eigenkapital 31.12.2006 (in TEUR)	Jahresüber- schuss/ -fehlbetrag 31.12.2006 (in TEUR)
Mayr-Melnhof Holdings N.V., Amsterdam	100,00	140.626,0	7.458,0
Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten	100,00	156.227,2	27.100,5
Karton Deisswil AG, Stettlen	41,67	13.224,0	732,1
Mayr-Melnhof Packaging Austria GmbH, Wien	100,00	9.950,7	1.206,4
Ernst Schausberger & Co. Gesellschaft m.b.H., Gunskirchen	99,99	6.881,7	1.890,4
Neupack Gesellschaft m.b.H., Reichenau an der Rax	100,00	12.311,8	4.426,4
Mayr-Melnhof Cartonboard International GmbH, Wien (vormals A. Spiels Beteiligungsgesellschaft m.b.H., Wien)	100,00	7.359,9	1.585,5
Mayr-Melnhof Packaging International GmbH, Wien (vormals MM Packaging Europe GmbH)	100,00	6.099,2	5,4
Syn-Group Unternehmensberatung GmbH, Wien	38,00	367,3	342,7
FS-Karton GmbH, Baiersbronn	60,40	119.053,3	19.876,6
MM Graphia Beteiligungs- und Verwaltungsgesellschaft mbH, Baiersbronn	60,40	154.141,1	51.103,4
MM Polygrafoformlenie Ltd. Nikosia	50,05	25.357,9	9,6

### c) Eigene Anteile

Mit Beschluss der 6. und aller folgenden bis inklusive der 13. ordentlichen Hauptversammlung der Mayr-Melnhof Karton Aktiengesellschaft wurde dem Vorstand der Mayr-Melnhof Karton Aktiengesellschaft die Ermächtigung zum Erwerb eigener Aktien nach § 65 Abs 1 Z 4 AktG erteilt.

Der Vorstand der Mayr-Melnhof Karton Aktiengesellschaft hat am 12. März 2001, am 19. November 2001, am 26. November 2002, am 2. Dezember 2003, am 18. November 2005, am 12. Dezember 2006 und am 22. November 2007 beschlossen, von dieser Ermächtigung Gebrauch zu machen. Der Aufsichtsrat der Gesellschaft hat diesen Beschlüssen zugestimmt.

Gemäß § 254 Abs 4 UGB sind die eigenen Anteile nach ihrer Zweckbestimmung im Anlagevermögen gesondert ausgewiesen. Die eigenen Anteile sind zu Anschaffungskosten bewertet, eine dementsprechende Rücklage für eigene Anteile wurde gebildet.

Im Berichtsjahr 2007 bzw. 2006 wurden insgesamt 28.629 bzw. 21.000 (angepasst an die Anzahl der Aktien nach Split 1:2) Stück eigene Aktien für TEUR 2.381,8 bzw. TEUR 1.376,5 inklusive Spesen erworben.

Der durch Einzug der 2.000.000 Stück eigenen Aktien per 30. August 2007 auf 0,00% zurückgeführte Bestand beträgt durch Aktienrückkäufe zum Bilanzstichtag 0,0060%.

Der Bestand zum 31.12.2007 gliedert sich wie folgt:

Rückgekaufte Stückanzahl	Anteil am Grundkapital %	Anteil Grundkapital EUR	Gewichteter Erwerbspreis je Stk <sup>1)</sup> EUR	Anschaffungskosten gesamt <sup>1)</sup> EUR
1.325	0,0060%	5.300,00	75,58	100.149,58

<sup>1)</sup> Inklusive Anschaffungsnebenkosten.

**d) Forderungenspiegel**

	GESAMT- BETRAG  EUR	davon Restlaufzeit unter 1 Jahr EUR	davon Restlaufzeit über 1 Jahr bis 5 Jahre EUR	davon Restlaufzeit über 5 Jahre EUR	davon wechsel- mäßig verbrieft EUR
1. Forderungen gegenüber verbundenen Unternehmen	<b>3.273.142,44</b>	<b>3.273.142,44</b>			
davon aus Sonstigen Forderungen	3.053.216,60	3.053.216,60	0,00	0,00	0,00
davon aus Lieferungen und Leistungen	219.925,84	219.925,84	0,00	0,00	0,00
2. Sonstige Forderungen und Vermögensgegenstände	<b>17.050.620,26</b>	<b>17.050.620,26</b>	0,00	0,00	0,00
<b>Forderungen insgesamt</b>	<b>20.323.762,70</b>	<b>20.323.762,70</b>	0,00	0,00	0,00

## **e) Eigenkapital**

### **Grundkapital**

Mit Beschluss der 13. ordentlichen Hauptversammlung der Mayr-Melnhof Karton Aktiengesellschaft wurde eine Kapitalerhöhung aus Gesellschaftsmitteln durchgeführt. Das Grundkapital erhöhte sich um EUR 8.760.000 von EUR 87.240.000 auf EUR 96.000.000. Der Anteil der einzelnen Aktie am Grundkapital erhöhte sich von EUR 7,27 auf EUR 8,00.

Im Anschluss an die Kapitalerhöhung wurde ein Aktiensplit im Verhältnis 1:2 durchgeführt. Der Bestand an Aktien verdoppelte sich von 12.000.000 Stück auf 24.000.000 Stück; damit beträgt der Anteil jeder Stückaktie am Grundkapital EUR 4,00.

Weiterhin wurde mit Beschluss der 13. ordentlichen Hauptversammlung der Mayr-Melnhof Karton Aktiengesellschaft das Grundkapital der Gesellschaft im Wege einer vereinfachten Kapitalherabsetzung durch Einziehung von 2.000.000 Stück eigener Aktien von EUR 96.000.000 um EUR 8.000.000 auf EUR 88.000.000 herabgesetzt.

Das Grundkapital in der Höhe von EUR 88.000.000 ist in 22.000.000 Stück nennbetragslose Stückaktien eingeteilt, von denen jede am Grundkapital im gleichen Umfang beteiligt ist.

### **Rücklage für eigene Anteile**

Zum Bilanzstichtag werden von der Gesellschaft 1.325 Stück eigene Aktien gehalten, für die gemäß § 225 Abs 5 UGB im Berichtsjahr eine Rücklage für eigene Anteile in Höhe von EUR 100.149,58 gebildet wurde.

Die bis zum Einzug der 2.000.000 Stück eigener Aktien dotierten Rücklagen für eigene Anteile in Höhe von EUR 56.678.859,62 wurden verbraucht.

**f) Unversteuerte Rücklagen**

	Stand 1.1.2007 EUR	Auflösung		Zuweisung EUR	Stand 31.12.2007 EUR
		Abgang/Abreibung EUR	Verbrauch EUR		
<b>1. Bewertungsreserve auf Grund von Sonderabschreibungen</b>					
aus der Übertragung stiller Rücklagen gemäß § 12 EStG 1988					
II. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	391.007,46	0,00	0,00	0,00	391.007,46
<b>Unversteuerte Rücklagen insgesamt</b>	<b>391.007,46</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>391.007,46</b>

## g) Rückstellungen

Rückstellungen werden nach dem Vorsichtsprinzip in Höhe des voraussichtlichen Anfalls gebildet.

### Pensions- und Abfertigungsverpflichtungen

Die Pensions- und Abfertigungsverpflichtungen werden zum 31. Dezember 2007 erstmalig gemäß den internationalen Rechnungsstandards IFRS/IAS analog den Vorschriften von IAS 19 bilanziert. Bei der Berechnung, die nach dem Anwartschaftsbarwertverfahren ("Projected Unit Credit Method") erfolgt, werden zukünftige Lohn- und Gehaltssteigerungen in Form einer langfristigen Prognose berücksichtigt. Der Zinssatz wird nach dem aktuellen langfristigen Zinssatz am Kapitalmarkt zum Bilanzstichtag bemessen.

(in %)	31. Dezember 2007		31. Dezember 2006	
	Pensionen	Abfertigungen	Pensionen	Abfertigungen
Abzinsungsfaktor	5,0%	5,0%	4,5%	4,5%
Erwartete langfristige Verzinsung der Rückdeckungsversicherung	2,5%	0,0%	2,5%	0,0%
Langfristige Gehaltssteigerungsraten	2,5%	2,5%	2,5%	2,5%
Langfristige Rentensteigerungsraten	2,0%	0,0%	2,0%	0,0%

Versicherungsmathematische Gewinne bzw. Verluste, die sich aufgrund von Änderungen im Bestand der Versorgungsberechtigten oder aus Abweichungen zwischen der tatsächlichen Entwicklung und den der Berechnung zugrunde gelegten Annahmen ergeben, werden nach der so genannten Korridormethode erfolgswirksam erfasst. Dabei werden die versicherungsmathematischen Gewinne bzw. Verluste erst dann über die erwartete Restdienstzeit der Versorgungsberechtigten verteilt, wenn dieser Betrag 10 % des Anwartschaftsbarwerts zum Bewertungsstichtag überschreitet. Der Berechnung wurde zudem das frühest mögliche Anfallsalter für die (vorzeitige) Alterspension gemäß Pensionsreform 2004 unter Berücksichtigung der Übergangsregelungen zugrunde gelegt.

Die Pensionsrückstellungen wurden aufgrund des Saldierungsverbots nicht - wie nach IAS 19 vorgesehen - mit den zu ihrer Deckung bestimmten Vermögenswerten saldiert.

Zum 31. Dezember 2006 wurden die Pensions- bzw. Abfertigungsverpflichtungen nach versicherungsmathematischen Grundsätzen unter Anwendung des Gegenwarts- bzw. Teilwertverfahrens ermittelt. Der angewandte Rechnungszinssatz betrug 3,5%. Die Übergangseffekte für die Pensions- und Abfertigungsverpflichtungen im Zuge der Umstellung auf die neue Berechnungsmethode nach IAS 19 wurden im Geschäftsjahr 2007 in Höhe von insgesamt EUR 256.347,70 (Pensionsverpflichtungen: EUR 145.346,00, Abfertigungsverpflichtungen: EUR 111.001,70) aufwandswirksam erfasst.

Die Anwartschaftsbarwerte betreffend Pensions- bzw. Abfertigungsverpflichtungen sowie die Überleitung zum bilanzierten Rückstellungsbetrag stellen sich wie folgt dar:

(in EUR)	31. Dezember 2007	
	Abfertigungen	Pensionen
Anwartschaftsbarwert	476.157,00	1.852.828,00
Noch nicht berücksichtigte versicherungsmathematische Gewinne bzw. Verluste	65.516,00	39.609,00
Bilanzierte langfristige Rückstellung	541.673,00	1.892.437,00

## **Sonstige Rückstellungen**

Sonstige Rückstellungen umfassen im Wesentlichen Rückstellungen für anteilsbasierende Vergütungen (TEUR 391,5), für Beratung (TEUR 452,9), für drohende Verluste aus Zinsswaps (TEUR 172) bzw. für die Aufsichtsrats­tätigkeit (TEUR 130).

Im Rahmen eines langfristigen Vergütungsprogramms für die Vorstandsmitglieder der Mayr-Melnhof Karton AG werden am Ende der jeweiligen Bestellungsperiode betraglich fixierte Boni gewährt, sofern die Vorstandsmandate bis dahin aufrecht sind und der Kurswert der Mayr-Melnhof Karton AG Aktie an der Wiener Börse während einer Beobachtungsperiode, welche die Jahre 2008 and 2009 umfasst, für einen ununterbrochenen Zeitraum von 60 Börsentagen EUR 85,00 pro Stück überschreitet.

Nach den Bestimmungen des IFRS 2 sind solche anteilsbasierenden Barvergütungen zu jedem Bilanzstichtag mit dem beizulegenden Zeitwert zu bewerten. Dieser wurde von einem versicherungsmathematischen Sachverständigen nach einer hierfür vorgesehenen Bewertungsmethode errechnet, wobei der risikolose Zinssatz mit 4,03 % p.a., die Volatilität mit 46,6 % p.a. und die erwartete Fluktuation mit 0 % angesetzt wurden.

Der daraus errechnete beizulegende Zeitwert wird zeitanteilig über den Erdienungszeitraum am Stichtag abgegrenzt. Die bis zum Stichtag gebildete sonstige langfristige Rückstellung beträgt TEUR 391,5. Ein Betrag in der gleichen Höhe ist im Personalaufwand erfasst.



## h) Verbindlichkeitspiegel

	GESAMT- BETRAG	davon Restlaufzeit unter 1 Jahr	davon Restlaufzeit über 1 Jahr bis 5 Jahre	davon Restlaufzeit über 5 Jahre	von Restlaufzeit über 1 Jahr bis 5 Jahre dinglich besichert
	EUR	EUR	EUR	EUR	EUR
1. Verbindlichkeiten gegenüber Kreditinstituten	<b>30.570.000,00</b>	3.711.000,00	26.859.000,00	0,00	0,00
2. Verbindlichkeiten aus Lieferungen und Leistungen	<b>336.351,70</b>	336.351,70	0,00	0,00	0,00
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	<b>31.334.275,76</b>	31.334.275,76	0,00	0,00	0,00
davon aus Sonstigen Verbindlichkeiten	31.425.002,38	31.425.002,38	0,00	0,00	0,00
davon aus Leistungen	-90.726,62	-90.726,62	0,00	0,00	0,00
4. Sonstige Verbindlichkeiten	<b>10.185,22</b>	10.185,22	0,00	0,00	0,00
a) Steuern	6.045,93	6.045,93	0,00	0,00	0,00
b) Soziale Sicherheit	3.651,84	3.651,84	0,00	0,00	0,00
c) Übrige	487,45	487,45	0,00	0,00	0,00
<b>Verbindlichkeiten insgesamt</b>	<b>62.250.812,68</b>	<b>35.391.812,68</b>	<b>26.859.000,00</b>	<b>0,00</b>	<b>0,00</b>

## Gewinn- und Verlustrechnung

### a) Sonstige betriebliche Erträge

Diese stammen zum wesentlichen Teil aus Erlösen für Dienstleistungen (Beratung) an verbundenen Unternehmen sowie Auflösung von Rückstellungen.

### b) Personalaufwand

Der Gesamtbetrag der Aufwendungen für Abfertigungen und Altersversorgung für den Vorstand gliedert sich wie folgt:

	<u>2007</u>	<u>2006</u>
	in TEUR	in TEUR
Abfertigungszahlungen	0,0	0,0
./. Auflösung der Abfertigungsrückstellung	0,0	60,0
Zuführung zur Abfertigungsrückstellung	160,8	0,0
Gesamt	<u><b>160,8</b></u>	<u><b>60,0</b></u>

### c) Steuern vom Einkommen

Im Dezember 2005 hat die Gesellschaft als Gruppenträger einen Antrag auf Feststellung einer Unternehmensgruppe gemäß § 9 Abs 8 KStG 1988 mit nachfolgend angeführten verbundenen Unternehmen als Gruppenmitglieder zum Zwecke der **Gruppenbesteuerung** ab dem Veranlagungsjahr 2005 eingebracht.

Die Gruppenmitglieder sind:

Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten

"Papyrus" Altpapierservice Handelsgesellschaft m.b.H., Wien

Joh. Spiels & Co GmbH, Wien

"Papyrus" Altpapierservice Handelsgesellschaft m.b.H., Villach

PAREK Papierverwertungs Gesellschaft m.b.H., Kapfenberg

Mayr-Melnhof Cartonboard International GmbH

Mayr-Melnhof Nikopol A.D., Nikopol

seit 2006:

MM Packaging International GmbH, Wien

Im Dezember 2007 hat die Gesellschaft als Gruppenträger einen Antrag auf Erweiterung der Unternehmensgruppe gemäß § 9 Abs 8 KStG 1988 mit nachfolgend angeführten verbundenen Unternehmen als Gruppenmitglieder zum Zwecke der **Gruppenbesteuerung** ab dem Veranlagungsjahr 2007 eingebracht.

Die weiteren Gruppenmitglieder sind:

MM-Karton Export GmbH, Wien

Ernst Schausberger & Co. GmbH, Günskirchen

Neupack GmbH, Reichenau an der Rax

MM Packaging Austria GmbH, Wien

Aufgrund des Umlagevertrages zwischen den inländischen Gesellschaften wurden EUR 8.060.618,29 (Vorjahr TEUR 4.565,4) an die Gruppenmitglieder weiterverrechnet und für EUR 207.005,50 ( Vorjahr TEUR 32,5) eine Gutschrift erteilt.

Die Steuern vom Einkommen in Höhe von EUR 386.063,68 belasten das Ergebnis der gewöhnlichen Geschäftstätigkeit.

Die aktivierbaren latenten Ertragsteuern, die in Ausübung des Wahlrechtes gemäß § 198 Abs 10 UGB in der Bilanz nicht angesetzt sind, betragen zum 31. Dezember 2007 EUR 177.814,75 (Vorjahr TEUR 118,5).

#### IV. Sonstige Angaben

##### a) Angaben zu derivativen Finanzinstrumenten

Zum Bilanzstichtag gliedern sich die derivativen Finanzinstrumente wie folgt:

Art	Währung	Nominalbetrag Landeswährung	Laufzeit	Zeitwert
Zinsswap	EUR	18.200.000,00	30.06.06-31.05.11	-402.967,00
Zinsswap	EUR	10.500.000,00	29.12.06-31.05.11	-172.063,00

Die Zinsswaps wurden im Zusammenhang mit einer fix verzinsten Beteiligungsfinanzierung abgeschlossen, um eine variable Verzinsung zu erreichen. Die negativen Zeitwerte resultieren aus den zum Bilanzstichtag gestiegenen Marktzinsen. Bei Vorliegen einer direkten Verknüpfung zwischen Grund- und Sicherungsgeschäft ist die Realisierung eingetretener Vermögensminderungen nach vernünftiger kaufmännischer Beurteilung ausgeschlossen, so dass eine bilanzielle Vorsorge unterbleibt. Falls bei Erwerb des Derivates kein Sicherungszusammenhang dokumentiert werden kann, werden allfällige daraus resultierende Verpflichtungsüberhänge unter der Position sonstige Rückstellung erfasst.

##### b) Angaben über Organe und Arbeitnehmer

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Die Organbezüge können wie folgt aufgegliedert werden:

	2007 in TEUR	2006 in TEUR
Bezüge des Vorstandes		
a) von der Gesellschaft	2.294,8	1.887,5
b) von verbundenen Unternehmen	1.173,7	1.359,0
<b>Gesamt</b>	<b>3.468,5</b>	<b>3.246,5</b>
davon		
Fixe Bezüge	1.173,7	1.359,0
Variable Bezüge	2.294,8	1.887,5
	<b>3.468,5</b>	<b>3.246,5</b>
Bezüge des Aufsichtsrates		
a) von der Gesellschaft	130,0	130,0
b) von verbundenen Unternehmen	16,3	16,8
<b>Gesamt</b>	<b>146,3</b>	<b>146,8</b>

Hinsichtlich der Bezüge an ehemalige Organmitglieder wird von der Schutzklausel des § 241 Abs 4 UGB Gebrauch gemacht.

Die Organe der Gesellschaft setzten sich im Geschäftsjahr aus folgenden Personen zusammen:

Vorstand:

Dr Wilhelm HÖRMANSEDER, Purkersdorf (Vorsitzender)  
Ing Franz RAPPOLD, Laab im Walde  
Dr Andreas BLASCHKE, Perchtoldsdorf

Aufsichtsrat:

Dkfm Michael GRÖLLER, Wien (Vorsitzender)  
Dipl-Ing Friedrich MAYR-MELNHOF, Grödig/Salzburg (Vorsitzender - Stellvertreter)  
o Univ-Prof Mag Dr Romuald BERTL, Graz (Vorsitzender - Stellvertreter)  
Dipl-Ing Clemens GOESS-SAURAU, Frohnleiten (Vorsitzender - Stellvertreter, verstorben am 10.01.2008)  
Mag Johannes GOESS-SAURAU, Neumarkt a.d.Raab  
Mag Dr Gerhard GLINZERER, Wien  
Manfred GRUNDAUER, Frohnleiten (vom Betriebsrat entsandt, Kartondivision)  
Gerhard NOVOTNY, Wien (vom Betriebsrat entsandt, Faltschachteldivision)  
Hubert ESSER, Neuss (vom Betriebsrat entsandt, Kartondivision)

**c) Gewinnverwendung**

Der Vorstand schlägt vor, aus dem Bilanzgewinn für das Geschäftsjahr 2007 eine Dividende von EUR 1,70 je Aktie auszuschütten.

Der Vorstand

Dr Wilhelm HÖRMANSEDER e.h.

Ing Franz RAPPOLD e.h.

Dr. Andreas BLASCHKE e.h.

Wien, am 28. Februar 2008

## **Bestätigungsvermerk**

Wir haben den Jahresabschluss zum 31. Dezember 2007 der

**Mayr-Melnhof Karton Aktiengesellschaft,**  
Wien,

unter Einbeziehung der Buchführung geprüft. Die Buchführung, die Aufstellung und der Inhalt dieses Jahresabschlusses sowie des Lageberichtes in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung und einer Aussage, ob der Lagebericht in Einklang mit dem Jahresabschluss steht.

Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, die Prüfung so zu planen und durchzuführen, dass ein hinreichend sicheres Urteil darüber abgegeben werden kann, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist, und eine Aussage getroffen werden kann, ob der Lagebericht mit dem Jahresabschluss in Einklang steht.

Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Unternehmens sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Nachweise für Beträge und sonstige Angaben in der Buchführung und im Jahresabschluss überwiegend auf Basis von Stichproben beurteilt. Die Prüfung umfasst ferner die Beurteilung der angewandten Rechnungslegungsgrundsätze und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Unsere Prüfung hat zu keinen Einwendungen geführt. Aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage des Unternehmens zum 31. Dezember 2007 sowie der Ertragslage des Unternehmens für das Geschäftsjahr vom 1. Jänner 2007 bis 31. Dezember 2007 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung. Der Lagebericht steht in Einklang mit dem Jahresabschluss.

Wien, am 28. Februar 2008

**gmc-unitreu**  
Wirtschaftsprüfungs- und Steuerberatungs GmbH

Mag Johannes THEISS  
Wirtschaftsprüfer

MMag Christoph ZIMMEL  
Wirtschaftsprüfer

# Statement of the Management Board

## according to regulation 82 (4) of the Austrian Stock Exchange Act

The Management Board declares that the consolidated financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as to be applied in the European Union, and present to the best knowledge fairly, in all material respects, the financial position of the Group for the purpose of the requirements of the Austrian Stock Exchange Act.

In the same way the Management Board declares that the management report presents fairly, in all material respects, the financial position of the Group and discusses the material risks and uncertainties which the Mayr-Melnhof Group, comprising Mayr-Melnhof Karton AG and its subsidiaries, is exposed to, for the purpose of the requirements of the Austrian Stock Exchange Act.

Vienna, February 28, 2008

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

