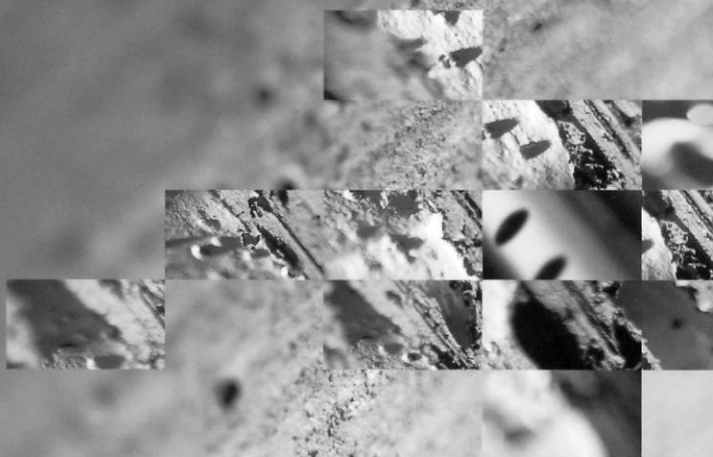




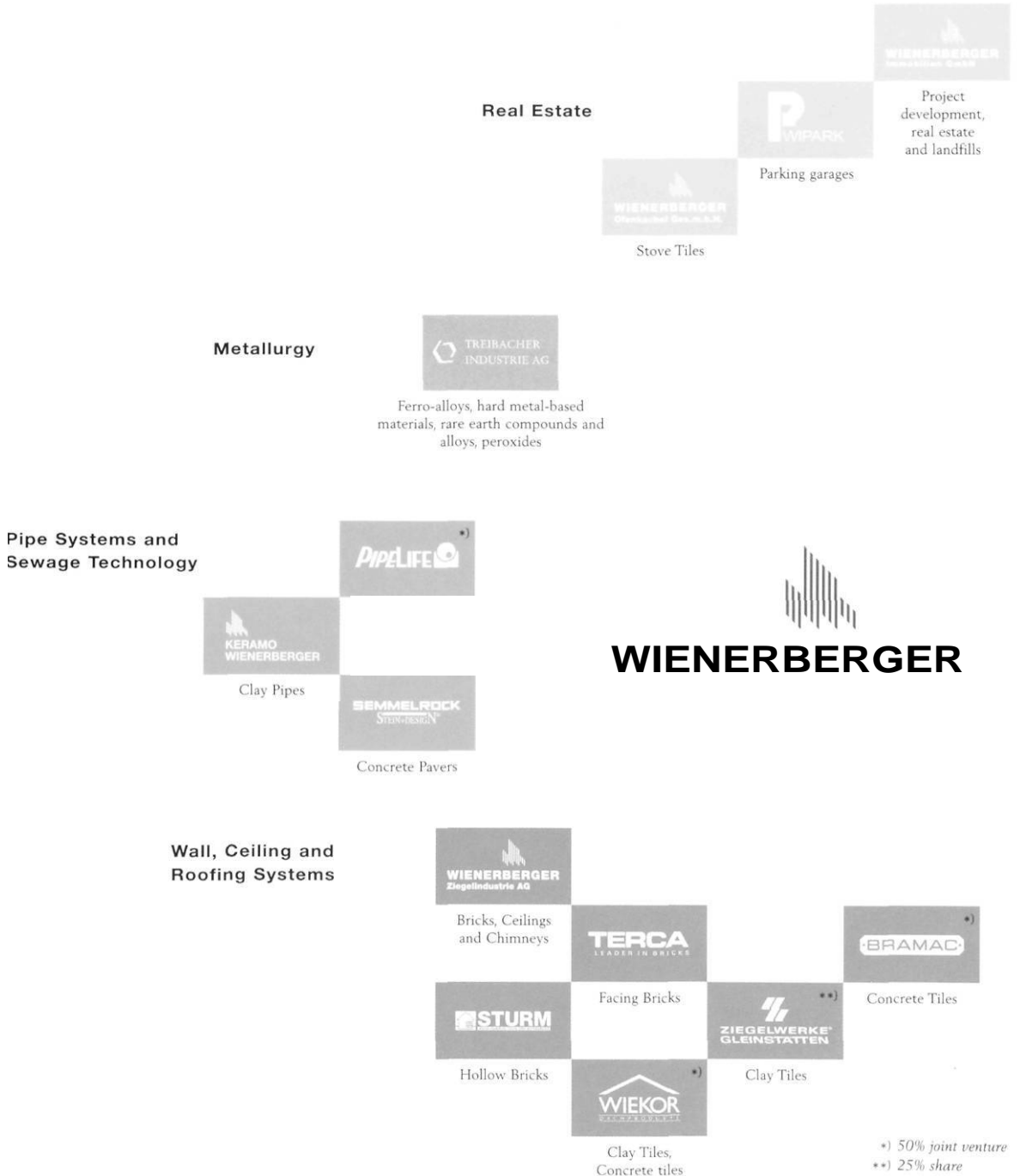
WIENERBERGER

Building Value



Annual Report 1997

Major Companies in the Wienerberger Group



1997 Corporate Accounts and Annual Report
of Wienerberger Baustoffindustrie
Aktiengesellschaft, Vienna

Presented at the I 29th Annual General Meeting
on May 6, 1998

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Chief Executive's Review

Dear Shareholders,

1997 represents the best year by far in the 179-year history of our Company. This was also a remarkable year for other reasons - a year in which we set course to ensure the long-term continuation of our expansion program.

**Record Year with
58% Increase in
Profit on Ordinary
Activities**

Based on 1996 profit on ordinary activities of ATS 1,369 million, we originally predicted an increase of 25% to ATS 1,700 million. At mid-year, we raised this forecast to ATS 2,000 million. The year-end figure totaled ATS 2,164 million - an increase of 58%.

**42% more Profit
in the Industrial
Sector**

Even if the unusually high revenues from the real estate segment are disregarded, our industrial business units still recorded outstanding profit growth of 42%.

The brick segment has exceeded the one billion Schilling profit mark. After a successful reorganization, Treibacher doubled profits to a level of ATS 341 million. However, negative external factors caused a strong decline in profits in the pipes segment. Further drastic restructuring measures in the clay pipe business and the normalization of raw materials prices in the plastic pipe area should help restore the original level of profits over the short-term.

The Managing Board has recommended payment of a dividend of ATS 46 per ATS 100 share for 1997. This represents an increase of approximately 10%, and a new all-time high profit distribution of nearly ATS 400 million. The ATS 756 million increase in Group equity is an impressive confirmation of the internal increase in value to which we have committed ourselves.

"Building Value"

The leitmotif "building value" on the cover of this annual report is a sign of our dedication not only to construction as a fundamental part of our core business. It also represents the focus on development which is reflected in our "Wienerberger Value Management" program.

Our primary objective is to achieve a long-term, balanced increase in value for all our stakeholders. I see the realization of this goal in paying even greater attention to our shareholders and investors: we want to achieve a harmonious

balance between their interests, the interests of our customers whom we also serve, and the interests of our employees.

The business world does not evaluate according to philosophy or concepts, but only on results. We have therefore added clear measurement criteria to our "Wienerberger Value Management" and introduced them in all regional units of the Group. Our key parameter is "return on capital employed".

Visible consequences of this strategy in 1997 were the sale of Treibacher Schleifmittel AG and our major real estate project the "Business Park Vienna". These actions resulted in a tightening of our balance sheet and an improvement in gearing from almost 60 to 19%.

"Wienerberger
Value Management"

Consequent
Implementation
of Strategy



*Erhard Schaschl,
Chief Executive Officer
Wienerberger Baustoff in Austria AG*

Return on capital employed rose from 7.4 to **14.9%**, whereby industrial activities registered ROCE of approximately 10%. This represented not only a big step towards reaching our long-term minimum ROCE goal of 15%, but also provided a clear signal to our management and employees. This signal became an effective impulse for a number of specific optimization steps which together provided an impressive contribution **to** profits.

In **the** future we want to evaluate our management and employees even more based on improvement in earnings power. New models for profit-based compensation are being developed, which are designed to effectively strengthen our "Wienerberger Value Management".

Up **to** twelve years ago, Wienerberger was a regional brick manufacturing company whose business was concentrated in the eastern part of Austria. We have since 1986 grown **to** number 152 plants in **19** countries. Sales have increased by a factor of seven during this **time**, profits by a factor of eleven, and the market price of our shares has grown twenty-five times.

Much more important than past achievements, however, is **the** further expansion of our potential for success in the future. This is essential for the long-term continuation of our plans for growth and internationalization. **From** a personnel, organizational and financial standpoint, we are better equipped to meet this challenge today than ever before. Our belief in industrial "leadership" is developing from a vision to reality.

Our Dedication
to "Leadership"

1998 **will** be a new record year for Wienerberger. Even though we do not expect any significant upward trends in our markets, we are counting on our competitive advantage and especially on the proven dedication, self-confidence and strength of our employees - together we are simply better'

Optimism for 1998

In our industrial activities, we anticipate a further increase of over 20% in profits for 1998. Based on recent **developments**, this objective appears thoroughly realistic. Including acquisitions not reflected in our forecast, we should once again exceed this goal.

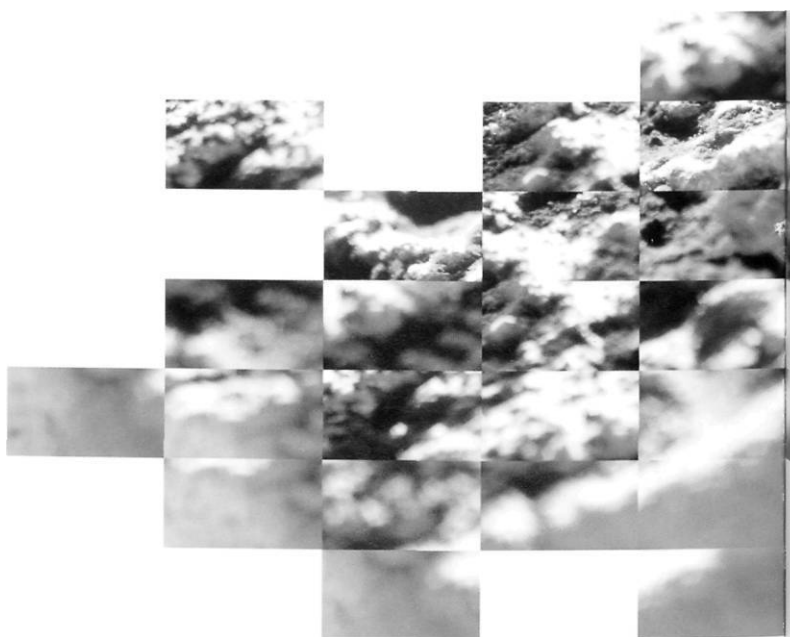
We have a clear and simple strategy for the future: We are building on "Wienerberger Value Management". We are concentrating on bricks and pipes. We see our primary opportunities for growth in Eastern Europe. And we want to continue our above-average growth in order **to** reach the major leagues of the European building materials industry as soon as possible.

Proven Strategy
for the Future

1997 was a milestone on this road and, on behalf of my colleagues on the Board and all our employees, I would like **to** take this occasion to thank you as owners of this Group for your trust. **Give** us your continued support and **we** will prove it is warranted.

yours

E. Wimmer



Corporate Profile

Wienerberger is a leading, rapidly expanding company in the European building materials industry.



Overview

179 Years of Tradition

Founded in **1819** on Vienna's Wienerberg and traded on the Vienna Stock Exchange since 1869, Wienerberger is a company **with a** long tradition.

1986: Start of Internationalization


The expansion and internationalization in our core business of bricks and pipes, which began in 1986, is truly impressive: over a span of just twelve years Wienerberger was transformed from a local Austrian brick manufacturing company to Nr. 1 in Europe, and also became a **European** leader in pipe production. The Company's industrial portfolio is complemented by a leading position in the ferro-alloys business. This industrial expansion is supported by our activities in the real estate area.

Today the Wienerberger Group is comprised of nearly 60 operating companies with 152 plants in 19 countries. This multicultural Group and its many independent companies are directed by the principles of "Wienerberger Value Management". A clear commitment to concentration on the core business of bricks and pipes, the increase of return on capital employed, and our vision of a leading international building materials group are the foundations of this value-based management philosophy.



Milestones:

1998
Nr. 1 in Bricks
and a Leading
Position in Pipes
with 152 plants
in 19 countries

1819
*founding by Alois Miesbach
on the Wienerberg in Vienna*





1869
*Trading starts
on the Vienna
Stock Exchange ...*

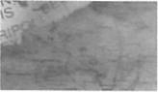
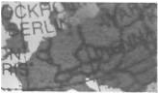


1880
*... 10,000 employees on the Wienerberg in what was the world's
largest brick factory, supplier to many of the magnificent build-
ings in Vienna's Inner City, ornamentation and terra-cotta
turned construction into an art form, but the workers' pain
and suffering, and strikes also formed the Company's history, ...*

1980
*New management level reorgani-
zation of this brick manufacturing
company in eastern Austria*



1986
*Start of
internationalization and
expansion ...*



1998
*... through acquisition of the Oltmanns Group in Germany
and entry into the Hungarian market, construction or acqui-
sition of more than 140 plants, development of leadership position in West Europe, founding of the
Pipelife joint venture and acquisition of Keramo Wienerberger, purchase of Semmelrock in Austria,
Sturm in France, Terca in Belgium and numerous other companies in Europe, first steps towards Asia
and full concentration on Eastern Europe with current emphasis on Poland and Croatia ...*

Wienerberger Value Management

Vision

Wienerberger - a leading international building materials group, ranking Nr. 1 in our markets.

Strategy

- Concentration on our core business - bricks and pipes
- Optimization of existing business activities
- Growth in Eastern Europe
- Development of new opportunities in the building materials sector

Corporate Culture

- Entrepreneurs in Group companies
- C&C - Concentration and Consistency
- Speed and harmony
- Focus on our customers, quality, and the environment
- Multicultural corporation



"Building Value"
for investors,
customers, and
employees

Management and Employees

- Information and communication
- Management development
- Performance-based compensation
- Employee stock ownership program

Measurement Criteria

- Return on Capital Employed (ROCE)
- Free Cash flow
- EBIT, Profit on ordinan' activities
- Earnings per share, Gearing

Supervisory Board, Managing Board and Management

Supervisory Board

Gerhard Randa
Chairman, as of May 21, 1997,
Chairman of the Board of Directors of
Bank Austria AC

Christian Dumolin
Vice-Chairman, President of Koramic
Building Products N.V.

Guido N. Schmidt-Chiari
Chairman up to May 21, 1997

Max Kothbauer
Up to May 21, 1997

Josef Esterl
Representative
of the Employees' Council

Ignace Gheysens
Secretary General of
Koramic Building Products N.V.

Heinz Gruber
Chairman of the Employees' Council and
Speaker of the European Employees' Council

Sieglinde Gruber
Representative of the Employees' Council

Erich Hampel
as of May 21, 1997,
Chairman of the Board of Directors
of Creditanstalt AG

Gerhard Hampel
Representative of the Employees' Council

Rupert Hatschek
Managing Director of Rupertus Vermögens-
verwaltungs- und Beteiligungsges.m.b.H.

Franz Lauer
Vice-Chairman of the Board of Directors
of Wiener **Städtische** Allgemeine
Versicherung AG

Alois Michielsen
Vice-Chairman of the Board of Directors
of Solvay AG

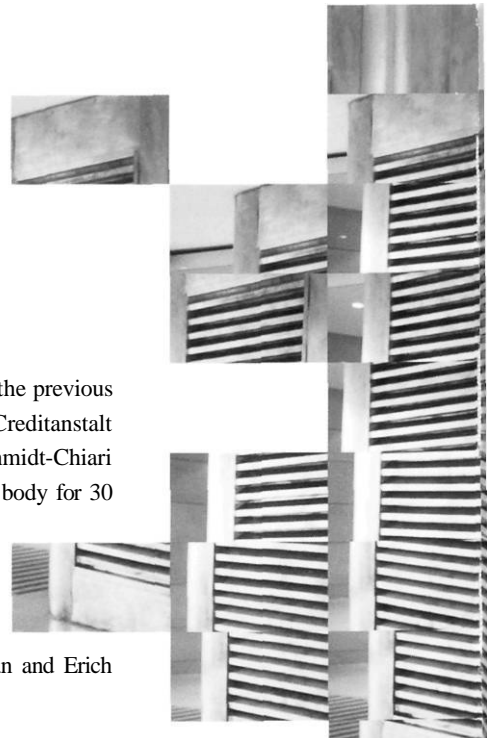
Erich Pimmer
Executive Director Industrial Investments
at Creditanstalt AG

Karl Sauer
Representative of the Employees' Council

Georg Schwarz
Managing Director of Ludwig Engel KG

Jean Dominique Sturm
Entrepreneur

Changes were made to the Supervisory Board during the previous year to reflect the new ownership structure of the Creditanstalt AG, one of our two main shareholders: Guido N. Schmidt-Chiari announced his retirement. He was a member of this body for 30 years and its Chairman for the last 16 years, and played a decisive role in the internationalization of our Group during this period. At this same time, Max Kothbauer also submitted his resignation. Their successors are Gerhard Randa as Chairman and Erich Hampel as member of the Supervisory Board.



Wienerberger Ziegelindustrie AG

Wolfgang **Reithofer**

Johann Windisch

Klaus **Hoppe**

Thomas J. M. Lenders

Walter Linke

Treibacher Industrie AG

Reinhard Iro

Wienerberger Rohrsysteme
und Abwassertechnik GmbH

Paul Tanos

Hans Tschuden

Wienerberger Immobilien GmbH

Herbert Putz

Hermann Sammer

Giinter Warmuth

Management
of Strategic
Business Units

Corporate Finance

Adolf Jessner

Corporate Communications

Gerhard Bachmaier

Corporate Development

Arno Langwieser

Corporate Services

Erhard Schaschl, Chief Executive

since July 1, 1980, 55 years old, responsible for strategy, finance and communications, as well as the Metallurgy and Real Estate business units

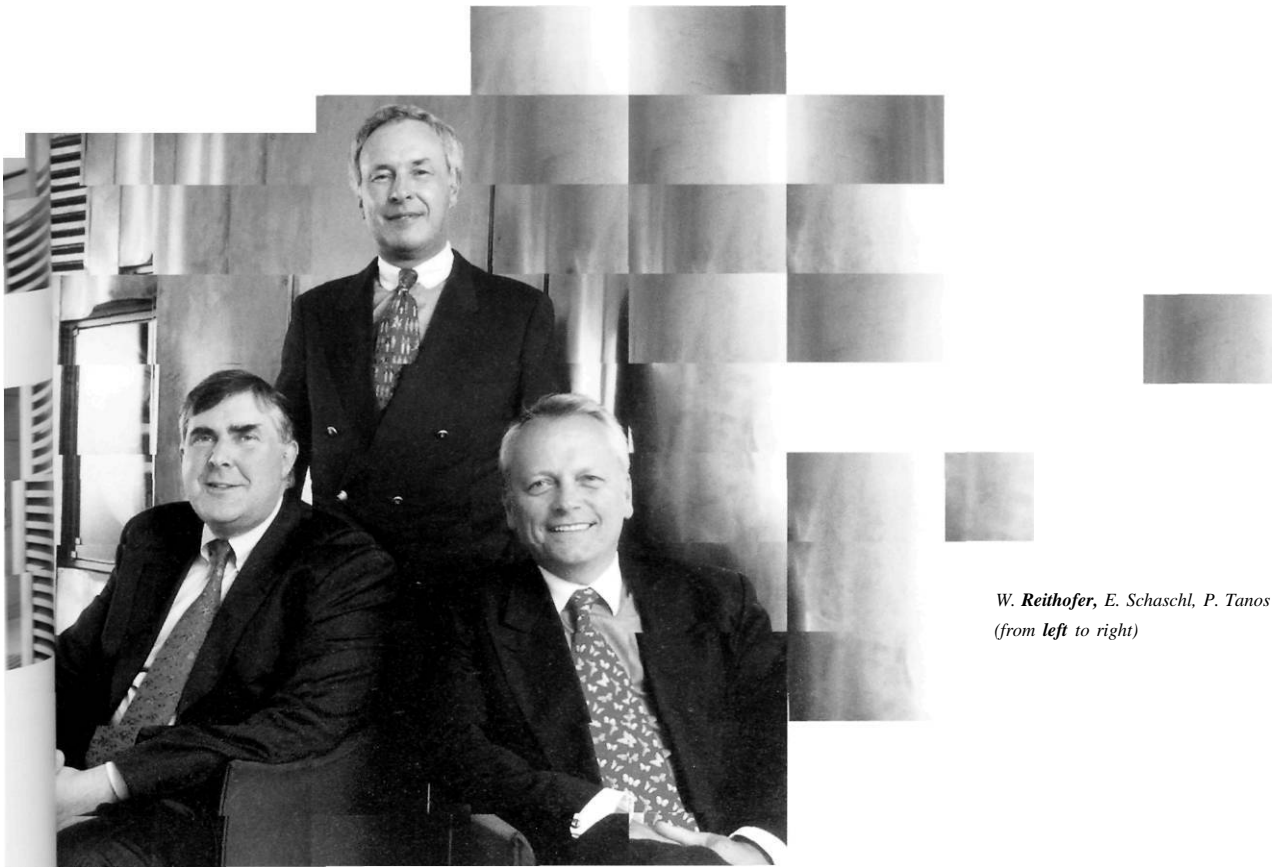
Wolfgang Reithofer, Deputy Chief Executive

since February 1, 1981, 49 years old, responsible for the business units "Wall, Ceiling and Roofing Systems" and Real Estate

Paul Tanos

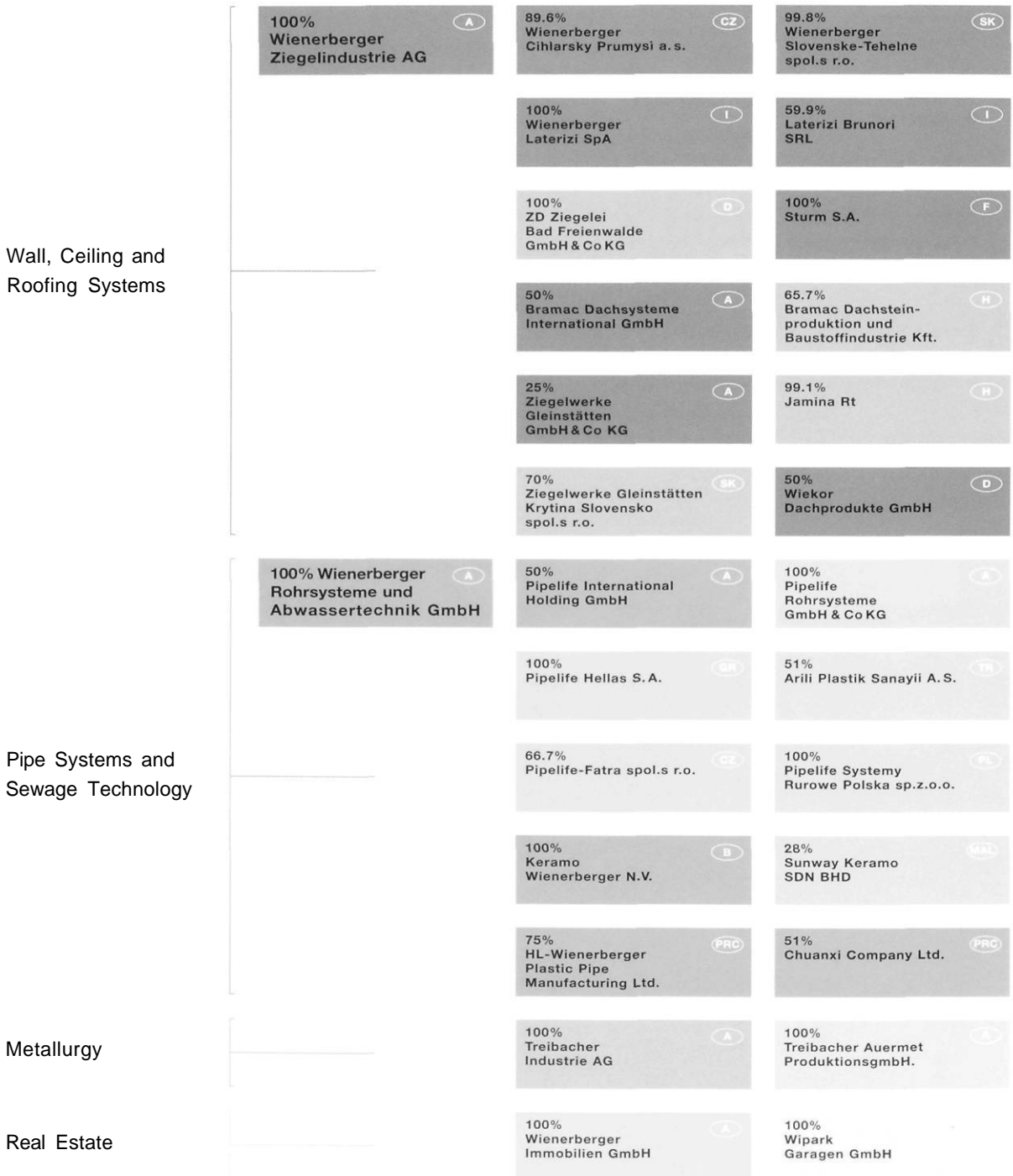
since January 1, 1988, 53 years old, responsible for the business unit "Pipe Systems and Sewage Technology"

Managing Board
Wienerberger
Baustoffindustrie AG



*W. Reithofer, E. Schaschl, P. Tanos
(from left to right)*

Organization Chart



86.9% Wienerberger Téglaipari Rt (H)	100% Wienerberger Ceramika Budowlana s.p.z.o.o. (PL)	79% Wienerberger Ilovac d.d. (HR)	100% Wienerberger opečni sistemi d.o.o. (SLO)
100% Wienerberger Ziegelindustrie Deutschland GmbH (D)	100% Wienerberger Ziegelindustrie GmbH & Co (D)	50% Schlagmann Baustoffwerke GmbH & Co KG (D)	100% Wienerberger Ziegelindustrie Südwest GmbH & Co KG (D)
100% Terca Bricks N.V. (B)	100% Terca Baksteen B.V. (NL)	100% Terca Briques S. A. S. (F)	
100% Bramac spol.s r.o. (CZ)	100% Bramac Stresne Systemy spol.s r.o. (SK)	62.7% Bramac Dachstein- produktion und Baustoffindustrie d.o.o. (SLO)	100% Bramac Pokrovni Sistemi d.o.o. (HR)
99.4% Ziegelwerke Gleinstätten Csorna Beled Cserepyarto Rt (H)	88% Ziegelwerke Gleinstätten Krytina Hranice spol.s r.o. (CZ)	88.9% Ziegelwerke Gleinstätten Krytina Slapanice a.s. (CZ)	87.2% Ziegelwerke Gleinstätten Ciglano- Bedekovcina d. d. (HR)
100% Flexalen Fernwärmesysteme GmbH & Co KG (A)	100% Pipelife Rohrsysteme GmbH (D)	100% Pipelife France S. A. (F)	50% Pannonpipe Műanyagipari Kft. (H)
100% Polva Pipelife BV (NL)	100% Polva Pipelife S. A. (B)	100% Pipelife Hispania S. A. (E)	100% Maiapias Lda (P)
100% Pipelife Cevni Sistemov d.o.o. (SLO)	50% Pannonpipe Rom Com s.r.l. (RO)	100% Pipelife Cijevi sustavi d.o.o. (HR)	100% Davinyl AB (S)
75% Simmelrock SB Baustoffindustrie GmbH (A)	100% Wienerberger Alpha Umwelttechnik GmbH (A)	100% Simmelrock Stein & Design Pflastersteine Kft. (H)	
90% Chuanwie Plastic Ltd. (PRC)	51% Chuanlu Plastic Sales & Service Ltd. (PRC)	100% Wienerberger Shanghai Plastic Pipe Ltd. (PRC)	
100% Treibacher Auermet d.o.o. (SLO)	49% Aktivsauerstoff GmbH (A)		
35.5% + (15,5%) „Alva“ Güter- und Vermögensverwaltungs-AG (A)	100% Wienerberger Ofenkachel GmbH (A)	60% Wienerberger Versicherungs-Service GmbH (A)	

Asol March IWX

Industrial Resources

152 plants in 19 countries

Belgium
Hollow Bricks
Ostyn
Sari
Tessenderlo
Zonnebeke
Facing Bricks
Beerse
Ghlin
Maaseik
Malle
Quirijnen
Wameton
Zonnebeke
Plastic Pipes
Kalmthout
Clay Pipes
Hasselt

Germany
Hollow Bricks
Bad Freienwalde
Bollstedt
Buldem
Erfurt-Gispersleben
Gransee
Hainichen
Jeddeloh
Konigsau
Lanhofen I+II
Reuden
Rietberg
Sittensen
Wefensleben
Zwickau
Facing Bricks
Buchhorst

Hude
Petershagen
Wegberg
Woldegk
Ceilings
Dollnstein
Lanhofen III+IV
Rosenau
Chimneys
Elze
Geiselbullach
Osterwald
Concrete Tiles
Langburkersdorf
Clay Tiles
] anac-n/enn
Riesa
Plastic Pipes
Ekem
Gcilzau

France
Hollow Bricks
Achenheim
Betschdorf I+II
Rouffach
Facing Bricks
Angorvilles
Hulluch
Ollainville
St. **Sauveur**
Wizernes
Ceilings
Achenheim
Rouffach
Concrete Products
Achenheim
Pontarlier
Clay Tiles
Bouxwiller
Plastic Pipes
Gaillon
Chateauroux
Compiegne
St.Gilles

Greece
Plastic Pipes
Thiva

Italy
Hollow Bricks
Feltre
Imola I+II

Croatia
Hollow Bricks
Karlovac II+III
Concrete Tiles
Drnis
Clay Tiles
Bedekovcina*)

Netherlands
Hollow Bricks
Brunssum
Facing Bricks
Bemmel
Haaften
Heteren
Kijfwaard I
Kijfwaard II
Ochten
Reuver
Thorn
Wolfswaard
Plastic Pipes
Enkhuizen

Austria
Hollow Bricks
Barnbach
I'm stenfc'ld
Gollersdorf
Haiding
Hennersdorf
Laa/Thaya
Mauthausen
Neckenmarkt
Uttendorf
Facing Bricks
Rotenturm
(Ceilings
Leopoldsdorf
Concrete Tiles
Gaspolts'nofen
Gleisdorf
Pochlarn
Clay Tiles
Gleinstatten')
Pinkafeld*)
Unterprenstatten*)
Plastic Pipes
Krems
Wr. Neudorf
Concrete pavers
Klagenfurt
Leopoldsdorf
Civil Engineering
Products
Leopoldsdorf
Metallurgy
Treibach
Stove Tiles
Walbersdorf

Poland
Hollow Bricks
Honoratka
Lebork
Zielonka
Plastic Pipes
Radom

Portugal
Plastic Pipes
Porto

Sweden
Plastic Pipes
Olsremma

Slovakia
Hollow Bricks
Zlate Moravce
Concrete Tiles
Ivanka pri Nitra
Clay Tiles
Nitrianske Pravno")

Slovenia
Concrete Tiles
Dravograd
Skocjan
Metallurgy
Ravne

Spain
Plastic Pipes
Granollers
Zaragoza
La Carlotta

Czech Republic
Hollow Bricks
Cicenice
Hostomice
Jivno
Kostelec n.Orl.
Lety
Lisov
Novosedly
Repov
Tyn
Concrete Tiles

Chrudim
Olbramovice
Clay Tiles
Hranice*)
Slapanice*)
Plastic Pipes
Otrokovice

Turkey
Plastic Pipes
Istanbul*)

Hungary
Hollow Bricks
Bataszek
Bekescaba III*)
Koszeg
Mezotur
Orbottyán
Solyvár I
Solyvár II
Sopron
Ceilings
Koszeg
Concrete Tiles
Kecskemet
Veszprem
Clay Tiles
Bekescsaba I*)
Bekescsaba II*)
Csorna*)
Plastic Pipes
Csepel*)
Debrecen*)

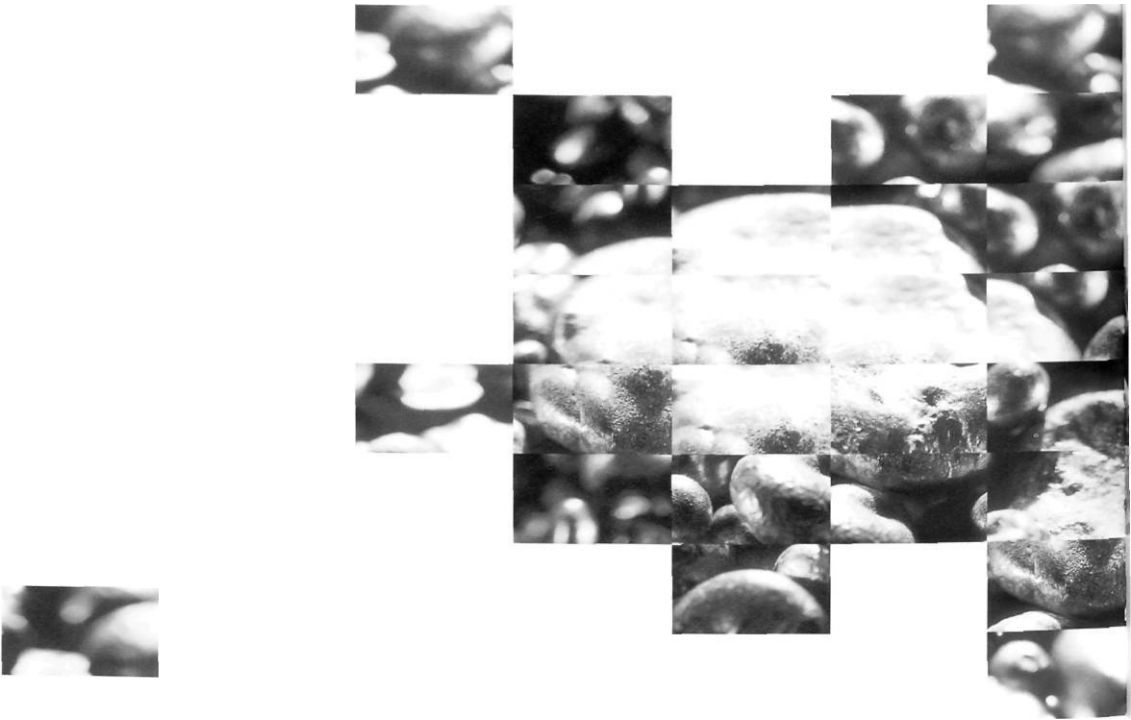
**Production sites
in Asia**

China
Plastic Pipes
Chengdu I
Chengdu II
Nansha
Shanghai

Malaysia
Clay Pipes
Kuala Lumpur

*) Minority Share





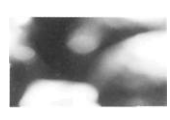
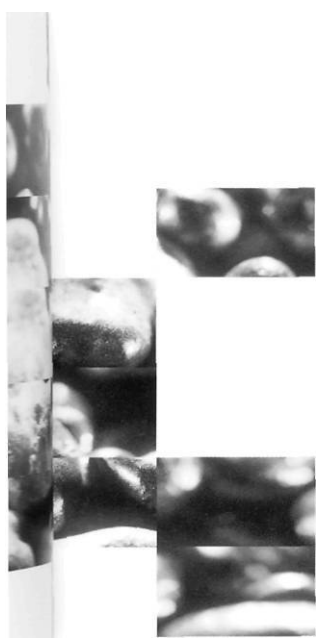
Review of Operations

1997: Impressive Record Results

Difficult Conditions on West European Markets

EBIT Growth of 45% from ATS 1,602 to 2,329 million

Consequent Realization of "Wienerberger Value Management"
and Significant Strengthening of Industrial Activities



The Economy in 1997

The worldwide economy was characterized by contrasting **developments** in 1997: positive factors included continuing growth in demand, particularly **in the USA**, and increasing dynamics in **Europe**; the financial crisis **in** Southeast Asia and its possible consequences, **on** the other hand, fueled uncertainty.

Europe - Economy on the Upswing

Economic indicators in **Europe** are pointing **upwards**, with exports remaining the **driving** force. Consolidation measures required to fulfill the Maastricht criteria had a slowing influence, however. Private consumption started to rise slowly. The Austrian economy also began to **recover**, and gross domestic production rose by roughly 2%. A difficult **recovery** began in Eastern **Europe** after nearly a **decade** of continual declines. High pent-up demand in the **reform** countries **provided** a clear stimulus for growth, but this was inhibited by **government** monetary policies.

Western Europe: Continuing Difficulties in Construction

The construction industry in West **Europe** has hardly **profited** from **the** general upswing in the economy - growth was just 0.4%. **Restrictive** spending on the part of public authorities was a restraining factor. **Demand** by **private** households was not strong enough to **provide** a lasting stimulus to the construction industry. **Growth** rates **varied** considerably from one region to another. Production output declined significantly in Germany and Switzerland, but a number of countries in Northern and Central Europe registered strong growth. The construction industry in Austria did not **develop** as strongly as the rest of the economy in 1997 and **recorded** growth of only 1%.

In West Europe the downward trend in housing starts slowed, but still continued uninterrupted. Higher than average declines were recorded in Germany, Italy and France. The primary reason was an expansion of production **capacity** during the first half of the 1990's, at a time of stagnating population growth.

Capital expenditures remained at the prior year level in West Europe. It was impossible to reduce the huge excess capacity in industrial and public facilities construction.

Economic austerity policies in the member countries of the European Union **prevented** a turnaround in **civil** engineering. The downturn did, **however**, come to a standstill.

Renovation - the Motor of Construction

One area offering sufficient opportunities for expansion is renovation. Growth rates in this area reached 1.9% in West Europe. The trend towards **renovation** and modernization of usable buildings is **increasingly** becoming a target of public subsidy programs.

The upward market trend continued in Hungary, the Czech Republic, Slovakia and Poland. The highest growth rates in housing were registered in the Czech Republic at **10.0%**, Slovakia at 8.0% and Poland at 5.0%. Construction **volume** rose by a total of 3.9%, in spite of the negative influence exerted by restrictive public spending.

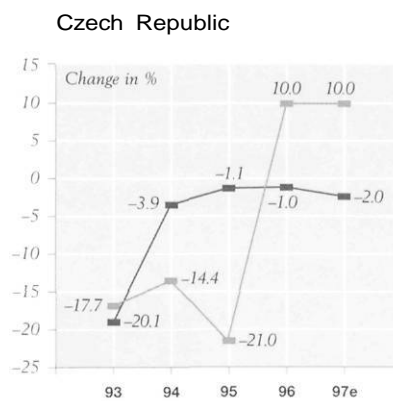
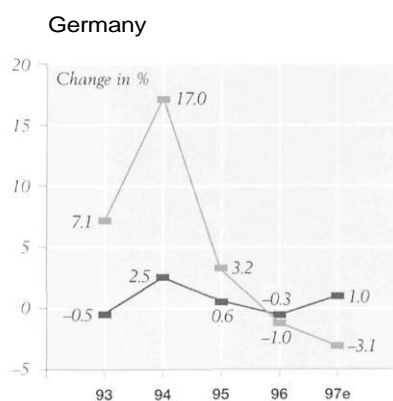
East-Central Europe:
High growth rates

Countries	1993	1994	1995	1996	1997e
Germany	2.8	7 g	0.3	-3.1	
France	-6.0	-0.2	0.1	-3.8	-0.9
Italy	-5.7	-3.0	1.0	1.9	0.5
Great Britain	-1.8	3.2	-0.6	1.2	3.7
Spain	-8.1	1.2	5.0	-1.0	2.1
Belgium	-1.5	1.5	1.4	-2.0	2.8
Netherlands	-3.3	3.1	1.8	1.5	3.5
Portugal	0.0	1.0	5.8	4.2	12.8
Switzerland	-2.0	2.0	-3.0	-5.7	-6.1
Austria	2.3	4.7	1.6	2.9	1.5
Average	-3.1	2.7	0.9	-0.6	0.4

Construction Volume
West Europe

Countries	1993	1994	1995	1996	1997e
Hungary	-1.5	16.0	3.0	1.1	4.5
Czech Republic	-7.4	3.1	8.5	4.8	-3.4
Slovakia	-26.8	-5.3	2.5	3.7	8.0
Poland	4.3	2.0	5.6	4.1	i. i.
Average	-6.6	2.6	5.6	3.7	3.9

Construction Volume East-Central Europe



Change in new housing starts and renovation in Germany and the Czech Republic

■ New housing starts
■ Renovation

Sourer: Euroconstruct, December 19⁰⁷. Annual growth rates in %, e ... estimated

1997 Highlights

Focus on
Core Business
and Increase in
"Return on Capital
Employed"

Consequent Realization of "Wienerberger Value Management"

Concentration **on** our core business of bricks and pipes, maximizing return on capital employed and, at the same **time**, creating a lasting increase in the value of our Company are the objectives of the newly introduced "Wienerberger Value Management". Two significant steps were taken during **1997**:

1. Sale of the real estate project "Business Park Vienna"

On May 15, 1997 **the** Business Park Vienna was sold to the Austrian **[mmofinanz Immobilien Anlagen AG**, representing the successful conclusion of this major real estate project on the Wienerberg which was started in 1991. Wienerberger has not only **realized** a high return on this investment, but will use the proceeds to finance further expansion in the building materials segment. In an exchange transaction, Wienerberger acquired a 1 1.6% share in Immofinanz Immobilien Anlagen AG.

Effect

Liquid funds:	+ ATS 12 bill.	EBIT:	+ ATS 581 mill.
Liabilities:	- ATS 1.9 bill.	Gearing:	- 33 basis points
Fixed assets:	- ATS 2.5 bill.	ROC 1.	+ 12% or 1 basis point

2. Sale of Treibacher Schleifmittel AG

On June 9, 1997 Treibacher Schleifmittel AG was sold. After a successful turnaround, this company recorded sales of ATS 1.5 billion and profit on ordinary **activities** of ATS 10 million during the previous year with 879 employees.

Effect:

Liabilities:	- ATS 0.7 bill.
Assets:	- ATS 0.6 bill.

At this same time, our industrial core business of bricks and pipes was strengthened by the following actions:

Expansion of
core business
bricks and pipes

Wall, Ceiling and Roofing Systems

- Acquisition of the hollow brick plant Bad Freienwalde in Germany
- Start of construction on the new hollow brick plant Zonnebeke in Belgium
- Final negotiations for acquisition of a share in the hollow brick plant Honoratka in Poland
- Purchase of the facing brick plant Woldegk in Germany
- Closure of three older brick plants in Germany and Belgium
- Sale of the concrete business of Sturm S.A. in France as of 1.1.1998
- Founding of the Wiekor Dachprodukte GmbH joint venture and acquisition of three roof tile plants in Germany
- Begin of construction on the new clay tile plant **Langenzenn** in Germany by Wiekor
- Start of production at the new concrete tile plant Nitra in Slovakia by Bramac
 - Purchase of the Drnis concrete tile plant in Croatia by Bramac
 - Acquisition of the Nitrianske Pravno clay tile plant in Slovakia by Ziegelwerke Gleinstatten
 - Acquisition of "Krauss Kaminwerke" in Germany

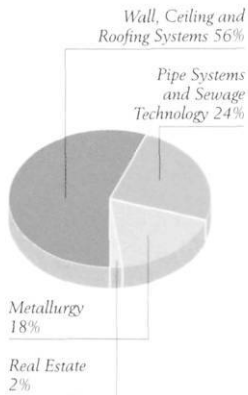
Pipe Systems and Sewage Technology

- Acquisition of the plastic pipe producer Davinyl AB in Sweden by **Pipelife as of 1.1.1998**
- Start of construction *on* two plastic pipe plants in Romania and Croatia
- Closure of Pipelife's plastic pipe plant Vedene in France
- Sale of share in the Singapore plastic pipe plant
- Increase of the holding in the Nansha plastic pipe plant in China to 75%
- Increase of the share in Semmelrock SB Baustoffindustrie GmbH to 75%
- Transfer of Duroton production to the Semmelrock Group
- Preparation for the start of construction on a new pavers plant in Hungary by the Semmelrock Group
- Preparatory work for a European clay pipe joint venture between Keramo Wienerberger and Deutsche Steinzeug Cremer & Breuer AG

1997 Results

Financial Analysis

Sales by Business Unit



1997 Results

58% higher profit on ordinary activities

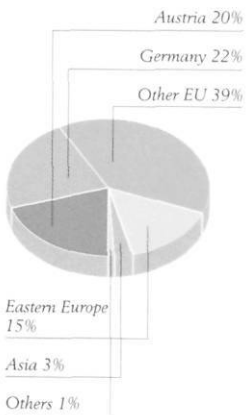
BOCE **growth** from 7.4 to **14.9%**

EBIT increase of ATS 404 mill, from industrial activities

Group sales increased - after the exclusion of divested companies - by 14.7% to ATS 15,323 million. The largest contribution was made by the Wall, Ceiling and Roofing Systems business unit at ATS 8,598 million, followed by the Pipe Systems and Sewage Technology unit at ATS 3,625 million. 80% of total sales are now earned in our two core business units.

West Europe remained the key market for the Wienerberger Group. With an increase from 11 to 15%, East European countries **have** once again raised their contribution to consolidated sales. The percentage of total sales registered in our Austrian and Germany companies decreased according to plan, and now represents only 42%.

Sales by Region

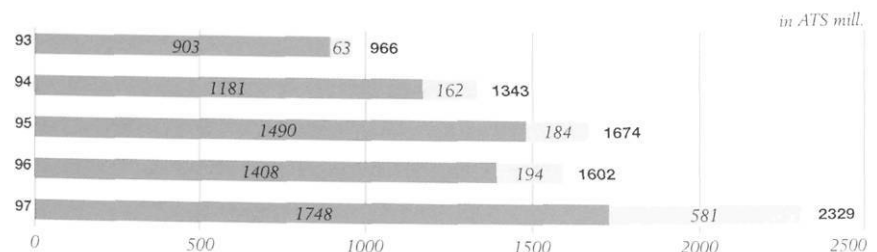


Total revenues rose from ATS 16,031 to 16,613 million. Other operating income includes profit of ATS 581 million on the sale of the Business Park Vienna. This unusually high additional income must be compared with annual revenues from real estate rentals, which yielded an average of ATS 140 million annually over the last five years. The cost of materials increased to ATS 7,147 million as a result of the growth in sales. Including payroll-related taxes and social security expenses, personnel expenses for Wienerberger Group employees totaled ATS 3,281 million, representing a decrease of 6.7%. This is due to our expanding activities in markets with lower wage levels, as well as the sale of Treibacher Schleifmittel AG. A decrease in the depreciation component of sales from 9.2 to 8.9% was made possible chiefly by the better utilization **of capacity**.

EBIT increased by 45% from ATS 1,602 to 2,329 million, and reached a new-record level.

Development of EBIT

Income from sales of real estate
Profit from operations



EBIT by Business Unit	1997	1996	Change
	<i>in ATS mill.</i>	<i>in ATS mill.</i>	<i>in</i>
Wall, Ceiling, and Roofing Systems	1,310	930	+41
Pipe Systems and Sewage Technology	93	202	-54
Metallurgy	336	206*)	+63
Industrial activities	1,739	1,338	+30
Real Estate	590	264	>100
Wienerberger Group	2,329	1,602	+45

*) incl. *Treibacher Schleifmittel AG.*

In addition to above average revenues from the sale of real estate, the increase in profits resulted to a large extent from the Group's industrial activities. Despite an earnings decline in the pipe segment, EBIT rose by 30% from ATS 1,338 to 1,739 million.

Wall, Ceiling and Roofing Systems

Profits increased by 41% from ATS 930 to 1,310 million. This was due to efficient cost management in West Europe and a near tripling of earnings in Eastern Europe. Based on sales of ATS 8,598 million, the EBIT margin reached a level of 15.2% in spite of difficult conditions in the construction industry.

Pipe Systems and Sewage Technology

Continuing losses at Kramo Wienerberger and steady raw material price increases in the plastic pipe area led to a drastic decline of 54% in EBIT to ATS 93 million.

Metallurgy

In 1997 Treibacher Industrie AG recorded the highest earnings in its history. EBIT of Treibacher group rose by 63% from ATS 206 to 336 million.

Real Estate

EBIT rose from ATS 264 to 590 million due to the sale of the real estate project "Business Park Vienna".

Income from financing **activities improved** from ATS -232 to **-165** million in 1997. This was primarily the result of a significant decrease of ATS 2,529 million in interest-bearing liabilities, which followed a planned reduction in invested assets.

Profit on ordinary activities therefore increased to a greater extent than operating income, and grew by 58% from ATS 1,369 to 2,164 million.

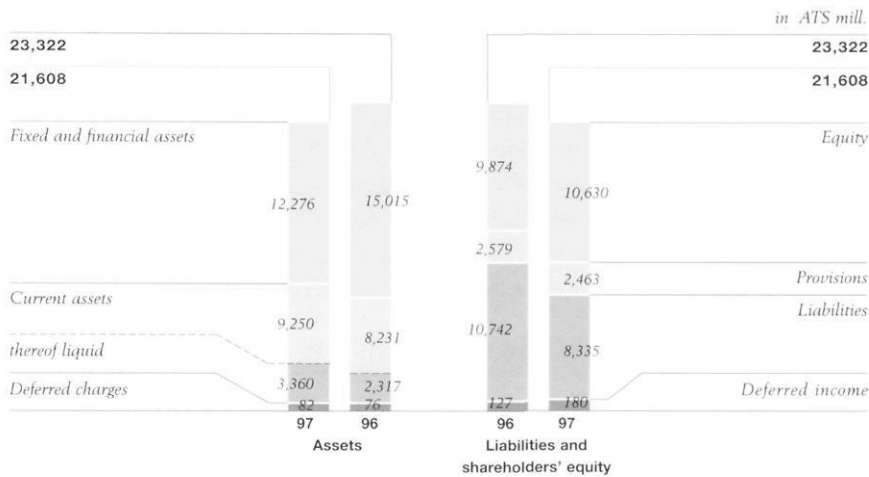
Income taxes rose to a level of ATS 423 million as a result of the increase in earnings, despite a slight decline in the Group's **overall** tax rate from 33 to 26%. Plant closures and the **removal** of companies from the consolidation range generated extraordinary expenses of ATS 508 million. In the future, these decisions will have a positive effect on earnings. The satisfying increase in EBIT led to consolidated profit for the year of ATS 1,233 million, which represents an increase of 54%.

Consolidated Profit and Loss Account - Summary	1997	1996	Change
	in ATS mill	in ATS mill	
Sales	15,323	15,061	+3.6
Other Income	1,290	970	+33.0
Total income	16,613	16,031	+3.6
Cost of Materials	7,147	6,877	+3.9
Personnel expenses	3,281	3,517	-6.7
Depreciation	1,366	1,385	-1.4
Other operating expenses	2,490	2,650	-6.0
EBIT	2,329	1,602	+45.4
Income from financing activities	-165	-233	-29.2
Profit on ordinary activities	2,164	1,369	+58.1
Net extraordinary income/expense	508	-171	>100.0
Taxes	423	397	+6.6
Profit for the year	1,233	801	+53.9

Analysis of Asset Development and Financing

Typical for the building materials industry, the balance sheet structure of the Wienerberger Group is characterized by a high fixed asset component and above-average percentage of long-term financing - at Wienerberger this component consists primarily of equity.

Decrease in capital employed,
Strengthening of equity

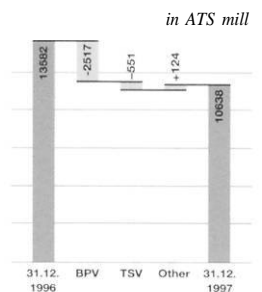


Development of the Balance Sheet Structure

million to ATS 21,608 million. This was primarily the result of a decrease in **fixed** assets following the sale of Business Park Vienna and Treibacher Schleifmittel AG. In contrast, asset additions totaling ATS 565 million were made through the acquisition of new Group companies. Fixed assets of ATS 1,317 million are owned by companies consolidated using the proportional method.

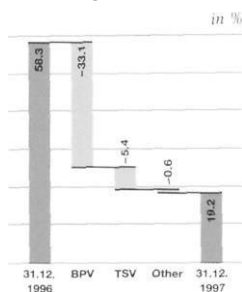
Development of Tangible Fixed Assets

Inventories decreased from ATS 3,206 to 2,955 million, mainly as a consequence of the sale of Treibacher Schleifmittel AG. Accounts receivable and other receivables increased by ATS 228 million due to a change in payment terms at Treibacher Industrie AG and the granting of medium-term loans to former Group companies. Current assets totaling ATS 1,523 million are related to joint ventures included using the proportional consolidation method. Short-term securities, cash on hand and in financial institutions increased by ATS 1,042 to 3,359 million.



BPV Business Park Vienna
TSV Treibacher Schleifmittel AC

Development of Gearing



H/V Business Park Vienna
TSV Treibai her Schleifmitten AC

The good earnings position and decrease in the balance sheet total led to an improvement of seven percentage points in the equity quotient, which equaled 49% as of 31.12.1997. Dividends of ATS 364 million for 1996 were distributed from annual profit of ATS 1,233 million. Asset coverage increased considerably from 66 to 87%.

The low share of provisions as a percent of the balance sheet total is typical for our industry. At ATS 2,463 million, this item remained virtually unchanged over the prior year level. Low employee-related accruals of ATS 453 million are related to the small number of pension contracts within the Wienerberger Group.

Interest-bearing liabilities declined from ATS 8,208 to 5,679 million after divestitures. After the deduction of liquid funds, net liabilities of ATS 2,319 million remain for 1997. This represents a decrease of ATS 3,571 million. Gearing [debt/equity ratio] improved from 58.3 to **19.2%**. Liabilities totaling ATS 2,144 million are related to joint ventures included using the proportional consolidation method.

Consolidated Balance Sheet - Summary	31.12.1997	31.12.1996	Change
	m ATS mill.	in ATS mill	
Pangible and intangible assets	10,855	13,706	20.8
Financial assets	1,421	1,309	9.3
Fixed and financial assets	12,276	15,015	-18.2
Inventories	2,955	3,206	-7.8
Receivables	2,936	2,708	+8.4
Liquid funds	3,359	2,318	+44.9
Current assets	9,250	8,232	+12.4
Deferred charges	52	75	+9.3
Total assets	21,608	23,322	-7.4
Equity	10,630	9,874	+7.7
Provisions	2,463	2,579	-4.5
Liabilities	8,335	10,742	-22.4
Deferred income	180	12	+41.7
Total liabilities and shareholders' equity	21,608	23,322	-7.4

Analysis of Liquidity

The Cash Flow Statement presents funds flows classified according to operating, investing, and financing activities. The net amount of inflows and outflows changes the supply of liquid funds at the end of the year.

**Increase
in cash flow from
operations, higher
free cash flow**

Cash flow from earnings rose by 21 % to ATS 2,418 million. This figure does not include payment inflows from the sale of real estate or Group companies since these funds form a part of cash flow from investing activities. Working capital showed only a slight increase and, at a level of ATS 2,223 million, cash flow from operating activities was therefore nearly identical to cash flow from profit.

Payments made for capital expenditures equaled ATS 1,822 million. This figure can be compared to payments of ATS 997 million received on the sale of the Business Park Vienna. After including inflows and outflows of funds related to the sale and acquisition of companies, a total of ATS 232 million on funds outflows remains.

Given the high self-financing capacity of the Wienerberger Group, little use was made of bank loans. The distribution of 1996 dividends led to an outflow of ATS 365 million, which is shown under cash flow from financing activities. The decrease in bank loans through the sale of subsidiaries is shown under cash flow from investing activities, and is offset by payments received on these sales.

Cash Flow Statement - Summary	1997	1996
	in ATS mill	in ATS mill
Cash flow from operating activities	2,223	2,000
Cash flow from investing activities	-232	-1,939
Cash flow from financing activities	-946	-391
Change in cash and cash equivalents	+ 1,045	-324
Cash and cash equivalents at the end of the period	3,360	2,317
Free Cash flow	2,156	300

Analysis of Capital Expenditures and Acquisitions

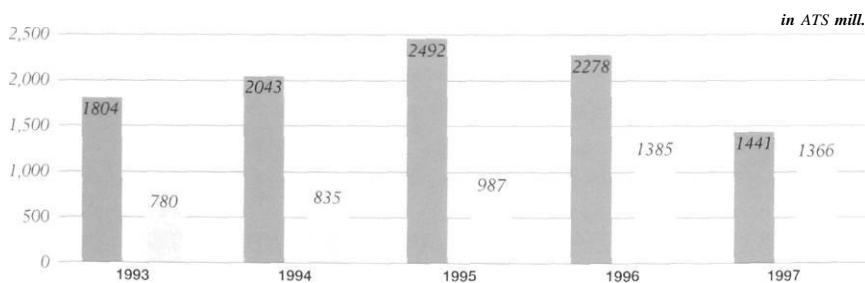
Lower investment activity

During the reporting year, asset additions totaling ATS 1,822 million were made by the Group. Of this amount, ATS 1,441 million is related to tangible and intangible assets and ATS 381 million to **financial** assets. The **above-average investment** level of past years was reduced as planned by approximately 37%.

Capex by Business Units	1997	1996
	in ATS mill	in ATS mill
Wall, Ceiling, and Roofing Systems	921	1,410
Pipe Systems and Sewage Technology	303	256
Metallurgy	66	466
Real Estate	151	146
Wienerberger Group	1,441	2,278

Capital Expenditures and Depreciation

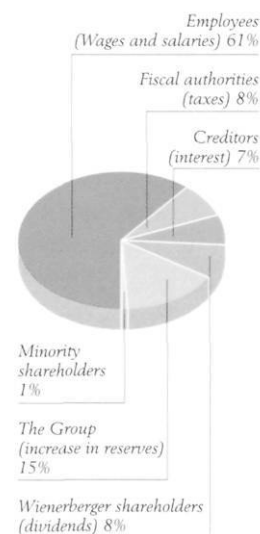
Additions to tangible
<u>and intangible assets
Depreciation



Use of Value Added

Net value added increased slightly to ATS 5,316 million, even though personnel expenses declined by 7% primarily as a result of the sale of **Treibacher Schleifmittel AC**. This improvement is due, on the one hand, to the higher level of earnings and, on the other hand, to the increase in taxes generated by these profits.

Net Value Added	1997	1996	Change
	in ATS mill.	in ATS mill.	in 1
Employees (Personnel expenses]	3,281	3,517	-6.-
thereof Wages and salaries	2,454	2,570	-4.5
Severance payments and pensions	81	130	-37.7
Employee-related expenses	746	817	-8.7
Fiscal authorities (Taxes)	423	397	+6.5
Creditors (Interest]	380	567	-32.4
Wienerberger shareholders (Dividend)	399	365	
The Group (Increase in reserves)	799	412	+93.9
Minority shareholders	34	24	+43.7
Total Value Added	5,316	5,277	+0.7



Wienerberger Value Figures

Value Figures	1997	1996
ROCE *)	14.9	7.4
Gearing	19.2	58.3
Free Cash Flow	in ATS mill. 2,15fi	300

*) Return on Capital employed = NOPAT : Capital employed
 NOPAT = Net Operating Profit after Tax = EBIT - Taxes + adjusted taxes
 CAPITAL EMPLOYED = liability + interest bearing debt - liquid funds

Calculation of Return on Capital Employed	1997	1996
KBIT	in ATS mill. 2,329	1,602
Taxes	in ATS mill. 423	-397
Adjusted taxes	in ATS mill. 22!	-137
NOPAT	in ATS mill. 1,677	1,068
Shareholders' equity	in ATS null 10,630	9,874
Interest-bearing debt	in ATS mill. 5,403	•,988
Liquid funds	in ATS mill. -4,781	-3,626
Capital Employed	in VIS mill 11,252	14,236
ROCE	in 14.9	7.4

Increase of ROCE from 7.4 to 14.9%

The calculation of "Wienerberger Value Figures" is based on the consolidated balance sheet as of 31.12.1997; goodwill from acquisitions made before 1997 was deducted from reserves. Goodwill has been capitalized since 1.1.1997 and will be amortized over a period of 20 years. The changeover from Austrian accounting standards to International Accounting Standards beginning with the 1998 business year will facilitate the required international comparisons. The Weighted Average Cost of Capital for the Group equals 9%.

The Wienerberger Share

The upward movement which began in the USA continued on major European stock exchanges during 1997. Massive market declines in October- which were triggered by **monetary** crises in a number of Southeast Asian countries - **only served** to temporarily slow this **positive** trend. The Vienna stock market was not able to follow this positive international development and, with its ATX performance of **+13.6%**, was outperformed by nearly all West European stock exchanges (DAX: +47.1%, SPI: **+66.4%**, **FTSE 100: +41.3%**)".

Wienerberger Share better than the European Building Materials Index

The development of the Wienerberger Share during the past year ran parallel to the ATX, even though most building material stocks remained below local market index values because of stagnation in the construction industry. From January 1997 to mid-March 1998 the share price rose by **24.4%**. The ATX increased by 24.7% during this same period. In comparison to the European Building Materials Index (+ 17.7%), the Wienerberger Share demonstrated **significantly** better growth.



Wienerberger Baustoffindustrie AG
ATX - Austrian Traded Price Index
European Building Materials Index

Increase in Dividends to ATS 46

Based on the satisfactory **development of earnings**, the Managing Board of the Wienerberger Group has recommended a dividend increase from ATS 42 to ATS 46 per ATS 100 share for the 1997 business year. Total dividends paid will therefore rise by 9.5% to nearly ATS 400 million.

Wienerberger shareholders earned a yield of **17.2%** on reinvestment of their 1997 cash dividend. In contrast, the ATX growth rate was **13.6%**. Over the last ten years an investment in Wienerberger stock has shown significantly **better** performance than the market as a whole. Without reinvestment of dividends, Wienerberger shareholders have **enjoyed** an average annual value increase of **17.5%** during the last ten years, while the ATX rose by only **10.6%** per year on average during this period of time.

1) values adjusted for currency fluctuations; excluding these adjustments: DAX: +47.1%, SPI: +55.2%, FTSE 100: +24.7%

In 1997 the **Wienerberger** share remained one of the most popular on the Vienna Stock Exchange. **With** annual share **turnover** of ATS **15.6** billion, our stock is ranked **seventh**. This represents **average** stock exchange sales of ATS 63 million per day.

Shareholder Structure

With market capitalization of approximately ATS 21 billion as of year-end, Wienerberger is one of the largest listed companies in Austria. Majority shareholder is the Wienerberger **Holding** GmbH, which owns **over 50%** plus **two** shares. This company, in turn, is owned **equally** by the Austrian **Creditanstalt** AG and the Belgian Koramic Building Products **N.V.** The free float of nearly 50% is built on a solid domestic shareholder base of 54%. The largest percentage of foreign investors is represented by **the USA** at **15%**. Substantial **investments** are also held in England, Switzerland, Belgium and Germany.

Opposition proceedings by BI **Beteiligungsinvest** AG, which were raised **at the** Annual Shareholders Meeting **on** May 20, 1990 with a nominal **value** of ATS 5,000 **have** since been withdrawn.

Investor Relations

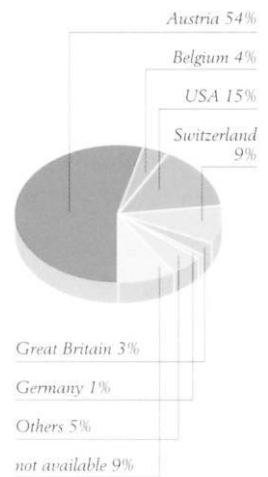
In keeping with our value-based business policy, we further intensified our contacts to financial markets during 1997. The goal of our investor relations activities is **to** strengthen the trust placed **by** our shareholders, potential **investors** and financial analysts **in** Wienerberger and thereby support **the** fair **valuation** of our stock.

We are meeting the continually increasing information **requirements** of the "**Financial Community**" with a transparent communications policy. **Quarterly** reports and a six month financial statement were **published**, as well as a full range of information based on IAS was included with the Austrian annual accounts. The annual accounts will be published in accordance with International Accounting Standards beginning in 1998.

Since Spring 1997 key information - including all current press releases - can also **be** found on our Internet Home Page: www.wienerberger.com.

If **you have any questions** for those of us at Wienerberger or if you would like to pay us a visit, call our Shareholders' Hotline: ++43/1/60192/419 or contact us **by** e-mail at: investor@wienerberger.com

Shareholder structure/ 50% Free float



IAS starting in 1998

www.wienerberger.com

Research and Development, the Environment

New
Porotherm PT 45 S

As **the leading company in the** European building materials industry, we are dedicated **to** increasing the quality and decreasing the cost of residential housing construction. The **groove** and tongue solution for wall systems was an effective step in this direction. Development of the plane brick set another milestone in lowering building costs: this new system requires hardly any mortar and is much less expensive to lay. The range of products in the plane brick area is growing continually. Our newly developed Porotherm-brick PT 45 S for single family housing has set new standards in thermal insulation and was successfully introduced on the Austrian market. Future product development will focus on the creation of **building** systems which optimize thermal insulation.

Our Fast Burning **Technology**, which was first presented at Haiding in the province of Upper Austria, was further **improved**. This new brick production technology is currently in operation at three sites in Austria and **Germany**. The ".individual brick treatment" - in contrast to multiple layer packets - has not only **decisively improved** product quality, but also led to a significant reduction in manufacturing costs.

The after-burning system for exhaust fumes, which was **developed** years ago by Wienerberger's engineering team, more than fulfills environmental protection requirements. It has already been installed in brick plants in Germany and France, and is currently being readied for the Czech Republic.

"Higher Value
Added"- Products

Research and development activities were also a focal point in the Pipelife Group. "Higher Value Added"-products and profitable additions to existing product systems received priority. The further **development** of hot and cold water pipes, a new chimney pipe, and continuing efforts to **recover** raw materials from recyclable plastic pipes were a major part of our efforts to **improve** product quality, customers benefits, and **environmental** compatibility.

"Transparent
Factory"

Research activities at Treibacher Industrie AG have traditionally focused on the recycling of scrap metals to utilize secondary raw materials, process **improvements** in the metallurgy area, and the development of new special **alloys**. The plant in Treibach, which was honored with the "Transparent Factory" award, intensified its **environmental** protection efforts.

The operation of ecologically sound landfills, which ensure the controlled disposal of residues, completes the life cycle of nature and technology in **the** Wienerberger Group. This is proof that ecology and economy need not be a contradiction.

Human Resources

Our 1997 Management Conference was held under the motto "Wienerberger Value Management". The new Wienerberger Group strategy was introduced, the measurement criteria ROCE and EVA were presented, and specific actions to increase value were defined.

Management
Conference 1997

A seminar and workshop series for more than 180 managers from 19 countries followed. Main topics were the management concept "Sinnergie", methods to increase the dynamics of company strategies, "**Kaizen**" as a means of continual improvement, and marketing strategies for the building materials industry. The workshop on "Factor Four" - twice the prosperity at half the energy consumption - under the direction of Prof. Ernst **Ulrich von Weizsacker** was a **valuable** contribution to our orientation for the future.

The integration of our internationally active companies, while consciously maintaining their multicultural diversity, is a strength we want to develop. Measures to reach this goal are **improved** internal communication, **active** management development, and increased cooperation through cross-border project teams. Increasing internationalization and integration **will** be supported by the expansion of Corporate Services **in** the Wienerberger Baustoffindustrie AC. At the same **time**, strong decentralization and the independence of individual Wienerberger Group companies will remain one of our paramount management principles.

International
Network

The establishment of a European Workers' Council confirms the importance of employee participation on a European level. It is designed to **improve the** cross-border exchange of information and communication between Group companies.

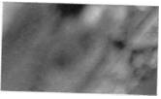
European
Workers' Council
established

In December 1996 our Central Workers' Council made its first purchase of Wienerberger shares for our Austrian employees. This action was repeated in 1997 and will **be expanded** on a **step-by-step** basis in the future.

7,574 employees
worldwide

The number of employees declined from 8,229 to 7,574 - primarily as a result of the sale of Treibacher **Schleifmittel** AG.





Performance of Strategic Business Units

Excellent Development in the Brick Segment

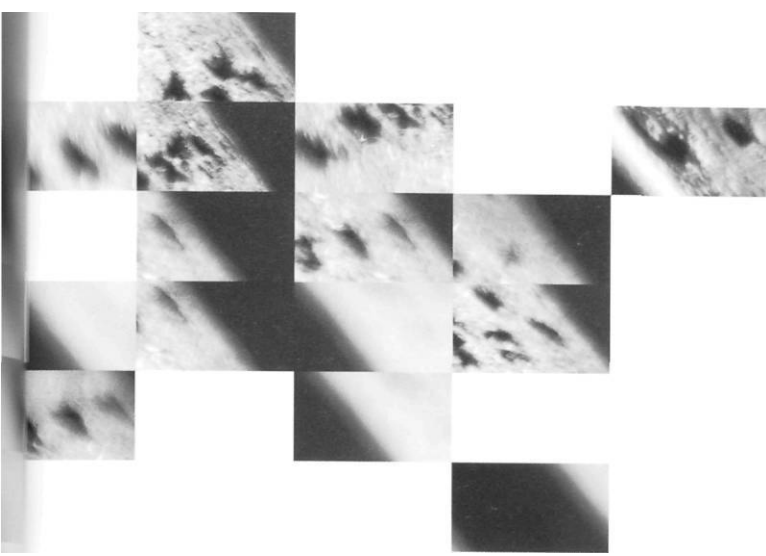
Problems in the Pipe Area

Record Results at Treibacher Industrie AG

Unusually high Profits on Real Estate



Wall, Ceiling and Roofing Systems



Our Products

Wall Systems:

Hollow bricks

Facing bricks

Ceiling Systems:

Brick-based ceilings

Concrete girders

Ceiling elements

Roofing Systems:

Clay tiles

Concrete tiles

Chimney systems

Paving bricks

Our Companies

Wienerberger **Ziegelindustrie AG** (100%)

Terca Bricks N. V. (100%)

Wiekor Dachprodukte GmbH (50%)

Bramac **Dachsysteme** International GmbH (50%)

Zieghverke Gleinstatten GmbH & Co. KG (25%)

Plants

1 19 Production sites:

in Austria, Belgium, Croatia, Czech Republic,
France, Germany, Hungary, Italy,

Netherlands, Poland, Slovakia, and Slovenia

1 in ATS million	1997	1996	Change
Sales	8,598	7,724	+11
EBIT	1,310	930	+41
EBIT-Margin ,,. %	15.2	12.0	+27
Profit on ordinary activities	1,059	689	+54
ROCE <i>in %</i>	11.9	7.7	+55
Cash Flow	1,758	1,243	+41
Capex	921	1,410	-35
Employees	5,154	4929	+5

Wall, Ceiling and Roofing Systems

More than 100 new plants in a Decade

The traditional core business of the Wienerberger Group "Wall, Ceiling and Roofing Systems" has grown **over the** last ten years from a local Austrian brick company **to** become the largest manufacturer of bricks in **Europe**. This business unit also holds investments **in** leading roofing companies in Central **and** Western Europe. It presently operates **119** plants in 12 countries with **a** total of 5,154 employees.

Record Results in 1997: EBIT +41% to ATS 1,310 million

Operating profit rose by 41% from ATS 930 to 1,310 million. **This development** was primarily the result of **above-average** profit growth in **Eastern** Europe, with an EBIT increase of **170%**, and increased earnings in West Europe as a result of higher market shares and lower production costs. Sales grew by 11% from ATS 7,724 to 8,598 million, fueled in particular by price increases and volume growth in the reform countries.

Declining Markets in West Europe

Developments were **positive** despite a further deterioration in Western European markets. Housing starts declined especially in **Germany**. At **the** same time, excess capacity exerted constant pressure on prices. In Belgium and the Netherlands, the demand for housing remained stable.

High Demand in East Europe

Housing starts in Eastern Europe rose **significantly** for the first time after many years of decline. Two-digit growth rates were recorded in the Czech Republic and Slovakia, and an upward trend was registered in Poland and Croatia, new markets for Wienerberger.

Hollow bricks - West Europe

Slight **volume** and price declines were registered in Austria during **1997**. Profits increased considerably, **however**, as a result of the optimal utilization of capacity and a further reduction in manufacturing costs. The marketing platform "pre-fabricated brick house" was developed, and the new **Porotherm PT 45 S** with record-setting thermal insulation capability was successfully introduced on **the** Austrian market. Further refinement of the "Fast **Burning Technology**" in Haiding has confirmed Wienerberger's position as a technology leader.

Sales in Germany rose by 7% as the result of business expansion, and the company was able to further expand its leadership position. Continual reductions in manufacturing costs **over** the past years have helped improve earnings despite difficult market conditions. The facing brick plant Woldegk, north of Berlin, was acquired. In this context, the plant Ueckermunde had to be closed. Furthermore, the production at the Speyer plant was shut down. At **year-end** 1997, the hollow brick plant Bad Freienwalde was acquired. Furthermore, the four brick plants of the bankrupt BTS-group were taken over in March 1998. The acquisition of

Krauss **Kaminwerke** in **Bavaria** helped strengthen our position on **the** German chimney market.

In France the concrete products segment **of** the Sturm Group was sold to the Dyckerhoff Group's Eurobeton S.A as of 1.1.1998; in the future Sturm will concentrate on **activities** in the **brick** area. Additional production improvements were made at the new plant in BetschdoH and .1 line oi plane **bricks was added** for exports **to** German). Special expenditures for plant modifications and the slump **on** the German market led to an overall lower **level** of profits, **however**. Massive price wars on the Italian brick market were offset by further rationalization and reorganization measures.

Hollow bricks - East Europe

Sales rose **by** 63% in the Czech Republic. The newly reconstructed plants were operating at full capacity and exports to Poland were started. Therefore, earnings increased substantially. Wienerberger Cihlarsky Prumysl a.s. has become a major earnings pillar for the Wienerberger Ziegelindustrie AG.

EBIT Growth:
+219%

Profits and sales also increased significantly in **Slovakia**. Production **capacity** at the Zlate **Moravce** brick plant was **fully** utilized, and was expanded to a total of 107 million brick units. A large number of bricks had to be imported from neighbouring countries.

In Hungary, profits doubled and sales rose substantially despite intense competition for market share. Export sales of bricks to Croatia and Slovakia began.

In spite of expenses associated with restructuring measures, Croatia recorded a major increase in profits **over** the prior year. The new plant in **Karlovac began** operations on schedule, and has a capacity of 1 10 million brick units.

Poland is also considered to be one ol the future markets for the Wienerberger Group. The modernized plant in **Lebork** near Danzig reached full capacity in 1997. The market in southern Poland was supplied **by** imports from the Czech Republic. Final negotiations were held to **acquire** the hollow brick plant Honoratka.

Facing bricks

Terca Group

Good Development
of the Terca Group

Profits at Terca Bricks N.V. remained **at the high 1996' level in** this first year after the company's integration into the Wienerberger Group. Developments in facing brick markets in the Netherlands, Belgium and France remained stable. Market shares were maintained, but export sales to German)' declined **sharply**.

The closure of two obsolete plants and the start of construction on a new hollow brick plant in Zonnebeke (Belgium) will improve the company's cost structure in the field of hollow bricks.

The sale of high value products will be further expanded through better cooperation with architects: "Terca goes Architect", is the new motto for this qualitative and quantitative leader in the Benelux facing brick market.

Terca was able to maintain its leading position in all core markets despite a more difficult business environment. In conjunction with the Group's new information systems policy, preparations were made to **convert** the company to SAP software - as the first member of the Wienerberger Ziegelindustrie AG.

Roofing Systems

Koramic-Wienerberger Dachprodukte GmbH

Koramic-Wienerberger Dachprodukte Holding GmbH was founded in late 1996. This company is a 50/50 joint **venture** between the Wienerberger Ziegelindustrie AG and Koramic Roofing Systems B.V., and has its **headquarters** in Germany. In a first step the company acquired Boral Dachprodukte GmbH, with its two clay tile plants in Riesa and Langenzenn, and a concrete tile plant in Langburkersdorf near Dresden.

These production plants **have** since been restructured, and work has started on construction of a new pressed tile plant in Langen/enn. Expenses associated **with** reorganization measures had a major impact on 1997 operating profit.

Concrete tiles / Bramac

New Increase
in Profits

Bramac Dachsysteme International GmbH, the leading concrete tile company in the Danube region, met all targets for expansion in 1997. With a total of 182 million roofing tiles sold - and a volume increase of 1 5% - the Bramac Group also registered a further increase in profits in 1997. The company's growth strategy in the reform countries continued with the construction of two new roofing tile plants.

Bramac was able to maintain its leadership position in Austria. In **Hungary** the company registered **an** increase in both sales and profits, which was **primarily** the result of higher export activities. Market leadership in Slovenia continued to grow. In Croatia sales rose considerably over the previous year and the first roof **tile plant in Dalmatia** was constructed. Positive market developments in the Czech Republic and the expansion of market shares fueled new sales and profit growth. In Slovakia, the first roof tile plant was opened during 1997 in Ivanka near Nitra and sales more than doubled. The sales company in Romania was able to register real growth in sales despite a difficult economic environment.

Clay tiles/Ziegelwerke Gleinstatten

Ziegelwerke Gleinstatten GmbH & Co. KG, in which Wienerberger holds a 25% share, also recorded an increase in profits during 1997 and further expanded its leading position in the Eastern and Central European clay **tile** markets.

Expansion of
Clay Tiles in
Eastern Europe

All plants in Austria were operating at full capacity. Sales in the Czech Republic rose by nearly 50%. In Slovakia the sales company was able to capture a good share of the market after its founding in 1996 and has since increased sales by a factor of four. An idle tile plant was also acquired at the beginning of 1998. In Croatia, production began at the reconstructed tile plant in Bedekovcina. Profits declined slightly in Hungary, but still remained at an overall high **level**.

Outlook

The 1998 forecast indicates a further increase in profits based on stronger market positions - four brick plants from the BTS-group were acquired in March 1 998 - **and** lower manufacturing costs in West Europe. Expansion in the East will continue, and future earnings potential will be developed.

Continued Profit
Growth forecasted

Pipe Systems and Sewage Technology

Our Products

Plastic pipe systems
for the transport of water,
energy, and information

Clay pipe systems
for sewage disposal

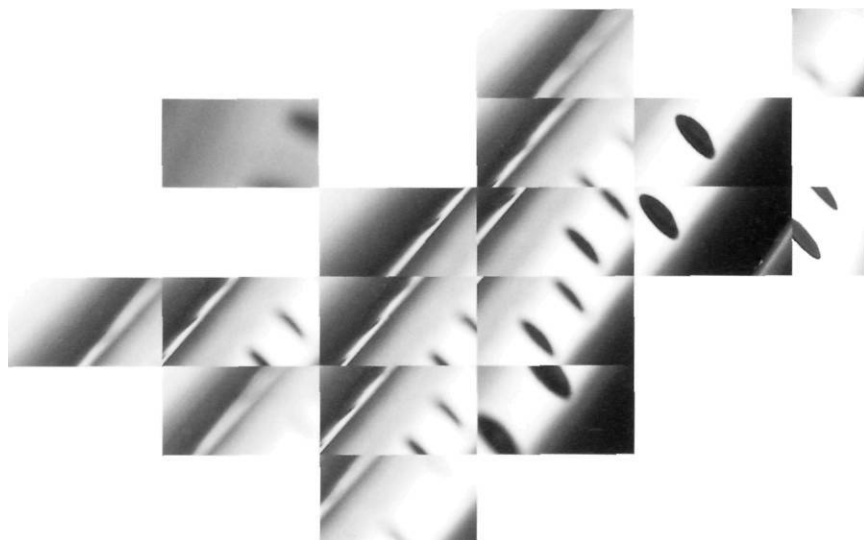
Concrete pavers

Our Companies

Wienerberger Rohrsysteme und
Abwassertechnik GmbH (100%)
Keramo Wienerberger N. V. (100%)
Pipelife International Holding GmbH (50%)
Sammelrock SB Baustoffindustrie GmbH (75%)

Plants

30 Production sites:
In Austria, Belgium, China, Czech Republic,
France, Germany, Greece, Hungary,
Malaysia, Netherlands, Poland, Portugal, Spain,
Sweden, and Turkey



in ATS million	1997	1996	Change
Sales	3,625	3,396	+7
EBIT	93	202	-54
EBIT-Margin in %	2.6	6.0	-57
Profit on ordinary activities	13	128	-90
ROCE in %	3.4	7.0	-51
Cash Flow	213	300	-29
Capex	303	256	+18
Employees	1,708	1,704	

Pipe Systems and Sewage Technology

Leading Position in Pipes

The "Pipe Systems and Sewage **Technology**" segment of the **Wienerberger** Group became the second part of **the** Company's core business in the early **1990's**. This business **unit** has increased sales by **over 50%** during the **last five years**, acquired or constructed **twelve** plants, taken its first steps towards Asia, and gained a leading position on the European pipe market.

Primary business activities:

- Plastic pipe systems
(50/50 joint **venture** with **Pipelife** and **Far East** activities)
- Clay pipe systems (Keramo Wienerberger)
- Concrete pavers (Semmelrock)

The company currently has 30 production sites in 15 countries throughout **Europe** and Asia.

1997: Decline in Profits caused by Negative External Factors

The plastic pipe segment was faced with constantly increasing prices for **PVC** raw materials again in 1997. **The PVC** price rose from 0.96 DEM/kg in January 1996 to 1.37 DEM/kg at the end of 1997. These price increases could not be passed on to customers - on the contrary, prices declined in a number of countries. This situation was the result of excess production capacity in Europe, a smaller number of public tenders, and tough competition in the price area. In Asia initial euphoria was followed by stagnating demand, at least on a temporary basis.

The clay pipe segment is still suffering from excess production capacity in Europe despite the 1996 closure of the Zwickau plant in Germany. This continuing oversupply of manufacturing capacity is primarily due to drastic cost **savings** by public authorities in the area of infrastructure **investments**.

EBIT reduced by half to ATS 93 million

Sales grew by 7% to ATS 3,625 million as the result of volume increases, but earnings declined considerably. Operating profit fell from ATS 202 to 93 million. This unusually low level of profits resulted from the deterioration of the general business environment which occurred during 1997.

Plastic Pipe Systems

The Pipelife Group

In 1997 the Pipelife Group was faced with the most difficult business environment in its eight year history. Continually increasing prices for raw materials and declining demand by public authorities in key Pipelife markets led **to** heavy pressure **on** prices, primarily in **the** standard pipe area. Concerted efforts in the reengineering and cost areas were not able to offset these difficulties and the company was unable to reach its profit goal.

1997 - the most difficult year for Pipelife

In Austria, profits increased again in spite of the federal government austerity policies. On-going process and cost improvements, plus expansion of the sales network, were decisive in achieving this success.

Growth in sales and profits was also recorded in Hungary. The direct sales system was expanded and new products were **successfully** introduced on the market. A satisfactory level of profits was also registered in Turkey despite the high rate of inflation.

Dramatic decreases in profits **were** recorded in France, the Czech Republic, Poland, the Netherlands and Spain. In France, strong price declines and rising raw materials costs combined to cause a sharp drop in margins. The Dutch market also showed a strong downward trend. **Pipelife-Fatra** was able to increase its market share in the Czech Republic, but profits fell due to the devaluation of the Krone, high level of interest rates and excessive costs resulting from flood disasters last summer. In Poland, the modernization of a new production site led to start-up losses.

A strategically interesting entry into the Scandinavian market was made possible by the acquisition of Davinyl AB, a successful manufacturer of pipes in Sweden. This company will be included in the consolidation range (proportionally) as of **1.1.1998** and forms an important addition to the portfolio of the Pipelife Group.

Market Entry in Sweden

Romania and Croatia represent future **development** opportunities for the Pipelife Group. The existing sales organizations in these countries will be strengthened by the addition of production sites in 1998.

Preparation of New Production Sites in Romania and Croatia

Focus on China

Far-East Activities

I¹)⁷ saw a restructuring of those **activities** in Asia which are **the** direct responsibility of Wienerberger Rohrsysteme **und Abwassertechnik** GmbH:

The company sold its investment in the plastic pipe plant in Singapore. On the other **hand**, the holding in the Nansha plant in China was increased to 75%. Plastic pipe **activities** are now concentrated in China - at four different production sites. Promotion efforts for the established "Chuanlu" brand **will be** expanded to include the entire Chinese market.

Clay Pipe Systems

Keramo Wienerberger

Difficult Market
Situation and
Continuing Losses

Extremely difficult business conditions on the **European** sewage pipe market also characterized 1997. In particular, public funds for infrastructure **investments** remain at a low level. Average prices in 1997 were lower than in **1996**. Despite plant closures in Austria and Germany and massive personnel reductions in Belgium, Keramo Wienerberger once again suffered losses.

Sales **volumes in** Germany rose slightly over the **previous** year, and further reductions in capacity were therefore unnecessary. However, costs were not **covered** because of the continuing low **level** of prices and intense competition on the entire sewage disposal market with its different materials. First price **improvements are** expected in 1998.

Sales also increased slightly in Austria, but the current **level** of prices is unsatisfactory. Additional growth in sales volume through higher infrastructure **investments** is not to be expected either in Germany or in Austria.

Initial successes were registered in Belgium with larger sized pipes, and the company used this opportunity to secure a competitive advantage over other materials, mainly concrete pipes.

After considerable start-up difficulties, the joint **venture** in Malaysia recorded the best results since its founding. This company has established itself as the leading quality producer on the market. The crisis in Southeast Asia will, however, **have** a slightly negative effect in 1998 through the postponement of major infrastructure projects.

Concrete Pavers

Semmelrock

During this first year after acquisition, profits began **to** increase and market position was further strengthened in the Semmelrock Group. Ownership was increased to 75% in mid-1997.

First Improvement
in Profits

The year was characterized by **a** reorganization of the sales network and an increase in marketing **activities** in the high-quality paver area. The product range- with its well known brands 11 Campo, La Linia, Carat, Florino and other exclusive concrete pavers - was expanded to also include innovative system solutions. In early 1997 products for **civil** engineering applications, in particular pipes and shafts, were integrated into the **100%** subsidiary Wienerberger Alpha Umwelttechnik GmbH. The Duroton product line was also transferred to the Semmelrock Group at the beginning of 1997.

In addition to the implementation of rationalization measures, preparations were also made for new investments. The founding of a company in Hungary and preparations for a new concrete paver plant represent first expansion steps in the East.

Preparations
for new Plant
in Hungary

Outlook

The business environment is expected to **recover** during 1998: PVC raw material prices have remained stable or declined slightly through mid-March 1998. The Swedish Davinyl AB, which was merged into the Pipelife Group beginning in 1998, will provide an additional contribution to profits. Furthermore, the Pipelife Group will increasingly move from its position as a pure commodity producer to a supplier of "higher value added" products in order to - at least partially - escape growing pressure on prices.

Medium-term
return to
Satisfactory Level
of Profits

In the clay pipe area, a return to profits is expected for 1998. **Rationalization** measures and planned Eastern European **activities** of the Semmelrock Group will make a positive contribution to this goal.

The core business "Pipe Systems and Sewage Technology" should - at least over the medium-term - once again reach a satisfactory overall level of earnings.

Metallurgy

Our Products

Ferro-alloys
Hard metal-based materials
Rare earth compounds
Rare earth alloys
Peroxides

The Company

Treibacher Industrie AG [100%]

Plants

2 production sites:
In Austria and Slovenia

in ATS million

	1997	1996 ¹	Change
Sales	2,852	3,485	-18
EBIT	33d	206	+63
EBIT-Margin in %	11.8	5.9	+100
EGT	341	174	+96
Profit on ordinary activities in	24.9	7.8	>100
Cash Flow	336 ²	286	+1 ³
Capex	66	466	8(i)
Employees	581	1,105	-60

1) incl. Treibacher Schkifmittel AG (TSV) 2) organic growth exd. TSV: +42% -<>

3) plus deconsolidation loss of TSV

Metallurgy

Treibacher Chemische Werke AG, which was acquired step-by-step beginning in 1989, was split into **two** companies in 1994 as part of a comprehensive reorganization program: Treibacher Industrie AG - a leading producer of ferro-alloys - and Treibacher **Schleifmittel** AG - a leading producer of corundum.

Sale of Treibacher Schleifmittel AG

The less profitable Treibacher Schleifmittel AG was sold in 1997 after a successful turnaround. In 1996 the company recorded sales of ATS 1.5 billion and profits on ordinary activities of ATS 10 million.

Record Results at Treibacher Industrie AG

Treibacher Industrie AG, with its stronger earnings power and higher sales volume, continued its satisfactory development in 1997 and recorded the highest level of earnings in its history. Profit on ordinary activities more than doubled from ATS 164 to 341 million. Compared to capital employed of ATS 905 million, "Return on capital employed" nearly reached 25%.

This increase in profits was supported by highly satisfying sales developments, which saw sales rise by 42% from ATS 2,008 to ATS 2,852 million. **Key** factors were a significant growth in volume and general increase in prices as the **result** of favorable business conditions: higher activity on stainless steel markets in Europe, better use of capacity in the hard metal branch, and a stronger Dollar. In addition, production operated at full, or nearly full, capacity.

Positive Developments in all Business Areas

The Alloymet business area was dominated by reorganization measures designed to further reduce personnel and material costs. A new pilot process was also introduced for the manufacture of alloys. In Recycling, the primary focus was placed on expansion and consolidation of secondary raw material supplies, further development of reprocessing for low percentage ferro-alloys, and modifications to the product line. **The** Powdermet segment was also very successful as a result of higher demand. In manufacturing, steps were taken to modernize processes and thereby increase output.

As the result of a strong rise in demand, Treibacher Auermet Produktions-gmbH was able to double its sale of battery alloys - supported by production capacity in Slovenia. A large stock of orders from the American aviation industry enabled the company to increase sales of facecoat products used in the production of turbojet components. At the same time, the company was also able to successfully maintain its share in new market niches.

At approximately ATS 66 million, capital expenditures were below comparable values for 1996. Where past investments have focused on the expansion of capacity, activities in 1997 were primarily designed to support rationalization projects and improve production safety.

Due to the sale of Treibacher Schleifmittel AG, the number of employees decreased by 879 to 581.

In 1998 Treibacher is celebrating its centennial anniversary. Throughout the long history of the company, key factors have always included efforts to place the customer at the middle point of business activities, and excellence in quality and service. Activities during this anniversary year **will** therefore focus on measures to improve and intensify customer **service**, in order to succeed in the face of a difficult market environment. Good positioning in worldwide markets plus on-going cost and process controls should help offset the cyclical nature of this business.

Treibacher -
100 Years Old

The favorable business environment is expected to continue during the current year. Under these conditions, 1998 profits should reflect the satisfying level of the previous year.

Optimism in 1998

Real Estate

Our Services

- Acquisition and management of real estate to safeguard supplies of raw materials and for investment purposes
- Development of projects on Company-owned land
- Construction and operation of parking garages
- Construction and operation of landfills
- Manufacture of stove tiles
- Investment and procurement of funds
- Insurance services

Our Companies

- VWienerberger Immobilien GmbH (100%)
- Wipark** Garagen GmbH (100%)
- Wienerberger Ofenkachel GmbH (100%)
- "Aiwa" Güter- und Vermögensverwaltungs-AG (35.5% direct and 15.5% indirect via Grundstücke- und Gebaudeverwaltungs-AG)
- Wienerberger Versicherungs-Service GmbH (60%)

1 production site, real estate properties, project development, landfills, and parking garages

in ATS million	1997	1996	Change
Sales	248	456	-46
EBIT	590"	264	>100
Profit on ordinary activities	751 "	378	+99
ROCE <i>in %</i>	25.2"	5.1	>!(())
Cash Flow	768"	437	+76
Capex	151	146	+3
Employees	131	131	

j inch profits from sale of "Business Park Vienna"

Note: all consolidation items are included in **this** Business Un

Real Estate

Wienerberger has an extensive real estate portfolio, whose origins lie in the brick production. Our total holdings in Austria and in other countries have grown during recent years as a result of our industrial expansion. This real estate includes raw material sites, agricultural land and forests, and property suitable for real estate projects.

"Business Park Vienna"

The real estate mega-project "Business Park Vienna", which began in 1991, was successfully concluded by its sale to the Austrian **Immofinanz Immobilien Anlagen AC**. The sale price totaled approximately three billion Austrian Schillings, and the resulting gain of ATS 581 million was recorded in 1997.

Wienerberger Immobilien GmbH

This company is comprised of the following business segments:

- Waste treatment and landfill business
- Garages with Wipark Garagen GmbH and
- Property development with the new major project "Wienerberg City"

The landfills in Leopoldsdorf and Baden showed good development and recorded satisfactory profits. A new landfill was opened at Hennersdorf in late 1997.

Wipark Garagen GmbH is the owner or operator of 20 large garages - 19 of them in Vienna - with total space for 7,399 cars. The company also leases one garage with space for 220 cars in Graz. During the reporting year, activities focused on complete renovation of the Stiftgasse garage, the rental of unused space in other garages, and further preparations for planned parking garages in Budapest.

"Wienerberg City"

The project "Wienerberg City" is located directly next to the "Business Park Vienna". It will include offices, apartments, and entertainment facilities which are designed to form a focal point for the area.

Municipal filing procedures for the office building, which is designed as a double tower with 33- and 37-floors, were concluded in Fall 1997. Detailed planning, tender offers and the start of rental activities for the double office towers with usable space of 46,000 nr - which will be developed by Wienerberger together with partners - are scheduled for this year.

The sale of construction sites to developers for 1,350 housing units is scheduled to begin this year. A competition is planned for this purpose together with the City of Vienna. All public facilities will also be transferred to future operators.

"Aiwa" Giiter- und Vermögensverwaltungs-AG is an agricultural and forestry company, whose holdings total approximately 24,000 ha in Austria and 1,000 ha in Hungary. Profits remained at a satisfactory level in 1997.

Other Real Estate
Activities

Wienerberger Ofenkachel GmbH, which operates manufacturing facilities in Walbersdorf, Austria, maintained its position as a strong earnings company.

Wienerberger Versicherungs-Service GmbH provides insurance services to the subsidiaries and other member companies of the Wienerberger Group. The company's primary objective is to offer the best level of service possible.

Treasury activities of the Wienerberger Baustoffindustrie AG yielded again above-average profits in 1997.

Outlook

Strategy and Objectives

1997 was a year marked by concentration on our Company's core business and the start of a new phase in the development of the **Wienerberger** Group. Our "Wienerberger Strategy 2000+" can be summarized as follows:

1. Realization of "Wienerberger Value Management": Continual increase in the value of our Company through the optimization of profits and growth

7. Further development of Wienerberger Baustoffindustrie AG into a strategic holding company

2. Maximum market development in the core business of bricks and pipes ("Optimize and Expand")

6. Regional growth:

- Concentration on our home market Europe
- Strategic focus on Eastern Europe
- Step-by-step expansion in Far East



Wienerberger
Strategy 2000+

3. Activities not related to building materials:

- Increase current profits
- **Limit** risk
- Open for divestments and partnerships

5. Strive for leadership positions in all segments of business

4. Development of new business opportunities in the building materials area - with focus on:

- "Renovation"
- International market presence
- Well-established market positions

Developments **in** recent years have reinforced our objective **of** building a leading position in bricks and pipes. Our industrial core business represented 80% of sales in the past year, and non-building material segments have further declined in importance.

Consequent
Implementation of
this Strategy

At the same time, we have been able to dramatically reduce the dependency of our industrial "building materials portfolio" on Austrian and German markets: the percentage of sales registered in these countries has decreased from 78% to 42% since 1992. This shift was accompanied by above-average profit growth in Eastern Europe: EBIT more than doubled from ATS 147 to 357 million during 1997 in the reform countries.

EBIT doubles
in Eastern Europe

Our goal is to **achieve a** lasting increase in ROCE from the current **level of 14.9%** to over 15% for all Wienerberger Group industrial activities. The brick segment showed a **level of 1 1.9%** and the pipe segment registered a decline **to 3.4%**.

ROCE Target >15%

This assumes the following EBIT margins:

- **Wall, Ceiling and Roofing Systems:** >18 %
- **Pipe Systems and Sewage Technology:** >10%

1998 Forecast

Our 1998 forecast **for the industrial activities** includes a more than 20% increase in profits. This should offset the above-average profits earned on real estate transactions during the past year. This goal is very ambitious, since general economic conditions are expected **to** remain difficult. The construction industry in Western Europe is **not** expected to show signs of recovery in the near future.

20% Growth in
Profits in the
Industrial Activities

Our forecast is therefore based on **a** further development **of** our earnings potential in Eastern Europe, continued streamlining of production costs, and greater market adjustments in West Europe. We will also need to make decisive structural changes in the clay pipes segment and expect an easing of raw material prices in the plastic pipes area. Not included in our forecast are acquisitions, **for** which we are well prepared and which we are actively pursuing.

Our optimism is based on our own strength. We are continuing to build on our proven "Wienerberger Value Management": this year's records must be followed by new ones in 1998. Following our motto "Building Value", in 1998 we will strive to move closer to our vision "Wienerberger - a leading international building materials Group, ranking Nr. 1 in our markets".

1997 Consolidated Accounts Wienerberger Group

Consolidated Profit and Loss Account for the 1997 Business Year

Cash flow Statement for the 1997 Business Year

Consolidated Balance Sheet as at December 31, 1997

Changes in Fixed and Financial Asset for the 1997 Business Year

Notes to the Consolidated Accounts

List of Group Companies

Consolidated Profit and Loss Account for the 1997 Business Year

Notes		1997 in TATS	1996 in TATS
(9)	1 Sales	15,323,241	15,061,194
	2. Changes in stocks of finished goods and work in progress	2,075	212,907
	3. Other operating income	32,221	58,131
(10)	4. Other operating income	1,255,688	698,742
		16,613,225	16,030,974
(11)	5. Cost of materials and services	7,146,541	6,876,974
(12)	6. Personnel expenses	3,281,451	3,517,004
(13)	7. Amortization of intangible assets and depreciation of fixed assets	1,365,696	1,384,922
(14)	8. Other operating expenses	2,490,708	2,650,202
	9. Operating profit (1. to 8.)	2,328,829	1,601,872
	10. Income from investments in other companies (thereof subsidiaries 341, 1996: 648)	19,771	39,131
	11. Income from other securities and loans granted (thereof subsidiaries 0, 1996: 0)	57,006	5,662
	12. Interest and similar income (thereof subsidiaries 124, 1996: 38)	21 1,141	304,101
	13. Income from the disposal and write-up of financial assets and short-term securities	6,493	1,238
	14. Expenses related to financial assets and short-term securities	79,547	20,542
	15. Interest and similar expenses (thereof subsidiaries 0, 1996: 0)	380,022	562,025
(15)	16. Financial results (10. to 15.)	-165,158	-232,435
	17. Profit on ordinary activities	2,163,671	1,369,437
	18. Extraordinary income	12,590	24,963
	Extraordinary expenses	520,956	196,410
(16)	20. Extraordinary results	-508,366	-171,447
(17)	21. Income taxes	422,672	396,822
	22. Net income	1,232,633	801,168
	23. Share of profit/loss due to minority interests		
	a) Share of profit	-34,853	-24,718
	b) Share of loss	689	920
	24. Net income excluding minority interests	1,198,469	777,370

Cash Flow Statement 1997

Notes	1997 <i>in TATS</i>	1996 <i>in TATS</i>	
Operating Activities			
	1. Net income	1,232,633	801,168
	2. Depreciation of fixed and financial assets	1,615,094	1,466,000
	3. Increase in long-term provisions	16,055	14,331
	4. Transfer of results from associated companies	-17,021	-19,587
	5. Gain on sale of Business Park Vienna, loss on deconsolidation of Treibacher Schleifmittel and other income from the sale of fixed and financial assets *)	-428,838	-262,456
	6. Gross cash flow from operating activities	2,417,923	1,999,456
	7. Increase in inventories	-145,365	-116,656
	8. Decrease in receivables, prepayments, and deferred charges	159,380	474,443
	9. Decrease/increase in short-term provisions	-139,511	220,958
	10. Increase in prepayments received	4,743	9,456
	11. Increase/decrease in liabilities and deferred income	4,441	-587,909
	12. Changes in non-cash items resulting from foreign exchange translation	-78,567	6,667
(25)	13. Net cash flow from operating activities	2,223,044	2,006,415
Investing Activities			
	14. Payments received for asset disposals	544,223	720,801
	15. Payments made for investments in fixed and financial assets	-1,822,326	-2,395,091
	16. Cash flow arising from changes in the consolidation range	1,045,984	-264,422
(26)	17. Cash flow from investing activities	-232,119	-1,938,712
Financing Activities			
	18. Increase/decrease in bank loans and debentures	-582,038	-113,181
	19. Dividends paid by Wienerberger Baustoffindustrie AG	-364,640	-291,712
	20. Dividends paid to minority shareholders	-9,223	-3,650
	21. Payments made by associated companies	10,120	17,226
	22. Cash flow from financing activities	-945,781	-391,318
	23. Change in cash and cash equivalents	1,045,144	-323,615
	24. Changes resulting from exchange rate fluctuations	-2,936	0
	25. Cash and cash equivalents at the beginning of the period	2,317,360	2,640,975
	26. Cash and cash equivalents at the end of the period	3,359,568	2,317,360
	Thereof short-term securities	2,314,940	1,664,613
	Thereof cash on hand and in financial institutions, checks	1,044,628	652,747

*) Prior year only gains on disposal of fixed and financial assets

Consolidated Balance Sheet as at December 31, 1997

Notes	ASSETS	31.12.1997 in TATS	31.12.1996 in TATS
(4) (18)	A. Fixed and Financial Assets		
	I. Intangible assets	216,534	124,685
	II. Tangible fixed assets	10,637,935	13,581,770
	III. Financial assets	1,421,080	1,308,748
		12,275,549	15,015,203
(5)	B. Current Assets		
	I. Inventories		
	1. Raw materials and consumables	703,502	757,630
	2. Work in progress	196,569	359,705
	3. Finished goods and merchandise	2,020,815	2,067,242
	4. Prepayments	33,614	21,134
		2,954,500	3,205,711
(19)	II. Receivables and other assets		
	1. Accounts receivable - trade	1,(144,864	1,570,510
	2. Accounts receivable from subsidiaries	14,232	7,211
	3. Accounts receivable from affiliated companies	272,508	133,875
	4. Other receivables and assets	1,004,290	996,734
		2,935,894	2,708,330
(27)	III. Securities and short-term investments		
	1. Other securities and investments	2,314,940	1,664,613
	IV. Cash on hand and in financial institutions, and checks	1,044,628	652,747
(20)	C. Prepayments and Deferred Charges	82,332	75,587
	Total Assets	21,607,843	23,322,191

Notes	LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.1997 in TATS	31.12.1996 in TATS
(21)	A. Shareholders' Equity		
	I. Share capital	868,191	868,191
	II. Share premium account	3,087,592	3,087,592
	III. Retained earnings	6,498,673	5,676,028
	IV. Foreign exchange translation gains/losses	-74,834	6,667
	V. Minority interests	250,411	235,725
		10,630,033	9,874,203
(6)(22)	B. Provisions		
	1. Provisions for severance payments	263,643	303,584
	2. Provisions for pensions	189,390	214,017
	3. Provisions for taxes	937,820	890,534
	4. Other provisions	1,072,071	1,170,922
		2,462,924	2,579,057
(7)(23)	C. Liabilities		
	1. Debentures	0	88,727
(27)	2. Loans and overdrafts with financial institutions	5,678,635	7,642,308
	3. Other long-term interest-bearing loans	0	476,943
	4. Prepayments received on orders	40,275	36,159
	5. Accounts payable - trade	1,297,784	1,198,242
	6. Liabilities from bills of exchange payable	63,070	57,422
	7. Amounts owed to subsidiaries	5,042	61
	8. Amounts owed to affiliated companies	6,021	9,636
	9. Other liabilities	1,244,183	1,232,096
		8,335,010	10,741,594
	D. Deferred Income	179,876	127,337
	Total Liabilities and Shareholders' Equity	21,607,843	23,322,191
(24)	Contingent Liabilities	81,406	96,789

Changes in Fixed and Financial Assets in 1997

	Acquisition or Production Costs			Additions	Disposals	Transfers	Status as at 31.12.1997
	Status as at 1.1.1997	Change in Consolidation Range	Foreign Exchange Incr./Decr.				
I. Intangible Assets							
1. Concessions, licenses, patents, trademarks and similar rights	195,007	65,792	-2,826	37,465	17,666	1,489	279,261
2. Goodwill	68,165	211,538	-1,856		0	-255	277,814
3. Prepayments	295	142	-3	330	103	-277	384
	263,467	277,472	^,685	38,017	17,769	957	557,459
II. Tangible Fixed Assets							
1. Land, rights to land and buildings, including buildings on land owned by third parties							
a) Land with buildings	8,691,674	-2,394,397	-32,065	223,510	140,873	84,884	6,432,733
b) Land without buildings	1,202,909	-61,497	-1,253	33,105	22,990	-9,132	1,141,142
2. Machinery and equipment	12,099,546	-585,330	-63,202	499,771	392,905	135,911	11,693,791
3. Fixtures, fittings, tools and equipment	1,993,579	-184,550	-9,384	183,864	123,393	-79,506	1,780,610
4. Prepayments and assets under construction	180,317	-7,784	-455	463,056	72,974	-133,144	429,046
	24,168,025	-3,233,558	-106,359	1,403,306	753,135	-957	21,477,322
III. Financial Assets							
1. Investments in subsidiaries	39,680	-27,940	37	26,326	0	8,393	46,496
2. Loans granted to subsidiaries	7,691	0	0	0	7,691	0	0
3. Investments in associated companies	315,256	-36,561	-882	0	17,739	-140	259,934
4. Other investments	203,561	-13,742	97	284,934	39,435	-8,253	427,162
5. Loans granted to affiliated companies	4,018	0	0	0	784	0	3,234
6. Securities	715,941	-19,234	-453	64,153	60,645	-5	699,757
7. Other loans granted	42,806	-5,229	7	5,590	22,953	5	20,226
	1,328,953	-102,706	-1,194	381,003	149,247	0	1,456,809
	25,760,445	-3,058,792	-112,238	1,822,326	920,151	0	23,491,590

Rounding differences may arise from EDP-processing.

) Extraordinary expenses include depreciation and write-downs of TATS 206,655.

Depreciation

i TATS

Status as at 1.1.1997	Change in Consolidation Range	Foreign Exchange Incr./Decr.	Current Year*)	Additions	Disposals	Transfers	Status as at 31.12.1997	Net Book Value on 31.12.1997	Net Book Value on 31.12.1996
126,980	47,841	-2,118	29,199	0	2,107	24	199,739	79,522	68,027
11,802	104,139	-1,466	26,541	0	0	0	141,016	136,798	56,363
0	136	1		0	0	0	1"0	214	295
138,782	152,116	-3,585	55,695	0	2,107	24	340,925	216,534	124,685
2,217,565	-107,650	-7,106	344,064	0	65,774	-1	2,381,098	4,051,635	6,474,109
123,666	2,152	31	22,253	0	0	-2,161	145,941	955,201	1,079,243
6,932,355	-530,889	-28,523	940,683	0	313,760	67,773	7,067,639	4,626,152	5,167,191
1,312,497	-112,899	-5,291	209,427	0	93,626	-65,635	1,244,473	536,137	681,082
172	-164	0		0	0	0	23h	428,810	180,145
10,586,255	-749,450	^10,889	1,516,655	0	473,160	-24	10,839,387	10,637,935	13,581,770
0	))	0	3,234	0	0	1,618	4,852	41,644	39,680
0	0	0	0	0	0	(	0	0	7,691
-2,360	-189	(	0	6,901	MI	-571	-10,162	270,096	317,616
17,871	0	0	37,700	(	16,774	-1,047	37,750	389,412	185,690
0	0	0	0	0	0	(	0	3,234	4,018
4,227	-496	-204	1,809	0	2,087	0	3,249	696,508	711,714
467	-285	1	0	0	143	0	*in	20,186	42,339
20,205	-970	-203	42,743	6,901	19,145	0	35,729	1,421,080	1,308,748
10,745,242	-598,304	-44,677	1,615,093	6,901	494,412	0	11,216,041	12,275,549	15,015,203

Notes to the Consolidated Accounts

General Information

The consolidated accounts were prepared in accordance with Austrian Generally Accepted Accounting Principals and the general objective of presenting a true and fair view of the assets, financial and earnings positions of the Group. These consolidated accounts comply with the provisions of the Austrian Commercial Code, as amended on July 1, 1996.

Generally accepted international accounting practices were followed in choosing between optional accounting, valuation, and consolidation methods. In addition, the Notes have been expanded to reflect general international practices.

The annual accounts of all material companies and all national companies which require a statutory audit were examined by external auditors and have been awarded unqualified opinions. The reconciliation of various national accounting standards with Austrian accounting standards has also been certified. The accounts of all fully consolidated group companies were prepared as of the balance sheet date. To improve clarity, individual items on the balance sheet and profit and loss account were grouped together. The notes provide detailed information on all such items. All figures omit the last three digits (ATS 1,000).

Consolidation Principles

1. Consolidation Range

An overview of all companies included in the consolidation range (full, proportional, or using equity accounting), and other companies in which investments held is provided in the Notes.

In addition to VVienerberger Baustoffindustrie AG, the consolidation includes 16 (1996: 22) Austrian subsidiaries and 94 (1996: 99) foreign subsidiaries in which VVienerberger Baustoffindustrie AG has direct or indirect control or owns the majority of voting shares. Fifteen (1996: 13) affiliated companies, whose combined influence on Group affairs is immaterial, were not included in the consolidation. The combined sales of these unconsolidated companies equals less than 2% of Group turnover.

Thirty-one (1996: 32) joint ventures were consolidated proportionately. In cases where the VVienerberger Group holds between 20 and 50% of the shares (associated companies), the equity method is used if these entities are considered significant for the presentation of a true and fair view of the Group's assets, financial and earnings position.

Consolidation Range

The range of companies included in the consolidation changed as follows during the reporting year:

	Full Consolidation	Proportional Consolidation	Equity Accountin
Status as at 31.12.1996	122	32	16
Change in consolidation method	2	1	-3
Included during reporting year for the first time	5	1	0
Merged/liquidated during reporting year	-7	-5	-1
Divested during reporting year	11	-1	-3
Status as at 31.12.1997	m	31	9
Thereof foreign companies	94	22	5

Business Park Vienna Holding AG and Treibacher Schleifmittel AG were sold with all their subsidiaries as of 1.1.1997, and removed from the consolidation range as of this date.

Those companies which were consolidated for the first time in 1997 are identified as such on the list of **investments**. These companies were consolidated for the first time on the date of acquisition or on the next possible balance sheet date. The most important companies included in the consolidation for the first time are Wiekor Dachprodukte GmbH with its parent company, Koramic-Wienerberger Dachprodukte Holding GmbH (both using the proportional consolidation method), and Laterizi Brunori SpA (full consolidation; prior year: equity accounting). Due to time constraints, it was not possible to include other acquisitions made during 1997 (CIS Beteiligungs GmbH & Co. Verwaltungs KG and its 50% subsidiaries ZD Ziegelei Bad Freienwalde Verwaltungs GmbH and ZD Ziegelei Bad **Freienwalde** GmbH & Co. KG) in the uniform Group reporting system. These companies are included at acquisition price in this reporting year, and will be recorded using full or proportional consolidation in 1998.

As of 1.1.1997 the effects of changes in the consolidation range on the consolidated accounts are as follows:

III TATS

A. Fixed assets	-2,530,421	A. Equity	35,1415
B. Current assets	1,111,111	B. Provisions	~323
C. Prepayments and deferred charges	-1,707	C. Liabilities	-1,822,588
	-1,422,454	D. Deferred income	41,396
			-1,422,454

The deconsolidation of companies resulted in a decrease of TATS 1,697,612 in Group sales [thereof Treibacher Schleifmittel AG with TATS 1,476,628). Other operating income includes the TATS 581,174 gain on sale of the Business Park Vienna. The removal of Treibacher Schleifmittel AG from the consolidation range resulted in extraordinary expenses totaling TATS 269,840.

Companies which were consolidated for the first time during the 1997 business year contributed TATS 455,098 to Group sales and TATS -9,660 to Group earnings.

Following are the pro rata values used to consolidate all companies included in the Group accounts using the proportional consolidation method:

in TATS	1997	1996
Sales	3,824,408	3,362,904
Income from operating activities	255,388	350,247
Income from financing activities	-48,541	-37,284
Income from ordinary activities	206,846	312,963
Net income	114,598	188,935

in TATS	31.12. 1997	31.12.1996		31.12.1997	31.12.1996
A. Fixed assets	1,317,148	1,069,684	A. Equity	697,735	782,752
B. Current assets	1,522,837	1,344,110	B. Provisions	501,697	414,898
C. Prepayments and deferred charges	16,297	19,634	C. Liabilities	1,642,324	1,231,716
			D. Deferred income	14,526	4,062
	2,856,282	2,433,428		2,856,282	2,433,428

2. Consolidation Methods

The consolidation methods used during this reporting year are the same as those used in the Group accounts as of 31.12.1996. In contrast to the prior year and in order to conform with international consolidation practices, goodwill from the acquisition of companies has been capitalized since 1.1.1997 and will be amortized on a straight-line basis and translation differences arising from the use of different exchange rates for the balance sheet [rate on the balance sheet date) and profit and loss account [average exchange rate) are charged to equity.

For fully consolidated subsidiaries, the book value method is used for capital consolidation. Under this method, the book **value** of the investment is compared with the relevant shareholders' equity on the date of acquisition or date of initial consolidation. To the extent possible, any positive difference is added to fixed assets; since 1997 any remaining goodwill has been capitalized [TATS 103,771 during the reporting year) and will be amortized over a period of 20 years [1996: reduction of equity through the share premium account).

Negative differences arising from initial consolidations are included in the share premium account if negative expectations for the future do not require an appropriate provision. In conjunction with initial consolidations made during the reporting year, a total of TATS 53,230 in negative differences was added to provisions.

Joint ventures are consolidated on a proportional basis in keeping with the general principles mentioned above.

As of 31.12.1997, differences resulting from the capital consolidation (full and proportional) are as follows:

<i>in TATS</i>	31. 12. 1997	31. 12. 1996
Capitalized difference between book value and fair value in land	270,905	270,905
Capitalized goodwill included in fixed assets	98,582	0
Positive differences charged to shareholders' equity	6,936,959	7,158,967
Negative differences included under shareholders' equity	97,599	198,892

In the consolidated accounts, untaxed reserves are reported under retained earnings after the deduction of TATS 76,175 (1996: ATS 1 11 mill.) in deferred taxes.

For those associated companies consolidated at equity, the same basic methodology is used to consolidate shareholders' equity based on the latest available accounts.

All receivables and liabilities, sales, and other income and expenses arising between fully and proportionately consolidated companies were eliminated. Foreign exchange gains and losses, discounts, and other unilateral transactions which affect profit and loss are charged to the consolidated profit and loss account.

Interim results, which arise from the sale of goods or services between Group companies and which affect fixed or current assets, are eliminated unless they are immaterial.

Provisions for deferred taxes totaling TATS 647,429 (1996: ATS 633 mill.) were created for adjustments to the financial statements of foreign subsidiaries to comply with uniform accounting and valuation principles and for all consolidation transactions which affect the profit and loss account. The adjustments were made if these events resulted in a shifting of profit or loss to another accounting period.

3. Foreign Currency Translation

The accounts of foreign companies were translated into Austrian Schillings based on the functional currency method. The relevant local currency is the functional currency in all cases, since these companies operate independently from a financial, economic and organizational standpoint. With the exception of the component parts of shareholders' equity, all items on the balance sheet are translated using the closing rate on 31.12.1997. Expense and revenue items are translated using the average exchange rate for the year.

During the reporting year, translation losses of TATS 81,501 (1996: gains of TATS 6,667] were charged to retained earnings with no effect on the profit and loss account. In contrast to the prior year, translation gains and losses arising from the use of different exchange rates for the balance sheet (exchange rate on the balance sheet date) and the profit and loss account (average exchange rate for the year) are charged to equity.

Accounting and Valuation Principles

The annual accounts of all Group companies included in the consolidation are prepared in accordance with Group accounting and valuation principles. The accounting and valuation principles are the same as those used in preparing the Group accounts as of 31.12.1996. Local valuation methods used by companies consolidated using equity accounting are maintained if the relevant amounts are immaterial. Any differences resulting from tax valuations which deviate from Wienerberger accounting principles are not reflected in the consolidated accounts.

4. Fixed and Financial Assts

Fixed assets and purchased intangible assets are reported at production or acquisition cost, less straight-line depreciation or usage-based depletion (clay pits). Depreciation is calculated based on the useful economic lives of the various asset groups. For the majority of assets, ordinary straight-line depreciation is based on the following:

Production plants (incl. warehouses)	25 years
Administrative buildings	40-50 years
Residential buildings	40-50 years
Kilns and dryers (hollow bricks)	8-15 years
Kilns and dryers (facing bricks)	10-20 years
Other machinery	5-15 years
Fittings, furniture and office equipment	3-10 years

Any significant and lasting decrease in value is reflected in special depreciation. In the majority of cases, depreciation is taken in full for those assets added during the first half of the financial year; for assets added during the second six months, one-half the annual depreciation is charged. Low-value assets are capitalized and fully written off in the year of acquisition. Investments in non-consolidated but related companies, investments in other companies, and securities are valued at acquisition cost. Any permanent impairment in value is reflected through a write-down.

5. Current Assets

Inventories are valued based on the lower of production cost, acquisition cost, or net realizable value. This valuation is generally based on the moving average method. Production costs include only direct expenses and allocated overhead. Interest charges and selling and administrative expenses are not included in these production costs. Risks resulting from the length of storage or other impairments in value are reflected in appropriate **write-downs**.

Receivables and other current assets are recorded at their nominal value. Individually identifiable risks are reflected in specific provisions; general credit risk is accounted for by a lump-sum valuation adjustment to receivables, which is calculated separately for each business. Non-interest bearing loans with a remaining term in excess of one year are valued at their discounted present value. Foreign exchange receivables in the individual company accounts are translated either at acquisition value or at the year-end bid rate.

Securities held as current assets are valued at the lower of acquisition cost, market-value, or redemption price. Cash and loans or overdrafts which are held at the same financial institution are shown as a single net figure.

6. Provisions

Provisions for severance payments are calculated according to financial principles based on a retirement age of 60 (men) and 55 (women), using a discount rate of 6%. The Austrian method "Teilwertverfahren" is used.

Provisions for current pensions and contractual pension obligations arising from legally binding individual pledges are calculated using actuarial methods and a 6% discount rate, based on the Ettl/Pagler life expectancy tables and the Austrian method "Teilwertverfahren" (only in Austria). The provisions for transition periods set forth in § 116 Par. 4 of the Austrian Income Tax Act were not used by the Wienerberger Group.

The initial application of the July **1996** amendment to Austrian Commercial Law resulted in timing differences between local profit calculated according to tax law and individual company profit or loss calculated according to Group accounting principles. In contrast to the prior year, deferred taxes were calculated on these timing differences. The option to record deferred tax assets was not elected.

With the exception of provisions for re-cultivation and environmental issues, **no** provisions for expenses were made. Other provisions were made in accordance with general business judgment **to** cover the full amount of expected liabilities following strict Group procedures.

7. Liabilities

Liabilities are valued at the higher of redemption price, nominal value, or book value on the balance sheet date. Foreign currency liabilities arising from individual company accounts are translated at the higher of the exchange rate on the date of acquisition or at the year-end offer rate.

Segment of Business Reporting

The following classification by segment of business reflects the provisions of IAS 14 (revised]. The Wienerberger Group is active in the areas of Wall/Ceiling/Roofing Systems, Pipe Systems and Sewage Technology, Metallurgy, and Real Estate.

8. Segment of Business Data

Strategic Business Units		1997				
in TATS	Wall/Ceiling/ Roofing Systems	Pipe Systems and Sewage Technology	Metallurgy	Real Estate	Group Eliminations	Wienerberger Group
Sales to third parties	8,590,456	3,624,755	2,851,705	256,325	0	15,323,241
Group Sales	7,167	0	0	8,141	-15,308	0
Total sales	8,597,623	3,624,755	2,851,705	264,466	-15,308	15,323,241
Operating profit	1,309,991	92,979	336,111	588,440	1,308	2,328,829
Gross cash flow	1,758,118	212,748	336,068	767,875	15	3,074,824
Depreciation	981,471	233,210	87,674	63,341	0	1,365,696
Income from inv. in other companies	-199	1,826	2,384	5,075	10,685	19,771
Assets	11,607,455	2,963,423	2,064,166	6,727,253	-1,754,454	21,607,843
Dept	8,495,617	2,365,345	716,621	1,154,735	-1,754,508	10,977,810
Investments	921,458	302,948	65,715	151,202	0	1,441,323
Employees	5,154	1,708	581	131	0	7,574
Strategic Business Units		1996				
in TATS	Wall/Ceiling/ Roofing Systems	Pipe Systems and Sewage Technology	Metallurgy	Real Estate	Group Eliminations	Wienerberger Group
Sales to third parties	7,723,635	3,396,295	3,484,847	456,417	0	15,061,194
Group Sales	6,806	0	0	17,252	-24,058	0
Total sales	7,730,441	3,396,295	3,484,847	473,669	-24,058	15,061,194
Operating profit	926,412	202,186	206,044	266,976	254	1,601,872
Gross cash flow	1,241,149	299,662	285,922	438,584	230	2,265,547
Depreciation	868,309	221,083	166,607	128,923	0	1,384,922
Income from inv. in other companies	440	1,155	-245	1,010	0	2,360
Assets	10,960,981	2,834,659	3,087,493	8,100,866	-1,661,808	23,322,191
Dept	8,035,234	2,205,579	1,615,339	3,253,644	-1,661,808	13,447,988
Investments	1,409,720	255,810	466,177	146,500	0	2,278,207
Employees	4,929	1,704	1,465	131	0	8,229

Goodwill charged to reserves in prior years is related to the Wall, Ceiling and Roofing Systems business unit (TATS 5,597,531] and the Pipe Systems and Sewage Technology group (TATS 1,080,086],

Geographical Regions in TATS	1997			1996*)		
	Sales	Assets	Investments	Sales	Assets	Investments
Austria	3,091,218	8,573,641	342,122	2,953,907	10,627,488	508,665
Germany	3,516,686	2,279,624	128,130	3,339,103	3,065,566	535,293
Benelux	2,965,434	4,259,084	208,390	2,854,376	4,716,875	283,533
Other EU	<u>3,325,725</u>	<u>2,031,903</u>	187,930	3,103,403	2,312,527	271,020
East Europe	2,463,098	2,278,890	557,110	1,638,125	2,077,510	554,213
Asia	436,826	289,718	24,224	484,525	156,345	11,972
Other Countries	244,589	0	0	687,755	365,880	113,511
Group eliminations	-720,335	1,894,983	-6,583			
	15,323,241	21,607,843	1,441,323	15,061,194	23,322,191	2,278,207

*) 1996 values are shown after **Group** eliminations

Sales were classified according to the location of customer or market. The classification of assets and capital expenditures is based on the geographical location of the assets. The figures shown for assets do **not** include investments held in other companies or Group receivables.

Notes to the Profit and Loss Account

9. Sales

Consolidated sales grew from ATS 15,061 million to ATS 15,323 million, whereby the 1996 figure includes sales of ATS 1,698 million registered by Treibacher Schleifmittel AG and the Business Park Vienna Holding AG with their respective subsidiaries. After the recognition of deconsolidated companies, the increase in sales totals 14.7%.

10. Other operating income

in TATS	1997	1996
Income from the disposal and write-up of fixed assets excluding financial assets	117,502	262,457
Income from the reversal of provisions	79,354	67,546
Miscellaneous	1,058,832	368,739
	1,255,688	698,742

Other operating income of TATS 1,058,832 (1996: ATS 369 mill.) includes a gain of TATS 581,174 on the sale of the Business Park Vienna. Miscellaneous other operating income also includes transportation and freight revenue of TATS 75,867 (1996: ATS 65 mill.), foreign exchange gains of TATS 44,002 (1996: ATS 58 mill.), leasing revenues of TATS 1,583 (1996: ATS 22 mill.), expenses charged to non-Group companies of TATS 8,961 million (1996: ATS 20 mill.) and income from the reversal of valuation adjustments to receivables of TATS 11,374 (1996: ATS 15 mill.). Other items included under miscellaneous operating income reflect sales-like transactions which are not part of the direct business activities of the Wienerberger Group.

Other operating income includes revenue of TATS 12,423 (1996: ATS 23 mill.) related to prior accounting periods.

11. Cost of materials and other purchased manufacturing services

<i>in TATS</i>	1997	1996
Cost of materials	6,650,750	6,136,091
Cost of purchased services	495,791	740,883
Total	7,146,541	6,876,974

12. Personnel expenses

Personnel expenses are comprised of the following items:

<i>in IMS</i>	1997	1996
Wages	1,349,614	1,540,116
Salaries	1,104,683	1,030,025
Expenses for severance payments	43,640	74,068
Expenses for pensions	37,519	56,344
Expenses for mandatory social security and payroll-related taxes and contributions	687,361	738,661
Other employee benefits	58,634	77,790
	3,281,451	3,517,004

The average number of employees is as follows:

	1997		1996	
	Total	thereof in joint ventures	Total	thereof in joint ventures
Blue collar employees	5,240	1,068	5,857	876
White collar employees	2,334	636	2,372	556
	7,574	1,703	8,229	1,432

The removal of Treibacher Schleifmittel AG and its subsidiaries from the consolidation range resulted in a decrease of 879 employees in the Wienerberger Group. The employees of companies consolidated on a proportional basis are included in relation to the share held in these companies.

The cost of severance payments and pensions is as follows:

Extraordinary expense include TATS 12,094 (f 996: ATS 7 mill.) of severance payments and pension expenses.

During the reporting year, members of the Managing Board received salaries and benefits totaling TATS 24,653 (1996: ATS 23,9 mill.). Payments amounting to TATS 2,548 (1996: ATS 3 mill.) were made to former members of the Managing Board and their surviving dependents. Members of the Supervisory Board received compensation of TATS 1,031 in 1997 (1996: ATS 0.9 mill.). There are no outstanding guarantees on behalf of or loans granted to members of the Managing or Supervisory Boards.

The members of the Managing Board and Supervisory Board are listed on page 12 and **13**.

13. Depreciation

No depreciation was charged to current assets in excess of ordinary depreciation. The amortization of goodwill, which resulted from the initial consolidation of companies and which was taken for the first time during the reporting year, totaled TATS 5,189. Extraordinary expenses include TATS 206,655 of extraordinary depreciation.

14. Other operating expenses

Other operating expenses consist primarily of TATS 703,206 of freight and transportation expenses, TATS 436,364 of maintenance and repair expenses, TATS 215,012 of advertising expenses, TATS 75,725 of legal and consulting expenses, TATS 61,776 of insurance premiums and TATS 41,424 of exchange rate losses.

Miscellaneous other operating expenses include TATS 11,765 (1996: ATS 20 mill.) of costs related to prior accounting periods.

15. Investment and interest results

Income from investments in other companies totaling TATS 19,771 (1996: ATS 39 mill.) includes TATS 17,021 (1996: ATS 20 mill.) from associated companies.

Expenses related to financial investments and short-term securities include TATS 42,743 (1996: ATS 18.9 mill.) of write-downs and TATS 5,349 (1996: ATS 1.6 mill.) of expenses related to subsidiaries.

Interest expense is not capitalized.

16. Net extraordinary income/expense

The removal of Treibacher Schleifmittel AG from the consolidation range resulted in extraordinary expenses of TATS 269,840.

Plant closures, primarily in the Wall/Ceiling/Roofing Systems segment, were associated with write-offs totaling TATS 206,655, extraordinary personnel expenses of TATS 12,094, other extraordinary expenses of TATS 15,958, and extraordinary expenses TATS 16,409 for materials and purchased services.

Extraordinary income is comprised primarily of miscellaneous revenues and sales of assets.

17. Taxes on income

This item includes income taxes paid and owed by Group companies, as well as provisions for deferred taxes.

<i>in TATS</i>	1997	1996
income tax expense	455,264	367,708
Provisions for deferred taxes	-32,592	29,115
	422,672	396,823

Income tax expense can be classified according to income from ordinary business activities and extraordinary income/expense as follows:

<i>in TATS</i>	1997	1996
Income from ordinary business activities	482,127	415,094
Extraordinary	-59,455	-18,271
	422,672	396,823

Notes to the Balance Sheet

18. Fixed and financial assets

The development of fixed and financial assets is shown on pages 66 to 67. The effects of changes in **the** consolidation range is shown in a separate column. The figures shown under exchange rate changes represent those amounts arising from the use of different exchange rates (beginning of the year and year-end) to translate the assets of foreign companies.

Goodwill shown results from individual company acquisitions and is generally amortized over a period of five years. The balance sheet item "Land with Buildings" includes TATS 973,495 (1996: ATS 1,298 mill.) of land. Securities shown under fixed and financial assets consist primarily of shares in investment funds and fixed-interest securities. There are no loans granted by the Group with a remaining term of less than one year (1996: ATS 14 mill.).

In addition to operating leases, Wienerberger Group companies hold a small number of financial leases. The figure shown for fixed assets includes the following amounts arising from financing leases:

<i>III TATS</i>	1997	1996
Acquisition price	164,363	154,093
Depreciation (accumulated)	46,084	36,870
Book value	118,279	117,223

The use of fixed assets which are not shown on the balance sheet and which result from leases, license agreements, and rental contracts represent liabilities totaling:

<i>ii TATS</i>	1997	1996
During the following year	57,924	43,868
During the next five years	2(>,>951	189,385

19. Receivables and other assets

All necessary individual valuation adjustments were made to receivables and other assets. Lump-sum valuation adjustments totaling TATS 30,639 (1996: ATS 36 mill.) were made to accounts receivable - trade.

Development of receivables m TATS	Total	1997		Total	1996	
		Thereof with a remaining term under 1 year	Thereof with a remaining term over 1 year		Thereof with a remaining term under 1 year	Thereof with a remaining term over 1 year
1. Accounts receivable - trade	1,644,864	1,524,250	120,614	1,570,510	1,555,763	14,747
2. Receivables from subsidiaries	14,232	14,232	0	7,211	7,211	0
3. Receivables from affiliated companies	272,508	272,508	0	133,875	133,875	0
4. Other receivables and assets	1,004,290	852,537	151,753	996,734	894,834	101,900
	2,935,894	2,663,527	272,367	2,708,330	2,591,683	116,647

Total receivables include TATS 5,539 (1996: ATS 182 mill.) in the Group which are secured by bills of exchange. Receivables due from subsidiaries and affiliated companies are related primarily to loans or to the provision of goods and services. Other receivables and assets include revenues of TATS 85,054 which will only become due and payable after the balance sheet date. Other receivables include TATS 177,858 million due from former subsidiaries.

20. Prepayments and deferred charges

This item includes TATS 625 (1996: ATS 4 mill.) of expenses related to the procurement of funds and discounts on loans received.

21. Consolidated shareholders' equity

During the reporting period, the shareholders' equity of the Wienerberger Group developed as follows:

1997						
in TATS	Share capital	Share premium	Retained earnings	Translation gains/losses	Minority interests	Total
Status as at 1.1.1997	868,191	3,087,592	5,676,028	6,667	235,725	9,874,203
Net income	-	-	1,198,469	-	34.164	1,232,633
Dividend payments	-	-	-364.640	-	-9,223	-373,863
Translation gains/losses	-	-	-	-81,501	-	-81,501
Changes in minority interests	-	-	-	-	-10,255	-10,255
Other changes	-	-	-11,184	-	-	-11,184
Status as at 31.12.1997	868,191	3,087,592	6,498,673	-74,834	250,411	10,630,033

1996						
in TATS	Share capital	Share premium	Retained earnings	Translation gains/losses	Minority interests	Total
Status as at 1.1.1996	694,553	2,075,538	5,091,909	-	270,581	8,132,581
Increase in share capital	173,638	3,701,362	-	-	-	3,875,000
Net income	-	-	777,370	-	23,798	801,168
Dividend payments	-	-	-295,362	-	-	-295,362
Translation gains/losses	-	-	-	6,667	-	6,667
Settlement of positive differences	-	-2,877,921	-	-	-	-2,877,921
Settlement of negative differences	-	45,235	-	-	-	45,235
Changes in consolidation range	-	143,378	108,387	-	-	251,765
Changes in minority interests	-	-	-	-	-58,654	-58,654
Other changes	-	-	-6,276	-	-	-6,276
Status as at 31.12.1996	868,191	3,087,592	5,676,028	6,667	235,725	9,874,203

The share capital of Wienerberger Baustoffindustrie AG totals ATS 868,191,400 and is divided into 5,850,674 ordinary shares with a nominal value of ATS 100 each and 283,124 ordinary shares with a nominal value of ATS 1,000 each.

Retained earnings totaling TATS 6,498,673 (1996: ATS 5,676 mill.) include the retained earnings of Wienerberger Baustoffindustrie AG, plus the retained earnings of subsidiaries which were not eliminated during the capital consolidation. Untaxed reserves are included under taxed reserves after deduction of the estimated tax liability. Group profit for 1997, excluding the share of profit/loss due to minority interests, is shown under retained earnings.

22. Provisions

In TATS	1.1.1997	Exchange rate changes	Change in consolidation range	Reversal	Use	Addition	31.12.1997
1. Prov. for severance payments	303,584	132	-51,550	6,023	16,771	34,271	263,643
2. Prov. for pensions	214,017	-89	-30,883	696	3,837	10,878	189,390
3. Prov. for taxes	890,534	-1,888	8,814	64,700	100,165	205,225	937,820
4. Other provisions	1,170,922	-4,373	27,703	72,635	525,865	476,319	1,072,071
Total	2,579,057	-6,218	-45,916	144,054	646,638	726,693	2,462,924

The provisions for taxes include TATS 76,175 (1996:ATS 111 mill.) of deferred taxes which arose from the reclassification of untaxed reserves under retained earnings and TATS 647,429 (1996: ATS 633 mill.) of deferred taxes related to timing differences between profit/loss calculated according to local tax law and profit/loss recorded for the individual subsidiaries in Group accounts.

Other provisions include TATS 226,676 (1996: ATS 179 mill.) for guarantees, TATS 155,148 (1996: ATS 154 mill.) for environmental restoration, TATS 127,826 (1996: ATS 135 mill.) for holiday-pay, and TATS 41,331 (1996: ATS 51 mill.) for service anniversary bonuses.

23. Liabilities

The remaining terms of the various categories of liabilities are shown below:

in TATS	1997				1996			
	Total	Thereof remaining term under 1 year	Thereof remaining term over 1 year	Thereof remaining term over 1 year and secured by collateral	Total	Thereof remaining term under 1 year	Thereof remaining term over 1 year	Thereof remaining term over 1 year and secured by collateral
1. Debentures	0	0	0	0	88,727	0	88,727	0
2. Loans and overdrafts with financial institutions	5,678,635	3,478,066	2,200,569	723,650	7,642,308	5,071,893	2,570,415	1,228,405
3. Other long-term interest-bearing loans	0	0	(i)	0	476,943	0	476,943	0
4. Prepayments received on orders	40,275	39,680	595	0	36,159	25,078	11,081	0
5. Accounts payable - trade	1,297,784	1,276,481	21,303	0	1,198,242	1,181,745	16,497	0
6. Liabilities from the acceptance of bills of exchange	63,070	60,806	2,264	2,264	57,422	55,512	1,910	1,910
7. Amounts owed to subsidiaries	5,042	5,042	0	0	61	61	0	0
8. Amounts owed to affiliated companies	6,021	6,021	0	0	9,636	9,636	0	0
9. Other liabilities	1,244,183	888,759	355,424	132,890	1,232,096	889,788	342,308	158,995
Liabilities	8,335,010	5,754,855	2,580,155	858,813	10,741,594	7,233,713	3,507,881	1,389,310

Amounts owed to subsidiaries and affiliated companies result primarily from settlement accounts and the delivery of goods and services.

Of the total liabilities shown on the balance sheet, TATS 435,189 (1996: ATS 876 mill.) have a remaining term of more than five years. The above-mentioned collateral consists primarily of liens on land and transfer of ownership as security on debt.

Other liabilities include TATS 286,005 (1996: ATS 143 mill.) due to fiscal authorities and TATS 163,026 (1996: ATS 140 mill.) due to social security providers. In addition, other liabilities include TATS 20,316 which will only become due and payable after the balance sheet date.

24. Contingent liabilities and guarantees

Contingent liabilities and guarantees can be classified as follows:

in TATS	31.12.1997	31. 12.1996
Sureties	6,446	6,548
Guaranties	21,367	44,016
Obligations arising from bills of exchange	30,989	46,225
Other contractual obligations	22,604	0
	81,406	96,789

No financial obligations exist other than those mentioned above.

Notes to the Cash Flow Statement

The Cash Flow Statement of the Wienerberger Group was prepared according to the principles set forth in International Accounting Standards (IAS 7) and shows the changes in cash and cash equivalents of the Wienerberger Group resulting from the inflow and outflow of funds during the reporting year. This process eliminates the effects of acquisitions, divestitures, and the sale of the "Business Park Vienna". Such events are reflected under "Change in liquid funds resulting from changes **in** the consolidation range". The Cash Flow Statement differentiates between payment flows arising from operating **activities**, investing activities, and financing activities. The liquidity shown in the Cash Flow Statement is comprised of cash on hand, checks, deposits at financial institutions, and short-term securities. Figures relating to foreign companies in which **investments** are held are generally translated at the average annual exchange rate. In contrast to this practice, cash and cash equivalents are valued at the exchange rate in effect on the balance sheet date.

25. Cash flow from operating activities

The Cash Flow Statement begins with Group net income **for** the year. Cash flow of TATS 2,417,923 (1996: ATS 1,999 mill.) shows the excess of operating income over related expenses before any capital commitments. Cash flow of TATS 2,223,044 (1996: ATS 2,006 mill.) from operating activities also includes changes in current funds.

in TATS	31.12.1997
Interest income	191,922
Interest expense	359.(Hi?)

26. Cash flow from investing activities

The acquisition of tangible, intangible, and financial assets resulted in expenditures totaling TATS 1,822,326 [1996: ATS 2,395 mill.).

Change in liquid funds resulting from changes in consolidation range:

in MIS	1997	1996
Payments made for the acquisition of subsidiaries	-175,594	-429,499
Inflow of funds from initial consolidations	91,689	165,076
Payments received from the sale of subsidiaries	370,563	i)
Payments received for sale of the Business Park	996,500	0
Outflow" of cash from the deconsolidation of subsidiaries	-237,174	0
Change in cash resulting from changes in the consolidation range	1,045,984	-264,423

Financing Instruments

A distinction is made between primary and derivative financing instruments.

27. Primary financing instruments

The primary financing instruments held by the Group are shown on the balance sheet. The amounts recorded under assets represent both the maximum credit risk and risk of loss, since no general settlement agreements exist.

Credit risk associated with the investment of liquid funds and securities is limited by the fact that the Wienerberger Group portfolio is comprised almost entirely of securities issued by Austrian corporations. In addition, the Group works only with financing partners who can demonstrate sound creditworthiness.

In keeping with the **decentralized** European corporate structure of the Wienerberger Group, a large number of loans are held in the local currencies of the individual companies. The exchange rate risk associated with this debt is extremely low, since invoices issued by foreign companies are denominated in local currency. Treibacher Industrie AG also issues invoices in USD. These transactions are hedged through forward contracts and options.

Coverage for interest rate risk is **provided on** a case by case basis through the use of forward rate agreements, interest caps, and swaps.

Short-term and long-term securities can be classified as follows:

	Book Value	Market Value	Effective Interest Rate
	in TATS	in TATS	„
Financial assets			
1. Shares in funds	575,300	653,392	8.849
2. Debt issued by corporations	78,024	79,359	5.878
3. Debt issued by local public authorities	24,907	24,920	5.688
4. Stock	11,414	11,414	4.280
5. Others	6,863	6,862	5.262
	696,508	775,947	8.293
Current assets			
1. Debt issued by corporations	1,328,136	1,351,336	4.729
2. Debt issued by local public authorities	544,987	570,001	6.032
3. Debt issued by foreign countries	434,928	446,242	3.795
4. Others	6,889	6,923	2.174
	2,314,940	2,374,502	4.853

The effective interest rate on short-term securities declined by approximately 1.5% as the result of valuation losses which were recorded as of the balance sheet date. The effective interest rate before **write-downs** was 6.31%. Losses recorded as a result of these write-downs have been offset to a large extent by increases in market values since the beginning of 1998.

Financial liabilities can be classified as follows:

Type	Currency	Line of credit in local currency 1,000	Book Value in TATS	Effective Interest Rate in
Loans	ATS	814,310	648,121	5.17
	DEM	78,041	416,618	5.10
	NLG	57,062	292,542	6.45
	FRF	120,601	186,452	4.53
	BEF	295,415	91,231	6.89
	ESP	2,100,000	74,432	5.27
	IT1	966,979	6,934	12.98
			1,716,330	
Roll over	BEF	2,309,435	702,614	4.31
	ATS	551,594	547,905	6.08
	DEM	15,355	108,121	4.33
	i11	7,702,199	55,226	6.07
	USD	256	3,248	6.01
			1,417,114	
Short term loans	FRF	577,290	1,220,392	3.67
	ATS	762,000	721,000	4.11
	DEM	50,751	297,806	4.04
	ESP	1,200,000	22,471	5.24
	CHF	2,305	19,996	2.50
			2,281,665	
Others	ATS		263,526	4.67
Financial liabilities due to financial institutions			5,678,635	

28. Derivative financing instruments

In the Wienerberger Group, derivative instruments are used only to hedge the risks associated with exchange rate and interest rate fluctuations. The interpretation of market information, which is necessary for the determination of market values, also includes a subjective component. The values shown here can therefore vary from actual prices realized on the market.

	Currency	Nominal Value 31.12.1997 in local currency 1,000	Market Value 31.12.1997 in TATS
Forward exchange contracts	USD	20,200	-6,388
Interest rate swaps	ATS	160,000	-1,500
Forward rate agreements	BEF	1,508,000	-67

Vienna, March 16,1998

The Managing Board

Wolfgang Reithofer

Erhard Schaschl
Chairman

Paul Tanos

Auditor's Opinion:

As a result of our due audit, we can certify that the consolidated accounts comply with all legal requirements. The consolidated financial statements provide a true and fair view of the Group's assets, financial and revenue positions in conformity with generally accepted accounting principles. The Group management report corresponds with the consolidated financial statements.

Vienna, March 18,1998

KPMG Austria
Wirtschaftsprüfungs-Gesellschaft m.b.H.

Elisabeth Broinger

Hans Zochling

Certified Public Accountants

List of Group Companies

Company	Headquarters	Share capital	Currency	Interest in %	Type of consolidation	Reason for not consolidating
Wienerberger Ziegelindustrie AG	Wien	300,000,000	ATS	100.00	VK	
Aug. Eustacchio KG	Graz	486,000	ATS	33.35	OK	2)
Bataszeki Wienerberger Teglaipari Kft.	Batas/tk	2,243,360,000	HUF	100.00	VK	
Cadorina Laterizi SpA	Belluno	563,000,000	ITL	100.00	VK	
Cihelna Kinsky spol. sr. o.	Kostelec nad Orlici	99,031,000	CZK	40.00	OK	2)
Dachziegel Beteiligungsgesellschaft m. b. H.	Wien	500,000	ATS	33.35	OK	2)
Glina Spolka z ograniczona odpowiedzialnoscia	Lebork	4,000	PL	0.00	VKE	3)
Koramic Repov a s	Repov	60,680,000	CZK	67.16	VKE	
Koramic-Wienerberger Dachprodukte Holding GmbH	Hannover	10,000,000	DEM	50.00	QUE	
Laterizi Brunori SRL	Imola	5.300.000.000	EUR	59.94	VKE	
Poduzece za ucesce u ciglanama d. o. o.	\ arazdin	20,000	HRK	100.00	OK	1)
Steirische Ziegekerke Gesellschaft m b H.	Barnbach	500,000	ATS	4.00	VK	
Wibra Tondachziegel Beteiligungs-GmbH	Wien	500,000	ATS	50.00	QU	
Wiekor Dachprodukte GmbH	Straubing	200,000	DEM	50.00	QUE	
Wienerberger Bohemia Cihelny spol. sr. o.	Teplu e	71,550,000	CZK	100.00	VK	
Wienerberger Ceramika Budowlana sp. zo. o.	Lebork	11,014,500	PL	100.00	VK	
Wienerbergei cesko moravsk\ eihlarsk\ prumysl spol si o	Prag	KH)00K	CZK	100.00	OK	1)
Wienerberger Cihlarsky Prumysl a. s.	Budweis	879,747,000	CZK	89.59	VK	
Wienerberger Ilovac d. d.	Karlovac	90,879,500	HRK	9.04	VK	
Wienerberger Lateri/i SpA	Belluno	2,500,000,000	ITL	100.00	VK	
Wienerberger opecni sistemi d. o. o.	Ljubjana	1,5(1,000)	SII	100.00	OK	1)
Wienerberger Przemysl Ceramiczny sp. zo. o.	Wroclaw	4,000	PL	100.00	OK	1)
Wienerberger Slovenske Iehelne spol. M O	Zlate Moravce	4(11.00',1)ID	SKK	99.78	\K	
Wienerbergei Teglaipari i ki	Budapest	3,295,000,000	HUF	86.85	VK	
Wienerberger Ziegelindustrie AG & Braas Austria GmbH OEG	Wien	7,000,000	ATS	50.00	QU	
Wienerberger Ziegelindustrie AG & Braas Austria GmbH OEG & Co KEG	Wien	10,500,000	ATS	33.35	IK*	
WZI Netherlands B.V.	Amsterdam	4(1,000)	NLG	100.00	\K	
WZI-Finanz S. A.	Luxemburg	5.1)00,0(10	DEM	100.00	\K	
Ziegelwerk Hostornice- Beteiligungsgesellschaft m. b. H.	Wien	10,000,000	MS	10(100	VK	
Wienerberger Ziegelindustrie Deutschland GmbH	Hannover	18,500,001	DEM	100.00	VK	
CIS Beteiligungs GmbH & Co. Verwaltungs KG	Bad Freienwalde	1,200,000	HIM	100.00	OK	1)
E.V.B.M.E. Sari Fabrication Beton Moule	Levallois Perret	340,000	FRF	25.00	OK	2)
Etablissements Heinrich Bock et Cie S. A	Steinbourg	1,000,000	FRF	100.00	VK	
Ferrari S. A.	Pontalier	700,000	FRF	49.00	K ¹	
ITS E.U.R.L.	Wolfsheim	1,000,000	PL	100.00	VK	
Klein Agglomerates S. A.	Mondelange	532,000	FRF	100.00	VK	
Schlagmann Baustoffwerke GmbH&CoKG	Lanhofen	15,000,000	DEM	50.00	...	
Schlagmann BeteiligungsgmbH	Lanhofen	50,000	DEM	50.00	QU	
SCI Danne	St. Vit	10,000	FRF	100.00	OK	1)
SCI Heinrich Botk	Steinbourg	1,000	IKI	100.00	OK	1)
Sturm S A	Wiesbaden	3,055,000	DEM	100.00	VK	
Tubaggio S. A.	Dannemarie	450,000	DEM	100.00	VK	
Tuileries Jean-Philippe Sturm S. A.	Wolfsheim	2,016,720	FRF	100.00	VK	
Wienerberger Systemschornstein GmbH	Hannover	130,000	DEM	100.00	VK	
Wienerberger Ziegelindustrie [Schweiz] GmbH	Basel	20,000	CHF	100.00	OK	1)
Wienerbergei Ziegel Industrie Beteiligungs GmbH	Hannover	50,000	DEM	100.00	OK	1)
Wienerberger Ziegelindustrie France SA	Wolfsheim	477,250,000	FRF	100.00	VK	
Wienerberger Ziegelindustrie GmbH & Co	Lanhofen	25,000,000	DEM	100.00	VK	
Wienerberger Ziegelindustrie Polen GmbH	Hannover	1,000,000	DEM	100.00	VK	
Wienerberger Ziegelindustrie Suidwest GmbH & Co KG	Hannover	1,000,000	DEM	100.00	VK	
Wienerberger Ziegelindustrie Suidwest Verwaltungs GmbH	Hannover	50,000	DEM	100.00	VK	
Wienerberger Ziegelindustrie Verwaltungs-GmbH	Hannover	50,000	DEM	100.00	VK	
ZD Ziegelei Bad Freienwalde GmbH & Co. KG	Bad Freienwalde	2,000,000	DEM	50.00	OK	4)
ZD Ziegelei Bad Freienwalde Verwaltungs GmbH	Bad Freienwalde	50,000	DEM	50.00	OK	1)
Terca Bricks N.V.	Kortrijk	1,450,000,000	KFI	100.00	VK	
"Waalsteen" Holland Klinker GmbH	Wegberg	137,500	DEM	100.00	VK	
B. V. Greswaren-Industrie Teeuwen	Tegelen	120,000	EUR	100.00	\K	
Berpac Sari	Jegelen	3,100,000	NLG	100.00	VK	
Brique de Vaugirard S. A.	Bage le Chatel	200,000	FRF	50.00	OK	2)
Briqueterie dHulluch (NBH) S. A. S.	Limours	25,786,154	FRF	99.94	VK	
Briqueterie de Ghlin S. A.	Wingles	49,410,000	EUR	100.00	VK	
	Ghlin	25,200,000	EUR	97.33	\K	

Company	Headquarters	Share capital	Currency	Interest in %	Type of consolidation	Reason for not consolidating
Briqueteries de Warneton S. A.	Warneton	150,000,000	BEF	100.00	VK	
Brunssumse Kleicombinatie B. V.	Brunssum	36,000	NLG	100.00	VK	
C & S Brunssum B. V.	Brunssum	1,000,000	NLG	100.00	VK	
C & S Poriso B. V.	Brunssum	25,000	NLG	100.00	VK	
C & S Stecnfabriek B. V.	Brunssum	25,000	NLG	100.00	VK	
Delta Baksteen B. V.	Tegelen	800,000	NLG	100.00	VK	
Kefimco N. V.	Kortrijk	59,875,000	BEF	100.00	VK	
Kijfwaard Wolfswaard Bemmel (KWB) Holding B. V.	Tegelen	945,700	NLG	100.00	VK	
Koninklijke Steenfabrieken Van Lookeren Campagne B. V.	Tegelen	1,200,000	NLG	100.00	VK	
Koramic Haalderen B. V.	Halderen	400,000	NLG	100.00	VK	
Koramic Haalderen Produktie B. V.	Halderen	35,000	NLG	100.00	VK	
Koramic Kijfwaard Oost B. V.	Pannerden	35,000	NLG	100.00	VK	
Koramic Kijfwaard West B. V.	Pannerden	35,000	NLG	100.00	VK	
Koramic Pannerden Oost B. V.	Tegelen	25,000	NLG	100.00	VK	
Koramic Terca Brick Industries N. V.	Beerse	445,000,000	BEF	100.00	VK	
Koramic Waalsteen B. V.	Tegelen	396,000	NLG	100.00	VK	
Koramic Wolfswaard B. V.	Opheusden	740,000	NLG	100.00	VK	
Pacema S. A. S.	Massy	9,968,085	FRF	100.00	VK	
Paul Teeuwen B. V.	Tegelen	wio.iiiiio	NLG	100.00	VK	
Poriso B. V.	Brunssum	101,000	NLG	100.00	VK	
Poros + N. V.	Tessenderlo	133,000,000	BEF	100.00	VK	
Ruga Beheer B. V.	Tegelen	5,016,000	NLG	100.00	VK	
Ruga Gameren B. V.	legclen	190,000	NLG	100.00	VK	
Ruga Heteren B. V.	Tej'c-kn	25,500	NLG	100.00	VK	
Ruga Maren B. V.	Tegelen	102,000	NLG	100.00	VK	
Ruga Tricht B. V.	Trurh-n	200,000	NLG	100.00	VK	
Ruga Udenhout B. V.	legek-n	2,500,000	NLG	100.00	VK	
Societe Civile Immobiliere Torres Cuites de l'AA	Wizernes	100,000	FRJ	100.00	VKE	
Societe du Terril d'Hulluch [S.T. F.] S. N. C	Douai	4,500,000	FRF	50.00	OK	2}
Steenbakkerij Ostyn N. V.	Meulebeke	16,000,000	BEF	100.00	VK	
Steenbakkerijen van Zonnebeke N. V.	Zonnebeke	163,795,000	BEF	100.00	VK	
Steenfabriek Corubona B. V.		150,000	NLG	100.00	VK	
Steenfabriek Ten Cate B. V.	Tegelen	140,000	NLG	100.00	VK	
Steenfabriek Thorn B. V.	Tegelen	300,000	NLG	100.00	VK	
Steenfabrieken Quirijnen N. V.	Malle	186,500,000	BEI	100.00	VK	
Steenfabrieken S. F. B N. V.	Beerse	94,700,000	BEF	100.00	VK	
Teewen B. V.	Tegelen	3,013,000	NLG	100.00	VK	
Teewen Kunststoffen B. V.	Tegelen	20,000	NLG	100.00	VK	
Teewen N. V.	Maaseik	10,000,000	BEF	100.00	VK	
Teewen Vuren B. V.	Tegelen	262,000	NLG	100.00	VK	
Terca B. V.	Eersel	30,000	NLG	100.00	VK	
Terca Baksteen B. V.	Eersel	56,100,000	NLG	100.00	VK	
Terca Backstein GmbH	Wegberg	100,000	DEM	100.00	VK	
Terca Briques S. A. S.	Massy	190,995,000	FRF	100.00	VK	
Terres Cuites de l'AA S. A.	Wizernes	950,000	FRF	100.00	VKE	
Van Hesteren & Janssens B. V.	Tegelen	800,000	NLG	100.00	VK	
West-Brick N. V.	Kortrijk	2,500,000	BEF	100.00	VK	
Zonnebeke Clay Products N. V.	Zonnebeke	150,000,000	BEF	100.00	VK	
Bramac Dachsysteme International Gesellschaft m.b.H.	Pochlarn	40,000,000	ATS	50.00	Q<	
Bramac Dachsteinproduktion und Baustoffindustrie d. o. o.	Skocjan	381,816,847	SIT	31.35	QU	
Bramac Dachsteinproduktion und Baustoffindustrie Kft.	Veszprem	1,831,880,000	HUF	32.86	QU	
Bramac Pokrovni Sistemi d. o. o.	Zagreb	254,000	HRK	50.00	QU	
Bramac Sisteme Catish Albania SH. P. K.	Tirana	100,000	ALL	50.00	OK	2)
Bramac Sisteme de Invelitori s. r. l.	Brasov	20,000,000	ROL	50.00	OK	2)
Bramac spol.sr. o.	Chrudim	628,431,000	CZK	50.00	QU	
Bramac Stresne Systemy spol. sr. o.	Bratislava	173,835,000	SKK	50.00	QU	
Lasbra homok kavics kitermelj Kft.	Budapest	251,480,000	HUF	25.00	EQ	
TOP DACH Marketing Gesellschaft m.b. H.	Pochlarn	1,000,000	ATS	50.00	QUE	
Wienerberger Rohrsysteme und Abwassertechnik Ges.m.b.H.	Wien	350,000,000	ATS	100.00	VK	
Chuanlu Plastic Sales & Service Ltd.	Chengdu	500,000	USD	51.00	VK	
Chuanwie Plastic Ltd.	Chengdu	4,000,000	USD	90.00	VK	
Chuanxi Company Ltd.	Chengdu	2,500,000	USD	51.00	VK	
Credit Marks Ltd.	Hongkong	1,000	HKD	100.00	OK	2)
HL-Wienerberger Holdings (S) Ltd.	Tortola	4,000,000	USD	100.00	VKE	

Company	Headquarters	Share capital	Currency	Interest in %	Type of consolidation	Reason for not consolidating
HL-VWienerberger Plastic Pipe Manufacturing Ltd.	Nansha	4,000,000	USD	75.00	VKE	
Keramo Wienerberger Holding N. V.	Hasselt	1,015,000,000	BEF	100.00	VK	
Keramo Wienerberger Immo N. V.	Hasselt	81,690,000	BEF	100.00	VK	
Keramo Wienerberger Kamenina s. r. o.	Borovany	2,000,000	CZK	50.00	EQ	
Keramo Wienerberger N. V.	Hasselt	140,000,000	BEF	100.00	VK	
Keramo Wienerberger Steinzeugwerk Zwickau GmbH	Zwickau	4,000,000	DEM	100.00	VK	
Limburgs Transportbedrijf B. V. B. A.	Hasselt	760,000	BEF	100.00	VK	
Semmelrock SB Baustoffindustrie GmbH	Klagenfurt	10,200,000	ATS	75.00	VK	
Semmelrock Stein & Design Pflastersteine Kft.	Inulaprsl	60,000,000	HUF	100.00	OK	1)
Shanghai Wienerberger Plastic Pipe Co, Ltd.	Shanghai	560,000	USD	100.00	iK	1)
Sunway Keramo SDN BHD	Kuala Lumpur	24,000,000	MYR	28.00	EQ	
Wienerberger Alpha Umwelttechnik GmbH	Klagenfurt	1,000,000	ATS	100.00	VK	
Wienerberger N. V.	Hasselt	1,300,000,000	BEF	100.00	VK	
Pipeline International Holding Gesellschaft m.b.H.	Wr. Neudorf	9,000,000	ATS	50.00	QU	
Ariti Plastik Sanayii A. S.	Istanbul	37,400,000,000	TRL	25.50	EQ	
Flexalen Fernwärmesysteme GmbH	Wien	500,000	ATS	50.00	QU	
Flexalen Fernwärmesysteme GmbH & Co Nfg. KG	Wien	2,000,000	ATS	50.00	QU	
Maiaiplas 1 da	Maia	379,000,000	PTE	50.00	QUE	
Pannonpipe Muanyagipari Kft.	Budapest	2,311,800,000	HUF	25.00	QU	
Pannonpipe Rom Com s. r. l. Kolozsvar (Cluj-Napoca) Romania	Cluj	5,982,200,000	ROL	25.00	OK	2)
Pipeline Cevni Sistemov (d.o.o.) Ljubljana	Ljubljana	13,000,000	SIT	50.00	OK	2)
Pipeline Cijevi sustavi d.o.o.	Karlovac	17,700	HRK	50.00	OK	2)
Pipeline Elektrorohr GmbH	Bad Zwischenahn	50,000	DEM	50.00	Qi'	
Pipeline France S. A.	Gaillon	128,100,000	FRF	50.00	QU	
Pipeline Hellas S. A.	Piraeus	2,574,417,(KM)	GRD	50.00	QU	
Pipeline Hispania S. A.	Zaragoza	2,011,000,000	ESP	50.00	QU	
Pipeline Rohrsysteme GmbH	Bad Zwischenahn	8,200,000	DEM	50.00	QU	
Pipeline Rohrsysteme GmbH	Wr.Neudorf	500,000	ATS	50.00	QU	
Pipeline Rohrsysteme GmbH & Co. Nfg. KG	Wr.Neudorf	(10,000,000)	ATS	50.00	QU	
Pipeline Rohrsysteme Golzau GmbH	Weifisandt-Golzau	500,000	DEM	50.00	QI	
Pipeline Sweden AB	Goteborg	100,000	SKR	50.00	OK	2)
Pipeline Systemv Rurowe Polska, spzoo Warszawa	\\dres> hau	7,008,000	PLN	50.00	QUE	
Pipeline-Fatra Slovakia s. r. o.	Priestany	100,000	SKK	33.34	QU	
Pipeline-Fatra spol M n	Otrokovice	202,971,000	CZK	33.34	OR	
Polva Pipeline BV	Enkhuizen	35,000,000	NLG	50.00	QU	
Polva Pipeline S. A.	Kalmthout	19,500,000	BEF	50.00	Qi'	
SCI Les Artaignes	Gaillon	100,000	IRI	50.00	OK	2)
Treibacher Industrie AG	Treibach	100,000,000	ATS	100.00	VK	
Aktivsauerstoff GmbH	Treibach	500,000	ATS	49.00	EQ	
Grondmet (U.K.) Ltd.	Ki i-ijk\	100	GBP	100.00	OK	1)
Intervan GmbH Vanadium-Recycling	Nurnberg	100,000	DEM	50.00	OK	2)
Prometheus Metallwerke GmbH	Selters-Eisenbach	1,300,000	DEM	100.00	OK	1)
Treibacher Auermet d. o. o. podjetje za proizvodnjo vakuumskih zlitin	Ravnica	90,120,896	SIT	100.00	VK	
Treibacher Auermet Produktionsges. m. b. H.	Treibach	=0(111,100)	ATS	100.00	VK	
Gemeinnützige Treibacher Siedlung GesmbH	Treibach	1,001,000	ATS	1.10	OK	
Wienerberger Immobilien GmbH	Wien	275,000,000	ATS	100.00	VK	
"ALWA" Güter- und Vermögensverwaltungs-AG	Wien	56,950,000	ATS	35.47	KQ	
"Wienerberg-City" Errichtungsges. m. b. H.	Wien	25,000,000	ATS	100.00	VK	
Garage am Btvtownpl.it/. Gesellschaft m l' II & < o KG	Wien	1,733,500	ATS	100.00	VK	
Grundstücke- und Gebäudeverwaltungs-AG	Wien	215,000,000	ATS	25.01	EQ	
Mineral Asvanyi Anyagokat Forgalmazo Kft.	Budapest	6,300,000	HUF	100.00	OK	II
TGF-Tiefgarage Freyung Errichtungs- u. Verwaltungsges. m.b. H.	Wien	500,000	ATS	100.00	VK	
TGF-Tiefgarage Freyung Errichtungs- u. Verwaltungsges. m. b. H. & Co KG	Wien	1,000,000	ATS	100.00	VK	
Wienerberger Ofenkadiel C iesellschaft m. h. H.	Wien	5,000,000	ATS	100.00	VK	
Wienerberger Versicherungs-Service-Gesellschaft m. b. H.	Wien	500,000	ATS	60.00	VK	
Wipark Garagen Gesellschaft m. b. H.	Wien	100,000,000	ATS	100.00	VK	
Wipark Garaze Slovensko s. r. o.	Bratislava	100,000	SKK	100.00	OK	1)
Wipark Hungaria Garazs Kft.	Budapest	1,000,000	HUF	100.00	OK	1)

VK = Full consolidation

VKE = First time full consolidation

QV = Proportional consolidation

QUE = First time proportional consolidation

EQ = Equity accounting

EQE = First time equity accounting

OK = No consolidation

1) §249 Abs.2 HGB as to

2) § 263 Abs. 2 HGB as to

3) because of control

4) §249 Abs. 1 Zi 2 HGB as to

Financial Statements

Wienerberger Baustoffindustrie AG

Profit and Loss Account Wienerberger Baustoffindustrie AG

	1997	1996
	<i>in TATS</i>	<i>in TATS</i>
Income from Investments in other Companies	373,351	367,950
Net interest income/expense	163,341	176,650
Other financial income/expense	-34,617	-824
Income from financing activities	502,075	543,776
Sales	49,542	56,969
Other operating income	28,620	148,055
Personnel expenses	63,531	66,987
Depreciation	11,995	11,066
Other operating expenses	60,117	52,504
Profit in ordinary activities	444,594	618,243
Net extraordinary income/expense	0	-300
Income taxes	16,261	52,499
Expenses related to capital increase	0	1,881
Net income	428,333	563,563
Addition to untaxed reserves	8,06\$	92,829
Reversal to untaxed reserves	8,600	3,824
Addition to reserves	29,565	110,073
Profit carried forward	407	562
Net profit	399,707	365,047

The Financial Statements of Wienerberger Baustoffindustrie AG, which were prepared in accordance with Austrian generally accepted accounting principles as set forth in the July 1996 amendment to Austrian Commercial Law, were audited by KPMG Austria Wirtschaftsprüfungs-Gesellschaft m.b.H. and awarded an unqualified opinion. These Financial Statements and all supplementary information have been filed with the Company Register of the Commercial Court in Vienna under Number 77676f. These Financial Statements can be ordered from Wienerberger Baustoffindustrie AG, A-1 100 Vienna, free of charge and will also be available at the Annual General Meeting.

Balance Sheet of the Wienerberger Baustoffindustrie AG

	31.12.1997	31.12.1996
ASSETS	<i>in VATS</i>	<i>in TATS</i>
Intangible assets	13,161	16,465
Tangible fixed assets	788,465	"43,515
Financial assets	1 1,398,976	11,248,638
Fixed and financial assets	12,200,602	12,008,618
Accounts receivable - trade	888	1,994
Accounts receivable from subsidiaries	149,619	1,005,084
Accounts receivable from affiliated companies	(i)	36
Other receivables and assets	324,186	283,770
Securities and other investments	2,285,465	1,582,795
Cash on hand and in financial institutions, and checks	367,693	146,928
Current assets	3,127,851	3,020,607
Prepayments and deferred charges	1.721	2,207
	15,330,174	15,031,432
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	868,1 "I	868,191
Share premium account	10,312,965	10,312,965
Retained earnings	909,088	879,522
Profit and loss account	399,707	365,048
Shareholders' equity	12,489,951	12,425,726
Untaxed reserves	1,057,829	1,058,361
Provisions	205,036	200,995
loans and overdrafts with financial institutions	500,000	500,000
Accounts payable - trade	4,871	5,025
Amounts owed to subsidiaries	1,019,625	755,283
Amounts owed to affiliated companies	18	0
Other liabilities	52,664	S5.862
Liabilities	1,577,178	1,346,170
Deferred income	ISO	ISO
	15,330,174	15,031,432

We recommend that the Annual General Meeting approve the following proposal for the distribution of profits totaling ATS 399,707,32 1.3d. Payment of a 46% dividend, or ATS 399,31)8,044.00 on Share Capital of ATS 868,191,400.00 and carry-forward of the remainder of ATS 339,277.3b.

Vienna, April 1998

The Managing Board

International Accounting Standards

It is **the objective of the** Wienerberger Group management **to** continually increase the **value of** the Company **to the** advantage **of** all those who have **an investment in the** Company. The instruments **to** be used in achieving this objective are **the** Group's new-measurement criteria, which will **be** calculated according to International Accounting Standards beginning in 1998.

The consolidated accounts **of** Wienerberger **Baustoffindustrie** AG were prepared in accordance with Austrian generally accepted accounting principles (Austrian Commercial Code) and expanded **to** include additional information in keeping with international practices. In certain areas, **the** Austrian Commercial Code differs from International Accounting Standards. In order **to** prepare a complete record according **to** IAS, Group profit for the year and Group equity were calculated according to IAS and this transition was audited by KPMG Austria Wirtschaftsprüfungs-Gesellschaft **m.b.H.**

An **overview of** the major differences and their effect on Group profit for the year and Group equity are shown below:

	1997 in TATS	1996 in TATS
Equity - Austrian Commercial Code	10,630,033	9,874,203
Deferred taxes	-271,425	-481,040
Other provisions	66,047	132,768
Provisions for severance payments and pensions	-77,156	-71,507
Short-term securities	59,562	79,885
Foreign exchange valuations	1,638	6,180
Revaluation of assets	(,955)	-52,408
Other revaluations of current assets, and prepayments and deferred charges	-985	-2,963
Equity according to IAS plus minority interests	10,414,669	9,485,118
Minority interests - IAS	-263,633	-258,299
Equity according to IAS	10,151,036	9,226,819
Group net income	1997	
	in TATS	
Net income - Austrian Commercial Code	1,232,633	
Deferred taxes	209,615	
Other provisions	-66,721	
Provisions for severance payments and pensions	-5,646	
Short-term securities	-20,323	
Foreign exchange valuations	-4,542	
Revaluation of assets	59,363	
Other revaluations of current assets, and prepayments and deferred charges	-9,152	
Net income according to IAS	1,395,227	

1. Deferred taxes

In accordance **with** the Austrian Commercial Code, deferred taxes are calculated for temporary differences if a tax expense is expected when these differences are reversed. Under IAS, deferred taxes must be calculated for all temporary differences between financial statements as calculated for tax purposes and IAS **financial** statements; these calculations are based on the current applicable tax rate.

In contrast to the Austrian Commercial Code, IAS does not foresee the discounting of deferred taxes which are expected to be **reversed** in the distant future.

Under IAS, deferred tax assets must also be created for tax loss carry-forwards if these are expected to be used in the future.

2. Other provisions

With respect to provisions, IAS interpret the principle of caution differently than does the Austrian Commercial Code. IAS tends to require a higher probability of occurrence for the relevant event and a more precise ability to estimate the amount for which the **provision** is to be created.

3. Provisions for pensions and severance payments

In accordance with the Austrian Commercial Code, **provisions** for pensions are **calculated** based on the Austrian method "**Teilwertverfahren**" with a 6% discount rate and no allowance for salary increases. Under IAS, provisions for pensions are calculated based on the projected unit credit method with a market interest rate of 7% and assumed salary increase of 3.5%.

Under IAS, the **provision** for **severance** payments is calculated based on financial principles using a discount rate of 4% (under the Austrian Commercial Code, based on financial principles and a discount rate of 6%).

4. Short-term securities

In accordance with Austrian generally accepted accounting principles, securities must be valued at the lower of cost or market value. Under IAS, short-term securities held by the Wienerberger Group are valued at their market price and changes in these market prices are charged directly to the profit and loss account. Under both IAS and Austrian generally accepted accounting principles, long-term securities are valued at the lower of cost or market.

5. Foreign currency valuation

These two systems differ in the recording of unrealized gains arising from the **valuation** of amounts held in foreign currencies on the balance sheet date. Austrian **law** requires application of the principle of conservatism and only permits the recording of unrealized losses, whereas IAS also requires the recording of unrealized gains.

6. Revaluation of assets

Since tax-related useful **lives** and special tax depreciation are eliminated during the consolidation and depreciation rates therefore reflect the economic useful lives of assets, depreciation methods were transferred to IAS without change. The revaluation of assets results from the fact that the fixed value method is not used, and from the timing of special depreciation.

Report of the Supervisory Board

In addition to carrying out other activities, the Supervisory Board fulfilled those obligations required by law in its meetings.

The Managing Board provided regular reports on the development of business and position of the Company.

The Annual Accounts and Report of the Managing Board were audited by KPMG Austria Wirtschaftsprüfungs-Gesellschaft m.b.H., Vienna. The results of this audit provided no grounds for objections.


The auditor has therefore certified that the Annual Accounts and Report of the Managing Board comply with legal requirements. The Supervisory Board agrees with these results.

The Supervisory Board has examined the Report of the Managing Board which was provided in keeping with § 96 of the Austrian Stock Companies Act, as well as the Annual Accounts and recommendation for distribution of profits, and management of the Company. This review yielded no grounds for objection.

The Supervisory Board has therefore approved the Annual Accounts, which are hereby ratified in keeping with the provisions of § 125 Par. 2 of the Austrian Stock Companies Act.

Vienna, April 1998

Gerhard Randa
Chairman

A handwritten signature in black ink, appearing to read 'Gerhard Randa', written in a cursive style.

Our Major Companies

Wienerberger Baustoffindustrie AG

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Wienerberger Ziegelindustrie AG

tnester **Straße** 70
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Fax: ++43/1/605 03-99

Terca Bricks N. V.

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Wiekor Dachprodukte GmbH

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Ziegelwerke Gleinstatten GmbH & Co. KG

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Wienerberger Rohrsysteme und Abwassertechnik GmbH

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1998 Financial Calendar

April 16, 1998	Press Conference on 1997 Results, Analyst Meeting in Vienna, 1997 Annual Report
April 17, 1998	Analyst Meeting in London
April 20, 1998	Analyst Meeting in New York
May 6, 1998	Annual General Meeting and Press Release on First Quarter Results
May 11, 1998	Deduction of dividends (Ex-day)
Aug. 31, 1998	Press Conference 1998 Interim Financial Statements
Oct. 23, 1998	Press Release on Third Quarter Results
Fall 1998	Investor Trade Fair in Vienna and Shareholders' Day
February 1999	Preliminary figures 1998

Actual dates are shown on our homepage: www.wienerberger.com

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