GROUP MANAGEMENT REPORT

Economic environment

The economic environment, which remains tense, is characterised by sometimes significant regional differences. The World Bank estimates that while economic growth declined in the USA from 2.7% in 2012 to 1.8% in 2013, China's economy remained robust, with GDP growing by 7.7% compared with the prior year[1]. Significant growth is still expected in the emerging and developing countries. Brazil's GDP grew by 2.2% in 2013, and its economy is forecast to expand by 2.4% in 2014. In India the economy gained considerable momentum, growing by 4.8% in 2013, and it is expected to pick up even further steam in 2014, reaching 6.2% in 2014. However, the trend is more subdued in Russia, where GDP forecasts call for an increase of 1.3% in 2013, rising to 2.7% in 2014.

Following a recession in 2012, the European Union experienced stagnation with a plus sign in 2013, a trend which strengthened in the second half of the year. Despite a slight decline in economic growth from 0.7% to 0.4%, Germany remained an important pillar of the economy in 2013 and should be able to expand by 1.8% in 2014, according to European Commission's forecasts.

Austria's economy grew by 0.3% in 2013, according to estimates by the European Commission, following 0.9% in the previous year. A stronger economic recovery is expected here only for 2014.

In addition to the necessary consolidation of fiscal budgets and basic structural reforms – challenges which the Southern and Southeastern EU member states in particular had to face – the economic environment was dominated by a stepped-up policy of low interest rates by the European Central Bank. It lowered the benchmark interest rate by 25 basis points to 0.25% in both May and November 2013 and reiterated once again its long-term adherence to an expansionary monetary policy.

The impact of these macroeconomic conditions on the Semperit Group varies from one business area to another. While the market for medical products tends to evolve largely independent of economic cycles, the energy, construction, machine-building and industrial equipment industries, which are of relevance for the Semperit Group's Industrial Sector, are more sensitive to the overall economic situation.

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[1] GDP details on the USA, China and India are from the World Bank, the values for the remaining countries and all other regions are from the European Commission

Developments in the commodities markets

At the beginning of 2013, prices increased in major commodities submarkets that are important for the rubber industry. They started to decline again by the middle of 2013, leading to a low in the third quarter. As the third quarter progressed, the prices for major commodities already started to stabilise. But this trend was not based on strengthened demand from the main consumer of rubber products, the tyre and automobile industry, but rather backlash to this low point that prices reached in the third quarter. The price level then moved sideways during the fourth quarter of 2013.

The largest share of natural rubber and natural latex production by far takes place in Southeast Asia, particularly in Thailand and Indonesia. Following the drop in prices for natural rubber and latex in the second quarter of 2013, prices recovered in the third quarter and moved sideways during the fourth quarter. The average price in 2013 was more than 15% lower than the comparable price for 2012.

As a petrochemical by-product, the price of synthetic rubber is partially influenced by the development of the crude oil price. The basic raw material is crude oil, which refineries process into naphtha in several distillation steps. In subsequent stages it is then manufacturing at petrochemical plants into further products such as butadiene, which is the basis for most types of synthetic rubber. The price for butadiene was subject to severe fluctuations in 2013. While the price for butadiene had fallen continuously in the first half of the year, the market has consolidated since the third quarter and showed an upward trend from August 2013 onwards.

Following a decline in the second quarter of 2013, the price for synthetic rubber stabilised during the third quarter, and is rising slightly again since September. This development has been driven primarily by an increase in the price for the basic raw material butadiene. Similar to natural rubber, the average prices for synthetic rubber were lower than in 2012.

Industrial carbon black plays a crucial role in the processing of rubber. They increase the rigidity of the rubber, making it stiffer and harder through a strengthening process, while providing it with better impact resistance and tensile strength as well as optimal abrasion resistance. Global annual demand amounts to approximately 9 million tons. The production of carbon black requires a significant amount of energy. The average prices on the carbon black market were marginally lower in 2013 than in 2012.

Revenue and earnings trends

REVENUE

Semperit Group's revenue rose considerably by 9.4% or EUR 77.8 million to EUR 906.3 million. For Semperit this means a record-breaking achievement. In addition to the initial consolidation of Latexx Partners, Malaysia for a full year[2], organic growth in all segments contributed to this performance. Strong sales and flexible management of capacity over-compensated the lower level of prices caused by decline in raw material prices. In total, no customer generates more than 10% of the total revenue.

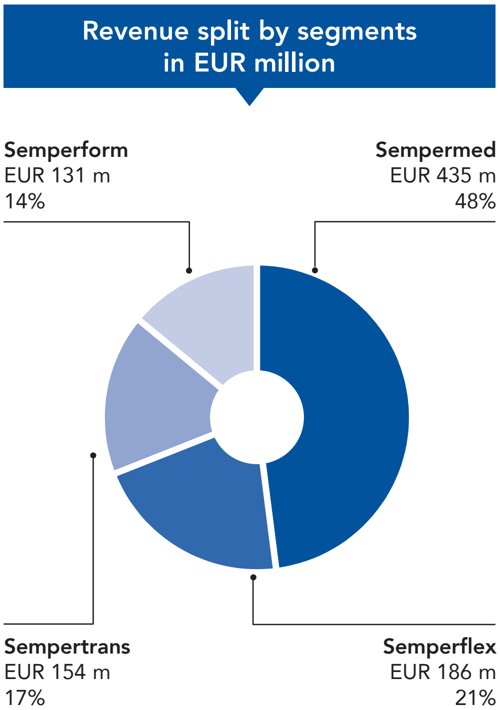
Abstract from the consolidated income statement
for the financial year from 1.1.2013 to 31.12.2013

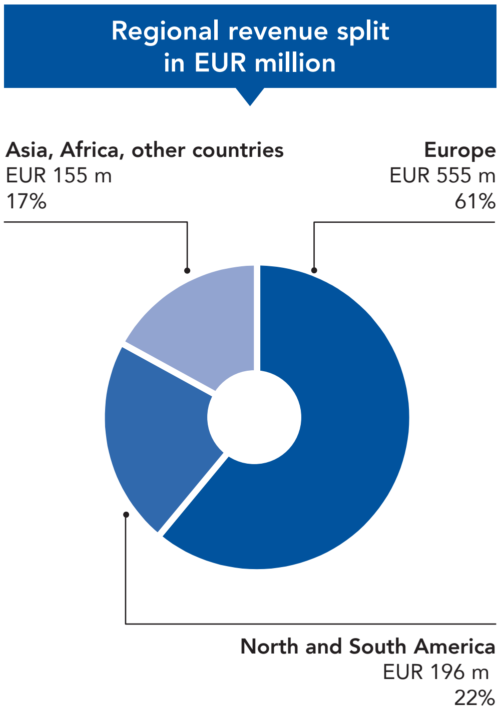
in EUR million	2013	2012	Change in %	Change in EUR million
Revenue	906.3	828.6	+9.4%	+77.8
Changes in inventories	9.4	–1.9	–	+11.3
Own work capitalised	1.0	1.6	–39.3%	–0.6
Operating revenue	**916.7**	**828.2**	**+10.7%**	**+88.5**
Other operating income	24.4	32.8	–25.6%	–8.4
Cost of material and purchased services	–510.7	–501.0	+1.9%	–9.7
Personnel expenses	–152.8	–127.4	+19.9%	–25.4
Other operating expenses	–145.8	–124.2	+17.4%	–21.6
Share of profit from associated companies	0.6	0.3	+131.3%	+0.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**132.5**	**108.7**	**+21.9%**	**+23.8**
Depreciation, amortisation and impairment of tangible and intangible assets	–44.7	–36.2	+23.6%	–8.5
Earnings before interest and tax (EBIT)	**87.8**	**72.5**	**+21.1%**	**+15.3**
Financial result	**–16.9**	**–14.0**	**+20.1%**	**–2.8**
Earnings before tax	**70.9**	**58.5**	**+21.3%**	**+12.5**
Income taxes	–16.0	–12.2	+30.9%	–3.8
Earnings after tax	**54.9**	**46.2**	**+18.8%**	**+8.7**

The Sempermed segment's share of group revenue rose by two percentage points to now 48% due to the integration of Latexx Partners, whereas the share of Semperflex and Semperform declined by one percentage point to 21% and 14%, respectively. Sempertrans continues to account for 17% of group revenue.

Geographically, the distribution of revenue by regions shows an increase for Europe by three percentage points to 61% (58% in 2012). This increase, however, should not be understood as a weakness in the regions outside Europe, because the regions North and South America, as well as Asia, Africa and Other Countries posted higher revenue, too.

[2] The initial consolidation of Latexx Partners was made as of 31 October 2012.





EARNINGS POSITION

While revenue grew at a single-digit rate of 9.4%, EBITDA, EBIT and earnings after tax increased at a double-digit rate of more than 20%, despite challenging market conditions. EBITDA was higher by EUR 23.8 million or 21.9% to EUR 132.5 million, and EBIT climbing by EUR 15.3 million or 21.1% to EUR 87.8 million. Earnings after tax rose at a similar rate, reaching EUR 54.9 million. In addition to very good sales, this increase in profitability was also due to a disproportionately low increase in the cost of material. This success was achieved not only by lower raw material prices, but also through active raw materials management. Earnings were positively impacted by both the consolidation effect of Latexx Partners as well as the absence of extraordinary expenses, which were recorded in the first months of 2012 in the Sempermed segment.

Changes in inventories increased from EUR –1.9 million to EUR 9.4 million, because of lower consignments at the end of the year compared with the prior year.

Other operating income fell from EUR 32.8 million to EUR 24.4 million. This decline resulted mainly from lower gains from the disposal and write-up of fixed assets.

There was a significant, disproportionately low increase in the cost of material as a percentage of revenue by 1.9% from EUR 501.0 million to EUR 510.7 million. Semperit Group is continuing its active approach to managing raw materials in order to address the price situation in procurement markets in a flexible manner. Furthermore, lower price levels had a favourable impact on material costs.

Personnel expenses rose by 19.9% to EUR 152.8 million due to higher headcount. The main reasons for this increase were the acquisition of Latexx Partners with currently 1,800 employees, the staff reinforcement in both Sempermed (including the increase in the sales team in the USA) and in Semperflex, and a higher number of employees in the Corporate Center.

Other operating expenses rose by 17.4% to EUR 145.8 million on a year-on-year basis due to higher maintenance costs, outgoing freights and strategic projects.

As a consequence of the considerably higher operating revenue combined with a disproportionately low increase in the cost of material, EBITDA (earnings before interest, tax, depreciation and amortisation) improved in 2013 despite the higher personnel expenses, rising by 21.9% from EUR 108.7 million to EUR 132.5 million. The EBITDA margin improved as well, up from 13.1% in the prior-year period to now 14.6%.

Key data Semperit Group

in EUR million	2013	2012	Change in %	Change in EUR million
Revenue	906.3	828.6	+9.4%	+77.8
EBITDA	132.5	108.7	+21.9%	+23.8
EBITDA margin	14.6%	13.1%	+1.5 PP	–
EBIT	87.8	72.5	+21.1%	+15.3
EBIT margin	9.7%	8.8%	+0.9 PP	–
Earnings after tax	54.9	46.2	+18.8%	+8.7
Investments	49.7	41.2	+20.6%	+8.5
Employees (at balance sheet date)	10,276	9,577	+7.3%	+699

Due to the organic and non-organic growth strategy of the Semperit Group, depreciation rose to EUR 44.7 million, an increase of 23.6% on the EUR 36.2 million in the same period last year. EBIT improved from EUR 72.5 million to EUR 87.8 million (+21.1%), with the EBIT margin improving too, rising from 8.8% to 9.7%.

The negative financial result totalled EUR 16.9 million, following EUR 14.0 million in 2012. This was mainly caused by higher financial expenses of EUR 4.0 million, up from EUR 1.2 million in 2012. The increase was connected with the borrowings to finance the acquisition of Latexx Partners and the debt assumed as part of the acquisition. The item "Profit/loss attributable to redeemable non-controlling interests", which is mostly related to several companies in the Sempermed segment, remained virtually unchanged at EUR 14.8 million.

Income tax expense rose by 30.9% to EUR 16.0 million, an upward trend that was higher than the 21.3% increase in earnings before tax. The tax rate as a percentage of earnings before tax and redeemable non-controlling interests rose slightly by 16.7% to 18.7%.

Earnings after tax improved by 18.8% to EUR 54.9 million. This led to earnings per share of EUR 2.65 for the full year 2013, up from EUR 2.25 in 2012 (+17.8%).

Dividend

At the Annual General Meeting on 29 April 2014 the Management Board will propose an ordinary dividend of EUR 0.90 per share, an increase of 10 cents. In addition, the Board is proposing to pay an anniversary bonus of EUR 0.30 to celebrate "190 years of Semperit." The total dividend will therefore be EUR 1.20, a gain of 50% versus the previous year. This means that EUR 24.7 million will be distributed in total.

Based on the ordinary dividend, the dividend payout ratio[3)] for the financial year 2013 is therefore 33.9%, compared with 35.6% in the previous year. In terms of the total dividend, the payout ratio is 45.2%. Given the share price of EUR 36.00 as at the end of 2013, this results in a dividend yield of 3.3%.

The dividend policy of the Semperit Group continues to aim for a dividend payout ratio of around 30% of the earnings due to shareholders after tax – assuming continued successful performance and that no unusual circumstances occur.

Assets and financial position

The balance sheet total for 2013 showed an increase of 3.4% from EUR 824.5 million to EUR 852.1 million. On the asset side of the balance sheet, the main reason for this increase was higher cash and cash equivalents. On the liabilities and equity side, the increase consisted primarily of the corporate Schuldschein loan that was issued (with a simultaneous repayment of the liabilities from the credit line) and higher current liabilities.

Tangible assets were lower by 4.2%, falling to EUR 256.6 million due to depreciation and currency differences. This includes prepayments and assets under construction amounting to EUR 22.5 million (2012: EUR 11.2 million). In total, non-current assets declined to EUR 372.7 million. The investment ratio – in relation to the balance sheet total – amounts to 43.7% after 47.4% in 2012.

Current assets including deferred taxes increased by 9.9% to EUR 474.2 million. Inventories were higher by 4.2%, whereas trade receivables declined by 7.4%. Trade working capital (inventories plus trade receivables minus trade payables) decreased from EUR 212.1 million at the end of 2012 to EUR 186.6 million and therefore constituted 20.6% of the revenues of EUR 906.3 million (2012: 25.6%). The decline is mainly due to the continuation of the group's working capital management initiatives.

[3)] **The calculation basis for the payout ratio is earnings after tax.**

Abstract from the consolidated balance sheet
as at 31 December 2013

in EUR million	31.12.2013	31.12.2012	Change
Assets			
Assets	372.7	391.1	–4.7%
Inventories	148.4	142.5	+4.2%
Trade receivables	111.2	120.2	–7.4%
Other assets including deferred taxes	219.7	170.8	+28.7%
Balance sheet total	**852.1**	**824.5**	**+3.4%**
Equity and liabilities			
Equity	414.2	428.0	–3.2%
Liabilities from redeemable non-controlling interests	102.4	110.1	–7.0%
Provisions including social capital	73.7	64.8	+13.6%
Corporate Schuldschein loan	125.8	0.0	–
Liabilities including deferred taxes	136.1	221.6	–38.6%
Balance sheet total	**852.1**	**824.5**	**+3.4%**

Semperit AG Holding issued a corporate Schuldschein loan in the amount of EUR 125 million in July 2013. The proceeds from this note were used to refinance the acquisition of Latexx Partners Berhad, Malaysia and as well as to support the implementation of Semperit Group's growth strategy. After raising the funds from the corporate Schuldschein loan, the liabilities in connection with the credit line were fully settled.

Cash and cash equivalents were higher year-on-year, rising from EUR 133.3 million as at the end of 2012 to EUR 182.6 million at 31 December 2013. This improvement is attributable to strong operating cash flow generation and proceeds from the corporate Schuldschein loan. These inflows were offset by the payment of a dividend to the shareholders of Semperit AG Holding (EUR 16.5 million), expenditures for the acquisition of further shares in Latexx Partners (EUR 19.5 million), the dividend payment to non-controlling shareholders of subsidiaries (EUR 12.4 million) and the settlement of the credit line (EUR 100.0 million). Liabilities from the corporate Schuldschein loanand to banks totalled EUR 139.3 million (at the end of 2012: EUR 118.5 million), resulting in overall net liquidity of EUR 43.3 million (year-end 2012: EUR 14.8 million).

Semperit Group's equity (excluding non-controlling interests) stood at EUR 411.5 million, EUR 5.2 million higher than at the end of 2012 (EUR 406.2 million) as at 31 December 2013. EUR 54.9 million of this increase is the result of the after-tax earnings attributable to the shareholders of Semperit AG Holding. This increase was offset by a reduction caused by the payment of a dividend totalling EUR 16.5 million to the shareholders of Semperit AG Holding and due to a negative effect in the amount of EUR –30.9 million resulting from currency translation effects recorded directly to equity in other comprehensive income.

The group reported an equity ratio of 48.3% (year end 2012: 49.3%), meaning it remains considerably above the sector average at the end of 2013. The capital structure of Semperit Group continues to be very solid. The return on equity was 13.3%, (2012: 11.4%). The return on equity is calculated from earnings after tax with EUR 54.6 million with regard to equity with EUR 411,5 million (each the share of the shareholders of Semperit AG Holding).

Debt capital rose during 2013 by EUR 41.5 million to EUR 438.0 million. This increase was caused by the issuance of the corporate Schuldschein loan and higher trade payables due to settlement related issues. The liabilities from redeemable non-controlling interests decreased by EUR 7.7 million to EUR 102.4 million. Provisions including social capital increased by EUR 8.8 million to EUR 73.7 million. Other liabilities including corporate Schuldschein loan and deferred taxes were higher by EUR 40.3 million, reaching EUR 261.9 million as a result of financing activities.

Cash flow

The gross cash flow for 2013 increased significantly by 35.7% or EUR 30.5 million to EUR 116.2 million, primarily as a result of the higher earnings before tax. Cash flow from operating activities improved due to the better result and the positive development of the working capital by EUR 30.5 million to EUR 137.2 million.

Abstract from the cash flow statement
for the financial year from 1.1.2013 to 31.12.2013

	2013	2012	Change
Gross cash flow	116.2	85.6	+35.7%
Cash flow from operating activities	137.2	106.7	+28.6%
Cash flow from investing activities	–47.8	–151.6	–68.4%
Cash flow from financing activities	–32.4	80.7	–140.1%
Net increase/decrease in cash and cash equivalents	57.0	35.7	+59.4%
Cash and cash equivalents at the end of the period	182.6	133.3	+36.9%

The cash flow from investing activities amounted to EUR –47.8 million in the financial year 2013 after EUR –151.6 million in the previous year (excluding acquisition effects it amounts to EUR –30.7 million in 2012). The decrease is due to the acquisition of Latexx Partners, Malaysia, a manufacturer of gloves, in 2012. EUR 49.7 million (after EUR 41.2 million in 2012) were invested in replacements, expansions and rationalization in tangible and intangible assets (CAPEX).

Cash flow from financing activities amounted to EUR –32.4 million (2012: EUR 80.7 million) and was influenced by the issuance of the corporate Schuldschein loan amounting to EUR 124.6 million (net) in July 2013, the repayment of the credit line amounting to EUR 100.0 million in the course of 2013, the dividend payout to the shareholders of Semperit AG Holding with EUR 16.5 million, expenditures to non-controlling shareholders of subsidiaries of EUR 12,4 million and the acquisition of further shares in Latexx Partners amounting to EUR 19.5 million. Cash and cash equivalents on the balance sheet date (31 December 2013) amounted to EUR 182.6 million, a year-to-year increase of almost EUR 50 million.

Investments

Total investments (CAPEX) rose from EUR 41.2 million in 2012 to EUR 49.7 million in 2013. The ratio of CAPEX to depreciation, at a factor of 1.1, remained unchanged on the same level as in 2012. About half of the investments are attributable to maintenance, with the remainder due to growth investments.

The focus in 2013 was on the Sempermed segment, which carried out replacement and expansion investments in Thailand and Malaysia, and to a lesser extent in Austria. The Sempertrans segment made its first investments to expand the capacity of its plant in Belchatów, Poland. By 2015 a total of around EUR 40 million will be invested in that location to expand its production capacity.

In the Semperflex segment the new ribbon lap machine was brought into service in Austria and further investments were made in the Czech Republic. For 2014 the segment plans to expand hose production capacity at its site in Odry, Czech Republic, requiring investments of more than EUR 10 million. The new production capacity is planned to be available starting from the first quarter of 2015. The Semperform segment made investments in Austria and Hungary.

During the year under review the group also spent EUR 19.5 million to acquire a further investment in Latexx Partners, Berhad, Kamunting, Malaysia. As at the end of December 2013, Semperit Group's investment in Latexx Partners totalled 98.11% (31 December 2012: 85.94%).

Revenue and earnings of the sectors

The Semperit Group is divided into two sectors, Medical and Industrial. The Medical Sector comprises the Sempermed segment, while the Industrial Sector includes the Semperflex, Sempertrans and Semperform segments. Despite the tense macroeconomic environment, the Semperit Group was able to increase both the revenue and the earnings of its two sectors, Medical and Industrial, during 2013: the Medical Sector – primarily thanks to higher sales and the acquisition of Latexx Partners – posted a revenue increase of 13.4% to EUR 434.9 million. Despite a challenging economic environment, revenue in the Industrial Sector rose by 5.9% to EUR 471.5 million.

EBITDA in the Medical Sector spiked by 41.2% to EUR 58.7 million, driven by the acquisition of Latexx Partners and the absence of the negative special effects that weighed on results in the first months of 2012. The Industrial Sector was able to raise its EBITDA by 12.4% to EUR 90.1 million. The EBITDA margin of both sectors is therefore clearly in double-digit range: 13.5% for Medical and 19.1% for Industrial.

EBIT in the Medical Sector grew by 32.7% to EUR 36.6 million, while the Industrial Sector was 16.3% higher at EUR 67.7 million. This earnings power demonstrates the balanced portfolio of the Semperit Group. Based on enhancement of efficiency and production, the EBIT margin in the Medical Sector improved from 7.2% in the prior year to now 8.4%. One positive development is also the double-digit growth rates for sales of examination gloves, which is a result of a better sales performance and the acquisition of Latexx Partners.

The Industrial Sector was able to improve its profitability even further, increasing its EBIT margin from 13.1% in 2012 to 14.4% in 2013. All three segments in the Industrial Sector have EBIT margins that are clearly in double-digit territory. Despite the economic challenges, the exposed Semperflex segment managed to grow its EBIT margin from 15.3% to 16.0%. The Sempertrans segment boosted its EBIT margin as well, rising to 12.5% (following 11.1% in the prior year period). The considerable volume growth in almost all business units of the Semperform segment led to an improvement in its EBIT margin from 12.1% to 14.2%.

Performance of the segments

SEMPERMED

In 2013 the Sempermed segment posted a 13.4% increase in revenue, with EBIT rising disproportionately by 32.7%. In absolute figures revenue rose to EUR 434.9 million and EBIT reached EUR 36.6 million. Higher sales volumes, which resulted from generally better sales and the acquisition of Latexx Partners, were offset by negative price effects caused by lower commodity prices for natural latex and nitrile compared with 2012.

Sales of examination gloves increased at double-digit rates in Europe and Asia, with a particularly strong demand in Europe. Growth was achieved not just in the medical field; gains were also made in non-medical sectors such as industrials and especially consumer goods, which are both performing better in the meantime. Global demand for examination gloves made of nitrile (synthetic latex) is currently growing faster than for gloves made of natural latex. The integration of Latexx Partners, Malaysia was continued successfully, enabling Semperit to a transition of the new acquisition into a standardised intercompany relationship with the rest of the group – as is the case with all other production locations – at the end of 2013. Capacity in the production facilities of the Sempermed segment was more than 80% utilised during 2013.

In 2013 sales of surgical gloves hovered at the same level as in 2012, leading to a satisfying utilisation of capacity at the plant in Wimpassing, Austria. A decision has been made to expand capacity in Wimpassing for higher-value powder-free surgical gloves during 2014. Meaning, overall capacity will not increase as a result of this decision, instead, existing capacity will be used to produce higher-quality products. Sales of the newly developed Syntegra UV glove commenced during the third quarter of 2013.

In 2013 the EBITDA of the Sempermed segment, at EUR 58.7 million, rose by more than 40% compared with the prior year. EBIT improved considerably to EUR 36.6 million, up from 27.6 million in 2012 (+32.7%). Besides the contribution to earnings of Latexx Partners, the absence of the negative special effects in the first months of 2012 was mainly responsible for this improvement. EBIT grew less than EBITDA because depreciation rose by nearly 60% to EUR 22.0 million (including impairment charge of EUR 0.4 million on the customer base in Brazil). This increase was caused by the commissioning of new capacities at the Surat Thani, Thailand location and the consolidation of Latexx Partners, Malaysia. EBIT was also negatively impacted by an impairment charge of EUR 0.4 million on the customer base in Brazil. The EBITDA margin rose year-on-year from 10.8% to 13.5%, while the EBIT margin was higher, too, rising from 7.2% to 8.4%.

Key figures Sempermed

in EUR million	2013	Change	2012	2011[1]
Revenue	434.9	+13.4%	383.5	371.5
EBITDA	58.7	+41.2%	41.5	44.4
EBITDA margin	13.5%	+2.7 PP	10.8%	12.0%
EBIT	36.6	+32.7%	27.6	34.4
EBIT margin	8.4%	+1.2 PP	7.2%	9.3%
Investments	33.2	+66.2%	20.0	20.7
Employees (at balance sheet date)	7,007	+7.0%	6,548	5,016

[1] Figures for 2011 adjusted (see 2.18 in notes to the consolidated financial statements, annual report 2012).

SEMPERFLEX

The economic conditions influencing the business of the Semperflex segment, which have been a challenge since the third quarter of 2012, continued in 2013. Although the Semperflex segment was particularly exposed to these economic fluctuations, it still performed quite well. The segment was even able to grow its revenue by 3.1% to EUR 186.1 million and improve its profitability. The increase in both EBITDA and EBIT, each by more than 7%, surpassed the growth in revenue.

While orders in Europe were very good, the USA posted positive trends, too. All in all, this led to a nearly full utilisation of the segment's capacity in the second half of 2013. Therefore, expansion of capacities is planned for 2014 at the plant in Odry, Czech Republic, about more than EUR 10 million. The new production capacities shall be available from the first quarter 2015.

The Hydraulic Hoses Unit generated most of the segment's revenue. It benefited from good demand, particularly in Europe, where strategic priority projects led to gains in market share. In North America, the disproportionately high increase in customer stocks in the second half of 2012 had a negative impact on demand in the first half of 2013. But the situation changed starting in the second half of the year: demand and orders were strong. Trends in Asia remain diverse: while demand in China remains subdued, the rest of Asia gained market share thanks to the acquisition of new customers.

In industrial hoses, which have been sold almost exclusively in Europe until now, new product lines made it possible to increase quantities sold and grow market share. While demand was quite satisfactory in most European markets, it remained subdued in the countries of Southern Europe. Thanks to the decision to strengthen the marketing and distribution of industrial hoses in Asia and the USA, the first orders were won in these regions. This led to good utilisation of the new ribbon lap machine for industrial hoses that was additionally installed in Wimpassing, Austria (investment volume of nearly EUR 3 million).

Revenue trends in the smallest business unit of this segment, elastomer and wear-resistant sheeting, were positive thanks to a slight increase in volume.

In 2013 the segment's EBITDA improved by 7.5% to EUR 41.5 million, with EBIT growing by the same extent at 7.6% to EUR 29.7 million. The segment's profitability was slightly higher despite the economic environment. The EBITDA margin of 22.3% was higher year-on-year, and the EBIT margin came in at 16.0%, following 15.3% in the previous year.

Key figures Semperflex

in EUR million	**2013**	**Change**	**2012**	**2011[1)]**
Revenue	186.1	+3.1%	180.6	186.9
EBITDA	41.5	+7.5%	38.6	35.2
EBITDA margin	22.3%	+0.9 PP	21.4%	18.8%
EBIT	29.7	+7.6%	27.6	24.5
EBIT margin	16.0%	+0.7 PP	15.3%	13.1%
Investments	6.0	–60.2%	15.0	16.1
Employees (at balance sheet date)	1,467	+11.5%	1,315	1,352

[1)] Figures for 2011 adjusted (see 2.18 in notes to the consolidated financial statements, annual report 2012).

SEMPERTRANS

The Sempertrans segment posted a strong performance in 2013, growing revenue by 7.5% to EUR 154.5 million thanks to impressive double-digit volume growth and despite lower raw material prices. Compared with 2012, revenue, EBITDA and EBIT were considerably higher. The project business and mining in general have slowed down versus the dynamic year in 2012 because individual new projects are being scrutinised more closely and order decisions are being made more slowly. The industrial business, which includes sales to companies outside the mining sector, is also muted at the moment, with just a few isolated exceptions such as the cement industry. But despite the more intense competitive environment, capacity in the Sempertrans segment is well utilised far into the second quarter of 2014.

From a geographical perspective, Europe's performance was satisfactory. The segment's market position in South America was solidified, with growth also being achieved in the project business with two major orders. India remains dominated by high competition and dampened demand, and no new momentum is expected here until after the elections in the second quarter of 2014. Domestic demand in China remains weak, with the Semperit factory in Shandong producing primarily for export. Order trends in Southeast Asia are subdued.

The major order from the German energy group RWE for steel cord conveyor belts confirms the need to expand capacity at the Polish plant in Belchatów. A total of EUR 40 million will be invested in this plant by 2015 to achieve that. The work on the expansion continues to proceed as scheduled, so that the new capacities will gradually be available starting in the first half of 2015.

In 2013 it became clear that the turnaround in the Sempertrans segment is permanent. In 2010 the segment broke even, whereas in 2012 it already achieved double-digit EBIT margins. EBITDA improved considerably to EUR 23.9 million (+12.9%), with EBIT rising to EUR 19.4 million (+21.3%). There were associated increases in the EBITDA margin from 14.7% to 15.5% and in the EBIT margin from 11.1% to 12.5%.

Key figures Sempertrans

in EUR million	2013	Change	2012	2011[1]
Revenue	154.5	+7.5%	143.8	147.0
EBITDA	23.9	+12.9%	21.2	14.4
EBITDA margin	15.5%	+0.8 PP	14.7%	9.8%
EBIT	19.4	+21.3%	16.0	10.8
EBIT margin	12.5%	+1.4 PP	11.1%	7.3%
Investments	6.8	+264.4%	1.9	2.0
Employees (at balance sheet date)	968	+1.0%	958	942

[1] Figures for 2011 adjusted (see 2.18 in notes to the consolidated financial statements, annual report 2012).

SEMPERFORM

In 2013 the Semperform segment posted an increase in revenue of 8.4% to EUR 130.8 million. This improvement is primarily attributable to double-digit volume growth in all business units (with the exception of the Special Applications unit). On the other hand, price effects were negative. Compared with 2012, the segment was able to boost its EBITDA and EBIT at double-digit rates.

With its seal profiles for windows and doors, the Building Profiles Unit is the largest in the Semperform segment. Despite the generally sluggish economy, sales volumes were higher in both Central and East Europe (including Russia). Stronger sales of seals for aluminium windows made an important contribution to this development. Capacity in the Building Profiles Unit is well utilised thanks to this good demand.

Despite the persistent weakness in the industrial economy, the Industrial Moulded Parts Unit gained a marginal market share with its customers (construction and industrial areas, pipe construction). In addition to existing products, new products contributed to higher volumes, and capacity utilisation was slightly higher.

The Handrails Unit posted volume growth in the business with original equipment manufacturers (OEMs) in China, even though this market remains characterised by strong competition and high price pressure. Efficiency improvements in production and product developments helped to offset pricing pressure. In addition, the unit gained some market share in the after sales market (ASM) in the USA and Europe.

The smallest business unit, Special Applications, maintained its volume nearly unchanged despite tough macroeconomic conditions. For portfolio optimisation purposes the production of sponge and foam rubber was discontinued in the first half of 2013; this product contributed about 1% of the segment's revenue in 2012.

All in all, for 2013 the Semperform segment posted an EBITDA of EUR 24.7 million versus EUR 20.4 million in the previous year. EBIT was EUR 18.6 million compared with EUR 14.6 million in 2012, a growth rate of more than 20%. In a year-on-year comparison, the EBITDA margin rose from 16.9% to 18.9%, while the EBIT margin went from 12.1% to 14.2%.

Key figures Semperform

in EUR million	2013	Change	2012	2011[1]
Revenue	130.8	+8.4%	120.7	114.6
EBITDA	24.7	+21.0%	20.4	23.6
EBITDA margin	18.9%	+2.0 PP	16.9%	20.6%
EBIT	18.6	+27.3%	14.6	18.2
EBIT margin	14.2%	+2.1 PP	12.1%	15.9%
Investments	3.1	–17.6%	3.8	5.6
Employees (at balance sheet date)	743	+7.6%	691	674

[1] Figures for 2011 adjusted (see 2.18 in notes to the consolidated financial statements, annual report 2012).

Employees

As at the end of December 2013, the group's total headcount stood at 10,276 employees, up from 9,577 people at the same time last year (+7.3%). The main reasons for this increase were the segments Sempermed – where over two thirds of all staff, is employed, mainly in Asia – and the segment Semperflex as well as a higher number of employees in the Corporate Center. The increase in the Sempermed segment is due to a higher headcount in the production plants in Thailand and Malaysia as well as the expansion of the sales team in the USA.

Personnel expenses increased by 19.9% or EUR 25.4 million to EUR 152.8 million due to the higher number of employees, adjustments to collective bargaining agreements, increases in the existing minimum wages in Thailand, China and India, and the first-time introduction of a minimum wage in Malaysia. Personnel expenses as a proportion of revenue increased to 16.9% from 15.4% in 2012.

The Semperit Group has an ambitious growth strategy that is supported by effective human resources policies. The overall goals of these policies are to strengthen the group's image and appeal as an attractive employer, to promote the group's cultural and organisational development, to strengthen personnel development (including career and succession planning), and to improve global leadership and performance management.

Research and development

The Semperit Group's research strategy is focused on the following objectives:

- Market-oriented product innovations as a basis to continue the growth strategy
- Optimising the use of resources: the energy and materials used in the production and design of products are constantly being optimised. The resulting benefits in terms of quality help ensure competitive advantages.
- More flexible production methods enable the group to respond rapidly to changes in raw material prices and market demand.
- Knowledge transfer as a precondition for achieving synergies.

Around 340 people are employed in research and development worldwide. The group-wide research activities are agreed and controlled at the Wimpassing research centre in Austria.

Highlights in research and development in 2013

Sempermed	Integration of Latexx Partners Sempermed Syntegra UV successfully introduced on the market
Semperflex	New ribbon lap machine put into operation in Wimpassing, Austria Comprehensive expansion of the industrial hose portfolio for oil, air and water applications
Sempertrans	Introduction of new conveyor belt material Development of a pipe conveyor (sealed conveyor belt)
Semperform	Development of a weldable material for window seal profiles (registered for patent)

Environmental management

The Semperit Group prevents pollution caused by all segments during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements. The management staff of the various production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing the responsibilities for environmental protection issues, such as those of waste management officers and effluent treatment managers. Employees receive regular information and training on compliance with the relevant regulations and instructions. During the planning stage, all raw materials, mixtures and processes used for the first time are examined to ascertain their impact on the environment; then they are optimised. Appropriate objectives in relation to reduced use of materials and energy consumption are established and periodically reviewed by management, and further measures are added.

Disclosures pursuant to Section 243a Para. 1 of the Austrian Commercial Code (UGB)

The share capital of Semperit AG Holding amounted to EUR 21,358,996.53 as at 31 December 2013 and consisted of 20,573,434 non-par-value ordinary shares, each carrying equal rights in every respect.

There are no restrictions with regard to voting rights or the transfer of shares except for provisions contained in the Austrian Stock Corporation Act.

B & C Industrieholding GmbH indirectly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2013. B & C Semperit Holding GmbH directly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2013. More than 10% of the ordinary shares have been held by Legg Mason Inc., USA, since 10 March 2011. The remaining shares are in free float.

No shares were issued entitling the owners to special control rights.

Employees who own shares are entitled to exercise their right to vote at the annual general meeting.

The age limit for members of the Management Board is 65. The duration of their last possible term of office on the Management Board ends with the annual general meeting following their 65th birthday. Otherwise there are no other regulations extending beyond the legal requirements that relate to the appointment and dismissal of members of the Management Board.

The following applies with respect to the appointment and revocation of Supervisory Board members pursuant to the Articles of Association: unless a shorter term of office is specified, Supervisory Board members are elected until the end of the Annual General Meeting resolving upon the ratification of the actions of the Management and Supervisory Boards for the fourth financial year after the election, not including the financial year in which the election took place. However, at least one-fifth of all Supervisory Board members are required to resign each year, effective at the end of the Annual General Meeting. In cases in which the number of Supervisory Board members is greater than but not divisible by five, this number will be alternately raised and lowered to numbers divisible by five. In cases in which the number of Supervisory Board members is less than five, the number five will be used as a base only in every second year.

The selection of the members departing will be undertaken using the following procedures: those members whose terms of office expire are to be the first to depart. Should the above divisibility not be attained by this, those members are to depart whose terms of office are the longest. In cases in which this procedure yields a number of members eligible for departure that is greater than required, the selection among them will be undertaken through the drawing of lots. This procedure is also used to decide in cases in which the above rules do not suffice to determine which members will depart. Those departing are immediately eligible for re-election.

Should members – not including those cases described in the previous paragraph – depart from the board prior to the expiry of their term of office, the election held to replace them need not be held before the next Annual General Meeting. An election to replace them is, however, to be held without delay via the convening of an extraordinary general meeting in cases in which the number of Supervisory Board members declines to less than five. These replacement elections are for the remaining term of office of the members who have departed. In cases in which a member is elected to the supervisory board by convening an extraordinary general meeting, the member's first year of office is deemed to conclude at the end of the next annual general meeting.

Any member of the Supervisory Board can resign from its office even without good cause by submitting written notification of such. Should this cause the number of members of the Supervisory Board to decline to below the minimum specified number, the observation of a four-week time period is required.

With regard to amendments to the Articles of Association, these are enacted with a simple majority of the share capital represented at the Annual General Meeting, inasmuch as the Austrian Stock Corporation Act does not stipulate any other procedure.

The Management Board is authorised by the Annual General Meeting on 23 April 2012, subject to the agreement of the Supervisory Board, to increase the share capital in the coming five years – in several tranches – against cash and/or contributions in kind by 50% or up to around 10.3 million bearer shares. The Management Board is also authorised, subject to the agreement of the Supervisory Board, to issue convertible bonds. These can be associated with conversion or subscription rights or obligations for up to around 10.3 million bearer shares of the company (50% of the existing shares).

Certain financing agreements contain contractual clauses regarding a change of control in the event of takeovers pursuant to Section 243a Para. 1 (8) of the Austrian Commercial Code (UGB).

There are no compensation agreements pursuant to Section 243a Para. 1 (9) of the Austrian Commercial Code (UGB).

Risk report

RISK ENVIRONMENT

As a group with international activities, Semperit constantly has to face new challenges as a result of the current fragility of the global economy with its strong regional differences. The strategic orientation of Semperit's four operating segments means that their success depends to differing degrees on the general economic situation. The group's global presence helps to ensure that risks are diversified.

In the current economic environment, high volatility between the euro and the US dollar constitutes a potential threat. Moreover, rising commodity prices and energy costs may lead to a deterioration in the Semperit Group's earnings if they cannot be passed on fast enough to customers through selling prices.

Semperit is active in countries that are at different stages of their economic and social development. Adverse changes in the political and economic environment may therefore give rise to further risks. Risks such as fire and natural or environmental disasters are also associated with significant potential losses for the Semperit Group.

RISK MANAGEMENT

Semperit's objective is to have effective risk management and the corresponding systems in order to minimise potential threats from future events while actively exploiting opportunities for growth in pursuit of continual increases in the value of the company. Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited and certified the effectiveness of the Semperit Group's risk management system for the financial year 2013 in accordance with Rule 83 of the Austrian Corporate Governance Code.

The Management Board of Semperit AG Holding and the bodies subordinate to it undertake extensive monitoring and controlling tasks with respect to operating units in the context of an integrated control system covering all group sites. Identifying and evaluating strategic risks and opportunities and responding to them at an early stage are accordingly an important component of these units' management activity, based on a uniform group-wide system of monthly reporting. The foundation for this is a standardised, group-wide monthly reporting system. General market risks that may arise from developments in the global economy and from demand trends in the relevant regions and sectors are systematically analysed, and the results are explicitly incorporated into operational and strategic planning.

Whenever necessary, measures to reduce risks are implemented with the responsible departments and by arranging external insurance cover. Risk assessment involves evaluating the damage that an event might cause and estimating the likelihood of its occurrence, in accordance with the international COSO standards (Committee of Sponsoring Organisations of the Treadway Commission).

RISK ORGANISATION

The Internal Audit & Risk Management department is responsible for risk management. This includes, in particular, the central coordination and monitoring of risk management processes for the group as a whole, as well as risk assessment and comprehensive reporting (at least once a year) to the Management and Supervisory Boards. To strengthen the effectiveness of risk management with lasting effect, an effective risk organisation was established. The Internal Audit & Risk Management department is assisted by regional risk managers for Asia, America and Europe as well as other risk managers in the group's various units. The risk management system is optimised on an ongoing basis. Risks in defined operational and functional areas are identified in accordance with lists of criteria. The ultimate objective of these measures is to achieve further increases in the efficiency and effectiveness of the risk management process, and to promote awareness of these central issues throughout the group.

SPECIFIC SIGNIFICANT RISKS

An assessment of the general market risks resulting from developments in the world economy and in the regions and industries of relevance to Semperit is made in the section of the group management report entitled "Outlook". Selected specific risks are explained below.

OPERATIONAL RISKS

Procurement risk

Semperit takes account of this risk category by actively managing its supplier portfolio, and through a globally oriented purchasing management system that is coordinated throughout the group. There are long-term supply contracts in place for the procurement of natural rubber. Semperit's presence in Asia, the world's most important region for rubber production, ensures proximity to producers at all points along the value chain. Long-term relationships also exist with suppliers of other important raw materials such as chemicals, bulking agents and both textile and steel reinforcing materials.

At the Semperit research and development centre in Wimpassing, interdisciplinary teams are constantly at work on developing alternative formulas so that we can respond quickly and with flexibility to fluctuations in commodity prices and supply bottlenecks. An additional element to our adaptability is the flexible orientation of our production facilities.

Sales and customer default risk

The customer structure of the Semperit Group is broad and well-balanced, thus avoiding an excessive concentration of risk from individual customers. No customer accounts for more than 10% of revenue. Bad debt losses and sales losses play a minor role. Credit risks and the risk of payment default are reduced with the use of standardised credit checks, set credit limits and loan insurance.

Sales risk is also reduced through active management of the product portfolio as well as the ongoing development of product innovations and by tapping into new markets. Semperit handles the risk of overcapacities by evaluating market and order data on an ongoing basis in order to be able to respond quickly to changes with the appropriate measures such as temporary shutdowns and shift adjustments.

Production risk
Semperit Group has established high technical and safety standards for its domestic and foreign production sites. The risk of downtime at production plants is also reduced through regular maintenance as well as through flexible production control. Despite all the efforts that are made, the risk of operational disruptions, accidents and damage to the environment cannot be completely eliminated. Disruptions can be caused, in particular, by natural phenomena that are beyond the control of the Semperit Group. As far as possible, the company protects itself against these types of risk with insurance to an extent that is reasonable from a commercial perspective.

Personnel risk
The business performance of the Semperit Group in the future will be largely determined by the commitment, expertise and productivity of its employees. Semperit competes for highly qualified specialists and executive staff by working closely with universities, colleges and advanced technical colleges, and by positioning itself as an attractive employer at trade fairs and similar events. In addition to forward-looking succession planning, the basis of human resources management is formed by attractive opportunities for development and performance-based remuneration systems.

FINANCIAL RISK
As required by IFRS 7.31, the financial risks are described in detail in the appendix in note 8. A summary and interpretation is provided below.

Default risk of financial instruments
Default risks of the Semperit Group with regard to securities as well as receivables and credits from banks are assessed as low given the fact that most of the contractual partners are banks with outstanding creditworthiness. Each contractual partner also has defined maximum amounts in order to minimise risk.

Interest-rate risk
Operating resources, investments and acquisitions in the group's business operations are partially financed using debt. At the end of 31 December 2013, the group's liabilities to banks totalled EUR 13.5 million (31 December 2012: EUR 118.5 million). The changes versus the previous year are mainly due to the issuance of a corporate Schuldschein loan in the amount of EUR 125.0 million in July 2013. The proceeds of the note were used in part to pay off the framework loan agreement. Over 95% of liabilities to banks have variable interest rates that are tied to prevailing market conditions. There are liabilities from leasing agreements totalling EUR 3.1 million (31 December 2012: EUR 8.3 million), all of which have fixed interest rates.

Liquidity risk
Cash and cash equivalents amounted to EUR 182.6 million as at 31 December 2013 (31 December 2012: EUR 133.3 million). In May 2012 a framework loan agreement for EUR 180.0 million was concluded with five banks for a term of three years. This credit line was not fully utilised. In July 2013 a corporate Schuldschein loan was issued for EUR 125.0 million. Continuous improvements to the group's treasury guidelines and information systems facilitate the early identification of financial risks and enables suitable measures to be taken in good time. The solid balance sheet structure of the Semperit Group, with an equity ratio of 48.3% as at the end of 2013 (2012: 49.3%), ensures access to cheap debt financing when needed.

Currency risk

The Semperit Group is exposed to currency risk as a result of its subsidiaries' international trading relationships. There are associated transaction risks, above all, at subsidiaries that are not based in the Eurozone but have business relationships there, and in exchange rate fluctuations between the euro and US dollar. In the notes under point 8 Risk Management / Currency Risk there is a listing of those currency pairs that exist versus the euro and the US dollar and pose a significant currency risk. The company protects itself against these risks with forward transactions where appropriate. No derivative financial instruments are concluded for the purpose of speculation.

INTERNAL CONTROL SYSTEM (ICS)

The Semperit Group's internal control system is designed to safeguard the effectiveness and efficiency of its business activities, the reliability of its financial reporting and compliance with relevant statutory provisions. It also supports the early recognition and monitoring of risks from inadequate monitoring systems and fraudulent actions and is revised and expanded on an ongoing basis by the Internal Audit & Risk Management department together with the relevant specialist departments. Accordingly, in 2013 the accounting-related processes were subject to another comprehensive, systematic review, with Internal Audit & Risk Management taking the lead role, in order to ensure an effective ICS. All companies in the group throughout the world are required to comply with the minimum standards derived from this review. In 2013 these standards were rolled out to Europe, with additional countries to follow in 2014. The management of the respective business unit is responsible for implementing and monitoring the ICS and the risk management system. The Management Board of Semperit AG Holding stipulates cross-divisional framework conditions and regulations that are applicable throughout the group.

The following principles form the basis of the ICS:

- Risk-oriented approach
- Clear organization and responsibilities
- Standardized rules of procedure for preparing the financial reporting (documentation, controls, approval)
- Separation of functions (four-eyes principle)
- Analysis and plausibility checks
- IT process control
- Inclusion of specialist divisions
- IT general controls (e.g. change management processes in IT)

At the time this management report was prepared, no risks could be identified in connection with future developments that could threaten the continued existence of the Semperit Group either in isolation or jointly. Adequate insurance has been taken out for specific liability risks and damages when reasonable and cost effective.

Outlook

The Semperit Group expects the currently good order situation to continue well into 2014 and an overall satisfying development of revenue and results compared to 2013. Despite slightly better forecasts for economic growth, an immediate increase in demand in the Industrial Sector is not anticipated. The economic dynamism of the Medical Sector is to a large extent uncoupled from general economic growth.

In the segment Sempermed the focus continues to be on increasing efficiency of the individual plants and the profitability of the segments as well as the targeted development of selected customer segments. The Semperit Group's assumptions are based on an unchanged increase in global demands for examination and safety gloves.

In the Industrial Sector it must be pointed out, with regard to possible volume increases that the capacities in the segments Semperflex and Sempertrans are already well utilised. As a consequence, in 2013 decisions were made to expand the production capacity for hydraulic and industrial hoses in Odry, Czech Republic, and for conveyor belts at the Belchatów plant in Poland. However, additional capacities will be available starting from the first half of the year 2015.

Capital expenditure (CAPEX) of approximately EUR 50–60 million is planned for the full financial year 2014, which indicates a further increase compared to 2013. Around EUR 25 million are included for mere maintenance of the existing plants.

The Group reaffirms its previous growth targets: to achieve double-digit revenue growth on average in the years from 2010 to 2015 inclusive. Semperit Group still aims to achieve an EBITDA margin of between 12% and 15% and an EBIT margin of between 8% and 11%.

Based on a solid balance sheet structure, around 30% of earnings after tax will continue to be distributed to shareholders. The dividend is expected to continue to develop in line with the Group's earnings, except in the event of extraordinary developments.

Note

This outlook is based on the assessments of the Management Board as of 25 March 2014. and does not take into account the effects of possible acquisitions, divestments or other structural changes during the remainder of 2014. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Events after the balance sheet date

There are no events requiring disclosure after the balance sheet date.

Vienna, 25 March 2014

Thomas Fahnemann
Chief Executive Officer
Chairman

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

Consolidated financial statements and notes

Consolidated income statement
for the financial year from 1.1.2013 to 31.12.2013

in EUR thousand	Note	2013	2012
Revenue	5.1.	906,342	828,573
Changes in inventories		9,412	–1,938
Own work capitalised		966	1,591
Operating revenue		**916,720**	**828,225**
Other operating income	5.2.	24,385	32,770
Cost of material and purchased services	5.3.	–510,667	–501,003
Personnel expenses	5.4.	–152,802	–127,444
Other operating expenses	5.5.	–145,776	–124,150
Share of profit from associated companies	3.2.	599	259
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**132,458**	**108,658**
Depreciation, amortisation and impairment of tangible and intangible assets	5.6.	–44,669	–36,151
Earnings before interest and tax (EBIT)		**87,789**	**72,507**
Financial income	5.7.	1,941	2,158
Financial expenses	5.7.	–4,037	–1,196
Profit/loss attributable to redeemable non-controlling interests	6.10.	–14,776	–15,006
Financial result		**–16,872**	**–14,044**
Earnings before tax		**70,917**	**58,463**
Income taxes	5.8.	–16,020	–12,235
Earnings after tax		**54,898**	**46,228**
of which attributable to the shareholders of Semperit AG Holding	6.9.	54,598	46,258
of which attributable to non-controlling interests	6.9.	300	–30
Earnings per share (diluted and undiluted)[1]	**5.9.**	**2.65**	**2.25**

[1] Attributable to the shareholders of Semperit AG Holding

Consolidated statement of comprehensive income
for the financial year from 1.1.2013 to 31.12.2013

in EUR thousand	Note	2013	2012
Earnings after tax according to the consolidated income statement		**54,898**	**46,228**
Other comprehensive income			
Amounts that will not be recognised through profit and loss in future periods			
Remeasurements of defined benefit plans (IAS 19)	6.11.	–2,632	–5,839
Related deferred taxes	6.8.	660	1,459
		–1,972	–4,380
Amounts that will potentially be recognised through profit and loss in future periods			
Available-for-sale financial assets			
Revaluation gains/losses for the period	5.7.	–100	146
Reclassification to profit and loss for the period	5.7.	114	84
		14	230
Cash flow Hedge			
Revaluation gains/losses for the period	5.7.	–100	0
Currency translation differences			
Currency translation differences for the period		–30,743	450
Related deferred taxes	6.8.	21	–58
		–30,808	**622**
Other comprehensive income		**–32,780**	**–3,757**
Total recognised comprehensive income		**22,118**	**42,470**
of which on earnings attributable to the shareholders of Semperit AG Holding		21,642	43,049
of which on earnings attributable to non-controlling interests		475	–579

Consolidated cash flow statement

for the financial year from 1.1.2013 to 31.12.2013

in EUR thousand	Note	2013	2012
Earnings before tax		70,917	58,463
Depreciation/write-ups of tangible and intangible assets	6.1./6.2.	44,629	33,573
Profit and loss from disposal of assets (including current and non-current financial assets)		460	–3,860
Changes in non-current provisions		–1,893	–3,344
Share of profit from associated companies	3.2.	–599	–259
Dividend received from associated companies		205	0
Profit/loss attributable to redeemable non-controlling interests	6.10.	14,776	15,006
Net interest income (including income from securities)		872	–1,132
Interest paid		–1,625	–989
Interest received		2,147	1,676
Taxes paid on income		–13,706	–13,491
Gross cash flow		**116,185**	**85,644**
Increase/decrease in inventories		–5,956	11,716
Increase/decrease in trade receivables		8,940	5,360
Increase/decrease in other receivables and assets		770	–362
Increase/decrease in trade payables		15,645	1,474
Increase/decrease in other liabilities and current provisions		8,668	1,590
Changes in working capital resulting from currency translation adjustments		–7,088	1,251
Cash flow from operating activities		**137,166**	**106,672**
Proceeds from sale of tangible and intangible assets		478	5,512
Proceeds from sale of current and non-current financial assets		2,053	6,317
Investments in tangible and intangible assets	6.1. / 6.2. / 7.	–49,716	–41,235
Investments in current and non-current financial assets		–661	–1,272
Net cash outflow on acquisition of businesses (less cash acquired)		0	–120,964
Cash flow from investing activities		**–47,847**	**–151,642**
Cash receipts from current and non-current financing liabilities		124,567	100,168
Repayments of current and non-current financing liabilities		–108,378	–1,109
Dividend to shareholders of Semperit AG Holding	6.9.	–16,459	–16,459
Dividends to non-controlling shareholders of subsidiaries	6.10.	–12,391	–1,891
Acquisition of non-controlling interests		–19,500	0
Capital payments to non-controlling shareholders of subsidiaries	6.10.	–199	0
Cash flow from financing activities		**–32,360**	**80,709**
Net increase/decrease in cash and cash equivalents		**56,959**	**35,739**
Effects resulting from currency translation		–7,726	–309
Cash and cash equivalents at the beginning of the period		133,322	97,892
Cash and cash equivalents at the end of the period		**182,554**	**133,322**

Consolidated balance sheet

as at 31 December 2013

in EUR thousand	Note	31.12.2013	31.12.2012
ASSETS			
Non-current assets			
Intangible assets	6.1.	106,826	112,773
Tangible assets	6.2.	256,628	267,894
Investments in associated companies	3.2.	1,419	1,026
Other financial assets	6.5.	9,043	10,655
Other assets	6.6.	3,982	648
Deferred taxes	6.8.	15,733	13,616
		393,630	**406,612**
Current assets			
Inventories	6.3.	148,428	142,472
Trade receivables	6.4.	111,230	120,152
Other financial assets	6.5.	1,518	1,846
Other assets	6.6.	11,408	13,522
Current tax receivables		3,350	6,531
Cash and cash equivalents	6.7.	182,554	133,322
		458,488	**417,846**
TOTAL ASSETS		**852,118**	**824,458**
EQUITY AND LIABILITIES			
Equity	6.9.		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Revenue reserves		385,793	349,661
Currency translation reserve		–17,204	13,715
Equity attributable to the shareholders of Semperit AG Holding		**411,451**	**406,238**
Non-controlling interests		2,702	21,755
		414,153	**427,993**
Non-current provisions and liabilities			
Provisions for pension and severance payments	6.11.	39,248	40,325
Other provisions	6.12.	12,071	8,849
Liabilities from redeemable non-controlling interests	6.10.	101,928	110,083
Corporate Schuldschein loan	6.13.	124,539	0
Liabilities to banks	6.14.	128	101,131
Other financial liabilities	6.15.	5,798	8,163
Other liabilities	6.16.	658	612
Deferred taxes	6.8.	6,684	5,968
		291,054	**275,132**
Current provisions and liabilities			
Provisions for pension and severance payments	6.11.	3,248	1,052
Other provisions	6.12.	19,095	14,605
Liabilities from redeemable non-controlling interests	6.10.	481	0
Corporate Schuldschein loan	6.13.	1,225	0
Liabilities to banks	6.14.	13,403	17,393
Trade payables		73,067	50,534
Other financial liabilities	6.15.	17,532	17,881
Other liabilities	6.16.	11,337	11,703
Current tax liabilities		7,524	8,165
		146,912	**121,332**
EQUITY AND LIABILITIES		**852,118**	**824,458**

Consolidated statement of changes in equity
for the financial year from 1.1.2013 to 31.12.2013

				Revenue reserves						
in EUR thousand	**Note**	**Share capital**	**Capital reserves**	**Re-valuation reserves**	**Other revenue reserves**	**Total revenue reserves**	**Currency translation reserve**	**Total equity attributable to the share-holders of Semperit AG Holding**	**Non-control-ling interests**	**Total equity**
As at 1.1.2012		**21,359**	**21,503**	**–297**	**324,117**	**323,820**	**12,716**	**379,398**	**0**	**379,398**
Earnings after tax		0	0	0	46,258	46,258	0	46,258	–30	46,228
Other comprehensive income		0	0	173	–4,380	–4,207	999	–3,209	–549	–3,757
Total recognised comprehensive income		0	0	173	41,878	42,050	999	43,049	–579	42,470
Dividend	6.9.	0	0	0	–16,459	–16,459	0	–16,459	0	–16,459
Business combinations		0	0	0	0	0	0	0	22,334	22,334
Other		0	0	0	250	250	0	250	0	250
As at 31.12.2012		**21,359**	**21,503**	**–125**	**349,786**	**349,661**	**13,715**	**406,238**	**21,755**	**427,993**
As at 1.1.2013		**21,359**	**21,503**	**–125**	**349,786**	**349,661**	**13,715**	**406,238**	**21,755**	**427,993**
Earnings after tax		0	0	0	54,598	54,598	0	54,598	300	54,898
Other comprehensive income		0	0	10	–2,047	–2,037	–30,919	–32,956	176	–32,780
Total recognised comprehensive income		0	0	10	52,551	52,561	–30,919	21,642	475	22,118
Dividend	6.9.	0	0	0	–16,459	–16,459	0	–16,459	0	–16,459
Acquisition of non-controlling interests	3.4.	0	0	0	29	29	0	29	–19,529	–19,500
As at 31.12.2013		**21,359**	**21,503**	**–115**	**385,907**	**385,793**	**–17,204**	**411,451**	**2,702**	**414,153**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Semperit Aktiengesellschaft Holding (hereinafter Semperit AG Holding), a joint stock company according to Austrian law, is an internationally operating industrial group headquartered at Modecenterstrasse 22, 1031 Vienna, Austria. B & C Semperit Holding GmbH is the direct majority shareholder of Semperit AG Holding, and B & C Privatstiftung is the dominant legal entity. The activities of the Group are divided into four strategic business segments: Sempermed, Semperflex, Sempertrans and Semperform.

1.1. PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2013 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in accordance with Section 245a of the Austrian Company Code (UGB). The financial year covers the period starting 1 January and ending 31 December.

The reporting currency is the euro, in which case figures are rounded off to thousands of euros unless specified otherwise. Rounding differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

1.2. APPLICATION OF NEW AND AMENDED ACCOUNTING STANDARDS

First-time application of standards

The following new or revised standards and interpretations were applied for the first time in the financial year 2013.

First-time application of standards		Effective date[1]	Endorsement
New standards and interpretations			
IFRS 13	Fair Value Measurement	1.1.2013	December 2012
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1.1.2013	December 2012
Amended standards and interpretations			
IFRS 1	First-Time Adoption of International Financial Reporting Standards – Amendment: Government Loans	1.1.2013	March 2013
IFRS 7	Financial Instruments: Disclosures – Amendments: Offsetting Financial Assets and Financial Liabilities	1.1.2013	December 2012
IAS 36	Impairment of Assets – Changes: Details on the Recoverable Amount of Non-Financial Assets	1.1.2014[2]	December 2013
Diverse	Improvements to IFRS 2009–2011	1.1.2013	March 2013

[1] In accordance with the Official Journal of the European Union, it is mandatory to apply the standards for those financial years that begin on or after the effective date.
[2] Early application as at 31 December 2013

IFRS 13 Fair Value Measurement

IFRS 13 contains regulations on determining fair value and extends the disclosures required in the notes. Besides the additional disclosures in the notes, the application of this new standard did not have any significant effect.

IAS 36 Impairment: Changes – Disclosures on the Recoverable Amount of Non-Financial Assets

The Semperit Group applied the changes of IAS 36 in the financial year 2013 ahead of schedule. The changes of IAS 36 limit the disclosures of the recoverable amount for non-financial assets henceforth to situations in which an impairment has actually occurred. However, in cases of impairment they lead to an expansion of the required disclosures.

No other amended standards had any effect on the consolidated financial statements of the Semperit Group.

Standards that have already been published but not yet applied

The application of the following new or amended standards and interpretations that had already been published when the consolidated financial statements were prepared was not mandatory for financial years starting on or before 1 January 2013, nor were they applied voluntarily. The Semperit Group plans to apply these amendments for the first time once it becomes mandatory to apply them.

Standards and interpretations that are not yet applicable		Effective date[1]	Endorsement
New standards and interpretations			
IFRS 9	Financial Instruments	open	
IFRS 10	Consolidated Financial Statements	1.1.2013[2]	December 2012
IFRS 11	Joint Arrangements	1.1.2013[2]	December 2012
IFRS 12	Disclosure of Interests in Other Entities	1.1.2013[2]	December 2012
IFRS 14	Regulatory Deferred Items	1.1.2016	
Amended standards and interpretations			
IAS 19	Employee Benefits – Amendment: Employees' contribution	1.7.2014	
IAS 27	Separate Financial Statements (revised 2011)	1.1.2013[2]	December 2012
IAS 28	Investments in Associates and Joint Ventures (revised 2011)	1.1.2013[2]	December 2012
IAS 32	Financial Instruments: Presentation – Amendment: Offsetting Financial Assets and Financial Liabilities	1.1.2014	December 2012
IAS 39	Financial Instruments: Recognition and Measurement – Changes: Novation of Derivatives and Continuation of Hedge Accounting	1.1.2014	December 2013
IFRS 10,11,12	Amendment: Transition Guidance	1.1.2013[2]	April 2013
IFRS 10,11,12	Amendment: Investment Entities	1.1.2014	November 2013
IFRIC 21	Levies	1.1.2014	
Diverse	Improvements to IFRS 2010–2013	1.7.2014	
Diverse	Improvements to IFRS 2011–2014	1.7.2014	

[1] The standards are effective for annual periods beginning on or after the entry into force of these regulations of IASB.
[2] The new/amended standards are to be applied in the EU for financial years commencing on or after 1 January 2014.

IFRS 9 Financial Instruments

IFRS 9 regulates the classification and measurement of financial assets and creates a new category of financial instruments. Furthermore, in November 2013 amendments were published regarding hedge accounting. These amendments also included the postponement of the previously planned effective date of 1 January 2015 – the new effective date is to be decided together with the amendments on impairments that are still outstanding (preliminary status of the decision as at the end of February 2014: 1 January 2018). Amendments are to be applied retrospectively. The effects this may have on the consolidated financial statements of the Semperit Group are currently under investigation. The proposed amendments mainly relate to the measurement and presentation of changes in the value of financial assets in the income statement or under other comprehensive income, as well as to the measurement of effectiveness with regard to existing hedging relationships.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities. By providing a modified definition of the term "control", the new standard creates a uniform basis for defining the scope of consolidation and contains comprehensive examples covering issues not previously regulated, such as protective rights and the principal/agent relationship. The standard will not have any significant effect on the consolidated financial statements of the Semperit Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 contains the required notes on investments in subsidiaries, joint arrangements and associates and, if apppropriate, unconsolidated structured entities. The standard replaces the disclosure requirements contained in IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates. The new standard will result in an increase in the notes required in the consolidated financial statements of the Semperit Group.

IAS 28 Investments in Associates and Joint Ventures (revised 2011)

IAS 28 was revised in conjunction with the publication of IFRS 10, 11 and 12 and has been amended in line with the new standards. The amended standard will not have any significant effect on the consolidated financial statements of the Semperit Group.

No other amended standards are relevant to the Semperit Group or are expected to have any significant effects on the consolidated financial statements.

1.3. PRINCIPLES AND METHODS OF CONSOLIDATION, BUSINESS COMBINATIONS

The consolidated financial statements include the financial statements of the parent company and the financial statements of the companies under its control, i.e. the subsidiaries of the parent. Exercising control entails the possibility to determine the financial and business policy of a company in order to benefit from its activities.

For the companies in which the Semperit Group has a de facto shareholding of either 50% or 41.43%, control is assumed because the chairman nominated by the Semperit Group has the right to cast a deciding vote (this is generally the chairman of the company's Board of Directors), thus allowing the financial and business policy of the company to be controlled. Based on legal advice, the Semperit Group believes it has control in accordance with IAS 27. The fact that certain decisions are taken at the shareholders' meeting does not affect this assessment. Such decisions are not day-to-day business decisions involved in running the company; instead, they are important decisions subject to corporate law for which a higher majority or unanimity is often required. The underlying legal interpretation is that, on account of the underlying contractual agreements between the shareholders, the shareholders' meeting cannot take day-to-day business decisions against the will of the Semperit Group.

The annual financial statements of the fully-consolidated individual domestic and international companies were prepared as at 31 December 2013, the end of the reporting period for the consolidated financial statements. If required, the annual financial statements of the subsidiaries are adjusted in accordance with the accounting and valuation methods applied by the Semperit Group.

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

Capital is consolidated by offsetting the acquisition costs of the holding in the subsidiary and the equity of the respective subsidiary attributable to the holding.

Business combinations are accounted for in accordance with the acquisition method. This method stipulates that identifiable assets and liabilities, including contingent liabilities, are to be recognised at their fair values as at the acquisition date. The exceptions to this requirement are deferred tax assets or deferred tax liabilities, the recognition of which is defined in IAS 12 Income Taxes, as well as the accounting treatment for liabilities or provisions for commitments to employees, for which IAS 19 Employee Benefits is applicable.

If the value of the consideration recognised at fair value plus the value of non-controlling interests exceeds the value of the identifiable assets and liabilities acquired by the Semperit Group (net assets recognised at fair value), the difference is recognised as goodwill. If this consideration is below the fair value of the net assets, the difference is recognised in profit or loss under "Other operating income". Incidental acquisition costs are included in profit or loss in the period in which they arise.

If the accounting treatment for a business combination is not yet finalised by the subsequent balance sheet date following the date of acquisition, preliminary values are recognised in the consolidated financial statements. These preliminary values are adjusted within one year following the date of acquisition on the basis of circumstances that were already present on the acquisition date but which were not yet known on the balance sheet date.

In the course of debt consolidation, receivables and liabilities between companies included in full in the consolidated accounts are fully netted.

In the course of expense and income elimination, all income and expenses resulting from intragroup transactions, such as the sale of goods or services, group financing or distribution of dividends, are eliminated.

In addition, interim profits or losses from the sale of goods and services between companies in the group are eliminated.

The shares held by shareholders who do not exercise a controlling influence on subsidiaries (non-controlling interests), provided they are equity interests, are reported separately in equity from the shares in these subsidiaries owned by shareholders of Semperit AG Holding (the parent company).

These non-controlling interests are initially recognised either

a) at a proportionate share of the net value of the identifiable assets and the recognised total for the acquired liabilities and contingent liabilities on the date of acquisition or

b) at fair value (limited to business combinations as of 1 January 2010).

This recognition option relating to business combinations as of 1 January 2010 can be exercised differently for each transaction. As at the end of subsequent reporting periods, the carrying amounts of the non-controlling interests are carried forward and adjusted to reflect the changes in equity assignable to the non-controlling interests, even if the carrying amount of the non-controlling interests comprises a negative value.

Transactions resulting in the alteration of interest held by the group in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the value by which the carrying amounts of the non-controlling interests in subsidiaries are adjusted and the fair value of the assignable consideration paid or received is recognised directly in equity less tax effects.

If the non-controlling shareholder of a subsidiary is entitled to an unconditional right of termination or if the company in which the non-controlling shareholder is involved has a fixed term, there is a liability of the group towards this non-controlling shareholder.

For such interests the "anticipated acquisition approach" is assumed, in which the termination is considered to have already occurred. The allowed time is considered to be up and the group is considered to be obliged to compensate the non-controlling shareholder for its shares. If a liability to a non-controlling shareholder exists, the proportionate share of net assets held by the non-controlling shareholder of the respective subsidiary is not reported in equity as "Equity attributable to non-controlling shareholders of subsidiaries". The financial liability relating to such a shareholding is reported as "Liabilities from redeemable interests of non-controlling shareholders". Reference is made in particular to the subsequent measurement as explained in the notes 2.12.

1.4. CURRENCY TRANSLATION

The individual financial statements of the subsidiaries included in the consolidated financial statements are prepared in the currency of the economic region in which the company primarily operates, thus in its functional currency. For all companies included in consolidation, the functional currency is the currency of the country in which the respective company operates, with the exception of Sempermed Singapore Pte Ltd., Sempermed Kft. and Semperit Investments Asia Pte Ltd. The currency of the primary business environment in which Sempermed Singapore Pte Ltd., Sempermed Kft. and Semperit Investments Asia Pte Ltd. operate is the US dollar or the euro.

The separate financial statements included in consolidation which are not reported in euros, the currency used as the basis for the consolidated financial statements, must be translated into euros. Assets and liabilities of these companies, including goodwill, are translated at the reference exchange rate at the end of the reporting period. Items in the income statement and other results are translated as the average reference rates of the financial year, which correspond to the arithmetic mean of the average reference rates on the Fridays of the financial year in question. These average reference rates led to accumulated amounts in euros, which do not materially differ from the accumulated amounts which would have arisen when translating the transactions at the reference exchange rate at the date of transaction.

The foreign currency differences resulting from the conversion of the individual financial statements of subsidiaries for the purpose of consolidation are recognised in other comprehensive income, and reclassified into profit or loss upon disposal or other event leading to deconsolidation of the respective subsidiary.

Gains or losses resulting from exchange rate fluctuations derived from transactions of consolidated companies in a currency other than the functional currency are recognised in profit or loss in the period in which they arise. Monetary items of the consolidated companies denominated in foreign currency and not in the functional currency are converted into the respective functional currency at the reference exchange rate on the balance sheet date, and any gains or losses resulting from the conversion are also recognised in profit or loss.

The following key exchange rates vis-à-vis the euro were applied:

		Average rate	Rate on balance sheet date	
FX-rate for 1 EUR	**2013**	**2012**	**2013**	**2012**
US dollar	1.33	1.28	1.38	1.32
Thai baht	40.35	39.65	44.72	40.25
Polish zloty	4.20	4.19	4.15	4.10
Czech koruna	25.90	25.13	27.40	25.12
Hungarian forint	296.91	289.24	297.00	293.20
British pound sterling	0.85	0.81	0.83	0.81
Brazilian real	2.85	2.49	3.25	2.72
Chinese renminbi	8.16	8.10	8.32	8.28
Indian rupee	76.93	68.36	84.96	72.10
Malaysian ringgit	4.17	3.97	4.52	4.03

2. Accounting and valuation methods

2.1. VALUATION PRINCIPLES

With the exception of the valuation of specified financial instruments and provisions, the consolidated financial statements are prepared on the basis of the amortised cost of acquisition or production. The historical cost of acquisition or production is generally based on the fair value of the service rendered in exchange for the asset. Financial assets and liabilities available-for-sale and held for trading are valued at their fair value. The value of provisions corresponds to the best possible estimate of the outflows required to settle the obligations at the balance sheet date.

2.2. RECOGNITION AND MEASUREMENT OF REVENUE AND OTHER INCOME

Revenue and other income are recognised at the fair value of the underlying service rendered, in which case deductions are carried out for probable returns, discounts, rebates, cash discounts and similar applicable reductions in the proceeds received.

Revenue and income from deliveries is generally considered realised upon transfer of risk (at transfer date of risks and utilisation or provision of service). Interest income is realised pro rata temporis taking into account the effective rate.

Income from services is recognised to the degree of their completion. After expiry, licence and rental revenues are realised pro rata temporis on a straight line basis over the contract term. Licence income measured according to other parameters is measured and recognised in accordance with these underlying parameters.

2.3. EARNINGS PER SHARE

Earnings per share are determined in accordance with IAS 33 Earnings Per Share. The undiluted earnings per share are calculated by dividing the share of earnings after taxes attributable to shareholders of Semperit AG Holding by the weighted average number of shares outstanding during the financial year. The diluted earnings per share are calculated by adjusting the share of earnings after taxes attributable to shareholders of Semperit AG Holding and the number of shares outstanding for all dilution effects of potential ordinary shares. No dilution effects were taken into account as at 31 December 2012 and 31 December 2013.

2.4. INTANGIBLE AND TANGIBLE ASSETS

Acquired intangible assets

Acquired intangible assets are recognised at acquisition cost, which is subsequently subject to scheduled amortisation according to their expected useful lives. The expected useful life is usually considered to be in the range of 4 to 10 years.

Internally generated intangible assets

An internally generated intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;
– its intention and ability to complete the intangible asset and use or sell it, and that the group also has the required technical, financial and other resources to complete the development and to use or sell the intangible asset;
– that the respective intangible asset will generate future economic benefits, for example, the existence of a market for the output of the intangible asset or the intangible asset itself, or, if it is to be used internally, the usefulness of the intangible asset; and
– its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Only expenses arising in connection with the development of the respective intangible asset incurred from the date when all the recognition criteria have been fulfilled are capitalised as production costs. This means that expenditures cannot be reinstated and retroactively recognised as production costs if the recognition criteria are first met at a later date.

With regard to the scheduled amortisation, the same applies analogously as for the aforementioned acquired intangible assets.

In the Semperit Group development costs are capitalised only to a limited extent taking into account the aforementioned recognition criteria.

Intangible assets acquired in the course of business combinations

Intangible assets acquired in the course of a business combination and recognised separately from any acquired goodwill are reported at the fair value of the acquisition costs at the time of acquisition.

Goodwill

Goodwill is not subject to amortisation but is subject to an impairment test at least once annually or more frequently if there are indications of a potential impairment.

For the purpose of the impairment test, goodwill is assigned to cash generating units or groups of cash generating units which are expected to benefit from the synergies arising from business combinations. In the Semperit Group the segments represent the lowest level at which goodwill is monitored for internal management purposes.

Indications of a potential impairment exist when the recoverable amount of the cash generating unit to which the goodwill was assigned is lower than the carrying amount of this cash generating unit, including the goodwill.

As a rule, the recoverable amount of the cash generating unit is considered to be equal to the present value of the projected discounted cash flows generated by the cash generating unit in the future (value in use). Taking the results for the current year, the expected discounted cash flows of the cash generating unit are determined on the basis of multi-period calculations using projections of the expected future development of the business. The expected business development for each of the cash generating units is ascertained on the basis of market-specific conditions as well as on the basis of the individual cost structure and the development of the relevant raw material prices.

The cost of capital that is used to discount future cash flows is a customary market interest rate which is adapted for the specific risks of the Medical Sector (represents the Sempermed segment) and the Industrial Sector (Semperflex, Sempertrans, Semperform).

If an impairment of the cash generating unit including goodwill is determined in this manner, the goodwill assigned to this cash generating unit is subsequently written down. An impairment exceeding the carrying amount of the goodwill is then assigned to the other assets of the cash generating unit in proportion to their carrying amounts.

Tangible assets

Tangible assets with the exception of commercial properties are valued at their cost of acquisition or production starting at the date in which the assets are put into initial operation and depreciated according to the straight-line method, taking into account their probable useful lives. Costs of production in the case of assets generated by the company itself also include pro-rated overhead costs in addition to the direct costs, and also borrowing costs in the case of qualified assets (see note 2.15).

The following table shows the assumed probable useful lives of the asset by investment category or the range per investment category within the assumed probable useful lives:

	Useful life in years
Buildings	
Technical plant	20–50
Other company buildings	5–10
Technical equipment, plant and machinery	5–10
Office furniture and equipment	3–10
Vehicles	4–5

Finance leases

Assets used under the terms of rental agreements or leases are accounted for as assets if the rental agreement or lease stipulates that all material risks and opportunities arising from the use of the leased asset are transferred to the Semperit Group (finance lease). Assets are valued upon completion of the agreement at the lower of its fair value and the present value of the future minimum leasing payments. A finance lease liability is recognised in the same amount. Depreciation is carried out over the asset's useful life or, if shorter, over the term of the lease. If the transfer of ownership at the end of the lease term is sufficiently certain, depreciation is recognised over the economic useful life of the asset.

Impairment

The same method applies for goodwill as described above. Other intangible and tangible fixed assets are subject to an impairment test where there are indications that they may be impaired. The impairment test is carried out on the basis of a comparison of the recoverable amount for the specific asset or for the respective cash generating unit with its carrying amount, whereby the recoverable amount is the higher of the fair value less disposal costs and the value in use. If the recoverable amount is lower than the carrying amount, a corresponding impairment is recognised. In respect of determining the value in use, the same method applies analogously as used to determine impairment on goodwill.

Reversal of impairment

In the case of tangible and intangible assets with the exception of goodwill, if the reasons for impairment no longer apply, the write-down is reversed, but this reversal may not exceed the amount which would have arisen had the cash generating unit not been subject to an extraordinary write-down.

Derecognition of tangible and intangible assets

The carrying amount of a tangible or intangible asset is derecognised if the respective asset is disposed of or if no further economic benefit is to be expected from its use or its disposal. The gains or losses resulting from its derecognition, calculated as the difference between the proceeds from the sale and the residual carrying amount, are recognised in profit or loss in the period in which the respective asset is derecognised.

2.5. INVESTMENTS IN ASSOCIATED COMPANIES

An associated company is a company over which the group has a significant influence, but which comprises neither a subsidiary nor a jointly controlled company. Significant influence means the ability to take part in the decision-making process determining the company's financial and business policies.

Investments in associated companies are reported using the equity method. According to this method, the interest in an associated company is first reported at the cost of acquisition, which is then increased or decreased by the proportionate share of the net profit or loss of the associated company. Shares in the profit or loss of an associated company are recognised in profit or loss, whereas the proportionate share of the other comprehensive income of the associated company is recognised in other comprehensive income. Dividends received from an associated company by the group reduce the carrying amount of the investment in the respective associated company.

2.6. FINANCIAL ASSETS

The recognition and derecognition of financial assets whose purchase or sale occurs at standard market conditions is performed as at the date of fulfilment. Initial recognition occurs at fair value plus costs of transaction. The exceptions are those financial assets categorised as being at "fair value through profit or loss". In such cases, the costs of transaction are not initially recognised and are directly reported as a profit or loss in the income statement.

Categories of financial assets

When acquired, financial assets are allocated to the following categories based on their type and purpose:

- Financial assets at fair value through profit or loss (FAFVTPL)
- Held to maturity financial investments (HTM)
- Available for sale financial assets (AFS)
- Loans and receivables (LAR)

Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss primarily comprise financial assets held for trading. Derivatives are always defined as belonging to this class of trading assets, with the exception of those representing a financial guarantee or those designated as a hedge.

Financial assets at fair value through profit or loss are recognised at their fair value as at the balance sheet date. As is the case for interest income or dividends resulting from these financial instruments, any expense or income resulting from the subsequent measurement of the asset is reported through profit or loss for the respective period.

Income and expense from the measurement of foreign exchange transactions are reported within other operating income or other operating expenses, as the case may be, as these financial instruments are employed to limit and manage currency risks arising from operations.

Income arising from the measurement of other financial assets held for trading is also recognised like interest income and dividend from such financial assets in the consolidated income statement as "Financial income" or "Financial expenses".

Held to maturity financial investments

The Semperit Group does not hold any financial assets classified as "held to maturity financial investments".

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are determined to be available-for-sale and cannot be allocated to any other category. Federal bonds and shares in funds held by the Semperit Group and equity instruments in other companies held as financial investments are categorised as being available-for-sale financial assets and recognised at fair value. Profits and losses resulting from fluctuations in fair value are recognised in the revaluation reserves under other comprehensive income. Interest income, dividends and losses arising from impairments are, on the other hand, recognised through profit or loss for the period under "Financial income" or "Financial expenses". The sale of such a financial asset or the determination of its value being impaired causes the cumulative income or expenses reported in the revaluation reserves to be reclassified as profit or loss.

Loans and receivables

Trade accounts receivable, loans and other receivables featuring preset or determinable payments and which are not listed on an active market are categorised as being loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment

Financial assets with the exception of those assets recognised at fair value through profit or loss are evaluated at the end of every reporting period for indications of impairment. Accounts receivable whose impairments cannot clearly be determined on an individual basis are also to be examined for such impairments at the portfolio level. An impairment with respect to a financial asset or group of financial assets is assumed and recognised if there is objective evidence of impairment as the result of one or more events which occurred since initial operation of the respective asset or group of assets, and this event or these events impacted or will impact the probable future cash flow of the respective asset or group of assets.

With respect to available-for-sale equity capital instruments, an ongoing reduction in their fair value which is of material importance or covers a longer period of time to a value below the cost of acquisition is considered to constitute objective evidence of impairment.

With respect to financial assets stated at amortised cost, the figure to be recognised as impairment corresponds to the difference between the carrying amount of the respective asset using the effective interest method and the present value of the estimated future cash flows of the asset. In principle, in case of impairment the carrying amount of the respective financial asset is directly reduced with the exception of impairments relating to accounts receivable, which are recognised in an allowance account. Account receivables are considered not recoverable if the loss of a receivable is finally established, and the receivables are derecognised based on the previously recognised allowances.

Reversal of impairment

In cases in which a financial asset is first recognised as having undergone impairment and then experiences an appreciation in value in one of the following reporting periods which is objectively attributable to an event which occurred subsequently to the recognition of impairment, the impairment is to be reversed through profit or loss for the period in which the appreciation took place with the exception of impairment losses relating to the disposal of available-for-sale equity instruments.

With respect to available-for-sale equity instruments in which impairments were carried out in the past and reported in the income statement, appreciation in value is not reported in the period's profit and loss but rather in the revaluation reserves under other comprehensive income.

Derecognition

A financial asset is derecognised upon expiry of the contractually stipulated entitlement to the cash flow or if the financial asset and more or less all the rights to its related risks and opportunities related to this asset are transferred to a third party.

2.7. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Adequate allowances are taken into account for stock risks resulting from the duration of storage or impaired usability. Valuation is generally based on the moving average method. Manufacturing costs encompass direct expenses as well as all variable and fixed overheads incurred by production. Interim profits or losses from intra-group deliveries of inventories are eliminated unless they are of immaterial significance.

2.8. EMISSION CERTIFICATES

Two companies in the Semperit Group (Semperit Technische Produkte GmbH and Semperflex Optimit s.r.o.) are subject to the Emission Certificate Act and receive emission certificates free of charge from public authorities. These emission certificates are not reported in the balance sheet (net method). In 2013 the Semperit Group was allocated 11,412 certificates free of charge (previous year: 26,592) and it purchased 18,212 certificates (previous year: 0) for EUR 30 thousand. 19,746 (previous year: 18,764) certificates were utilised and none were sold. A total of 44,519 emission certificates were unused as at 31 December 2013 (previous year: 34,641). Since all purchased certificates were fully utilised during the year, the carrying amount of the still available certificates is EUR 0 (previous year: EUR 0) as of 31.12.2013.

2.9. EQUITY AND DEBT CAPITAL INSTRUMENTS ISSUED BY THE GROUP

The contents of their respective contracts dictate whether financial instruments issued by the group are classified as being financial liabilities or equity.

An equity instrument is a contract giving rise to a residual claim on the assets of a company once all debts have been subtracted. Equity instruments are recognised in the amount of the issue proceeds minus directly attributable costs of issuance. These, in turn, are those which would not have been incurred had the equity instrument not been issued.

Profit or loss derived from the issuance, sale, buy-back or termination of equity capital instruments are neither recognised through profit or loss nor in other comprehensive income, but rather directly in equity less any tax effects.

2.10. RETIREMENT BENEFIT EXPENSES, PROVISIONS FOR PENSIONS AND SEVERANCE PAYMENTS

Contributions to defined contribution plans are recognised as expense if the employee has actually completed the service obliging the company to make this contribution.

In the case of defined benefit pension plans, the cost of providing the benefit is calculated using the projected unit credit method; for this purpose, an actuarial assessment is carried out at each balance sheet date. All remeasurements, especially actuarial gains and losses, are not recognised through profit or loss, but rather are reported under other comprehensive income in accordance with IAS 19 (2011).

The provision recognised in the balance sheet for defined benefit plans equals the present value of the benefits accruing to the employees as at the balance sheet date less the fair value of the plan assets required to settle the obligation as at the balance sheet date. Further particulars concerning provisions for retirement benefits and severance payments can be found in note 6.11.

2.11. OTHER PROVISIONS

Provisions are recognised for the group's present obligations of an uncertain amount and/or timing resulting from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. These obligations may be of a legal or constructive nature. The recognised amount of the provision is determined on the basis of the best possible estimate to settle the obligation. If the obligation is not likely to be settled in the near future, the present value of the probable amount required to settle the obligation is recognised.

If it can be assumed that the amount required to settle the obligation will be completely or partially reimbursed by a third party, this reimbursement claim is recognised if and to the extent that it is virtually certain that such reimbursement will be received and its amount can be estimated reliably.

Provisions for long-service bonuses are calculated using the projected unit credit method in accordance with IAS 19 based on an actuarial assessment. Remeasurements (actuarial gains and losses) are reported in the income statement for the period as personnel expenses. This is explained further in note 6.12.

2.12. LIABILITIES FROM REDEEMABLE NON-CONTROLLING INTERESTS

Redeemable or temporary interests held by non-controlling shareholders of subsidiaries are considered to constitute financial liabilities and are recognised as "Liabilities under redeemable non-controlling interests".

They are recognised as current liabilities if they are due for settlement within one year after the balance sheet date or if the group has no unconditional right to delay payment by at least twelve months after the balance sheet date, and otherwise as non-current liabilities.

If the right to redeem is triggered by an event which cannot be influenced by the group, the liability is classified as current if the occurrence of the triggering event has taken place as of the balance sheet date, notwithstanding the fact that the group considers it to be improbable that the non-controlling shareholder will exercise the right of redemption within a twelve month period following the balance sheet date.

If the non-controlling shareholder exercises its right to redeem or the right to redeem expires within the agreed period, this results in the liquidation of the company. In this case the non-controlling shareholder must be compensated from the liquidation proceeds. If the non-controlling shareholder exercises its redemption right, the group can prevent the liquidation of the company by acquiring the non-controlling interest for a settlement equal to the pro-rata share of the company's value. However, in the event of redemption the acquisition of the non-controlling interest is at the sole discretion of the group.

The liability is initially recognised at its fair value, which as a rule equals the fair value of the non-controlling shareholder's interest at the time of the investment.

As IFRS does not provide any guidance on the subsequent measurement of such an obligation, a method has been determined pursuant to IAS 8 which takes into account the information requirements of the users of the financial statements and which presents a true and fair view of the assets, liabilities, financial position, cash flows and profit and loss of the group, and is neutral, i.e., does not contain any distorting influences, cautious and free of any material omissions. Thus, for the purposes of subsequent measurement at amortised cost, the amount of the liability initially recognised is increased by the share in profit or reduced by the share in loss accruing as of measurement date in accordance with the possibility described in the statement issued by the Institute of Public Auditors in Germany on individual issues relating to the recognition of financial instruments pursuant to IAS 32 (IDW RS HFA 45). In this connection, this share of profit or loss also includes the share in other comprehensive income. In addition, any amounts reported directly in equity are included in the measurement of the liability. Dividends distributed to non-controlling shareholders are deducted from the liability.

The interests of the non-controlling shareholders in the subsidiary's comprehensive income to be subsequently measured and any amounts recognised directly within the subsidiary's equity are recognised in the income statement and constitute financial expense for the group, which is disclosed separately as "Results attributable to redeemable non-controlling interests".

2.13. OTHER FINANCIAL LIABILITIES

Other financial liabilities are categorised as financial liabilities at fair value through profit and loss or as other financial liabilities.

Financial liabilities at fair value through profit and loss

Financial liabilities are recognised at fair value through profit and loss (FLFVTPL) if
- they are held for trading; for this purpose, derivative financial instruments with the exception of those which constitute a financial guarantee or are designated as hedges and are effective as such are always deemed to be held for trading, or
- they have been designated as "financial liabilities at fair value through profit and loss", which may be of significance particularly if the financial liability in question forms part of a contract in which a derivative is embedded.

Financial liabilities at fair value through profit and loss are recognised at their fair value. As is the case for interest expense arising from these financial instruments, any expense or income resulting from the subsequent measurement of the asset is reported through profit or loss for the respective period.

Income and expense from the measurement of foreign exchange transactions are reported under "Other operating income" or other "Operating expenses", as the case may be, as these instruments are employed to effectively hedge currency risks arising from operations. Income and expenses arising from the measurement of financial liabilities, as is the case with interest expense arising from such liabilities, are recognised as "Financial income" or "Financial expenses".

There are currently no financial liabilities in the Semperit Group designated as measured at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including loans raised, are initially recognised at their fair value net of transaction costs. They are then subsequently measured at amortised cost in accordance with the effective interest method.

The effective interest rate is the interest rate which, when used to discount the payments expected to be made until settlement of the respective financial liability, results in a present value that exactly matches the carrying amount of the financial liability at the time of initial recognition.

Derecognition

A financial liability is derecognised if and to the extent that the underlying obligation has been settled or terminated or has expired.

2.14. DERIVATIVE FINANCIAL INSTRUMENTS

In addition to operating measures, individual derivative financial instruments, particularly forward foreign exchange transactions, are used to hedge currency risks. Hedge accounting as defined in IAS 39 is not applied to forward foreign exchange transactions as the conditions for this are not satisfied. They are therefore recognised as financial instruments held for trading and measured at the value that the respective company would achieve or would have to pay should the business be disposed of at the end of the reporting period. Positive market values as of the balance sheet date are recognised under "Other financial assets" and negative market values under "Other financial liabilities."

In order to hedge interest rate risks, interest rate swaps are used for portions of the balance related to variable-interest liabilities. In these situations, the Semperit Group pays a fixed rate of interest and receives in return a variable rate of interest. These interest rate swaps, which are designated as hedges in accordance with IAS 39, are accounted for as cashflow hedges if the retrospective and prospective effectiveness measurements and the documentation of the hedging strategy are fulfilled as required by IAS 39.

Derivatives designated as hedging instruments are accounted for at fair value. The effective portion of unrealised gains and losses (as per the effectiveness measurement) is recognised in other comprehensive income. The ineffective portion is recognised in profit and loss of the period as "Financial income" or "Financial expense". As soon as the hedged transaction is realised (e.g., an interest payment), the amount recognised in other comprehensive income is reclassified to the income statement.

2.15. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets, the acquisition, construction or production of which entail a substantial period of time for their intended use or sale, are included in the cost of such assets up until the date on which they become chiefly available for their intended use or sale. Otherwise, incidental borrowing costs are recognised in profit or loss as "Financial expense" of the period in which they are incurred.

2.16. INCOME TAXES

The income taxes recognised in the consolidated income statement represent the sum arising from current and deferred tax expense/tax income. As a matter of principle, current and deferred income taxes are reported as expense or income through profit or loss for the period. The tax effects of items recognised in other comprehensive income (i.e., directly under equity) are also recognised in other comprehensive income (i.e., directly under equity). Similarly, in connection with a business combination, the tax effect arising from the measurement of the assets and liabilities is not recorded in profit and loss but included in the business combination accounting.

Current income tax expense is calculated on the basis of the taxable profit for the period in question. The taxable profit differs from the earnings before tax listed in the consolidated income statement. This difference is caused by expenses and income which are either recognised for tax purposes in a period after the balance sheet date, or are never taxable or tax-deductible.

Deferred taxes are accounted for in respect of temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and the tax base of such asset or liability equalling the expected future tax charge or refund.

Deferred tax assets are recognised if and to the extent that taxable profit will be available and can be offset against the deductible temporary differences. Similarly, deferred tax assets are recognised for advantages arising from carry forwards of tax losses if and to the extent that it is sufficiently certain that future taxable profit will be available against which the tax losses carried forward can be utilised.

However, the recognition of deferred taxes does not apply to temporary differences arising from the initial recognition of goodwill or an asset or liability arising from a transaction, with the exception of a business combination which at the time of the transaction does not affect either earnings before tax or taxable earnings.

Deferred tax effects of taxable temporary differences in connection with investments in subsidiaries and associated companies are furthermore accrued unless the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. The future tax effects of deductible temporary differences involving investments held in subsidiaries and associated companies are only accrued if and to the extent that it is probable that sufficient future taxable profit will be available against which these tax-deductible temporary differences can be utilised and it can be assumed that these deductible temporary differences will be reversed in the foreseeable future.

The carrying amount of deferred tax assets as at the balance sheet date is examined and adjusted if and to the extent that it is no longer probable that sufficient taxable profit will be available against which the tax asset can be utilised.

Deferred tax assets and liabilities are determined using the tax laws and rates prevailing or substantively enacted as at the balance sheet date and which will be applicable as of the probable date of reversal of the differences. The measurement of deferred income tax assets and liabilities also reflects the tax consequences that arise from the manner in which the group expects to recover or settle the carrying amount of its assets and liabilities from which the underlying temporary difference is derived.

Deferred tax assets and liabilities of one and the same taxable entity are offset if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off the recognised amounts. The tax group formed in Austria in accordance with Section 9 of the Corporation Tax Act is deemed to constitute a taxable entity for this purpose.

2.17. MATERIAL ASSUMPTIONS AND ESTIMATES

The preparation of the consolidated financial statements calls for estimates and assumptions to be made by management concerning the future and affecting the assets and liabilities recognised in the balance sheet, the disclosure of other obligations as at the end of the reporting period and the recognition of income and expenses during the year. The actual amounts recorded may differ from amounts based on the assumptions and estimates made.

The recoverability of the carrying amount of goodwill is determined once a year and in the event of any circumstances allowing impairment to be inferred. The recoverability of the carrying amount of tangible assets must be investigated upon any evidence of permanent impairment arising. Recoverability of the carrying amount is determined on the basis of forward-looking assumptions such as company planning, future inflation- and growth rates, currency trends as well as specific market, sector and company discount rates. Any changes in these assumptions may result in impairments in future periods (for carrying amounts and specific assumptions – see note 6.1.).

Assumptions and estimates also have to be made when determining the useful life of intangible assets with a finite useful life and tangible assets (carrying amounts – see notes 6.1. and 6.2).

The recognition of deferred tax assets is based on the assumption that there will be sufficient taxable profit against which deductible temporary differences and/or tax loss carry forwards can be offset in the future. If actual future taxable profit differs from assumptions, this may render the utilisation of deferred income tax assets unlikely and result in an impairment of the value of these assets (carrying amounts – see note 6.8).

When calculating net realisable values in the course of inventory valuation at the balance sheet date, the group's management is required to make estimates about pricing and developments in the market (see notes 2.7 and 6.3).

When subsequently measuring receivables as at the balance sheet date, assumptions regarding the probability of default are made (carrying amounts – see note 6.4).

The actuarial assumptions underlying the measurement of the provisions for retirement benefits and severance payments are based on estimates concerning interest rates, expected returns on plan assets, salary increases, fluctuation, retirement ages and life expectancy. Any changes in these assumptions may result in a substantially different valuation (for carrying amounts, specific assumptions and sensitivity analysis – see note 6.11.).

For the calculation of other provisions, estimates must be made as to the probability of utilisation and the expected cash outflow. These estimates may be subject to changes that result in substantially different amounts being recognised at the end of future reporting periods (carrying amounts – see note 6.12).

The fair value of derivative financial instruments as well as of financial liabilities and the corporate Schuldschein loan note is determined based on a current estimate of the rating of the Semperit Group by the group's management (see note 6.17).

The estimates and underlying assumptions are reviewed regularly and, where necessary, adjusted.

3. Consolidated companies

3.1. SUBSIDIARIES (FULLY CONSOLIDATED)

	Currency	31.12.2013 Authorised share capital in ´000s	Direct holding in %	Group holding in %	31.12.2012 Authorised share capital in ´000s	Direct holding in %	Group holding in %	
Europe								
Semperit Aktiengesellschaft Holding, Wien, Austria	EUR	21,359			21,359			
Semperit Technische Produkte Gesellschaft m.b.H., Wien, Austria	EUR	10,901	100.00	100.00	10,901	100.00	100.00	
Arcit Handelsgesellschaft m.b.H., Wien, Austria	EUR	36	100.00	100.00	36	100.00	100.00	
PA 82 WT Holding GmbH, Wien, Austria	EUR	35	100.00	100.00	35	100.00	100.00	
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100.00	100.00	1,281	100.00	100.00	
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	2,050	100.00	100.00	2,050	100.00	100.00	
Semperit Technische Produkte GmbH, Gevelsberg, Germany	EUR	–	–	–	50	100.00	100.00	
Semperit (France) S.A.R.L., Levallois Perret, France	EUR	495	100.00	100.00	495	100.00	100.00	
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165	100.00	100.00	3,165	100.00	100.00	
Sempertrans Maintenance France Méditerrannée E.U.R.L., Argenteuil, France	EUR	–	–	–	165	100.00	100.00	
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176	100.00	100.00	176	100.00	100.00	
Semperit Industrial Products Ltd., Daventry, Great Britain	GBP	750	100.00	100.00	750	100.00	100.00	
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750	100.00	100.00	750	100.00	100.00	
Semperit Ibèrica S.A., Barcelona, Spain	EUR	256	100.00	100.00	156	100.00	100.00	
Sempertrans Belchatów Sp. z o.o., Belchatów, Poland	PLN	7,301	100.00	100.00	7,301	100.00	100.00	
Fabryka Lin „Stolin“ Sp. z o.o., Belchatów, Poland	PLN	800	100.00	100.00	800	100.00	100.00	
Semperit Tekniska Produkter Aktiebolag, Skärholmen, Sweden	SEK	800	100.00	100.00	800	100.00	100.00	
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	470,318	100.00	100.00	
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100.00	100.00	100	100.00	100.00	
Sempermed Kft., Sopron, Hungary	EUR	3,680	100.00	100.00	3,680	100.00	100.00	
Semperform Kft., Sopron, Hungary	HUF	243,000	100.00	100.00	243,000	100.00	100.00	
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000	100.00	100.00	3,000	100.00	100.00	
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH, Wien, Austria	EUR	36	100.00	100.00	36	100.00	100.00	3)

	Currency	31.12.2013 Authorised share capital in ´000s	Direct holding in %	Group holding in %		31.12.2012 Authorised share capital in ´000s	Direct holding in %	Group holding in %	
The Americas									
Sempermed Brazil Comèrcio Exterior Ltda. Piracicaba, Brazil	BRL	12,547	100.00	50.00	1) 2)	12,547	100.00	50.00	1) 2)
Semperit Brasil Produtos Tècnicos Ltda., Sao Paulo, Brazil	BRL	411	100.00	100.00		150	100.00	100.00	
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000	75.00	50.00	1) 2)	4,000	75.00	50.00	1) 2)
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100.00	100.00		1	100.00	100.00	
Semperit Productos Técnicos SpA, Santiago de Chile, Chile	CLP	46,000	100.00	100.00		–	–	–	
Asia									
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	50.00	50.00	1) 2)	15,000	50.00	50.00	1)
Semperit (Shanghai) Management Co. Ltd., Shanghai, China	USD	2,000	100.00	100.00		2,000	100.00	100.00	
Sempertrans Best (Shandong) Belting Co. Ltd., Shandong, China	EUR	20,000	80.00	80.00	2)	20,000	80.00	80.00	2)
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	90.00	90.00	2)	2,471	90.00	90.00	2)
Shanghai Sempermed Glove Sales Co Ltd. (vormals Shanghai Sempermed Gloves Co Ltd.), Shanghai, China	USD	1,000	100.00	50.00	1) 2)	6,000	100.00	50.00	1) 2)
Sempertrans Nirlon Pte. Ltd., Maharashtra, Roha, India	INR	230,769	100.00	100.00		230,769	100.00	100.00	
FormTech Engineering (M) Sdn Bhd, Malaysia	MYR	7,000	82.86	41.43	1) 2)	7,000	82.86	41.43	1) 2)
Latexx Partners Berhad, Kamunting, Malaysia	MYR	119,536	98.11	98.11		111,708	85.94	85.94	
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0.002	100.00	98.11		0.002	100.00	85.94	
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	3,000	100.00	98.11		3,000	100.00	85.94	
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	5,000	100.00	98.11		5,000	100.00	85.94	
Total Glove Company Sdn Bhd, Kamunting, Malaysia	MYR	10	50.01	49.06		10	50.01	42.98	
Worldmed Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	500	100.00	98.11		500	100.00	85.94	
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	191	100.00	100.00		191	100.00	100.00	
Semperit Investments Asia Pte Ltd., Singapore	EUR	154,000	100.00	100.00		50	100.00	100.00	
Sempermed Singapore Pte Ltd., Singapore	USD	8,000	50.00	50.00	1) 2)	8,000	50.00	50.00	1) 2)
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000	50.00	50.00	1) 2)	380,000	50.00	50.00	1) 2)
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	–	–	–		15,000	50.00	50.00	1) 2)
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000	50.00	50.00	1) 2)	200,000	50.00	50.00	1) 2)

1) As the Chairman of the Board of Directors of the Semperit Group has the right to cast a deciding vote, the group has a controlling influence over the company.
2) The investments of other shareholders are reported as redeemable non-controlling interests.
3) Not consolidated due to a lack of materiality

3.2. ASSOCIATED COMPANIES (EQUITY METHOD)

Foreign	Currency	Nominal capital in thousand	Group holding in %
Synergy Health Allershausen GmbH, Allershausen, Germany	EUR	512	37.5

The company is included in the consolidated financial statements using the equity method. The group's investment and the nominal capital of the company remained unchanged in the 2013 financial year.

The carrying amount of the investment in this associated company as at 31 December 2013 is EUR 1,419 thousand (previous year: EUR 1,026 thousand). A share in the profit totalling EUR 599 thousand was recognised in the consolidated income statement (previous year: EUR 259 thousand). No other comprehensive income attributable to the associated company had to be taken into account.

The balance sheet date of the company is 31 March. The update to 31 December is based on the company's internal reporting, which is then submitted for the consolidated financial statements of the Semperit Group. The company reported the following audited figures (100%) as at the local balance sheet date on 31 March:

in EUR thousand	31.3.2013	31.3.2012
Assets		
Non-current assets	5,185	5,302
Current assets	986	436
	6,171	**5,738**
Equity and liabilities		
Equity	3,661	2,734
Non-current provisions	276	276
Non-current liabilities	1,500	1,500
Current provisions	499	445
Current liabilities	235	784
	6,171	**5,738**

in EUR thousand	2012 / 13	2011/12
Revenue	3,541	3,438
Earnings after tax	927	691

3.3. CHANGES IN THE SCOPE OF CONSOLIDATION

Newly founded companies, mergers, liquidations 2013

In January 2013 Semperit Productos Técnicos, SpA, Chile, was founded. This company is responsible for the marketing of medical gloves.

The company Semperform Pacific Corp. Ltd., Thailand (group share 50%) was liquidated on 5 November 2013.

The French company Sempertrans Maintenance France Mediterrannée E.U.R.L. was merged in 2013 with its direct parent company Sempertrans France Belting Technology S.A.S., France (SFBT).

In addition, in 2013 the German company Semperit Technische Produkte GmbH merged with the company Semperflex Rivalit GmbH, Germany.

Newly founded companies 2012

Semperit (Shanghai) Management Co.- Ltd., China, a wholly-owned subsidiary of the Semperit Group, commenced its operations in the first half of 2012. The company provides management-, finance-, human resources- and procurement functions for the Chinese market.

In the third quarter of 2012 Semperit Investments Asia Pte Ltd., Singapore, was founded as a new operating holding company in the Sempermed segment.

Mergers 2012

In November 2012 the Semperit Group acquired an 85.94% investment in Latexx Partners Berhad, Kamunting, Malaysia and its five subsidiaries. The non-controlling interest in the acquired company was measured at fair value totaling EUR 22,334 thousand. The purchase price, which was fully paid in cash, amounted to EUR 130,935 thousand. As part of the acquisition, net assets with a fair value of EUR 55,712 thousand were acquired and goodwill of EUR 97,558 thousand was recognised. For further details on this business combination, see the 2012 annual report.

3.4. EQUITY TRANSACTIONS

In April 2013 Semperit Group made another tender offer to the shareholders of Latexx Partners Berhad, Kamunting, Malaysia, to acquire all shares and warrants; this offer, including the extension period, continued until 30 August 2013. As of 30 September 2013 Semperit Group acquired a further 12.17% interest in Latexx Partners, increasing the Group's total investment from 85.94% to now 98.11%. After 30 September 2013 there were no further changes in the group's investment.

This transaction was accounted for as an equity transaction. The difference between the derecognition of the carrying amount of the non-controlling interests (EUR 19,529 thousand) and the fair value of the consideration paid (EUR 19,500 thousand) totalled EUR 29 thousand. This difference was recognised directly in equity and is presented in the consolidated statement of changes in equity as a change in the position "Other revenue reserves".

4. Segment reporting

The segment report is prepared in accordance with IFRS 8 using the "management approach" and is based on the internal reports submitted to the Management Board of Semperit AG Holding in its capacity as the chief operating decision maker on the allocation of resources to the segments.

The segments have been defined by product group. They are managed separately and correspond to the Semperit Group's divisions.

The Semperit Group thus comprises four reportable segments:
- Sempermed
- Semperflex
- Sempertrans
- Semperform

The **Sempermed** segment produces gloves by means of an immersion technology and sells these gloves throughout the world. The product portfolio encompasses examination, protective and surgical gloves.

The **Semperflex** segment sells low-pressure and high-pressure hoses. These hoses are reinforced with textiles (industrial hoses) or metal wires (hydraulic hoses).

The **Sempertrans** segment focuses on the manufacturing and marketing of transport and conveyor belts, which are reinforced with either textile or steel carcasses.

Semperform produces and markets moulded goods; the focus of its business activities is in Europe. Rubber and plastics serve as the main raw materials. The individual product groups are manufactured on the basis of different technologies.

The accounting and measurement methods used in determining segment earnings, assets and liabilities are identical to those described in Section 2. Segment earnings comprise EBIT and are derived in the same manner as EBIT in the consolidated income statement. This is the figure reported to the Management Board for purposes of resource allocation and performance measurement.

Segment reporting by division

The segment reporting by division is based on internal management and reporting.

2013 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	434,885	186,137	154,514	130,806	0	906,342
EBITDA	58,663	41,471	23,920	24,710	–16,307	132,458
EBIT = segment result	36,647	29,718	19,386	18,636	–16,598	87,789
Depreciation and amortisation of tangible and intangible assets	–21,597	–11,754	–4,174	–5,733	–291	–43,549
Impairments to tangible and intangible assets	–419	0	–359	–342	0	–1,120
Write-ups of tangible and intangible assets	40	0	0	0	0	40
Trade working capital	91,743	42,563	40,265	18,071	–6,051	186,591
Segment assets	432,055	164,264	128,932	84,880	41,988	852,118
Segment liabilities	170,250	52,252	34,695	27,452	153,316	437,966
Cash-effective investments in tangible and intangible assets	33,154	5,984	6,776	3,106	697	49,716
Investments in associated companies	1,419	0	0	0	0	1,419
Employees (at balance sheet date)	7,007	1,467	968	743	91	10,276

2012 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	383,494	180,609	143,755	120,715	0	828,573
EBITDA	41,543	38,575	21,193	20,427	–13,080	108,658
EBIT = segment result	27,624	27,616	15,982	14,644	–13,359	72,507
Depreciation and amortisation of tangible and intangible assets	–13,920	–10,919	–4,607	–5,743	–279	–35,467
Impairments to tangible and intangible assets	0	–39	–605	–40	0	–683
Write-ups of tangible and intangible assets	136	0	2,442	0	0	2,577
Trade working capital	106,152	41,804	49,493	17,955	–3,314	212,090
Segment assets	441,710	152,662	121,928	70,258	37,901	824,458
Segment liabilities	270,706	46,459	30,555	23,714	25,030	396,464
Cash-effective investments in tangible and intangible assets	19,950	15,025	1,860	3,770	630	41,235
Investments in associated companies	1,026	0	0	0	0	1,026
Employees (at balance sheet date)	6,548	1,315	958	691	65	9,577

The income and expenses of companies involved in production and distribution in more than one segment are subdivided and allocated to the appropriate segments so that no further eliminations are necessary. The corporate center consists of Semperit AG Holding, which is not involved in operating activities, and those parts of a management company in China and of a service company in Singapore that are assigned to the Corporate Center. Internal charging and allocations of corporate center costs are already allocated to the segments as far as possible. All assets in the group are assigned to the segments with the exception of the assets of Semperit AG Holding, the non-operating parent company, and those assets of a management company in China and a service company in Singapore that are assigned to the corporate center. A large percentage of the assets can be clearly assigned to the respective segments as the companies operate in only one segment. The cash and cash equivalents of Semperit Technische Produkte GmbH are assigned in equal portions to the segments in which the company is active. The assets of the sales companies are classified according to the revenue which is generated.

All of the group's liabilities are allocated to the segments with the exception of the liabilities attributable to Semperit AG Holding and those liabilities of a management company in China and a service company in Singapore that are assigned to the corporate center. A large percentage of the liabilities can be clearly assigned to the respective segments as the companies operate in only one segment. Liabilities of Semperit Technische Produkte GmbH are assigned in equal portions to the segments in which the company is active. Liabilities held by sales companies are classified according to the revenue which is generated.

Segment reporting by geographical area

Group activities are primarily conducted in Europe, Asia and the Americas.

Pursuant to IFRS 8, information on revenue is presented in accordance with the location of the customers, with details on non-current assets and investments impacting cash based on the respective locations of the different companies belonging to the Semperit Group.

Semperit does not depend on any one customer for more than 10% of its total revenue.

in EUR thousand	2013 Non-current assets[2) 3)]	Cash-effective investments	Revenue[1)]	2012 Non-current assets[2) 3)]	Cash-effective investments	Revenue[1)]
Austria	41,256	12,528	34,135	31,673	8,707	31,372
EU excluding Austria	68,731	11,599	445,602	67,873	9,063	378,569
Total for EU	109,987	24,127	479,737	99,546	17,770	409,941
Rest of Europe	0	0	75,365	0	0	73,135
Total for Europe	109,987	24,127	555,103	99,546	17,770	483,076
Asia	253,569	25,516	128,124	279,528	23,336	102,349
The Americas	5,645	73	196,137	3,535	129	211,693
Rest of the world	0	0	26,979	0	0	31,455
Group	**369,201**	**49,716**	**906,342**	**382,609**	**41,235**	**828,573**

1) After eliminating internal revenue
2) Consolidation entries are assigned to the regions whenever possible.
3) Non-current assets do not include deferred income tax assets, financial investments and shares in associates.

5. Notes to the consolidated income statement

5.1. REVENUE

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

5.2. OTHER OPERATING INCOME

in EUR thousand	2013	2012
Exchange rate gains	15,814	11,931
Income from the sale of property, plant and equipment	279	4,337
Insurance claims	2,707	4,405
Income from forward exchange transactions	1,670	3,674
Reversals of impairments on property, plant and equipment	40	2,577
Sale of by-products and waste materials	844	1,080
Rental income	322	304
Other	2,707	4,462
	24,385	**32,770**

5.3. COST OF MATERIALS AND PURCHASED SERVICES

in EUR thousand	2013	2012
Costs of materials	440,015	445,202
Purchased services	70,652	55,801
	510,667	**501,003**

5.4. PERSONNEL EXPENSES

Personnel expenses include the following items:

in EUR thousand	2013	2012
Wages	55,269	47,461
Salaries	69,376	54,597
Termination compensation	1,883	1,519
Retirement benefit expenses	1,361	1,469
Statutory social security expenses and other compulsory wage-related payments	22,304	20,133
Other social security expenses	2,611	2,264
	152,802	**127,444**

The average number of people employed by the Semperit Group is as follows:

	2013	2012
Blue-collar workers	7,827	6,344
White-collar workers	2,172	1,961
	9,999	**8,305**

The average number of employees in Austria totalled 721 (previous year: 707).

In the 2013 financial year, the remuneration paid to the active members of the Management Board totalled EUR 2,062 thousand (previous year: EUR 2,176 thousand), of which EUR 942 thousand (previous year: EUR 738 thousand) consisted of variable salary components. As a result of changes to the composition of the Management Board during the year, comparing total compensation with the previous year is of limited value.

In addition, payments amounting to EUR 271 thousand were made to the former Management Board member Richard Stralz. In 2012 payments totalling EUR 847 thousand were made on termination of his employment relationship.

The remuneration paid to the former Chairman of the Management Board Rainer Zellner in 2013 amounted to EUR 727 thousand (previous year: EUR 1,008 thousand). In 2013 payments totalling EUR 838 thousand were made on termination of his employment relationship.

The expenses for pensions and severance payments for the active Management Board members amounted to EUR 114 thousand (previous year: EUR 210 thousand). Of this amount, EUR 82 thousand (previous year: EUR 64 thousand) is attributable to contribution-based severance and pension commitments.

5.5. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

in EUR thousand	2013	2012
Maintenance	38,826	33,720
Outgoing freight	23,885	20,986
Exchange rate losses	15,229	13,840
Commission and advertising costs	8,446	8,409
Legal, consulting and auditing fees	12,204	8,350
Travel expenses	9,772	7,925
Insurance premiums	4,618	3,980
Other taxes	3,216	3,771
Rental and leasing expenses	4,780	3,592
Communications	2,457	2,102
Bank expenses	815	1,900
Fees, subscriptions and donations	831	1,147
Expenses from currency forwards	1,852	1,123
Other	18,847	13,305
	145,776	**124,150**

The expenses for the auditors of the consolidated financial statements, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of Vienna, are as follows:

in EUR thousand	2013	2012
Auditing of consolidated and separate financial statements	187	180
Other valuation and certification services	50	60
Other services	138	0
	375	**240**

5.6. DEPRECIATION AND AMORTISATION ON TANGIBLE AND INTANGIBLE ASSETS

in EUR thousand	2013	2012
Depreciation and amortisation	43,549	35,467
Impairments	1,120	683
	44,669	**36,151**

The impairments relate to a customer base in the Sempermed segment, intellectual property rights in the Semperform segment, and technical equipment and machines in the Semperform and Sempertrans segments (see notes 6.1 and 6.2).

5.7. FINANCIAL RESULT

in EUR thousand	2013	2012
Financial income		
Income from securities	278	410
Interest and related income	1,664	1,748
	1,941	**2,158**
Financial expenses		
Losses on the disposal of financial assets	–153	–170
Other expenses on financial assets	–92	0
Interest and other financial expenses	–3,792	–1,026
	–4,037	**–1,196**
Profit/loss attributable to redeemable non-controlling interests	**–14,776**	**–15,006**
Financial result	**–16,872**	**–14,044**

Net income from available-for-sale financial assets breaks down as follows:

in EUR thousand	2013	2012
Net income recognised directly in profit and loss		
Income from available-for-sale financial assets	278	410
Losses on the disposal of financial assets	–153	–170
	125	**240**
Net income/expenses recognised in other comprehensive income		
Revaluation gains/losses for the period	–100	146
Reclassification to profit and loss for the period	114	84
	14	**230**
Net income from available-for-sale financial assets	**139**	**470**

Net income from loans and receivables (excluding currency gains and losses) breaks down as follows:

in EUR thousand	2013	2012
Interest income from loans and receivables	1,664	1,748
Impairments of loans and receivables	–303	–87
Net income from loans and receivables	**1,361**	**1,661**

Impairment losses arising from loans and receivables are summarised under other operating expenses.

Net income resulting from held-for-trading financial instruments purposes (derivatives) is as follows:

in EUR thousand	2013	2012
Income from foreign exchange transactions	1,670	3,674
Expenses from foreign exchange transactions	–1,852	–2,182
Net income from finance instruments held for trading	**–182**	**1,492**

Income and expenses from foreign exchange transactions are included under other operating income and expenses. In 2013 there were no expenses from foreign exchange option transactions; in the previous year these expenses totalled EUR 1,059 thousand and were included under bank expenses and hedging costs.

Of the interest expense and other financial expenses totalling EUR 3,792 thousand (previous year: EUR 1,026 thousand) that are included in the financial result, EUR 2,968 thousand (previous year: EUR 926 thousand) are attributable to liabilities valued at amortised cost. In the liabilities from redeemable non-controlling interests, the share of earnings recognised in the income statement totalling EUR 14,776 thousand (previous year: EUR 15,006 thousand) represents the effective interest expense.

5.8. INCOME TAXES

Income tax expense recognised for the financial year includes current and deferred income tax for the individual companies calculated on the basis of taxable income and the applicable tax rate in the relevant countries.

in EUR thousand	2013	2012
Current tax expense	16,517	14,841
Deferred tax income	–497	–2,606
	16,020	**12,235**

In 2013, the effective tax rate, i.e., the tax expense in relation to the earnings before tax and before deduction of profit or loss attributable to redeemable non-controlling interests, was 18.7% (previous year: 16.7%). The group tax rate is a weighted average of the local income tax rates of all consolidated subsidiaries.

The following table reconciles earnings before tax with the income tax expense reported in the consolidated income statement:

in EUR thousand	2013	2012
Earnings before tax	**70,917**	**58,463**
Tax expense (–) at 25%	**–17,729**	**–14,616**
Tax rates in other countries	4,228	2,094
Share of profit/loss of associated companies	98	65
Profit/loss attributable to redeemable non-controlling interests	–3,694	–3,751
Non-deductible expenses	–1,677	–841
Non-taxable income, tax exemptions and tax deductibles	5,960	4,084
Tax credits and tax concessions usable in future periods	1,514	0
Reduction of current tax expenses on the basis of yet unused tax loss carry forwards	87	829
Non-recognised deferred tax assets on new losses carry forwards and temporary differences in the financial year	–852	–229
Value adjustment of deferred tax assets from loss carryforwards or temporary differences arising and recognised in previous years	–2,043	–508
Change to outside basis differences	–81	–461
Tax effects on write-downs on holdings of fully consolidated companies	0	1,633
Withholding taxes	–803	–129
Tax arrears from previous periods	42	–947
Tax rate changes	–332	–31
Other	–737	573
Income taxes according to the income statement	**–16,020**	**–12,235**

in EUR thousand	2013	2012
Earnings before tax	70,917	58,463
Profit/loss attributable to redeemable non-controlling interests	14,776	15,006
	85,693	**73,469**
Income taxes according to the income statement	16,020	12,235
Effective tax rate in %	**18.7%**	**16.7%**

5.9. EARNINGS PER SHARE

in EUR		2013	2012
Earnings after taxes attributable to the shareholders of Semperit AG Holding	in EUR	54.598,022	46.257,592
Average number of shares outstanding	in units	20.573,434	20.573,434
Earnings per share (diluted and undiluted)	in EUR	2.65	2.25

There were no dilution effects as at both 31 December 2012 and 31 December 2013.

6. Notes to the consolidated balance sheet

6.1. INTANGIBLE ASSETS

in EUR thousand	Software licences, industrial property rights and similar rights	Goodwill	Prepayments	Total
Acquisition costs				
As at 1.1.2012	**14,225**	**2,917**	**104**	**17,246**
Additions due to business combinations	12,554	97,558	0	110,112
Currency translation differences	–376	–2,398	–2	–2,776
Additions	760	0	19	779
Disposals	–96	0	0	–96
Transfers	265	0	–1	265
As at 31.12.2012	**27,333**	**98,076**	**120**	**125,529**
Currency translation differences	–1,676	–10,154	–1	–11,831
Additions	8,190	0	817	9,006
Disposals	–2,396	0	–100	–2,497
Transfers	109	0	–27	83
As at 31.12.2013	**31,559**	**87,923**	**809**	**120,290**
Depreciation/write-ups/impairment				
As at 1.1.2012	**11,528**	**0**	**103**	**11,631**
Currency translation differences	1	0	–2	–1
Depreciation and amortisation	1,204	0	0	1,204
Disposals	–96	0	0	–96
Transfers	18	0	0	18
As at 31.12.2012	**12,655**	**0**	**101**	**12,756**
Currency translation differences	–450	0	0	–450
Depreciation and amortisation	3,007	0	0	3,007
Impairments	629	0	0	629
Disposals	–2,391	0	–101	–2,491
Transfers	13	0	0	13
As at 31.12.2013	**13,464**	**0**	**0**	**13,464**
Carrying amount				
Carrying amount 1.1.2012	2,697	2,917	1	5,615
Carrying amount 31.12.2012	14,677	98,076	19	112,773
Carrying amount 31.12.2013	**18,095**	**87,923**	**808**	**106,826**

Note: Rounding differences may occur through the use of automated calculations.

The scheduled depreciation/amortisation and impairments are recognised in the consolidated income statement under the item “Depreciation, amortisation and impairment of tangible and intangible assets”. The impairments on intangible assets in 2013 related to the impairment of the Brazilian customer base in the amount of EUR 419 thousand and impairments on intellectual property rights of EUR 210 thousand due to a strategic reorientation in relation to discontinued products and markets. No impairments were necessary in 2012. There were no reversals of impairments.

The reported goodwill is distributed to the cash-generating units (CGU) as follows:

in EUR thousand	31.12.2013	31.12.2012
Cash generating unit		
Segment Sempermed	86,159	96,312
Segment Semperflex	1,693	1,693
Segment Sempertrans	71	71
	87,923	**98,076**

The impairment testing of goodwill was performed as at 31 December 2013 at the respective segment level. The recoverable amount of the respective segment is based on its value in use, which is calculated using the segment's discounted future cash flows. These forecasted cash flows were determined using the budgets for the 2014 financial year that were approved by the Management Board and the Supervisory Board. In addition, an organic medium-term plan (growth from current business operations without acquisitions) covering the next five years was taken into account as well. The planning is based on assumptions made by segment management on the development of their markets, the market share of their segments and specific business initiatives. These assumptions are subject to forecasting uncertainty. An assumption was made for the Sempermed CGU, which contains the major portion of the goodwill, that it will continue generating strong revenue growth over the next several years. Corporate planning in this regard assumes in principle that measures will be taken in the future to expand the segment's capacity and improve its infrastructure. The planned cash flows from these measures were eliminated from the impairment test if the implementation of these measures had not begun as at the reporting date. The change in working capital is derived from internally defined targets for the respective segment.

A constant long-term growth rate of 1.5% is used in all CGUs for the period after the detailed planning time period. This rate is derived from the expected long-term growth of the market, taking into account forecasted inflation.

The discount rate used is the weighted average cost of capital (WACC) as derived in the capital asset pricing model. When determining this rate, a separate peer group is assumed for the Medical Sector (equivalent to the Sempermed segment) and the Industrial Sector (includes the Semperflex, Sempertrans and Semperform segments). The pre-tax discount rate, which was determined for each segment individually, was 9.4% for the Sempermed segment and 14.1% for the Sempertrans and Semperflex segments.

The impairment tests confirmed the recoverability of the recognised goodwill. The recoverable amount that was determined for the CGU totalled more than the carrying amount, therefore no impairment existed.

The value in use is largely determined using the terminal value (present value of a perpetual annuity), which is especially sensitive to changes in assumptions regarding the long-term growth rate and the discount rate.

In addition to the impairment test, a sensitivity analysis was performed for each segment. The parameters for these sensitivity analyses were as follows:

in EUR thousand	2013
Change in parameter	
Discount rate (WACC)	+ 1 percentage point
Long-term growth rate	–1 percentage point
Change in free cash flows	–10%

The respective parameter for the sensitivity analyses was changed in isolation without changing the other parameters. These analyses have shown that any unfavourable development in relation to individual assumptions made would not cause the carrying amount to exceed the recoverable amount.

No impairment test was performed for the Semperform CGU, which does not contain any goodwill or intangible assets with indefinite useful lives, because there was no indication that an impairment was present.

Besides goodwill, the Semperit Group has no other intangible assets with an indefinite useful life.

6.2. TANGIBLE ASSETS

in EUR thousand	Land and buildings, including on land owned by third parties	Technical equipment and machinery	Other equipment, office furniture and equipment	Prepayments and assets under construction	Total
Acquisition costs					
As at 1.1.2012	**147,265**	**354,043**	**82,539**	**38,731**	**622,578**
Additions due to business combinations	12,549	29,657	2,090	941	45,237
Currency translation differences	1,695	3,727	832	959	7,213
Additions	1,411	11,584	5,422	19,932	38,349
Disposals	–4,999	–3,896	–2,084	–153	–11,132
Transfers	10,493	30,322	7,345	–48,424	–265
As at 31.12.2012	**168,414**	**425,437**	**96,144**	**11,985**	**701,980**
Currency translation differences	–8,896	–21,859	–5,775	–1,369	–37,899
Additions	2,166	15,674	4,671	25,469	47,979
Disposals	–1,709	–3,573	–4,443	–753	–10,478
Transfers	3,813	13,851	–4,955	–12,792	–83
As at 31.12.2013	**163,788**	**429,530**	**85,642**	**22,540**	**701,500**
Depreciation/write-ups/impairment					
As at 1.1.2012	**76,992**	**261,466**	**66,626**	**774**	**405,858**
Currency translation differences	1,165	3,623	739	0	5,527
Depreciation and amortisation	4,927	22,538	6,788	11	34,264
Impairments	0	683	0	0	683
Write-ups	–844	–1,668	–55	–10	–2,577
Disposals	–3,864	–3,766	–2,007	–12	–9,650
Transfers	17	–18	0	–17	–18
As at 31.12.2012	**78,393**	**282,857**	**72,091**	**746**	**434,086**
Currency translation differences	–3,284	–13,045	–4,086	0	–20,416
Depreciation and amortisation	5,728	27,274	7,539	0	40,542
Impairments	0	490	0	0	491
Write-ups	–40	0	0	0	–40
Disposals	–1,686	–3,045	–4,301	–745	–9,778
Transfers	0	6,608	–6,621	0	–13
As at 31.12.2013	**79,111**	**301,139**	**64,622**	**0**	**444,873**
Carrying amount					
Carrying amount 1.1.2012	70,273	92,577	15,913	37,957	216,720
Carrying amount 31.12.2012	90,021	142,580	24,053	11,239	267,894
Carrying amount 31.12.2013	**84,677**	**128,390**	**21,020**	**22,540**	**256,627**

Note: Rounding differences may occur through the use of automated calculations.

Of the carrying amount recognised for land and buildings, including buildings on land owned by third parties, EUR 12,730 thousand (previous year: EUR 13,291 thousand) is attributable to land (land value). Of the carrying amount recognised for prepayments made and assets under construction, EUR 17,194 thousand (previous year: EUR 9,763 thousand) is attributable to assets under construction.

In the financial years 2012 and 2013, no borrowing costs were capitalised as part of the production costs of qualified assets.

The depreciation/amortisation as well as impairments are recognised in the consolidated income statement under the item "Depreciation, amortisation and impairment of tangible and intangible assets". Write-ups in value are included in the income statement in the item "Other operating income".

In the financial year 2013 there were impairments on technical equipment, plant and machinery in the amount of EUR 491 thousand (previous year: EUR 683 thousand). They resulted from changes in the strategic focus regarding discontinued products in the Semperform segment and in the technical minimum functionality of machines in the Sempertrans segment.

In the financial year 2013 there were write-ups in value amounting to EUR 40 thousand (previous year: 2,577 thousand) because the reasons for the impairments were no longer present.

As at 31 December 2013, tangible assets with a carrying amount of EUR 3,362 thousand (previous year: EUR 8,912 thousand) are pledged as collateral for liabilities to banks and liabilities from finance leases.

As at 31 December 2013, there are contractual obligations to acquire tangible assets totalling EUR 38,919 thousand (previous year: EUR 5,334 thousand). The considerable increase on the previous year is due to the start of investment projects to expand production capacity in Poland and the Czech Republic.

In addition to operating leases, the Semperit Group also makes use of finance leases. Finance lease agreements have been concluded in Semperit for various production machinery and vehicles. The agreements are generally structured so that ownership of the asset transfers to the group at the end of the agreement term. The leased assets serve as security for the leasing obligations. The assets associated with these agreements are depreciated over the assets' expected useful life and not over the shorter term of the leasing relationship. The agreements typically do not contain an option to extend the lease or a specially agreed purchase option.

The tangible assets include the following assets from finance lease agreements:

in EUR thousand	Acquisition costs	Accumulated depreciation	31.12.2013 Carrying amount	Acquisition costs	Accumulated depreciation	31.12.2012 Carrying amount
Technical equipment, plant and machinery	12,630	2,240	10,390	14,612	603	14,009
Other equipment, office furniture and equipment	628	380	247	992	644	348
	13,257	**2,620**	**10,637**	**15,604**	**1,247**	**14,357**

In addition, the Semperit Group rents a number of storage and office facilities based on operating leases. Most of these leasing relationships have a remaining term of less than 5 years. The agreements are normally designed so that an extension is possible. An option to purchase the assets at market prices is also included in several individual agreements.

Moreover, when needed, leasing agreements are concluded for company cars, IT equipment as well as machines and office equipment. As at the reporting date, the remaining term of these agreements is less than 5 years. Individual agreements include an option to extend the term and/or a purchase option at market prices at the end of the agreement term.

As at the balance sheet date, the future minimum leasing payments from non-terminable tenancies, operating and other leases total as follows:

in EUR thousand	2013	2012
Within the following year	859	795
Within the following 2 to 5 years	1,494	1051
Over 5 years	543	384

The cost of rent and leases from operating lease agreements amounted to EUR 4,780 thousand in the financial year 2013 (previous year: EUR 3,592 thousand).

6.3. INVENTORIES

The balance sheet item "Inventories" comprises the following:

in EUR thousand	31.12.2013	31.12.2012
Raw materials and supplies	43,568	42,679
Work in progress	24,235	24,437
Finished goods and merchandise	79,308	74,353
Prepayments	1,073	726
Services not yet billable	243	277
	148,428	**142,472**

in EUR thousand	2013	2012
Inventories		
of which at acquisition/production costs	132,041	121,740
of which at their net realisable value	16,387	20,732
	148,428	**142,472**

The allowances for inventories recognised as an expense totalled EUR 3,652 thousand in the year under review (previous year: EUR 3,519 thousand).

6.4. TRADE RECEIVABLES

Trade receivables are assigned to the category "Loans and receivables" and are therefore recognised at amortised cost. Impairments to trade receivables are indirectly recognised in allowance accounts.

Trade receivables which are already due but have not been subject to valuation adjustments comprise the following:

in EUR thousand	2013	2012
Up to 1 month overdue[1)]	14,063	10,770
1 to 3 months overdue	3,221	4,320
3 to 6 months overdue	1,454	2,139
More than 6 months overdue	15	1,011
Carrying amount of due trade receivables not subject to valuation adjustment	**18,754**	**18,248**

[1)] Also includes trade receivables that are due immediately

The typically stipulated terms of payment range between 14 and 90 days. In addition to receivables which are classified as non-performing due to an individual assessment of the respective customers, and are thus most likely irrecoverable, valuation adjustments are also carried out in some cases on overdue receivables based on country-specific empirical values. Experience-based allowances also apply to receivables not covered by credit insurance or with regard to deductibles on credit-insured receivables.

The overdue receivables are largely covered by credit insurance. With regard to Semperit's portfolio of overdue trade receivables, there is no indication that the debtors will not be able to fulfil their contractual payment obligations.

The receivables not covered by credit insurance primarily consist of claims against customers in India, Brazil, the USA and China. With respect to non-insured receivables and the deductibles on insured receivables, there is no meaningful concentration of credit risk due to the company's diversified customer base.

Impairments on trade receivables are usually indirectly recognised in allowance accounts. Allowances changed as follows:

in EUR thousand	**2013**	**2012**
Net amount on 1 January	3,695	4,545
Release	–1,086	–1,115
Currency translation difference	–183	–34
Written down due to irrecoverability	–1,062	–1,088
Additions	1,762	1,388
Net amount on 31 December	**3,127**	**3,695**

The allowances at the end of the financial year include specific valuation allowances for receivables based on an individual assessment of the respective customers. These specific allowances totalled EUR 1,873 thousand (previous year: EUR 1,647 thousand) and are mostly established due to the opening of insolvency proceedings over the assets of the affected customers. The remaining carrying amounts after deduction of the allowances are the amounts likely to be recoverable in the insolvency proceedings. The other allowances were made on a portfolio basis.

6.5. OTHER FINANCIAL ASSETS

The carrying amounts of the other financial assets break down as follows:

in EUR thousand	Carrying amount 31.12.2013	Of which non-current	Of which current	Carrying amount 31.12.2012	Of which non-current	Of which current
Securities available for sale						
Federal bonds	2,021	2,021	0	4,130	4,130	0
Shares in funds, shares, other securities	5,256	5,256	0	4,669	4,669	0
	7,277	**7,277**	**0**	**8,798**	**8,798**	**0**
Financial assets recognised at fair value through profit or loss – held for trading						
Derivatives	219	0	219	334	0	334
Loans and receivables recognised at amortised cost						
Loans to associated companies	563	563	0	563	563	0
Other loans	6	1	5	8	0	8
Remaining other financial assets	2,497	1,203	1,294	2,799	1,294	1,504
	3,065	**1,766**	**1,299**	**3,370**	**1,857**	**1,512**
	10,561	**9,043**	**1,518**	**12,502**	**10,655**	**1,846**

The government bonds are Austrian government bonds at a nominal value of EUR 2,000 thousand, with an interest rate on the nominal value of between 4.125% and 4.3%.

The shares in funds are 83,500 units in PIA TopRent, a bond fund suitable for funding pension provisions and consisting primarily of investments in fixed- and variable-rate Eurozone government bonds.

The carrying amount of the available-for-sale financial assets amounting to EUR 7,277 thousand (previous year: EUR 8,798 thousand) corresponds to the market value. The average effective interest rate in financial year 2013 was 2.4% (previous year: 2.5%).

The loan to associated companies amounting to EUR 563 thousand (previous year: EUR 563 thousand) relates to Synergy Health Allershausen GmbH, which is included in the consolidated financial statements in accordance with the equity method. As at 31 December 2013, this loan is subject to a market-based interest rate of 1.62% (previous year: 2.12%).

No allowances were necessary for the loans and receivables recognised at amortised cost.

6.6. OTHER ASSETS

in EUR thousand	Carrying amount 31.12.2013	Of which non-current	Of which current	Carrying amount 31.12.2012	Of which non-current	Of which current
Accrued expenses	2,932	126	2,806	3,076	101	2,975
Prepayments	545	0	545	294	0	294
Tax receivables	7,739	0	7,739	10,035	0	10,035
Other non-financial receivables	4,173	3,855	317	765	547	218
	15,389	**3,982**	**11,408**	**14,170**	**648**	**13,522**

6.7. CASH AND CASH EQUIVALENTS

in EUR thousand	2013	2012
Cash on hand	42	41
Cheques	5	0
Cash deposits in banks	152,901	124,734
Short-term deposits	29,606	8,546
	182,554	**133,322**

The term to maturity of all short-term deposits at the time of the investment was less than three months. The cash and cash equivalents correspond to the liquid funds in the consolidated cash flow statement.

6.8. DEFERRED TAXES

Tax deferments recognised in the balance sheet after temporary differences comprise the following:

in EUR thousand	Deferred tax assets	31.12.2013 Deferred tax liabilities	Deferred tax assets	31.12.2012 Deferred tax liabilities
Intangible assets	0	2,588	4	3,306
Tangible assets	334	5,179	361	3,990
Financial assets	797	0	1,223	0
Inventories	4,691	31	5,252	131
Receivables	1,046	1,932	1,368	1,973
Other assets	23	179	20	126
Provisions for personnel	5,845	0	4,834	0
Other provisions	2,713	0	2,692	0
Trade payables	16	3	193	2
Other liabilities	990	278	699	276
Temporary differences in connection with shares in subsidiaries (outside basis differences)	0	2,049	0	1,968
Tax loss carry forwards and as yet unused tax credits	10,118	0	5,959	0
Total deferred tax assets and liabilities	**26,573**	**12,240**	**22,603**	**11,772**
Valuation allowance for deferred tax assets	–5,285	0	–3,184	0
Offset of deferred tax assets and liabilities	–5,555	–5,555	–5,803	–5,803
Net deferred tax assets	**15,733**		**13,616**	
Net deferred tax liabilities		**6,684**		**5,968**

The valuation allowance for deferred tax assets amounting to EUR 5,285 thousand (previous year: EUR 3,184 thousand) comprises the valuation allowance for deferred tax assets on temporary differences of EUR 1,359 thousand (previous year: EUR 1,468 thousand) and the valuation allowance for deferred tax assets on loss carry forwards amounting to EUR 3,926 thousand (previous year: EUR 1,715 thousand).

Deferred taxes after valuation adjustments for deferred tax assets and before offsetting are related to the following differences between tax balance sheet and IFRS balance sheet:

in EUR thousand	Deferred tax assets	31.12.2013 Deferred tax liabilities	Deferred tax assets	31.12.2012 Deferred tax liabilities
Different acquisition and production costs of intangible and tangible assets, elimination of intercompany profits	240	3,548	113	2,016
Different useful lives of intangible and tangible assets	6	1,429	115	1,450
Valuation of assets acquired in business combinations	0	2,689	0	3,754
Tax valuation differences in valuation adjustments of receivables	365	1,772	510	1,834
Tax valuation differences of inventories, elimination of intercompany profits	4,387	31	4,977	108
Differing tax recognition of personnel provisions	5,444	0	4,864	0
Differing tax recognition of other provisions	2,466	0	2,034	0
Differences in foreign currency valuation of assets and liabilities at the balance sheet date	434	250	769	200
Deferred tax assets on loss carryforwards	3,607	0	2,843	0
Deferred tax assets on tax assets and tax concessions usable in future periods	1,418	0	0	0
Impairments of investments not yet taxed	1,166	0	1,400	0
Temporary differences in connection with shares in subsidiaries (outside basis differences)	0	2,049	0	1,968
Other differences	1,754	472	1,795	441
Total	**21,288**	**12,240**	**19,419**	**11,772**

Tax deferments recognised in the balance sheet developed as follows:

in EUR thousand	2013	2012
Net deferred taxes as at 1.1.	7,648	6,594
Business combinations	0	–2,962
Deferred taxes in profit or loss for the financial year	497	2,606
Deferred taxes in other comprehensive income for the financial year	903	1,410
Net deferred taxes as at 31.12.	**9,049**	**7,648**

Deferred taxes for the period recognised in other comprehensive income comprise the following:

in EUR thousand	2013	2012
Amounts that will not be recognised through profit and loss in future periods		
Deferred taxes related to remeasurements of defined benefit plans (IAS 19)	660	1,459
Amounts that will potentially be recognised through profit and loss in future periods		
Deferred taxes related to available-for-sale financial assets	–4	–58
Deferred taxes related to cash flow hedges	25	0
Currency translation differences related to deferred taxes	222	9
	243	–49
	903	**1,410**

Currency translation differences of EUR 222 thousand (previous year: EUR 9 thousand) are included in the item "Currency translation differences for the period" in the statement of comprehensive income.

For temporary differences in connection with shares in subsidiaries, deferred tax liabilities amounting to EUR 2,049 thousand (previous year: EUR 1,968 thousand) were recognised.

In addition, there are taxable temporary differences amounting to EUR 62,745 thousand (previous year: EUR 68,849 thousand) and deductible temporary differences of EUR 2,258 thousand (previous year: EUR 1,725 thousand) in connection with shares in subsidiaries for which deferred tax liabilities amounting to EUR 7,611 thousand (previous year: EUR 8,228 thousand) and deferred tax assets amounting to EUR 511 thousand (previous year: EUR 368 thousand) were not recognized because the parent company is able to control the timing of the reversal of the temporary differences and it was probable at the balance sheet date that the temporary differences would not be reversed in the foreseeable future. The temporary differences in connection with shares in subsidiaries can arise either from the input tax burden on the distribution of dividends or on the tax obligation of the investment.

At the balance sheet date, further temporary differences of EUR 4,240 thousand (previous year: EUR 4,693 thousand) and unused tax losses of EUR 14,272 thousand (previous year: EUR 6,241 thousand) existed, for which no deferred tax assets were recognized. Of these unused tax losses, EUR 12,519 thousand (previous year: EUR 3,283 thousand) are due within five years. Otherwise these losses and deductible temporary differences can be carried forward indefinitely.

The total of the deferred tax assets recognised for jurisdictions in which a tax loss was incurred in the current period or the previous period amounts to EUR 9,896 thousand (previous year: EUR 4,237 thousand). Deferred tax assets were based on the fact that sufficiently positive tax results are expected in the coming years and that the negative tax results were due to one-off effects and specific organisational measures have been which indicate that the planned improvements in the result will occur.

6.9. EQUITY

Changes in shareholders' equity are presented in detail in the consolidated statement of changes in equity.

As at 31 December 2013, Semperit AG Holding's share capital was unchanged at EUR 21,358,997. It is divided into 20,573,434 fully paid in no-par-value ordinary shares. Each share represents an equal interest in the share capital. It entitles the holder to one vote and dividends.

Capital reserves are primarily formed by issuing shares above and beyond the proportional amount of share capital (premium). As in the previous year, a total of EUR 21,503 thousand of the capital reserves are appropriated reserves. These may only be released to compensate for a net loss for the year as reported in the annual financial statements of the parent company Semperit AG Holding if no free reserves are available to cover the loss.

The revaluation reserve accrues gains and losses from fluctuations in the fair value measurement of available-for-sale financial assets until the respective assets are disposed of or until an impairment of the respective assets has been determined.

The currency translation reserve is the result of currency translation differences involved in the conversion of the annual financial statements of group subsidiaries from the functional currency to euros until the disposal or deconsolidation for other reasons of the respective subsidiary.

The other revenue reserves encompass the statutory reserves of Semperit AG Holding totalling EUR 999 thousand (previous year: EUR 999 thousand), the free reserves of Semperit AG Holding amounting to EUR 33,400 thousand (previous year: EUR 26,500 thousand), the net profit for the period of Semperit AG Holding amounting to EUR 24,754 thousand (previous year: EUR 16,941 thousand), the untaxed reserves less the deduction for deferred taxes of the subsidiaries included in the consolidated financial statements, the retained earnings of subsidiaries since the date of acquisition and the effects of the first-time adjustment of the annual accounts of the companies included in the consolidated financial statements to the measurement and accounting policies of the group. In addition, the item includes remeasurements from defined benefit plans (IAS 19) and the cashflow hedge reserve (IAS 39).

The shareholders are entitled to a distribution of Semperit AG Holding's net profit for the year. The statutory reserves of Semperit AG Holding may only be released to compensate for a net loss for the year as reported in its annual financial statements if no free reserves are available to cover the loss.

For financial year 2013, the Management Board proposes to pay a dividend of EUR 1.20 per share (ordinary dividend of EUR 0.90 per share plus an anniversary bonus of EUR 0.30 per share to celebrate "190 years of Semperit"); in total, EUR 24,688 thousand will be distributed. This proposal must still be voted on at the Annual General Meeting and is therefore not yet recognised as a liability in these financial statements. The payment of the dividend has no tax consequences for the Semperit Group.

The non-controlling interests, and the earnings after tax and comprehensive income due to them, relate exclusively to Latexx Partners Berhard, the company acquired in 2012, and its subsidiaries.

6.10. LIABILITIES FROM REDEEMABLE NON-CONTROLLING INTERESTS

Shares of subsidiaries' net assets held by non-controlling shareholders are recognised as liabilities from redeemable non-controlling interests provided the respective shareholder has an unconditional termination right or a termination right linked to conditions, the fulfilment or non-fulfilment of which lies outside the control of the Semperit Group, or if the company in which the non-controlling shareholder owns an interest has a limited life span.

Liabilities from redeemable interests of non-controlling shareholders changed as follows:

in EUR thousand	2013	2012
Balance as at 1 January	110,083	97,292
Capital payment from liquidation	–199	0
Dividends	–12,391	–1,891
Share of annual income	14,776	15,006
Currency translation differences	–9,859	4
Other changes	0	–327
Balance as at 31 December	**102,409**	**110,083**

The profit/loss attributable to the redeemable, non-controlling interests is reported separately in the financial result in the consolidated income statement.

The company Semperform Pacific Corp. Ltd., Thailand, was liquidated in 2013. In this context, capital was repaid to non-controlling shareholders totalling EUR 199 thousand.

6.11. PROVISIONS FOR PENSION AND SEVERANCE PAYMENTS

Pension plans – defined benefit plan pension commitments

In accordance with the Austrian Corporate Pension Statute of 1997, employees whose tenure at their companies began prior to 1 January 1991 are granted occupational pensions that take the form of a fixed amount that depends on an employee's length of service. The statute stipulates that only retired former employees or their surviving dependants are entitled to these pensions. These obligations are not funded by plan assets in accordance with this statute.

Under the terms of a specific agreement with a former member of the Management Board, he was granted a pension. This obligation is also not funded by plan assets.

Pensions have been granted to one member of the Management Board and senior managers. These pensions are funded by a reinsurance policy, with the pension entitlement corresponding to the reinsured amount. To secure the pension entitlements, the reinsurance policies are pledged to the pension recipients.

Severance payment commitments

As far as provisions for severance payments are concerned, employees in Austria, France, Italy and Thailand are legally entitled to a one-off payment on retirement (the amount of which depends on length of service), regardless of whether the employment relationship is terminated by the employer or the employee, and on termination of the employement relationship by the employer. One Management Board member is contractually entitled to a severance payment in accordance with the Austrian Employee Act on termination of their service on the Management Board. The benefits due on retirement are considered to be payments due following termination of the employment relationship in accordance with IAS 19. These obligations are not funded by plan assets.

Actuarial assumptions

These obligations were valued based on an assumed interest rate of 3.25% (previous year: 3.25%) for the Eurozone, 4.0% (previous year: 4.0%) for Poland, 4.3% (previous year: 4.1%) for Thailand and 8.2% (previous year: 8.5%) for India. The average annual salary increase was assumed to be 0.0 to 4.5% (previous year: 0.0 to 3.4%) for the Eurozone, 3 to 7% (previous year: 3 to 7%) for Thailand and 5 to 8% (previous year: 5 to 8%) for India.

The probability of death was calculated based on the most recent country-specific mortality tables (e.g., for Austria AVÖ 2008 P ANG, for France TH00-02 TF00-02 and for Thailand TMO08). Fluctuation deductions were taken into account with 0% to 13%, depending on the companies to which the employees belonged. The retirement age was set either in accordance with the individual regulations of the specific plan or, in the absence of such, at the earliest possible statutory retirement age in the country concerned.

Balance sheet figures

The provision for pensions and severance payments comprise the following:

in EUR thousand	Total 31.12.2013	Of which non-current	Of which current	Total 31.12.2012	Of which non-current	Of which current
Provisions for pensions	18,695	16,900	1,796	19,263	19,050	212
Provisions for severance payments	23,801	22,348	1,452	22,114	21,275	839
	42,496	**39,248**	**3,248**	**41,377**	**40,325**	**1,052**

Provisions for pensions

The provisions for the group’s obligations arising from defined benefit pension plans are as follows:

in EUR thousand	2013	2012
Present value of funded defined benefit obligations	6,601	7,999
Fair value of the plan assets	–4,374	–5,825
Deficit	2,227	2,174
Present value of unfunded defined benefit obligations	16,468	17,089
Plan deficit = provision	**18,695**	**19,263**

The present value of the obligations arising from pension plans changed as follows:

in EUR thousand	2013	2012
Present value of the obligations (DBO) as at 1 January	25,087	22,662
Additional entitlements acquired during the financial year and actuarial gains/losses	342	402
Past service costs	0	54
Interest expense	808	1,009
Total expenses for pensions	**1,151**	**1,465**
Remeasurements	–476	2,694
Payments/Transfers	–2,692	–1,734
Present value of the obligations (DBO) as at 31 December	**23,070**	**25,087**

The expenses shown in the table are recognised as "Pension expenses" under personnel expenses in the consolidated income statement (see note 5.4).

The fair value of the plan assets consists of the following:

in EUR thousand	31.12.2013	31.12.2012
Cash funds	308	457
Reinsurance policies	3,141	4,444
Other receivables	925	924
Fair value of the plan assets as at 31 December	**4,374**	**5,825**

There are no quoted prices in an active market for any of the components of the plan assets.

Plan assets changed as follows:

in EUR thousand	2013	2012
Fair value of the plan assets as at 1 January	5,825	5,501
Interest income from plan assets	158	169
Remeasurements of plan assets	–749	56
Contributions of the employer	267	366
Payments/Transfers	–1,127	–267
Fair value of the plan assets as at 31 December	**4,374**	**5,825**

Interest income from plan assets is recognised as "Pension expenses" under personnel expenses in the consolidated income statement. The remeasurements of plan assets are recognised in accordance with IAS 19 (2011) under other comprehensive income.

For the following year, a similar amount of contributions is expected to be paid as in the current financial year.

Provisions for severance payments

in EUR thousand	2013	2012
Present value of the obligations (DBO) as at 1 January	22,114	19,763
Additional entitlements acquired during the financial year and actuarial gains/losses	655	709
Past service costs	70	–564
Interest expense	703	863
Total expenses for severance payments	**1,428**	**1,009**
Remeasurements	2,359	3,313
Payments	–1,879	–1,982
Currency translation differences	–221	12
Present value of the obligations (DBO) as at 31 December	**23,801**	**22,114**

The expenses shown in the table are recognised as "Severance expenses" under personnel expenses in the consolidated income statement (see note 5.4).

Remeasurements

The remeasurements recognised under other comprehensive income in accordance with IAS 19 (2011) comprise the following:

in EUR thousand	2013	2012
Pensions		
Remeasurements of the obligation		
from changes to demographic assumptions	684	–87
from changes to financial assumptions	–207	–2,607
	476	–2,694
Remeasurements of plan assets	–749	56
	–273	**–2,637**
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	69	–209
from changes to financial assumptions	–2,428	–3,104
	–2,359	**–3,313**
Total remeasurements	**–2,632**	**–5,950**

Sensitivity analysis

Sensitivity analyses were performed for pension and severance plans regarding the effect of significant actuarial assumptions. A change in these parameters by one percentage point had the following effect on the present value of the obligations for pensions amounting to EUR 23,070 thousand (previous year: EUR 25,087 thousand) and on the present value of the obligations for severance payment amounting to EUR 23,801 thousand (previous year: EUR 22,114 thousand):

in EUR thousand	Change in parameter	Present value of obligation (DBO) 31.12.2013 Increase in parameter	Decrease in parameter	Present value of obligation (DBO) 31.12.2012 Increase in parameter	Decrease in parameter
Pensions					
Interest rate	+/–1 percentage point	21,399	25,041	23,224	27,104
Increases in salaries	+/–1 percentage point	24,111	22,181	26,085	24,082
Severance payments					
Interest rate	+/–1 percentage point	20,496	26,167	19,767	24,896
Increases in salaries	+/–1 percentage point	25,979	20,599	24,731	19,856

Average duration

The weighted average duration of the present value of the pension obligations is 9.3 years, while that of the present value of the severancepayments obligations is 13.4 years.

Pension plans – defined contribution plans

Semperit AG Holding is required to contribute to a pension fund for two members of the Management Board.

Employees whose employment relationships are subject to Austrian law and who entered into this employment relationship after 31 December 2002 are not entitled to severance payments from their employer. For these employees and two members of the Management Board, contributions amounting to 1.53% of their wages or salaries are paid into a staff pension fund. In the year under review, the expense for Semperit’s contributions amounted to EUR 332 thousand (previous year: EUR 272 thousand). It is expected that a similar amount of contributions will be paid in the following year.

Semperit Group employees are also entitled to country-specific state pension plans, which are usually financed on a pay-as-you-go (unfunded) basis. The obligations of the group are limited to paying contributions when they are due. There is no legal or de facto obligation with regard to future benefits.

6.12. OTHER PROVISIONS

The other provisions break down as follows:

in EUR thousand	Total	Of which non-current	31.12.2013 Of which current	Total	Of which non-current	31.12.2012 Of which current
Long-service bonuses	3,918	3,656	263	3,619	3,619	0
Guarantees	9,965	2,394	7,571	8,462	2,369	6,093
Bonuses and other personnel provisions	11,515	534	10,981	8,482	573	7,909
Other	5,769	5,487	282	2,891	2,289	603
	31,166	**12,071**	**19,095**	**23,454**	**8,849**	**14,605**

The other provisions changed as follows:

in EUR thousand	1.1.2013	Currency differences	Release	Use	Additions	31.12.2013
Long-service bonuses	3,619	–5	0	–323	627	3,918
Guarantees	8,462	–61	–769	–2,802	5,135	9,965
Bonuses and other personnel provisions	8,482	–306	–543	–7,313	11,194	11,515
Other	2,891	–202	–80	–486	3,646	5,768
	23,454	**–574**	**–1,392**	**–10,924**	**20,602**	**31,166**

Provisions for long-service bonuses are established for employees in Austria and Germany who are entitled to long-service bonuses based on collective bargaining agreements. The valuation was carried out based on the same actuarial assumptions used to value the provisions for pensions and severance payments (see note 6.11). Remeasurements (actuarial gains and losses) are recognised under personnel expenses. The average weighted duration of the present value of the obligations for long-service bonuses is approximately 10 years.

The provisions for guarantees are based largely on a case-by-case assessment of the risks. In addition, provisions are allocated on a portfolio basis and according to experience, based on the revenue for the previous financial year. Claims against the group resulting from these risks are considered to be likely, and the amount recognised corresponds to a best possible estimate of the value of the claims that can be expected. Since these claims may involve long negotiations as well as legal disputes, it is not possible to accurately predict when payments will actually have to be made.

As an important item, the remaining other provisions contain an amount of EUR 4,079 thousand for other tax payments that are expected at the earliest in 2015. The provisions face reimbursement claims from recourse rights against third parties and insurance coverage amounting to EUR 1,791 thousand, which are recorded in other assets. The maximum amount of possible other tax payments amounts to EUR 8,158 thousand and the maximum reimbursement claim is EUR 3,583 thousand.

6.13. CORPORATE SCHULDSCHEIN LOAN

In July 2013 Semperit AG Holding placed a corporate Schuldschein loan in the amount of EUR 125 million with an average interest rate of 2.35% p.a. It was placed primarily in Austria and Germany. The resulting cash inflows were primarily used to refinance the acquisition of Latexx Partners Berhad, Malaysia, which was acquired in 2012. In addition, the issue provided additional liquidity for the ongoing growth programme of the Semperit Group.

The corporate Schuldschein loan consists of several tranches with the following characteristics:

Tranche	Nominal value in EUR thousand	Carrying amount (clean price) 31.12.2013[1] in EUR thousand	Accrued interests 31.12.2013 in EUR thousand	Carrying amount total 31.12.2013 in EUR thousand	Interest rate 31.12.2013 in %	Maturity	Hedged amounts in EUR thousand
5-year fixed interest	13,500	13,451	141	13,592	2.50%	25.7.2018	-
5-year variable interest	36,500	36,368	263	36,631	1.74%	25.7.2018	15,330
7-year fixed interest	27,500	27,398	352	27,750	3.07%	24.7.2020	-
7-year variable interest	35,500	35,368	286	35,654	1.94%	24.7.2020	14,910
10-year fixed interest	12,000	11,954	183	12,137	3.65%	25.7.2023	-
	125,000	**124,539**	**1,225**	**125,764**			**30,240**

[1] Excluding accrued interest

To hedge interest rate risk resulting from the corporate Schuldschein loan, interest rate swaps were concluded for a portion of the variable tranches (see notes 8. Risk management – Interest rate risk management). As at 31 December 2013, the hedged amounts total EUR 30,240 thousand.

The interest for the corporate Schuldschein loan, which is payable for the first time in January 2014 (payable semi-annually) was accrued on a pro-rata basis amounting to EUR 1,225 thousand and is reported in the consolidated balance sheet as a current liability from the corporate Schuldschein loan. The difference between the carrying amount excluding interest (clean price) and the nominal amount is the transaction costs of the issue. This difference is allocated over the term of the corporate Schuldschein loan in accordance with the effective interest rate method.

6.14. LIABILITIES TO BANKS

The liabilities to banks are recognised at amortised cost. They break down as follows:

	Effective interest rate		Nominal value in local currency	Carrying amount in EUR thousand	Of which non-current	31.12.2013 Of which current
Fixed-interest liabilities to banks	3.2 – 3.3%	MYR thousand	1,214	269	128	141
Variable-interest liabilities to banks	0.9 – 2.0%	USD thousand	11,535	8,373	0	8,373
	1.0 – 5.0%	MYR thousand	22,068	4,888	0	4,888
				13,261	0	13,261
Total				**13,530**	**128**	**13,402**

	Effective interest rate		Nominal value in local currency	Carrying amount in EUR thousand	Of which non-current	31.12.2012 Of which current
Fixed-interest liabilities to banks	3.2% – 8.3%	MYR thousand	11,639	2,885	1,131	1,754
Variable-interest liabilities to banks	1.1%	EUR thousand	100,048	100,048	100,000	48
	1.1% – 2.0%	USD thousand	13,747	10,427	0	10,427
	3.0% – 5.0%	MYR thousand	20,827	5,163	0	5,163
				115,638	100,000	15,638
Total				**118,524**	**101,131**	**17,393**

The long-term framework loan that was concluded in 2012 for EUR 180,000 thousand, of which EUR 100,000 thousand was utilised as at the balance sheet date on 31 December 2012, was repaid in connection with the corporate Schuldschein loan that was issued (refer to note 6.13).

6.15. OTHER FINANCIAL LIABILITIES

in EUR thousand	Total	Of which non-current	31.12.2013 Of which current	Total	Of which non-current	31.12.2012 Of which current
Loans from non-controlling shareholders of subsidiaries	1,668	0	1,668	1,630	1,544	87
Liabilities to associated companies	0	0	0	51	0	51
Liabilities from finance leases	3,131	1,525	1,606	8,259	4,775	3,484
Derivatives	373	113	260	2	0	2
Personnel liabilities	4,484	0	4,484	3,915	0	3,915
Accruals and deferrals	3,876	0	3,876	5,800	0	5,800
Remaining other financial liabilities	9,798	4,160	5,639	6,386	1,844	4,542
	23,330	**5,798**	**17,532**	**26,043**	**8,163**	**17,881**

The existing liabilities from finance leases as at 31 December 2013 are as follows:

in EUR thousand	Term to maturity of under 1 year	Term to maturity of 1 to 5 years	31.12.2013 Term to maturity of over 5 years	Term to maturity of under 1 year	Term to maturity of 1 to 5 years	31.12.2012 Term to maturity of over 5 years
Total future minimum leasing payments	1,780	1,582	0	3,882	5,031	0
Interest portion	–174	–57	0	–398	–256	0
Present value of the minimum leasing payments	**1,606**	**1,525**	**0**	**3,484**	**4,775**	**0**

6.16. OTHER LIABILITIES

in EUR thousand	Total	Of which non-current	31.12.2013 Of which current	Total	Of which non-current	31.12.2012 Of which current
Liabilities from taxes and social security contributions	4,833	0	4,833	5,782	0	5,782
Prepayments received	1,288	0	1,288	1948	0	1,948
Accrued income	213	176	37	200	188	12
All other liabilities	5,662	482	5,179	4,386	425	3,961
	11,995	**658**	**11,337**	**12,316**	**612**	**11,703**

6.17. DISCLOSURES ON FINANCIAL INSTRUMENTS

The following tables show the carrying amounts of the individual financial assets and liabilities classified in accordance with the valuation categories stipulated in IAS 39.9.

Assets

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2013	Carrying amount 31.12.2012
Trade receivables	Loans and receivables	111,230	120,152
Other financial assets			
Securities	Available-for-sale	7,277	8,798
Loans to associated companies	Loans and receivables	563	563
Other loans	Loans and receivables	6	9
Derivative financial instruments	Held for trading	219	334
Remaining other financial assets	Loans and receivables	2,497	2,799
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	152,948	124,775
Short-term investment	Loans and receivables	29,606	8,546

Liabilities

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2013	Carrying amount 31.12.2012
Corporate Schuldschein loan	Liabilities at amortised cost	125,764	0
Liabilities from redeemable non-controlling interests	Liabilities at amortised cost	102,409	110,083
Trade payables	Liabilities at amortised cost	73,067	50,534
Liabilities to banks	Liabilities at amortised cost	13,530	118,524
Other financial liabilities			
Derivative financial liabilities	Held for trading	177	2
Derivative financial liabilities	Designated as a hedging instrument	196	0
Liabilities from finance leases	Liabilities at amortised cost	3,131	8,259
Other financial liabilities	Liabilities at amortised cost	19,826	17,784

Fair values

The three levels in the fair value hierarchy are defined as follows:

Level 1: measurement based on quoted market prices in an active market for a specific financial instrument.

Level 2: measurement based on quoted market prices for similar instruments or on the basis of valuation models based exclusively on input factors that are observable in the market.

Level 3: measurement based on models with input factors that are significant and not observable in the market.

In 2013 there were no reclassifications of financial instruments between the individual levels.

Assets and liabilities at fair value

Financial instruments at fair value include securities and derivative financial instruments.

In EUR thousand	Valuation category IAS 39	Fair value 31.12.2013	Fair value 31.12.2012	Level
Assets				
Securities	Available-for-sale	7,277	8,798	1
Derivative financial instruments	Held for trading	219	334	2
Liabilities				
Derivative financial liabilities	Held for trading	177	2	2
Derivative financial liabilities	Designated as a hedging instrument	196	0	2

The fair values of available-for-sale securities are determined using publicly available prices.

The derivative financial instruments held for trading purposes are forward foreign exchange transactions. The fair values are determined using generally accepted financial valuation models (e.g., determination of the present value of expected future cash flows based on current foreign exchange rates and yield curves).

The derivative financial instruments designated as hedging instruments are interest rate swaps. Their fair value is determined using generally accepted financial valuation models in which future cash flows are simulated using the yield curves published at the balance sheet date. In addition, the carrying amount is adjusted to take into account the credit risk of the respective counterparty. When doing so, measurements are made of the positive exposures associated with the default risk of the counterparty and the negative exposures associated with the group's own default risk.

Assets and liabilities not measured at fair value

The carrying amounts of all assets and liabilities equal their fair values with the exception of the liabilities from redeemable non-controlling interests and the items listed below.

in EUR thousand	Valuation category IAS 39	Fair value 31.12.2013	Fair value 31.12.2012	Level
Liabilities				
Corporate Schuldschein loan	Liabilities at amortised cost	132,990	0	3
Liabilities from finance leases	Liabilities at amortised cost	3,215	8,259	3

For the corporate Schuldschein loan, the fair value was determined by discounting the contractual cash flows using current market interest rates. The comparable interest rates as at the balance sheet date were derived from capital market yields based on similar maturity structures and were then adjusted for current risk and liquidity costs as observed in the market. In addition, management's current estimate of the rating of the Semperit Group was also taken into account. The difference between the carrying amount and the fair value results from two factors: first, the reduction in the benchmark interest rate by the ECB in the second half of 2013 and second, because of the positive design of several contractual clauses in the corporate Schuldschein loan in favour of Semperit, which deviate from standard loan agreements.

For existing fixed-interest finance lease liabilities, the current customary arms-length interest rates were identified and then compared with the contractual interest rates. As a result, the difference between the carrying amount and the fair value shows the margin between the contractually agreed historical interest rate and the rate currently available on the market. The finance lease liabilities are shown under the item "Other financial liabilities".

For information on the valuation of redeemable non-controlling interests, please refer to the statements under 2.12. The fair value can only be calculated at a disproportionately high cost and is thus not disclosed.

7. Consolidated cash flow statement

The consolidated cash flow statement is created using the indirect method and shows how the cash and cash equivalents of the Semperit Group changed in the course of the financial year. Cash and cash equivalents are those recognised in the consolidated balance sheet (see note 6.7).

The investments in tangible and intangible assets as shown in the statement of cash flows are investments that impacted cash in 2013. These include investments from 2012 totalling EUR 2,121 thousand (previous year: EUR 4,330 thousand) that impacted cash in the 2013 financial year.

The additions in the amount of EUR 56,985 thousand (previous year: EUR 39,128 thousand) as shown in the schedule of changes in intangible and tangible assets (refer to notes 6.1 and 6.2) include investments totalling EUR 9,391 thousand (previous year: EUR 2,224 thousand) that did not cause an outflow of cash in the 2013 financial year.

The investments in tangible and intangible assets were made to expand production capacities, particularly in the Sempermed and Semperflex segments, and to modernise existing facilities.

The cash flow from financing activities includes among others the repayment of the framework loan agreement in the amount of EUR 100,000 thousand, the inflows from the corporate Schuldschein loan issued in 2013 totalling EUR 124,567 thousand net, and the dividend of EUR 0.80 per share that was paid to the shareholders of Semperit AG Holding in 2013 (in total EUR 16,459 thousand).

There was also an outflow of funds due to the distribution of dividends to non-controlling shareholders of subsidiaries and because of a payment to the non-controlling shareholder as part of the liquidation of Semperform Pacific Corp. Ltd., Thailand.

The cash flow from financing activities contains additionally the cash outflows associated with the acquisition of an additional investment in Latexx Partners Berhad totalling EUR 19,500 thousand (see note 3.4).

8. Risk management

The internationalisation of Semperit's business has naturally caused the risk potential to grow. Consequently, this is an issue on which the group has increased its focus. The most important market risks for the group are associated, above all, with the possibility of changes to exchange rates and interest rates. In addition, the risk of a business partner or customer defaulting also represents a risk of loss for the group.

As a group with international activities, Semperit is affected by macroeconomic developments such as general economic trends, tax legislation, environmental regulations and other factors influencing the economies in which it is active. Unfavourable developments affecting some of these factors can have a negative impact on demand for the group's products, its sales volume and price level. Fluctuations in demand involve the risk of overcapacities, which can put increased pressure on prices, result in uncovered costs and diminishing margins. Consequently, production capacities are constantly compared against market data and order levels and adjusted by means of medium-term measures (such as temporary shutdowns or adjustment of shift schedules).

As a multinational corporation, the Semperit Group has business activities in countries at various stages of economic and social development. Risks can thus develop as a result of unfavourable changes to the political and economic situation. Risks resulting from changes to tax and employment legislation, more rigorous statutory requirements with regard to the use of raw materials and environmental standards as well as risks associated with the coordination of international activities given the existence of linguistic and cultural differences can have a considerable impact on the group's business activities.

Financial risk management is implemented by means of group directives. There is an internal control system in place that meets the requirements of the industrial group and which is suitable for monitoring and managing existing financial risks. The main risk management task at Semperit is to recognise emerging risks in a timely manner and take countermeasures quickly. However, the possibility cannot be ruled out that risks are not detected early, resulting in negative consequences for the Semperit Group's finances, assets and earnings.

Capital risk management

The goals of capital management are to ensure the company's continued existence and to enable growth-oriented organic (own business activity without acquisitions) and non-organic (acquisitions) investment activity, and dividend policies based on these goals.

The total capital of the Semperit Group consists of equity, including non-controlling interests in subsidiaries (if they relate to equity instruments), liabilities from redeemable non-controlling interests and net financial debt.

To calculate net financial debt, the balance of cash, cash equivalents and available-for-sale securities is compared with the balance of interest-bearing financial liabilities (corporate Schuldschein loan, liabilities to banks, loans from non-controlling shareholders from subsidiary companies, liabilities from finance leases).

As at 31 December 2013, net financial debt was positive, i.e., Semperit Group had net financial liquidity totalling EUR 45,737 thousand. Semperit Group had net financial liquidity at 31 December 2012 totalling EUR 13,707 thousand.

The group is not subject to any statutory requirements with regard to a minimum level of equity, a minimum equity ratio or a maximum level of gearing.

The group is subject to certain loan agreement requirements related to the consolidated financial statements. These requirements include a minimum equity ratio and a maximum level of indebtedness. As at 31 December 2013, the corresponding requirements were complied with.

Internally, Semperit Group has not established any fixed requirements for a target capital structure with regard to the background of the organic and non-organic growth course because different capital structures might be necessary. The Management strives to ensure a sustainable and solid capital structure.

Interest rate risk management

In the course of the company's business operations, equipment, investments and acquisitions are funded using interest bearing liabilities. Due to the increased need for financing because of the successful expansion steps that have been undertaken so far, changes in interest rates have a stronger effect on the financial result, cash flows and the measurement of financial liabilities within the Semperit Group. The risk related to fixed-interest financial instruments is that the market value will be negatively impacted in the event of interest rate changes. In the case of variable-interest financial instruments, the risk is that fluctuations in cash flows can adversely affect the balance of cash and cash equivalents, and the planning of cash flows.

In order to minimise the cash flow risk associated with financial liabilities, as at October 2013 interest rate swaps were undertaken that hedge a portion of the variable-interest components of the corporate Schuldschein loan raised in July 2013 into fixed-interest tranches. Based on these hedging measures, unforeseen negative effects to the financial result and the interest payments are limited.

As at 31 December 2013, the interest rate swaps had the following values:

Hedged variable-interest bond tranches	Hedged amounts in EUR thousand	Fair value[1] 31.12.2013 in EUR thousand	Accrued interests 31.12.2013 in EUR thousand	Total fair market value 31.12.2013 in EUR thousand	Variable interest rate in %	Fixed interest rate in %
5 years until 25.7.2018	15,330	–53	–37	–90	0.24%	1.31%
7 years until 24.7.2020	14,910	–60	–46	–106	0.34%	1.71%
	30,240	**–113**	**–83**	**–196**		

1) Excluding accrued interest

As at 31 December 2013, the fair value including accrued interest totals EUR 196 thousand and is reported in the consolidated balance sheet in the item "Other financial liabilities".

The variable interest rates of the interest rate swaps and the variable-interest tranches of the corporate Schuldschein loan are based on 6-month EURIBOR.

The interest rate swaps are accounted for as cashflow hedges in accordance with IAS 39. In order to apply hedge accounting in accordance with IAS 39, the hedging strategy must be documented and the effectiveness of the hedges must be measured both retrospectively and prospectively. The prospective test was successful because of the counteracting variable-interest conditions of the corporate Schuldschein loan tranches versus the interest rate swaps. The retrospective effectiveness test was performed based on the dollar-offset method using a hypothetical derivative calculation. In order to fulfil the measurement requirements of IFRS 13, the default risk of the swaps was taken into account when determining the fair value of the interest rate derivatives. Accordingly, the credit value adjustment (CVA) and the debit value adjustment (DVA) were included in the calculation of the derivatives.

The effective portion of the cashflow hedges totalling EUR 100 thousand was recognised directly in equity. The ineffective portion in the amount of EUR 13 thousand was recognised in profit and loss, and is reported in the consolidated income statement under “Financial expense”.

The current interest rate risk is derived from the interest-bearing financial instruments after consideration of hedging relationships by means of interest rate derivates as at the balance sheet date. The interest-rate profile of the group’s interest-bearing instruments is as follows:

in EUR thousand	31.12.2013 Fixed interest	31.12.2013 Variable interest	31.12.2012 Fixed interest	31.12.2012 Variable interest
Financial assets	82,515	77,962	38,427	56,446
Financial liabilities	88,308	55,021	11,121	117,292
	170,824	**132,983**	**49,548**	**173,737**

The focal point of the interest rate sensitivity analysis is the risk arising from variable-interest financial instruments. For this, it is assumed that the variable-interest financial assets and liabilities existing at the balance sheet date remain outstanding for a whole year. When performing this analysis, an increase and a decrease in interest rates by 100 basis points are simulated. Resulting from this, the following effects on the financial result arise and are shown in this table.

in EUR thousand	31.12.2013 Balance	31.12.2013 Sensitivity to changes in interest rates by +100 basis points	31.12.2013 Sensitivity to changes in interest rates by –100 basis points[1]	31.12.2012 Balance	31.12.2012 Sensitivity to changes in interest rates by +100 basis points	31.12.2012 Sensitivity to changes in interest rates by –100 basis points[1]
Variable-interest financial assets	77,962	780	–342	56,446	564	–229
Variable-interest financial liabilities	55,021	–550	545	117,292	–1,173	1,173
	132,983	**229**	**203**	**173,737**	**–608**	**944**

[1] For interest rates below 1%, negative interest rates are not taken into account.

In addition to the variable-interest financial instruments, a shift in the yield curve also had an effect on the interest rate derivatives that were concluded to hedge portions of the fixed-interest tranches of the corporate Schuldschein loan. As these interest rate swaps are designated as cashflow hedges, any remeasurement gains and losses, if they are effective, must be reported in equity. A shift in the yield curve by +100 basis points would have resulted in an increase in equity by EUR 1,537 thousand.

Liquidity risk management

The monitoring and management of financial risks are important components of Semperit's group-wide controlling and accounting system.

The ongoing improvement of treasury guidelines and information systems helps Semperit to quickly identify financial risks and, if necessary, ensure that countermeasures are initiated. The liquidity situation is monitored by means of weekly and monthly analyses of flows of payments and by planning future income and expenditure. The net liquidity thus calculated forms the basis for the planning of investment decisions and the associated capital commitment.

Liquidity not needed in the short term is invested at low risk (fixed deposits). Nevertheless, developments in the financial markets can have a negative impact on the prices of securities in which Semperit has invested – even to the extent that they are no longer tradable. This, in turn, can have a negative impact on earnings and equity as a result of the devaluations or allowances that have to be made.

The maturities of the undiscounted contractual cash flows from financial liabilities break down as follows:

31.12.2013 **in EUR thousand**	**Total**	**Up to 1 month**	**2 to 3 months**	**4 to 12 months**	**1 to 5 years**	**Over 5 years**
Corporate Schuldschein loan	144,931	1,468	0	1,468	61,745	80,249
Liabilities to banks	14,310	3,778	9,590	87	590	264
Trade payables	73,088	32,772	34,666	5,273	87	290
Derivatives	373	186	72	2	53	60
Liabilities from finance leases	3,304	177	354	1,209	1,564	0
Other financial liabilities	20,391	6,779	2,236	6,906	3,514	956

31.12.2012 **in EUR thousand**	**Total**	**Up to 1 month**	**2 to 3 months**	**4 to 12 months**	**1 to 5 years**	**Over 5 years**
Liabilities to banks	118,476	2,814	6,690	7,840	101,131	0
Trade payables	50,534	24,365	19,059	7,111	0	0
Derivatives	2	2	0	0	0	0
Liabilities from finance leases	8,900	314	941	2,616	5,029	0
Other financial liabilities	17,782	6,573	2,472	5,350	2,453	935

Default/credit risk management

Credit risks arise when the other parties to transactions do not meet their obligations, resulting in a financial loss for the group. Semperit's internal financial and treasury directives impose strict requirements with regard to financial partners' creditworthiness. Credit risks and the risk of parties to a contract delaying payment or defaulting are checked both when business relationships are entered into and during ongoing business relationships by means of credit checks, credit limits and audit routines.

In addition, the default risk is largely limited by credit insurance and on a case-by-case basis through bank collateral (bank guarantees). If credit limits are exceeded or payments delayed, deliveries are halted and only resumed once specific conditions are met and on the order of authorised individuals specified in Semperit Group directives. Since there are also credit risks for financial partners with excellent creditworthiness, developments in the financial markets are monitored continuously and the credit limits are adjusted accordingly.

The default risk associated with receivables from customers is assessed as low since their creditworthiness is monitored continuously and the diversified customer structure means that risk is not concentrated on individual customers.

The default risk associated with liquid funds is low, since the group's contracting parties are largely banks with very good credit ratings from international credit rating agencies. To further minimise the risk, defined maximum amounts are set for each contracting party.

The credit default risk associated with financial assets is taken into account by means of allowances.

Without taking into account the risk minimisation strategies described above, the group's maximum default risk corresponds to the carrying amount of its recognised financial assets, which can be broken down into the following measurement categories based on IAS 39.9 and total as follows:

in EUR thousand	2013	2012
Derivative financial instruments (held for trading)	219	334
Units in funds, government bonds, equities (AFS)	7,277	8,798
Loans and receivables	114,295	123,522
Cash and cash equivalents	182,554	133,322

Currency risk management

There are also currency risks associated with Semperit's operational activities. These risks arise from financial instruments that are denominated in a currency that is different to the functional currency of the respective company. In addition to operational measures, derivative financial instruments – foreign exchange forward transactions in particular – are employed to limit and manage these risks.

The translation of items in foreign currencies to the euro, the reporting currency, results in currency translation differences (translation risk) that were reported under other comprehensive income and amount to EUR -30,919 thousand. Thus, the currency translation reserves changed from EUR 13,715 thousand at 31 December 2012 to EUR -17,204 thousand at 31 December 2013. The carrying amounts of assets and liabilities belonging to subsidiaries not based in the Eurozone and the contribution of these subsidiaries to the earnings of the group depend to a significant degree on the exchange rate between the euro and the functional currency used by these subsidiaries. According to IFRS 7, translation risk is not taken into account in the following disclosures.

The following breakdown of the Semperit Group's revenue into key currencies (as a percentage of overall revenue) shows that in 2013, 46.8% (previous year: 47.5%) of revenue was realised in foreign currencies.

in % of Group's revenue	2013	2012
EUR	53.2%	52.5%
USD	31.5%	27.2%
THB	6.7%	8.3%
CNY	2.3%	2.2%
INR	1.8%	1.5%
GBP	1.8%	2.5%
MYR	0.7%	2.4%
PLN	0.5%	0.0%
BRL	0.0%	2.5%
Other	1.4%	1.0%

A significant portion of the group's earnings is generated by subsidiaries that are not based in the Eurozone.

The group's financial management is committed to avoiding currency risks as much as possible by coordinating payment flows.

The table below shows the derivative financial instruments used to hedge against currency risk by company, type of forward transaction and hedged currency. These are exclusively forward sales.

31.12.2013	Country	Type of transaction	Currency	Hedge amount[1]	Hedge rate[2]	Fair value in EUR thousand 31.12.2013	Range of remaining days to maturity in days
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	4,334,000	27.36	–9	8–50
Sempertrans Belchatów Sp. z o.o.	Poland	Forward exchange	EUR	18,000,000	4.22	211	2–120
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	1,900,000	0.85	–36	16–107
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	400,000,000	299.36	–6	9–120
Latexx Partners Berhad	Malaysia	Forward exchange	USD	13,300,000	3.25	–87	2–58
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	2,092,877	32.49	–28	132–155
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	50,000	31.41	–2	122

[1] Refers to the total amount of all existing derivative financial instruments as at the end of the reporting period.
[2] Refers to the weighted average rate derived from all existing derivative financial instruments as at the end of the reporting period.

31.12.2012	Country	Type of transaction	Currency	Hedge amount[1)]	Hedge rate[2)]	Fair value in EUR thousand 31.12.2012	Range of remaining days to maturity in days
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	2,797,000	25.27	15	2–45
Semperflex AH s.r.o.	Czech Republic	Forward exchange	EUR	50,000	25.27	0	15–45
Sempertrans Belchatów Sp. z o.o.	Poland	Forward exchange	EUR	9,000,000	4.19	197	3–59
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	600,000	0.80	16	3–45
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	60,000,000	290.22	2	17
Latexx Partners Berhad	Malaysia	Forward exchange	USD	2,500,000	3.07	7	4–18
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	21,674,754	30.98	84	30–175
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	EUR	691,840	40.86	0	84–176
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	2,914,996	31.01	10	109–175

1) This is the total balance of all outstanding derivative financial instruments as at the balance sheet date.
2) This is a weighted average rate calculated based on the outstanding derivative financial instruments as at the balance sheet date.

The derivatives are shown in the balance as held-for-trading instruments rather than as hedges because the prerequisites for hedge accounting in accordance with IAS 39 are not met. The fair values are reported in the consolidated balance sheet as "Other financial assets" or "Other financial liabilities".

In terms of currency risk, sensitivity analyses for the balance sheet date valuation are prepared for the monetary items that deviate from the functional currency. When doing so, the effects on profit are determined based on hypothetical changes in exchange rates for each currency pair. The basis of the analysis takes into account the receivables and liabilities of the respective currency pairs and the currency derivatives. A uniform change in the range of price fluctuation was not assumed; instead, the appropriate fluctuation ranges for each currency pair were determined based on historical fluctuations during the year.

The following table shows the effects of currency appreciation and devaluation of the major currencies versus the euro.

Change in currency to EUR	Calculated fluctuation range in %	Impact on profit from price increase in EUR thousand	2013 Impact on profit from price decrease in EUR thousand	Calculated fluctuation range in %	Impact on profit from price increase in EUR thousand	2012 Impact on profit from price decrease in EUR thousand
USD	4%	–252	252	5%	–96	96
THB	8%	209	–209	3%	13	–13
PLN	3%	88	–88	5%	545	–545
CZK	4%	–110	110	3%	8	–8
HUF	4%	–55	55	6%	–73	73
GBP	3%	–192	192	4%	–222	222
CNY	3%	–71	71	4%	44	–44
INR	14%	–262	262	6%	–147	147
MYR	7%	–32	32	3%	–9	9
SGD	4%	21	–21	5%	–3	3

Change in currency to USD	Calculated fluctuation range in %	Impact on profit from price increase in EUR thousand	2013 Impact on profit from price decrease in EUR thousand	Calculated fluctuation range in %	Impact on profit from price increase in EUR thousand	2012 Impact on profit from price decrease in EUR thousand
THB	6%	915	–915	3%	258	–258
PLN	5%	181	–181	–	–	–
BRL	12%	3	–3	12%	–374	374
CNY	2%	29	–29	1%	8	–8
INR	12%	–27	27	8%	–19	19
MYR	5%	78	–78	3%	356	–356

9. Other commitments and risks

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There are only contractual-performance, warranty and advance-payment guarantees that are normal in the industry or business.

In addition, there are liabilities from the use of tangible assets not reported in the balance sheet that are based on tenancy or lease agreements, as well as liabilities related to the acquisition of tangible assets based on contractually binding investment projects involving tangible assets (see note 6.2).

LEGAL DISPUTES

Various companies in the group are the defendant in cases in which the plaintiffs claim to have incurred damages caused by products of the defendant. The Semperit Group rejects all of these claims as being unjustified. None of the cases is currently at a stage at which the outcome can be estimated with a sufficient degree of probability. The management of the Semperit Group does not expect these cases to significantly impair the asset, financial and earnings position, also because of the insurance cover that is in place

One company is the defending party in a patent dispute, in which a competitor claims its patent for a dip mould holder has been infringed by a number of glove manufacturers and suppliers of dip moulds. The Semperit Group believes there are no grounds for this and rejects the claims as unjustified. The case is currently not at a stage at which the outcome can be estimated with a sufficient degree of probability. The management of the Semperit Group does not expect these cases to significantly impair the asset, financial and earnings position. A suitable provision has been made for the expected costs of the case.

One group company is currently involved in an antitrust proceeding. As the proceeding was just recently opened, it is still too early to estimate the outcome with sufficient probability. The procedure is being carried out in consultation with local specialists from the public authority. The subsidiary is cooperating with the competent authorities and ensures its full support. The management of the Semperit Group expects that the outcome of this matter will not have a significant impact on the net assets, financial position and results of operations of the group. A provision has been made for the expected costs. This provision will be re-evaluated on a regular basis to determine any need for adjustment.

Detailed information on the exact financial effects would seriously jeopardise the position of the Semperit Group in realising its interests in the course of ongoing litigations. Therefore it is avoided in application of IAS 37.92.

10. Related-party transactions with companies, individuals and co-partners

10.1. RELATED-PARTY TRANSACTIONS WITH COMPANIES AND INDIVIDUALS

Outstanding balances and transactions between Semperit AG Holding and its subsidiaries were eliminated in the course of consolidation and are not discussed here.

B & C Semperit Holding GmbH is the direct majority shareholder of Semperit Aktiengesellschaft Holding, and B & C Privatstiftung is the dominant legal entity. B & C Industrieholding GmbH is a shareholder holding an indirect majority stake. It draws up and publishes consolidated financial statements in which the Semperit Group is consolidated. Under IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associated companies are related parties of the Semperit Group.

Related parties of the Semperit Group include the members of the Management and Supervisory Boards of Semperit Aktiengesellschaft Holding, the managing directors and supervisory board members of all companies which directly or indirectly hold a majority stake in Semperit Aktiengesellschaft Holding, and finally the members of the management board of B&C Privatstiftung and the close family members of these management and supervisory board members and managing directors.

Compensation paid to members of the management board is shown in note 5.4. Remuneration paid to the supervisory board in the financial year 2013 comprises a basic component, remuneration for membership per committee and an attendance fee for every meeting. The remuneration paid to members of the Supervisory Board in the financial year 2013 for the year 2012 amounted to EUR 205 thousand (previous year: EUR 123 thousand); included therein is also remuneration to members of the Supervisory Board who left the Board in the financial year 2012. There are no other business relations.

A long-term loan was granted to the associated company Synergy Health Allershausen GmbH. At 31 December 2013 the balance of this loan was EUR 563 thousand (previous year: EUR 563 thousand). Other transactions with associated companies and other related parties are limited, and they are conducted on normal business terms and conditions.

10.2. TRANSACTIONS WITH CO-PARTNERS

The fully consolidated companies Semperflex Asia Corp. Ltd., Siam Sempermed Corp. Ltd., Shanghai Semperit Rubber & Plastic Products Co. Ltd. and Semperflex Shanghai Ltd. conduct business with the non-controlling co-partner of these subsidiaries, Sri Trang Agro-Industry Plc, at established market conditions. Sempertrans Best (Shandong) Belting Co. Ltd. conducts business with Wang Chao Coal & Electricity Group, the non-controlling co-partner of this company, under established market conditions.

10.3. MANAGEMENT BOARD MATTERS

The mandate of Thomas Fahnemann as Chairman of the Management Board of Semperit AG Holding was extended by the Supervisory Board in April 2013 until 31 December 2016.

In September 2013 the Supervisory Board extended the mandate of Johannes Schmidt-Schultes as Chief Financial Officer of Semperit AG.Holding until 30 April 2017.

11. Events after the balance sheet date

No significant events that require disclosure occurred after the balance sheet date.

Vienna, 25 March 2014

The Management Board

Thomas Fahnemann
Chief Executive Officer
Chairman

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

AUDITOR'S REPORT[1] (TRANSLATION)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding, Vienna, for the fiscal year from 1 January 2013 to 31 December 2013. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 31 December 2013, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

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

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

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

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

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[1] This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2013 and of its financial performance and its cash flows for the fiscal year from 1 January 2013 to 31 December 2013 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

COMMENTS ON THE CONSOLIDATED MANAGEMENT REPORT

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclo-sures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 25 March 2014

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Gerhard Schwartz m.p.
Certified Auditor

Mag. Hans-Erich Sorli m.p.
Certified Auditor

Statement of all legal representatives

PURSUANT TO SECTION 82 PARA. 4 (3) OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the consolidated financial statements as at 31 December 2013 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements of Semperit Aktiengesellschaft Holding as at 31 December 2013 prepared in accordance with the Austrian Company Code (UGB) give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 25 March 2014

The Management Board

Thomas Fahnemann
Chief Executive Officer
Chairman

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer