CONSOLIDATED FINANCIAL STATEMENTS

Contents

Consolidated income statement

for the financial year 2012 starting January 1 and ending December 31, 2012

in kEUR	Note	2012	2011 adjusted
Revenue	5.1.	828,573	820,006
Changes in inventories		–1,938	2,786
Own work capitalised		1,591	802
Operating revenue		**828,225**	**823,595**
Other operating income	5.2.	32,770	33,782
Material costs and purchased services	5.3.	–501,003	–513,059
Personnel expenses [1)]	5.4.	–127,444	–117,895
Other operating expenses	5.5.	–124,150	–116,594
Share of profit from associated companies [2)]	3.2.	259	207
Earnings before interest, tax, depreciation and amortisation (EBITDA) [1)]		**108,658**	**110,035**
Depreciation and amortisation of tangible and intangible assets	5.6.	–36,151	–29,673
Earnings before interest and tax (EBIT) [1)]		**72,507**	**80,362**
Financial income	5.7.	2,158	1,703
Financial expenses	5.7.	–1,196	–471
Profit/loss attributable to redeemable non-controlling shares	6.10.	–15,006	–14,680
Financial result [1)]	**5.7.**	**–14,044**	**–13,447**
Earnings before tax (EBT) [1)]		**58,463**	**66,914**
Income taxes [1)]	5.8.	–12,235	–15,160
Earnings after tax		**46,228**	**51,754**
of which attributable to the shareholders of Semperit AG Holding	6.9.	46,258	51,754
of which attributable to non-controlling interests	6.9.	–30	0
Earnings per share in EUR (diluted and undiluted) [1)]	**5.9.**	**2.25**	**2.52**

1) Figure for 2011 adjusted (for an explanation see Note 2.18.)
2) Reported in financial year 2011 under the financial result

Consolidated statement of comprehensive income

for the financial year 2012 starting January 1 and ending December 31, 2012

in kEUR	Note	2012	2011 adjusted
Earnings after tax according to the consolidated income statement [1]		**46,228**	**51,754**
Other comprehensive income			
Amounts that will not be recognised through profit and loss in future periods [1]			
Remeasurements of defined benefit plans (IAS 19) [1]	6.11.	–5,839	2,948
Related deferred taxes [1]	6.8.	1,459	–624
		–4,380	**2,324**
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.	146	–132
Reclassification to profit and loss for the period	5.7.	84	0
		230	–132
Currency translation differences			
Currency translation differences for the period		450	–6,879
Reclassification to profit and loss for the period		0	5
		450	–6,874
Related deferred taxes [2]	6.8.	–58	33
		622	**–6,973**
Other comprehensive income [1]		**–3,757**	**–4,649**
Total recognised comprehensive income [1]		**42,470**	**47,105**
of which on earnings attributable to the shareholders of Semperit AG Holding [1]		43,049	47,105
of which on earnings attributable to non-controlling interests		–579	0

[1] Figure for 2011 adjusted (for an explanation see Note 2.18.)
[2] Due solely on available-for-sale financial assets

Consolidated cash flow statement

for the financial year 2012 starting January 1 and ending December 31, 2012

in kEUR	Note	2012	2011 adjusted
Earnings before tax [1]		58,463	66,914
Depreciation/write-ups of tangible and intangible assets	6.1. / 6.2.	33,573	28,862
Profit and loss from disposal of assets (including current and non-current financial assets)		–3,860	–126
Changes in non-current provisions [1]		–3,344	–3,168
Share of profit from associated companies	3.2.	–259	–207
Profit/loss attributable to redeemable non-controlling shares	6.10.	15,006	14,680
Net interest income (including income from securities)		–1,132	–1,283
Interest paid [1]		–989	–368
Interest received [1]		1,676	1,562
Taxes paid on income [1]		–13,491	–17,436
Other non-cash expense/income		0	–51
Gross cash flow [1]		**85,644**	**89,380**
Increase/decrease in inventories		11,716	–23,906
Increase/decrease in trade receivables		5,360	–28,783
Increase/decrease in other receivables and assets [1]		–362	3,359
Increase/decrease in trade payables		1,474	–6,526
Increase/decrease in other liabilities and current provisions [1]		1,590	–715
Changes in working capital resulting from currency translation adjustments [1]		1,251	–3,404
Cash flow from operating activities		**106,672**	**29,405**
Proceeds from sale of tangible and intangible assets		5,512	1,312
Proceeds from sale of current and non-current financial assets		6,317	3,000
Investments in tangible and intangible assets	6.1. / 6.2. / 7.	–41,235	–45,098
Investments in current and non-current financial assets		–1,272	–2,235
Net cash outflow on acquisition of businesses (less cash acquired)	3.3. / 7.	–120,964	0
Cash flow from investing activities		**–151,642**	**–43,020**
Assumptions of current and non-current financing liabilities	7.	100,168	1,485
Repayments of current and non-current financing liabilities		–1,109	0
Dividend to shareholders of Semperit AG Holding	6.9.	–16,459	–25,717
Dividend to non-controlling shareholders of subsidiaries	6.10.	–1,891	–1,187
Equity payments received from non-controlling shareholders of subsidiaries	6.10.	0	973
Cash flow from financing activities		**80,709**	**–24,446**
Net increase/decrease in cash and cash equivalents		**35,739**	**–38,062**
Effects resulting from currency translation		–309	–3,233
Cash and cash equivalents at the beginning of the period	6.7.	97,892	139,186
Cash and cash equivalents at the end of the period	6.7.	**133,322**	**97,892**

[1] Figure for 2011 adjusted (for an explanation see Note 2.18.)

Consolidated balance sheet

as at December 31, 2012

in kEUR	Note	31.12.2012	31.12.2011 adjusted	1.1.2011 adjusted
ASSETS				
Non-current assets				
Intangible assets	6.1.	112,773	5,615	6,031
Tangible assets	6.2.	267,894	216,720	199,843
Investments in associated companies	3.2.	1,026	767	560
Other financial assets	6.5.	10,655	11,884	13,720
Other assets	6.6.	648	310	445
Deferred taxes	6.8.	13,616	8,772	10,761
		406,612	**244,068**	**231,359**
Current assets				
Inventories	6.3.	142,472	137,595	113,689
Trade receivables	6.4.	120,152	114,329	85,546
Other financial assets	6.5.	1,846	3,695	4,869
Other assets	6.6.	13,522	11,390	11,953
Current tax receivables		6,531	7,681	6,874
Cash and cash equivalents	6.7.	133,322	97,892	139,186
		417,846	**372,582**	**362,116**
TOTAL ASSETS		**824,458**	**616,650**	**593,476**
EQUITY AND LIABILITIES				
Equity [1]	6.9.			
Share capital		21,359	21,359	21,359
Capital reserves		21,503	21,503	21,503
Revenue reserves [1]		349,661	323,820	295,557
Currency translation reserve		13,715	12,716	19,590
Equity attributable to the shareholders of Semperit AG Holding [1]		**406,238**	**379,398**	**358,009**
Non-controlling interests		21,755	0	0
		427,993	**379,398**	**358,009**
Non-current provisions and liabilities				
Provisions for pension and severance payments	6.11.	40,325	36,924	41,998
Other provisions [1]	6.12.	8,849	9,702	11,586
Liabilities from redeemable non-controlling shares	6.10.	110,083	97,292	83,405
Liabilities to banks	6.13.	101,131	0	5,974
Other financial liabilities	6.15.	8,163	3,074	762
Other liabilities [1]	6.16.	612	637	604
Deferred taxes	6.8.	5,968	2,178	4,206
		275,132	**149,807**	**148,536**
Current provisions and liabilities				
Provisions for pension and severance payments	6.11.	1,052	0	0
Other provisions [1]	6.12.	14,605	15,160	18,599
Liabilities to banks	6.13.	17,393	6,178	0
Trade payables [1]	6.14.	50,534	39,261	41,264
Other financial liabilities [1]	6.15.	17,881	11,268	12,430
Other liabilities [1]	6.16.	11,703	9,587	8,134
Current tax liabilities		8,165	5,991	6,504
		121,332	**87,445**	**86,931**
TOTAL EQUITY AND LIABILITIES		**824,458**	**616,650**	**593,476**

[1] Figure for 2011 adjusted (for an explanation see Note 2.18.)

Consolidated statement of the changes in equity
for the financial year 2012 starting 1 January and ending 31 December 2012

				Revenue reserves						
in kEUR	**Note**	**Share capital**	**Capital reserves**	**Re-valuation reserves**	**Other revenue reserves**	**Total revenue reserves**	**Currency trans-lation reserve**	**Total equity attributable to the share-holders of Semperit AG Holding**	**Non-con-trolling interests**	**Total equity**
As at 1.1.2011		**21,359**	**21,503**	**–198**	**288,811**	**288,613**	**19,590**	**351,065**	**0**	**351,065**
Adjustment	2.18	0	0	0	6,944	6,944	0	6,944	0	6,944
As at 1.1.2011 (adjusted)		**21,359**	**21,503**	**–198**	**295,755**	**295,557**	**19,590**	**358,009**	**0**	**358,009**
Earnings after tax		0	0	0	51,754	51,754	0	51,754	0	51,754
Other comprehensive income		0	0	–99	2,324	2,225	–6,874	–4,649	0	–4,649
Total recognised comprehensive income		0	0	–99	54,078	53,979	–6,874	47,105	0	47,105
Dividend	6.9.	0	0	0	–25,717	–25,717	0	–25,717	0	–25,717
As at 31.12.2011 (adjusted)		**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	3.3.	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**

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 the address 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 2012 were prepared in accordance with Section 245a of the Austrian Company Code (UGB) in conjunction with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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 (kEUR) unless specified otherwise. Rounding differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

1.2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Standards adopted for the first time

The following new or revised standards and interpretations were applied for the first time in the financial year 2012.

First-time adoption of standards		Effective date	[1]
IAS 1	Presentation of Financial Statements – Amendment: Presentation of Items of Other Comprehensive Income	1.7.2012	[2] [5]
IAS 12	Taxes on Income – Amendment: Recovery of Underlying Assets	1.1.2012	[3]
IAS 19	Employee Benefits – Amendment	1.1.2013	[2] [5]
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendment: Hyperinflation and Removal of Fixed Dates for First-time Adopters	1.7.2011	[3]
IFRS 7	Financial Instruments: Disclosures – Amendments: Transfer of Financial Assets	1.1.2012	[4]

[1] According to the Official Journal of the EU, the standards are obligatory for financial years commencing on or after the effective date.
[2] Adopted in the EU in June 2012
[3] Adopted in the EU in December 2012
[4] Adopted in the EU in November 2011
[5] Early application as at 31 December 2012

IAS 1 Presentation of Financial Statements

In June 2011, the IASB published amendments to IAS 1 (Presentation of other comprehensive income items). According to this amendment, the items presented under other comprehensive income are to be divided into two categories, depending on whether or not they are subsequently reclassified ("recycled") profit or loss. The amendments in IAS 1 led to an adjustment to the presentation of the Semperit Group's consolidated statement of comprehensive income.

IAS 19 Employee Benefits – Amendment

The amendments to IAS 19 (2011) approved by the IASB in June 2011 mean that all remeasurements arising from performance-related defined benefit pension plans (in particular actuarial gains and losses) have to be reported under other comprehensive income. In addition, the expected income from plan assets has to be calculated with the discount rate of the obligation. Furthermore, there were clarifications and redrafting in a number of cases, for example with regard to the prerequisites for the recognition of termination benefits. The effects arising from the amendments to IAS 19 relate to personnel expenses, other comprehensive income and non-current provisions and are presented in Note 2.18.

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

Application of the following new or modified 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 2012, 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	
New Standards and Interpretations			
IFRS 9	Financial Instruments	1.1.2015	
IFRS 10	Consolidated Financial Statements	1.1.2013	[1][2]
IFRS 11	Joint Arrangements	1.1.2013	[1][2]
IFRS 12	Disclosure of Interests in Other Entities	1.1.2013	[1][2]
IFRS 13	Fair Value Measurement	1.1.2013	[1]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1.1.2013	[1]
Amended Standards and Interpretations			
IFRS 1	First-time Adoption of International Financial Reporting Standards – Amendment: Government Loans	1.1.2013	[3]
IFRS 7	Financial Instruments: Disclosures – Amendments: Offsetting Financial Assets and Financial Liabilities	1.1.2013	[1]
IAS 27	Separate Financial Statements (revised 2011)	1.1.2013	[1][2]
IAS 28	Investments in Associates and Joint Ventures (revised 2011)	1.1.2013	[1][2]
IAS 32	Financial Instruments: Presentation – Amendment: Offsetting Financial Assets and Financial Liabilities	1.1.2014	[1]
Diverse	Transitional Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12	1.1.2013	
Diverse	Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1.1.2014	
Diverse	Improvements to IFRS 2009–2011	1.1.2013	

[1] Adopted in the EU in December 2012
[2] The new/amended standards are obligatory for financial years commencing on or after 1 January 2014.
[3] Adopted in the EU in March 2013

IFRS 9 Financial Instruments
IFRS regulates the classification and measurement of financial assets and creates a new form of categorisation for financial instruments. Amendments – subject to their adoption by the EU – are to be applied retrospectively to financial years commencing on or after 1 January 2015. 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 value of financial assets in the income statement or under other comprehensive income.

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 is not expected to 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 notes required resulting from the application of IFRS 10 and IFRS 11. 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.

IFRS 13 Fair Value Measurement
IFRS 13 contains regulations on determining the fair value and extends the details required in the notes. The effects this may have on the consolidated financial statements of the Semperit Group are currently under investigation. The new standard is expected to lead to additional notes.

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 adapted 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 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, the subsidiaries. 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, it is believed the Semperit Group 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 2012, 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 stipulates that identifiable assets and liabilities, including contingent liabilities, are to be recognised at their fair values as at the acquisition date. The exceptions 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 shares 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 for 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 information which was already available on the acquisition date but which was 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 off.

In the course of expenses and income elimination, all income and expenses resulting from intra-group 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) are reported separately in equity from the shares in these subsidiaries owned by shareholders of Semperit AG Holding (the parent company).

The non-controlling interests are initially capitalised 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) recognised at fair value (limited to business combinations as of 1 January 2010).

This choice of recognition 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 group is considered to have already acquired these shares and is only 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 shares of non-controlling shareholders" and recognised at fair value on the acquisition date of the respective subsidiary (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 upon disposal or other event leading to deconsolidation of the respective subsidiary in profit or loss.

Gains or losses resulting from exchange rate changes 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 rates of exchange vis-à-vis the euro were applied:

	Average rate		Rate on balance sheet date	
FX-rate for 1 EUR	**2012**	**2011**	**2012**	**2011**
US dollar	1.28	1.39	1.32	1.30
Thai baht	39.65	42.11	40.25	40.72
Polish zloty	4.19	4.11	4.10	4.43
Czech koruna	25.13	24.55	25.12	25.82
Hungarian forint	289.24	278.23	293.20	312.00
British pound sterling	0.81	0.87	0.81	0.84
Brazilian real	2.49	2.31	2.72	2.41
Chinese renminbi	8.10	8.99	8.28	8.15
Indian rupee	68.36	64.61	72.10	68.56
Malaysian ringgit	3.97	4.25	4.03	4.11

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 for provisions corresponds to the best possible estimate of the outgoings required to meet obligations at the balance sheet date.

2.2. RECOGNITION AND VALUATION 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 return deliveries, discounts, rebates, cash discounts and similar applicable reductions in the income 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 issued 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 issued for all dilution effects of potential ordinary shares. No dilution effects were taken into account as at 31 December 2011 and 31 December 2012.

2.4. TANGIBLE AND INTANGIBLE 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 four to ten 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.

No development costs are currently capitalised in the Semperit Group.

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 the market-specific conditions as well as on the basis of the individual cost structure and the development of the relevant raw material prices.

The relevant cost of capital underlying the discount rate is determined on the basis of a risk premium or risk discount to the weighted average cost of capital (WACC) of the group's peer group, taking the deviation of the risk situation of the respective cash generating unit from the risk situation of the group into account – provided that this deviating risk situation is not taken into consideration by adjusting payment flows.

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.

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 its fair value less disposal costs and its 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 resulting 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 reduced 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
  (financial assets at fair value through profit and 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 end of the reporting period. As is the case for interest income or dividends stemming 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, is 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 are 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 earnings or expenses reported in the revaluation reserves being 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 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 a valuation adjustment account. Account receivables are considered irrecoverable, if the loss of a receivable is finally established, and are deconsolidated based on the previously recognised value adjustments.

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, appreciations in value are not reported in the period's income statement 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 write-downs are taken into consideration for stock risks resulting from duration of storage or impaired usability The valuation is generally based on the moving average method. Manufacturing 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
Emission certificates issued free of charge are not reported in the balance sheet (net method). In accordance with the Emission Certificate Act, a total of 26,592 emission certificates were allocated to Semperit Technische Produkte GmbH and Semperflex Optimit S.R.O. free of charge in the financial years 2010, 2011 and 2012. The companies used 18,764 certificates in the financial year 2012 (previous year: 18,739). No other certificates were bought or sold. A total of 34,641 emission certificates were unused as at 31 December 2012 (previous year: 26,813).

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 directly in equity, less any tax effects.

2.10. RETIREMENT BENEFIT EXPENSES, PROVISIONS FOR PENSION 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 the end of each reporting period. All remeasurements, especially actuarial gains and losses are not recognised through profit or loss but, in accordance with IAS 19 (2011) under other comprehensive income.

The provision recognised in the balance sheet for defined benefit plans equals the present value of the benefits accruing to the employees at the end of the reporting period less the fair value of the plan assets required to settle the obligation at the end of the reporting period.

Further particulars concerning provisions for retirement benefits and termination compensation 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. Revaluations (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 SHARES

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 end of the reporting period or if the group has no unconditional right to delay payment by at least twelve months after the end of the reporting period, 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 occurred as of the end of the reporting period notwithstanding the fact that the group considers the exercise of the right to redeem by the non-controlling shareholder within a twelve month period following the balance sheet date to be improbable.

If the non-controlling shareholder exercises its right to redeem or the right to redeem expires within the agreed period, the non-controlling shareholder must as a rule be compensated in an amount equalling the pro-rata share of the enterprise value attributable to its interest if the group decides to acquire the interest from the non-controlling shareholder or on the basis of the proportionate share of the liquidation proceeds if the group does not acquire the interest and the company is therefore liquidated.

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 the IFRSs do not provide any guidance on the subsequent measurement of such an obligation, a method has been determined pursuant to IAS 8 which takes account of 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. free of any distorting influences, cautious and free of any material omissions. Thus, for the purposes of subsequent measurement, 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, is 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 which 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. Derivatives are reported in the balance sheet as independent transactions and not as hedges. Hedge accounting as defined in IAS 39 is not applied as the conditions for this are not satisfied. They are therefore recognised as financial instruments held for trading and are measured at their current market value. This corresponds to 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.

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, borrowing costs are recognised through profit or loss, specifically under interest and other financial expenses for the period in which they arise.

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 under other comprehensive income or directly under equity are also recognised under other comprehensive income or 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 accounts.

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 subject to tax in a period after the balance sheet date or are not subject to tax liability or are 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 shares 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 shares 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 end of the reporting period is examined and adjusted if and to the extent that it is no longer probable that sufficient taxable profit against which it can be utilised will be available.

Deferred tax assets and liabilities are determined using the tax laws and rates prevailing or substantively enacted as at the end of the reporting period 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 and intangible assets with indefinite useful lives 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 and intangible assets with a finite useful life 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 about company planning, future inflation and exchange rates, and about specific market, sector and company discount rates. Any changes in these assumptions may result in impairments in future periods (carrying amounts see Note 6.1.).

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 (carrying amounts and sensitivity analysis see Note 6.11.).

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.).

Assumptions regarding the probability of default are made in the subsequent measurement of receivables as at the end of the reporting period (carrying amounts see Note 6.4).

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 end of the reporting period, the management is required to make estimates about pricing and developments in the market (see Note 2.7 and 6.3).

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

2.18. RETROSPECTIVE CHANGES

The Semperit Group applied IAS 19 (2011) early as at 31 December 2012. This means that any remeasurements (actuarial gains or losses and the difference between actual income from plan assets and the expected interest on plan assets with the discount rate of the obligation) and taxes thereon will no longer be recognised as before through profit or loss for the period but under other comprehensive income. In addition, the prerequisites for the recognition of a previously reported restructuring provision of kEUR 6,944 are not met.

As of the financial year 2012, the share of profit/loss of associated companies will be recognised in the consolidated income statement in earnings before interest and tax (EBIT) instead of, as previously, in the financial result, since the associated company is maintained exclusively to support operating activities.

In addition, certain balance sheet items previously reported in the consolidated balance sheet as other provisions have been reclassified in view of their accrual nature as trade payables, other financial liabilities and other liabilities.

In the consolidated cash flow statement, interest and tax payments from the financial year onwards are reported separately in gross cash flow.

The figures for the previous year have been adjusted accordingly.

The retrospective adjustments to the financial information for 2011 and the effects of these adjustments on the financial information for 2012 are shown below.

Effects on the consolidated income statement

in kEUR	Effect 2012	Adjustment 2011
Personnel expenses	5,950	–2,948
Share of profit from associated companies	259	207
EBITDA and EBIT	**6,209**	**–2,791**
Financial result	**–259**	**–207**
Earnings before taxes	**5,950**	**–2,948**
Income taxes	–1,474	624
Earnings after taxes	**4,477**	**–2,324**
Earnings per share (diluted and undiluted) in EUR	**0.22**	**–0.11**

Effects on the statement of comprehensive income

The retrospective application of IAS 19 (2011) improved other comprehensive income for 2011 by kEUR 2,324. For the financial year 2012, the application of IAS 19 (2011) resulted in a reduction of other comprehensive income of kEUR 4,477.

Effects on the consolidated balance sheet

in kEUR	Effect 31.12.2012	Adjustment 31.12.2011	Adjustment 1.1.2011
Equity			
Revenue reserves	6,944	6,944	6,944
Non-current provisions and liabilities			
Other provisions	–7,313	–7,382	–7,338
Other liabilities	369	437	394
	–6,944	**–6,944**	**–6,944**
Current provisions and liabilities			
Other provisions	–7,487	–5,401	–6,250
Trade payables	571	446	295
Other financial liabilities	3,834	2,452	2,784
Other liabilities	3,082	2,503	3,170
	0	**0**	**0**

The application of IAS 19 (2011) has no effect on the balance sheet figures of the provisions for pensions and severance payments, since the liabilities from defined benefit plans were already included in full.

3. Consolidated companies

3.1. SUBSIDIARIES (FULLY CONSOLIDATED)

	Currency	Authorised share capital in '000s	Direct holding in %	Group holding in %	
Europe					
Semperit Aktiengesellschaft Holding, Vienna, Austria	EUR	21,359			
Semperit Technische Produkte Gesellschaft m.b.H., Vienna, Austria	EUR	10,901	100.00	100.00	
Arcit Handelsgesellschaft m.b.H., Vienna, Austria	EUR	36	100.00	100.00	
PA 82 WT Holding GmbH, Vienna, Austria	EUR	35	100.00	100.00	
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100.00	100.00	
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	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	
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165	100.00	100.00	
Sempertrans Maintenance France Méditeranée 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	
Semperit Industrial Products Ltd., Daventry, Great Britain	GBP	750	100.00	100.00	
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750	100.00	100.00	
Semperit Ibèrica S.A., Barcelona, Spain	EUR	156	100.00	100.00	
Sempertrans Belchatow Sp. z o.o., Belchatów, Poland	PLN	7,301	100.00	100.00	
Fabryka Lin „Stolin" Sp. z o.o., Belchatów, Poland	PLN	800	100.00	100.00	
Semperit Tekniska Produkter Aktiebolag, Skärholmen, Sweden	SEK	800	100.00	100.00	
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100.00	100.00	
Sempermed Kft., Sopron, Hungary	EUR	3,680	100.00	100.00	
Semperform Kft., Sopron, Hungary	HUF	243,000	100.00	100.00	
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000	100.00	100.00	
The Americas					
Sempermed Brazil Comèrcio Exterior Ltda. Piracicaba, Brazil	BRL	12,547	100.00	50.00	1)
Semperit Brasil Produtos Tècnicos Ltda., Sao Paulo, Brazil	BRL	150	100.00	100.00	
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000	75.00	50.00	1)
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100.00	100.00	
Asia					
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	50.00	50.00	1)
Semperit (Shanghai) Management Co. Ltd., Shanghai, China	USD	2,000	100.00	100.00	
Sempertrans Best (Shandong) Belting Co. Ltd., Shandong, China	EUR	20,000	80.00	80.00	
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	90.00	90.00	
Shanghai Sempermed Gloves Co Ltd., Shanghai, China	USD	6,000	100.00	50.00	1)
Sempertrans Nirlon (Pte.) Ltd., Maharashtra, Roha, India	INR	230,769	100.00	100.00	
FormTech Engineering (M) Sdn Bhd, Malaysia	MYR	7,000	82.86	41.43	1)
Latexx Partners Berhad, Kamunting, Malaysia	MYR	111,708	85.94	85.94	
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0,002	100.00	85.94	
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	3,000	100.00	85.94	
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	5,000	100.00	85.94	
Total Glove Company Sdn Bhd, Kamunting, Malaysia	MYR	10	50.01	42.98	
Worldmed Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	500	100.00	85.94	
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	191	100.00	100.00	
Semperit Investments Asia Pte Ltd, Singapore	EUR	50	100.00	100.00	
Sempermed Singapore Pte Ltd., Singapore	USD	8,000	50.00	50.00	1)
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000	50.00	50.00	1)
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	15,000	50.00	50.00	1)
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000	50.00	50.00	1)

1) As the Chairman of the Board of Directors by the Semperit Group has the right to cast a deciding vote, the Group has a controlling influence over the company.

3.2. ASSOCIATED COMPANIES (EQUITY METHOD)

Foreign	Currency	Nominal currency in '000s	Group holding in %
Synergy Health Allershausen GmbH (formerly Isotron Deutschland GmbH), Allershausen, Germany	EUR	512	37.5

The company is included in the consolidated financial statements using the equity method.

The carrying amount of the holding in this associated company as at 31 December 2012 is kEUR 1,026 (previous year: kEUR 767). A share in the profit of kEUR 259 (previous year: kEUR 207) was recognised in the consolidated income statement. This has been recognised since financial year 2012 under EBIT and no longer as before under the financial result. No other comprehensive income attributable to the associated company had to be taken into account.

The company reported the following figures (100%) as at the end of the respective reporting periods:

in kEUR	31.3.2012	31.3.2011
Assets		
Non-current assets	5,302	4,671
Current assets	436	511
	5,738	**5,182**
Equity and liabilities		
Equity	2,734	2,043
Non-current provisions	276	276
Non-current liabilities	1,500	1,500
Current provisions	445	368
Current liabilities	784	995
	5,738	**5,182**

in kEUR	2011/12	2010/11
Revenue	3,438	3,087
Earnings after tax	691	551

3.3. CHANGES IN SCOPE OF CONSOLIDATION

New company formations

Semperit (Shanghai) Management Co. Ltd., China, a wholly owned subsidiary of the Semperit Group, began operating in the first half of 2012. The company provides management, finance, human resource and purchasing functions on the Chinese market.

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

Business combinations

In November 2012, the Semperit Group acquired 85.94% of the shares of Latexx Partners Berhard, Kamunting, Malaysia and its five subsidiaries (hereinafter "Latexx Partners"). The company is listed on the Main Market of the Bursa Malaysia and is one of Malaysia's largest manufacturers of medical gloves. By taking over Latexx Partners, the Semperit Group will be able to significantly strengthen its position in the global glove market, upgrade its product portfolio, supply new groups of customers and gain access to new, innovative products.

The non-controlling shares in the acquired company were recognised at their fair value.

The fair values of the assets and liabilities of Latexx Partners as at the date of acquisition are shown below:

in kEUR	Fair value at acquisition date
Non-current assets	
Intangible assets	12,554
Tangible assets	45,237
	57,843
Current assets	
Inventories	16,593
Trade receivables	11,183
Other financial assets	3,166
Cash and cash equivalents	9,971
	40,913
Non-current provisions and liabilities	
Liabilities to banks	1,465
Other financial liabilities	5,576
Deferred taxes	2,962
	10,003
Current provisions and liabilities	
Other provisions	451
Liabilities to banks	11,490
Trade payables	11,907
Other financial liabilities	6,353
Other liabilities	56
Current tax liabilities	2,784
	33,042
Total net assets at their fair value	**55,712**
Minority interests at their fair value	–22,334
Goodwill	97,558
Compensation paid (purchase price paid in cash)	**130,935**

The fair value of trade receivables, i.e., the expected total payments to be received, amounts to kEUR 11,183, while the gross amount is kEUR 11,916.

The goodwill arising in connection with the acquisition of the company mainly reflects the advantage given by the significant strengthening of the group's market position in medical gloves and expected synergies. The goodwill cannot be utilised for tax purposes.

The total purchase price was paid in cash. Transaction costs of kEUR 4,137 were incurred in connection with the acquisition of the company. These are included under other operating expenses.

The non-controlling shares as at the time of the acquisition of the company were recognised at the value of the public takeover offer.

Since the date of its acquisition, Latexx Partners has contributed kEUR 14,494 to revenue. Earnings after taxes were kEUR –179. If the acquisition had taken place at the beginning of the year, Latexx Partners would have contributed kEUR 99,865 to sales revenues and kEUR 4,796 to EBIT.

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

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

2012 in kEUR	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**
Depreciation and amortisation to 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**
EBIT = segment results	27,624	27,616	15,982	14,644	–13,359	**72,507**
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**
Investments in intangible assets and property, plant and equipment	19,950	15,025	1,860	3,770	630	**41,235**
Shares in associates	1,026	0	0	0	0	**1,026**
Employees	5,265	1,368	928	690	54	**8,305**

2011 adjusted in kEUR	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	371,539	186,904	147,001	114,562	0	**820,006**
EBITDA	44,427	35,164	14,415	23,583	–7,555	**110,035**
Depreciation and amortisation to tangible and intangible assets	–9,999	–10,599	–3,581	–5,317	–93	**–29,589**
Impairments to tangible and intangible assets	–4	–17	0	–63	0	**–84**
EBIT = segment results	34,425	24,548	10,835	18,203	–7,648	**80,362**
Segment assets	229,346	161,301	125,543	81,547	18,913	**616,650**
Segment liabilities	115,824	48,594	27,504	19,557	25,773	**237,253**
Investments in tangible and intangible assets	20,726	16,080	1,986	5,581	726	**45,098**
Shares in associates	767	0	0	0	0	**767**
Employees	4,834	1,382	931	654	32	**7,833**

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 centre consists of the Semperit AG Holding, which is not involved in operating activities, and a management company in China. 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 a management company in China. 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 a management company in China. 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 performed in Europe, Asia and the Americas.

In accordance with IFRS 8, information on revenue is presented in accordance with the location of the customers, and details on non-current assets and investments on the basis of 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 kEUR	2012 Non-current assets [2] [3]	Investments	Revenue [1]	2011 Non-current assets [2] [3]	Investments	Revenue [1]
Austria	31,673	8,707	31,372	30,498	7,799	34,673
EU excluding Austria	67,873	9,063	378,569	63,502	10,232	399,133
Total for EU	99,546	17,770	409,941	94,001	18,031	433,806
Rest of Europe	0	0	73,135	0	0	64,813
Total for Europe	99,546	17,770	483,076	94,001	18,031	498,619
Asia	279,528	23,336	102,349	126,375	26,860	108,104
The Americas	3,535	129	211,693	3,821	207	191,777
Rest of the world	0	0	31,455	0	0	21,508
Group	**382,609**	**41,235**	**828,573**	**224,197**	**45,098**	**820,006**

[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, shares in associates and claims under insurance policies.

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 kEUR	2012	2011
Exchange rate gains	11,931	12,716
Income from the sale of property, plant and equipment	4,337	281
Insurance claims	4,405	3,223
Income from forward exchange transactions	3,674	1,190
Reversals of impairments on property, plant and equipment	2,577	813
Sale of by-products and waste materials	1,080	1,359
Rental income	304	386
Other	4,462	13,815
	32,770	**33,782**

5.3. MATERIAL COSTS AND PURCHASED SERVICES

in kEUR	2012	2011
Costs of materials	445,202	462,301
Purchased services	55,801	50,759
	501,003	**513,059**

5.4. PERSONNEL EXPENSES

Personnel expenses include the following items:

in kEUR	2012	2011 adjusted
Wages	47,461	45,341
Salaries	54,597	48,024
Termination compensation	1,519	2,108
Retirement benefit expenses	1,469	1,488
Statutory social security expenses and other compulsory wage-related payments	20,133	18,978
Other social security expenses	2,264	1,956
	127,444	**117,895**

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

in kEUR	2012	2011
Blue-collar workers	6,344	6,230
White-collar workers	1,961	1,603
	8,305	**7,833**

The average number of employees in Austria totalled 707 (previous year: 702).

In the financial year 2012 the remuneration paid to the active members of the management board amounted to kEUR 2,176 (previous year: kEUR 3,099), of which kEUR 738 was accounted for by variable components (previous year: kEUR 1,619). 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 kEUR 847 were made to former management board member Richard Stralz on termination of his employment relationship (previous year: kEUR 0).

The remuneration paid to the former chairman of the management board, Rainer Zellner, amounted to kEUR 1,008 in 2012 (previous year: kEUR 357 – for the period from 14 April 2011 to 31 December 2011).

The expenses for pensions and severance payments for the active management board members amounted to kEUR 210 (previous year: kEUR 186). Of this amount, kEUR 64 (previous year: kEUR 54) is attributable to contribution-based severance and pension commitments.

5.5. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

in kEUR	2012	2011
Maintenance and third-party services	33,720	30,515
Outgoing freight	20,986	20,662
Exchange rate losses	13,840	10,042
Commission and advertising costs	8,409	8,908
Legal, consulting and auditing fees	8,350	6,757
Travel expenses	7,925	5,917
Insurance premiums	3,980	3,685
Other taxes	3,771	2,824
Rental and leasing expenses	3,592	3,317
Communications	2,102	1,826
Bank expenses	1,900	613
Fees, subscriptions and donations	1,147	992
Expenses from currency forwards	1,123	4,384
Other	13,305	16,151
	124,150	**116,594**

The expenses for the auditors of the consolidated financial statements, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. of Vienna (previous year: Deloitte Audit Wirtschaftsprüfungs GmbH) are as follows:

in kEUR	2012	2011
Auditing of consolidated and separate financial statements	180	30
Other valuation and certification services	60	50
Other services	0	17
	240	**97**

5.6. DEPRECIATION AND AMORTISATION

in kEUR	2012	2011
Depreciation and amortisation	35,467	29,589
Impairments	683	84
	36,151	**29,673**

Impairments are primarily related to technical equipment and machinery and result from changes to the production technology used.

5.7. FINANCIAL RESULT

in kEUR	2012	2011 adjusted
Financial income		
Income from securities	410	451
Interest and related income	1,748	1,252
	2,158	**1,703**
Financial expenses		
Losses on the disposal of financial assets	–170	–8
Write-downs of available-for-sale financial assets	0	–37
Other expenses on financial assets	0	–7
Interest and other financial expenses	–1,026	–418
	–1,196	**–471**
Profit/loss attributable to redeemable non-controlling shares	**–15,006**	**–14,680**
Financial result	**–14,044**	**–13,447**

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

in kEUR	2012	2011
Net income recognised directly in profit and loss		
Income from available-for-sale financial assets	410	451
Expenses from available-for-sale financial assets	0	–37
Losses on the disposal of securities	–170	–8
Other expenses arising from securities	0	–7
	240	**405**
Net income/expenses recognised in other comprehensive income		
Revaluation gains/losses for the period	146	–132
Reclassification to profit and loss for the period	84	0
	230	**–132**
Net income from available-for-sale financial assets	**640**	**273**

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

in kEUR	2012	2011
Interest income from loans and receivables	1,748	1,252
Impairments of loans and receivables	–87	–1,352
Net income from loans and receivables	**1,661**	**–100**

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 kEUR	2012	2011
Income from foreign exchange transactions	3,674	1,190
Expenses from foreign exchange transactions	–2,182	–4,384
Net income from finance instruments held for trading	**1,492**	**–3,194**

Income and expenses from foreign exchange transactions are included under other operating income and expenses. Expenses from foreign exchange options transactions totalling kEUR 1,059 are included under bank expenses and hedging costs.

kEUR 926 of the interest expenses included in the financial result (previous year: kEUR 418) arises from liabilities valued at amortised cost. These represent the net income without foreign currency gains and losses in this category of financial instruments.

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 kEUR	2012	2011 adjusted
Current tax expense	14,841	15,659
Deferred tax income	–2,606	–499
	12,235	**15,160**

The effective tax rate in the reporting year, that means in relation to the earnings before tax and before reduction of profit or loss attributable to redeemable non-controlling shares, was 16.7% (previous year: 18.6%). 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 recognised in the income statement:

in kEUR	2012	2011 adjusted
Earnings before tax	**58,463**	**66,914**
Tax expense (–) at 25 %	**–14,616**	**–16,729**
Tax rates in other countries	2,094	–509
Share of profit/loss of associates companys	65	52
Profit/loss attributable to redeemable non-controlling interest	–3,751	–3,670
Non-deductible expenses	–841	–690
Non-taxable income, tax exemptions and tax deductibles	4,084	5,913
Changes in value adjustments for deferred taxes on tax loss carry forwards and deductible temporary differences	92	–37
Change to outside basis differences	–461	0
Tax effects on write-downs on holdings of fully consolidated companies	1,633	0
Withholding taxes	–129	–49
Tax arrears from previous periods	–947	–80
Tax rate changes	–31	433
Other	573	206
Income taxes according to the income statement	**–12,235**	**–15,160**

in kEUR	2012	2011 adjusted
Earnings before tax	58,463	66,914
Profit / loss attributable to redeemable non-controlling shares	15,006	14,680
	73,469	**81,594**
Income taxes according to the income statement	–12,235	–15,160
Effective tax rate in %	**16.7%**	**18.6%**

5.9. EARNINGS PER SHARE

in kEUR		2012	2011 adjusted
Earnings after taxes attributable to the shareholders of Semperit AG Holding	in kEUR	46,258	51,754
Average number of shares outstanding	in units	20,573,434	20,573,434
Earnings per share (diluted and undiluted)	in EUR	2.25	2.52

No dilution effects had to be taken into account as at both December 31, 2011 and December 31, 2012.

6. Notes to the consolidated balance sheet

6.1. INTANGIBLE ASSETS

in kEUR	Software licences, industrial property rights and similar rights	Goodwill	Prepayments	Total
Acquisition costs				
As at 1.1.2011	**14,104**	**2,907**	**100**	**17,111**
Currency translation differences	–299	10	3	–285
Additions	467	0	1	467
Disposals	–90	0	0	–90
Transfers	43	0	0	43
As at 31.12.2011	**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**
Depreciation / write-ups / impairment				
As at 1.1.2011	**10,980**	**0**	**100**	**11,080**
Currency translation differences	–154	0	3	–151
Depreciation for the year 2011	792	0	0	792
Disposals	–90	0	0	–90
As at 31.12.2011	**11,528**	**0**	**103**	**11,631**
Currency translation differences	1	0	–2	–1
Depreciation for the year 2012	1,204	0	0	1,204
Disposals	–96	0	0	–96
Reclassifications	18	0	0	18
As at 31.12.2012	**12,655**	**0**	**101**	**12,756**
Carrying amount				
Carrying amount 1.1.2011	3,124	2,907	0	6,031
Carrying amount 31.12.2011	2,697	2,917	1	5,615
Carrying amount 31.12.2012	**14,677**	**98,076**	**19**	**112,773**

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 on tangible and amortisation of intangible assets". As in the previous year, no impairments of intangible assets were necessary in the financial year 2012. There were no appreciations in value.

Of the reported goodwill, kEUR 96,312 is accounted for by the cash generating unit Sempermed (previous year: kEUR 1,153), kEUR 1,693 by the cash generating unit Semperflex (previous year: kEUR 1,693) and kEUR 71 by the cash generating unit Sempertrans (previous year: kEUR 71).

There were no intangible assets of an indefinite useful life aside from goodwill.

6.2. TANGIBLE ASSETS

in kEUR	Land and buildings, including on land owned by third parties	Technical equipment and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
Acquisition/production costs					
As at 1.1.2011	**144,465**	**344,191**	**78,652**	**29,551**	**596,860**
Currency translation differences	–1,972	–6,524	–1,658	–668	–10,822
Additions	3,380	9,830	5,560	30,082	48,851
Disposals	–2,169	–7,390	–2,705	–4	–12,268
Transfers	3,561	13,936	2,690	–20,231	–43
As at 31.12.2011	**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**
Depreciation / write-ups / impairment					
As at 1.1.2011	**76,397**	**254,803**	**65,072**	**744**	**397,016**
Currency translation differences	–1,358	–5,425	–1,353	6	–8,130
Depreciation for the 2011 financial year	4,105	19,200	5,553	24	28,881
Disposals	–1,418	–7,047	–2,630	0	–11,095
Transfers	0	–13	13	0	0
Write-ups for the 2011 financial year	–734	–51	–29	0	–813
As at 31.12.2011	**76,992**	**261,466**	**66,626**	**774**	**405,858**
Currency translation differences	1,165	3,623	739	0	5,527
Depreciation for the 2012 financial year	4,927	23,221	6,788	11	34,947
Disposals	–3,864	–3,766	–2,007	–12	–9,650
Transfers	17	–18	0	–17	–18
Write-ups for the 2012 financial year	–844	–1,668	–55	–10	–2,577
As at 31.12.2012	**78,393**	**282,857**	**72,091**	**746**	**434,086**
Carrying amount					
Carrying amount 1.1.2011	68,068	89,388	13,579	28,807	199,843
Carrying amount 31.12.2011	20,274	92,577	15,913	37,957	216,720
Carrying amount 31.12.2012	**90,021**	**142,580**	**24,053**	**11,239**	**267,894**

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, kEUR 14,694 (previous year: kEUR 12,892) is attributable to land (land value).

Of the carrying amount recognised for prepayments and assets under construction, kEUR 9,763 (previous year: kEUR 36,416) is attributable to assets under construction.

In the financial years 2011 and 2012, 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 income statement under the item "Depreciation on tangible and amortisation of intangible assets". Write-ups in value are included in the income statement in the item "Other operating income".

In the financial year 2012, impairments arose on technical equipment, plants and machinery due to changes in the production technology in use in the amount of kEUR 683 (previous year: kEUR 84).

In the financial year 2012, write-ups in value amounted to kEUR 2,577 (previous year: kEUR 813), because the reasons for the impairments were no longer present. These appreciations total kEUR 2,442 (previous year: kEUR 0) in the Sempertrans segment and kEUR 135 (previous year: kEUR 813) in the Sempermed segment.

As at December 31, 2012, tangible assets with a carrying amount of kEUR 17,411 (previous year: kEUR 0) are pledged as collateral for liabilities to banks and liabilities from finance leases.

As at 31 December 2012, there are contractual obligations to acquire tangible assets totalling kEUR 5,344 (previous year: kEUR 1,980).

In addition to operating leases, the Semperit Group also makes use of finance leases. The finance lease agreements apply, above all, to technical equipment and machinery, other equipment and operating and business equipment (vehicles, office equipment).

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

in kEUR	Acquisition costs	Accumulated depreciation	31.12.2012 Carrying amount	Acquisition costs	Accumulated depreciation	31.12.2011 Carrying amount
Technical equipment and machinery	14,612	603	14,009	471	319	152
Other equipment, office furniture and equipment	992	644	348	373	283	90
	15,604	**1,247**	**14,357**	**844**	**602**	**242**

The following obligations apply as a result of non-terminable tenancies, operating or other leases resulting from the use of tangible assets not reported in the balance sheet:

in kEUR	2012	2011
Within the following year	795	383
Within the following 2 to 5 years	1,051	596
Over 5 years	384	363

The cost of rent and leases from operating lease agreements came to a total of kEUR 3,592 in the financial year 2012 (previous year: kEUR 3,317).

6.3. INVENTORIES

The balance sheet item "Inventories" comprises the following:

in kEUR	31.12.2012	31.12.2011
Raw materials and supplies	42,679	48,170
Work in progress	24,437	14,818
Finished goods and merchandise	74,353	73,903
Prepayments	726	704
Services not yet billable	277	0
	142,472	**137,595**

in kEUR	2012	2011
Inventories		
of which at acquisition/production costs	121,740	121,055
of which at their net realisable value	20,732	16,540
	142,472	**137,595**

The valuation adjustments for inventories recognised as an expense totalled kEUR 3,519 in the year under review (previous year: kEUR 5,598).

6.4. TRADE RECEIVABLES

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

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

in kEUR	2012	2011
Up to 1 month overdue [1)]	10,770	13,349
1 to 3 months overdue	4,320	5,204
3 to 6 months overdue	2,139	564
More than 6 months overdue	1,011	182
Carrying amount of due trade receivables not subject to valuation adjustment	**18,248**	**19,298**

[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 on overdue receivables based on country-specific empirical values. Experience-based valuation adjustments 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 concentration of credit risk worth mentioning due to the company's diversified customer base.

Valuation adjustments to trade receivables are usually indirectly recognised in valuation accounts. Valuation adjustments developed as follows:

in kEUR	2012	2011
Net amount on 1 January	4,545	8,068
Release	–1,115	–3,774
Currency translation difference	–34	–98
Written down due to irrecoverability	–1,088	–939
Additions	1,388	1,288
Net amount on 31 December	**3,695**	**4,545**

The valuation adjustments at the end of the financial year include specific valuation allowances, i.e. valuation adjustments for receivables based on an individual assessment of the respective customers totalled kEUR 1,647 (previous year: kEUR 3,039). They are primarily allocated on the basis of insolvency proceedings to be opened over the assets of the affected customers. The remaining book values after deduction of the valuation adjustments are the amounts likely to be considered recoverable in the insolvency proceedings. The other value adjustments were made on a portfolio basis.

6.5. OTHER FINANCIAL ASSETS

The book values of the other financial assets break down as follows:

in kEUR	Carrying amount at 31.12.2012	Of which non-current	Of which current	Carrying amount at 31.12.2011	Of which non-current	Of which current
Securities available for sale						
Federal bonds	4,130	4,130	0	7,332	6,306	1,026
Shares in funds, shares, other securities	4,669	4,669	0	3,455	3,455	0
	8,798	**8,798**	**0**	**10,787**	**9,761**	**1,026**
Financial assets recognised at fair value through profit or loss – held for trading						
Derivatives	**334**	**0**	**334**	**34**	**0**	**34**
Loans and receivables recognised at amortised cost						
Loans to associated companies	563	563	0	563	563	0
Other loans	8	0	8	9	9	0
Other receivables	2,799	1,294	1,504	4,188	1,552	2,635
	3,370	**1,857**	**1,512**	**4,759**	**2,123**	**2,635**
	12,502	**10,655**	**1,846**	**15,579**	**11,884**	**3,695**

The government bonds refer to Austrian and German government bonds at a nominal value of kEUR 4,000, featuring an interest rate on the nominal value of between 3.8% and 4.3%.

The shares in funds are 73,000 units in PIA-Toprent, a bond fund invested in bond funds suitable for funding pension provisions and consisting primarily of fixed-income and floating-rate eurozone government bonds, and fund units in the RHB Cash Management Fund, Malaysia.

The carrying amount of the available-for-sale financial assets, amounting to kEUR 8,798 (previous year: kEUR 10,787), corresponds to the market value. The average effective interest rate in the financial year 2012 was 2.5% (previous year: 3.0%).

The loans to associated companies, amounting to kEUR 563 (previous year: kEUR 563) are to Synergy Health Allershausen GmbH (formerly Isotron Deutschland GmbH), which is included in the consolidated financial statements in accordance with the equity method.

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

6.6. OTHER ASSETS

in kEUR	Carrying amount at 31.12.2012	Of which non-current	Of which current	Carrying amount at 31.12.2011	Of which non-current	Of which current
Accrued expenses	3,076	101	2,975	1,950	108	1,842
Prepayments	294	0	294	807	0	807
Tax receivables	10,035	0	10,035	8,348	0	8,348
Other non-financial receivables	765	547	218	596	203	393
	14,170	**648**	**13,522**	**11,700**	**310**	**11,390**

6.7. CASH AND CASH EQUIVALENTS

in kEUR	2012	2011
Cash on hand	41	36
Cheques	0	1
Cash deposits in banks	124,734	97,502
Short-term deposits	8,546	353
	133,322	**97,892**

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 kEUR	31.12.2012 Deferred tax assets	31.12.2012 Deferred tax liabilities	31.12.2011 Deferred tax assets	31.12.2011 Deferred tax liabilities
Intangible assets	4	–3,306	4	–418
Tangible assets	361	–3,990	270	–1,997
Financial assets	1,223	0	118	–7
Inventories	5,252	–131	3,733	–166
Receivables	1,368	–1,973	1,058	–1,964
Other assets	20	–126	1	– 4
Provisions for personnel	4,834	0	4,982	0
Other provisions	2,692	0	2,075	0
Trade payables	193	–2	142	–7
Other liabilities	699	–276	536	–294
Temporary differences in connection with holdings in subsidiaries (outside basis differences)	0	–1,968	0	–1,507
Tax loss carry forwards and as yet unused tax credits	5,959	0	3,315	0
Total deferred tax assets and liabilities	**22,603**	**–11,772**	**16,233**	**– 6,364**
Valuation allowance for deferred tax assets	–3,184	0	–3,276	0
Offset of deferred tax assets and liabilities	–5,803	5,803	–4,186	4,186
Net deferred tax assets	**13,616**		**8,772**	
Net deferred tax liabilities		**–5,968**		**–2,178**

in kEUR	2012	2011 adjusted
Net deferred taxes as at 1.1.	6,594	6,554
Business combinations	–2,962	0
Deferred taxes in profit or loss for the financial year	2,606	499
Deferred taxes in other results for the financial year	1,416	–591
Currency translation differences	–6	132
Net deferred taxes as at 31.12.	**7,648**	**6,594**

At the end of the reporting period there are unused tax losses of kEUR 6,241 (previous year: kEUR 6,035), for which no deferred tax assets were recognised. Of this amount, kEUR 3,283 (previous year: kEUR 4,563) is due within five years. Otherwise the amounts can be carried forward indefinitely.

For one foreign subsidiary there are deductible investments of kEUR 6,105 (previous year: kEUR 6,443) until 2013 inclusive. In addition, there are deductible investments amounting to kEUR 4,777 (previous year: kEUR 4,686) that can be utilised in the period from 2014 to 2018. Due to the current tax result planning, it is not expected that it will actually be possible to utilise these deductible investments in future, which is why, as in the previous year, no deferred tax assets have been recognised for them.

For temporary differences in connection with shares in subsidiaries, deferred tax liabilities amounting to kEUR 1,968 (previous year: kEUR 1,507) were recognised. In addition, there were temporary differences in connection with shares in subsidiaries amounting to kEUR 7,450 for which no deferred tax liabilities were recognised, since the parent company is able to control the timing of the reversal of the temporary difference and it was likely 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 witholding tax burden on the distribution of dividends or from the tax obligation of the holding. In calculating the above amounts, temporary differences from shares in foreign subsidiaries held by another foreign subsidiary were not included, since calculating these would have involved a disproportionate amount of outlay.

6.9. EQUITY

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

As at 31 December 2012, 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 kEUR 21,503 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 kEUR 999 (previous year: kEUR 999), the free reserves of Semperit AG Holding amounting to kEUR 26,500 (previous year: kEUR 15,000), the net profit for the period of Semperit AG Holding amounting to kEUR 16,941 (previous year: kEUR 16,835), the untaxed reserves less the deduction of 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 adjusting for the first time the annual accounts of the companies included in the consolidated financial statements to the valuation and accounting policies of the group. In addition, the item includes revaluations from performance-related plans (IAS 19).

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 2012, the management board will propose to distribute a total dividend of kEUR 16,459, or EUR 0.80 per share, which will have to be voted on at the annual general meeting. The payment of the dividend has no tax consequences for the Semperit Group.

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

6.10. LIABILITIES FROM REDEEMABLE NON-CONTROLLING SHARES

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 developed as follows:

in kEUR	2012	2011
Balance as at January 1	97,292	83,405
Payments received for establishment of a company and through capital increase	0	973
Dividends	–1,891	–1,187
Share of annual income	15,006	14,680
Other changes	–323	–579
Balance as at December 31	**110,083**	**97,292**

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

6.11. PROVISIONS FOR PENSIONS AND SEVERANCE PAYMENTS

Pension plans – defined benefit plans

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.

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.

One management board member, one former management board member and senior managers have also been granted pensions. These 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 (in whatever form) or the employee. 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

According to the main actuarial assumptions made, these obligations were valued on the basis of an assumed discount rate of 3.25% (previous year: 4.75%) for Europe and 4.1% (previous year: 4.1%) for Asia and an assumed average annual salary increase of 3.4% (previous year: 3.4%) for Europe and 3 to -7% (previous year: 3 to -7%) for Asia. The probability of dying 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 0-13%, 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.

Provisions for pensions

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

in kEUR	2012	2011 adjusted
Present value of funded defined benefit obligations	7,999	7,015
Fair value of the plan assets	–5,825	–5,501
Deficit	2,174	1,514
Present value of unfunded defined benefit obligations	17,089	15,647
Plan deficit = provision	**19,263**	**17,161**

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

in kEUR	2012	2011 adjusted
Present value of the obligations (DBO) as at January 1	22,662	23,843
Additional entitlements acquired during the financial year and actuarial gains/losses	402	1,053
Past service costs	54	0
Interest expense	1,009	963
Total expenses for pensions	**1,465**	**2,017**
Remeasurements	2,694	–1,262
Payments	–1,734	–1,935
Present value of the obligations (DBO) as at December 31	**25,087**	**22,662**

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

The plan assets recognised at fair value, essentially comprising a reinsurance policy and cash, developed as follows:

in kEUR	2012	2011 adjusted
Fair value of the plan assets as at January 1	5,501	3,204
Interest income from plan assets	169	232
Remeasurements of plan assets	56	286
Contributions of the employer	366	344
Payments	–267	–244
Other change	0	1,679
Fair value of the plan assets as at December 31	**5,825**	**5,501**

Interest income from plan assets is recognised as "Pension expenses" under personnel expenses in the consolidated income statement. Revaluations of the 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 kEUR	2012	2011 adjusted
Present value of the obligations (DBO) as at January 1	19,763	21,359
Additional entitlements acquired during the financial year	709	1,057
Pasts service costs	–564	0
Interest expense	863	729
Total expenses for severance payments	**1,009**	**1,786**
Remeasurements	3,313	–1,400
Payments	–1,982	–1,982
Currency translation differences	12	0
Present value of the obligations (DBO) as at December 31	**22,114**	**19,763**

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

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

in kEUR	2012	2011 adjusted
Pensions		
Remeasurements of the obligation		
from changes to demographic assumptions	–87	10
from changes to financial assumptions	–2,607	1,251
	–2,694	1,261
Remeasurements of the obligation	–56	286
	–2,637	**1,548**
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	–209	–83
from changes to financial assumptions	–3,104	1,484
	–3,313	**1,400**
Total remeasurements	**–5,950**	**2,948**

Sensitivity analysis

		Present value of obligation (DBO) 31.12.2012	
in kEUR	**Change in parameter**	**Increase in parameter**	**Decrease in parameter**
Pensions			
Interest rate	+/– 1 percentage point	18,780	22,660
Increases in salaries	+/– 1 percentage point	21,641	19,638
Severance payments			
Interest rate	+/– 1 percentage point	19,767	24,896
Increases in salaries	+/– 1 percentage point	24,731	19,856

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, Semperit's contributions amounted to kEUR 272 (previous year: kEUR 210). 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 kEUR	Total	Of which long term	31.12.2012 Of which short term	Total	Of which long term	31.12.2011 adjusted Of which short term
Long-service bonuses	3,619	3,619	0	3,094	3,094	0
Guarantees	8,462	2,369	6,093	8,522	3,943	4,580
Bonuses and other personnel provisions	8,482	573	7,909	9,831	1,722	8,109
Other	2,891	2,289	603	3,415	943	2,471
	23,454	**8,849**	**14,605**	**24,862**	**9,702**	**15,160**

The other provisions developed as follows:

in kEUR	1.1.2012 adjusted	Company merge	Currency differences	Reversal	Use	Additions	31.12.2012
Long-service bonuses	3,094	0	0	0	–312	837	3,619
Guarantees	8,522	0	313	–759	–2,877	3,263	8,462
Bonuses and other personnel provisions	9,831	197	13	–1,614	–6,763	6,818	8,482
Other	3,415	254	–28	–634	–836	721	2,891
	24,862	**451**	**297**	**–3,007**	**–10,788**	**11,638**	**23,454**

Provisions for long-service bonuses are formed 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 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.

6.13. LIABILITIES TO BANKS

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

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

	Effective interest rate in %		Nominal value in local currency	Carrying amount in kEUR	Of which long term	31.12.2011 Of which short term
Variable-interest liabilities to banks	2.4	TUSD	8,000	6,175	0	6,175
	–	TEUR	3	3	0	3
Total				**6,178**	**0**	**6,178**

In May 2012, a framework loan agreement for EUR 180,000 with a term of three years was concluded with five banks. As at the balance sheet date, kEUR 80,000 of this had not yet been drawn.

The liabilities to banks are mostly subject to variable interest rates. Due to interest in line with typical market conditions, it is assumed that the carrying amounts of the liabilities to banks correspond to their fair values.

6.14. TRADE PAYABLES

The trade payables are recognised at amortised cost. As in the previous year, they have a remaining term to maturity of under a year.

6.15. OTHER FINANCIAL LIABILITIES

in kEUR	Total	of which non-current	31.12.2012 of which current	Total	of which non-current	31.12.2011 adjusted of which current
Loans from non-controlling shareholders of subsidiaries	1,630	1,544	87	1,568	1,568	0
Liabilities to associated companies	51	0	51	32	0	32
Liabilities from finance leases	8,259	4,775	3,484	242	138	105
Derivative financial liabilities	2	0	2	1,753	0	1,753
Personnel liabilities	3,915	0	3,915	3,564	0	3,564
Accruals and deferrals	5,800	0	5,800	2,915	0	2,915
All other financial liabilities	6,386	1,844	4,542	4,268	1,369	2,900
	26,043	**8,163**	**17,881**	**14,342**	**3,074**	**11,268**

The existing liabilities from finance leases as at 31 December 2012 are as follows:

in kEUR	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	Term to maturity of under 1 year	Term to maturity of 1 to 5 years	31.12.2011 Term to maturity of over 5 years
Total future minimum leasing payments	3,882	5,031	0	113	142	0
Interest portion	–398	–256	0	–8	–4	0
Present value of the minimum leasing payments	**3,484**	**4,775**	**0**	**105**	**138**	**0**

6.16. OTHER LIABILITIES

in kEUR	Total	of which long term	31.12.2012 of which short term	Total	of which long term	31.12.2011 adjusted of which short term
Liabilities from taxes and social security contributions	5,782	0	5,782	4,771	0	4,771
Prepayments received	1,948	0	1,948	800	0	800
Accrued income	200	188	12	211	200	11
All other liabilities	4,386	425	3,961	4,442	437	4,005
	12,316	**612**	**11,703**	**10,224**	**637**	**9,587**

6.17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The table below shows the book values and fair values of the individual financial assets and liabilities classified in accordance with the valuation categories stipulated in IAS 39.9.

31.12.2012 in kEUR	Held for trading	AFS	Loans and receivables	Liabilities at amortised costs	Carrying amount as at 31.12.2012	Fair Value as at 31.12.2012	Hierarchy level
Assets							
Securities	0	8,798	0	0	8,798	8,798	1
Loans to associated companies	0	0	563	0	563	563	-
Other long-term loans	0	0	9	0	9	9	-
Trade receivables	0	0	120,152	0	120,152	120,152	-
Derivative financial instruments	334	0	0	0	334	334	2
Other financial assets	0	0	2,799	0	2,799	2,799	-
Liabilities							
Liabilities from redeemable non-controlling shares	n/a	n/a	n/a	110,083	110,083	n/a	-
Liabilities to banks	0	0	0	118,524	118,524	118,524	-
Trade payables	0	0	0	50,534	50,534	50,534	-
Derivative financial liabilities	2	0	0	0	2	2	2
Other financial liabilities	0	0	0	26,043	26,043	26,043	-

31.12.2011 in kEUR	Held for trading	AFS	Loans and receivables	Liabilities at amortised costs	Carrying amount as at 31.12.2011 adjusted	Fair Value as at 31.12.2011 adjusted	Hierarchy level
Assets							
Securities	0	10,787	0	0	10,787	10,787	1
Loans to associated companies	0	0	563	0	563	563	-
Other long-term loans	0	0	9	0	9	9	-
Trade receivables	0	0	114,329	0	114,329	114,329	-
Derivative financial instruments	34	0	0	0	34	34	2
Other financial assets	0	0	4,188	0	4,188	4,188	-
Liabilities							
Liabilities from redeemable non-controlling shares	n/a	n/a	n/a	97,292	97,292	n/a	-
Liabilities to banks	0	0	0	6,178	6,178	6,178	-
Trade payables	0	0	0	39,261	39,261	39,261	-
Derivative financial liabilities	0	1,753	0	0	1,753	1,753	2
Other financial liabilities	0	0	0	12,589	12,589	12,589	-

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

Level 1: Valuation based on quoted market prices for a specific financial instrument.
Level 2: Valuation on the basis of quoted market prices for similar instruments or on the basis of valuation models based exclusively on parameters that are observable in the market.
Level 3: Valuation on the basis of models with significant valuation parameters that are not observable in the market.

The derivative financial instruments allocated under Level 2 are forward foreign exchange transactions, for which the fair value was calculated by the counterparties (banks) based on standard financial calculation methods (such as the calculation of the present value of expected future payment flows based on current exchange-rate and interest curves). For the securities allocated under Level 1, the fair values were calculated based on publicly available rates.

For information on the valuation of redeemable non-controlling shares, 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. Notes to the 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 presentation was adjusted in 2012 such that tax payments, as well as interest paid and received, are reported separately in the consolidated cash flow statement. The figures for the previous year were adjusted accordingly.

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

In the financial year 2012, investments amounting to kEUR 2,224 were made and have not yet resulted in a decrease in cash and cash equivalents. In addition, investments made in the previous year amounting to kEUR 4,330 became cash effective in the financial year 2012.

The net outflow of funds related to the acquisition of Latexx Partners (see Note 3.3) breaks down as follows:

in kEUR	2012
Cash flow from investing activities	
Payments for company acquisition (purchase price)	–130,935
Cash and cash equivalents acquired	9,971
Net cash flow arising from company acquisition	**–120,964**

The cash flow from financing activities includes the inflow of funds from the loan of kEUR 100,000 taken out in the financial year 2012 and the dividend of EUR 0.80 per share paid to the shareholders of Semperit AG Holding in 2012. There was also an outflow of funds due to the distribution of dividends to non-controlling shareholders of subsidiaries.

8. Risk management

The internationalisation of Semperit's business has caused the risk potential to grow, as a matter of course. 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 performance, 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 and 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 group, Semperit 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 suitable for monitoring and managing existing financial risks that meets the requirements of the industrial group. The main risk management task at Semperit is to recognise emerging risks in good time and take countermeasures quickly. However, the possibility cannot be excluded that risks are not detected early, resulting in negative consequences for the 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 and non-organic investment activity; and dividend policies based on these goals.

The Group's total capital consists of equity, including non-controlling interests, liabilities from redeemable non-controlling shares and net financial debt.

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

As of December 31, 2012, net financial debt was positive, i.e., Semperit Group had net financial liquidity totalling kEUR 13,707. At December 31, 2011, too, Semperit Group had net financial liquidity totalling kEUR 100,691.

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.

In 2012, the Group is subject for the first time 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 of December 31, 2012, the corresponding requirements were complied with.

Internally, Semperit Group has not established any fixed requirements for a target 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. The liabilities are borrowed at largely variable interest rates and are subject to the prevailing level of interest rate risk.

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 can in turn have a negative impact on earnings and equity as a result of the devaluations or valuation adjustments that have to be made.

The maturities of the undiscounted contractual cash flows from financial liabilities as at 31 December 2012 break down as follows:

in kEUR	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
Derivative financial liabilities	2	2	0	0	0	0
Other financial liabilities	26,682	6,887	3,413	7,966	7,482	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 valuation adjustments.

Without taking into account the risk minimisation strategy 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 categories:

in kEUR	2012	2011
Derivative financial instruments (held for trading)	334	34
Units in funds, government bonds, equities (AFS)	8,798	10,787
Loans and receivables	123,522	119,088
Cash and cash equivalents	133,322	97,892

Foreign exchange risk management

There are also currency risks associated with Semperit's operational activities. In addition to operational measures, derivative financial instruments – foreign exchange forward transactions, in particular – are employed to limit and manage these risks.

The following breakdown of the Semperit Group's revenue and earnings into key currencies (as a percentage of overall revenue) shows that in the financial year 2012 47.5% (previous year: 43.6%) was earned in foreign currency.

in % of Group's revenue	2012	2011
EUR	52.5	56.4
USD	27.2	28.9
INR	1.5	1.9
CNY	2.2	2.2
BRL	2.5	2.7
THB	8.3	2.0
MYR	2.4	0.0
PLN	0.0	2.0

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

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

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

Company	Country	Type of transaction	Currency	Hedge amount [1]	Hedged rate [2]	Fair Value in kEUR 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 Belchatow 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

Company	Country	Type of transaction	Currency	Hedge amount [1]	Hedged rate [2]	Fair Value in kEUR 31.12.2011	Range of remaining days to maturity (in days)
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	2,661,000	25.29	–52	6–55
Sempertrans Belchatow Sp. z o.o.	Poland	Forward exchange	EUR	14,700,000	4.44	–117	5–82
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	1,500,000	0.87	–66	19–110
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	170,000,000	302.24	25	19–103
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	37,860,913	30.44	–1,258	20–135
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	EUR	105,000	43.44	6	127
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	7,550,000	30.4	–258	41–135

[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.

The derivatives are reported as independent transactions rather than hedges, since the prerequisites for hedge accounting in accordance with IAS 39 are not met.

The translation of items in foreign currencies to the euro, the reporting currency, results in currency translation differences (translation risk) that are reported under other earnings. 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.

9. Other commitments and risks

CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

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 plaintifs 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.

Contingent liabilities are attributable primarily to payment guarantees in favour of third parties and bill of exchange liabilities. Obligations to acquire tangible assets are a consequence of contractually binding investment projects involving tangible assets.

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 the shareholder holding an indirect majority stake which 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, including the members of the management board of B&C Privatstiftung and 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 2012 comprises both a fixed and a variable component. In the year under review, the remuneration paid to members of the supervisory board amounted to kEUR 123 (previous year: kEUR 109). There are no other related parties.

The level of transactions with associated companies and other related parties is low, and they are conducted on normal business terms and conditions.

10.2. RELATED-PARTY 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.

11. Events after the balance sheet date

There are no events requiring disclosure after the reporting period.

Vienna, March 19, 2013

The Management Board

Thomas Fahnemann
Chief Executive Officer
Chairman

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer