GROUP MANAGEMENT REPORT

Revenue and earnings trends

REVENUE

In 2014 the Semperit Group increased its revenue by 2.6% or EUR 24.0 million to EUR 930.4 million. This improvement derived solely from organic volume growth. Strong sales and good capacity utilisation more than compensated for a lower level of prices caused by declines in raw material prices.

The improvement in revenue was driven by the Sempermed and Semperflex segments. Revenue in the Medical Sector was higher primarily because of positive quantity effects for examination and protective gloves. Revenue in the Semperflex segment, with an organic increase of 8.6%, was considerably higher year-on-year. The Sempertrans segment posted a decline in revenue due to pricing-related issues, while Semperform's revenue was just slightly lower compared to 2013.

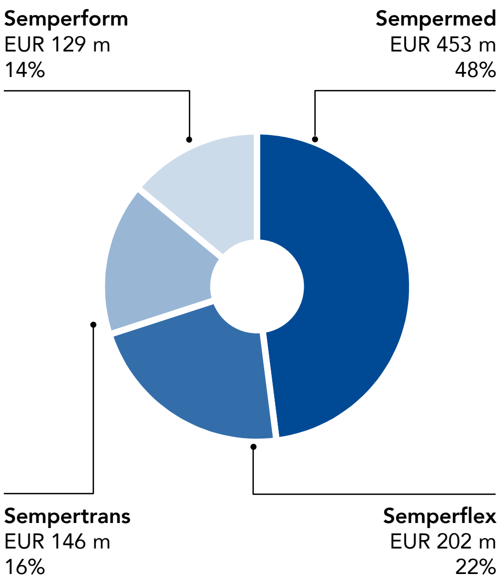
Abstract from the consolidated income statement
for the financial year from 1.1.2014 to 31.12.2014

in EUR million	2014	2013	Change in %	Change in EUR million
Revenue	930.4	906.3	+2.6%	+24.0
Changes in inventories	0.4	9.4	–95.9%	–9.0
Own work capitalised	3.3	1.0	> +100.0%	+2.3
Operating revenue	**934.0**	**916.7**	**+1.9%**	**+17.3**
Other operating income	34.8	24.4	+42.6%	+10.4
Cost of material and purchased services	–513.7	–510.7	+0.6%	–3.1
Personnel expenses	–167.4	–152.8	+9.5%	–14.5
Other operating expenses	–152.1	–145.8	+4.3%	–6.3
Share of profit from associated companies	0.4	0.6	–29.1%	–0.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**136.1**	**132.5**	**+2.7%**	**+3.6**
Depreciation, amortisation and impairment of tangible and intangible assets	–47.5	–44.7	+6.4%	–2.9
Earnings before interest and tax (EBIT)	**88.5**	**87.8**	**+0.8%**	**+0.7**
Financial result	**–20.1**	**–16.9**	**+19.1%**	**–3.2**
Earnings before tax	**68.4**	**70.9**	**–3.5%**	**–2.5**
Income taxes	–18.7	–16.0	+16.9%	–2.7
Earnings after tax	**49.7**	**54.9**	**–9.5%**	**–5.2**

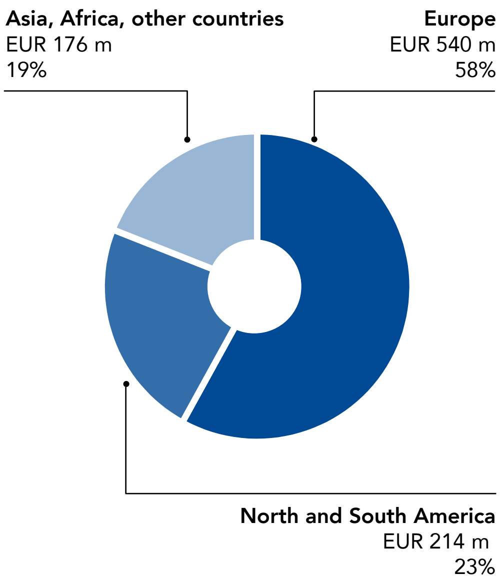
In 2014 there were no significant changes in the breakdown of revenue between the segments compared with 2013. Sempermed remains the largest segment accounting for nearly half of total revenue.

Regionally, Europe's share of revenue decreased in 2014, declining from 61% in 2013 to now 58%. In contrast, the regions North and South America as well as Asia posted an increase in their share.

Revenue split by segments in EUR million



Regional revenue split in EUR million



EARNINGS POSITION

In comparison to 2013, both revenue was well as EBITDA and EBIT were higher. EBITDA climbed by EUR 3.6 million or 2.7% to EUR 136.1 million, while EBIT increased slightly by 0.8% to EUR 88.5 million. However, both EBITDA and EBIT were impacted positively in the fourth quarter of 2014 by the following extraordinary effect: The change from the previous full consolidation of the 50% joint venture interest in Siam Sempermed Corp. Ltd. in Thailand to the equity method as of 31 December 2014 resulted, among other things, in two positive effects on the consolidated financial statements for 2014. First, a revaluation gain of EUR 11.4 million was recorded from the fair value measurement. Second, the currency translation reserve of Siam Sempermed Corp. Ltd. was recycled through the income statement, contributing EUR 1.8 million to profit. In total, this extraordinary effect therefore added EUR 13.2 million to earnings.

In 2014 changes in inventories increased by EUR 0.4 million compared with an increase of EUR 9.4 million in 2013. Other operating income rose from EUR 24.4 million to EUR 34.8 million due to the aforementioned change in the method of consolidation with the associated extraordinary gain of EUR 13.2 million.

There was a disproportionately low increase in materials costs compared with the growth in revenue. These costs rose by just 0.6% to EUR 513.7 million. The Semperit Group is continuing its active approach to manage the procurement of raw materials in order to be able to address the price situation in the markets in a flexible manner. Furthermore, generally lower price levels had a favourable impact on material costs.

Personnel expenses rose by 9.5% to EUR 167.4 million due to increased employee headcount and higher wage and salary costs. This higher employee headcount was primarily caused by the strengthening of the staff in the Sempermed, Semperflex and Sempertrans segments. Including the deconsolidated Siam Sempermed Corp. Ltd. as of 31 December 2014, the number of employees in 2014 compared with 2013 rose by nearly 1,300 people to 11,548 members of staff. Without the employees of Siam Sempermed Corp. Ltd., the number of employees fell from 10,276 as at the end of 2013 to 6,888 as at the end of 2014.

Compared with 2013, other operating expenses increased by 4.3% to EUR 152.1 million because of higher maintenance costs, outgoing freight charges and strategic projects.

In 2014 EBITDA (earnings before interest, tax, depreciation and amortisation) was higher by 2.7%, rising to EUR 136.1 million. Higher operating revenue (+1.9%) and higher other operating income in particular (+42.6%) stood in contrast to higher materials costs and personnel expenses (+0.6% and +9.5%) and other operating expenses (+4.3%). As a result, the EBITDA margin remained unchanged at 14.6%.

Key figures Semperit Group

in EUR million	2014	2013	Change in %	Change in EUR million
Revenue	930.4	906.3	+2.6%	+24.0
EBITDA	136.1	132.5	+2.7%	+3.6
EBITDA margin	14.6%	14.6%	0.0 PP	–
EBIT	88.5	87.8	+0.8%	+0.7
EBIT margin	9.5%	9.7%	–0.2 PP	–
Earnings after tax	49.7	54.9	–9.5%	–5.2
Investments	74.4	49.7	+49.7%	+24.7
Sempermed (at balance sheet date, excl. Siam Sempermed Corp. Ltd. as of end of 2014)	6,888	10,276	–33.0%	–3,388

Due to the organic and non-organic growth of the Semperit Group, depreciation expense and impairment losses rose to EUR 47.5 million, an increase of 6.4% on the EUR 44.7 million in the same period last year. EBIT rose from EUR 87.8 million to EUR 88.5 million (+0.8%), while the EBIT margin decreased slightly from 9.7% to 9.5%.

The negative financial result in 2014 totalled EUR 20.1 million, following EUR 16.9 million in 2013. The main reasons for this increase in 2014 were higher allocations of the group's profit to redeemable non-controlling interests as well as an increase in financial expenses from EUR 4.0 million to EUR 5.0 million, which is attributable to the corporate Schuldschein loan and commitment fees from the framework loan agreement. The item "Profit/loss attributable to redeemable non-controlling interests", which is mostly related to several companies in the Sempermed segment, increased to EUR 16.9 million.

Income tax expense increased by 16.9% to EUR 18.7 million. The tax rate as a percentage of earnings before tax and redeemable non-controlling interests rose by 18.7% to 22.0%. The reasons for this increase were higher deferred taxes and income tax expense from previous periods. Earnings after tax (profit for the period) decreased by 9.5% to EUR 49.7 million. This led to earnings per share of EUR 2.42 for 2014, down from EUR 2.65 in 2013.

Dividend

At the Annual General Meeting on 28 April 2015 the Management Board will propose an ordinary dividend of EUR 1.10 per share, an increase of 20 cents. In addition, a proposal will be made to pay out a special dividend totalling EUR 4.90. The total dividend will therefore be EUR 6.00 per share, a fivefold increase compared to the previous year. This means that EUR 123.4 million will be distributed in total.

Based on the ordinary dividend, the dividend payout ratio[1)] for the financial year 2014 is therefore 45.4%, compared with 33.9% in the previous year. Given the share price of EUR 40.18 as at the end of 2014, this results in an impressive dividend yield of 14.9%.

Semperit is modifying its dividend policy and now aims to achieve a payout ratio of around 50% (instead of 30% previously) of earnings after tax – assuming continued successful performance and that no unusual circumstances occur.

Balance sheet and financial position

Compared with the balance as of 31 December 2013, the balance sheet total declined in 2014 by 2.4% to EUR 831.9 million. The main reason for this decrease on both the asset and liabilities side of the balance sheet was the change in the method of consolidation for Siam Sempermed Corp. Ltd. from full consolidation to the equity method. On the assets side, the item "Investments in joint ventures and associated companies" rose sharply to EUR 91.0 million because of the change in the method of consolidation. In contrast, the items "Tangible assets", "Inventories" and "Cash and cash equivalents" decreased.

On the liabilities side, "Liabilities from redeemable non-controlling interests" were lower due to the change in the method of consolidation. On the other hand, the item "Trade payables" was higher due to the growth of the Semperit Group.

Trade working capital (inventories plus trade receivables minus trade payables) decreased due to the aforementioned change in the method of consolidation as of the end of 2014. The decline was from EUR 186.6 million as at 31 December 2013 to now EUR 159.3 million, meaning that trade working capital constituted 17.1% of the revenue in 2014 of EUR 930.4 million (value at 31 December 2013: 20.6%). The decrease is mainly attributable to a reduction in inventories caused by the aforementioned change in the method of consolidation as well as marginally higher trade payables.

Cash and cash equivalents decreased since the end of 2013, falling from EUR 182.6 million to EUR 115.6 million as at 31 December 2014. The main reason for this decline was the aforementioned change in the method of consolidation, which led to a reduction in cash and cash equivalents of EUR 42.8 million (refer to separate item "Changes in the scope of consolidation" in the consolidated cash flow statement). Additionally, the dividend to the shareholders of Semperit AG Holding was paid in the amount of EUR 24.7 million (previous year: EUR 16.5 million), as were the dividends to non-controlling shareholders of subsidiaries in the amount of EUR 15.3 million (EUR 12.4 million in 2013).

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

Liabilities from the corporate Schuldschein loan and to banks total EUR 137.5 million (31 December 2013: EUR 139.3 million), resulting in overall net debt of EUR 22.0 million (31 December 2013: net liquidity of EUR 43.3 million). The net debt/EBITDA ratio at the end of 2014 is therefore 0.16.

Abstract from the consolidated balance sheet

as at 31/12/2014

in EUR million	31.12.2014	31.12.2013	Change
Assets			
Assets	339.6	371.3	–8.5%
Investments in joint ventures and associated companies	91.0	1.4	> +100.0%
Inventories	127.2	148.4	–14.3%
Trade receivables	113.0	111.2	+1.6%
Other assets including Deferred taxes	161.1	219.7	–26.7%
Balance sheet total	**831.9**	**852.1**	**–2.4%**
Equity and liabilities			
Equity	451.6	414.2	+9.0%
Liabilities from redeemable non-controlling interests	37.3	102.4	–63.6%
Provisions including social capital	78.5	73.7	+6.6%
Corporate Schuldschein loan	127.9	125.8	+1.7%
Liabilities including deferred taxes	136.6	136.1	+0.3%
Balance sheet total	**831.9**	**852.1**	**–2.4%**

As at 31 December 2014, the Semperit Group's equity (without non-controlling interests) stood at EUR 449.4 million, EUR 37.9 million higher than at the end of 2013 (EUR 411.5 million). The change resulted from earnings after tax, the distribution of the dividend to the shareholders of Semperit AG Holding and the change in the currency translation reserve.

The group's equity ratio as at 31 December 2014 amounted to 54.0% (year end 2013: 48.3%), which is still considerably above the sector average. The capital structure of the Semperit Group therefore remains very solid. The return on equity stood at 11.1%, following 13.3% in 2013. The return on equity is calculated based on the earnings after tax of EUR 49.7 million in relation to the equity of EUR 449.4 million (each both in respect to the portion attributable to the shareholders of Semperit AG Holding).

Debt fell sharply from EUR 438.0 million as at 31 December 2013 to EUR 380.3 million as at 31 December 2014 because of a significant decline in liabilities from redeemable non-controlling interests. These decreased by EUR 65.1 million to EUR 37.3 million due to the change in the method of consolidation as described above. Provisions including social capital were slightly higher at EUR 78.5 million. Other liabilities including the corporate Schuldschein loan and deferred taxes increased marginally to EUR 264.5 million.

In December 2014 a new framework loan agreement was put in place with a volume of EUR 250 million and a term of 5 years, with an option to extend the agreement by up to 2 additional years. This replaces the previous framework loan agreement for EUR 180 million, which would have continued until May 2015.

Cash Flow

Gross cash flow was EUR 104.7 million, a year-on-year decline of EUR 11.5 million or 9.9%. This decrease was primarily caused by lower earnings before tax and an increase in paid income taxes. The earnings before tax shown in the cash flow statement also include a positive extraordinary effect associated with the change from the previous full consolidation of the 50% interest in Siam Sempermed Corp. Ltd., a joint venture in Thailand, to the equity method as of 31 December 2014. This effect totalled EUR 13.2 million and is deducted in the item "Effects of the change in the method of consolidation", thus offsetting the extraordinary positive effect contained in earnings before tax.

Cash flow from operating activities dropped sharply to EUR 89.2 million. Higher trade receivables as well as an increase in other receivables and assets were the primary reasons for this decline.

Abstract from the consolidated cash flow statement
for the financial year from 1.1.2014 to 31.12.2014

	2014	2013	Change
Gross cash flow	104.7	116.2	–9.9%
Cash flow from operating activities	89.2	137.2	–35.0%
Cash flow from investing activities	–72.7	–47.8	+51.9%
Cash flow from financing activities	–47.9	–32.4	+48.2%
Net increase / decrease in cash and cash equivalents	–31.4	57.0	–
Cash and cash equivalents at the end of the period	115.6	182.6	–36.7%

The cash flow from investing activities amounted to EUR –72.7 million in 2014, following EUR –47.8 million in 2013. This sharp increase is due to the investment programme to boost production capacity in all segments (refer to the next section on "Investments").

The cash flow from financing activities at EUR –47.9 million (EUR –32.4 million in 2013) was impacted by the payment of the dividend to shareholders of Semperit AG Holding totalling EUR 24.7 million, the distribution of EUR 15.3 million to non-controlling shareholders of subsidiaries and repayments of financial liabilities. The change in the method of consolidation mentioned above led to a reduction in cash and cash equivalents by EUR 42.8 million (refer to separate item "Changes in the scope of consolidation" in the consolidated cash flow statement). Cash and cash equivalents as at 31 December 2014 amounted to EUR 115.6 million, a year-on-year decrease of somewhat more that EUR 65 million.

Investments

At EUR 74.4 million, cash-relevant investments in tangible and intangible assets (CAPEX) in 2014 were far higher than in 2013 (EUR 49.7 million). The ratio of CAPEX to depreciation stood at 1.6 in 2014 and was thus higher than in 2013. Around EUR 50 million of this spending is attributable to growth investments, while about EUR 25 million relates to maintenance expenditures in 2014.

The Sempermed segment is currently constructing a new factory for examination and protective gloves at its existing production site in Kamunting, Malaysia. Around EUR 50 million in total will be invested until 2016, which will expand capacity at this site by about 70% as of the end of 2016.

Around EUR 10 million was invested at the Semperflex segment's production site in Odry, Czech Republic to boost the segment's hose production capacity. The expansion was finalised in the first quarter of 2015.

A decision was made to expand the production of conveyor belts at the Sempertrans segment's plant in Belchatów, Poland due to strong demand for its products. In total, around EUR 40 million will be invested.

In the Semperform segment the first UHF system (ultra high frequency technology) was installed in Wimpassing, Lower Austria. This newly installed production equipment is utilised to manufacture rubber profiles that are used, among other ways, with aluminium windows. In addition, the Chinese production site for handrails was expanded.

Economic environment

Following a slowdown in 2013 the world economy continued to perform modestly in 2014. According to assessments by the International Monetary Fund (IMF), the global economy expanded in 2014 by 3.3% and is set to grow by 3.5% in 2015. 2014 saw economic growth of 2.4% in the US and 7.4% in China. While US growth is expected to accelerate in 2015 to 3.6%, a modest slowdown to 6.8% is anticipated for China. The economic environment in emerging and developing countries has been increasingly mixed recently. In 2014 Brazil registered growth in its gross domestic product (GDP) of just 0.1%, and the forecast for 2015 is 0.3%. India's economy was robust in 2014, with growth reaching 5.8%, and growth is forecast to accelerate in 2015. In Russia, the weak increase in GDP of 0.6% in 2014 was primarily caused by economic sanctions. The Russian economy is expected to contract sharply in 2015 by 3.0%.

Following stagnation in 2013, the most recent forecasts by the European Commission call for subdued economic growth of just 1.3% for the European Union in 2014, with growth expected to pick up in 2015 to 1.7%. Following a rebound towards the end of 2014, Germany's GDP for 2014 is forecast to grow by 1.5%, which should be attained again in 2015. Austria's economy stagnated in 2014. Despite ongoing uncertainties, its GDP is forecast to increase by 0.8% in 2015.

In addition to the sluggish implementation of reforms, uncertainties concerning Greece and the political conflict between Russia and Ukraine, the European economy was significantly influenced by the expansionary monetary policy of the European Central Bank. Europe's benchmark interest rates were reduced in June and September 2014, each time by 10 basis points, to the historic low of 0.05%.

These macroeconomic conditions have different effects on the business sectors of the Semperit Group. While the market for medical products tends to evolve largely independently of economic cycles, the energy, construction, machine-building and industrial equipment industries, which are of relevance for the Semperit Group's Industrial Sector, are more sensitive to the overall economic situation.

Developments in the raw materials markets

The sub-markets for the raw materials that are important for the rubber industry, such as the market for natural rubber and natural latex as well as the market for synthetic latex, experienced declining prices during 2014, albeit to varying degrees. The development of these markets in the natural rubber segment is influenced by production conditions, while synthetic rubber and carbon black are impacted by provider behaviour and trends in the costs for basic raw materials, which are dominated by the price of crude oil. Demand is impacted primarily by the main consumer of rubber products, the tyre and automobile industry.

Following the decline in the price for natural rubber at the start of 2014, prices continued to decline steadily over the course of the year due to further increases in production and high inventory levels. The average prices in 2014 were around 30% lower than the average prices in 2013. While synthetic rubber is manufactured globally, by far the largest share of natural rubber and latex is produced in Southeast Asia, above all in Thailand, Indonesia, Vietnam and Malaysia.

The markets for synthetic rubber and synthetic latex were relatively stable for large portions of 2014. The sharp drop in the crude oil price that set in as the year progressed then resulted in significantly lower prices in the fourth quarter of 2014. The average prices in 2014 were somewhat more than 10% lower than the comparable prices for 2013.

The price for the filling material carbon black was largely stable in 2014. The collapse in the price of crude oil, which set in towards the end of the year, was not yet reflected in 2014 due to longer lead times. The prices for wire in the different regions were relatively stable in 2014.

Revenue and earnings of the sectors

The Semperit Group divides its business activities into two sectors, Medical and Industrial. The Medical Sector comprises the Sempermed segment, while the Industrial Sector includes the Semperflex, Sempertrans and Semperform segments. In 2014 the Semperit Group was able to boost the revenue of its two sectors: the Medical Sector – primarily thanks to higher sales – posted a revenue increase of 4.1% to EUR 452.9 million. Despite a challenging economic environment, revenue in the Industrial Sector rose by 1.3% to EUR 477.5 million.

EBITDA in the Medical Sector rose by 14.1% to EUR 67.0 million due to the extraordinary effects described above, whereas in the Industrial Sector it fell by 2.2% to come in at EUR 88.1 million. The EBITDA margin of both sectors is therefore clearly in double-digit territory: 14.8% for Medical and 18.5% for Industrial.

While EBIT in the Medical Sector increased by 13.5% to EUR 41.6 million because of the extraordinary effects mentioned above, EBIT in the Industrial Sector declined by 2.0% to come in at EUR 66.4 million. The EBIT margin in the Medical Sector reached 9.2%, up from 8.4% in the previous year. One positive aspect about the Medical Sector's performance is the double-digit growth rate in the volume of examination gloves sold, which resulted from a good sales performance.

The Industrial Sector was able to maintain its good level of profitability nearly unchanged compared to the previous year. Its EBIT decreased by 2.0% to EUR 66.4 million. At 55%, the Semperflex segment contributed the largest share of EBIT, followed by Sempertrans with 25% and Semperform at around 20%. In 2014 the sector's EBIT margin stood at 13.9%, following 14.4% in 2013. Semperflex posted the highest EBIT margin at 18.3%, followed by Sempertrans with 11.5% and Semperform at 9.9%. The exposed Semperflex segment managed to increase its EBIT margin sharply thanks to very good sales and corresponding strong utilisation of capacity, while the EBIT margins declined in the Sempertrans and Semperform segments.

Performance of the segments

SEMPERMED

In 2014 the revenue in the Sempermed segment rose by 4.1% to EUR 452.9 million. Considerably higher sales volumes thanks to a generally good sales performance were offset by negative price effects associated with raw material prices that were lower compared with 2013, particularly for natural latex but also in part for nitrile (synthetic latex).

In 2014 the EBITDA of the Sempermed segment, at EUR 67.0 million, rose by 14.1% compared with the prior year. EBIT increased to EUR 41.6 million, up 13.5% on the EUR 36.6 million achieved in 2013. This led to an EBITDA margin of 14.8%, following 13.5% in the prior year period, and an EBIT margin of 9.2%, up from 8.4% in 2013. Compared quarter-on-quarter with the previous year, revenue, EBITDA and EBIT were all higher. EBITDA and EBIT were impacted positively in the fourth quarter of 2014 by the following extraordinary effect. The change from the previous full consolidation of the 50% joint venture interest in Siam Sempermed Corp. Ltd. in Thailand to the equity method as of

31 December 2014 resulted, among other things, in two positive effects on the consolidated financial statements for 2014: First, a revaluation gain of EUR 11.4 million was recorded from the fair value measurement. Second, the currency translation reserve of Siam Sempermed Corp. Ltd. was recycled through the income statement, contributing EUR 1.8 million to profit. In total, this extraordinary effect therefore added EUR 13.2 million to earnings.

Profitability in the third and fourth quarter of 2014 was adversely impacted by, among other things, an increase in electricity and gas prices in Malaysia during the first half of 2014. These incremental costs could not be completely passed on to customers due to competitive pressure. In addition, the water supply to the group's plant in Malaysia was interrupted for certain periods due to expansion work in the local supply network, causing production downtime in the second quarter of 2014.

Sales of examination gloves increased at double-digit rates in 2014 compared with the previous year. Demand was particularly strong in Europe, and slightly weaker in the US. Growth was achieved not just in the medical field; gains were also made in non-medical industries such as industrials and especially consumer goods, which are both growing stronger in the meantime. As in previous quarters, the capacity of Sempermed's production facilities was well utilised.

Sales of surgical gloves, which are produced in Wimpassing, Austria, rose modestly in 2014 compared with 2013.

Key figures Sempermed

in EUR million	2014	Change	2013	2012
Revenue	452.9	+4.1%	434.9	383.5
EBITDA	67.0	+14.1%	58.7	41.5
EBITDA margin	14.8%	+1.3 PP	13.5%	10.8%
EBIT	41.6	+13.5%	36.6	27.6
EBIT margin	9.2%	+0.8 PP	8.4%	7.2%
Investments	24.1	–27.2%	33.2	20.0
Sempermed (at balance sheet date, excl. Siam Sempermed Corp. Ltd. as of end of 2014)	3,428	–51.1%	7,007	6,548

External audit by the Business Social Compliance Initiative (BSCI)

Referring to a publication by the Finnish NGO "Finnwatch", the Business Social Compliance Initiative (BSCI) performed an external, independent audit of Sempermed in Thailand during the second quarter of 2014. The good outcome of this audit confirms that Sempermed in Thailand complies with all applicable legislation. There is neither child labour, nor forced labour nor discrimination, and all employees receive a fair wage for their work.

New glove factory in Malaysia

In order to satisfy growing demand and boost productivity, Sempermed is increasing its production capacity at the manufacturing plant in Kamunting, Malaysia by around 70%, or more than 4 billion units of gloves, to more than 10 billion units. A total of around EUR 50 million will be invested in the construction of this new glove factory during the period 2014 to 2016.

SEMPERFLEX

Of all of the group's segments, the Semperflex segment is particularly exposed to potential economic volatility. Thanks to an impressive production and sales performance, the segment's revenue rose during 2014 by 8.6% to EUR 202.1 million. The segment was able to maintain a constantly high volume of production, thereby achieving economies of scale and boosting efficiency. All in all, this led to a further improvement in profitability compared with the same period last year, with the growth in both EBITDA and EBIT, at 15% and more than 20%, respectively, considerably outpacing the increase in revenue.

In 2014 the segment's EBITDA advanced by 17.1% to EUR 48.6 million, with EBIT spiking by 24.2% to EUR 36.9 million. The EBITDA margin of 24.0% was higher than the 22.3% achieved in 2013, and the EBIT margin came in at 18.3%, following 16.0% in the previous year. There were decreases in revenue, EBITDA and EBIT in the fourth quarter of 2014 compared with the same period in 2013.

Demand is expected to be subdued in 2015. Semperflex is addressing this lull with focused sales work and close cooperation with customers. In order to be able to respond flexibly to customer needs, particularly in Europe, the segment has expanded its capacity at the production site in Odry, Czech Republic. Around EUR 10 million was invested in total in an expansion that was finalised in the first quarter of 2015.

The Hydraulic Hoses unit generates most of the segment's revenue. During the period under review it gained market share in terms of deliveries in both Europe and the US thanks to close cooperation with customers. Trends are still difficult in Asia, with demand remaining subdued throughout the region. All in all, sales grew at a double-digit rate.

The Industrial Hoses unit posted higher revenue, too, particularly in its European core markets, but also in Asia. The situation in East Europe, especially in Russia and Ukraine, was challenging in 2014 – the unit experienced a decline here towards the end of the year.

Revenue trends in the smallest business unit of this segment, Elastomer and Wear-Resistant Sheeting, were positive thanks to an increase in volume.

Key figures Semperflex

in EUR million	2014	Change	2013	2012
Revenue	202.1	+8.6%	186.1	180.6
EBITDA	48.6	+17.1%	41.5	38.6
EBITDA margin	24.0%	+1.7 PP	22.3%	21.4%
EBIT	36.9	+24.2%	29.7	27.6
EBIT margin	18.3%	+2.3 PP	16.0%	15.3%
Investments	18.1	> +100.0%	6.0	15.0
Employees (at balance sheet date)	1,538	+4.8%	1,467	1,315

SEMPERTRANS

The Sempertrans segment generated good volume growth in 2014 compared with the previous record year of 2013, supported by the acquisition of new customers and the expansion of sales activities into new markets and market segments. Despite declining prices for raw materials and the associated decrease in revenue, higher costs for market development and the investments in the expansion of capacity, the segment achieved a satisfactory EBIT margin of 11.5% (12.5% in 2013). In total, revenue decreased by 5.3% to EUR 146.4 million. This decline also weighed on the development of both EBITDA, which fell by 12.6% to EUR 20.9 million, and EBIT, which at EUR 16.8 million was 13.5% below the level in 2013. Nevertheless, both the EBITDA and the EBIT margins remained in double-digit territory, at 14.3% and 11.5%, respectively. There were slight decreases in revenue, EBITDA and EBIT in the fourth quarter of 2014 compared with the same period in 2013.

Individual new projects in the mining industry continue to be scrutinised closely and order decisions are being made more slowly. The industrial business, which includes sales to companies outside the mining sector, is also stable, but still muted, with just a few exceptions such as the cement industry. The performance of the spare parts business has been satisfactory. Yet despite this challenging competitive environment, the capacity of the Sempertrans segment remains well utilised until beyond the second quarter of 2015 thanks to the segment's good relationships with customers, the expansion of its technical advisory expertise and the development of new markets.

From a geographical perspective, West Europe has performed particularly well. Sempertrans benefits in this region from a comprehensive sales and distribution network, and good market positioning. Sales were weaker in crisis regions such as Ukraine – with effects on Russia – as well as in the Middle East and North Africa. This also means that Sempertrans's competitors are switching to other markets, increasing competition in these markets as a result. On the other hand, the order situation is good in South America. Price competition continues to prevail in India and China as economic growth in these countries remains subdued compared with their previous rates of growth. The plant in China has benefited from better capacity utilisation and measures to improve operating performance. Order trends in other parts of Asia are likewise muted.

Key figures Sempertrans

in EUR million	2014	Change	2013	2012
Revenue	146.4	–5.3%	154.5	143.8
EBITDA	20.9	–12.6%	23.9	21.2
EBITDA margin	14.3%	–1.2 PP	15.5%	14.7%
EBIT	16.8	–13.5%	19.4	16.0
EBIT margin	11.5%	–1.0 PP	12.5%	11.1%
Investments	19.8	> +100.0%	6.8	1.9
Employees (at balance sheet date)	1,027	+6.1%	968	958

The work to expand capacity at the Polish conveyor belt plant in Bełchatów (total investment of around EUR 40 million) is proceeding according to plan. As a result, around a third more capacity will be available starting from the second half of 2015. In addition to the gradual increase and induction of personnel for the production expansion in Bełchatów, targeted investments are also being made in personnel resources here to achieve two objectives: to position the segment as a solutions provider and to develop new markets and market segments through incremental sales personnel.

SEMPERFORM

The Semperform segment posted revenue of EUR 129.0 million in 2014, nearly unchanged versus 2013. Volume growth in nearly all business units was offset by negative price effects, however. All in all, in 2014 the Semperform segment generated EBITDA of EUR 18.6 million versus EUR 24.7 million in the previous year. EBIT was EUR 12.7 million compared with EUR 18.6 million in 2013. These results represent declines of –24.6% and –31.8%, respectively. Compared with the segment's strong earnings in 2013, profitability in 2014 was negatively impacted by price concessions for customers from Russia (to offset the weaker rouble), the lack of earnings from the foam rubber business (production was discontinued in the first half of 2013) and uneven capacity utilisation in several business units. The EBITDA margin stood at 14.5%, following 18.9% in 2013, while the EBIT margin declined from 14.2% to now 9.9%. Revenue, EBITDA and EBIT declined in the fourth quarter of 2014 compared with the same period last year.

With its seal profiles for windows and doors, the Building Profiles unit is the largest unit in the Semperform segment. Order intake and capacity utilisation were good until into the third quarter of 2014. In the third and fourth quarter of 2014, however, orders from Russia and Ukraine decreased sharply due to a general decline in demand. This downturn was caused by the economic situation in the region and the further devaluation of the rouble. Although stronger sales of seals for aluminium windows in West Europe compensated for the decline in Russia and Ukraine in the third quarter of 2014, in the fourth quarter the shortfall was only partially offset. In 2014 the first UHF system (ultra high frequency technology) was installed in Wimpassing, Austria. This newly installed production equipment is utilised to manufacture rubber profiles that are used, among other ways, with aluminium windows.

The Industrial Moulded Parts unit posted a more subdued performance compared with 2013. Industrial customers were more cautious when placing orders, which impacted overall order intake. Demand in railway-track superstructures remained volatile, and there was a global downturn in demand for filter membranes.

Key figures Semperform

in EUR million	2014	Change	2013	2012
Revenue	129.0	–1.4%	130.8	120.7
EBITDA	18.6	–24.6%	24.7	20.4
EBITDA margin	14.5%	–4.4 PP	18.9%	16.9%
EBIT	12.7	–31.8%	18.6	14.6
EBIT margin	9.9%	–4.3 PP	14.2%	12.1%
Investments	8.8	> +100.0%	3.1	3.8
Employees (at balance sheet date)	787	+5.9%	743	691

Compared with the previous year the Handrails unit registered solid volume growth worldwide in the business with original equipment manufacturers (OEMs). Demand for new escalators in the main market of China was lower in the third and fourth quarters of 2014, and demand is also not expected to recover in 2015. China, the most important OEM market, remains characterised by strong competition and high price pressure. Good progress was made in the After Sales market (ASM) globally, also in Asia. In order to address growing demand for handrails over the medium to long term, an investment of somewhat more than EUR 2 million is being made to expand the group's production site in China.

The smallest business unit, Special Applications (including ski foils and cableway rubber rings), grew modestly in 2014.

Employees

At the end of 2014 the Semperit Group employed around 6,900 people, of which about half or 3,400 employees are in the Sempermed segment, followed by the Semperflex segment with a share of more than 20%. All segments except for Sempermed increased their number of employees due to the increase in production. The 33% decline for the Semperit Group overall is solely related to the Sempermed segment (–51%), and is caused by the change in the method of consolidation for Siam Sempermed Corp. Ltd. in Thailand.

Personnel expenses (including Siam Sempermed Corp. Ltd.) rose by 9.5% to EUR 167.4 million due to increased employee headcount and higher wage and salary costs. This higher employee headcount was primarily caused by the strengthening of the staff in the Sempermed, Semperflex and Sempertrans segments. Including the deconsolidated Siam Sempermed Corp. Ltd. as of 31 December 2014, the number of employees in 2014 compared with 2013 rose by nearly 1,300 people to 11,548 members of staff. Excluding the employees of Siam Sempermed Corp. Ltd., the number of employees fell from 10,276 as at the end of 2013 to 6,888 as at the end of 2014.

The Semperit Group has an ambitious growth strategy that is supported by effective and modern human resources policies. The overall goals of these policies are to position the company as an attractive employer, to implement modern management tools, to promote internationality and diversity, and to create the conditions for a performance-oriented and fair corporate culture with a clear set of values.

Research and development

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

Highlights in research and development in 2014

Sempermed	Basic research on the design of dipping lines in the new factory in Kamunting, Malaysia
Semperflex	Improvement in the impulse strength for the braid hose, new development of a flexible spiral hose
Sempertrans	Improvement in the dynamic splicing strength of steel-cord conveyor belts
Semperform	Commissioning of the UHF system (ultra high frequency technology)

Environmental management

The Semperit Group prevents pollution caused by all segments during production as far as possible by means of an effective environmental management system. This management system is based on statutory provisions and requirements. The managers of the respective production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing the responsibilities for environmental protection issues, such as those for waste management officers and effluent treatment managers. During the planning stage, all raw materials, mixtures and processes used for the first time are examined to evaluate their impact on the environment; then they are optimised. Appropriate goals to reduce the use of materials and energy consumption are established, periodically reviewed, and supplemented by further measures.

In 2014 a Sustainability Council was established, consisting of managers from the segments and central functions. This creates the structural foundations to define and enhance the current and future work areas in sustainability. The Council deals with the guidelines and specific design of measures and objectives in the field of sustainability.

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

The share capital of Semperit AG Holding amounted to EUR 21,358,996.53 as at 31 December 2014 and consisted of 20,573,434 non-par-value ordinary shares, each carrying equal rights in every respect.

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

B & C Industrieholding GmbH indirectly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2014. B & C Semperit Holding GmbH directly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2014. Due to a reorganisation under company law, B & C Industrieholding GmbH has been a wholly owned subsidiary of B & C Holding Österreich GmbH since 15 January 2015. Since then, B & C Holding Österreich GmbH has therefore indirectly owned more than 50% of the shares in Semperit AG Holding. More than 10% of the ordinary shares had been held by Legg Mason Inc., USA since 10 March 2011. As of 2 February 2015, the interest of Legg Mason Inc., USA, has been less than 10%. The remaining shares are in free float.

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

Employees who own shares are entitled to exercise their right to vote at the Annual General Meeting.

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

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

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

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

Any member of the Supervisory Board can resign from it even without good cause by submitting written notification of such. Should this cause the number of members of the Supervisory Board to decline to below the minimum specified number, a four-week notice period must be observed.

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

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

The Annual General Meeting on 29 April 2014 authorised the Management Board, with the consent of the Supervisory Board, to repurchase and, if applicable, retire own shares up to the legally permitted maximum of 10% of the share capital for a period of 30 months from the adoption of the resolution in the Annual General Meeting in accordance with Section 65 Para. 1 no. 8 of the AktG. At the same Annual General Meeting, the Management Board was authorised, pursuant to Section 65 Para. 1b of the AktG and with the consent of the Supervisory Board, to decide on a different method of selling shares than via the stock exchange or through a public offer and on a possible exclusion of the pre-emption rights of shareholders. There is currently no share buyback programme and the company does not hold any treasury shares.

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

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

Risk report

RISK ENVIRONMENT

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

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

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

RISK MANAGEMENT

Semperit's objective is to minimise potential threats from future events through effective risk management and the corresponding systems. Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. has audited and certified the effectiveness of the Semperit Group's risk management system for 2014 in accordance with Rule 83 of the Austrian Corporate Governance Code.

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

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

RISK ORGANISATION

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

SPECIFIC SIGNIFICANT RISKS

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

OPERATIONAL RISKS

Procurement risk

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

At the Semperit research and development centre in Wimpassing, Austria, interdisciplinary teams are constantly working to develop alternative formulas so that Semperit can respond quickly and with flexibility to fluctuations in commodity prices and supply bottlenecks. This adaptability is also ensured by the flexible structuring of the group's production facilities.

Sales and customer default risk

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

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

Production risk

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

Personnel risk

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

FINANCIAL RISK

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

Capital risk

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

Against the backdrop of the group's organic and non-organic growth strategy, the Semperit Group has decided not to establish a firmly defined target capital structure because different capital structures could be needed. Management aims to ensure that the group has a sustainably robust capital structure.

Interest rate risk

Operating resources, investments and acquisitions in the group's business operations are partially financed using debt. At 31 December 2014, the group's liabilities to banks totalled EUR 9.6 million (31 December 2013: EUR 13.5 million). The amount of the corporate Schuldschein loan including accrued interest totals EUR 127.9 million. Over 95% of liabilities to banks have variable interest rates that are tied to prevailing market conditions. There are liabilities from leasing agreements totalling EUR 0.2 million (31 December 2013: EUR 3.1 million), all of which have fixed interest rates.

Liquidity risk

Cash and cash equivalents amounted to EUR 115.6 million as at 31 December 2014 (31 December 2013: EUR 182.6 million). In July 2013 a corporate Schuldschein loan totalling EUR 125.0 million was issued, with an increase of EUR 2.0 million taking place in April 2014. In December 2014 a new framework loan agreement was put in place with a volume of EUR 250 million and a term of 5 years, with an option to extend the agreement by up to 2 additional years. This replaces the previous framework loan agreement for EUR 180 million, which would have continued until May 2015. Continuous improvements to the group's treasury guidelines and information systems facilitates the early identification of financial risks and enables suitable measures to be taken in good time. The equity ratio of 54.0% as at 31 December 2014 (2013: 48.3%) demonstrates Semperit Group's solid balance sheet structure.

Default/Credit risk

Default risks of the Semperit Group with regard to securities as well as receivables and credits from banks are assessed as low given the fact that most of the contractual partners are top-rated banks with regards to solvency. Furthermore, Semperit has defined maximum amounts with each contractual partner in order to minimise risks.

Currency risk

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

RISKS IN CONNECTION WITH THE JOINT VENTURE PARTNER SRI-TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

Since 2014, the Semperit Group has been conducting several legal proceedings at domestic courts in Thailand and at international arbitration tribunals located in Zurich based on the rules of the International Chamber of Commerce (ICC). These litigations relate in particular to the competencies and internal organisation of the Board of Directors (BoD) being the supervisory body of Siam Sempermed Corp. Ltd. (SSC), a joint venture in Thailand. They also concern the business management of SSC, SSC's business relationships with group subsidiaries of the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. (Sri Trang), and the exclusive distribution rights of the Semperit Group. The opposing parties in the arbitration proceedings are the contracting parties in the joint venture agreements and SSC itself. In the proceedings at Thai courts, the opposing parties are the BoD members who have been nominated by Sri Trang. Semperit is the plaintiff in the ICC proceedings. The BoD members appointed by Semperit are the defendants in most of the proceedings at Thai courts.

The dispute's core issue is that the members of the SSC's BoD who have been nominated by the joint venture partner Sri Trang are currently hindering the exercise of control by Semperit. According to Sri Trang's interpretation of the law, all resolutions in the BoD can be prevented, first by preventing a quorum at meetings of the BoD through the absence of Sri Trang's nominees, and second, by convening an Annual General Meeting of the SSC to include agenda points that have already been placed on the agenda of a BoD meeting. Semperit, based on several legal assessments, believes that (i) a quorum cannot be permanently prevented since in such a case, an appropriate procedure becomes applicable allowing for a quorum of the BoD if all BoD members nominated by Semperit are present, and (ii) the Annual General Meeting is entitled to prevent BoD decisions only based on positive shareholder resolutions, which cannot, however, be taken without the involvement of Semperit. In order to clarify these issues, among other things, Semperit has referred them to the aforementioned arbitration tribunals.

Due to this inability to exercise control over SSC and the assessment of a loss of control under IFRS 10.B24, Semperit decided to change the method of consolidation for SSC as of 31 December 2014 from a full consolidation approach to the equity method in accordance with IFRS 11/IAS 28.

At present, the legal proceedings are mostly still at an early stage; the arbitrators have constituted at the start of 2015. Except for the injunctions which are being sought, a conclusion of the proceedings in the near future is unlikely.

In January 2015, a director nominated by Sri Trang for the BoD of Sempermed USA Inc. (SUSA) issued a legal challenge in Delaware, USA, against a resolution adopted by the BoD of SUSA based on the BoD's right to cast a deciding vote. The director sought an injunction against this decision. The request for an injunction was not granted by the competent court, but a hearing was ordered to deal with the lawsuit, scheduled probably sometime in the following 90 to 120 days.

The Semperit Group continues to anticipate that its interpretation of the law will be confirmed in these proceedings. The costs for the ongoing proceedings are being expensed as incurred. Appropriate provisions have been set up for the expected costs of the proceedings in which Semperit is the defendant.

INTERNAL CONTROL SYSTEM (ICS)

The Semperit Group's internal control system is designed to ensure the effectiveness and efficiency of its business activities, the reliability of its financial reporting and compliance with relevant statutory provisions. It also supports the early recognition and monitoring of risks deriving from inadequate monitoring systems and fraudulent actions and is revised and expanded on an ongoing basis by the Internal Audit & Risk Management department together with the relevant specialist departments. To that end, the accounting-related processes were subject in 2013 and 2014 to another comprehensive, systematic review of the effectiveness of the ICS, with Internal Audit & Risk Management taking the lead role, in order to derive a set of minimum standards. The rollout of these standards took place in 2013, primarily in Europe. In 2014 the rollout continued at both Asian and American locations, and follow-up audits were performed at the European locations to ensure the sustained implementation of the standards. The management of the respective business unit is responsible for implementing and monitoring the ICS and the risk management system. The Management Board of Semperit AG Holding stipulates cross-divisional framework conditions and regulations that are applicable throughout the group.

The following principles form the basis of the ICS:
- Recognition of potential operating risks and making losses visible that have already occurred
- Protection of property
- Improvement in operating effectiveness
- Ensuring the accuracy of accounting and reporting
- Compliance with internal and external laws and regulations
- Auditability by independent experts
- Ensuring adequate implementation and segregation of duties

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

Outlook

Most observers anticipate that the global economy will recover during 2015. The International Monetary Fund (IMF) forecasts that global economic growth will increase from 3.3% in 2014 to 3.5% in 2015. The growth engine among the industrialised countries will be the US once again, where GDP is expected to rise by 3.6%. The Eurozone is likely to see growth of just 1.2%. Fears of deflation and ongoing geopolitical risks (Russia and Ukraine, Middle East) will continue to weigh on the region's economy. On the other hand, the massive decline in the price of oil and the weaker euro could act as a type of special stimulus programme, particularly for the export economy. In Asia there continues to be a lack of broad-based growth momentum coming from China.

The Semperit Group is starting the 2015 financial year with a strong order backlog. The first signs of stabilisation in West Europe and strong demand in North America are having a positive effect. However, Semperit is not able to completely avoid the downturn in the economies of Central and East Europe caused by the crisis. The group expects that market and demand trends in Asia will remain largely flat.

The Semperit Group anticipates that its business performance during 2015 will be satisfactory amid a persistently challenging environment. The effects of the emerging global economic recovery should be felt starting from the second half of 2015. Revenue and earnings should once again come in at attractive levels, although it will not be possible to reach the record results achieved in the last two years because of the current state of the economy, the price situation for raw materials and the effect of the change in the method of consolidation for a joint venture company.

The change in the accounting treatment for the 50% interest in Siam Sempermed Corp. Ltd., a joint venture in Thailand, from a full consolidation previously to the equity method as of 31 December 2014 means that starting from 2015, reported revenue will probably be around 10% lower compared to the full consolidation method. The new approach is likely to reduce EBIT by about 20% compared with previously reported figures. The change is not expected to have a significant effect on either earnings after tax and non-controlling interests or earnings per Semperit share. The impact on the income statement and thus on revenue and EBIT will be published for the first time in the interim report for the first quarter of 2015.

Semperit will continue to expand its production capacity at both its Medical and Industrial Sectors. Capital expenditure (CAPEX) of around EUR 75 million is planned for 2015 (2014: EUR 74 million), of which about EUR 50 million is intended for growth investments. The additional capacity will gradually become available during the course of 2015 and 2016, and will have a correspondingly positive effect on revenue.

Going forward, Semperit aims at achieving average double-digit volume growth (quantities sold) with attractive margins. The group likewise still aims to achieve an EBITDA margin of between 12% and 15% and an EBIT margin of between 8% and 11%.

Outlook Medical Sector

The market in the Medical Sector develops largely independent of the general trend in the economy. The Semperit Group anticipates that demand for examination and protective gloves will grow steadily. In this environment, the Semperit Group will target high-quality, highly profitable growth. The focus in 2015 will therefore be on boosting efficiency at the individual production sites, expanding lucrative customer relationships and continuing to expand capacity in Kamunting, Malaysia. Semperit further anticipates that as in the past, the ongoing legal disputes will not impact the operating business of the joint ventures with Sri Trang Agro-Industry Public Co Ltd. (Sri Trang) in terms of quantities and quality.

Outlook Industrial Sector

Despite the weak demand from East European markets the capacity in the Industrial Sector is well utilised for the next several months. The Semperit Group is responding to this market weakness with intensive sales and marketing initiatives in other countries as well as by expanding its global customer relationships in all industrial segments.

To continue its long-term growth, the Semperit Group is implementing its investment programme in the Industrial Sector as planned. The Semperflex segment was already able to successfully conclude the expansion of its hydraulic hose production in the first quarter of 2015. The build-up of production capacity for conveyor belts at the manufacturing site in Bełchatów, Poland, for handrails in Shanghai, China and for profiles in Wimpassing, Austria continues to proceed according to plan.

Note

This outlook is based on the assessments of the Management Board as of 24 March 2015, and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2015. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Events after the balance sheet date

On 19 March 2015, Semperit finalised a purchase agreement to acquire Leeser GmbH & Co. KG ("Leeser"). Leeser is a manufacturer of high-quality rubber seals with two production sites near Düsseldorf, Germany. Currently the acquisition is subject to anti-trust approvals. The closing of the transaction is expected in the second quarter of 2015. Going forward, Leeser will be assigned to the Semperform segment.

Vienna, 24 March 2015

Thomas Fahnemann
Chairman of the Management Board

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

Declan Daly
Chief Information Officer

Consolidated financial statements and notes

Consolidated income statement
for the financial year from 1.1.2014 to 31.12.2014

in EUR thousand	Note	2014	2013
Revenue	5.1.	930,350	906,342
Changes in inventories		383	9,412
Own work capitalised		3,303	966
Operating revenue		**934,036**	**916,720**
Other operating income	5.2.	34,766	24,385
Cost of material and purchased services	5.3.	–513,733	–510,667
Personnel expenses	5.4.	–167,351	–152,802
Other operating expenses	5.5.	–152,089	–145,776
Share of profit from associated companies	3.2.	425	599
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**136,054**	**132,458**
Depreciation, amortisation and impairment of tangible and intangible assets	5.6.	–47,526	–44,669
Earnings before interest and tax (EBIT)		**88,528**	**87,789**
Financial income	5.7.	1,799	1,941
Financial expenses	5.7.	–5,040	–4,037
Profit/loss attributable to redeemable non-controlling interests	6.10.	–16,860	–14,776
Financial result		**–20,101**	**–16,872**
Earnings before tax		**68,426**	**70,917**
Income taxes	5.8.	–18,730	–16,020
Earnings after tax		**49,697**	**54,898**
thereof attributable to the shareholders of Semperit AG Holding	6.9.	49,859	54,598
thereof attributable to non-controlling interests	6.9.	–163	300
Earnings per share in EUR (diluted and undiluted)[1]	**5.9.**	**2.42**	**2.65**

[1] Attributable to the shareholders of Semperit AG Holding

Consolidated statement of comprehensive income
for the financial year from 1.1.2014 to 31.12.2014

in EUR thousand	Note	2014	2013
Earnings after tax according to the consolidated income statement		**49,697**	**54,898**
Other comprehensive income			
Amounts that will not be recognised through profit and loss in future periods			
Remeasurements of defined benefit plans (IAS 19)	6.11.	–6,577	–2,632
Related deferred taxes	6.8.	1,667	660
		–4,910	**–1,972**
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.	397	–100
Reclassification to profit and loss for the period	5.7.	135	114
		532	14
Cash flow Hedge			
Revaluation gains/losses for the period	8.	–1,460	–100
Reclassification to profit and loss for the period		166	0
		–1,294	–100
Currency translation differences			
Currency translation differences for the period		20,175	–30,743
Reclassification to profit and loss for the period		–1,787	0
		18,388	–30,743
Related deferred taxes	6.8.	191	21
		17,816	**–30,808**
Other comprehensive income		**12,905**	**–32,780**
Total recognised comprehensive income		**62,602**	**22,118**
thereof on earnings attributable to the shareholders of Semperit AG Holding		62,586	21,642
thereof on earnings attributable to non-controlling interests		16	475

Consolidated cash flow statement
for the financial year from 1.1.2014 to 31.12.2014

in EUR thousand	Note	2014	2013
Earnings before tax		68,426	70,917
Depreciation, amortisation, impairment and write-ups	6.1. / 6.2.	47,335	44,629
Profit and loss from disposal of assets (including current and non-current financial assets)		349	460
Change in non-current provisions		3,177	–1,893
Share of profit of associated companies	3.2.	–425	–599
Dividend received from associated companies		162	205
Effects of the change in the method of consolidation		–13,190	0
Profit/loss attributable to redeemable non-controlling interests	6.10.	16,860	14,776
Net interest income (including income from securities)		1,812	872
Interest paid		–3,501	–1,625
Interest received		1,881	2,147
Taxes paid on income		–18,157	–13,706
Gross cash flow		**104,732**	**116,185**
Change in inventories		–4,341	–5,956
Change in trade receivables		–13,135	8,940
Change in other receivables and assets		–6,144	770
Change in trade payables		–1,196	15,645
Change in other liabilities and current provisions		2,366	8,668
Changes in working capital resulting from currency translation adjustments		6,924	–7,088
Cash flow from operating activities		**89,205**	**137,166**
Proceeds from sale of tangible and intangible assets		661	478
Proceeds from sale of current and non-current financial assets		2,000	2,053
Investments in tangible and intangible assets	6.1. / 6.2. / 7.	–74,404	–49,716
Investments in current and non-current financial assets		–947	–661
Cash flow from investing activities		**–72,690**	**–47,847**
Cash receipts from current and non-current financing liabilities		2,000	124,567
Repayment of current and non-current financing liabilities		–9,509	–108,378
Dividend to shareholders of Semperit AG Holding	6.9.	–24,688	–16,459
Dividends to non-controlling shareholders of subsidiaries	6.10.	–15,270	–12,391
Acquisition of non-controlling interests		–479	–19,500
Capital payments to non-controlling shareholders of subsidiaries	6.10.	0	–199
Cash flow from financing activities		**–47,947**	**–32,360**
Net increase / decrease in cash and cash equivalents		**–31,432**	**56,959**
Effects resulting from currency translation		7,248	–7,726
Changes in the scope of consolidation		–42,796	0
Cash and cash equivalents at the beginning of the period		182,554	133,322
Cash and cash equivalents at the end of the period		**115,574**	**182,554**

Consolidated balance sheet
as at 31.12.2014

in EUR thousand	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Intangible assets	6.1.	112,414	106,826
Tangible assets	6.2.	220,017	256,628
Investments in joint ventures and associated companies	3.2.	91,043	1,419
Other financial assets	6.5.	8,544	9,043
Other assets	6.6.	4,274	3,982
Deferred taxes	6.8.	19,526	15,733
		455,818	**393,630**
Current assets			
Inventories	6.3.	127,196	148,428
Trade receivables	6.4.	112,965	111,230
Other financial assets	6.5.	3,469	1,518
Other assets	6.6.	11,624	11,408
Current tax receivables		5,269	3,350
Cash and cash equivalents	6.7.	115,574	182,554
		376,096	**458,488**
TOTAL ASSETS		**831,914**	**852,118**
EQUITY AND LIABILITIES			
Equity	**6.9.**		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Revenue reserves		405,509	385,793
Currency translation reserve		1,005	–17,204
Equity attributable to the shareholders of Semperit AG Holding		**449,377**	**411,451**
Non-controlling interests		2,211	2,702
		451,587	**414,153**
Non-current provisions and liabilities			
Provisions for pension and severance payments	6.11.	43,939	39,248
Other provisions	6.12.	15,051	12,071
Liabilities from redeemable non-controlling interests	6.10.	37,303	101,928
Corporate Schuldschein loan	6.13.	126,615	124,539
Liabilities to banks	6.14.	0	128
Other financial liabilities	6.15.	2,138	5,798
Other liabilities	6.16.	704	658
Deferred taxes	6.8.	9,998	6,684
		235,748	**291,054**
Current provisions and liabilities			
Provisions for pension and severance payments	6.11.	2,676	3,248
Other provisions	6.12.	16,835	19,095
Liabilities from redeemable non-controlling interests	6.10.	0	481
Corporate Schuldschein loan	6.13.	1,335	1,225
Liabilities to banks	6.14.	9,581	13,403
Trade payables		80,829	73,067
Other financial liabilities	6.15.	15,944	17,532
Other liabilities	6.16.	12,955	11,337
Current tax liabilities		4,424	7,524
		144,579	**146,912**
EQUITY AND LIABILITIES		**831,914**	**852,118**

Consolidated statement of changes in equity
for the financial year from 1.1.2014 to 31.12.2014

in EUR thousand	Note	Share capital	Capital reserves	Revenue reserves: Re-valuation reserves	Revenue reserves: Other revenue reserves	Revenue reserves: Total revenue reserves	Currency translation reserve	Total equity attributable to the share-holders of Semperit AG Holding	Non-control-ling interests	Total equity
As at 1.1.2013		**21,359**	**21,503**	**–125**	**349,786**	**349,661**	**13,715**	**406,238**	**21,755**	**427,993**
Earnings after tax		0	0	0	54,598	54,598	0	54,598	300	54,898
Other comprehen-sive income		0	0	10	–2,047	–2,037	–30,919	–32,956	176	–32,780
Total recognised comprehensive income		0	0	10	52,551	52,561	–30,919	21,642	475	22,118
Dividend	6.9.	0	0	0	–16,459	–16,459	0	–16,459	0	–16,459
Acquisition of non-controlling interests	3.5.	0	0	0	29	29	0	29	–19,529	–19,500
As at 31.12.2013		**21,359**	**21,503**	**–115**	**385,907**	**385,793**	**–17,204**	**411,451**	**2,702**	**414,153**
As at 1.1.2014		**21,359**	**21,503**	**–115**	**385,907**	**385,793**	**–17,204**	**411,451**	**2,702**	**414,153**
Earnings after tax		0	0	0	49,859	49,859	0	49,859	–163	49,697
Other comprehen-sive income		0	0	399	–5,881	–5,482	18,209	12,727	178	12,905
Total recognised comprehensive income		0	0	399	43,978	44,377	18,209	62,586	16	62,602
Dividend	6.9.	0	0	0	–24,688	–24,688	0	–24,688	0	–24,688
Acquisition of non-controlling interests	3.5.	0	0	0	28	28	0	28	–507	–479
As at 31.12.2014		**21,359**	**21,503**	**284**	**405,225**	**405,509**	**1,005**	**449,377**	**2,211**	**451,587**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

1.1. PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in conjunction with Section 245a of the Austrian Company Code (UGB). The financial year covers the period starting 1 January and ending 31 December.

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

The present consolidated financial statements were prepared by the Management Board of Semperit AG Holding on 24 March 2015, signed and approved for forwarding to the Supervisory Board. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating whether it approves them.

1.2. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

First-time adoption of standards

The following new or revised standards and interpretations were applied for the first time in the financial year 2014.

First-time adoption of standards		Effective date[1)]	Endorsement
New Standards and Interpretations			
IFRS 10	Consolidated Financial Statements	1.1.2014	December 2012
IFRS 11	Joint Arrangements	1.1.2014	December 2012
IFRS 12	Disclosure of Interests in Other Entities	1.1.2014	December 2012
Amended Standards and Interpretations			
IFRS 10, 11, 12	Changes: Transitional Provisions	1.1.2014	April 2013
IFRS 10, 12, IAS 27	Changes: Investment Entities	1.1.2014	November 2013
IAS 27	Separate Financial Statements (revised 2011)	1.1.2014	December 2012
IAS 28	Investments in Associates and Joint Ventures (revised 2011)	1.1.2014	December 2012
IAS 32	Financial Instruments: Presentation - Amendments: Offsetting Financial Assets and Financial Liabilities	1.1.2014	December 2012
IAS 39	Financial Instruments: Recognition and Measurement – Changes: Novation of Derivatives and Continuation of Hedge Accounting	1.1.2014	December 2013

1) According to the Official Journal of the EU, the standards are obligatory for financial years commencing on or after the effective date.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation Special Purpose Entities. The new standard redefines the concept of control uniformly for all companies, including special purpose entities. Under IFRS 10 a parent entity controls an investment entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 further goes into detail on the evaluation of potential voting rights and joint decision-making and protective rights of non-controlling interests, and constellations characterised by delegated or reserved decision-making rights or de facto control. Control depends on a holistic evaluation (which is therefore a matter of judgement) of the power of the parent over the investment entities. The group of subsidiaries previously fully consolidated in the consolidated financial statements of Semperit Group has changed with regard to Siam Sempermed Corp. Ltd (SSC), Thailand, inasmuch as the increasing blockage by the joint venture partner in the period ending 31 December 2014 means that the group cannot exercise control, giving rise to a joint venture which must be included in the consolidated financial statements under the equity method.

In contrast to the comparable period shown, the assets and liabilities of SSC as at 31 December 2014 are prorated in accordance with the share in the joint venture calculated under the equity method. As the loss of control took place on 31 December 2014, the consolidated income statement for the current period still includes all expenses and income of SSC as a fully-consolidated company. The result of the change in the method of consolidation is recognised in other operating income.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Consolidated and Separate Financial Statements and SIC 13 Consolidation Special Purpose Entities. IFRS 11 classifies joint arrangements in two groups, joint ventures and joint operations. A joint operation is a joint arrangement in which the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under IFRS 11 a party to a joint operation must account for the assets and liabilities (and corresponding revenues and expenses) relating to its interest in the joint operation. A party to a joint venture must recognise its investment using the equity method under IAS 28, Investments in Associates and Joint Ventures. For the effects relating to SSC on the first-time adoption of the new standard, see the comments on IFRS 10, Consolidated Financial Statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 contains the disclosures required in the notes on investments in subsidiaries, joint arrangements, associated companies and, if applicable, structured entities. The standard replaces the disclosure requirements contained in IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The new standard resulted in an expansion of the disclosures in the notes to the Semperit Group consolidated financial statements.

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 has no significant effect on the consolidated financial statements of the Semperit Group.

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

Standards that have already been published but are not yet effective

The application of the following new or amended standards and interpretations that had already been published when the consolidated financial statements were prepared was not mandatory for financial years starting on or before 1 January 2014, 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 effective		Effective date [1]	Endorsement
New Standards and Interpretations			
IFRS 9	Financial Instruments	1.1.2018	
IFRS 14	Regulatory Deferred Items	1.1.2016	
IFRS 15	Revenue from Contracts with Customers	1.1.2017	
IFRIC 21	Taxes	1.1.2014 [2]	June 2014
Amended Standards and Interpretations			
IFRS 11	Joint Arrangements – Amendments: Acquisition of Interests in Joint Operations	1.1.2016	
IFRS 10, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1.1.2016	
IFRS 10, 12, IAS 28	Investment Entities - Amendments: Application of the Exception to Consolidation	1.1.2016	
IAS 1	Changes: Results of the Disclosure Initiative	1.1.2016	
IAS 19	Employee Benefits – Amendments: Employee Contributions	1.7.2014 [3]	December 2014
IAS 27	Separate Financial Statements - Amendments: Equity Method in Separate Financial Statements	1.1.2016	
IAS 16, 38	Property, Plant and Equipment and Intangible Assets – Amendments: Clarification of Acceptable Depreciation and Amortisation Methods	1.1.2016	
IAS 16, 41	Property, Plant and Equipment and Agriculture – Amendments: Bearer Plants	1.1.2016	
Misc.	Improvements to IFRS 2010-2012	1.7.2014 [3]	December 2014
Misc.	Improvements to IFRS 2011-2013	1.7.2014 [4]	December 2014
Misc.	Improvements to IFRS 2012-2014	1.1.2016	

[1] In accordance with the provisions of the IASB on entry into force, the standards are obligatory for financial years commencing on or after the effective date.
[2] The new / amended standards are obligatory for financial years commencing on or after 17 June 2014.
[3] The new / amended standards are obligatory for financial years commencing on or after 1 February 2015.
[4] The new / amended standards are obligatory for financial years commencing on or after 1 January 2015.

IFRS 9 Financial Instruments

IFRS regulates the classification and measurement of financial assets and creates a new form of categorisation for financial instruments. The standard was further amended with regard to hedge accounting. IFRS 9 is to be applied by companies whose financial years start on or after 1 January 2018. The standard has not yet been adopted by the EU. Amendments must be applied retrospectively. The anticipated amendments mainly relate to the measurement and presentation of changes in the value of financial assets in the income statement or under other comprehensive income and measurement of the effectiveness of existing hedging relationships. The standard will not have any significant effect on the consolidated financial statements of the Semperit Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts. The distinction between types of contract and types of goods and services no longer applies. Uniform criteria are established for contract performance with respect to dates and periods. The effects of the new standard on Semperit Group consolidated financial statements are currently being investigated.

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

1.3. PRINCIPLES AND METHODS OF CONSOLIDATION, BUSINESS COMBINATIONS

The consolidated financial statements include the financial statements of the parent company and the financial statements of the companies under its control, i.e. the subsidiaries of the parent. The group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the time at which control begins to the time at which control ends.

On the assessment whether the definition of control within the meaning of IFRS 10 is met where the group's de facto shareholding is either 50% or 41.43%, see the comments in 3.1.

As at 31 December 2014 the method of consolidation for the company Siam Sempermed Corp. Ltd was changed from full consolidation under IFRS 10 to the equity method according to IFRS 11 and IAS 28. This is explained in detail in 3.3.

The annual financial statements of the individual domestic and international companies that are fully consolidated were prepared for the period ending 31 December 2014, the balance sheet date of the consolidated financial statements. If required, the annual financial statements of the subsidiaries are adjusted in accordance with the accounting and valuation methods applied by the Semperit Group.

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

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

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

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

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

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

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

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

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

These non-controlling interests are initially recognised either

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

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

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

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

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

For such interests the "anticipated acquisition approach" is assumed, in which the group is considered to have already acquired these shares or the scheduled time has elapsed and is only obliged to compensate non-controlling shareholders for their 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 liabilities associated with such an interest are recognised under "liabilities from redeemable non-controlling interests". For further notes on accounting and valuation methods, see 2.12.

1.4. CURRENCY TRANSLATION

The separate 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 mid-rate on the reporting date. Items in the consolidated income statement and other comprehensive income are translated at the average rate for the financial year, which corresponds to the arithmetic mean of the mid-rates on the Fridays of the financial year. These average reference rates led to accumulated amounts in euros, which do not materially differ from the accumulated amounts which would have arisen when translating the transactions at the reference exchange rate at the date of transaction.

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

Gains or losses resulting from exchange rate fluctuations derived from transactions of consolidated companies in a currency other than the functional currency are recognised in profit or loss in the period in which they arise. Monetary items of the consolidated companies denominated in foreign currency other than the functional currency are translated into the respective functional currency at the mid-rate on the balance sheet date, and any gains or losses resulting from the translation are also recognised in profit or loss.

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

	Average rate		Rate on balance sheet date	
FX-rate for 1 EUR	**2014**	**2013**	**2014**	**2013**
US dollar	1.33	1.33	1.21	1.38
Thai baht	42.86	40.35	40.55	44.72
Polish zloty	4.19	4.20	4.27	4.15
Czech koruna	27.53	25.90	27.74	27.40
Hungarian forint	308.64	296.91	315.54	297.00
British pound sterling	0.81	0.85	0.78	0.83
Brazilian real	3.12	2.85	3.22	3.25
Chinese renminbi	8.18	8.16	7.54	8.32
Indian rupee	81.09	76.93	76.72	84.96
Malaysian ringgit	4.35	4.17	4.25	4.52

2. Accounting and valuation methods

2.1. VALUATION PRINCIPLES

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

2.2. RECOGNITION AND MEASUREMENT OF REVENUE AND OTHER INCOME

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

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

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

2.3. EARNINGS PER SHARE

Earnings per share are determined in accordance with IAS 33 Earnings Per Share. The undiluted earnings per share are calculated by dividing the share of earnings after taxes attributable to shareholders of Semperit AG Holding by the weighted average number of shares outstanding during the financial year. The diluted earnings per share are calculated by adjusting the share of earnings after taxes attributable to shareholders of Semperit AG Holding and the number of shares outstanding for all dilution effects of potential ordinary shares. No dilution effects were taken into account as at 31 December 2013 and 31 December 2014.

2.4. INTANGIBLE AND TANGIBLE ASSETS

Acquired intangible assets

Acquired intangible assets are recognised at acquisition cost, which is subsequently subject to amortisation on a straight-line basis 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.

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

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

Goodwill
Goodwill is not subject to amortisation but is subject to an impairment test 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 the business combination. In the Semperit Group the segments represent the lowest level at which goodwill is monitored for internal management purposes.

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

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

For discounting future cash flows, a cost of capital is derived which is market-based and adjusted for the specific risks of the Medical sector (Sempermed segment) and Industrial sector (Semperflex, Sempertrans, Semperform).

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

Tangible assets

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

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

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

Finance leases

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

Impairment
The above comments apply to goodwill. 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 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 impairment 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 impairment.

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

2.5. INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES
The group's share in financial assets accounted for by the equity method includes investments in joint ventures and 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.

A joint venture is an arrangement under which the group exercises joint control and has rights in the net assets, instead of rights in the assets and obligations for the liabilities.

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

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 profit or loss.

Categories of financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are recognised at their fair value as at the balance sheet date. As is the case for interest income or dividends 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 are reported within other operating income or other operating expenses, as the case may be, as these financial instruments are employed to limit and manage currency risks arising from operations.

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

Held to maturity financial investments

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

Available-for-sale financial assets

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

Loans and receivables
Trade receivables, loans and other receivables, featuring pre-set 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. Trade receivables, whose impairments cannot clearly be determined on an individual basis, are also to be examined for such impairments at the portfolio level. An impairment with respect to a financial asset or group of financial assets is assumed and recognised, if there is objective evidence of impairment as the result of one or more events which occurred since initial operation of the respective asset or group of assets, and this event or these events impacted or will impact the probable future cash flow of the respective asset or group of assets.

With respect to available-for-sale equity 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 trade receivables, which are recognised in an allowance account. Trade receivables are considered not recoverable if the loss of a receivable is finally established, and the receivables are derecognised based on the previously recognised allowances.

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

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

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

2.7. INVENTORIES

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

2.8. EMISSION CERTIFICATES

Two companies in the Semperit Group (Semperit Technische Produkte Gesellschaft m.b.H. and Semperflex Optimit s.r.o.) are subject to the Emission Certificate Act in Austria and the Czech Republic and receive emission certificates free of charge from public authorities. These emission certificates are not reported in the balance sheet using the net method. In the 2014 financial year 17,656 certificates (previous year: 11,412) were allocated to the Semperit Group free of charge and no additional certificates were purchased (previous year: 18,212). 18,303 certificates (previous year: 19,746) were used. There were no sales. A total of 43,872 emission certificates were unused as at 31 December 2014 (previous year: 44,519).

2.9. EQUITY AND DEBT 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. Attributable costs of issuance 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 instruments are neither recognised through profit or loss nor in other comprehensive income, but rather directly in equity, less any tax effects.

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

Contributions to defined contribution plans are recognised as an expense if the employees have actually completed the service obliging the company to make this contribution.

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

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

2.11. OTHER PROVISIONS

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

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

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

2.12. LIABILITIES FROM REDEEMABLE NON-CONTROLLING INTERESTS

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

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

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

If the non-controlling shareholder exercises its right to redeem its interest or that right to redeem expires within the agreed period, the result would be the liquidation of the company. The non-controlling shareholder must be compensated from the liquidation proceeds. However, if the non-controlling shareholder exercises its right to redeem, the group may prevent the liquidation of the company by acquiring the interest from the non-controlling shareholder in return for the pro-rata share of the enterprise value attributable to its interest. However, acquisition of the interest in such event is solely at the group's discretion.

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

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

The interests of the non-controlling shareholders (in the subsidiary's comprehensive income and any amounts recognised directly in equity), which is to be subsequently remeasured, are recognised in the consolidated 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 with interest expenses arising from these financial instruments, any expense or income resulting from the subsequent measurement of the asset is reported through profit or loss for the respective period.

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

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

Other financial liabilities

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

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

Derecognition

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

2.14. DERIVATIVE FINANCIAL INSTRUMENTS

In addition to operating measures, individual derivative financial instruments, particularly forward foreign exchange transactions, are used to hedge currency risks. Hedge accounting, as defined in IAS 39, is not applied to forward foreign exchange transactions as the conditions for this are not satisfied. They are therefore recognised as financial instruments held for trading and are measured at their current fair 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."

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

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

2.15. BORROWING COSTS

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

2.16. INCOME TAXES

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

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

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

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

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

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

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

Deferred tax assets and liabilities of 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. They may effect 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 fair value for initial recognition of the investment in joint ventures of the 50% holding in Siam Sempermed Corp. Ltd., Thailand, was based on forward-looking assumptions such as company planning, the growth rate and the discount rate, with markdowns which a market participant would make in accordance with IFRS 13. Any changes in these assumptions may result in impairments in future periods.

The recoverability of the carrying amount of goodwill is determined once a year and when there are impairment indicators. The recoverability of the carrying amount of tangible assets must be investigated upon any evidence of impairment indicators. Recoverability of the carrying amount is determined on the basis of forward-looking assumptions such as company planning, future inflation, growth and exchange rates, as well as assumptions about specific market, sector and company discount rates. Any changes in these assumptions may result in impairments in future periods (for carrying amounts and specific assumptions, see note 6.1.).

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

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

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

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

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

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

For measuring financial instruments for which no active market is available, alternative valuation techniques are used. The parameters relevant to valuation for determining fair value are based in part on forward-looking assumptions. Determination of the fair value of the liability from the corporate Schuldschein loan is based on an estimate, made by management, of the Semperit Group rating.

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

3. Consolidated companies

3.1. SUBSIDIARIES (FULLY CONSOLIDATED)

	Currency	31.12.2014 Authorised share capital in ´000s	Direct Holding in %	Group holding in %	31.12.2013 Authorised share capital in ´000s	Direct Holding in %	Group holding in %
Europe							
Semperit Aktiengesellschaft Holding, Wien, Austria	EUR	21,359			21,359		
Semperit Technische Produkte Gesellschaft m.b.H., Wien, Austria	EUR	10,901	100.00	100.00	10,901	100.00	100.00
Semperit Import und Services GmbH (previously Arcit Handelsgesellschaft m.b.H.), Wien, Austria	EUR	36	100.00	100.00	36	100.00	100.00
PA 82 WT Holding GmbH, Wien, Austria	EUR	35	100.00	100.00	35	100.00	100.00
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100.00	100.00	1,281	100.00	100.00
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	2,050	100.00	100.00	2,050	100.00	100.00
Semperit (France) S.A.R.L., Levallois Perret, France	EUR	495	100.00	100.00	495	100.00	100.00
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165	100.00	100.00	3,165	100.00	100.00
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176	100.00	100.00	176	100.00	100.00
Semperit Industrial Products Ltd., Birmingham, Great Britain	GBP	750	100.00	100.00	750	100.00	100.00
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750	100.00	100.00	750	100.00	100.00
Semperit Ibèrica S.A., Barcelona, Spain	EUR	–	–	–	256	100.00	100.00
Sempertrans Bełchatów Sp. z o.o., Bełchatów, Poland	PLN	7,301	100.00	100.00	7,301	100.00	100.00
Fabryka Lin „Stolin“ Sp. z o.o., Bełchatów, Poland	PLN	800	100.00	100.00	800	100.00	100.00
Semperit Tekniska Produkter Aktiebolag, Skärholmen, Sweden	SEK	800	100.00	100.00	800	100.00	100.00
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	470,318	100.00	100.00
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100.00	100.00	100	100.00	100.00
Sempermed Kft., Sopron, Hungary	EUR	3,680	100.00	100.00	3,680	100.00	100.00
Semperform Kft., Sopron, Hungary	HUF	243,000	100.00	100.00	243,000	100.00	100.00
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000	100.00	100.00	3,000	100.00	100.00
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH, Wien, Austria	EUR	36	100.00	100.00 2) 4)	36	100.00	100.00 2)

1) The investments of other shareholders are reported as redeemable non-controlling interests.
2) Not consolidated due to a lack of materiality.
3) For further explanation, see section 3.3.
4) Since 10 March 2015 Sempertrans Conveyor Belt Solutions GmbH, Wien, Austria

	Currency	31.12.2014 Authorised share capital in ´000s	Direct Holding in %	Group holding in %		31.12.2013 Authorised share capital in ´000s	Direct Holding in %	Group holding in %	
The Americas									
Sempermed Brazil Comèrcio Exterior Ltda. Piracicaba, Brazil	BRL	12,547	100.00	50.00	[1]	12,547	100.00	50.00	[1]
Semperit Brasil Produtos Tècnicos Ltda., Sao Paulo, Brazil	BRL	411	100.00	100.00		411	100.00	100.00	
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000	75.00	50.00	[1]	4,000	75.00	50.00	[1]
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100.00	100.00		1	100.00	100.00	
Semperit Productos Técnicos SpA, Santiago de Chile, Chile	CLP	46,000	100.00	100.00		46,000	100.00	100.00	
Asia									
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	50.00	50.00	[1]	15,000	50.00	50.00	[1]
Semperit (Shanghai) Management Co. Ltd., Shanghai, China	USD	2,000	100.00	100.00		2,000	100.00	100.00	
Sempertrans Best (Shandong) Belting Co. Ltd., Shandong, China	EUR	20,000	80.00	80.00	[1]	20,000	80.00	80.00	[1]
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	90.00	90.00	[1]	2,471	90.00	90.00	[1]
Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China	USD	1,000	100.00	50.00	[1]	1,000	100.00	50.00	[1]
Sempertrans India Pte. Ltd. (previously Sempertrans Nirlon Pte. Ltd.), Roha, Maharashtra, India	INR	230,769	100.00	100.00		230,769	100.00	100.00	
FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia	MYR	7,000	82.86	41.43	[1]	7,000	82.86	41.43	[1]
Latexx Partners Berhad, Kamunting, Malaysia	MYR	137,859	98.46	98.46		119,536	98.11	98.11	
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0.002	100.00	98.46		0.002	100.00	98.11	
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	3,000	100.00	98.46		3,000	100.00	98.11	
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	5,000	100.00	98.46		5,000	100.00	98.11	
Total Glove Company Sdn Bhd, Kamunting, Malaysia	MYR	10	50.01	49.24		10	50.01	49.06	
Worldmed Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	500	100.00	98.46		500	100.00	98.11	
Semperit Engineering Technology Asia Sdn Bhd, Penang, Malaysia	MYR	600	100.00	100.00		–	–	–	
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	591	100.00	100.00		191	100.00	100.00	
Semperit Investments Asia Pte Ltd., Singapore	EUR	159,000	100.00	100.00		154,000	100.00	100.00	
Sempermed Singapore Pte Ltd., Singapore	USD	8,000	50.00	50.00	[1]	8,000	50.00	50.00	[1]
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	THB	380,000	50.00	50.00	[1]	380,000	50.00	50.00	[1]
Siam Sempermed Corp. Ltd., Hat Yai, Thailand	THB	–	–	–	[3]	200,000	50.00	50.00	[1]

[1] The investments of other shareholders are reported as redeemable non-controlling interests.
[2] Not consolidated due to a lack of materiality.
[3] For further explanation, see section 3.3.
[4] Since 10 March 2015 Sempertrans Conveyor Belt Solutions GmbH, Wien, Austria

The Semperit Group regards the following subsidiaries in which the group has a de facto shareholding between 50% and 41.43% as meeting the requirement for control within the meaning of IFRS 10:

- Sempermed USA Inc., Clearwater, Florida, USA
- Sempermed Brazil Comèrcio Exterior Ltda. Piracicaba, Brazil
- Semperflex Shanghai Ltd., Shanghai, China
- Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China
- Sempermed Singapore Pte Ltd., Singapore
- Semperflex Asia Corp. Ltd., Hat Yai, Thailand
- FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia
- Total Glove Company Sdn Bhd, Kamunting, Malaysia

As at 31 December 2014, the Semperit Group carried out a thorough analysis of the above mentioned subsidiaries, regarding their inclusion in the consolidated financial statement through full consolidation to IFRS 10, in particular due to the loss of control in Siam Sempermed Corp. Ltd. (SSC). This analysis is based on professional judgement and opinions on corporate law and IFRS.

In light of the conclusions of the analysis the Semperit Group remains of the opinion that the requirements for control under IFRS 10 are still met, given the underlying agreements, the investigation of the relevant activities and the facts and circumstances relating to the above companies.

The following key arguments were evaluated for the individual companies:

Sempermed USA Inc.

- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- resolution in 2014 financial year as a result of this deciding vote and subsequent implementation
- independent, professional management which at the same time has no organ function on the Board of Directors and is bound by instructions
- sales management in the framework of the Sempermed segment
- use of the Sempermed brand in the company name and distribution

This subsidiary is a 50% subsidiary of SSC and another 25% is held by Semperit Technische Produkte Gesellschaft m.b.H. In January a director nominated for the Board of Directors by the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. (Sri Trang) opposed a resolution of the Board of Directors taken with the deciding vote of the chairman, and applied for an injunction.

The request for an injunction was not granted by the relevant court, but a hearing was ordered to deal with the lawsuit, scheduled probably sometime in the next 90 to 120 days.

The Semperit Group expects that firstly, the contractual rights (including validity of the deciding vote and permissibility of a second meeting of the Board of Directors) will be confirmed in the proceedings. Secondly, that the company management will continue to comply with the resolutions of the Board of Directors.

Sempermed Brazil Comèrcio Exterior Ltda.

- chairman of the parent entity's Board of Directors (Sempermed Singapore Pte Ltd.) has the right to cast the deciding vote
- resolution in 2014 financial year as a result of this deciding vote in process
- independent, professional management, which at the same time has no organ function on the Board of Directors and is bound by instructions
- use of the Sempermed brand in the company name

This group subsidiary currently has no operating business. The material activity is the successful handling of several tax cases which local management is pursuing in consultation with legal advisors and Semperit Group head office departments.

Semperflex Shanghai Ltd.

- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- resolution in 2014 financial year as a result of this deciding vote and subsequent implementation
- independent, professional management which at the same time has no organ function on the Board of Directors and is bound by instructions
- purchasing, production and sales management within the framework of the Semperflex segment
- use of the Semperflex brand in the company name and the Semperit and Semperflex brands in sales
- complete integration within the group's organisational structure

Shanghai Sempermed Glove Sales Co Ltd.

- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- independent, professional management which at the same time has no organ function on the Board of Directors and is bound by instructions
- quality control for gloves within the framework of the Sempermed segment (as material activity)
- use of the Sempermed brand in the company name

This subsidiary is a wholly-owned subsidiary of SSC. The group does not have any direct holding in this company. The members of SSC's Board of Directors are nominated through a motion by shareholders Semperit or Sri Trang. Given the fact that the members of the Board of Directors are appointed for an unlimited term, the management is appointed by the group and no decisions can be made contrary to the group's opinion, the group believes there is control under IFRS 10.

Sempermed Singapore Pte Ltd.

- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- resolution in 2014 financial year as a result of this deciding vote in process
- management of the holding functions by the group
- use of the Sempermed brand in the company name
- appointment of a member of the Board of Directors nominated by the group as shareholder representative for Sempermed Brazil Comèrcio Exterior Ltda.

This subsidiary has no operating business and functions as a holding company for Sempermed Brazil Comèrcio Exterior Ltda. and FormTech Engineering (M) Sdn Bhd.

Semperflex Asia Corp. Ltd.

- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- purchasing, production and sales management within the framework of the Semperflex segment
- use of the Semperflex brand in the company name and the Semperit and Semperflex brands in distribution

These subsidiaries are subject to similar statutory and contractual general conditions as SSC (see note 3.3.). Currently, there are no indications that the joint venture partner Sri Trang will exercise control in a similar way as SSC. In the future, such a development could lead to a different evaluation of control under IFRS 10.

FormTech Engineering (M) Sdn Bhd

- chairman of the parent entity's Board of Directors (Sempermed Singapore Pte Ltd) has the right to cast the deciding vote
- ability to appoint the majority of the members of the FormTech Board of Directors
- independent, professional management by the two shareholders, who act as CEO and CFO to manage the company and have holdings of 17.14%

Total Glove Company Sdn Bhd

The de facto shareholding of the group in the subsidiary Total Glove Company Sdn Bhd is below 50%. Due to the control exercised by Latexx Partners Berhad (98.46%), the Semperit Group regards the facts and circumstances as sufficient for control within the framework of IFRS 10.

Significant non-controlling interests

The following table shows information on subsidiaries of the group with significant non-controlling interests. These significant non-controlling interests represent redeemable or temporary interests held by non-controlling shareholders of subsidiaries and are recognised as "liabilities under redeemable non-controlling interests" in the consolidated balance sheet.

Significant non-controlling interests as at 31.12.2014

in EUR thousand	Siam Sempermed Corp. Ltd.	Semperflex Asia Corp. Ltd.	Sempermed USA Inc.	Semperflex Shanghai Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
Non-controlling interests in %	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**20.0%**
Non-current assets[1)]	77,829	11,693	2,023	12,607	10,661
Current assets	104,592	23,263	31,777	6,167	8,825
Non-current provisions and liabilities	2,082	216	123	2,654	2,590
Current provisions and liabilities	24,421	4,316	18,081	2,351	1,594
Net assets	**155,918**	**30,425**	**15,595**	**13,769**	**15,302**
Redeemable non-controlling interests – non-current	**n/a**	**15,212**	**7,797**	**6,885**	**3,060**
Redeemable non-controlling interests – current	**n/a**	**0**	**0**	**0**	**0**
Revenue	248,650	38,819	95,605	12,573	17,698
thereof revenue within the group	154,665	28,779	0	7,056	15,928
thereof revenue with third-parties	93,985	10,039	95,605	5,517	1,770
Earnings after tax	23,043	9,079	1,646	–444	335
Other comprehensive income (currency translation differences)	15,057	2,717	1,792	1,304	1,435
Comprehensive income	**38,100**	**11,795**	**3,437**	**860**	**1,770**
Profit/loss attributable to redeemable non-controlling interests	11,521	4,539	823	–222	67
Other comprehensive income attributable to redeemable non-controlling interests	7,528	1,358	896	652	287
Dividends paid to redeemable non-controlling interests	**11,667**	**3,115**	**0**	**0**	**0**
Cash flow from operating activities	35,387	9,537	6,737	1,538	–453
Cash flow from investing activities	–6,298	–487	–108	–155	–452
Cash flow from financing activities (including dividends)	–23,334	–6,229	–3,011	–2,783	0
Net increase / decrease in cash and cash equivalents	**5,754**	**2,821**	**3,619**	**–1,400**	**–905**

1) Non-current assets do not include the investments themselves, in fully consolidated subsidiaries.

Significant non-controlling interests as at 31.12.2013

in EUR thousand	Siam Sempermed Corp. Ltd.	Semperflex Asia Corp. Ltd.	Sempermed USA Inc.	Semperflex Shanghai Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
Non-controlling interests in %	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**20.0%**
Non-current assets[1)]	75,190	12,353	1,767	13,279	10,134
Current assets	88,620	17,185	32,117	6,427	6,063
Non-current provisions and liabilities	1,609	159	135	0	1,596
Current provisions and liabilities	21,050	4,521	21,591	6,796	1,069
Net assets	**141,152**	**24,858**	**12,158**	**12,910**	**13,532**
Redeemable non-controlling interests – non-current	**70,576**	**12,429**	**6,079**	**6,455**	**2,706**
Redeemable non-controlling interests – current	**0**	**0**	**0**	**0**	**0**
Revenue	234,183	35,093	114,346	7,815	11,588
thereof revenue within the group	175,480	23,660	0	2,804	9,990
thereof revenue with third-parties	58,702	11,433	114,346	5,012	1,598
Earnings after tax	25,847	6,633	1,973	–801	–3,004
Other comprehensive income (currency translation differences)	–17,290	–2,755	–514	–57	–30
Comprehensive income	**8,557**	**3,878**	**1,459**	**–859**	**–3,034**
Profit/loss attributable to redeemable non-controlling interests	12,923	3,317	986	–401	–601
Other comprehensive income attributable to redeemable non-controlling interests	–8,645	–1,378	–257	–29	–6
Dividends paid to redeemable non-controlling interests	**9,913**	**2,478**	**0**	**0**	**0**
Cash flow from operating activities	48,470	8,477	51	1,238	1,547
Cash flow from investing activities	–12,500	–746	–47	–223	–216
Cash flow from financing activities (including dividends)	–19,934	–4,957	0	0	0
Net increase / decrease in cash and cash equivalents	**16,035**	**2,774**	**4**	**1,015**	**1,330**

1) Non-current assets do not include the investments themselves, in fully consolidated subsidiaries.

3.2. INVESTMENTS IN JOINT VENTURES AND ASSOCIATED COMPANIES

The interests in joint ventures and associated companies comprise the following:

in EUR thousand	31.12.2014	31.12.2013
Joint ventures		
Siam Sempermed Corp. Ltd., Hat Yai, Thailand	89,361	0
Associated companies		
Synergy Health Allershausen GmbH, Allershausen, Germany	1,682	1,419
	91,043	**1,419**

Investments in joint ventures

Since the criteria for full consolidation of the 50% holding in Siam Sempermed Corp. Ltd. (SSC) (joint production of examination and protective gloves in Thailand) are not met as at 31 December 2014, the assets and liabilities, which had previously been included in the consolidated financial statements of Semperit AG Holding through full consolidation, were derecognised. In accordance with the continuing joint influence of Semperit Group over SSC the pro-rated net assets were measured at fair value at the time of loss of control and included in the consolidated financial statements for the first time under the equity method. The fair value of the consolidated shareholding, using the equity method as at 31 December 2014, was EUR 89,631 thousand. The effect on comprehensive income of revaluation, at the time of the change is EUR 11,402 thousand, and was recognised as other revenue in the consolidated income statement. The effect of recycling the currency translation reserve was EUR 1,787 thousand.

The fair value of the consolidated shareholding, using the equity method was determined using the DCF method and allocated to the total identifiable net assets. The fair value of the investment in joint ventures, in excess of the fair value of the identifiable assets and liabilities, is recognised as goodwill.

The fair value of tangible assets (and the associated deferred tax assets and liabilities) were provisionally measured pending independent valuations.

The fair value of the joint venture SSC breaks down as follows:

in EUR thousand	31.12.2014
Non-current assets[1)]	77,829
Current assets	104,592
Non-current provisions and liabilities	2,082
Current provisions and liabilities	24,421
Identifiable net assets 100% - preliminary	**155,918**
Identifiable net assets 50% - preliminary	**77,959**
Goodwill – preliminary	11,402
Fair value of investments in joint ventures	**89,361**

1) Non-current assets presented above do not include the investments in still fully consolidated subsidiaries.

Current assets include cash and cash equivalents of EUR 42,796 thousand. Current provisions and liabilities include current financial liabilities with the exception of trade payables of EUR 980 thousand.

Goodwill results primarily from the logistical advantages of the locations, structural advantages of the energy provider, access to the favourable labour market in Thailand and the know-how of the employees. None of the goodwill is expected to be deductible for tax purposes.

Investments in associated companies

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

The company is included in the consolidated financial statements using the equity method. The group's investment and the nominal capital of the company remained unchanged in the financial year 2014.

The carrying amount of the investment in this associated company as at 31 December 2014 is EUR 1,682 (previous year: EUR 1,419 thousand). A share in the profit totalling EUR 425 thousand was recognised in the consolidated income statement (previous year: EUR 599 thousand). No other comprehensive income attributable to the associated company had to be taken into account.

The balance sheet date of the company is 31 March. The update to 31 December is based on the company's internal reporting, which is then submitted for the consolidated financial statements of the Semperit Group. Further figures are omitted for immateriality.

3.3. CHANGE IN THE METHOD OF CONSOLIDATION FOR SIAM SEMPERMED CORP. LTD. (SSC)

As at 31 December 2014 the company Siam Sempermed Corp. Ltd. (SSC) was changed from full consolidation under IFRS 10 to the equity method in accordance with IFRS 11 and IAS 28.

The group is still of the opinion, like on previous reporting dates, that on the one hand, management of the relevant activities is reserved for the SSC's Board of Directors (and not the shareholders' meeting) and on the other hand, that the chairman of the Board of Directors appointed by Semperit has the right to cast a deciding vote as agreed in the joint venture agreements. This makes it possible to determine the financial and business policies of SSC.

Opinions on corporate law confirm this evaluation. The fact that certain decisions are reserved for the shareholders' meeting of SSC does not affect this evaluation. 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 interpretation of the law is that the shareholders' meeting cannot, under the contractual agreements between the shareholders, take control of day-to-day business decisions against the wishes of Semperit Group.

Semperit Group is currently conducting several proceedings regarding the decision-making rights of the Board of Directors of SSC, the business management of SSC and SSC's business relationships with group subsidiaries of the joint venture partner Sri Trang. The members of the Board of Directors of SSC appointed by Sri Trang are continuously preventing Semperit from exercising control.

Under the legal interpretation of Sri Trang, the SSC shareholders' meeting can render ineffective the right of the chairman of the Board of Directors, who is appointed by Semperit, to cast a deciding vote. Semperit takes the view, which is supported by several legal opinions, that the shareholders' meeting is not entitled to this right, and has accordingly submitted the issues for arbitration in Zurich. The Semperit Group anticipates that its interpretation of the law will be confirmed in these proceedings.

The joint venture partner Sri Trang is further preventing control by the Semperit Group during the second half of the year 2014. This was exercised through limiting access to the Hat Yai and Surt Thani production facilities with the exception of meetings of the Board of Directors, providing less comprehensive information relating to SSC, and proceeding against decisions taken in the meetings of the Board of Directors in local Thai courts.

The illegal behaviour of the joint venture partner Sri Trang has continued since the beginning of 2015. There were no recognisable signs, in the mediation proceedings on 13 February 2015, initiated by a Thai court, that Sri Trang will end this behaviour in the near future.

In these circumstances the group has, in consideration of IFRS 10 B24 which requires rights to be currently exercisable, decided to change the method of consolidation of SSC as at 31 December 2014. Current exercise of rights must be de facto rather than based on a strict interpretation of the reporting date principle, although IFRS 10 sets time limits to de facto exercise of control. The timing of the loss of control was determined by several factors including issues in implementing control, duration of legal proceedings in court and the development of the legal disputes in January and February 2014 as well as a resolution-free mediation process as at 13 February 2015, between group representatives and Sri Trang. At that time it was clear to Semperit management that Sri Trang will not end its illegal behaviour in the near future. In light of this management decided as a matter of judgement that it cannot fully exercise its influence on SSC as of 31 December 2014 and will accordingly include SSC in the consolidated financial statements as a joint venture.

Since 26 August 2014 a ruling has been sought from the Austrian Financial Market Authority (FMA) under an administrative procedure on the question of including the SCC in the Semperit AG Holding consolidated financial statements. The outcome of this official review could result in a judgment on the nature and timing of the consolidation of SSC which differs from that of management. This may include a decrease in revenue, EBITDA and EBIT; a change in the amount recognised through the effects of the change in the method of consolidation in the consolidated income statement as well as the recognised fair value of the investment in the joint venture.

Due to the significant influence of the Semperit Group on the Board of Directors, shareholders' meeting and relevant activities of SCC, SCC is classified as a joint venture within the meaning of IFRS 11.

The Board of Directors believes that the complaint filed by Semperit in this connection before an arbitration tribunal in Zurich will be successful. If Semperit prevails in the arbitration, it can again exercise its contractual control options de facto. On recognition of international arbitration rulings in Thailand the Semperit Group expects appropriate implementation, with a positive effect on the results of the local Thai proceedings.

As a result of the change in the consolidation method for SSC the following net assets were derecognised.

in EUR thousand	31.12.2014
Non-current assets	
Intangible assets	247
Tangible assets	76,458
Other financial assets	261
Deferred taxes	864
	77,829
Current assets	
Inventories	25,574
Trade receivables	33,798
Other financial assets	110
Other assets	2,315
Cash and cash equivalents	42,796
	104,592
Non-current provisions and liabilities	
Provisions for pension and severance payments	2,082
Liabilities from redeemable non-controlling interests	77,959
	80,041
Current provisions and liabilities	
Other provisions	1,842
Trade payables	16,823
Other financial liabilities	980
Other liabilities	122
Income tax liabilities	4,654
	24,421
Derecognised net assets as a result of the change in the method of consolidation	**77,959**

The excess resulting from the change in the consolidation method for SSC is recognised in the consolidated income statement in other income.

in EUR thousand	31.12.2014
Fair value of the investment in joint ventures recognised (see 3.2.)	89,361
Derecognised net assets as a result of the change in the method of consolidation	–77,959
Reclassification of the cumulated currency translation reserve from equity to the consolidated income statement	1,787
Profit as a result of the change in the method of consolidation (non-cash)	**13,190**

Following the loss of control and change in the method of consolidation, it was necessary to recognise deferred tax liabilities on the entire prorated net profit eligible for distribution ("outside-basis-differences") in what is now the joint venture SSC, as the parent company is no longer in a position to manage the timing of liquidation of these temporary differences (see note 5.8.).

3.4. OTHER CHANGES IN THE SCOPE OF CONSOLIDATION

Changes in the scope of consolidation in the 2014 financial year

In January 2014 the group acquired a shell company in Malaysia which was renamed in March 2014 to Semperit Engineering Technology Asia Sdn Bhd, Penang, Malaysia, The company provides intragroup engineering services in Asia.

The Spanish subsidiary Semperit Ibèrica S.A., Barcelona was liquidated as at 22 April 2014.

Changes in the scope of consolidation in the 2013 financial year

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

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

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

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

3.5. EQUITY TRANSACTIONS

In the 2014 financial year a 0.35% interest in Latexx Partners Berhad was acquired for EUR 479 thousand. As at 31 December 2014, the group's interest totalled 98.46%, up from 98.11% as at 31 December 2013. In the 2013 financial year, a 12.17% interest was acquired for EUR 19,500 thousand, increasing the group's total interest to 98.11% as at 31 December 2013.

These transactions were recognised in 2013 and 2014 as equity transactions. The difference between the derecognition of the carrying amount of the non-controlling interests (EUR 506 thousand, previous year EUR 19,529 thousand) and the fair value of the consideration paid (EUR 479 thousand, previous year EUR 19,500 thousand) was minus EUR 28 thousand (previous year EUR 29 thousand). This difference was recognised directly in equity and is presented in the consolidated statement of changes in equity as a change in the position "other revenue reserves".

4. Segment reporting

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

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

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

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

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

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

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

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

Segment reporting by division

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

2014 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company tansactions	Group
Revenue	452,885	202,110	146,381	128,974	0	930,350
EBITDA	66,952	48,583	20,913	18,640	–19,034	136,054
EBIT = segment result	41,609	36,900	16,765	12,714	–19,460	88,528
Depreciation and amortisation of tangible and intangible assets	–25,343	–11,660	–4,148	–5,926	–426	–47,503
Impairments of tangible and intangible assets	0	–24	0	0	0	–24
Reversal of impairments of property, plant and equipment	0	191	0	0	0	191
Trade Working Capital	58,913	43,975	41,571	19,625	–4,752	159,332
Segment assets	394,434	168,063	131,546	85,503	52,369	831,914
Segment liabilities	90,552	57,228	42,757	30,920	158,870	380,327
Cash-effective investments in tangible and intangible assets	24,122	18,139	19,830	8,770	3,543	74,404
Investments in joint ventures and associated companies	91,043	0	0	0	0	91,043
Employees (at balance sheet date)	3,428[1)]	1,538	1,027	787	108	6,888

1) The Employees of Siam Sempermed Corp. Ltd. are no longer included in the figures as at 31 December 2014.

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

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

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

Pursuant to IFRS 8, information on revenue is presented depending on the location of the customers. Details on non-current assets and investments are based on the respective locations of the different companies belonging to the Semperit Group.

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

			2014			2013
in EUR thousand	**Non-current assets [2) 3)]**	**Cash-effective Investments**	**Revenue [1)]**	**Non-current assets [2) 3)]**	**Cash-effective Investments**	**Revenue [1)]**
Austria	46,630	17,997	33,870	41,256	12,528	34,135
EU excluding Austria	94,631	35,317	442,186	68,731	11,599	445,602
Total for EU	141,261	53,314	476,056	109,987	24,127	479,737
Rest of Europe	0	0	64,456	0	0	75,365
Total for Europe	**141,261**	**53,314**	**540,512**	**109,987**	**24,127**	**555,103**
Asia	191,196	20,981	154,463	253,569	25,516	128,124
The Americas	6,193	109	214,153	5,645	73	196,137
Rest of the world	0	0	21,222	0	0	26,979
Group	**338,649**	**74,404**	**930,350**	**369,201**	**49,716**	**906,342**

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

5. Notes to the consolidated income statement

5.1. REVENUE

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

5.2. OTHER OPERATING INCOME

in EUR thousand	2014	2013
Exchange rate gains	13,986	15,814
Income from the sale of property, plant and equipment	218	279
Insurance claims	609	2,707
Income from forward exchange transactions	1,016	1,670
Reversal of impairments of property, plant and equipment	191	40
Sale of by-products and waste materials	1,301	844
Rental income	340	322
Income from changes in the method of consolidation	13,190	0
Other	3,917	2,707
	34,766	**24,385**

5.3. COST OF MATERIALS AND PURCHASED SERVICES

in EUR thousand	2014	2013
Cost of materials	441,633	440,015
Purchased services	72,100	70,652
	513,733	**510,667**

5.4. PERSONNEL EXPENSES

Personnel expenses include the following items:

in EUR thousand	2014	2013
Wages	63,204	55,269
Salaries	73,400	69,376
Severance payments	1,878	1,883
Retirement benefit expenses	1,349	1,361
Statutory social security expenses and other compulsory wage-related payments	24,857	22,304
Other social security expenses	2,664	2,611
	167,351	**152,802**

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

	2014	2013
Blue-collar workers	8,721	7,827
White-collar workers	2,401	2,172
	11,122	**9,999**

The average number of employees in Austria totalled 774 (previous year: 721).

In the 2014 financial year, the remuneration paid to the active members of the Management Board totalled EUR 2,907 thousand (previous year: EUR 2,062 thousand), of which EUR 1,315 thousand (previous year: EUR 942 thousand) consisted of variable salary components. As a result of changes to the composition of the Management Board during the year, comparing total compensation with the previous year is of limited value.

In addition, payments amounting to EUR 149 thousand were made to the former member of the Management Board Richard Stralz (previous year: EUR 271 thousand).

The remuneration paid to the former chairman of the Management Board Rainer Zellner in 2014 amounted to EUR 371 thousand (previous year: EUR 727 thousand). Furthermore payments totalling EUR 371 thousand (previous year: EUR 838 thousand) were made in the financial year 2014 on termination of his employment relationship.

The expenses for pensions and severance payments for the active Management Board members amounted to EUR 186 thousand (previous year: EUR 114 thousand). Of this amount, EUR 108 thousand (previous year: EUR 82 thousand) is attributable to contribution-based severance and pension commitments.

5.5. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

in EUR thousand	2014	2013
Maintenance and services	41,706	38,826
Outgoing freight	27,182	23,885
Exchange rate losses	9,740	15,229
Commission and advertising costs	10,490	8,446
Legal, consulting and auditing fees	14,133	12,204
Travel expenses	10,769	9,772
Insurance premiums	5,201	4,618
Other taxes	4,142	3,216
Rental and leasing expenses	5,621	4,780
Communications	2,353	2,457
Bank expenses	749	815
Fees, subscriptions and donations	1,529	831
Expenses from currency forwards	839	1,852
Training and education expenditures	1,884	1,598
Specific valuation allowance	1,649	303
Other	14,102	16,945
	152,089	**145,776**

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

in EUR thousand	2014	2013
Auditing of consolidated and separate financial statements	187	187
Other valuation and certification services	15	50
Other services	128	138
	330	**375**

5.6. DEPRECIATION, AMORTISATION AND IMPAIRMENTS ON TANGIBLE AND INTANGIBLE ASSETS

in EUR thousand	2014	2013
Depreciation and amortisation	47,503	43,549
Impairments	24	1,120
	47,526	**44,669**

Impairments relate to a building as well as to technical equipment, plant and machinery in the Semperflex segment (see section 6.2.).

5.7. FINANCIAL RESULT

in EUR thousand	2014	2013
Financial income		
Income from securities	315	278
Interest and related income	1,484	1,664
	1,799	**1,941**
Financial expenses		
Losses on the disposal of securities	–156	–153
Other expenses from securities	0	–92
Interest and other financial expenses	–4,884	–3,792
	–5,040	**–4,037**
Profit/loss attributable to redeemable non-controlling interests	**–16,860**	**–14,776**
Financial result	**–20,101**	**–16,872**

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

in EUR thousand	2014	2013
Net income recognised directly in profit and loss		
Income from available-for-sale financial assets	315	278
Losses on the disposal of securities	–156	–153
	159	**125**
Net income/expenses recognised in other comprehensive income		
Revaluation gains/losses for the period	397	–100
Reclassification to profit and loss for the period	135	114
	532	**14**
Net income from available-for-sale financial assets	**691**	**139**

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

in EUR thousand	2014	2013
Interest income from loans and receivables	1,484	1,664
Impairments of loans and receivables	–1,649	–303
Net income from loans and receivables	**–165**	**1,361**

Foreign exchange gains from loans and receivables amount to EUR 12,168 thousand. These foreign exchange gains are offset by foreign exchange losses from loans and receivables of EUR 7,268 thousand.

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

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

in EUR thousand	2014	2013
Income from foreign exchange transactions	1,016	1,670
Expenses from foreign exchange transactions	–839	–1,852
Net income from financial instruments held for trading	**177**	**–182**

Income and expenses from foreign exchange transactions are included in the other operating income and expenses and relate exclusively to foreign exchange forward transactions. No foreign exchange options were entered into in the financial years 2014 and 2013.

Interest expense and other financial expenses included in the financial result amount to EUR 4,884 thousand (previous year: EUR 3,792 thousand), of which EUR 3,573 thousand (previous year: EUR 2,968 thousand) are attributable to liabilities valued at amortised cost. Liabilities from redeemable non-controlling interests correspond to the result shown in the consolidated income statement amounting to EUR 16,860 thousand (previous year: EUR 14,776 thousand) and represent the effective interest expense.

5.8. INCOME TAXES

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

in EUR thousand	2014	2013
Current tax expense (+) / tax income (-)		
for the current period	16,304	16,559
for previous periods	1,800	–42
	18,104	**16,517**
Deferred tax expense (+) / tax income (-)		
from the origination or reversal of temporary differences	–1,213	812
from value adjustment of tax loss carryforwards and temporary differences	271	2,808
other deferred tax effects	1,568	–4,117
	626	**–497**
	18,730	**16,020**

The effective tax rate in the 2014 financial year, i.e. the tax expense in relation to the earnings before tax and before deduction of profit or loss attributable to redeemable non-controlling interests, was 22.0% (previous year: 18.7%). The group tax rate is a weighted average of the local income tax rates of all consolidated subsidiaries.

The following table shows the reconciliation from earnings before tax to income tax expense reported in the consolidated income statement:

in EUR thousand	2014	2013
Earnings before tax	**68,426**	**70,917**
Tax expense / income (-/+) at 25 %	**–17,107**	**–17,729**
Tax rates in other countries	3,911	4,228
Share of profit of associated companies	66	98
Profit/loss attributable to redeemable non-controlling interests	–4,215	–3,694
Effects of the change in the method of consolidation	3,297	0
Non-deductible expenses	–2,535	–1,677
Non-taxable income, tax exemptions and tax deductibles	4,432	5,960
Tax credits and tax concessions usable in future periods	257	1,514
Reduction of current tax expenses on the basis of yet unused tax loss carryforwards	393	87
Non-recognised deferred tax assets on new losses carryforwards and temporary differences in the financial year	–170	–852
Value adjustment of deferred tax assets from loss carryforwards or temporary differences arising and recognised in previous years	–494	–2,043
Change to outside-basis-differences	–3,905	–81
Tax effects on write-downs on holdings of fully consolidated companies	501	0
Withholding taxes	–947	–803
Tax arrears from previous periods	–1,800	42
Tax rate changes	0	–332
Other	–414	–737
Income taxes according to the consolidated income statement	**–18,730**	**–16,020**

For further information regarding the effects resulting from the change in the method of consolidation for Siam Sempermed Corp. Ltd. (SSC), please refer to the comments in note

3.3. The reported tax effect in the amount of EUR 3,297 thousand results from the fact that this situation does not have a tax impact on the group's earnings before tax.

The change in the outside-basis differences in the amount of EUR 3,905 thousand also relates primarily to the effects from the change in the method of consolidation. As the parent company is no longer in the position to manage the timing of the reversal of these temporary differences, deferred tax liabilities must be recognised on the entire amount of the proportionate share of the distributable retained earnings of the present joint venture SSC (previously subsidiary); this results in a corresponding increase in tax expense.

in EUR thousand	**2014**	**2013**
Earnings before tax	68,426	70,917
Profit/loss attributable to redeemable non-controlling interests	16,860	14,776
	85,286	**85,693**
Income taxes according to the consolidated income statement	18,730	16,020
Effective tax rate in %	**22.0%**	**18.7%**

5.9. EARNINGS PER SHARE

in EUR		**2014**	**2013**
Earnings after taxes attributable to the shareholders of Semperit AG Holding	in EUR	49,859,295	54,598,022
Average number of shares issued	in units	20,573,434	20,573,434
Earnings per share (diluted and undiluted)	in EUR	2.42	2.65

There were no dilution effects as at 31 December 2013 and 31 December 2014.

6. Notes to the consolidated balance sheet

6.1. INTANGIBLE ASSETS

in EUR thousand	Software licences, industrial property rights and similar rights	Goodwill	Prepayments	Total
Acquisition costs				
As at 1.1.2013	**27,333**	**98,076**	**120**	**125,529**
Currency translation differences	–1,676	–10,154	–1	–11,831
Additions	8,190	0	817	9,006
Disposals	–2,396	0	–100	–2,497
Transfers	109	0	–27	83
As at 31.12.2013	**31,559**	**87,923**	**809**	**120,290**
Currency translation differences	803	5,401	0	6,204
Additions	745	0	3,711	4,455
Disposals	–29	0	0	–29
Changes in the scope of consolidation	–891	0	0	–891
Transfers	626	0	–336	290
As at 31.12.2014	**32,812**	**93,324**	**4,184**	**130,320**
Depreciation / write-ups / impairment				
As at 1.1.2013	**12,655**	**0**	**101**	**12,756**
Currency translation differences	–450	0	0	–450
Depreciation and amortisation	3,007	0	0	3,007
Impairments	629	0	0	629
Disposals	–2,391	0	–101	–2,491
Transfers	13	0	0	13
As at 31.12.2013	**13,464**	**0**	**0**	**13,464**
Currency translation differences	220	0	0	220
Depreciation and amortisation	4,894	0	0	4,894
Disposals	–29	0	0	–29
Changes in the scope of consolidation	–644	0	0	–644
As at 31.12.2014	**17,905**	**0**	**0**	**17,905**
Carrying amount				
Carrying amount 1.1.2013	14,677	98,076	19	112,773
Carrying amount 31.12.2013	18,095	87,923	808	106,826
Carrying amount 31.12.2014	**14,907**	**93,324**	**4,183**	**112,414**

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

The scheduled depreciation, amortisation and impairments are recognised in the consolidated income statement under the item "depreciation, amortisation and impairment of tangible and intangible assets". No impairments were necessary in 2014. In the 2013 financial year there were impairments on the Brazilian customer base of EUR 419 thousand and property rights of EUR 210 thousand due to strategic reorientation away from abandoned products and markets. There was no reversal of impairments in the two financial years.

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

Cash generating unit in EUR thousand	**31.12.2014**	**31.12.2013**
Segment Sempermed	91,559	86,159
Segment Semperflex	1,693	1,693
Segment Sempertrans	71	71
	93,324	**87,923**

The impairment testing of goodwill was performed as at 31 December 2014 at the respective segment level. The recoverable amount of the respective segment is based on its value in use, which is calculated using the segment's discounted future cash flows. These forecasted cash flows were determined using the budgets for the 2015 financial year that were approved by the Management Board and the Supervisory Board. In addition, an organic (growth from own business activity without acquisitions) medium-term plan covering the next five years was taken into account as well. The planning is based on assumptions made by segment management on the development of their markets, the market share of their segments and specific business initiatives. Key assumptions in the plan are unit sales and EBIT margins, which are determined in medium-term planning in coordination with strategic product and customer initiatives.

These assumptions are subject to forecasting uncertainty. Corporate planning in this regard assumes, in principle, that measures will be taken in the future to expand the segment's capacity and improve its infrastructure. The planned cash flows from these measures were eliminated from the impairment test if the implementation of these measures had not begun as at the reporting date. The change in working capital is derived from internally defined targets for the respective segment.

A constant long-term growth rate of 1.5% (previous year: 1.5%) is used for the period after the detailed planning time period in all CGUs. This is based on market growth expected in the long term, allowing for forecast expectations in inflation.

The discount rate used is the weighted average cost of capital (WACC) as derived in the capital asset pricing model. When determining this rate, a separate peer group is assumed for the Medical Sector (equivalent to the Sempermed segment) and the Industrial Sector (includes the Semperflex, Sempertrans and Semperform segments). The pre-tax discount rate, which was determined for each segment individually, was 8.8% (previous year: 9.4%) for the Sempermed segment, 11.3% (previous year: 14.1%) for the Sempertrans segment, and 10.9% (previous year: 14.1%) for the Semperflex segment.

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

The value in use is largely determined using the end value (present value of a perpetual annuity), which is especially sensitive to changes in assumptions regarding free cash flow, long-term growth rates and the discount rate. Management regards the following negative changes in parameters as possible.

Change in parameters	2014	2013
Discount rate (WACC)	+ 1 percentage point	+ 1 percentage point
Long-term growth rate	–1 percentage point	–1 percentage point
Change in free cash flows	–10%	–10%

In the sensitivity analyses the individual parameters were changed in isolation, without consideration of simultaneous change in the other parameters.

In the Sempermed segment the recoverable amount exceeds the carrying amount by EUR 48,837 thousand (previous year: EUR 113,334 thousand). As a result of the change in the consolidation of Siam Sempermed Corp. Ltd., Thailand, as at 31 December 2014, a change which management believes is possible in the parameters which management regards as critical could lead to an increase in carrying amount over the recoverable amount. In the previous year, a change in parameters regarded as possible resulted in an impairment charge. The following table shows the amount by which these parameters would have to change in order to make the estimated recoverable amount as at 31 December 2014 equal to the carrying amount.

Change in parameters	2014
Discount rate (WACC)	+0.74 percentage points
Long-term growth rate	–0.99 percentage points
Change in free cash flows	–13.35 percentage points

In the Semperflex and Sempertrans segments the sensitivity analysis showed that there is no change in parameters regarded as possible by management which results in impairment.

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

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

6.2. TANGIBLE ASSETS

in EUR thousand	Land and buildings, including on land owned by third parties	Technical equipment and machinery	Other equipment, office furniture and equipment	Prepayments and assets under construction	Total
Acquisition costs					
As at 1.1.2013	**168,414**	**425,437**	**96,144**	**11,985**	**701,980**
Currency translation differences	–8,896	–21,859	–5,775	–1,369	–37,899
Additions	2,166	15,674	4,671	25,469	47,979
Disposals	–1,709	–3,573	–4,443	–753	–10,478
Transfers	3,813	13,851	–4,955	–12,792	–83
As at 31.12.2013	**163,788**	**429,530**	**85,642**	**22,540**	**701,500**
Currency translation differences	5,779	15,924	4,515	396	26,614
Additions	4,792	18,497	6,191	41,221	70,701
Disposals	–273	–5,723	–3,007	–240	–9,243
Changes in the scope of consolidation	–40,257	–107,523	–34,934	–5,594	–188,308
Transfers	2,746	11,131	2,478	–16,645	–290
As at 31.12.2014	**136,575**	**361,836**	**60,885**	**41,678**	**600,973**
Depreciation / write-ups / impairment					
As at 1.1.2013	**78,393**	**282,857**	**72,091**	**746**	**434,086**
Currency translation differences	–3,284	–13,045	–4,086	0	–20,416
Depreciation and amortisation	5,728	27,274	7,539	0	40,542
Impairments	0	490	0	0	491
Write-ups	–40	0	0	0	–40
Disposals	–1,686	–3,045	–4,301	–745	–9,778
Transfers	0	6,608	–6,621	0	–13
As at 31.12.2013	**79,111**	**301,139**	**64,622**	**0**	**444,873**
Currency translation differences	1,666	8,881	3,335	0	13,882
Depreciation and amortisation	5,905	28,851	7,853	0	42,608
Impairments	22	2	0	0	24
Write-ups	–191	0	0	0	–191
Disposals	–254	–5,397	–2,738	0	–8,388
Changes in the scope of consolidation	–15,222	–70,239	–26,389	0	–111,851
Transfers	0	37	–37	0	0
As at 31.12.2014	**71,036**	**263,275**	**46,646**	**0**	**380,957**
Carrying amount					
Carrying amount 1.1.2013	90,021	142,580	24,053	11,239	267,894
Carrying amount 31.12.2013	84,677	128,390	21,020	22,540	256,627
Carrying amount 31.12.2014	**65,539**	**98,561**	**14,239**	**41,678**	**220,017**

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

Of the carrying amount recognised for land and buildings, including land owned by third parties is EUR 9,719 thousand (previous year: EUR 12,730 thousand). Of the carrying amount recognised for prepayments and assets under construction, EUR 27,788 thousand (previous year: EUR 17,194 thousand) is attributable to assets under construction.

In the financial years 2014 and 2013, no borrowing costs were capitalised as part of the production costs of qualified assets.

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

In the 2014 financial year impairments totalling EUR 24 thousand related primarily to land and buildings. This was due to changes in the possible uses of a building in the Semperflex segment. In financial year 2013 there were impairments on technical equipment, plant and machinery in the amount of EUR 491 thousand. They resulted from changes in the strategic focus of discontinued products in the Semperform segment and in the reduced technical functionality of machines in the Sempertrans segment.

In the financial year 2014 there were write-ups in value amounting to EUR 191 thousand (previous year: EUR 40 thousand), because the reasons for the impairments were no longer present.

As at 31 December 2014, tangible assets with a carrying amount of EUR 297 thousand (previous year: EUR 3,362 thousand) are pledged as collateral for liabilities to banks and liabilities from finance leases.

As at 31 December 2014, there are contractual obligations to acquire tangible assets totalling EUR 32,412 thousand (previous year: EUR 38,919 thousand). The contractual obligations arise from the commencement of investment projects to expand capacity in Poland, Malaysia and the Czech Republic.

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

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

in EUR thousand	Acquisition costs	Accumulated depreciation	31.12.2014 Carrying amount	Acquisition costs	Accumulated depreciation	31.12.2013 Carrying amount
Technical equipment, plant and machinery	0	0	0	12,630	2,240	10,390
Other equipment, office furniture and equipment	523	225	297	628	380	247
	523	**225**	**297**	**13,257**	**2,620**	**10,637**

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

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

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

in EUR thousand	31.12.2014	31.12.2013
Within the following year	1,825	859
Within the following 2 to 5 years	4,038	1,494
More than 5 years	1,502	543

The cost of rent and leases from operating lease agreements amounted to EUR 5,621 thousand in the financial year 2014 (previous year: EUR 4,780 thousand).

6.3. INVENTORIES

The balance sheet item "inventories" comprises the following:

in EUR thousand	31.12.2014	31.12.2013
Raw materials and supplies	31,266	43,568
Work in progress	19,253	24,235
Finished goods and merchandise	76,137	79,308
Prepayments	240	1,073
Services not yet billable	300	243
	127,196	**148,428**

in EUR thousand	31.12.2014	31.12.2013
Inventories		
thereof at acquisition / production costs	112,354	132,041
thereof at their net realisable value	14,841	16,387
	127,196	**148,428**

The allowances for inventories recognised as an expense totalled EUR 3,944 in the year under review (previous year: EUR 3,652 thousand).

6.4. TRADE RECEIVABLES

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

Trade receivables comprise the following:

in EUR thousand	Gross	Allowances	31.12.2014 Net	Gross	Allowances	31.12.2013 Net
Receivables not yet due	90,331	–1,208	89,123	91,376	0	91,376
Up to 1 month overdue	16,639	–228	16,411	15,317	–416	14,901
1 to 3 months overdue	6,563	–813	5,750	3,615	–297	3,318
3 to 6 months overdue	2,076	–621	1,454	1,869	–250	1,620
6 to 12 months overdue	194	–15	178	474	–459	15
More than 12 months overdue	736	–687	49	1,705	–1,705	0
	116,538	**–3,573**	**112,965**	**114,356**	**–3,127**	**111,230**

Trade receivables which are already due, but have not been subject to valuation adjustments, total EUR 23,842 thousand as at 31 December 2014 (previous year: EUR 19,854 thousand).

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 have been written down to the likely recoverable amount, valuation adjustments are also carried out in part on overdue receivables based on country-specific empirical values. Experience-based allowances also apply to receivables not covered by credit insurance at all or with regard to the portion on credit-insured receivables that the entity has to pay.

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 exist primarily at subsidiaries in India, USA and China. With respect to non-insured receivables and the portion on insured receivables, there is no significant concentration of credit risk due to the company's diversified customer base.

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

in EUR thousand	2014	2013
As at 1.1.	3,127	3,695
Release	–773	–1,086
Currency translation difference	84	–183
Written down due to irrecoverability	–1,287	–1,062
Additions	2,422	1,762
As at 31.12.	**3,573**	**3,127**

The allowances at the end of the financial year include specific valuation allowances for receivables based on an individual assessment of the respective customers. These specific allowances totalled EUR 2,237 thousand (previous year: EUR 1,873 thousand). They are primarily allocated on the basis of insolvency proceedings over the assets of the affected customers. The remaining carrying amounts after deduction of the allowances are the amounts likely to be recoverable in the insolvency proceedings. The other allowances were made on a portfolio basis.

6.5. OTHER FINANCIAL ASSETS

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

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Securities available-for-sale						
Federal bonds	0	0	0	2,021	2,021	0
Shares in funds, shares, other securities	6,599	6,599	0	5,256	5,256	0
	6,599	**6,599**	**0**	**7,277**	**7,277**	**0**
Financial assets recognised at fair value through profit or loss – held for trading						
Derivatives	2	0	2	219	0	219
Loans and receivables recognised at amortised cost						
Loans to associated companies	563	563	0	563	563	0
Other loans	6	1	5	6	1	5
Other financial assets	4,843	1,381	3,462	2,497	1,203	1,294
	5,411	**1,945**	**3,467**	**3,065**	**1,766**	**1,299**
	12,013	**8,544**	**3,469**	**10,561**	**9,043**	**1,518**

Federal bonds issued by the Austrian government with a nominal value of EUR 2,000 thousand were redeemed during the financial year 2014.

The funds comprise 97,500 units (previous years: 83,500 units) in PIA-Toprent, a bond fund suitable for funding pension provisions. The fund consists primarily of fixed-income and floating-rate eurozone government bonds.

The carrying amount of the available-for-sale financial assets amounts to EUR 6,599 thousand (previous year: EUR 7,277 thousand) corresponds to the fair value.

The loan to associated companies, amounting to EUR 563 thousand (previous year: EUR 563 thousand) bears a standard market rate of interest of 1.27% (previous year: 1.62%), and is to Synergy Health Allershausen GmbH, which is included in the consolidated financial statements in accordance with the equity method.

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

The part of the item "other financial assets" shown as current includes receivables from employees of EUR 1,039 thousand (previous year: EUR 399 thousand).

6.6. OTHER ASSETS

The carrying amounts of the "other financial assets" comprise the following:

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Accrued expenses	3,271	19	3,252	2,932	126	2,806
Prepayments	648	0	648	545	0	545
Tax receivables	7,485	0	7,485	7,739	0	7,739
Other non-financial receivables	4,494	4,255	239	4,173	3,855	317
	15,898	**4,274**	**11,624**	**15,389**	**3,982**	**11,408**

The non-current non-financial receivables include claims for reimbursement from recourse against insurance companies and third parties of EUR 3,610 thousand (previous year: EUR 1,791 thousand).

6.7. CASH AND CASH EQUIVALENTS

in EUR thousand	31.12.2014	31.12.2013
Cash on hand	30	42
Cheques	0	5
Cash deposits in banks	115,543	152,901
Short-term deposits	0	29,606
	115,574	**182,554**

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

6.8. DEFERRED TAXES

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

in EUR thousand	31.12.2014 Deferred tax assets	31.12.2014 Deferred tax liabilities	31.12.2013 Deferred tax assets	31.12.2013 Deferred tax liabilities
Intangible assets	573	2,237	0	2,588
Tangible assets	563	5,673	334	5,179
Financial assets	774	0	797	0
Inventories	4,553	31	4,691	31
Receivables	1,014	1,783	1,046	1,932
Other assets	18	55	23	179
Provisions for personnel	7,247	0	5,845	0
Other provisions	2,883	0	2,713	0
Trade payables	186	2	16	3
Other liabilities	1,014	320	990	278
Temporary differences in connection with shares in subsidiaries (outside-basis-differences)	0	5,954	0	2,049
Tax loss carryforwards and as yet unused tax credits	12,620	0	10,118	0
Total deferred tax assets and liabilities	**31,444**	**16,054**	**26,573**	**12,240**
Valuation allowance for deferred tax assets	–5,862	0	–5,285	0
Offset of deferred tax assets and liabilities	–6,056	–6,056	–5,555	–5,555
Net deferred tax assets	**19,526**		**15,733**	
Net deferred tax liabilities		**9,998**		**6,684**

Allowances for deferred tax assets of EUR 5,862 thousand (previous year: EUR 5,285 thousand) include allowances for deferred tax assets on temporary differences of EUR 1,671 thousand (previous year: EUR 1,359 thousand) and for deferred tax assets on loss carryforwards of EUR 4,190 thousand (previous year: EUR 3,926 thousand).

Deferred tax, after taking into account allowances for deferred tax assets and before netting off, relates to the following differences between the financial statements for tax purposes and IFRS:

in EUR thousand	Deferred tax assets	31.12.2014 Deferred tax liabilities	Deferred tax assets	31.12.2013 Deferred tax liabilities
Different acquisition and production costs of intangible and tangible assets, elimination of intercompany profits	708	4,080	240	3,548
Different useful lives of intangible and tangible assets	168	1,329	6	1,429
Valuation of assets acquired in business combinations	0	2,386	0	2,689
Tax valuation differences in valuation adjustments of receivables	439	1,602	365	1,772
Tax valuation differences of inventories, elimination of intercompany profits	4,272	31	4,387	31
Differing tax recognition of personnel provisions	6,817	0	5,444	0
Differing tax recognition of other provisions	2,568	0	2,466	0
Differences in foreign currency valuation of assets and liabilities at the balance sheet date	522	241	434	250
Deferred tax assets on loss carryforwards	5,738	0	3,607	0
Deferred tax assets on tax assets and tax concessions usable in future periods	1,329	0	1,418	0
Impairments of investments not yet taxed	1,363	0	1,166	0
Temporary differences in connection with shares in subsidiaries (outside-basis-differences)	0	5,954	0	2,049
Other differences	1,658	432	1,754	472
Total	**25,583**	**16,054**	**21,288**	**12,240**

The change in the deferred taxes recognised in the balance sheet is as follows:

in EUR thousand	2014	2013
Net deferred taxes as at 1.1.	9,049	7,648
Deferred taxes in profit or loss for the financial year	–626	497
Deferred taxes in other comprehensive income for the financial year	1,970	903
Changes in the scope of consolidation	–864	0
Net deferred taxes as at 31.12.	**9,529**	**9,049**

The change in the deferred taxes recognised in other comprehensive income for the period is as follows:

in EUR thousand	2014	2013
Amounts that will not be recognised through profit and loss in future periods		
Deferred taxes related to remeasurements of defined benefit plans (IAS 19)	1,667	660
Amounts that will potentially be recognised through profit and loss in future periods		
Deferred taxes related to available-for-sale financial assets	–133	–4
Deferred taxes related to cash flow hedges	324	25
Currency translation differences related to deferred taxes	112	222
	303	243
	1,970	**903**

The currency translation differences of EUR 112 thousand (previous year: EUR 222 thousand) are included in the consolidated statement of comprehensive income under the heading "currency translation differences" for the period".

For temporary differences in connection with shares in subsidiaries, deferred tax liabilities amounting to EUR 5,954 thousand (previous year: EUR 2,049 thousand) were recognised. For further information concerning the effects of the change in the method of consolidation please see note 5.8.

In addition there are taxable temporary differences of EUR 57,457 thousand (previous year: EUR 189,366 thousand) and deductible temporary differences of EUR 913 thousand (previous year: 2,258 thousand) in connection with investments in subsidiaries, for which deferred tax liabilities of EUR 10.885 thousand (previous year: EUR 39,266 thousand) and deferred tax assets of EUR 189 thousand (previous year: EUR 511 thousand) were not recognised. This is because the parent is able to manage the timing of the offset of the temporary difference, and it is probable at the balance sheet date that the temporary differences will not be offset in the foreseeable future.

The temporary differences in connection with shares in subsidiaries can arise either from the withholding tax on the distribution of dividends or from the tax obligation of the holding. Depending on the specifics of the transaction leading to the reversal of the differences, there may be tax consequences of various types at the different participation levels in the group. Due to the additional complexity of the participation relationship, temporary differences in connection with shares in subsidiaries and joint ventures were calculated using a simplified procedure without taking into account tax effects outside the relevant group level.

At the reporting date there are further deductible temporary differences of EUR 5,501 thousand (previous year: EUR 4,240 thousand) and unused tax losses of EUR 15,540 thousand (previous year: EUR 14,272 thousand), for which no deferred tax assets were recognised. Of these unused tax losses, EUR 14,762 thousand (previous year: EUR 12,519 thousand) expire within five years. Otherwise these losses and deductible temporary differences can be carried forward without limit.

The total amount of recognised deferred tax assets for tax jurisdictions in which a tax loss has been incurred either in the current period or in the previous period is EUR 14,056 thousand (previous year: EUR 9,896 thousand). Deferred tax assets are recognised based on the assumption that there will be sufficient taxable profit in the coming years. Recognition also requires that the incurred tax losses were attributable to non-recurring effects and that concrete organisational measures have been undertaken which indicate that the planned improvement in pre-tax profit can be expected.

6.9. EQUITY

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

As at 31 December 2014, Semperit AG Holding's share capital was unchanged at EUR 21,358,997. It is divided into 20,573,434 fully paid in no-par-value ordinary shares. Each share represents an equal interest in the share capital. It entitles the holder to one vote and dividends.

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

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

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

The other revenue reserves encompass the statutory reserves of Semperit AG Holding totalling EUR 999 thousand (previous year: EUR 999 thousand), the free reserves of Semperit AG Holding amounting to EUR 32,300 thousand (previous year: EUR 33,400 thousand), the net profit for the period of Semperit AG Holding amounting to EUR 123,572 thousand (previous year: EUR 24,754 thousand), 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 the first-time adjustment of the annual accounts of the consolidated companies (recognised and measured according to the accounting policies of the group). In addition, the item includes remeasurements from defined benefit plans (IAS 19) and the cash flow hedge reserve (IAS 39).

The non-controlling interests as well as their corresponding portion of earnings after tax and comprehensive income relate exclusively to Latexx Partners Berhad, the company acquired in 2012, and its subsidiaries.

Dividend and treasury shares

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 the past financial year, the Management Board proposes a dividend distribution of EUR 6.00 per share (basic dividend of EUR 1.10 a share plus special dividend of EUR 4.90 a share), totalling EUR 123,444 thousand, which will have to be voted on at the annual general meeting and is accordingly not yet recognised as a liability in the present financial statements. The payment of the dividend has no tax consequences for the Semperit Group.

Semperit AG Holding has no treasury shares as at 31 December 2014.

6.10. LIABILITIES FROM REDEEMABLE NON-CONTROLLING INTERESTS

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

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

in EUR thousand	2014	2013
As at 1.1.	102,409	110,083
Capital payment from liquidation	0	–199
Dividends	–15,270	–12,391
Share of annual income after tax	16,860	14,776
Currency translation differences	11,161	–9,859
Changes in the scope of consolidation	–77,959	0
Other changes	102	0
As at 31.12.	**37,303**	**102,409**

Liabilities from redeemable non-controlling interests are all non-current as at 31 December 2014 (previous year: non-current EUR 101,928 thousand, current EUR 481 thousand). The profit / loss attributable to the redeemable, non-controlling shares is reported separately in the financial result in the consolidated income statement.

6.11. PROVISIONS FOR PENSION AND SEVERANCE PAYMENTS

Pension plans – defined benefit plans

Pension commitments

In accordance with the Austrian Corporate Pension Statute of 1997, employees who joined their companies prior to 1 January 1991 are granted occupational pensions. Beneficiaries thus receive 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. In accordance with this statute, these obligations are not funded by plan assets.

A number of former members of the Board of Directors were granted pensions under individual pension agreements. These liabilities are also not covered by pension plan assets.

One member of the Board of Directors and selected executives were granted pensions which are covered by reinsurance policies, whereupon the pension entitlement matches the amount covered by the reinsurance. The reinsurance policies meet the requirements in IAS 19 for recognition as plan assets. The reinsurance policies are pledged to secure the pension rights of the beneficiaries, so that in the event of insolvency the creditors of pension granting companies cannot access the reinsured amount.

Severance payment commitments

Depending on their length of service, essentially employees in Austria, France, Italy and Thailand are legally entitled to a one-off payment on retirement, regardless of whether the employment relationship has been 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

The most important actuarial parameters for the defined benefit pension and severance plans are as follows:

Discount rate p.a. in %	31.12.2014	31.12.2013
Austria – pensions	1.75%	3.25%
Austria – severance payments	1.75%	3.25%
Germany – pensions	1.75%	3.25%
Other countries – severance payments		
France	1.75%	3.25%
Italy	1.75%	3.25%
Poland	2.75%	4.00%
India	8.00%	8.20%
Thailand	3.60%	4.30%

Salary increases p.a. in %	31.12.2014	31.12.2013
Austria – pensions	0% / 2%	0% / 2%
Austria – severance payments	4.5%	4.5%
Germany – pensions	1.8% / 3,4%	2% / 3.4%
Other countries – severance payments		
France	2% –3%	2% –3%
Italy	1.5%	1.5%
Poland	2% / 3.5%	2%
India	5% / 10%	5% / 8%
Thailand	3% / 7%	3% / 7%

Salary increases were determined in the individual countries by the relevant benefit plan and, if relevant, separately for wage-earning and salaried employees.

Fluctuation deductions p.a. in %	31.12.2014	31.12.2013
Austria – pensions	n/a	n/a
Austria – severance payments	0% –9%	0% –13%
Germany – pensions	0%	0%
Other countries – severance payments		
France	0% –7%	0% –7%
Italy	5%	5%
Poland	0% –8%	3%
India	2%	2%
Thailand	0% –30%	0% –30%

Fluctuation deductions were taken into account depending on the length of service of the employees.

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 of the country concerned.

The following biometric parameters and assumptions were used.

- Austria: AVÖ 2008-P ANG
- Germany: Heubeck 2005G
- France: TH 00-02 / TF 00-02
- Italy: RG48 (Ragioneria Generale dello Stato)
- Poland: Polish Life Length Table 2013
- India: LIC (1994-96) ultimate / Mortality (2006-08) (modified) Ult.
- Thailand: Thailand TM008

Balance sheet figures

The provisions for pensions and severance payments comprise the following:

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Provisions for pensions	21,141	19,213	1,928	18,695	16,900	1,796
Provisions for severance payments	25,475	24,726	749	23,801	22,348	1,452
	46,616	**43,939**	**2,676**	**42,496**	**39,248**	**3,248**

Provisions for pensions

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

in EUR thousand	31.12.2014	31.12.2013
Present value of funded defined benefit obligations	7,427	6,601
Fair value of the plan assets	–4,435	–4,374
Deficit	2,993	2,227
Present value of unfunded defined benefit obligations	18,148	16,468
Plan deficit = provision	**21,141**	**18,695**

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

in EUR thousand	2014	2013
Present value of the obligations (DBO) as at 1.1.	23,070	25,087
Current service costs	283	342
Interest expense	699	808
Total expenses for pensions	**982**	**1,151**
Remeasurements	3,345	–476
Payments/Transfers	–1,821	–2,692
Present value of the obligations (DBO) as at 31.12.	**25,575**	**23,070**

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

Plan assets measured at fair value consist of the following:

in EUR thousand	31.12.2014	31.12.2013
Cash funds	147	308
Reinsurance policies	3,365	3,141
Other receivables	923	925
Fair value of the plan assets as at 31.12.	**4,435**	**4,374**

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

Plan assets changed as follows:

in EUR thousand	2014	2013
Fair value of the plan assets as at 1.1.	4,374	5,825
Interest income from plan assets	62	158
Remeasurements of plan assets	–14	–749
Contributions of the employer	264	267
Payments/Transfers	–251	–1,127
Fair value of the plan assets as at 31.12.	**4,435**	**4,374**

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

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

Provisions for severance payments

in EUR thousand	2014	2013
Present value of the obligations (DBO) as at 1.1.	23,801	22,114
Current service costs	686	655
Past service costs	0	70
Interest expense	773	703
Total expenses for severance payments	**1,460**	**1,428**
Remeasurements	3,219	2,359
Payments	–1,113	–1,879
Currency translation differences	191	–221
Changes in the scope of consolidation	–2,082	0
Present value of the obligations (DBO) as at 31.12.	**25,475**	**23,801**

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

Remeasurements

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

in EUR thousand	2014	2013
Pensions		
Remeasurements of the obligation		
from changes to demographic assumptions	0	778
from changes to financial assumptions	–2,887	–2
Experience adjustments	–457	–300
	–3,345	476
Remeasurements of plan assets	–14	–749
	–3,358	**–273**
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	1,334	15
from changes to financial assumptions	–4,198	–2,450
Experience adjustments	–354	76
	–3,219	**–2,359**
Total remeasurements	**–6,577**	**–2,632**

Sensitivity analysis

Sensitivity analyses were performed for pension and severance plans regarding the effect of significant actuarial assumptions. A change of one percentage point in each of these parameters has the following impact on the present value of pension obligations totalling EUR 25,575 thousand (previous year: EUR 23,070 thousand) and on the present value of severance payment liabilities amounting to EUR 25,475 thousand (previous year: EUR 23,801 thousand)

		Present value of obligation (DBO) 31.12.2014		Present value of obligation (DBO) 31.12.2013	
In EUR thousand	**Change in parameter**	**Increase in parameter**	**Decrease in parameter**	**Increase in parameter**	**Decrease in parameter**
Pensions					
Interest rate	+/–1 percentage point	23.547	28.008	21.399	25.041
Increases in salaries	+/–1 percentage point	26.903	24.477	24.111	22.181
Life expectancy	+/–1 percentage point	26.464	24.740	-	-
Severance payments					
Interest rate	+/–1 percentage point	22.547	28.645	20.496	26.167
Increases in salaries	+/–1 percentage point	28.381	22.708	25.979	20.599

Average duration

The average weighted duration of defined benefit pension and severance liabilities, presented in years:

Weighted average duration	31.12.2014	31.12.2013
Austria – pensions	10.0	9.2
Austria – severance payments	12.5	13.6
Germany – pensions	11.1	10.2
Other countries – severance payments		
France	10.7	10.4
Italy	15.7	13.7
Poland	11.8	13.0
India	8.0	8.0
Thailand	18.0	17.0

Maturity analysis

The following table shows the maturities of the expected benefit payments:

in EUR thousand	Severances	Pensions
under 1 year	749	1,928
1 to 5 years	4,747	6,714
6 to 10 years	7,554	6,735
over 10 years	25,725	16,332

Pension plans – defined contribution plans

Semperit AG Holding is required to contribute to a pension fund for three members (previous year: two members) of the Management Board. Annually, 1/14 of the respective fixed remuneration is paid into a pension fund (APK Pensionskasse AG). In 2014, the expense for Semperit's contributions amounted to EUR 80 thousand (previous year: EUR 60 thousand).

Employees whose employment is 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 three members (previous year: two members) of the Management Board, contributions amounting to 1.53% of their wages or salaries are paid into a staff pension fund. In 2014, the expense for Semperit's contributions amounted to EUR 421 thousand (previous year: EUR 332 thousand). It is expected that a similar amount of contributions will be paid out in the following year.

For employees in the USA, contributions amounting to a fixed percentage of the annual salary are paid into a pension fund. In 2014, the expense for these contributions amounted to EUR 124 thousand (previous year: EUR 129 thousand).

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 carrying amounts of the other provisions are as follows:

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Long-service bonuses	3,969	3,822	147	3,918	3,656	263
Guarantees	7,797	2,800	4,997	9,965	2,394	7,571
Bonuses and other personnel provisions	11,164	1,638	9,525	11,515	534	10,981
Other	8,957	6,791	2,166	5,769	5,487	282
	31,887	**15,051**	**16,835**	**31,166**	**12,071**	**19,095**

The other provisions changed as follows:

in EUR thousand	1.1.2014	Change in the scope of consolidation	Currency differences	Release	Use	Additions	31.12.2014
Long-service bonuses	3,918	0	–1	–93	–227	372	3,969
Guarantees	9,965	0	–127	–610	–2,940	1,510	7,797
Bonuses and other personnel provisions	11,515	–1,842	393	–165	–10,241	11,503	11,164
Other	5,769	0	243	–48	–429	3,422	8,957
	31,166	**–1,842**	**509**	**–916**	**–13,837**	**16,807**	**31,887**

The timing of the expected payment streams from other provisions is as follows:

31.12.2014 in EUR thousand	Total	under 1 Jahr	1 to 5 years	More than 5 years
Long-service bonuses	9,814	158	946	8,709
Guarantees	7,859	4,997	2,862	0
Bonuses and other personnel provisions	11,164	9,525	1,166	472
Other	9,745	2,166	7,398	180

Provisions for long-service bonuses are established for employees in Austria, Germany and in the Czech Republic. They are entitled to long-service bonuses based on collective bargaining agreements. The valuation was carried out based on the same actuarial assumptions used to value the provisions for pensions and severance payments (see note 6.11.). Remeasurements (actuarial gains and losses) are recognised under personnel expenses. The average weighted duration of the present value of the long-service bonus obligations is around 11 years (previous year: 10 years).

The provisions for warranties 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 of 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.

The most significant item in the remaining other provisions is an amount of EUR 5,960 thousand) for other tax payments expected to be made in 2015 at the earliest. The provision is offset by claims for reimbursement from recourse against insurance companies and third parties of EUR 3,610 thousand (previous year: EUR 1,791 thousand), which are recognised in other assets.

6.13. CORPORATE SCHULDSCHEIN LOAN

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

In the second quarter of 2014, another corporate Schuldschein loan amounting to EUR 2 million was issued, comprising the same conditions as the 10-year fixed-interest tranche of the first corporate Schuldschein loan to "Privatstiftung zur Förderung der Gesundheit von Beschäftigten der Semperit AG Holding". This means that the total nominal volume now amounts to EUR 127 million.

The first corporate Schuldschein loan consisted of several tranches, the loan to the "Privatstiftung zur Förderung der Gesundheit von Beschäftigten der Semperit AG Holding" of one tranche. Both corporate Schuldschein loans have the following features:

Tranche	Nominal value in EUR thousand	Carrying amount (clean price) 31.12.2014 [1] in EUR thousand	Accrued interests 31.12.2014 in EUR thousand	Carrying amount total 31.12.2014 in EUR thousand	Interest rate 31.12.2014 in %	Maturity	Hedged amounts in EUR thousand
5-year fixed interest	13,500	13,461	147	13,608	2.50%	25.7.2018	-
5-year variable interest	36,500	36,396	275	36,671	1.57%	25.7.2018	15,330
7-year fixed interest	27,500	27,412	368	27,780	3.07%	24.7.2020	-
7-year variable interest	35,500	35,387	299	35,686	1.77%	24.7.2020	14,910
10-year fixed interest	14,000	13,959	246	14,205	3.65%	25.7.2023	-
	127,000	**126,615**	**1,335**	**127,950**			**30,240**

[1] excluding accrued interest

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

[1] excluding accrued interest

To hedge interest rate risk resulting from the corporate Schuldschein loan, interest rate swaps were concluded for a portion of the variable tranches (see note 8 Risk management - Interest rate risk management). As at 31 December 2014, the hedged nominal amounts total EUR 30,240 thousand (previous year: EUR 30,240 thousand).

The interest for the corporate Schuldschein loan, payable in January 2015 (payable semi-annually), was accrued on a pro-rata basis for EUR 1,335 thousand (previous year: EUR 1,225 thousand) and recognised in the consolidated balance sheet as current liabilities from the corporate Schuldschein loan. The difference between the carrying amount excluding interest (clean price) and the nominal amount is the transaction costs of the issue. This difference is then allocated over the term of the corporate Schuldschein loan in accordance with the effective interest rate method.

6.14. LIABILITIES TO BANKS

The liabilities to banks are recognised at amortised cost and consist of the following:

	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	31.12.2014 Thereof current
	0.9 –1.0%	USD thousand	4,000	3,295	0	3,295
Variable-interest liabilities to banks	3.0 –5.0%	MYR thousand	26,652	6,275	0	6,275
	0%	GBP thousand	9	11	0	11
				9,581	**0**	**9,581**

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

In December 2014, a framework loan agreement for EUR 250,000 thousand with a term of five years was concluded with a consortium of six banks. At the reporting date no use had yet been made of this framework loan agreement.

6.15. OTHER FINANCIAL LIABILITIES

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

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Loans from non-controlling shareholders of subsidiaries	141	0	141	1,668	0	1,668
Liabilities from finance leases	199	98	101	3,131	1,525	1,606
Derivatives	1,999	1,289	710	373	113	260
Personnel liabilities	4,305	0	4,305	4,484	0	4,484
Accruals and deferrals	4,171	0	4,171	3,876	0	3,876
Remaining other financial liabilities	7,267	751	6,516	9,798	4,160	5,639
	18,082	**2,138**	**15,944**	**23,330**	**5,798**	**17,532**

The item "other financial liabilities" includes current liabilities from acquisition of exclusive rights of representation of EUR 2,510 thousand (previous year: non-current EUR 2,510 thousand, current EUR 2,510 thousand).

The liabilities from finance leases as at 31 December 2014 break down as follows:

in EUR thousand	31.12.2014 Term to maturity of under 1 year	Term to maturity of 1 to 5 years	Term to maturity of over 5 years	31.12.2013 Term to maturity of under 1 year	Term to maturity of 1 to 5 years	Term to maturity of over 5 years
Total future minimum leasing payments	108	103	0	1,780	1,582	0
Interest portion	–7	–4	0	–174	–57	0
Present value of the minimum leasing payments	**101**	**98**	**0**	**1,606**	**1,525**	**0**

6.16. OTHER LIABILITIES

The carrying amounts of the other liabilities break down as follows:

in EUR thousand	Total 31.12.2014	Thereof non-current	Thereof current	Total 31.12.2013	Thereof non-current	Thereof current
Liabilities from taxes and social security contributions	5,879	0	5,879	4,833	0	4,833
Prepayments received	1,471	0	1,471	1,288	0	1,288
Accrued income	202	164	38	213	176	37
Unused holidays and overtime balances	4,989	223	4,765	4,187	180	4,008
All other liabilities	1,117	317	801	1,475	303	1,172
	13,659	**704**	**12,955**	**11,995**	**658**	**11,337**

6.17. DISCLOSURES ON FINANCIAL INSTRUMENTS

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

Assets

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2014	Carrying amount 31.12.2013
Trade receivables	Loans and receivables	112,965	111,230
Other financial assets			
Securities	Available-for-sale	6,599	7,277
Loans to associated companies	Loans and receivables	563	563
Other loans	Loans and receivables	6	6
Derivative financial instruments	Held for trading	2	219
Other financial assets	Loans and receivables	4,843	2,497
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	115,574	152,948
Short-term investment	Loans and receivables	0	29,606

Liabilities

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2014	Carrying amount 31.12.2013
Corporate Schuldschein loan	Liabilities at amortised cost	127,950	125,764
Liabilities from redeemable non-controlling interests	Liabilities at amortised cost	37,303	102,409
Trade payables	Liabilities at amortised cost	80,829	73,067
Liabilities to banks	Liabilities at amortised cost	9,581	13,530
Other financial liabilities			
Derivative financial liabilities	Held for trading	359	177
Derivative financial liabilities	Designated as a hedging instrument	1,640	196
Liabilities from finance leases	Liabilities at amortised cost	199	3,131
Other financial liabilities	Liabilities at amortised cost	15,884	19,826

Fair value

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

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

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

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

In 2014 there were no reclassifications of financial instruments between the above mentioned levels.

Assets and liabilities at fair value

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

in EUR thousand	Valuation category IAS 39	Fair value 31.12.2014	Fair value 31.12.2013	Level
Assets				
Securities	Available-for-sale	6,599	7,277	1
Derivative financial instruments	Held for trading	2	219	2
Liabilities				
Derivative financial liabilities	Held for trading	359	177	2
Derivative financial liabilities	Designated as a hedging instrument	1,640	196	2

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

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

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

Assets and liabilities not measured at fair value

The fair value of all other financial assets and liabilities, except for the following items and liabilities from redeemable non-controlling interests, corresponds to their carrying amount.

In EUR thousand	Valuation category IAS 39	Fair value 31.12.2014	Fair value 31.12.2013	Level
Liabilities				
Corporate Schuldschein loan	Liabilities at amortised cost	141.227	132.990	3
Liabilities from finance leases	Liabilities at amortised cost	195	3.215	3

The fair value of the corporate Schuldschein loan was determined by discounting the contractual payment streams with current interest rates. The comparable interest rates as at the reporting date were derived from capital market yields with similar maturities and then adjusted for current risk and liquidity costs that are observable on the market. These comparable interest rates were derived based on management's current assessment of the rating of the Semperit Group. The difference between carrying value and fair value is, on the one hand, the result of a very significant decrease since the issue of the corporate Schuldschein loan in the banks' refinancing costs (as part of the cost of corporate financing through banks) due to the measures taken by the ECB, such as medium-term refinancing tenders for banks at a current interest rate of 0.05% p.a. and the significant decrease in risk premiums in the course of the ECB's quantitative easing measures. On the other hand, the positive wording of several clauses in the corporate Schuldschein loan contract, which deviate from a standard loan, is in Semperit's favour.

For existing fixed-interest finance lease liabilities, current third-party interest rates were queried and then compared with the contractually agreed interest rates. As a result, the difference between the carrying amount and the fair value shows the margin between the contractually agreed historical return and the return currently available on the market. The finance lease liabilities are shown under the item "other financial liabilities."

For information on the valuation of redeemable non-controlling interests, see note 2.12. The calculation of the fair value would require a disproportionally high effort and is thus not disclosed in this report.

7. Consolidated cash flow statement

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

Investments in tangible and intangible assets recognised in the consolidated cash flow statement are cash-effective investments in the 2014 financial year. These include investments from the previous year amounting to EUR 6,648 thousand (previous year: 2,121 thousand) which became cash-effective in the 2014 financial year.

The additions in the statement of changes in tangible and intangible assets (see notes 6.1. and 6.2.) amounting to EUR 75,156 thousand (previous year: EUR 56,985 thousand) include investments totalling EUR 7,400 thousand (previous year: EUR 9,391 thousand) that did not result in cash outflows in the 2014 financial year.

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

Cash flow from financing activities includes an inflow of EUR 2,000 thousand from the issue of a new corporate Schuldschein loan in the second quarter of 2014 (see note 6.13.), an outflow from the repayment of financial liabilities totalling EUR 9,509 thousand from Sempermed USA Inc. and the Latexx Group (see note 6.14.) and the dividend paid out in the 2014 financial year to the shareholders of Semperit AG Holding of EUR 1.20 per share, totalling EUR 24,688 thousand.

There was also an outflow of funds due to distribution of dividends to non-controlling interests in subsidiaries amounting to EUR 15,270 thousand (previous year: EUR 12,391 thousand).

Cash flow from financing activities also contains the cash outflows associated with the acquisition of an additional investment in Latexx Partners Berhad totalling EUR 479 thousand (see note 3.5.).

8. Risk management

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

As a group with international activities, Semperit is affected by macroeconomic developments such as general economic trends, tax legislation, environmental regulations and other factors influencing the economies in which the group 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 excess capacity, 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 corporation, the Semperit Group has business activities in countries at various stages of economic and social development. Risks can thus develop as a result of unfavourable changes to the political and economic situation. Risks resulting from changes to tax and labour legislation, more rigorous statutory requirements with regard to the use of raw materials and environmental standards, and risks associated with the coordination of international activities resulting from linguistic and cultural differences can have a considerable impact on the group's business activities.

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

Capital risk management

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

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

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

As at 31 December 2014 net financial debt was EUR 15,698 thousand. Semperit Group had net financial liquidity at 31 December 2013 totalling EUR 45,737 thousand.

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

The group is subject to certain loan agreement requirements related to the consolidated financial statements. These requirements include a minimum equity ratio and a maximum level of indebtedness. As at 31 December 2014, the corresponding requirements were complied with.

Given the group's organic and non-organic growth strategy, the Semperit Group has decided not to establish a firmly defined target capital structure because different capital structures could be needed. Management aims to ensure that the group has a sustainably robust capital structure.

Interest rate risk management

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

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

As at 31 December 2014, the interest rate swaps had the following values:

Hedged variable-interest bond tranches	Hedged amounts in EUR thousand	Fair value 31.12.2014 in EUR thousand	Accrued interests 31.12.2014 in EUR thousand	Total fair market value 31.12.2014 in EUR thousand	Variable interest rate in %	Fixed interest rate in %
5 years until 25.7.2018	15,330	–495	–68	–563	0.31%	1.31%
7 years until 24.7.2020	14,910	–984	–93	–1,077	0.31%	1.71%
	30,240	**–1,479**	**–161**	**–1,640**		

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

The fair value including accrued interest is reported in the consolidated balance sheet in the item "other financial liabilities".

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

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

The effective part of the cash flow hedge amounting to EUR 1,460 thousand (previous year: EUR 100 thousand) was recognised in "other comprehensive income". The ineffective portion in the amount of EUR 85 thousand (previous year: EUR 13 thousand) was recognised in profit and loss, and is reported in the consolidated income statement under "financial expenses".

The current balance of interest rate risks is derived from the interest-bearing financial instruments as at the balance sheet date, taking into account hedging using interest rate derivatives. The interest rate profile of the group's interest-bearing financial instruments is shown below:

in EUR thousand	31.12.2014 Fixed interest	31.12.2014 Variable interest	31.12.2013 Fixed interest	31.12.2013 Variable interest
Financial assets	27,726	70,909	82,515	77,962
Financial liabilities	85,580	51,330	88,308	55,021
	113,306	**122,239**	**170,824**	**132,983**

The focal point of the interest rate sensitivity analysis is the risk arising from variable-interest financial instruments. It is assumed that the variable-interest assets and liabilities have been outstanding for a full year at the reporting date. When performing this analysis, an increase and a decrease in interest rates of 100 basis points are simulated. The resulting effects on the financial result are shown below:

in EUR thousand	Balance	+100 basis points	31.12.2014 Sensitivity to changes in interest rates by –100 basis points[1]	Balance	+100 basis points	31.12.2013 Sensitivity to changes in interest rates by –100 basis points[1]
Variable-interest financial assets	70,909	709	–182	77,962	780	–342
Variable-interest financial liabilities	51,330	–513	451	55,021	–550	545
	122,239	**196**	**269**	**132,983**	**229**	**203**

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

In addition to the variable-interest financial instruments, a shift in the yield curve also had an effect on the interest rate derivatives that were acquired to hedge portions of the fixed-interest tranches of the corporate Schuldschein loan. As these interest rate swaps are designated as cash flow hedges, any remeasurement gains and losses, if they are effective, must be disclosed in equity. A shift in the yield curve by +100 basis points would have resulted in an increase in equity by EUR 1,307 thousand (previous year: EUR 1,537 thousand).

Liquidity risk management

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

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

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

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

31.12.2014 in EUR thousand	Total	Up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	Over 5 years
Corporate Schuldschein loan	144,009	1,437	0	1,437	60,593	80,543
Liabilities to banks	10,021	2,103	7,478	439	0	0
Trade payables	80,186	48,807	28,298	2,541	89	451
Derivatives	2,524	212	379	224	1,475	234
Liabilities from finance leases	211	8	24	72	106	0
Other financial liabilities	15,892	6,718	5,095	3,328	717	35

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

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 in certain cases 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. Furthermore, the diversified customer structure means that risk is not concentrated on individual customers. The maximum default risk, considering for credit insurance agreements, is EUR 40,190 thousand, and the ratio to the carrying amount is unchanged from the previous year:

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

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

Without taking into account the risk minimisation 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 valuation categories in IAS 39.

Currency risk management

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

The translation of foreign separate financial statements into the euro as the reporting currency results in foreign currency translation differences (translation risk) of EUR 18,388 thousand, which was reported in "other comprehensive income". This includes non-controlling interests of EUR 178 thousand. This led to a change in the foreign currency translation reserve from EUR -17,204 thousand as at 31 December 2013 to EUR 1,005 thousand as at 31 December 2014. 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. Translation risk is not taken into account in the following disclosures under IFRS 7.

The following breakdown of the Semperit Group's revenue into key currencies (as a percentage of overall revenue) shows that in 2014, 50.6% (previous year: 46.8%) of sales was realised in a foreign currency.

in % of Group's revenue	2014	2013
EUR	49.4%	53.2%
USD	30.7%	31.5%
THB	10.4%	6.7%
CNY	2.2%	2.3%
GBP	2.2%	1.8%
INR	1.8%	1.8%
PLN	1.4%	0.5%
MYR	0.5%	0.7%
Other	1.4%	1.4%

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 currency risks as much as possible by coordinating payment flows.

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

31.12.2014	Country	Type of transaction	Currency	Hedge amount [1]	Hedge rate [2]	Fair value in EUR thousand 31.12.2014	Range of remaining days to maturity in days
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	2,378,000	27.72	–7	9–44
Sempertrans Bełchatów Sp. z o.o.	Poland	Forward exchange	EUR	26,000,000	4.24	–302	2–176
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	900,000	0.80	–32	15–43
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	150,000,000	317.06	1	15–36
Latexx Partners Berhad	Malaysia	Forward exchange	USD	1,000,000	3.50	0	16–30
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	811,220	32.08	–17	20

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

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

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

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

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

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

Change in currency to EUR	2014 Calculated fluctuation range in %	2014 Impact on profit from price increase in EUR thousand	2014 Impact on profit from price decrease in EUR thousand	2013 Calculated fluctuation range in %	2013 Impact on profit from price increase in EUR thousand	2013 Impact on profit from price decrease in EUR thousand
USD	9%	361	–361	4%	–252	252
THB	8%	56	–56	8%	209	–209
PLN	2%	–114	114	3%	88	–88
CZK	1%	31	–31	4%	–110	110
HUF	2%	9	–9	4%	–55	55
GBP	4%	248	–248	3%	–192	192
CNY	9%	229	–229	3%	–71	71
INR	7%	–185	185	14%	–262	262
MYR	7%	–78	78	7%	–32	32
SGD	6%	5	–5	4%	21	–21

Change in currency to USD	2014 Calculated fluctuation range in %	2014 Impact on profit from price increase in EUR thousand	2014 Impact on profit from price decrease in EUR thousand	2013 Calculated fluctuation range in %	2013 Impact on profit from price increase in EUR thousand	2013 Impact on profit from price decrease in EUR thousand
THB	2%	127	–127	6%	915	–915
PLN	8%	516	–516	5%	181	–181
CZK	8%	70	–70	4%	–8	8
BRL	10%	6	–6	12%	3	–3
CNY	2%	54	–54	2%	29	–29
INR	3%	0	0	12%	–27	27
MYR	5%	362	–362	5%	78	–78

9. Other commitments and risks

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

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

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

LEGAL DISPUTES

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

One group company is involved in unfair competition proceedings. The case is currently not at a stage at which the outcome can be estimated with a sufficient degree of probability. The case is being heard before the authorities in consultation with local specialists. The subsidiary is cooperating with the competent authorities and is providing every assistance required. The management of the Semperit Group does not expect these cases to significantly impair the asset, financial and earnings position. Appropriate provision has been made for the anticipated costs. The amount is reviewed periodically for any need for adjustment.

Detailed information on the specific financial effects would seriously weaken the position of the Semperit Group in asserting its interests in the current legal proceedings, and is therefore omitted in application of IAS 37.92.

LEGAL DISPUTES WITH THE JOINT VENTURE PARTNER SRI TRANG AGRO-INDUSTRY PUBLIC CO LTD.

Since 2014, the Semperit Group has been conducting several legal proceedings at domestic courts in Thailand and at international arbitration tribunals located in Zurich based on the rules of the International Chamber of Commerce (ICC). These litigations relate in particular to the competencies and internal organisation of the Board of Directors (BoD) being the supervisory body of Siam Sempermed Corp. Ltd. (SSC), a joint venture in Thailand. They also concern the business management of SSC, SSC's business relationships with group subsidiaries of the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. (Sri Trang), and the exclusive distribution rights of the Semperit Group. The opposing parties in the arbitration proceedings are the contracting parties in the joint venture agreements and SSC itself. In the proceedings at Thai courts, the opposing parties are the BoD members who have been nominated by Sri Trang. Semperit is the plaintiff in the ICC proceedings. The BoD members appointed by Semperit are the defendants in most of the proceedings at Thai courts.

The dispute's core issue is that the members of the SSC's BoD who have been nominated by the joint venture partner Sri Trang are currently hindering the exercise of control by Semperit. According to Sri Trang's interpretation of the law, all resolutions in the BoD can be prevented, first by preventing a quorum at meetings of the BoD through the absence of Sri Trang's nominees, and second, by convening an Annual General Meeting of the SSC to include agenda points that have already been placed on the agenda of a BoD meeting. Semperit, based on several legal assessments, believes that (i) a quorum cannot be permanently prevented since in such a case, an appropriate procedure becomes applicable allowing for a quorum of the BoD if all BoD members nominated by Semperit are present, and (ii) the Annual General Meeting is entitled to prevent BoD decisions only based on positive shareholder resolutions, which cannot, however, be taken without the involvement of Semperit. In order to clarify these issues, among other things, Semperit has referred them to the aforementioned arbitration tribunals.

Due to this inability to exercise control over SSC and the assessment of a loss of control under IFRS 10.B24, Semperit decided to change the method of consolidation for SSC as of 31 December 2014 from a full consolidation approach to the equity method in accordance with IFRS 11/IAS 28.

At present, the legal proceedings are mostly still at an early stage; the arbitrators have constituted at the start of 2015. Except for the injunctions which are being sought, a conclusion of the proceedings in the near future is unlikely.

In January 2015, a director nominated by Sri Trang for the BoD of Sempermed USA Inc. (SUSA) issued a legal challenge in Delaware, USA, against a resolution adopted by the BoD of SUSA based on the BoD's right to cast a deciding vote. The director sought an injunction against this decision. The request for an injunction was not granted by the competent court, but a hearing was ordered to deal with the lawsuit, scheduled probably sometime in the following 90 to 120 days.

The Semperit Group continues to anticipate that its interpretation of the law will be confirmed in these proceedings. The costs for the ongoing proceedings are being expensed as incurred. Appropriate provisions have been set up for the expected costs of the proceedings in which Semperit is the defendant.

Detailed information on the specific financial effects would seriously weaken the position of the Semperit Group in asserting its interests in the current legal proceedings, and is therefore omitted in application of IAS 37.92.

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

10.1. RELATED-PARTY TRANSACTIONS WITH COMPANIES AND INDIVIDUALS

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

B & C Semperit Holding GmbH is the direct majority shareholder of Semperit AG 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 AG Holding, the managing directors and Supervisory Board members of all companies which directly or indirectly hold a majority stake in Semperit AG Holding, and finally the members of the Management Board of B & C Privatstiftung and the close family members of these management and Supervisory Board members and managing directors.

Compensation paid to members of the Management Board is shown in note 5.4. The Supervisory Board compensation for the 2014 financial year consists of basic compensation, compensation for the members for each committee, and an attendance fee for each meeting. In the 2014 financial year, the remuneration paid to members of the Supervisory Board amounted to EUR 269 thousand (previous year: EUR 205 thousand).

Business to a total value of EUR 558 thousand was conducted with unit-it GmbH (an indirect investment of B & C Industrieholding GmbH) in the 2014 financial year. This related to the purchase and maintenance of SAP licences and was conducted at arms-length conditions. As at 31 December 2014 there are not outstanding liabilities to the company.

A long-term loan was granted to the associated company Synergy Health Allershausen GmbH, which as at 31 December 2014 totalled EUR 563 thousand (previous year: EUR 563 thousand).

Several fully-consolidated subsidiaries maintain business relationships with the joint venture Siam Sempermed Corp. Ltd. As at 31 December 2014 there were trade receivables of EUR 859 thousand and trade payables of EUR 21,539 thousand. There are no financing agreements.

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

10.2. TRANSACTIONS WITH CO-PARTNERS

The fully consolidated companies Semperflex Asia 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 Public Co Ltd., at customary 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 customary market conditions.

10.3. MANAGEMENT BOARD MATTERS

In March 2014 the Supervisory Board appointed Declan Daly to be a member of the Management Board of Semperit AG Holding for a three year period; his mandate began on 1 June 2014. Mr Daly is responsible for all IT-related issues, general process optimisation and business excellence within the Semperit Group.

The Management Board mandate of Richard Ehrenfeldner as CTO was extended by the Supervisory Board from December 2014 to 31 May 2018.

11. Events after the balance sheet date

On 19 March 2015, Semperit finalised a purchase agreement to acquire Leeser GmbH & Co. KG (Leeser). Leeser is a manufacturer of high-quality rubber seals with two production sites near Düsseldorf, Germany. The acquisition is subject to anti-trust approvals. The closing of the transaction is expected in the second quarter of 2015. Going forward, Leeser will be assigned to the Semperform segment.

Vienna, 24 March 2015

The Management Board

Thomas Fahnemann
Chairman of the Management Board

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

Declan Daly
Chief Information Officer

AUDITOR'S REPORT[1)]

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding, Vienna, for the fiscal year from 1 January 2014 until 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended 31 December 2014, as well as a summary of the significant accounting and valuation principles applied and other disclosures.

Management's responsibility for the consolidated financial statements and for the accounting system

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

Auditor's responsibility and description of type and scope of the statutory audit

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

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

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

[1] Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2014 and of its financial performance and its cash flows for the fiscal year from 1 January 2014 to 31 December 2014 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

COMMENTS ON THE CONSOLIDATED MANAGEMENT REPORT

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

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

Vienna, 24 March 2015

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Ms. Gerhard Schwartz m.p.
Certified Auditor

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

Balance sheet of Semperit AG Holding
as at 31.12.2014

in EUR thousand	31.12.2014	31.12.2013
ASSETS		
Fixed assets		
Intangible assets	3,975	893
Tangible assets	997	730
Financial assets	183,103	188,801
	188,076	**190,425**
Current assets		
Receivables from affiliated companies	141,406	42,411
Receivables from joint ventures	129	0
Other receivables	4,481	3,012
Cash on hand, bank deposits	27,461	22,998
	173,477	**68,421**
Accruals and deferrals	419	407
ASSETS	**361,972**	**259,253**
LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,540	21,540
Revenue reserves	33,299	34,399
Net profit for the period	123,572	24,754
	199,770	**102,052**
Untaxed reserves	**1**	**1**
Provisions		
Provisions for severance payments	2,502	2,352
Provisions for pensions	17,231	15,532
Tax provisions	1,071	1,071
Other provisions	9,358	8,634
	30,163	**27,590**
Liabilities		
Corporate Schuldschein loan	128,335	126,225
Trade payables	2,036	2,431
Liabilities to affiliated companies	497	599
Other liabilities	1,171	356
	132,039	**129,611**
LIABILITIES	**361,972**	**259,253**
Contingent liabilities	863	1,416

Income statement of Semperit AG Holding
for the financial year from 1.1.2014 to 31.12.2014

in EUR thousand	2014	2013
Revenue	**12,941**	**9,916**
Other own work capitalised	**424**	**0**
Other operating income	3,094	2,319
Personnel expenses	–17,939	–14,192
Depreciation and amortisation of tangible and intangible assets	–424	–254
Other operating expenses	–23,601	–19,909
Earnings before interest and tax (EBIT)	**–25,505**	**–22,121**
Income from investments	150,093	50,136
Income from other securities of financial assets	224	202
Interest and related income	5,008	2,184
Gains from the sale and disposal of investments	3	163
Expenses from financial assets	–5,008	–133
Interest and related expenses	–4,942	–2,535
Financial result	**145,378**	**50,018**
Result from ordinary business activities	**119,873**	**27,897**
Income taxes	2,533	3,275
Earnings after tax	**122,405**	**31,172**
Allocation of other reserves	0	–6,900
Release of other reserves	1,100	0
Profit carried forward from the previous year	66	482
Net profit for the period	**123,572**	**24,754**

The annual financial statements 2014 of Semperit AG Holding, which were prepared according to Austrian accounting standards and awarded an unqualified audit opinion by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, were submitted together with all the relevant documentation to the commercial register of the Vienna Commercial Court under the commercial register number 112544 g. These financial statements are included in the Annual Financial Report 2014 in German, which is available for download from the homepage www.semperitgroup.com/ir.

The Management Board proposes to the Annual General Meeting to distribute a dividend of EUR 6.00 per share (basic dividend of EUR 1.10 per share plus a special dividend of EUR 4.90 per share) from the net profit for the period of EUR 123,572 thousand and to carry forward the remaining earnings to the new accounts.

Vienna, 24 March 2015

The Management Board

Thomas Fahnemann
Chairman of the Management Board

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

Declan Daly
Chief Information Officer

Statement of all legal representatives

PURSUANT TO SECTION 82 (4) LINE 2 OF THE AUSTRIAN STOCK EXCHANGE ACT

We confirm to the best of our knowledge that the consolidated financial statements as at 31 December 2014 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements of Semperit Aktiengesellschaft Holding as at 31 December 2014 prepared in accordance with the Austrian Company Code (UGB) give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 24 March 2015

The Management Board

Thomas Fahnemann
Chairman of the Management Board

Johannes Schmidt-Schultes
Chief Financial Officer

Richard Ehrenfeldner
Chief Technical Officer

Declan Daly
Chief Information Officer