

# Group Management Report

## Economic environment

The world economy continued to slow down in 2015. This is mainly due to the subdued economic development in emerging and developing countries, low raw material prices and the step-by-step tightening of the US monetary policy. According to assessments by the International Monetary Fund (IMF), the global economy expanded by 3.1% in 2015, after 3.4% in 2014. While the moderate recovery in the industrialised countries continued with an average growth rate of 1.9% (2014: 1.8%), growth in the emerging and developing countries developed significantly more slowly at 4.0% (2014: 4.6%).

Among the BRIC countries, only India, with GDP (gross domestic product) rising by 7.3%, was able to maintain the level of 2014 according to the IMF. Russia and Brazil, however, slid into a recession and shrank by 3.7% and 3.8% respectively. With exports and imports declining, China missed its growth target of 7% only marginally and grew by 6.9% (2014: 7.3%). In the USA, GDP rose by 2.5% (2014: 2.4%); in the euro area it grew by 1.5% (2014: 0.9%). Latest calculations by Eurostat show modest economic dynamics for Germany at 1.4% and also for Austria at 1%.

## Developments in the raw materials markets

The sub-markets for 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 rubber, experienced a decline in prices in 2015, albeit to varying degrees. The development of these markets in the natural rubber field is influenced by production conditions, while the fields of synthetic rubber and carbon black are impacted by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is influenced primarily by the main buyers of rubber products, the tyre and automotive industry.

In the first months of 2015 prices for natural latex have moved sideways compared to the end of 2014. In May and June 2015 a slight increase was recorded. However, already in July 2015 prices fell again. While synthetic rubber is manufactured globally, by far the largest share of natural rubber and natural latex is produced in Southeast Asia, above all in Thailand, Indonesia, Vietnam and Malaysia.

The prices for synthetic rubber and synthetic latex showed a similar picture. In the second quarter of 2015, a slight price increase was recorded, followed by a declining trend as of the middle of the third quarter.

Prices for the filling material carbon black decreased in 2015 due to the sharp drop in the crude oil price that set in at the end of 2014. In the second quarter of 2015 the prices for carbon black rose temporarily, but decreased again from the beginning of July. Depending on the type, the prices for wire in the different regions have remained relatively stable with slight declines.

## Revenue and earnings of Semperit Group

### Revenue performance

Revenue of the Semperit Group rose from EUR 858.3 million in 2014 to EUR 914.7 million in 2015, an increase of 6.6%. The figures and comparisons in the present report (unless otherwise stated) are based on the inclusion of the Siam Sempermed Corp. Ltd. (SSC) in the consolidated financial statements using the equity method since 31 March 2014 (instead of since 31 December 2014, as in the past).<sup>1</sup> The figures for the first quarter of 2015 and the first to fourth quarter of 2014 accordingly required adjustment, which was performed for the first time in the half-year financial report of 2015.

The increase in revenue in 2015 was primarily due to the Industrial Sector. A strong sales performance and good utilisation of capacity compensated for declining price levels caused by reduced raw material prices in comparison with 2014. In addition, the inclusion of Leeser GmbH & Co. KG (Leeser) in the consolidated financial statements since 1 May 2015 as a fully consolidated subsidiary has had a positive effect.

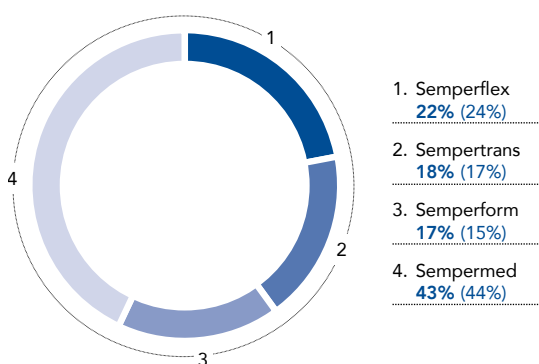
On a like-for-like basis – that is without the acquisition of Leeser and taking into account the at-equity consolidation of SSC since January 2014 – revenue shows an organic increase of 6.5%.

Revenue in the Semperflex segment was slightly higher year-on-year. The Sempertrans segment boosted its revenue by almost 13%, while the Semperform segment grew by more than 18%, due to the first-time consolidation of Leeser. The rise in the Medical Sector’s revenue by more than 3% resulted from the increase in the amount sold, which overcompensated the lower raw material prices.

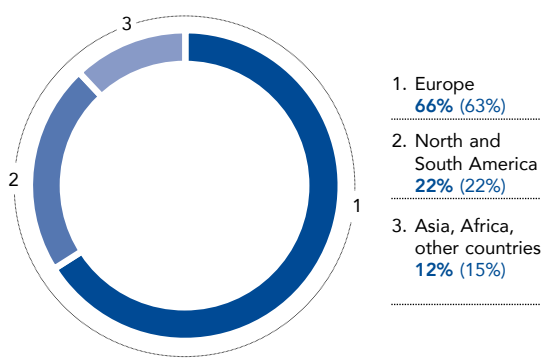
The segment shares in total revenue in 2015 are shown in the diagram below. Compared with 2014, a decrease in the Medical Sector’s share and an increase of the Industrial Sector’s shares were recorded – primarily due to the change of the consolidation method and the integration of Leeser.

The regional distribution of revenue changed only marginally in 2015.

Revenue split by segments



Revenue split by region



<sup>1</sup> 2014 values restated (see notes page 90ff. in this report).

## Earnings development

In 2015 inventories increased by EUR 6.8 million (decline in inventories by EUR 15.3 million in 2014). The decline in inventories in 2014 is largely attributable to the following change: Products acquired from Siam Sempermed Corp. Ltd. by 31 March 2014 are recognised as finished products and their sale as changes in inventories (under the item "Changes in inventories"). Products acquired since 1 April 2014 are shown as goods and materials employed (under the item "Cost of material and purchased services"). This presentation led to a decline in inventories in 2014.

Other operating income increased from EUR 18.5 million to EUR 37.1 million. An important contribution to this increase were higher foreign currency gains and income of EUR 3.4 million (purchase price lower than market value) from the acquisition of Leeser, Germany.

Cost of materials increased to a higher degree than revenue, growing by 14.0% from EUR 487.7 million to EUR 555.8 million. In addition to the volatile development, the reason for this effect was the above-mentioned change in the value chain due to the purchase of gloves from SSC and the resulting carrying value for material costs.

Personnel expenses grew by 9.2% to EUR 164.8 million, based on the increased number of employees and due to increases in salaries and wages.

Other operating expenses increased by 21.4% to EUR 160.6 million compared with 2014. The increase mainly results from a project for strategic development of the Semperit Group and from expenses for litigation with the joint venture partner. Additionally, this item also shows losses from foreign currency transactions. In total, operational foreign currency hedges resulted in a significant profit of more than EUR 4 million.

EBITDA (earnings before interest, tax, depreciation and amortisation) totalled EUR 100.6 million (–1.3%) in 2015. Higher operating revenue (+9.6%) and higher operating income (> +100.0%) were up against increases in cost of materials (+14.0%) as well as personnel costs (+9.2%) and other operating expenses (+21.4%). As a result, the EBITDA margin fell from 11.9% to 11.0%.

## Key figures Semperit Group

in EUR million	2015	2014 restated <sup>1)</sup>	Change	Change in EUR million
Revenue	914.7	858.3	+6.6%	+56.4
EBITDA	100.6	101.9	–1.3%	–1.3
EBITDA margin	11.0%	11.9%	–0.9 PP	–
EBIT	71.2	63.8	+11.6%	+7.4
EBIT margin	7.8%	7.4%	+0.4 PP	–
Earnings after tax	46.4	37.8	+22.6%	+8.5
Investments in tangible and intangible assets	71.8	67.4	+6.5%	+4.4
Employees (at balance sheet date)	7,053	6,888	+2.4%	+165

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Depreciation decreased by 22.7% to EUR 29.5 million. The reduction results from the change in the method of consolidation of SSC and adjustments of the useful lives.

EBIT rose from EUR 63.8 million to EUR 71.2 million (+11.6%) with the EBIT margin increasing from 7.4% to 7.8%.

The negative financial result totalled EUR 12.4 million in 2015 and was higher by EUR 0.9 million compared with the previous year. Lower allocations of the group's profit to redeemable non-controlling interests resulted from the change in the method of consolidation. The item "Profit/loss attributable to redeemable non-controlling interests", which is mostly related to companies in the Sempermed and Semperflex segments, fell sharply to EUR 5.4 million in 2015, following EUR 7.8 million in the previous year. On the other hand, financial expenses increased from EUR 5.0 million to EUR 8.2 million resulting from higher borrowing and from non-cash and cash effects from derivative financial instruments.

Income tax expense decreased by EUR 2.1 million or 14.3% to EUR 12.4 million. The tax rate as a percentage of earnings before tax and redeemable non-controlling interests fell from 24.1% to 19.4%. Earnings after tax increased by 22.6% to EUR 46.4 million resulting in earnings per share of EUR 2.26 in 2015, following EUR 1.85 in 2014.

## Dividend

At the Annual General Meeting on 26 April 2016 the Management Board will propose an ordinary dividend of EUR 1.20 per share, an increase of 10 cents. This means that EUR 24.7 million will be distributed in total.

Based on the ordinary dividend, the dividend pay-out ratio for the financial year 2015 is therefore 53.2%, compared with 59.6% in the previous year. Given the share price of EUR 31.10 as at the end of 2015, this results in a dividend yield of 3.9%. Semperit's dividend policy remains unchanged: the pay-out ratio is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances occur.

## Assets and financial position

Compared with the balance as of 31 December 2014, the balance sheet total rose by 13.5% to EUR 937.8 million in 2015. On the asset side of the balance sheet, the main reasons for this increase were expansion investments, the acquisition of Leeser, an increase in trade receivables, cash and cash equivalents as well as inventories. In addition, the item "Investments in joint ventures and associated companies" rose, because it contains the current net profit of the companies accounted for using the equity method.

On the liabilities side, there were increases in liabilities to banks, trade payables as well as to a lesser extent in liabilities from redeemable non-controlling interests. Currency translation reserves decreased primarily due to a devaluation of the Thai baht and the Malaysian ringgit. Revenue reserves decreased by more than EUR 70 million mainly due to the dividend payment to shareholders of the Semperit AG Holding amounting to EUR 123.4 million.

Trade working capital (inventories plus trade receivables minus trade payables) decreased from EUR 163.0 million at the end of 2014 to EUR 160.6 million, and therefore constituted 17.6% of the revenues of 2015 at EUR 914.7 million (year-end 2014: 19.0%). The decline is attributable to a lower increase in trade receivables and inventories compared with trade payables.

Based on tangible assets, the fixed asset ratio was 29.5% in 2015, compared with 26.6% in the previous year.

In July 2015 the two variable tranches (nominal amounts of EUR 36,500 thousand and EUR 35,500 thousand) of the corporate Schuldschein loan of July 2013 were repaid. Furthermore, in July 2015 the two interest rate swaps, which had been concluded for parts of the variable tranches then, were repaid.

At the same time, low financing costs caused the Semperit AG Holding to issue a new corporate Schuldschein loan amounting to EUR 75,000 thousand in July 2015. This corporate Schuldschein loan comprises three fixed-interest tranches of seven, ten and fifteen years. The average interest rate of the issue is 2.16%. It was placed mainly in Austria and Germany. The cash inflow has been utilised primarily for the repayment of the variable tranches of the corporate Schuldschein loan of July 2013.

Cash and cash equivalents increased from EUR 115.6 million by the end of 2014 to EUR 126.4 million as of 31 December 2015.

As of 31 December 2015, the Semperit Group's equity (without non-controlling interests) stood at EUR 363.3 million, EUR 80.5 million lower than at the end of 2014 (EUR 443.8 million). The change resulted mainly from the distribution of dividends amounting to EUR 123.4 million as well as earnings after tax and the change in the currency translation reserve.

The group's reported equity ratio as of 31 December 2015 amounted to 38.7% (year-end 2014: 53.7%), 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 12.8%, following 8.6% in 2014. The return on equity is calculated based on the earnings after tax in relation to the equity of EUR 363.3 million (each both in respect to the portion attributable to the shareholders of Semperit AG Holding).

Debt is significantly higher at EUR 572.6 million compared with the end of 2014. Liabilities from the corporate Schuldschein loan and liabilities to banks total EUR 302.6 million (year-end 2014: EUR 137.5 million). Taking into consideration cash and cash equivalents, this resulted in an overall net debt of EUR 176.1 million (year-end 2014: EUR 22.0 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) at the end of 2015 is therefore 1.75 (year-end 2014: 0.22). The liabilities from redeemable non-controlling interests rose by EUR 6.9 million to EUR 44.2 million primarily due to profit allocation. Provisions including social capital declined slightly to EUR 74.1 million. Other liabilities and deferred taxes increased by EUR 24.8 million to EUR 151.8 million.

In 2015, there was a branch office in 2632 Wimpassing, Austria, Triester Bundesstraße 26.

## Cash Flow

Gross cash flow was EUR 55.7 million, a year-on-year decline of EUR 34.1 million or 38%. This change was caused by higher earnings before tax, the item "Dividends received from associated companies", a decline in depreciation (due to a change of the method of consolidation of SSC as well as adjustment of useful lives), the change in non-current provisions and the change in the items "Investments in joint ventures and associated companies" as well as "Profit/loss attributable to redeemable non-controlling interests".

The cash flow from operating activities dropped sharply to EUR 59.8 million. An increase in trade receivables as well as other receivables and assets, and an increase in trade payables were the primary reasons for this decline.

The cash flow from investing activities amounted to minus EUR 89.0 million in 2015, following minus EUR 65.8 million in 2014. This increase is due to the investment programme to boost production capacities (see next chapter "Investments") and an acquisition.

The cash flow from financing activities at EUR 38.4 million (minus EUR 36.3 million in 2014) was impacted by the payment of the dividend to shareholders of Semperit AG Holding totalling EUR 123.4 million as well as the repayment and incoming payment of financing liabilities. Cash and cash equivalents as at 31 December 2015 amounted to EUR 126.4 million, a year-on-year decrease of slightly more than EUR 10 million.

## Investments

At EUR 71.8 million, cash-relevant investments in tangible and intangible assets (CAPEX) in 2015 were higher than in 2014 (EUR 67.4 million). The ratio of CAPEX to depreciation stood at 2.4 in 2015 and was thus higher than in 2014 (1.8). Around EUR 25 million of this spending is attributable to maintenance expenditures, while the rest related to growth investments.

The investment priorities were on expansion and improvement in the segments Sempermed (expansion of glove production in Kamunting, Malaysia), Semperflex (expansion of hose production in Odry, Czech Republic) and Sempertrans (expansion of the production of conveyor belts in Bełchatów, Poland).

## Performance of the sectors and segments

### Industrial Sector

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform. Despite a challenging economic environment the Industrial Sector succeeded in raising its revenue by 9.1% to EUR 521.0 million. The Industrial Sector increased its good level of profitability: EBITDA rose by EUR 6.9 million or 7.8% to EUR 94.9 million, while EBIT increased by EUR 12.3 million or 18.5% to EUR 78.5 million. At 50%, the Semperflex segment contributed the largest share of EBIT in the Industrial Sector, followed by Sempertrans with 26% and Semperform with 24%.

In 2015 the sector's EBITDA margin stood at 18.2%, following 18.4% in 2014. The EBIT margin was 15.1%, up from 13.9% in 2014. Semperflex reported the highest EBIT margin at 19.2%, followed by Semperform with 12.5% and Sempertrans with 12.4%. The EBIT margin rose in all three segments.

### Key figures Industrial Sector

in EUR million	2015	Change	2014 restated <sup>1)</sup>	2013
Revenue	521.0	+9.1%	477.5	471.5
EBITDA	94.9	+7.8%	88.0	90.1
EBITDA margin	18.2%	-0.2 PP	18.4%	19.1%
EBIT	78.5	+18.5%	66.2	67.7
EBIT margin	15.1%	+1.2 PP	13.9%	14.4%
Investments in tangible and intangible assets	35.1	-25.0%	46.7	15.9
Employees (at balance sheet date)	3,576	+6.7%	3,352	3,178

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### The Semperflex segment

Of all of the group's segments, the Semperflex segment is particularly exposed to potential economic volatility. Despite an overall market decline, the segment's revenue rose slightly to EUR 203.4 million, thanks to good results in both production and sales. A constant high production volume – particularly of hydraulic hoses – allowed for constant higher returns to scale. In 2015 the segment's EBITDA declined by 3.2% to EUR 46.9 million, with EBIT rising by 6.1% to EUR 39.0 million, thanks to lower depreciation and amortisation. At 23.1% in 2015, the EBITDA margin was only marginally lower year-on-year, whereas the EBIT margin improved to 19.2%, following 18.2% in 2014.

Demand in the overall market is expected to be subdued in 2016 – in Europe somewhat less strongly than in other regions like Asia or North and South America. The decrease in demand affects primarily construction machinery and the agricultural sector. Overall, the market is shrinking at a high single-digit rate and, depending on the region and the customer category, also at a double-digit rate in 2016. The Semperflex segment is addressing this trend with focused sales work, close cooperation with customers and strategic alliances. As a result, market share in terms of supply was gained in all regions and the performance was better than in the overall market.

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. A total of around EUR 10 million was invested in an expansion that was finalised in the first quarter of 2015, with good capacity utilisation from the start. The next expansion phase at Odry is currently being implemented. Around EUR 15 million is reserved for this project in 2015 and 2016.

The Hydraulic Hose 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 in part in the USA, 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 high single-digit rate.

The Industrial Hoses unit reported good sales, particularly in its European core markets, but also in Asia (excluding China). The situation in Eastern Europe, especially in Russia and Ukraine, continues to be challenging and is the reason for the overall decrease in sales volume compared with 2014.

#### Key figures Semperflex

in EUR million	2015	Change	2014 restated <sup>1)</sup>	2013
Revenue	203.4	+0.6%	202.1	186.1
EBITDA	46.9	-3.2%	48.5	41.5
EBITDA margin	23.1%	-0.9 PP	24.0%	22.3%
EBIT	39.0	+6.1%	36.8	29.7
EBIT margin	19.2%	+1.0 PP	18.2%	16.0%
Investments in tangible and intangible assets	14.6	-19.3%	18.1	6.0
Employees (at balance sheet date)	1,536	-0.1%	1,538	1,467

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## The Sempertrans segment

The Sempertrans segment recorded a positive volume development despite a very challenging market environment in 2015. This development was possible by winning new customers and by expanding sales activities into new markets such as Australia or North America, and market segments. With regard to sales activities, Sempertrans attaches great importance to intensive customer service and its position as a technical solution provider.

Compared to 2014, the clear increase in sales volume more than compensated the effect of the year-on-year decline in raw material prices. Overall, revenue thus grew significantly by 12.6% to EUR 164.9 million. Despite the price pressure in the market and higher market development and capacity expansion costs at the production facility in Poland, EBITDA rose by 13.1% to EUR 23.7 million, and EBIT was 21.6% higher at EUR 20.4 million. Both the EBITDA and EBIT margins were clearly in the double-digit range, at 14.3% and 12.4% respectively.

Due to a further decline in raw material prices, new projects in the mining industry continue to be scrutinised more closely and order decisions are being made more cautiously. Replacement business is satisfactory. The industrial business, which includes sales to companies outside the mining sector, proved to be stable, though without growth impulses due to the slowly growing global economy. Due to good consumer relationships, the expansion of the technical advisory expertise and the development of new markets, the capacity of the Sempertrans segment will be well utilised up to and including the second quarter of 2016 despite this challenging competitive environment.

### Key figures Sempertrans

in EUR million	2015	Change	2014 restated <sup>1)</sup>	2013
Revenue	164.9	+12.6%	146.4	154.5
EBITDA	23.7	+13.1%	20.9	23.9
EBITDA margin	14.3%	+0.0 PP	14.3%	15.5%
EBIT	20.4	+21.6%	16.8	19.4
EBIT margin	12.4%	+0.9 PP	11.5%	12.5%
Investments in tangible and intangible assets	12.3	-38.0%	19.8	6.8
Employees (at balance sheet date)	1,086	+5.7%	1,027	968

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

From a geographical perspective, Western Europe has performed particularly well. In this region Sempertrans benefits from a comprehensive sales and distribution network and good market positioning. The demand for conveyor belts remains weak in Russia as well as in the Middle East and North Africa. This results in Sempertrans' competitors appear on other markets which again leads to increased competition. Price competition continues to prevail in India and China, as economic growth in these countries remains subdued compared with their previous growth rates. From a global perspective, sales increased, in particular for steel cord reinforced conveyor belts.

Thus the increasing demand led to the decision to expand the production capacities. The first step to increase capacity at the Polish conveyor belt plant in Bełchatów was completed in September 2015. The next expansion steps are currently in progress and further capacities will be available during the course of the year 2016. The first newly installed production line is already booked well for orders and contributed to revenue in the second half of 2015.



### The Semperform segment

In 2015 the Semperform segment recorded an increase of revenue of 18.5% to EUR 152.8 million in comparison to the prior year. A growth in volume, however, was up against negative price effects in all business units. All in all, the Semperform segment generated EBITDA of EUR 24.3 million in 2015 compared with EUR 18.6 million in the prior year. EBIT amounted to EUR 19.1 million in comparison to EUR 12.7 million. These results represent increases of 30.5% and 50.4% respectively. Leeser has been part of the fully consolidated companies in the consolidated financial statements since 1 May 2015 and therefore contributed positively to the results. The EBITDA margin stood at 15.9%, following 14.5% in 2014, while the EBIT margin increased from 9.9% to 12.5%.

With its seal profiles for windows and doors, the Building Profiles unit is the largest unit in the Semperform segment. Leeser, Germany, has been a part of this business unit since the beginning of May. Therewith Semperit Group is strengthening the Semperform segment as a full-range supplier on the profiles market and continued to expand its presence in the growth market for building profiles. Integration of Leeser into Semperit is proceeding excellently – with regard to the technical and the commercial collaboration as well as customer service. On this basis, first synergies – for example the coordination of the production at the different locations – have already been achieved.

While business in Western and Central Europe was satisfactory in the first half of 2015, a slight downturn occurred from the middle of the third quarter, which led to slightly declining volumes in the fourth quarter. The supply shares remained stable or slightly increased. Orders from Russia and Ukraine steadily declined throughout the year. In the second half of 2015 the situation deteriorated again and the incoming orders were significantly below the levels of the previous year. This development is caused by the economic circumstances in the region. In addition, the weak Rouble negatively affected both sales and the relative profitability (with a view to discounts to compensate the currency situation) of this business unit. Since the economic climate in Western and Central Europe has clouded over, the decline in Russia and Ukraine cannot be offset by other regions any more.

#### Key figures Semperform

in EUR million	2015	Change	2014 restated <sup>1)</sup>	2013
Revenue	152.8	+18.5%	129.0	130.8
EBITDA	24.3	+30.5%	18.6	24.7
EBITDA margin	15.9%	+1.4 PP	14.5%	18.9%
EBIT	19.1	+50.4%	12.7	18.6
EBIT margin	12.5%	+2.6 PP	9.9%	14.2%
Investments in tangible and intangible assets	8.1	-7.4%	8.8	3.1
Employees (at balance sheet date)	954	+21.2%	787	743

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Despite the weakening demand since the third quarter 2015, the Semperit Engineered Solutions unit (formerly Industrial Moulded Parts) performed well and gained market share among both industrial customers and in railway-track superstructures. Nevertheless, demand in railway-track superstructures remained volatile.

Since the third quarter of 2014 the Handrails unit experienced a declining demand for new escalators in the main market of China. However, an uptrend in sales of new escalators (OEM market) has been noticeable since the second quarter of 2015. China, as the most important OEM market, remains characterized by strong competition and high price pressure. As a consequence of the economic development, the visibility on the Chinese market is limited in the following quarters. In addition to the OEM market, the After Sales Market (ASM) contributed to the increase in the sales of handrails especially in Europe. All in all, the Handrails unit gained in supply share in 2015.

The smallest business unit, Special Applications (including ski foils and cableway rubber rings), recorded slight sales increases compared to 2014.

### Medical Sector: the Sempermed segment

Although the full consolidation of the 50% share in the joint venture Siam Sempermed Corp. Ltd. (SSC), Thailand, was changed to the equity method as at 31 March 2014 and despite lower raw material prices, revenue of the Medical Sector, which consists of the Sempermed segment, increased by 3.4% to EUR 393.7 million in 2015. In a like-for-like comparison, i.e. after deducting SSC in the first quarter of 2014, revenue even grew by 9.1%.

EBITDA of the Sempermed segment of EUR 32.1 million slightly decreased compared with the prior year, while EBIT rose to EUR 19.9 million. This led to an EBITDA margin of 8.1% in 2015 after 8.8% in the prior year, and an EBIT margin of 5.1% after 4.6%. Both EBITDA and EBIT were affected by the change in the method of consolidation of SSC described above, heavy price competition and increased expenses. Thus personnel expenses increased, because of the technical personnel necessary for construction of the new glove factory, the insourcing of packaging employees in Malaysia, and for sales employees for expanding the market in China and Southeast Asia.

### Key figures Sempermed

in EUR million	2015	Change	2014 restated <sup>1)</sup>	2013
Revenue	393.7	+3.4%	380.8	434.9
EBITDA	32.1	-4.4%	33.5	58.7
EBITDA margin	8.1%	-0.7 PP	8.8%	13.5%
EBIT	19.9	+13.0%	17.6	36.6
EBIT margin	5.1%	+0.5 PP	4.6%	8.4%
Investments in tangible and intangible assets	29.6	+72.4%	17.2	33.2
Employees (at balance sheet date)	3,344	-2.4%	3,428	7,007

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

In the reporting period the production capacity in Malaysia was slightly lower than in the prior year. For increasing the capacity and quality of existing facilities refurbishment work was carried out on individual production lines in the first three quarters of 2015. These modernization activities were completed in the third quarter and already show some initial success. In addition, necessary adaptations of the infrastructure for the new glove factory were made. Overall, capacity utilization was high at the production facilities. Therefore further growth is currently only possible by buying in gloves from other manufacturers and the joint venture company SSC; however, the resulting margin is lower than on the sale of the group's own production, which narrows the EBIT margin.

In the examination glove business, an increase in sales was recorded in 2015. The demand grew strongly especially for industrial gloves (consumer goods industry), particularly in Europe and Latin America. This development is in line with the strategic focus for sales. Sales in the US were weaker. The segment is currently building up its market presence in Asia. Sales of surgical gloves, which are produced in Wimpassing, Austria, declined in 2015 compared with the previous year.

## Sustainability

Long-term success is only possible in harmony with the environment and society. Therefore, we have made sustainability a fundamental principle of our company strategy. In 2014, our own Sustainability Council was established to create and further develop current and future areas of work in the sustainability field. The Council comprises managerial staff from the segments and the central functions and deals with the group-wide establishment of sustainability management. In 2015, the Sustainability Council defined the key topics for the sustainability strategy and together with the management board adopted directives in the following five fields of action that are valid throughout the group:

- Safety, health and environment: At Semperit, human and environmental safety is our highest priority. We systematically protect our employees from risks.
- Resource management: We constantly enhance our resource efficiency to reduce environmental pollution and increase profitability.
- Employees and society: We create attractive and fair working conditions. Supporting social projects at our locations worldwide is important to us.
- Suppliers: We work with suppliers, who act in harmony with the environment and society. Thus, we ensure sustainability along the entire supply chain.
- Innovation: We develop innovative products, processes and materials. Here we focus on highest user benefits and environmental friendliness.

The Semperit Sustainability Guidelines are available at [www.semperitgroup.com/en/sustainability](http://www.semperitgroup.com/en/sustainability). The next step is the development and expansion of the sustainability strategy based on an extensive stakeholder survey and the definition of KPIs (key performance indicators) for the different business segments.

## Employees

At the end of 2015 the Semperit Group employed around 7,100 people, of which almost half or 3,300 employees were in the Sempermed segment, followed by the Semperflex segment with a share of more than 20%. Compared with the previous year this resulted in a slight increase of 2.4%. The employee headcount in the Semperform segment rose by more than 20% due to the acquisition of Leeser GmbH & Co. KG.

Personnel expenses rose by 9.2% to EUR 164.8 million due to the increased employee headcount and higher wage and salary costs. This higher employee headcount was primarily caused by the acquisition of Leeser in the Semperform segment, followed by Sempertrans. In the Sempermed segment the number of employees fell slightly as the modernisation of the existing production advanced at Latexx Partners.

**Number of employees (full time equivalents) at year end**

	2015	Structure	Change 2015 vs. 2014	2014	2013
Semperflex	1,536	21.8%	-0.1%	1,538	1,467
Sempertrans	1,086	15.4%	5.7%	1,027	968
Semperform	954	13.5%	21.2%	787	743
Sempermed (excl. Siam Sempermed Corp. Ltd. since 2014)	3,344	47.4%	-2.4%	3,428	7,007
Corporate Center	133	1.9%	23.7%	108	91
<b>Total</b>	<b>7,053</b>	<b>100.0%</b>	<b>2.4%</b>	<b>6,888</b>	<b>10,276</b>
thereof Austria	821	11.6%	0.0%	821	739
thereof Semperit AG Holding	107	1.5%	10.2%	97	80

**Training and professional education**

Semperit's Group management understands that the expertise and innovative strength of employees are critical success factors for expanding the company's market positions. The group therefore offers an extensive training and professional education programme to teach employees the necessary professional skills so that they are optimally prepared for their operational and strategic challenges. As part of a comprehensive training catalogue, personal development training is offered to, among other things, provide employees with skills for conflict, time and target management, as well as presentation techniques. In addition, employees have the opportunity to participate in specialized training courses.

**Research and development**

By means of successful research and development, generations of competent engineers, chemists, physicists, basic researchers, plastic engineers and application engineers have made significant contributions to 190 years of history of the Semperit Group. Today Semperit's research and development is focused on three pillars: further development of materials (both elastomers and reinforcing materials), product development and process development.

The research and development units of the Semperit Group are located in Malaysia, China, India, Poland, the Czech Republic, Germany and Austria. All of the related activities concerning this matter are coordinated at the Research & Development Center in Wimpassing, Austria. With more than 60 employees in research and development, the site in Wimpassing also serves for coordination with external development partners and the trans-sectoral exchange of knowledge and experience. In the Group more than 200 employees work in research and development all over the world. Expenses amount to more than EUR 10 million or more than 1% of revenue per year. Semperit's innovation power is also reflected in the Group having approximately 50 patent families at its disposal.

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 (waste of energy/waste of material/waste of properties). 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.

## Disclosures pursuant to Section 243a (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 2015 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 (Aktengesetz – AktG).

B & C Industrieholding GmbH directly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2015 and is the majority shareholder of Semperit AG Holding. The private foundation B & C Privatstiftung is the highest controlling legal entity. B & C Holding Österreich GmbH is an indirect majority shareholder, who prepares and publishes consolidated financial statements including the Semperit Group. More than 10% of the ordinary shares had been held by Legg Mason Inc., USA since 10 March 2011. In 2015 and 2016, this share was gradually decreased. As of 12 January 2016, the interest of Legg Mason Inc., USA, has been less than 3%. FMR Co., Inc (Fidelity Management & Research Company) has held more than 5% as of 17 February 2016. 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.

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 (1) (8) of the AktG. At the same Annual General Meeting, the Management Board was authorised, pursuant to Section 65 (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 (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 strong 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 2015 in accordance with C-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.

The principles relevant for IFRS consolidation are characterised in an accounting manual to ensure uniformity for the entire group. In addition, controls of the reporting packages, employee training and cooperation with external service providers guarantee the required quality in case of special topics. IDL.KONSIS is used for the quarterly consolidation at group level.

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 synthetic rubber, 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 in Austria and abroad. 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 risks**

As required by IFRS 7.31, the financial risks are described in detail in the notes under point 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 2015, the group's liabilities to banks totalled EUR 168.5 million (31.12.2014: EUR 9.6 million). The amount of the corporate Schuldschein loan including accrued interest totals EUR 134.1 million. The liabilities to banks carry variable interest rates that are tied to prevailing market conditions. There are liabilities from leasing agreements totalling EUR 0.1 million (31.12.2014: EUR 0.2 million), all of which have fixed interest rates.

**Liquidity risk**

Cash and cash equivalents amounted to EUR 126.4 million as at 31 December 2015 (31.12.2014: EUR 115.6 million). The tranches with variable interest rates of the existing corporate Schuldschein loan were terminated and repaid. In return, a new corporate Schuldschein loan totalling EUR 75.0 million was issued. In addition, in 2015 the existing corporate Schuldschein loan issued to "Privatstiftung zur Förderung der Gesundheit von Beschäftigten der Semperit AG Holding" (in English: Private Foundation to Promote the Health of the Employees of Semperit AG Holding) was increased by EUR 3 million. The option to extend a framework loan agreement with a volume of EUR 250 million and a term of 5 years, which was put in place in December 2014, by one year was used. 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 38.7% as at 31 December 2015 (2014: 53.7%) 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**

As of 31 December 2014 the method of consolidation of Siam Sempermed Corp. Ltd. was changed from full consolidation under IFRS 10 Consolidated Financial Statements to the equity method in accordance with IFRS 11 Joint Arrangements.

Due to the identification of this error by the Austrian Financial Market Authority (Finanzmarktaufsicht – FMA), the above-mentioned change of method of consolidation for Siam Sempermed Corp. Ltd. (from full consolidation to the equity method) as of 31 December 2014 was restated retrospectively with effect from 31 March 2014. Also see notes page 90ff.

The proceedings between the Semperit Group and the Thai joint venture partner before arbitration courts and national courts in Thailand, the USA and Austria are explained in detail in the notes, see page 160f.

### **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 regulations. 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. 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. Regular follow-up audits are performed at the locations to ensure the sustained implementation of the framework conditions and regulations.

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

In January 2016 the International Monetary Fund (IMF) adjusted its estimates downwards for the current year and forecast a global economic growth of 3.4% (2015: 3.1%) in 2016. In the industrialised countries the moderate economic recovery against the background of low raw material prices should continue with the GDP rising by 2.1% (2015: 1.9%), while the USA is likely to see a 2.6% rise and the euro area 1.7%. However, the emerging and developing countries show a heterogeneous picture: While countries which were in economic troubles in 2015 – these include several countries in Latin America and the Middle East – show signs of moderate recovery, the IMF expects a further slowdown in growth to 6.3% in China. All in all, the IMF assumes a growth of 4.3% (2015: 4.0%) for 2016 in the emerging and developing countries.

In 2016, Semperit expects no significant changes of the market conditions compared to 2015. The generally low demand in the Industrial Sector in 2015 is expected to continue in 2016 due to the economic situation. In particular in Eastern Europe and Russia, no economic upturn is to be expected. Neither does the industrial capital investment cycle in China show any signs of an upturn. However, the demand in the economically insensitive Medical Sector is expected to develop steadily with a market growth of 5% to 6%.

Nevertheless, Semperit has started the year 2016 with a certain amount of confidence and expects a largely stable development in 2016 compared to 2015.

### Outlook Industrial Sector

In the first months of 2016 Semperit has seen a continuing good order situation due to intensive marketing and sales activities in the Industrial Sector. The new production capacities of Semperflex are already well booked although high growth rates similar to the past years cannot be expected in the current financial year 2016 due to market conditions. At Sempertrans the new production capacities are also well booked despite the difficult situation in the customer markets. The Semperform segment records a satisfying order situation for the first months of 2016. All in all, Semperit expects a business trend for the Industrial Sector that is better than the development of the total market.

### Outlook Medical Sector

The Medical Sector (Sempermed segment) will profit from the step-by-step commissioning of new production capacities in Kamunting, Malaysia, in 2016 and beyond. The additional production volumes are easily marketed due to satisfying demand and will have a positive impact on the earnings of Sempermed in 2016.

### Continuation of the growth strategy and long-term targets

The Semperit Group will continue its growth strategy consistently in 2016. The focus will be on entering into new markets in the Industrial Sector and the expansion and optimisation of existing production capacities. In the Medical Sector the focus will be set on the expansion of the glove production in Malaysia in addition to further production optimisations, efficiency enhancements and marketing. Altogether, capital investments (CAPEX) of approximately EUR 70 million are planned for 2016.

Going forward, Semperit aims at achieving average double-digit volume growth (quantities sold) and attractive earnings margins. The aspired range of a target margin remains unchanged between 11% and 14% for EBITDA and between 8% and 11% for EBIT.

**Note**

This outlook is based on the assessments of the Management Board as of 15 March 2016, and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2016. 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**

No significant events requiring disclosure occurred between 31 December 2015, the balance sheet date, and 15 March 2016, the date on which this report was approved for publication.

Vienna, 15 March 2016

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

# **Consolidated financial statements and notes**

**Consolidated income statement**

in EUR thousand	Note	2015	2014 restated <sup>1)</sup>
Revenue	5.1.	914,686	858,255
Changes in inventories		6,788	-15,307
Own work capitalised		6,217	3,303
<b>Operating revenue</b>		<b>927,691</b>	<b>846,250</b>
Other operating income	5.2.	37,099	18,524
Cost of material and purchased services	5.3.	-555,785	-487,651
Personnel expenses	5.4.	-164,813	-150,967
Other operating expenses	5.5.	-160,639	-132,309
Share of profits from joint ventures and associated companies	3.2.	17,078	8,057
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>100,630</b>	<b>101,905</b>
Depreciation, amortisation and impairment of tangible and intangible assets	5.6.	-29,478	-38,136
<b>Earnings before interest and tax (EBIT)</b>		<b>71,152</b>	<b>63,769</b>
Financial income	5.7.	1,252	1,426
Financial expenses	5.7.	-8,228	-5,040
Profit/loss attributable to redeemable non-controlling interests	6.10.	-5,395	-7,845
<b>Financial result</b>		<b>-12,371</b>	<b>-11,460</b>
<b>Earnings before tax</b>		<b>58,781</b>	<b>52,309</b>
Income taxes	5.8.	-12,419	-14,485
<b>Earnings after tax</b>		<b>46,363</b>	<b>37,824</b>
thereof attributable to the shareholders of Semperit AG Holding	6.9.	46,394	37,987
thereof attributable to non-controlling interests	6.9.	-31	-163
<b>Earnings per share in EUR (diluted and undiluted)<sup>2)</sup></b>	<b>5.9.</b>	<b>2.26</b>	<b>1.85</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

<sup>2)</sup> Attributable to the shareholders of Semperit AG Holding.

## Consolidated statement of comprehensive income

in EUR thousand	Note	2015	2014 restated <sup>1)</sup>
<b>Earnings after tax according to the consolidated income statement</b>		<b>46,363</b>	<b>37,824</b>
<b>Other comprehensive income</b>			
<b>Amounts that will not be recognised through profit and loss in future periods</b>			
Remeasurements of defined benefit plans (IAS 19)	6.11.	2,060	-6,461
Related deferred taxes	6.8.	-2,153	1,653
		<b>-93</b>	<b>-4,808</b>
Other comprehensive income from joint ventures			
Remeasurements of defined benefit plans (IAS 19)		247	-55
Related deferred taxes		-36	6
		<b>211</b>	<b>-50</b>
		<b>118</b>	<b>-4,858</b>
<b>Amounts that will potentially be recognised through profit and loss in future periods</b>			
Available-for-sale financial assets			
Revaluation gains / losses for the period	5.7.	-112	397
Reclassification to profit and loss for the period	5.7.	0	135
		<b>-112</b>	<b>532</b>
Cash flow Hedge			
Revaluation gains / losses for the period	8.	624	-1,460
Reclassification to profit and loss for the period		771	166
		<b>1,395</b>	<b>-1,294</b>
Other comprehensive income from joint ventures			
Currency translation differences for the period		2,545	6,603
Currency translation differences			
Currency translation differences for the period		-7,296	13,193
Reclassification to profit and loss for the period		0	4,796
		<b>-7,296</b>	<b>17,990</b>
Related deferred taxes	6.8.	-299	191
		<b>-3,767</b>	<b>24,021</b>
<b>Other comprehensive income</b>		<b>-3,649</b>	<b>19,163</b>
<b>Total recognised comprehensive income</b>		<b>42,714</b>	<b>56,988</b>
thereof on earnings attributable to the shareholders of Semperit AG Holding		42,949	56,972
thereof on earnings attributable to non-controlling interests		-236	16

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

**Consolidated cash flow statement**

in EUR thousand	Note	2015	2014 restated <sup>1)</sup>
Earnings before tax		58,781	52,309
Depreciation, amortisation, impairment and write-ups	6.1. / 6.2.	29,473	37,945
Profit and loss from disposal of assets (including current and non-current financial assets)		345	299
Change in non-current provisions		-4,735	2,822
Share of profits from joint ventures and associated companies		-17,078	-8,057
Dividends received from joint ventures and associated companies		0	11,451
Effects of the change in the method of consolidation	2.18.	0	564
Badwill arising from company acquisition	3.4.	-3,376	0
Profit/loss attributable to redeemable non-controlling interests		5,395	7,845
Net interest income (including income from securities)		3,466	2,185
Interest paid		-4,330	-3,500
Interest received		1,277	1,534
Taxes paid on income		-13,502	-15,547
<b>Gross cash flow</b>		<b>55,717</b>	<b>89,852</b>
Change in inventories		-2,549	-8,079
Change in trade receivables		-9,202	-10,203
Change in other receivables and assets		-8,925	-5,365
Change in trade payables		14,878	79
Change in other liabilities and current provisions		5,181	1,481
Changes in working capital resulting from currency translation adjustments		4,717	3,706
<b>Cash flow from operating activities</b>		<b>59,816</b>	<b>71,471</b>
Proceeds from sale of tangible and intangible assets		299	602
Proceeds from sale of current and non-current financial assets		0	2,000
Investments in tangible and intangible assets	6.1. / 6.2. / 7.	-71,848	-67,434
Investments in current and non-current financial assets		-8	-947
Net cash outflow on acquisition of businesses (less cash acquired)		-17,474	0
<b>Cash flow from investing activities</b>		<b>-89,032</b>	<b>-65,779</b>
Cash receipts from current and non-current financing liabilities		239,401	2,000
Repayment of current and non-current financing liabilities		-76,537	-9,509
Dividend to shareholders of Semperit AG Holding	6.9.	-123,441	-24,688
Dividends to non-controlling shareholders of subsidiaries	6.10.	-1,003	-3,603
Acquisition of non-controlling interests		-63	-479
<b>Cash flow from financing activities</b>		<b>38,358</b>	<b>-36,280</b>
<b>Net increase / decrease in cash and cash equivalents</b>		<b>9,142</b>	<b>-30,588</b>
Effects resulting from currency translation		1,714	3,831
Changes in the scope of consolidation		0	-40,224
Cash and cash equivalents at the beginning of the period		115,574	182,554
<b>Cash and cash equivalents at the end of the period</b>		<b>126,430</b>	<b>115,574</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).



**Consolidated balance sheet**

in EUR thousand	Note	31.12.2015	31.12.2014 restated <sup>1)</sup>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6.1.	111,314	112,414
Tangible assets	6.2.	276,630	220,017
Investments in joint ventures and associated companies	3.2.	102,670	82,835
Other financial assets	6.5.	12,372	8,544
Other assets	6.6.	5,275	4,274
Deferred taxes	6.8.	16,717	18,426
		<b>524,978</b>	<b>446,511</b>
<b>Current assets</b>			
Inventories	6.3.	135,711	130,889
Trade receivables	6.4.	125,519	112,965
Other financial assets	6.5.	2,284	3,469
Other assets	6.6.	16,670	11,624
Current tax receivables		6,192	5,269
Cash and cash equivalents	6.7.	126,430	115,574
		<b>412,806</b>	<b>379,789</b>
<b>ASSETS</b>		<b>937,784</b>	<b>826,300</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>6.9.</b>		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Revenue reserves		317,733	393,690
Currency translation reserve		2,664	7,211
<b>Equity attributable to the shareholders of Semperit AG Holding</b>		<b>363,260</b>	<b>443,762</b>
Non-controlling interests		1,924	2,211
		<b>365,183</b>	<b>445,973</b>
<b>Non-current provisions and liabilities</b>			
Provisions for pension and severance payments	6.11.	40,775	43,939
Other provisions	6.12.	11,421	15,051
Liabilities from redeemable non-controlling interests	6.10.	44,192	37,303
Corporate Schuldschein loan	6.13.	132,615	126,615
Liabilities to banks	6.14.	162,898	0
Other financial liabilities	6.15.	862	2,138
Other liabilities	6.16.	746	704
Deferred taxes	6.8.	11,924	9,998
		<b>405,433</b>	<b>235,748</b>
<b>Current provisions and liabilities</b>			
Provisions for pension and severance payments	6.11.	2,866	2,676
Other provisions	6.12.	19,033	16,835
Corporate Schuldschein loan	6.13.	1,481	1,335
Liabilities to banks	6.14.	5,560	9,581
Trade payables		100,660	80,829
Other financial liabilities	6.15.	13,762	15,944
Other liabilities	6.16.	19,037	12,955
Current tax liabilities		4,769	4,424
		<b>167,168</b>	<b>144,579</b>
<b>EQUITY AND LIABILITIES</b>		<b>937,784</b>	<b>826,300</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## Consolidated statement of the changes in equity

in EUR thousand	Note	Revenue reserves					Currency translation reserve	Total equity attributable to the shareholders of Semperit AG Holding	Non-controlling interests	Total equity
		Share capital	Capital reserves	Re-valuation reserves	Other revenue reserves	Total revenue reserves				
<b>As at 1.1.2014</b>		<b>21,359</b>	<b>21,503</b>	<b>-115</b>	<b>385,907</b>	<b>385,793</b>	<b>-17,204</b>	<b>411,451</b>	<b>2,702</b>	<b>414,153</b>
Earnings after tax		0	0	0	37,987	37,987	0	37,987	-163	37,824
Other comprehensive income		0	0	399	-5,829	-5,430	24,414	18,985	178	19,163
Total recognised comprehensive income		0	0	399	32,158	32,557	24,414	56,972	16	56,988
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
<b>As at 31.12.2014 restated<sup>1)</sup></b>		<b>21,359</b>	<b>21,503</b>	<b>284</b>	<b>393,405</b>	<b>393,690</b>	<b>7,211</b>	<b>443,762</b>	<b>2,211</b>	<b>445,973</b>
<b>As at 1.1.2015 restated<sup>1)</sup></b>		<b>21,359</b>	<b>21,503</b>	<b>284</b>	<b>393,405</b>	<b>393,690</b>	<b>7,211</b>	<b>443,762</b>	<b>2,211</b>	<b>445,973</b>
Earnings after tax		0	0	0	46,394	46,394	0	46,394	-31	46,363
Other comprehensive income		0	0	-84	1,186	1,102	-4,546	-3,445	-204	-3,649
Total recognised comprehensive income		0	0	-84	47,580	47,496	-4,546	42,949	-236	42,714
Dividend	6.9.	0	0	0	-123,441	-123,441	0	-123,441	0	-123,441
Acquisition of non-controlling interests	3.5.	0	0	0	-11	-11	0	-11	-51	-63
<b>As at 31.12.2015</b>		<b>21,359</b>	<b>21,503</b>	<b>200</b>	<b>317,533</b>	<b>317,733</b>	<b>2,664</b>	<b>363,260</b>	<b>1,924</b>	<b>365,183</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

# Notes to consolidated financial statements

## 1. General information

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

### 1.1. Preparation and presentation of consolidated financial statements

The consolidated financial statements as of 31 December 2015 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.

These consolidated financial statements were prepared by the Management Board of Semperit AG Holding on 15 March 2016, 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 revised accounting standards

#### First-time adoption of standards and interpretations

The following new or amended standards and interpretations were applied for the first time in the financial year 2015:

First-time adoption of standards and interpretations		Effective date <sup>1)</sup>	Endorsement
<b>New standards and interpretations</b>			
IFRIC 21	Levies	17.6.2014	June 2014
<b>Amended standards and interpretations</b>			
Misc.	Annual Improvements to IFRS, cycle 2011–2013	1.1.2015	December 2014

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

#### IFRIC 21 Levies

IFRIC 21 sets out the timing to account for a liability to pay a levy that is imposed by a government in accordance with laws and regulations. Levies within the scope of other IFRSs or IFRICs are not subject to the application of IFRIC 21.

In the Semperit Group this exclusion relates in particular to the tax on land, which becomes liable for payment at the start of the calendar year. At this time the entire liability is recognised.

### Standards and interpretations 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 2015, 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 <sup>1)</sup>	Endorsement
<b>New standards and interpretations</b>			
IFRS 9	Financial Instruments	1.1.2018	
IFRS 14	Regulatory Deferral Accounts	1.1.2016	n/a
IFRS 15	Revenue from Contracts with Customers	1.1.2018	
IFRS 16	Leases	1.1.2019	
<b>Amended standards and interpretations</b>			
IFRS 11	Joint Arrangements – Amendments: Accounting for Acquisitions of Interests in Joint Operations	1.1.2016 <sup>3)</sup>	November 2015
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	postponed indefinitely	
IFRS 10, 12, IAS 28	Investment Entities – Amendments: Applying the Consolidated Exception	1.1.2016 <sup>3)</sup>	
IAS 1	Presentation of Financial Statements – Amendments: Disclosure Initiative	1.1.2016 <sup>3)</sup>	December 2015
IAS 7	Statements of Cash Flows – Amendments: Disclosure Initiative	1.1.2017	
IAS 12	Income Taxes – Amendments: Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	
IAS 19	Employee Benefits – Amendments: Employee Contributions	1.7.2014 <sup>2)</sup>	December 2014
IAS 27	Separate Financial Statements – Amendments: Equity Method in Separate Financial Statements	1.1.2016 <sup>3)</sup>	December 2015
IAS 16, 38	Property, Plant and Equipment and Intangible Assets – Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation	1.1.2016 <sup>3)</sup>	December 2015
IAS 16, 41	Property, Plant and Equipment and Agriculture – Amendments: Bearer Plants	1.1.2016 <sup>3)</sup>	November 2015
Misc.	Annual Improvements to IFRS, cycle 2010–2012	1.7.2014 <sup>2)</sup>	December 2014
Misc.	Annual Improvements to IFRS, cycle 2012–2014	1.1.2016 <sup>3)</sup>	December 2015

<sup>1)</sup> 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.

<sup>2)</sup> The new / amended standards are obligatory for financial years commencing on or after 1 February 2015.

<sup>3)</sup> The new / amended standards are obligatory for financial years commencing on or after 1 January 2016.

### 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 consolidated income statement or under other comprehensive income, and to the 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 new regulations are to be applied for financial years commencing on or after 1 January 2018.

The distinction between types of contract and types of goods and services no longer applies. When applying this standard, an entity must implement a 5-step model that focuses in particular on the interpretation of contracts with customers. Standard criteria are stipulated defining the performance obligations as well as the point in time or over time when the performance obligations are satisfied.

The effects of the new standard on the Semperit Group's consolidated financial statements are currently being investigated. The group is currently querying the individual segments and developing a corresponding time schedule in connection with the queries at the subsidiaries.

**IFRS 16 Leases**

On 13 January 2016 the International Accounting Standards Board (IASB) published IFRS 16, the successor standard to IAS 17 Leases. The new regulations are to be applied for financial years commencing on or after 1 January 2019. Early application is permitted in connection with the application of IFRS 15 Revenue from Contracts with Customers.

The new standard no longer distinguishes between operating leases and finance leases for lessees. Apart from a limited number of exceptions, lessees are required to recognise in the balance sheet the leases and the associated rights and obligations. This results in an increase in assets and liabilities. In addition, the recognition of assets will probably cause higher depreciation and a corresponding interest expense for the lease liability. Consequently, this shift will change key figures. The exceptions to the requirement to recognise leases in the balance sheet include low value and short-term leases.

The accounting by the lessor is similar to the requirements presented in IAS 17 Leases.

The specific effects this new standard may have on the consolidated financial statements of the Semperit Group are currently under investigation.

**IAS 12 Income Taxes**

An amendment to IAS 12 Income Taxes was published in January 2016 regarding the recognition of deferred tax assets for unrealised losses. The amendment to IAS 12 is to be applied for the first time by companies whose financial years start on or after 1 January 2017.

Among other things, the amendment relates to the formation of deductible temporary differences when there are variations between unrealised losses on assets accounted for at fair value and the tax cost of acquisition. In addition, the standard sets out restrictions on the offsetting of tax losses in the applicable tax legislation to take into account when assessing whether deferred tax assets must be recognised for deductible temporary differences.

The specific effects this new standard may have on the consolidated financial statements of the Semperit Group are currently under investigation.

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 until the time at which control ends.

Please see the comments in note 3.1 on the assessment whether the definition of control within the meaning of IFRS 10 is met where the group's de facto investment in subsidiaries is between 41.43% and 50%.

As of 31 March 2014 the company Siam Sempermed Corp. Ltd was changed from consolidation in accordance with the rules for full consolidation under IFRS 10 to consolidation using the equity method in accordance with IFRS 11 and IAS 28. This is explained in detail in note 2.18.

The annual financial statements of the individual, fully consolidated domestic and international companies were prepared for the period ending as of 31 December 2015, 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 yet been definitively 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 from the shares in these subsidiaries owned by shareholders of Semperit AG Holding (the parent company) in equity.

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 an 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 explanatory material on accounting and valuation methods, see note 2.12.

#### 1.4. Currency translation

The separate financial statements of each subsidiary 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 a 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:

FX-rate for 1 EUR	Average rate		Rate on balance sheet date	
	2015	2014	2015	2014
US dollar	1.11	1.33	1.09	1.21
Thai baht	37.71	42.86	39.08	40.55
Polish zloty	4.18	4.19	4.26	4.27
Czech koruna	27.29	27.53	27.02	27.74
Hungarian forint	309.73	308.64	315.98	315.54
British pound sterling	0.73	0.81	0.73	0.78
Brazilian real	3.62	3.12	4.31	3.22
Chinese renminbi	6.98	8.18	7.06	7.54
Indian rupee	71.22	81.09	72.02	76.72
Malaysian ringgit	4.30	4.35	4.70	4.25



## 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 are generally considered realised upon the transfer of risk (at the transfer date of the risks and the utilisation or provision of the service). Interest income is realised pro rata temporis taking into account the effective interest 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 determined according to other parameters is measured and recognised in accordance with these underlying parameters.

### 2.3. Earnings per share (EPS)

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 2014 and 31 December 2015.

### 2.4. Tangible and intangible 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 one 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 amortised 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 are valued at their cost of acquisition or production and, with the exception of land, depreciated according to the straight-line method, starting at the date in which the assets are available for initial operation, taking into account their probable useful lives. The 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).

Due to technological developments, improved quality and increased usability of equipment as well as longer product life cycles, the group revised its estimates for the useful lives of tangible assets effective as of 1 January 2015. The effects of these changes are explained in more detail in note 2.17.

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

	Useful life in years before adjustment	Useful life in years after adjustment
Buildings		
Technical plant	20–50	10–50
Other company buildings	5–10	10–50
Technical equipment, plant and machinery	5–10	2–30
Office furniture and equipment	3–10	2–25
Vehicles	4–5	5–10

### 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, if 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 using 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 accounted for using the equity method. According to this method, the interest in an associated company is first recognised 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 using 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 transaction costs. The exceptions are those financial assets categorised as being at "fair value through profit or loss". In such cases, the transaction costs are not taken into account, even at the initial recognition, and instead are recorded directly in 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 income 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 recognition 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, a material and ongoing reduction in their fair value 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 definitively established, and the receivables are derecognised using 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. When determining 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 2015 financial year 16,880 certificates (previous year: 17,656) were allocated to the Semperit Group free of charge and no additional certificates were purchased (as in the previous year). 18,148 certificates (previous year: 18,303) were used. There were no sales, as was the case in the previous year. A total of 42,604 emission certificates were unused as of 31 December 2015 (previous year: 43,872).

### **2.9. Equity and debt capital instruments issued by the group**

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

An equity instrument is a contract giving rise to a residual claim on the assets of a company once all debts have been subtracted. Equity instruments are recognised in the amount of the issue proceeds minus directly attributable costs of issuance. 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 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 directly in equity 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 of the balance sheet date, less the fair value of the plan assets required to settle the obligation as of the balance sheet date. Further explanatory material concerning provisions for pensions 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 to constitute financial liabilities and are reported as "Liabilities under redeemable non-controlling interests".

They are reported 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 do 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 the measurement date in accordance with the possibility described in the statement issued by the Institute of Public Auditors in Germany (IDW RS HFA 45) on individual issues relating to the recognition of financial instruments pursuant to IAS 32. 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.



When subsequent measurement takes place, the investment of the non-controlling shareholders in the subsidiary's comprehensive income and any amounts recognised directly in equity are recognised in the consolidated income statement and constitute financial expense for the group. This 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 as economic hedges against 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 reported 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 foreign exchange forward contracts, are used to hedge currency risks. Hedge accounting as defined in IAS 39 is not applied to foreign exchange forward contracts 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."

Derivative financial instruments are occasionally used to hedge interest rate risks. These derivative financial instruments are accounted for as either cash flow hedges or fair value 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. In the case of cash flow hedges 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. The result on fair value hedges is recognised immediately through profit and loss in 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 determined 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 benefits 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. These may affect the assets and liabilities recognised in the balance sheet, the disclosure of other obligations as of 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 the initial recognition of the investment in joint ventures related to the 50% interest in Siam Sempermed Corp. Ltd., Thailand, was determined on the basis of forward-looking assumptions such as company planning, the growth rate and the discount rate, with markdowns which a willing market participant would make from the point of view of 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).

Due to technological developments, improved quality and increased usability of equipment as well as longer product life cycles, the group revised its estimates for the useful lives of tangible assets effective as of 1 January 2015. In accordance with IAS 8.32, this adjustment was made prospectively; a retrospective change of previous reporting periods has therefore not been made. Due to this change in accounting estimate, depreciation in 2015 declined by EUR 11,063 thousand. EUR 8,016 thousand of this amount is attributable to technical equipment and machinery, EUR 1,729 thousand to buildings, and EUR 1,318 thousand to other equipment, office furniture and equipment. The restatement of the useful lives will lead to a reduction of the depreciation of approximately EUR 8,899 thousand for the financial year 2016 and to a reduction of EUR 17,710 thousand in total for the four subsequent financial years.

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 carryforwards can be offset in the future. If actual future taxable profit differs from assumptions, this may render the utilisation of deferred 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 of 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 pensions 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).

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

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

## 2.18. Retrospective restatement

As of 31 December 2014 the method of consolidation of Siam Sempermed Corp. Ltd. (SSC), Thailand, was changed from full consolidation under IFRS 10 Consolidated Financial Statements to the equity method in accordance with IFRS 11 Joint Arrangements.

This point in time was chosen based on the increasing problems the group experienced to exercise control, the assessment of the duration of the legal proceedings between the Semperit Group and the Thai co-partner Sri Trang Agro-Industry Public Co Ltd. (Sri Trang), the development of the litigation in January and February 2015, and the inconclusive termination on 13 February 2015 of the mediation proceedings between representatives of the group 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 a controlling influence on SSC as of 31 December 2014 and that accordingly SSC had to be recognised in the consolidated financial statements as a joint venture.

As the result of a special audit of the consolidated financial statements as at 31 December 2013 and the consolidated interim financial statements as at 30 June 2014, the Austrian Financial Market Authority (FMA) reached the conclusion in its decision from 30 July 2015 that SSC was no longer eligible for consolidation already as at 30 June 2014. The FMA's decision was based on the following reasons:

*Semperit Aktiengesellschaft Holding consolidated SSC in the consolidated interim financial statements as at 30 June 2014. This consolidation was not in compliance with IFRS 10.6 in connection with IFRS 10.7 and IFRS 10.2(b) and (c), which stipulate that a parent entity may consolidate another company into the consolidated financial statements only if the parent entity can exercise control over the investee. In fact, the behaviour of the Thai co-partner created significant obstacles that prevented the exercise of control by Semperit Aktiengesellschaft Holding as early as the first half of 2014.*

Based on this finding of error, management assessed the effects of the above-mentioned obstacles during the first half of 2014 for the consolidated interim financial statements as of 30 June 2015. As a consequence, the above-mentioned change in the method of consolidation used for SSC as at 31 December 2014 (from full consolidation to the equity method) was retrospectively restated to 31 March 2014. This retrospective restatement was continued accordingly in these consolidated financial statements as of 31 December 2015.

The disclosures necessary under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors are provided in the following section.

At the end of August 2015 Semperit AG Holding submitted an appeal to the Austrian Federal Administrative Court against the decision mentioned above. Following the FMA's negative preliminary decision on the appeal, Semperit AG Holding submitted in November 2015 a corresponding application for appeal to the Austrian Federal Administration Court for a ruling.

For the sake of uniform presentation the tables in these notes are presented with the reference "restated" in the previous year column, even when individual tables are not impacted by the restatement.

#### Effect on the consolidated balance sheet as of 31 December 2014

In the consolidated balance sheet as of 31 December 2014 the following positions have been changed due to the retrospective restatement in the method of consolidation:

in EUR thousand	31.12.2014	Restatement	31.12.2014 restated
Investments in joint ventures and associated companies	91,043	-8,208	82,835
Deferred taxes	19,526	-1,100	18,426
Other non-current assets	345,249	0	345,249
<b>Non-current assets</b>	<b>455,818</b>	<b>-9,307</b>	<b>446,511</b>
Inventories	127,196	3,693	130,889
Other current assets	248,901	0	248,901
<b>Current assets</b>	<b>376,096</b>	<b>3,693</b>	<b>379,789</b>
<b>ASSETS</b>	<b>831,914</b>	<b>-5,614</b>	<b>826,300</b>
Revenue reserves	405,509	-11,820	393,690
Currency translation reserve	1,005	6,205	7,211
Other equity and liabilities	425,400	0	425,400
<b>EQUITY AND LIABILITIES</b>	<b>831,914</b>	<b>-5,614</b>	<b>826,300</b>

### Effect on the consolidated income statement as of 31 December 2014

In the consolidated income statement as of 31 December 2014 the following positions have changed due to the retrospective restatement in the method of consolidation:

in EUR thousand	1.1.- 31.12.2014	Restatement	1.1.- 31.12.2014 restated
Revenue	930,350	-72,096	858,255
Changes in inventories	383	-15,690	-15,307
Own work capitalised	3,303	0	3,303
<b>Operating revenue</b>	<b>934,036</b>	<b>-87,785</b>	<b>846,250</b>
Other operating income	34,766	-16,242	18,524
Cost of material and purchased services	-513,733	26,082	-487,651
Personnel expenses	-167,351	16,384	-150,967
Other operating expenses	-152,089	19,780	-132,309
Share of profits from joint ventures and associated companies	425	7,632	8,057
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>136,054</b>	<b>-34,149</b>	<b>101,905</b>
Depreciation, amortisation and impairment of tangible and intangible assets	-47,526	9,390	-38,136
<b>Earnings before interest and tax (EBIT)</b>	<b>88,528</b>	<b>-24,759</b>	<b>63,769</b>
Financial income	1,799	-374	1,426
Financial expenses	-5,040	1	-5,040
Profit/loss attributable to redeemable non-controlling interests	-16,860	9,015	-7,845
<b>Financial result</b>	<b>-20,101</b>	<b>8,642</b>	<b>-11,460</b>
<b>Earnings before tax</b>	<b>68,426</b>	<b>-16,117</b>	<b>52,309</b>
Income taxes	-18,730	4,245	-14,485
<b>Earnings after tax</b>	<b>49,697</b>	<b>-11,872</b>	<b>37,824</b>
thereof attributable to the shareholders of Semperit AG Holding	49,859	-11,872	37,987
thereof attributable to non-controlling interests	-163	0	-163
<b>Earnings per share in EUR (diluted and undiluted)<sup>1)</sup></b>	<b>2.42</b>	<b>-0.58</b>	<b>1.85</b>

<sup>1)</sup> Attributable to the shareholders of Semperit AG Holding

### Effect on the consolidated statement of comprehensive income as of 31 December 2014

In the consolidated statement of comprehensive income as of 31 December 2014 the following positions have changed due to the retrospective restatement in the method of consolidation:

in EUR thousand	1.1.- 31.12.2014	Restatement	1.1.- 31.12.2014 restated
<b>Other comprehensive income</b>			
Remeasurements of defined benefit plans (IAS 19)	-6,577	61	-6,516
Related deferred taxes	1,667	-8	1,659
Currency translation differences for the period from joint ventures	0	6,603	6,603
Currency translation differences for the period	18,388	-398	17,990

### Effect on the consolidated cash flow statement as of 31 December 2014

In the consolidated cash flow statement as of 31 December 2014 the following positions have changed due to the retrospective restatement in the method of consolidation:

in EUR thousand	1.1.- 31.12.2014	Restatement	1.1.- 31.12.2014 restated
Cash flow from operating activities	89,205	-17,734	71,471
Cash flow from investing activities	-72,690	6,911	-65,779
Cash flow from financing activities	-47,947	11,667	-36,280

### Determination of the result deriving from the change in the method of consolidation

The loss resulting from the change in the method of consolidation of SSC is shown in the consolidated income statement in other operating expenses. In the consolidated financial statements as of 31 December 2014 the excess resulting from the change in the method of consolidation was recognised in other operating income.

in EUR thousand	31.3.2014 restated	31.12.2014 reported
Fair value of the investment in joint ventures recognised	78,257	89,361
Derecognised net assets as a result of the change in the method of consolidation	-74,025	-77,959
Reclassification of the cumulated currency translation reserve from equity to the consolidated income statement	-4,796	1,787
<b>Result from the change in the method of consolidation (non-cash)</b>	<b>-564</b>	<b>13,190</b>

The difference compared to the excess resulting from the change in the method of consolidation determined in the consolidated financial statements as of 31 December 2014 results primarily from a change of a parameter (WACC) for the determination of the fair value as of 31 March 2014, and from the closing-date-related change of the currency translation reserve.



### 3. Consolidated companies

#### 3.1. Subsidiaries (fully consolidated)

	31.12.2015				31.12.2014		
	Currency	Authorised share capital in '000s	Direct Holding in %	Group holding in %	Authorised share capital in '000s	Direct Holding in %	Group holding in %
<b>Europe</b>							
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, 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 Profiles Deggendorf GmbH (previously Semperit Gummiwerk Deggendorf GmbH), Deggendorf, Germany	EUR	11,050	100.00	100.00	2,050	100.00	100.00
Leeser GmbH & Co. KG, Hückelhoven, Germany	EUR	2,700	100.00	100.00	2)	–	–
Leeser Verwaltungs GmbH, Hückelhoven, Germany	EUR	81	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
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
Carlona Sp. z o.o., Warschau, Poland	PLN	5	100.00	100.00	3)	–	–
Semperit Tekniska Produkter Aktiebolag, Skärholmen, Sweden	SEK	–	–	–	800	100.00	100.00
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	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
Elastomer Technology Kmenta s.r.o., Husava, Czech Republic	CZK	2,848	75.00	75.00	3)	–	–
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
Sempertrans Conveyor Belt Solutions GmbH (previously Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit GmbH), Wien, Austria	EUR	36	100.00	100.00	36	100.00	100.00

	31.12.2015				31.12.2014			
	Currency	Authorised share capital in '000s	Direct Holding in %	Group holding in %		Authorised share capital in '000s	Direct Holding in %	Group holding in %
<b>The Americas</b>								
Sempermed Brazil Comércio Exterior Ltda., Piracicaba, Brazil	BRL	12,547	100.00	50.00	<sup>1)</sup>	12,547	100.00	50.00 <sup>1)</sup>
Semperit Brasil Produtos Técnicos 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	<sup>1)</sup>	4,000	75.00	50.00 <sup>1)</sup>
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
<b>Asia</b>								
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	50.00	50.00	<sup>1)</sup>	15,000	50.00	50.00 <sup>1)</sup>
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	<sup>1)</sup>	20,000	80.00	80.00 <sup>1)</sup>
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	90.00	90.00	<sup>1)</sup>	2,471	90.00	90.00 <sup>1)</sup>
Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China	USD	1,000	100.00	50.00	<sup>1)</sup>	1,000	100.00	50.00 <sup>1)</sup>
Shanghai Changning Sempermed Glove Trading Co. Ltd., Shanghai, China	USD	310	100.00	100.00		–	–	–
Sempertrans India 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	<sup>1)</sup>	7,000	82.86	41.43 <sup>1)</sup>
Latexx Partners Berhad, Kamunting, Malaysia	MYR	137,859	98.50	98.50		137,859	98.46	98.46
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0.002	100.00	98.50		0.002	100.00	98.46
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	3,000	100.00	98.50		3,000	100.00	98.46
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	5,000	100.00	98.50		5,000	100.00	98.46
Total Glove Company Sdn Bhd, Kamunting, Malaysia	MYR	10	50.01	49.26		10	50.01	49.24
Worldmed Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	500	100.00	98.50		500	100.00	98.46
Semperit Engineering Technology Asia Sdn Bhd, Penang, Malaysia	MYR	600	100.00	100.00		600	100.00	100.00
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	591	100.00	100.00		591	100.00	100.00
Semperit Investments Asia Pte Ltd., Singapore	EUR	159,000	100.00	100.00		159,000	100.00	100.00
Sempermed Singapore Pte Ltd., Singapore	USD	8,000	50.00	50.00	<sup>1)</sup>	8,000	50.00	50.00 <sup>1)</sup>
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	THB	380,000	50.00	50.00	<sup>1)</sup>	380,000	50.00	50.00 <sup>1)</sup>

<sup>1)</sup> The investments of other shareholders are reported as redeemable non-controlling interests.

<sup>2)</sup> Since 18 January 2016 Semperit Profiles Leeser GmbH & Co. KG, Hückelhoven, Germany

<sup>3)</sup> Not consolidated due to a lack of materiality.

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

- Sempermed USA Inc., Clearwater, Florida, USA
- Sempermed Brazil Comércio 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

The Semperit Group carries out a thorough and ongoing analysis of the above mentioned subsidiaries regarding their inclusion in the consolidated financial statement through full consolidation under IFRS 10, in particular due to the loss of control over Siam Sempermed Corp. Ltd. (SSC). This analysis is based on the group's professional judgement and expert opinions on corporate law and IFRS.

In light of the conclusions of the analysis as of 31 December 2015 the Semperit Group remains of the opinion that the requirements for control under IFRS 10 are still met. This assessment is based on 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.**

- Semperit currently appoints a majority of the members of the Board of Directors (BoD)
- the deciding vote for the chairman of the Board of Directors, who is appointed by the group
- resolutions as a result of this deciding vote and the 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 2015 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 competent court, and a hearing was ordered to deal with the lawsuit, scheduled for July 2015. In May 2015 an agreement was reached to end the proceeding and recognise the validity of the right to cast a deciding vote. The articles of incorporation of SUSA were modified accordingly.

**Sempermed Brazil Comércio 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 the 2014 financial year as a result of this deciding vote, implementation in process
- independent, local management which at the same time has no organ function on the Board of Directors of the parent company and is bound by instructions
- implementation of the necessary measures to establish full functionality of the company in order to successfully contest the tax proceedings
- use of the Sempermed brand in the company name

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 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 distribution
- 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 a direct investment in this company. The members of SSC's Board of Directors are nominated through a motion by the 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 BoD, who is appointed by the group
- resolution 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, to observe the interests of the subsidiary Sempermed Brazil Comércio Exterior Ltda .

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

**Semperflex Asia Corp. Ltd.**

- the deciding vote for the chairman of the BoD, 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 BoD
- independent, professional management by the two minority 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 investment of the group in the subsidiary Total Glove Company Sdn Bhd is below 50%. Due to the control exercised by Latexx Partners Berhad (98.50%), 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 31.12.2015

in EUR thousand	Siam Sempermed Corp. Ltd.	Semperflex Asia Corp. Ltd.	Sempermed USA Inc.	Semperflex Shanghai Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
<b>Non-controlling interests in %</b>	n/a	50.0%	50.0%	50.0%	20.0%
Non-current assets	n/a	10,200	1,988	12,327	11,087
Current assets	n/a	34,939	35,993	7,586	7,403
Non-current provisions and liabilities	n/a	218	115	2,833	3,438
Current provisions and liabilities	n/a	4,380	18,662	2,288	1,874
<b>Net assets</b>	n/a	<b>40,540</b>	<b>19,203</b>	<b>14,793</b>	<b>13,179</b>
Redeemable non-controlling interests – non-current	n/a	20,270	9,602	7,396	2,636
Revenue	n/a	40,420	104,159	12,969	13,972
thereof revenue within the group	n/a	30,197	0	7,939	10,274
thereof revenue with third parties	n/a	10,223	104,159	5,030	3,698
Earnings after tax	n/a	9,293	1,774	98	–3,189
Other comprehensive income (currency translation differences)	n/a	822	1,834	925	1,066
<b>Comprehensive income</b>	n/a	<b>10,116</b>	<b>3,608</b>	<b>1,023</b>	<b>–2,123</b>
Profit/loss attributable to redeemable non-controlling interests	n/a	4,647	887	49	–638
Other comprehensive income attributable to redeemable non-controlling interests	n/a	411	917	463	213
<b>Dividends paid to redeemable non-controlling interests</b>	n/a	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash flow from operating activities	n/a	15,152	6,003	1,257	2,488
Cash flow from investing activities	n/a	–450	–155	–62	–211
Cash flow from financing activities (including dividends)	n/a	0	–3,598	0	0
<b>Net increase / decrease in cash and cash equivalents</b>	n/a	<b>14,702</b>	<b>2,250</b>	<b>1,195</b>	<b>2,277</b>

**Significant non-controlling interests as at 31.12.2014 restated<sup>1)</sup>**

in EUR thousand	Siam Sempermed Corp. Ltd.	Semperflex Asia Corp. Ltd.	Sempermed USA Inc.	Semperflex Shanghai Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
<b>Non-controlling interests in %</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>20.0%</b>
Non-current assets	n/a	11,693	2,023	12,607	10,661
Current assets	n/a	23,263	31,777	6,167	8,825
Non-current provisions and liabilities	n/a	216	123	2,654	2,590
Current provisions and liabilities	n/a	4,316	18,081	2,351	1,594
<b>Net assets</b>	<b>n/a</b>	<b>30,425</b>	<b>15,595</b>	<b>13,769</b>	<b>15,302</b>
Redeemable non-controlling interests – non-current	n/a	15,212	7,797	6,885	3,060
Revenue	57,588	38,819	95,605	12,573	17,698
thereof revenue within the group	37,170	28,771	0	7,056	15,928
thereof revenue with third parties	20,418	10,048	95,605	5,517	1,770
Earnings after tax	5,013	9,079	1,646	-444	335
Other comprehensive income (currency translation differences)	1,885	2,717	1,792	1,304	1,435
<b>Comprehensive income</b>	<b>6,898</b>	<b>11,795</b>	<b>3,437</b>	<b>860</b>	<b>1,770</b>
Profit/loss attributable to redeemable non-controlling interests	2,507	4,539	823	-222	67
Other comprehensive income attributable to redeemable non-controlling interests	942	1,358	896	652	287
<b>Dividends paid to redeemable non-controlling interests</b>	<b>0</b>	<b>3,115</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash flow from operating activities	7,601	9,537	6,737	1,538	-453
Cash flow from investing activities	-1,113	-487	-108	-155	-452
Cash flow from financing activities (including dividends)	0	-6,229	-3,011	-2,783	0
<b>Net increase / decrease in cash and cash equivalents</b>	<b>6,488</b>	<b>2,821</b>	<b>3,619</b>	<b>-1,400</b>	<b>-905</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### 3.2. Investments in joint ventures and associated companies

The investments in joint ventures and associated companies are comprised as follows:

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
<b>Joint ventures</b>		
Siam Sempermed Corp. Ltd., Hat Yai, Thailand	100,535	81,154
<b>Associated companies</b>		
Synergy Health Allershausen GmbH, Allershausen, Germany	2,135	1,682
	<b>102,670</b>	<b>82,835</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The change in the investments in joint ventures and associated companies is as follows:

in EUR thousand	2015	2014 restated <sup>1)</sup>
As at 1.1.	82,835	1,419
Addition due to change from the full consolidation approach to the equity method	0	78,257
Proportionate period result and intercompany elimination results	17,078	8,057
Dividends	0	-11,451
Currency translation	2,545	6,603
Revaluation of defined benefit obligation	211	-50
<b>As at 31.12.</b>	<b>102,670</b>	<b>82,835</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

#### Investments in joint ventures

Since the criteria for full consolidation of the 50% interest in Siam Sempermed Corp. Ltd. (SSC) (joint production of examination and protective gloves in Thailand) were not met as of 31 March 2014, the assets and liabilities, which had previously been included in the consolidated financial statements of Semperit AG Holding through full consolidation, were derecognised as of this date. In accordance with the continuing joint influence of Semperit Group over SSC the pro-rated net assets were measured at fair value when control was lost and included in the consolidated financial statements for the first time under the equity method. The fair value of the consolidated interest, using the equity method as at 31 March 2014, was EUR 78,257 thousand. The effect on income from the remeasurement at the time of the change amounted to EUR 4,232 thousand, and was recognised in profit and loss, together with the effect on income from the recycling of the currency translation reserve in the amount of EUR -4,769 thousand, as other operating expense in the consolidated income statement.

The fair value of the investment consolidated using the equity method was determined based on the DCF method and allocated to the total net identifiable 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 the joint venture SSC breaks down as follows:

in EUR thousand	<b>31.3.2014</b>
Non-current assets <sup>1)</sup>	74,545
Current assets	90,585
Non-current provisions and liabilities	1,667
Current provisions and liabilities	15,413
<b>Identifiable net assets 100%</b>	<b>148,051</b>
<b>Identifiable net assets 50%</b>	<b>74,025</b>
Goodwill	4,232
<b>Fair value of investments in joint ventures</b>	<b>78,257</b>

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

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 deductible for tax purposes.

Please refer to note 2.18. for further information on the retrospective effects resulting from the change in the method of consolidation.

The consolidated carrying amount of the investment in Siam Sempermed Corp. Ltd. totalled EUR 100,535 thousand as of 31 December 2015 (previous year: EUR 81,154 thousand). The following table provides information about the company. The individual items show the total amounts recognised in the company, and not the portion attributable to Semperit.

in EUR thousand	2015	2014 <sup>1)</sup>
<b>Group holding in %</b>	<b>50.0%</b>	<b>50.0%</b>
Dividends received	0	11,289
Non-current assets	76,503	80,851
Current assets	145,021	104,813
Non-current provisions and liabilities	1,853	2,082
Current provisions and liabilities	21,738	23,790
<b>Net assets</b>	<b>197,933</b>	<b>159,791</b>
Investments in still fully consolidated subsidiaries	-3,367	-3,244
<b>Net assets adjusted</b>	<b>194,566</b>	<b>156,547</b>
<b>Proportional net assets adjusted</b>	<b>97,283</b>	<b>78,274</b>
Goodwill	4,798	4,623
Intercompany elimination results	-986	-1,427
Other	-561	-315
<b>Investment in joint ventures</b>	<b>100,535</b>	<b>81,154</b>
Revenue	269,410	248,816
Earnings after tax	32,849	23,931
Other comprehensive income	423	-98
<b>Comprehensive income</b>	<b>33,272</b>	<b>23,833</b>
Cash and cash equivalents	80,885	42,834
Current financial liabilities	1,004	3,704
Non-current financial liabilities	0	0
Depreciation and amortisation	14,813	12,123
Financial result	-263	-353
Income taxes	5,557	5,583

<sup>1)</sup> Due to reasons of comparability the figures concerning the income statement of 2014 also include 12 months.

As of 31 December 2015 group companies conducted transactions that resulted in the following assets and liabilities against the joint venture, and their business relationships resulted in the following income and expenses in 2014 and 2015:

in EUR thousand	1.1.- 31.12.2015	1.1.- 31.12.2014 restated <sup>1)</sup>
Revenue	1,468	2,212
Other operating income	488	239
Cost of material and purchased services	160,165	116,793
Other operating expenses	179	142
	31.12.2015	31.12.2014 restated <sup>1)</sup>
Inventories	16,167	23,513
Trade receivables	1,319	859
Trade payables	24,533	21,451

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

#### 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 2015.

The carrying amount of the investment in this associated company as of 31 December 2015 is EUR 2,135 thousand (previous year: EUR 1,682 thousand). A share in the profit of EUR 453 thousand was recognised in the consolidated income statement (previous year: EUR 425 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.

As of 31 December 2015 group companies had the following assets and liabilities against the associated company, and their business relationships resulted in the following income and expenses in 2015:

in EUR thousand	1.1.- 31.12.2015	1.1.- 31.12.2014 restated <sup>1)</sup>
Other operating expenses	509	464
Financial income	7	7
	31.12.2015	31.12.2014 restated <sup>1)</sup>
Other financial assets	566	566
Trade payables	173	92

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### 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 originally changed from full consolidation under IFRS 10 to the equity method in accordance with IFRS 11 and IAS 28.

As the result of a special audit of the consolidated financial statements as of 31 December 2013 and the consolidated interim financial statements as of 30 June 2014, the Austrian Financial Market Authority (FMA) reached the conclusion in its decision from 30 July 2015 that SSC was no longer eligible for consolidation already as of 30 June 2014.

Based on this finding of error, management assessed the effects of the obstacles during the first half of 2014 described in note 2.18. for the consolidated interim financial statements as of 30 June 2015. As a consequence, the above-mentioned change in the method of consolidation used for SSC as of 31 December 2014 (from full consolidation to the equity method) was retroactively restated to 31 March 2014 (see also note 2.18.).

The group is still of the opinion, as seen in 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, the chairman of the Board of Directors, who is 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.

Legal opinions on corporate law confirm this evaluation. The fact that certain decisions are reserved for the shareholders' meeting of SSC does not negatively 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 the Semperit Group.

Under the legal opinion 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 issue for arbitration seated in Zurich. The Semperit Group anticipates that its interpretation of the law will be confirmed in these proceedings.

In light of these significant obstacles and based on the finding of error by the FMA (see note 2.18.), the group has, in consideration of IFRS 10.B24 which requires the right of control to be currently exercisable, decided to change the method of consolidation of SSC as of 31 March 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 group has selected as the timing of the loss of control and of the change in the method of consolidation the point in time when the group was no longer able to exercise control taking into account the requirements of IFRS 10.B24.

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

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

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

in EUR thousand	31.3.2014
<b>Non-current assets</b>	
Intangible assets	320
Tangible assets	73,360
Other financial assets	103
Deferred taxes	762
	<b>74,545</b>
<b>Current assets</b>	
Inventories	25,618
Trade receivables	22,968
Other financial assets	286
Other assets	1,489
Cash and cash equivalents	40,224
	<b>90,585</b>
<b>Non-current provisions and liabilities</b>	
Provisions for pension and severance payments	1,667
Liabilities from redeemable non-controlling interests	74,025
	<b>75,692</b>
<b>Current provisions and liabilities</b>	
Other provisions	565
Trade payables	11,346
Other financial liabilities	764
Other liabilities	729
Income tax liabilities	2,009
	<b>15,413</b>
<b>Derecognised net assets as a result of the change in the method of consolidation</b>	<b>74,025</b>

The loss based on the change in the method of consolidation of SSC is shown in the consolidated income statement in other operating expenses.

in EUR thousand	31.3.2014
Fair value of the investment in joint ventures recognised (see 2.18.)	78,257
Derecognised net assets as a result of the change in the method of consolidation	-74,025
Reclassification of the cumulated currency translation reserve from equity to the consolidated income statement	-4,796
<b>Profit as a result of the change in the method of consolidation (non-cash)</b>	<b>-564</b>

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 2015 financial year

##### Newly established companies

In the third quarter of 2015 the newly established company Shanghai Changning Sempermed Glove Trading Co., Ltd., Shanghai, China, was included in the consolidated financial statements of the Semperit Group for the first time. In addition, the group purchased the company Carlona Sp. z.o.o., Warsaw, Poland, in the third quarter of 2015 for a purchase price of EUR 3 thousand.

##### Company disposals and restructurings

In the third quarter of 2015 Semperit Tekniska Produkter Aktiebolag, Skärholmen, Sweden, which had discontinued its business operations in 2014, was sold to a Swedish liquidator.

The company Fabryka Lin "Stolin" Sp. z.o.o., Bełchatów, Poland, was merged in December 2015 into the company Sempertrans Bełchatów Sp. z.o.o., Bełchatów, Poland.

##### Acquisitions

In April 2015 the Semperit Group acquired a 100% interest in Leeser GmbH & Co. KG, Hückelhoven, Germany, and in Leeser Verwaltungsgesellschaft mbH, Hückelhoven, Germany (Leeser). Leeser GmbH & Co. KG has a 75% interest in Elastomer Technology Kmenta s.r.o., Husava, Czech Republic. Leeser specialises in foam rubber and co-extruded seals for aluminium windows and facades. The two companies have been assigned to the Semperform segment. The acquisition of Leeser enables the Semperit Group to strengthen the Semperform segment as a comprehensive provider in the profiles market. Leeser complements the current Semperform business, particularly in profiles for windows, doors and facades. The bundling of expertise, particularly with regard to ultra-high frequency technology, will utilise synergies.

The purchase price allocation based on the fair values determined as of the date of acquisition is as follows:

in EUR thousand

Purchase price paid in cash	18,216
Purchase price not yet due	200
	<b>18,416</b>
Net assets	21,792
<b>Badwill</b>	<b>-3,376</b>

The fair values of the assets and liabilities of Leaser determined as of the date of acquisition are shown below:

in EUR thousand	Fair value at acquisition date
<b>Non-current assets</b>	
Intangible assets	5,697
Tangible assets	16,302
	<b>21,999</b>
<b>Current assets</b>	
Inventories	2,273
Trade receivables	3,252
Other assets	83
Cash and cash equivalents	742
	<b>6,350</b>
<b>Non-current provisions and liabilities</b>	
Liabilities to banks	1,594
Deferred taxes	1,569
	<b>3,163</b>
<b>Current provisions and liabilities</b>	
Other provisions	488
Liabilities to banks	454
Trade payables	1,321
Other liabilities	679
Current tax liabilities	452
	3,394
<b>Total net assets at their fair value</b>	<b>21,792</b>
Badwill	-3,376
<b>Purchase price</b>	<b>18,416</b>

The purchase price was EUR 3,376 thousand below the fair value of the acquired net assets. In accordance with IFRS 3, this amount was recognised as a gain in other operating income.

The fair value of trade receivables, i.e. the expected total payments to be received, amounts to EUR 3,252 thousand as of the acquisition date, while the gross amount is EUR 3,267 thousand. In accordance with management's judgement, the lack of detailed data makes it impossible to determine with a reasonable effort the disclosures required under IFRS 3.B64 (h) (iii) for the best estimate of the contractual cash flows at the date of acquisition that will probably be uncollectible.

The measurement of intangible assets and tangible assets was based on appraisals made by renowned external experts.

The negative goodwill (badwill) that arose from the acquisition results from two factors. First, the purchase price was at the lower end of the valuation ranges, and second, the benefits expected to be capitalised from the technology resulted in the recognition of corresponding intangible assets.

Of the purchase price totalling EUR 18,416 thousand, EUR 18,216 thousand was paid in cash, and the remaining EUR 200 thousand is payable in 2017. Transaction costs of EUR 836 thousand were incurred in connection with the acquisition of the company. These are included under other operating expenses.

Since the date of its acquisition, Leeser has contributed EUR 21,616 thousand to revenue and EUR 107 thousand to earnings before taxes. If the acquisition had taken place at the beginning of 2015, Leeser would have contributed EUR 33,902 thousand to revenue and EUR 775 thousand to earnings before tax.

#### **Changes in the scope of consolidation in the 2014 financial year**

As explained in more detail in notes 2.18. and 3.3., the accounting for the investment in Siam Sempermed Corp. Ltd. was changed as of 31 March 2014 from consolidation in accordance with the rules for full consolidation under IFRS 10 to consolidation using the equity method in accordance with IFRS 11 and IAS 28.

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.

#### **3.5. Equity transactions**

In the 2015 financial year a 0.04% interest in Latexx Partners Berhad was acquired for EUR 63 thousand. As of 31 December 2015 the group's interest totalled 98.50%, up from 98.46% as of 31 December 2014. In the 2014 financial year a 0.35% interest was acquired for EUR 479 thousand, increasing the group's total interest to 98.46% as of 31 December 2014.

These transactions were recognised in 2014 and 2015 as equity transactions. The difference between the disposal of the carrying amount of the non-controlling interests (EUR 51 thousand, previous year: EUR 506 thousand) and the fair value of the consideration paid (EUR 63 thousand, previous year: EUR 479 thousand) amounted to EUR 11 thousand (previous year: EUR -28 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 note 2. The segment result comprises EBIT and is derived in the same manner as EBIT (earnings before interest and tax) 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.

2015 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	393,686	203,353	164,870	152,777	0	914,686
Share of profits from joint ventures and associated companies	17,078	0	0	0	0	17,078
EBITDA	32,075	46,912	23,657	24,327	-26,341	100,630
EBIT = segment result	19,882	38,997	20,395	19,119	-27,240	71,152
Depreciation and amortisation of tangible and intangible assets	-12,193	-7,900	-3,263	-5,208	-899	-29,462
Impairments of tangible and intangible assets	0	-16	0	0	0	-16
Reversal of impairments of property, plant and equipment	5	0	0	0	0	5
Trade Working Capital	54,530	43,423	48,297	22,604	-8,284	160,570
Segment assets	473,481	190,854	150,860	107,176	15,413	937,784
Segment liabilities	109,848	66,097	33,370	35,861	327,424	572,601
Cash-effective investments in tangible and intangible assets	29,571	14,644	12,293	8,118	7,223	71,848
Investments in joint ventures and associated companies	102,670	0	0	0	0	102,670
Employees (at balance sheet date)	3,344	1,536	1,086	954	133	7,053

2014 in EUR thousand restated <sup>1)</sup>	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	380,781	202,119	146,381	128,974	0	858,255
Share of profits from joint ventures and associated companies	8,057	0	0	0	0	8,057
EBITDA	33,546	48,451	20,913	18,640	-19,646	101,905
EBIT = segment result	17,593	36,768	16,765	12,714	-20,072	63,769
Depreciation and amortisation of tangible and intangible assets	-15,952	-11,660	-4,148	-5,926	-426	-38,112
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	62,606	43,975	41,571	19,625	-4,752	163,025
Segment assets	389,817	168,063	131,546	85,503	51,371	826,300
Segment liabilities	90,552	57,228	42,757	30,920	158,870	380,327
Cash-effective investments in tangible and intangible assets	17,152	18,139	19,830	8,770	3,543	67,434
Investments in associated companies	82,835	0	0	0	0	82,835
Employees (at balance sheet date)	3,428	1,538	1,027	787	108	6,888

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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. In addition, some Corporate Center services are rendered by operating companies. 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 a 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 a 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.

in EUR thousand	2015			2014 restated <sup>1)</sup>		
	Non-current assets <sup>3) 4)</sup>	Cash-effective Investments	Revenue <sup>2)</sup>	Non-current assets <sup>3) 4)</sup>	Cash-effective Investments	Revenue <sup>2)</sup>
Austria	65,666	15,157	35,667	46,630	17,997	33,870
EU excluding Austria	133,464	27,308	502,749	94,631	35,317	442,186
Total for EU	199,130	42,465	538,416	141,261	53,314	476,056
Rest of Europe	0	0	63,546	0	0	64,456
Total for Europe	199,130	42,465	601,962	141,261	53,314	540,512
Asia	197,854	29,228	99,648	191,196	14,011	112,460
The Americas	2,119	155	198,665	6,193	109	190,913
Rest of the world	0	0	14,411	0	0	14,369
<b>Group</b>	<b>399,102</b>	<b>71,848</b>	<b>914,686</b>	<b>338,649</b>	<b>67,434</b>	<b>858,255</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

<sup>2)</sup> After eliminating internal revenue

<sup>3)</sup> Consolidation entries are assigned to the regions whenever possible

<sup>4)</sup> 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	2015	2014 restated <sup>1)</sup>
Exchange rate gains	22,498	12,743
Income from forward exchange transactions	5,455	818
Income from first consolidation	3,376	0
Insurance claims	1,080	501
Sale of by-products and waste materials	532	734
Rental income	255	238
Income from the sale of property, plant and equipment	144	197
Reversal of impairments of property, plant and equipment	5	191
Other	3,753	3,103
	<b>37,099</b>	<b>18,524</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### 5.3. Cost of material and purchased services

in EUR thousand	2015	2014 restated <sup>1)</sup>
Cost of materials	512,457	442,018
Purchased services	43,329	45,633
	<b>555,785</b>	<b>487,651</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## 5.4. Personnel expenses

Personnel expenses include the following items:

in EUR thousand	2015	2014 restated <sup>1)</sup>
Wages	55,911	53,989
Salaries	75,957	67,277
Severance payments	1,509	1,738
Retirement benefit expenses	1,141	1,349
Statutory social security expenses and other compulsory wage-related payments	27,094	24,384
Other social security expenses	3,200	2,229
	<b>164,813</b>	<b>150,967</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

	2015	2014 restated <sup>1)</sup>
Blue-collar workers	5,308	6,019
White-collar workers	1,677	1,742
	<b>6,985</b>	<b>7,761</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The average number of employees in Austria totalled 818 (previous year: 774).

In the 2015 financial year, the remuneration paid to the active members of the Management Board totalled EUR 3,323 thousand (previous year: EUR 2,907 thousand), of which EUR 1,420 thousand (previous year: EUR 1,315 thousand) consisted of variable salary components. As a result of the change to the composition of the Management Board during 2014, comparing total compensation with the previous year is of limited value.

In addition, payments amounting to EUR 149 thousand were made in the 2014 financial year to the former Management Board member Richard Stralz. In 2015 there were no such payments.

The remuneration paid in 2014 to Rainer Zellner, the former chairman of the Management Board, amounted to EUR 371 thousand. Furthermore, payments totalling EUR 371 thousand were made in 2014 on termination of his employment relationship. In 2015 there were no payments.

The expenses for pensions and severance payments for the active Management Board members amounted to EUR 191 thousand (previous year: EUR 186 thousand). Of this amount, EUR 180 thousand (previous year: EUR 161 thousand) is attributable to contribution-based severance and pension commitments.

## 5.5. Other operating expenses

Other operating expenses comprise the following:

in EUR thousand	2015	2014 restated <sup>1)</sup>
Maintenance and services	33,170	31,056
Outgoing freight	29,408	25,567
Exchange rate losses	22,325	9,197
Legal, consulting and auditing fees	20,869	13,894
Travel expenses	11,042	10,106
Commission and advertising costs	8,234	10,210
Other taxes	4,530	4,100
Rental and leasing expenses	4,443	4,125
Insurance premiums	4,338	4,134
Communications	1,661	1,670
Fees, subscriptions and donations	1,627	1,505
Expenses from currency forwards	1,337	822
Training and education expenditures	1,319	1,553
Bank expenses	613	602
Losses as a result of the change in the method of consolidation	0	564
Other	15,726	13,202
	<b>160,639</b>	<b>132,309</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

In the 2015 financial year the expenses for research and development amounted to around EUR 11,800 thousand.

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
Auditing of consolidated and separate financial statements	167	187
Other valuation and certification services	15	15
Other services	240	128
	<b>422</b>	<b>330</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## 5.6. Depreciation, amortisation and impairment of tangible and intangible assets

in EUR thousand	2015	2014 restated <sup>1)</sup>
Depreciation and amortisation	29,462	38,112
Impairments	16	24
	<b>29,478</b>	<b>38,136</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Impairments relate to technical equipment, plant and machinery in the Semperflex segment (see note 6.2).

As explained in note 2.4., the group changed its estimates regarding the useful lives of tangible assets as of 1 January 2015. Due to this change in accounting estimate, depreciation in 2015 declined by EUR 11,063 thousand.

## 5.7. Financial result

in EUR thousand	2015	2014 restated <sup>1)</sup>
<b>Financial income</b>		
Income from securities	153	315
Interest and related income	1,099	1,111
	<b>1,252</b>	<b>1,426</b>
<b>Financial expenses</b>		
Losses on the disposal of securities	0	-156
Interest and other financial expenses	-8,228	-4,884
	<b>-8,228</b>	<b>-5,040</b>
<b>Profit/loss attributable to redeemable non-controlling interests</b>	<b>-5,395</b>	<b>-7,845</b>
<b>Financial result</b>	<b>-12,371</b>	<b>-11,460</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
<b>Net income recognised directly in profit and loss</b>		
Income from available-for-sale financial assets	153	315
Losses on the disposal of securities	0	-156
	<b>153</b>	<b>159</b>
<b>Net income/expenses recognised in other comprehensive income</b>		
Revaluation gains / losses for the period	-112	397
Reclassification to profit and loss for the period	0	135
	<b>-112</b>	<b>532</b>
<b>Net income from available-for-sale financial assets</b>	<b>41</b>	<b>691</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).



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

in EUR thousand	2015	2014 restated <sup>1)</sup>
Interest income from loans and receivables	1,099	1,111
Valuation adjustments of loans and receivables	654	-1,649
Foreign exchange gains from loans and receivables	11,948	12,168
Foreign exchange losses from loans and receivables	-4,569	-7,268
<b>Net income from loans and receivables</b>	<b>9,134</b>	<b>4,362</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Allowances arising from loans and receivables are summarised under other operating expenses. This also includes reversals of allowances from loans and receivables recognised in profit and loss.

Foreign exchange gains resulting from financial liabilities at amortized cost amounts to EUR 4,431 thousand (previous year: EUR 223 thousand). These foreign exchange gains were offset by foreign exchange losses resulting from financial liabilities at amortized cost of EUR 9,689 thousand (previous year: EUR 1,284 thousand).

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
Income from foreign exchange transactions	5,455	818
Expenses from foreign exchange transactions	-1,337	-822
<b>Net income from financial instruments held for trading</b>	<b>4,119</b>	<b>-5</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Income and expenses from foreign exchange contracts are included in the other operating income and expenses and relate exclusively to foreign exchange forward contracts. No foreign exchange options were entered into in the financial years 2015 and 2014.

Interest expense and other financial expenses included in the financial result amount to EUR 8,228 thousand (previous year: EUR 4,884 thousand), of which EUR 5,577 thousand (previous year: EUR 3,965 thousand) is 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 5,395 thousand (previous year: EUR 7,845 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	2015	2014 restated <sup>1)</sup>
Current tax expense (+) / tax income (-)		
for the current period	13,867	12,909
for previous periods	-1,445	234
	<b>12,422</b>	<b>13,144</b>
Deferred tax expense (+) / tax income (-)		
from the origination or reversal of temporary differences	3,134	3,407
from value adjustment of tax loss carryforwards and temporary differences	1,854	271
other deferred tax effects	-4,992	-2,337
	<b>-4</b>	<b>1,341</b>
	<b>12,419</b>	<b>14,485</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Other deferred tax effects mainly comprise tax loss carryforwards incurred and capitalised in 2015 as well as changes to deferred tax assets on tax credits and tax concessions usable in future periods, as well as deferred taxes for previous periods.

The effective tax rate in the 2015 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, is 19.4% (previous year: 24.1%). The group tax rate is a weighted average of the local income tax rates of all consolidated subsidiaries.

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
<b>Earnings before tax</b>	<b>58,781</b>	<b>52,309</b>
<b>Tax expense / income (-/+ ) at 25 %</b>	<b>-14,695</b>	<b>-13,077</b>
Tax rates in other countries	2,791	2,676
Share of profits from joint ventures and associated companies	4,269	2,014
Profit/loss attributable to redeemable non-controlling interests	-1,349	-1,961
Effects of the change in the method of consolidation	0	-141
Non-deductible expenses	-2,364	-2,330
Non-taxable income, tax exemptions and tax deductibles	1,983	2,938
Tax credits and tax concessions usable in future periods	2,033	257
Reduction of current tax expenses on the basis of yet unused tax loss carryforwards	46	393
Non-recognised deferred tax assets on new losses carryforwards and temporary differences in the financial year	-153	-170
Value adjustment of deferred tax assets from loss carryforwards or temporary differences arising and recognised in previous years	-1,747	-494
Change to outside-basis-differences	-1,215	-3,507
Tax effects on write-downs on holdings of fully consolidated companies	0	501
Withholding taxes	-1,414	-947
Current tax arrears from previous periods	1,445	-234
Other	-2,049	-402
<b>Income taxes according to the consolidated income statement</b>	<b>-12,419</b>	<b>-14,485</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The item "Other" contains the effects from deferred taxes for previous periods.

For further information regarding the situation that led to the effects resulting from the change in the method of consolidation for Siam Sempermed Corp. Ltd. (SSC), please refer to notes 3.3. and 2.18.

The change in the outside-basis differences in the amount of EUR 3,507 thousand in the previous year 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. The change in 2015 relates solely to the adjustment of the proportionate share of distributable net profit compared with the previous year.

in EUR thousand	2015	2014 restated <sup>1)</sup>
Earnings before tax	58,781	52,309
Profit/loss attributable to redeemable non-controlling interests	5,395	7,845
	<b>64,176</b>	<b>60,154</b>
Income taxes according to the consolidated income statement	12,419	14,485
<b>Effective tax rate in %</b>	<b>19.4%</b>	<b>24.1%</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### 5.9. Earnings per share (EPS)

in EUR		2015	2014 restated <sup>1)</sup>
Earnings after taxes attributable to the shareholders of Semperit AG Holding	in EUR	46,393,838	37,986,930
Average number of shares issued	in units	20,573,434	20,573,434
Earnings per share (diluted and undiluted)	in EUR	2.26	1.85

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

There were no dilution effects as of both 31 December 2014 and 31 December 2015.

## 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
<b>Acquisition costs</b>				
<b>As at 1.1.2014</b>	<b>31,559</b>	<b>87,923</b>	<b>809</b>	<b>120,290</b>
Currency translation differences	723	5,401	0	6,125
Additions	740	0	3,703	4,443
Disposals	-29	0	0	-29
Disposals resulting from changes in the scope of consolidation	-803	0	0	-803
Transfers	618	0	-328	290
<b>As at 31.12.2014 restated<sup>1)</sup></b>	<b>32,807</b>	<b>93,324</b>	<b>4,184</b>	<b>130,315</b>
Additions due to business combinations	5,697	0	0	5,697
Currency translation differences	-1,040	-8,597	0	-9,637
Additions	7,286	0	830	8,115
Disposals	-89	0	0	-89
Disposals resulting from changes in the scope of consolidation	0	0	0	0
Transfers	3,450	0	-3,350	100
<b>As at 31.12.2015</b>	<b>48,111</b>	<b>84,727</b>	<b>1,663</b>	<b>134,501</b>
<b>Depreciation / write-ups / impairment</b>				
<b>As at 1.1.2014</b>	<b>13,464</b>	<b>0</b>	<b>0</b>	<b>13,464</b>
Currency translation differences	165	0	0	165
Depreciation and amortisation	4,784	0	0	4,784
Impairments	0	0	0	0
Write-ups	0	0	0	0
Disposals	-29	0	0	-29
Disposals resulting from changes in the scope of consolidation	-484	0	0	-484
Transfers	0	0	0	0
<b>As at 31.12.2014 restated<sup>1)</sup></b>	<b>17,900</b>	<b>0</b>	<b>0</b>	<b>17,901</b>
Currency translation differences	-458	0	0	-458
Depreciation and amortisation	5,826	0	0	5,826
Impairments	0	0	0	0
Write-ups	0	0	0	0
Disposals	-88	0	0	-88
Disposals resulting from changes in the scope of consolidation	0	0	0	0
Transfers	6	0	0	6
<b>As at 31.12.2015</b>	<b>23,186</b>	<b>0</b>	<b>0</b>	<b>23,187</b>
<b>Carrying amount</b>				
Carrying amount 1.1.2014	18,095	87,923	808	106,826
Carrying amount 31.12.2014	14,907	93,324	4,183	112,414
<b>Carrying amount 31.12.2015</b>	<b>24,925</b>	<b>84,727</b>	<b>1,663</b>	<b>111,314</b>

Note: Rounding differences may occur through the use of automated calculations.  
<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The scheduled depreciation, amortisation and impairments are reported in the consolidated income statement under the item "Depreciation, amortisation and impairment of tangible and intangible assets". No impairments were necessary in 2015 and 2014. 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	31.12.2015	31.12.2014 restated <sup>1)</sup>
Segment Sempermed	82,963	91,559
Segment Semperflex	1,693	1,693
Segment Sempertrans	71	71
	<b>84,727</b>	<b>93,324</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The impairment testing of goodwill was performed as at 31 December 2015 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 9.4% (previous year: 8.8%) for the Sempermed segment, 11.8% (previous year: 11.3%) for the Sempertrans segment, and 11.7% (previous year: 10.9%) 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	2015	2014
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.

An expanded sensitivity analysis was performed in which the parameters were changed in isolation so that the estimated recoverable amount as of 31 December 2015 would be equivalent to the carrying amount. The results of this analysis are shown in the following table.

Change in parameters	Semperflex	Sempertrans	Sempermed
Discount rate (WACC)	+13.15 percentage points	+8.56 percentage points	+2.58 percentage points
Long-term growth rate	-75.94 percentage points	-22.42 percentage points	-3.78 percentage points
Change in free cash flows	-63.92 percentage points	-56.33 percentage points	-38.35 percentage points

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 build- ings, including on land owned by third parties	Technical equipment and machinery	Other equipment, office furniture and equipment	Prepayments and assets under construction	Total
<b>Acquisition costs</b>					
<b>As at 1.1.2014</b>	<b>163,788</b>	<b>429,530</b>	<b>85,642</b>	<b>22,540</b>	<b>701,500</b>
Currency translation differences	2,466	7,060	1,358	-317	10,567
Additions	4,656	18,221	5,409	36,557	64,842
Disposals	-263	-5,592	-1,851	-214	-7,920
Disposals resulting from changes in the scope of consolidation	-34,421	-93,641	-31,497	-8,482	-168,040
Transfers	349	6,202	1,565	-8,406	-290
<b>As at 31.12.2014 restated<sup>1)</sup></b>	<b>136,575</b>	<b>361,779</b>	<b>60,626</b>	<b>41,678</b>	<b>600,659</b>
Additions due to business combinations	5,698	8,798	1,770	36	16,302
Currency translation differences	1,108	953	418	-1,909	570
Additions	2,832	16,216	5,735	42,794	67,578
Disposals	-54	-5,563	-2,126	-74	-7,817
Disposals resulting from changes in the scope of consolidation	0	0	-55	0	-55
Transfers	8,705	26,423	925	-36,153	-100
<b>As at 31.12.2015</b>	<b>154,865</b>	<b>408,606</b>	<b>67,294</b>	<b>46,372</b>	<b>677,138</b>
<b>Depreciation / write-ups / impairment</b>					
<b>As at 1.1.2014</b>	<b>79,111</b>	<b>301,139</b>	<b>64,622</b>	<b>0</b>	<b>444,873</b>
Currency translation differences	436	3,121	907	0	4,464
Depreciation and amortisation	4,555	23,314	5,460	0	33,329
Impairments	22	2	0	0	24
Write-ups	-191	0	0	0	-191
Disposals	-254	-5,329	-1,593	0	-7,175
Disposals resulting from changes in the scope of consolidation	-12,643	-59,066	-22,971	0	-94,680
Transfers	0	37	-37	0	0
<b>As at 31.12.2014 restated<sup>1)</sup></b>	<b>71,036</b>	<b>263,218</b>	<b>46,387</b>	<b>0</b>	<b>380,642</b>
Currency translation differences	757	2,109	588	0	3,454
Depreciation and amortisation	3,241	16,341	4,055	0	23,637
Impairments	0	1	15	0	16
Write-ups	0	-5	0	0	-5
Disposals	-54	-5,439	-1,681	0	-7,174
Disposals resulting from changes in the scope of consolidation	0	0	-55	0	-55
Transfers	0	0	-6	0	-6
<b>As at 31.12.2015</b>	<b>74,980</b>	<b>276,225</b>	<b>49,304</b>	<b>0</b>	<b>400,509</b>
<b>Carrying amount</b>					
Carrying amount 1.1.2014	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
<b>Carrying amount 31.12.2015</b>	<b>79,885</b>	<b>132,381</b>	<b>17,991</b>	<b>46,372</b>	<b>276,629</b>

Note: Rounding differences may occur through the use of automated calculations.  
<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).



EUR 10,468 thousand of the carrying amount reported for land and buildings, including land owned by third parties, is attributable to land (land value) (previous year: EUR 9,719 thousand). EUR 37,676 thousand of the carrying amount reported for prepayments and assets under construction (previous year: EUR 27,788 thousand) is attributable to assets under construction.

No borrowing costs were capitalised in the financial years 2015 and 2014 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 2015 financial year impairments totalling EUR 16 thousand related primarily to technical equipment, plant and machinery. This was due to changes in the possible uses of plant and machinery in the Semperflex segment. In financial year 2014 there were impairments on land and buildings in the amount of EUR 24 thousand. This was due to changes in the possible uses of a building in the Semperflex segment.

In 2015 impairment losses were reversed in the amount of EUR 5 thousand (previous year: EUR 191 thousand) because the reasons for the impairments were no longer present.

As of 31 December 2015 tangible assets with a carrying amount of EUR 192 thousand (previous year: EUR 297 thousand) are pledged as collateral for liabilities to banks and liabilities from finance leases.

As of 31 December 2015 the group has contractual obligations to acquire tangible assets totalling EUR 30,835 thousand (previous year: EUR 32,412 thousand). The decrease compared to the previous year is due to the completion and commissioning of investment projects to expand production capacity.

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	31.12.2015 Carrying amount	Acquisition costs	Accumulated depreciation	31.12.2014 Carrying amount restated <sup>1)</sup>
Other equipment, office furniture and equipment	486	294	192	523	225	297

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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	31.12.2015	31.12.2014 restated <sup>1)</sup>
Within the following year	2,287	1,825
Within the following 2 to 5 years	5,194	4,038
More than 5 years	1,150	1,502

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The cost of rent and leases from operating lease agreements came to a total of EUR 4,443 thousand in the financial year 2015 (previous year: EUR 4,125 thousand).

### 6.3. Inventories

The balance sheet item "inventories" comprises the following:

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
Raw materials and supplies	36,020	31,266
Work in progress	18,422	19,253
Finished goods and merchandise	80,736	79,829
Prepayments	185	240
Services not yet billable	348	300
	<b>135,711</b>	<b>130,889</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
Inventories		
thereof at acquisition / production costs	120,283	116,047
thereof at their net realisable value	15,428	14,841
	<b>135,711</b>	<b>130,889</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The allowances for inventories recognised as an expense totalled EUR 3,556 thousand in the year under review (previous year: EUR 3,448 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	31.12.2015			31.12.2014 restated <sup>1)</sup>		
	Gross	Allowances	Net	Gross	Allowances	Net
Receivables not yet due	100,244	-545	99,699	90,331	-1,208	89,123
Up to 1 month overdue	17,818	-108	17,710	16,639	-228	16,411
1 to 3 months overdue	4,715	-62	4,653	6,563	-813	5,750
3 to 6 months overdue	2,538	-317	2,221	2,076	-621	1,454
6 to 12 months overdue	795	-273	522	194	-15	178
More than 12 months overdue	1,582	-868	714	736	-687	49
	<b>127,691</b>	<b>-2,172</b>	<b>125,519</b>	<b>116,538</b>	<b>-3,573</b>	<b>112,965</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Trade receivables which are already due, but have not been subject to valuation adjustments, total EUR 21,290 thousand as of 31 December 2015 (previous year: EUR 23,842 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 retained portion of 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, Poland and China. With respect to non-insured receivables and the retained portion of insured receivables, there is no significant concentration of credit risk due to the company's diversified customer base.

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
As at 1.1.	3,573	3,127
Release	-1,991	-773
Currency translation difference	88	84
Written down due to irrecoverability	-147	-1,287
Additions	649	2,422
<b>As at 31.12.</b>	<b>2,172</b>	<b>3,573</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The allowances as of the end of the financial year include specific valuation allowances for receivables based on an individual assessment of the respective customers. These specific allowances total EUR 897 thousand (previous year: EUR 2,237 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	31.12.2015	Thereof non-current	Thereof current	31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
<b>Securities available-for-sale</b>						
Shares in funds, shares, other securities	6,490	6,490	0	6,599	6,599	0
	<b>6,490</b>	<b>6,490</b>	<b>0</b>	<b>6,599</b>	<b>6,599</b>	<b>0</b>
<b>Financial assets recognised at fair value through profit or loss – held for trading</b>						
Derivatives	4,469	4,462	8	2	0	2
<b>Loans and receivables recognised at amortised cost</b>						
Loans to associated companies	563	563	0	563	563	0
Other loans	11	7	5	6	1	5
Other financial assets	3,123	852	2,271	4,843	1,381	3,462
	<b>3,697</b>	<b>1,421</b>	<b>2,276</b>	<b>5,411</b>	<b>1,945</b>	<b>3,467</b>
	<b>14,656</b>	<b>12,372</b>	<b>2,284</b>	<b>12,013</b>	<b>8,544</b>	<b>3,469</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

The carrying amount of the available-for-sale financial assets amounts to EUR 6,490 thousand (previous year: EUR 6,599 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 1.17% as of 31 December 2015 (previous year: 1.27%) and is attributable to Synergy Health Allershausen GmbH, Allershausen, Germany, 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 922 thousand (previous year: EUR 1,039 thousand).

## 6.6. Other assets

in EUR thousand	31.12.2015	Thereof non-current	Thereof current	31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
Accrued expenses	9,382	4,799	4,583	3,271	19	3,252
Prepayments	716	0	716	648	0	648
Tax receivables	11,236	0	11,236	7,485	0	7,485
Other non-financial receivables	611	476	135	4,494	4,255	239
	<b>21,945</b>	<b>5,275</b>	<b>16,670</b>	<b>15,898</b>	<b>4,274</b>	<b>11,624</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The main item contained in non-current accrued expenses is an advance payment for a volume incentive under a strategic customer agreement.

The non-current other non-financial receivables as of 31 December 2014 included reimbursement rights against insurance companies and third parties in the amount of EUR 3,610 thousand. This is explained in more detail in note 6.12.

## 6.7. Cash and cash equivalents

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
Cash on hand	44	30
Cash deposits in banks	126,387	115,543
	<b>126,430</b>	<b>115,574</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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 deferrals recognised in the balance sheet after temporary differences comprise the following:

in EUR thousand	31.12.2015		31.12.2014 restated <sup>1)</sup>	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	844	2,019	573	2,237
Tangible assets	658	7,806	563	5,673
Financial assets	0	74	774	0
Inventories	2,288	102	3,452	31
Receivables	696	2,675	1,014	1,783
Other assets	57	49	18	55
Provisions for personnel	6,935	0	7,247	0
Other provisions	2,989	136	2,883	0
Trade payables	372	140	186	2
Other liabilities	1,217	539	1,014	320
Temporary differences in connection with shares in subsidiaries and joint ventures (outside-basis-differences)	0	7,375	0	5,954
Tax loss carryforwards and as yet unused tax credits	18,932	0	12,620	0
<b>Total deferred tax assets and liabilities</b>	<b>34,989</b>	<b>20,914</b>	<b>30,344</b>	<b>16,054</b>
Valuation allowance for deferred tax assets	-9,280	0	-5,862	0
Offset of deferred tax assets and liabilities	-8,991	-8,991	-6,056	-6,056
<b>Net deferred tax assets</b>	<b>16,717</b>		<b>18,426</b>	
<b>Net deferred tax liabilities</b>		<b>11,924</b>		<b>9,998</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The allowance for deferred tax assets of EUR 9,280 thousand (previous year: EUR 5,862 thousand) includes an allowance for deferred tax assets on temporary differences in the amount of EUR 4,468 thousand (previous year: EUR 1,671 thousand) and an allowance for deferred tax assets on loss carry forwards in the amount of EUR 4,812 thousand (previous year: EUR 4,190 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	31.12.2015		31.12.2014 restated <sup>1)</sup>	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Different acquisition and production costs of intangible and tangible assets, elimination of intercompany profits	1,285	6,513	708	4,080
Different useful lives of intangible and tangible assets	168	1,453	168	1,329
Valuation of assets acquired in business combinations	0	1,731	0	2,386
Tax valuation differences in valuation adjustments of receivables	417	1,370	439	1,602
Tax valuation differences of inventories, elimination of intercompany profits	1,989	102	3,171	31
Differing tax recognition of personnel provisions	3,196	0	6,817	0
Differing tax recognition of other provisions	2,704	136	2,568	0
Differences in foreign currency valuation of assets and liabilities at the balance sheet date	638	468	522	241
Deferred tax assets on loss carryforwards	9,797	0	5,738	0
Deferred tax assets on tax assets and tax concessions usable in future periods	3,197	0	1,329	0
Impairments of investments not yet taxed	1,126	0	1,363	0
Temporary differences in connection with shares in subsidiaries and joint ventures (outside-basis-differences)	0	7,375	0	5,954
Other differences	1,191	1,767	1,658	432
<b>Total</b>	<b>25,709</b>	<b>20,914</b>	<b>24,482</b>	<b>16,054</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
Net deferred taxes as at 1.1.	8,429	9,049
Deferred taxes in profit or loss for the financial year	4	-1,341
Deferred taxes in other comprehensive income for the financial year	-2,070	1,559
Changes in the scope of consolidation	-1,569	-837
<b>Net deferred taxes as at 31.12.</b>	<b>4,794</b>	<b>8,429</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
<b>Amounts that will not be recognised through profit and loss in future periods</b>		
Deferred taxes related to remeasurements of defined benefit plans (IAS 19)	-2,189	1,659
<b>Amounts that will potentially be recognised through profit and loss in future periods</b>		
Deferred taxes related to available-for-sale financial assets	28	-133
Deferred taxes related to cash flow hedges	-327	324
Currency translation differences related to deferred taxes	418	-290
	<b>119</b>	<b>-100</b>
	<b>-2,070</b>	<b>1,559</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Deferred taxes attributable to the remeasurement of defined benefit plans (IAS 19), which are included in other comprehensive income for the financial year, were influenced by allowances.

The currency translation differences of EUR 418 thousand (previous year: EUR -290 thousand) are included in the consolidated statement of comprehensive income under the heading "Currency translation differences for the period".

Deferred tax liabilities amounting to EUR 7,375 thousand (previous year: EUR 5,954 thousand) were recognised for temporary differences in connection with investments in subsidiaries and joint ventures.

In addition, there are taxable temporary differences in the amount of EUR 180,887 thousand (previous year: EUR 154,181 thousand) and deductible temporary differences of EUR 12,373 thousand (previous year: EUR 1,260 thousand) in connection with investments in subsidiaries, for which deferred tax liabilities of EUR 41,926 thousand (previous year: EUR 35,076 thousand) and deferred tax assets of EUR 3,644 thousand (previous year: EUR 276 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 investments in subsidiaries and joint ventures 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. The computation of temporary differences in connection with investments in subsidiaries and joint ventures was made taking into account tax effects outside the respective group level.

As of the reporting date there are further deductible temporary differences of EUR 16,546 thousand (previous year: EUR 5,501 thousand) and unused tax losses of EUR 17,913 thousand (previous year: EUR 15,540 thousand), for which no deferred tax assets were recognised. Of these unused tax losses, EUR 15,534 thousand (previous year: EUR 14,762 thousand) expire within five years. Otherwise these losses and deductible temporary differences can be carried forward without limit.

Recognised deferred tax assets include deferred tax assets for tax jurisdictions, in which during the reporting period or in the previous period tax losses were incurred, which exceed the deferred tax liabilities of the relevant companies by EUR 11,883 thousand (previous year: EUR 13,669 thousand).



sand). Deferred tax assets are recognised based on the assumption that there will be sufficient taxable profit in the coming years, that the incurred tax losses were attributable to extraordinary effects in connection with the expense of litigation, 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 2015, 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 be released only 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 47,500 thousand (previous year: EUR 32,300 thousand), Semperit AG Holding's net profit for the period under the Austrian Company Code (UGB) in the amount of EUR 24,798 thousand (previous year: EUR 123,572 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 be released only 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.

The Management Board will propose to distribute a total dividend of EUR 24,688 thousand, or EUR 1.20 per share, for the financial year 2015. This proposal must still 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 stock as at 31 December 2015.

### 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	2015	2014 restated <sup>1)</sup>
As at 1.1.	37,303	102,409
Dividends	-1,003	-3,603
Share of annual income after tax	5,395	7,845
Currency translation differences	2,405	4,574
Changes in the scope of consolidation	0	-74,025
Other changes	92	102
<b>As at 31.12.</b>	<b>44,192</b>	<b>37,303</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

As in the previous year, the liabilities from redeemable non-controlling interests as of 31 December 2015 are solely non-current in nature. 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 that take the form of a fixed amount that depends on an employee's length of service. The statute stipulates that only retired former employees or their surviving dependants are entitled to these pensions. In accordance with this statute, these obligations are not funded by plan assets.

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

One member of the Management Board and selected executives were granted pensions, which are covered by reinsurance policies, whereupon the pension entitlement matches the amount covered by the reinsurance. Based on an updated analysis of these commitments this plan is now treated as a defined contribution plan. This change does not change any items in the consolidated balance sheet and the consolidated income statement. The presentation in the following notes was restated retrospectively.

##### Severance payment commitments

Depending on their length of service, most 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 his 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 %	31.12.2015	31.12.2014 restated <sup>1)</sup>
Austria – pensions	1.60% / 2.10%	1.75%
Austria – severance payments	2.20%	1.75%
Germany – pensions	2.10% / 2.20%	1.75%
Other countries – severance payments		
France	2.30% – 2.50%	1.75%
Italy	2.30%	1.75%
Poland	3.00%	2.75%
India	7.70%	8.00%
Thailand	2.90%	3.60%

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Interest rates were determined separately in the individual countries depending on the pension plan.

Salary increases p.a. in %	31.12.2015	31.12.2014 restated <sup>1)</sup>
Austria – pensions	0.00%	0.00% / 2.00%
Austria – severance payments	4.50%	4.50%
Germany – pensions	1.80% / 3.40%	1.80% / 3,40%
Other countries – severance payments		
France	2.30%	2.00% – 3.00%
Italy	1.50%	1.50%
Poland	2.00%	2.00% / 3.50%
India	5.00% / 12.00%	5.00% / 10.00%
Thailand	3.00% / 5.00%	3.00% / 7.00%

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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 %	31.12.2015	31.12.2014 restated <sup>1)</sup>
Austria – pensions	n/a	n/a
Austria – severance payments	0.00% – 10.00%	0.00% – 9.00%
Germany – pensions	0.00%	0.00%
Other countries – severance payments		
France	0.00% – 7.00%	0.00% – 7.00%
Italy	5.00%	5.00%
Poland	5.00%	0.00% – 8.00%
India	2.00%	2.00%
Thailand	0.00% – 30.00%	0.00% – 30.00%

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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: Indian Assured Live Mortality (2006 - 08)
- Thailand: Thailand TM008

### Balance sheet figures

The provisions for pensions and severance payments comprise the following:

in EUR thousand	Total 31.12.2015	Thereof non-current	Thereof current	Total 31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
Provisions for pensions	19,483	17,698	1,784	21,141	19,213	1,928
Provisions for severance payments	24,159	23,077	1,082	25,475	24,726	749
	<b>43,642</b>	<b>40,775</b>	<b>2,866</b>	<b>46,616</b>	<b>43,939</b>	<b>2,676</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### Provisions for pensions

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

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
Present value of funded defined benefit obligations	3,685	4,063
Fair value of the plan assets	-886	-1,070
<b>Deficit</b>	<b>2,799</b>	<b>2,993</b>
Present value of unfunded defined benefit obligations	16,684	18,148
<b>Plan deficit = provision</b>	<b>19,483</b>	<b>21,141</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

in EUR thousand	2015	2014 restated <sup>1)</sup>
Present value of the obligations (DBO) as at 1.1.	22,211	19,929
Current service costs	20	19
Interest expense	387	644
<b>Total expenses for pensions</b>	<b>407</b>	<b>663</b>
Remeasurements	-445	3,366
Payments/Transfers	-1,804	-1,747
<b>Present value of the obligations (DBO) as at 31.12.</b>	<b>20,368</b>	<b>22,211</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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	31.12.2015	31.12.2014 restated <sup>1)</sup>
Cash funds	116	147
Other receivables	769	923
<b>Fair value of the plan assets as at 31.12.</b>	<b>886</b>	<b>1,070</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

Plan assets changed as follows:

in EUR thousand	2015	2014 restated <sup>1)</sup>
Fair value of the plan assets as at 1.1.	1,070	1,233
Interest income from plan assets	0	7
Remeasurements of plan assets	39	8
Payments/Transfers	-224	-177
<b>Fair value of the plan assets as at 31.12.</b>	<b>886</b>	<b>1,070</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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) directly in equity under other comprehensive income.

#### Provisions for severance payments

in EUR thousand	2015	2014 restated <sup>1)</sup>
Present value of the obligations (DBO) as at 1.1.	25,475	23,801
Current service costs	682	546
Interest expense	460	722
<b>Total expenses for severance payments</b>	<b>1,142</b>	<b>1,267</b>
Remeasurements	-1,576	3,103
Payments	-903	-1,113
Currency translation differences	21	26
Changes in the scope of consolidation	0	-1,609
<b>Present value of the obligations (DBO) as at 31.12.</b>	<b>24,159</b>	<b>25,475</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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	2015	2014 restated <sup>1)</sup>
<b>Pensions</b>		
Remeasurements of the obligation		
from changes to demographic assumptions	0	0
from changes to financial assumptions	592	-2,909
Experience adjustments	-147	-457
	<b>445</b>	<b>-3,366</b>
Remeasurements of plan assets	39	8
	<b>484</b>	<b>-3,358</b>
<b>Severance payments</b>		
Remeasurements of the obligation		
from changes to demographic assumptions	-2	1,334
from changes to financial assumptions	1,337	-4,083
Experience adjustments	241	-354
	<b>1,576</b>	<b>-3,103</b>
<b>Total remeasurements</b>	<b>2,060</b>	<b>-6,461</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### Sensitivity analysis

Sensitivity analyses were performed for pension and severance plans regarding the effect of significant actuarial assumptions. The determination of sensitivities was carried out based on the same actuarial assumptions used to value the provisions for pensions and severance payments. The remaining parameters remained unchanged.

A change of one percentage point in each of these parameters has the following impact on the present value of pension obligations totalling EUR 20,368 thousand (previous year: EUR 22,211 thousand) and on the present value of severance payment liabilities amounting to EUR 24,159 thousand (previous year: EUR 25,475 thousand):

in EUR thousand	Change in parameter	Present value of obligation (DBO) 31.12.2015		Present value of obligation (DBO) 31.12.2014 restated <sup>1)</sup>	
		increase in parameter	decrease in parameter	increase in parameter	decrease in parameter
<b>Pensions</b>					
Interest rate	+/-1 percentage point	18,589	22,491	20,182	24,643
Increases in salaries	+/-1 percentage point	21,522	19,404	23,538	21,112
Life expectancy	+/-1 year	21,181	19,597	23,099	21,376
<b>Severance payments</b>					
Interest rate	+/-1 percentage point	21,670	27,104	22,547	28,645
Increases in salaries	+/-1 percentage point	26,849	21,826	28,381	22,708

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### Average duration

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

Weighted average duration	31.12.2015	31.12.2014 restated <sup>1)</sup>
Austria – pensions	9.6	10.0
Austria – severance payments	11.7	12.5
Germany – pensions	10.4	11.1
Other countries – severance payments		
France	14.8	10.7
Italy	15.2	15.7
Poland	10.5	11.8
India	7.5	8.0
Thailand	15.0	18.0

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).



### Maturity analysis

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

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
<b>Severance payments</b>		
under 1 year	1,082	749
1 to 5 years	5,416	4,747
6 to 10 years	7,188	7,554
over 10 years	27,081	25,725
<b>Pensions</b>		
under 1 year	1,785	1,928
1 to 5 years	6,012	6,290
6 to 10 years	5,778	6,175
over 10 years	11,744	13,952

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

### Pension plans – defined contribution plans

Semperit AG Holding is required to contribute to a pension fund for three members (previous year: three members) of the Management Board. Annually, 1/14 of the respective fixed remuneration is paid into a pension fund (APK Pensionskasse AG). In 2015 the expense for these contributions amounted to EUR 89 thousand (previous year: EUR 80 thousand).

One member of the Management Board and selected executives were granted pensions, which are covered by reinsurance policies with Generali Versicherung AG, whereupon the pension entitlement matches the amount covered by the reinsurance. Based on an updated analysis of these commitments this plan is now treated as a defined contribution plan. A fixed contribution, mostly equal to one month of the employee's current salary, is paid annually to Generali Versicherung AG. In 2015 the expense for these contributions amounted to EUR 262 thousand (previous year: EUR 270 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: three members) of the Management Board, contributions amounting to 1.53% of their wages or salaries are paid into a staff pension fund. The expense for Semperit's contributions in the financial year 2015 amounted to EUR 494 thousand (previous year: EUR 421 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. The expense for these contributions in the financial year 2015 amounted to EUR 151 thousand (previous year: EUR 124 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	31.12.2015	Thereof non-current	Thereof current	31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
Long-service bonuses	4,063	3,886	177	3,969	3,822	147
Guarantees	8,969	3,344	5,625	7,797	2,800	4,997
Bonuses and other personnel provisions	12,488	1,461	11,028	11,164	1,638	9,525
Other	4,933	2,730	2,203	8,957	6,791	2,166
	<b>30,453</b>	<b>11,421</b>	<b>19,033</b>	<b>31,887</b>	<b>15,051</b>	<b>16,835</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The other provisions changed as follows:

in EUR thousand	1.1.2015 restated <sup>1)</sup>	Addition due to company aquisition	Currency differences	Release	Use	Additions	Interest cost	31.12.2015
Long-service bonuses	3,969	0	2	-63	-139	227	67	4,063
Guarantees	7,797	0	62	-1,702	-1,055	3,826	41	8,969
Bonuses and other personnel provisions	11,164	0	63	-563	-10,478	12,303	0	12,488
Other	8,957	488	-627	-4,890	-2,107	2,804	308	4,933
	<b>31,887</b>	<b>488</b>	<b>-501</b>	<b>-7,219</b>	<b>-13,779</b>	<b>19,161</b>	<b>416</b>	<b>30,453</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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

### 31.12.2015

in EUR thousand	Total	under 1 Jahr	1 to 5 years	More than 5 years
Long-service bonuses	11,003	177	1,085	9,741
Guarantees	8,969	5,747	3,222	0
Bonuses and other personnel provisions	12,488	11,053	960	476
Other	5,243	2,438	2,621	185

### 31.12.2014 restated<sup>1)</sup>

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

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

Provisions for long-service bonuses are established for employees in Austria, Germany and in the Czech Republic. Said employees are entitled to long-service bonuses based on collective bargaining agreements. The valuation was carried out based primarily 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 10 years (previous year: 11 years). Sensitivity analyses regarding the effects of material actuarial assumptions were performed. These resulted in the following effects on the present value of the provisions for long-service bonuses:

		<b>Present value of obligation (DBO) 31.12.2015</b>	
in EUR thousand	<b>Change in parameter</b>	<b>increase in parameter</b>	<b>decrease in parameter</b>
Interest rate	+/-1 percentage point	3,695	4,414
Increases in salaries	+/-1 percentage point	4,498	3,764

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.

In financial year 2014 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 2016 at the earliest. This provision was offset by reimbursement rights from recourse against insurance companies and third parties of EUR 3,610 thousand, which were recognised in other assets. In 2015 these two items were reversed through profit or loss because an updated estimate indicated, that no further tax payments are expected. However, a provision for anticipated costs in connection with these proceedings was recognised in the amount of EUR 1,352 thousand. This provision is reported in the remaining other provisions. In addition, an allowance was established for a pre-tax claim totalling EUR 643 thousand in the impacted company because in light of the proceedings the claim is not recoverable.

### 6.13. Corporate Schuldschein loan

In July 2013 Semperit AG Holding issued a corporate Schuldschein loan totalling EUR 125 million. In the second quarter of 2014 and in the first quarter of 2015, additional corporate Schuldschein loans amounting to EUR 5 million with the same conditions as the 10-year fixed-interest tranche of the original corporate Schuldschein loan were issued to "Privatstiftung zur Förderung der Gesundheit von Beschäftigten der Semperit AG Holding" (in English: Private Foundation to Promote the Health of the Employees of Semperit AG Holding). This means that the total notional volume amounted to EUR 130 million.

In June 2015 Semperit AG Holding redeemed the variable five- and seven-year tranches (notional volume EUR 36,500 thousand and EUR 35,500 thousand) of the existing corporate Schuldschein loan. In July 2015 these two variable tranches of the corporate Schuldschein loan from July 2013 were repaid. At the same time in July 2015, Semperit AG Holding issued a new corporate Schuldschein loan for a total amount of EUR 75,000 thousand in order to take advantage of the decline in financing costs. This corporate Schuldschein loan consists of three fixed-interest tranches with durations of seven, ten and fifteen years. The average interest rate of the issue is 2.16%. The loan was placed primarily in Austria and Germany. The cash inflows were primarily used to repay the variable tranches of the corporate Schuldschein loan from July 2013.

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

Tranche	Nominal value	Carrying amount (clean price) 31.12.2015 <sup>1)</sup>	Accrued interests 31.12.2015	Carrying amount total 31.12.2015	Interest rate 31.12.2015	Maturity	Hedged amounts
	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in %		in EUR thousand
5-year fixed interest (2013)	13,500	13,472	147	13,619	2.50%	25.7.2018	-
7-year fixed interest (2013)	27,500	27,427	368	27,794	3.07%	24.7.2020	-
7-year fixed interest (2015)	37,000	36,880	282	37,162	1.77%	25.7.2022	-
10-year fixed interest (2013 –2015)	17,000	16,963	270	17,233	3.65%	25.7.2023	-
10-year fixed interest (2015)	31,000	30,897	321	31,219	2.41%	25.7.2025	-
15-year fixed interest (2015)	7,000	6,976	93	7,069	3.09%	25.7.2030	-
	<b>133,000</b>	<b>132,615</b>	<b>1,481</b>	<b>134,096</b>			

<sup>1)</sup> Excluding accrued interest

Tranche	Nominal value	Carrying amount (clean price) 31.12.2014 <sup>1)</sup>	Accrued interests 31.12.2014	Carrying amount total 31.12.2014	Interest rate 31.12.2014	Maturity	Hedged amounts
	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in %		in EUR thousand
5-year fixed interest (2013)	13,500	13,461	147	13,608	2.50%	25.7.2018	-
5-year variable interest (2013)	36,500	36,396	275	36,671	1.57%	25.7.2018	15,330
7-year fixed interest (2013)	27,500	27,412	368	27,780	3.07%	24.7.2020	-
7-year variable interest (2013)	35,500	35,387	299	35,686	1.77%	24.7.2020	14,910
10-year fixed interest (2013 –2014)	14,000	13,959	246	14,205	3.65%	25.7.2023	-
	<b>127,000</b>	<b>126,615</b>	<b>1,335</b>	<b>127,950</b>			<b>30,240</b>

<sup>1)</sup> Excluding accrued interest

Two interest rate swaps (hedged notional volume of EUR 30,240 thousand) were concluded in October 2013 to hedge the variable-rate tranches of the corporate Schuldschein loan (see note 8. on Risk management – Interest rate risk management). This involved converting a portion of the variable-interest tranches into fixed-interest payments. The interest rate swaps were accounted for as cash flow hedges in accordance with IAS 39. Based on this measurement principle, in the first three quarters of 2015 the effective portion of the cash flow hedge totalling EUR 159 thousand (previous year: EUR -1,460 thousand) was recognised in other comprehensive income, and EUR 26 thousand was reclassified to the consolidated income statement. When the variable tranches of the corporate Schuldschein loan were redeemed in July 2015, the two interest rate swaps were liquidated as well. The termination of the interest rate swaps in June 2015 resulted in a reclassification in the amount of EUR 1,000 thousand from the cash flow hedge reserve to the consolidated income statement. In addition, the last interest payment for the two interest rate swaps in July 2015 led to a reclassification in the amount of EUR 209 thousand from the cash flow hedge reserve to the consolidated income statement. Overall, the cash flow hedge reserve resulting from the interest rate swaps therefore changed by EUR 1,395 thousand to EUR 0 thousand (previous year: EUR -1,395 thousand).

The interest for the corporate Schuldschein loan, payable in July 2016 (payable annually), was accrued on a pro-rata basis for EUR 1,481 thousand (previous year: EUR 1,335 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:

31.12.2015						
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	Thereof current
Variable-interest liabilities to banks	0.8 –1.1%	EUR thousand	164,630	144,648	144,527	121
	3.0 –5.0%	MYR thousand	25,484	5,427	0	5,427
	1.47%	USD thousand	20,000	18,383	18,371	12
				<b>168,458</b>	<b>162,898</b>	<b>5,560</b>
31.12.2014 restated <sup>1)</sup>						
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	Thereof current
Variable-interest liabilities to banks	0.9 –1.0%	USD thousand	4,000	3,295	0	3,295
	3.0 –5.0%	MYR thousand	26,652	6,275	0	6,275
	0%	GBP thousand	9	11	0	11
				<b>9,581</b>	<b>0</b>	<b>9,581</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

In December 2014 a framework loan agreement for EUR 250,000 thousand was concluded with a consortium of six banks. This agreement comprises two tranches, one for EUR 100,000 thousand with a five-year term, and another in the amount of EUR 150,000 thousand with a six-year term (original term of five years with two renewal options, each for one year, of which the first option has already been exercised). As of the balance sheet date EUR 161,371 thousand of the framework loan agreement was utilised.

### 6.15. Other financial liabilities

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

in EUR thousand	31.12.2015	Thereof non-current	Thereof current	31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
Loans from non-controlling shareholders of subsidiaries	0	0	0	141	0	141
Liabilities from finance leases	91	31	59	199	98	101
Derivatives	240	0	240	1,999	1,289	710
Personnel liabilities	4,266	0	4,266	4,305	0	4,305
Accruals and deferrals	5,431	0	5,431	4,171	0	4,171
Remaining other financial liabilities	4,597	831	3,766	7,267	751	6,516
	<b>14,624</b>	<b>862</b>	<b>13,762</b>	<b>18,082</b>	<b>2,138</b>	<b>15,944</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The item "Other financial liabilities" includes current liabilities from the acquisition of exclusive rights of representation totalling EUR 0 thousand (previous year: current liability of EUR 2,510 thousand).

The liabilities from finance leases as at 31 December 2015 break down as follows:

in EUR thousand	31.12.2015			31.12.2014 restated <sup>1)</sup>		
	Term to maturity of under 1 year	Term to maturity of 1 to 5 years	Term to maturity of over 5 years	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	62	32	0	108	103	0
Interest portion	-3	-1	0	-7	-4	0
<b>Present value of the minimum leasing payments</b>	<b>59</b>	<b>31</b>	<b>0</b>	<b>101</b>	<b>98</b>	<b>0</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## 6.16. Other liabilities

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

in EUR thousand	31.12.2015	Thereof non-current	Thereof current	31.12.2014 restated <sup>1)</sup>	Thereof non-current	Thereof current
Liabilities from taxes and social security contributions	8,937	0	8,937	5,879	0	5,879
Prepayments received	2,314	0	2,314	1,471	0	1,471
Accrued income	496	153	343	202	164	38
Unused holidays and overtime balances	5,270	232	5,039	4,989	223	4,765
All other liabilities	2,765	362	2,403	1,117	317	801
	<b>19,783</b>	<b>746</b>	<b>19,037</b>	<b>13,659</b>	<b>704</b>	<b>12,955</b>

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## 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 31.12.2015	Carrying amount 31.12.2014 restated <sup>1)</sup>
Trade receivables	Loans and receivables	125,519	112,965
Other financial assets			
Securities	Available-for-sale	6,490	6,599
Loans to associated companies	Loans and receivables	563	563
Other loans	Loans and receivables	11	6
Derivative financial instruments	Held for trading	4,469	2
Other financial assets	Loans and receivables	3,123	4,843
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	126,430	115,574

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## Liabilities

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2015	Carrying amount 31.12.2014 restated <sup>1)</sup>
Corporate Schuldschein loan	Liabilities at amortised cost	134,096	127,950
Liabilities from redeemable non-controlling interests	Liabilities at amortised cost	44,192	37,303
Trade payables	Liabilities at amortised cost	100,660	80,829
Liabilities to banks	Liabilities at amortised cost	168,458	9,581
Other financial liabilities			
Derivative financial liabilities	Held for trading	240	359
Derivative financial liabilities	Designated as a hedging instrument	0	1,640
Liabilities from finance leases	Liabilities at amortised cost	91	199
Other financial liabilities	Liabilities at amortised cost	14,293	15,884

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

## 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 2015 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 31.12.2015	Fair value 31.12.2014 restated <sup>1)</sup>	Level
<b>Assets</b>				
Securities	Available-for-sale	6,490	6,599	1
Derivative financial instruments	Held for trading	4,469	2	2
<b>Liabilities</b>				
Derivative financial liabilities	Held for trading	240	359	2
Derivative financial liabilities	Designated as a hedging instrument	0	1,640	2

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).



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

The derivative financial instruments held for trading purposes are foreign exchange forward contracts and one cross currency swap. 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 financial instruments designated as hedges in the previous year were interest rate swaps. When the variable tranches of the corporate Schuldschein loan were redeemed in July 2015, the two interest rate swaps were liquidated as well, and the agreements in place until that time were closed out.

#### 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 31.12.2015	Fair value 31.12.2014 restated <sup>1)</sup>	Level
<b>Liabilities</b>				
Corporate Schuldschein loan	Liabilities at amortised cost	144,794	141,227	3
Liabilities from finance leases	Liabilities at amortised cost	92	195	3

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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 matching 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 ECB's quantitative easing measures, which led to a significant decrease in risk premiums. 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 disproportionately 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 2015 financial year. These include investments from the previous year amounting to EUR 6,480 thousand (previous year: 4,923 thousand) which became cash-effective in the 2015 financial year.

The additions in the statement of changes in tangible and intangible assets (see notes 6.1. and 6.2.) amounting to EUR 75,694 thousand (previous year: EUR 69,285 thousand) include investments totalling EUR 10,325 thousand (previous year: EUR 6,774 thousand) that did not result in a cash outflow in the 2015 financial year.

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

Cash flow from investing activities also contains outflows of EUR 17,474 thousand for the acquisition of Leaser.

Cash flow from financing activities contains cash proceeds in the amount of EUR 161,401 thousand from the utilisation of the framework loan agreement, EUR 78,000 thousand from the issue of a new corporate Schuldschein loan (see note 6.13.), cash outflow of EUR 72,000 thousand for the repayment of the corporate Schuldschein loan (see note 6.13.), and the dividend paid to shareholders of Semperit AG Holding for the financial year 2015 in the amount of EUR 1.10 per share and a one-time special dividend of EUR 4.90 per share, together totalling EUR 123,441 thousand.

There was also a cash outflow due to the distribution of dividends to non-controlling interests in subsidiaries amounting to EUR 1,003 thousand (previous year: EUR 3,603 thousand).

The cash flow from financing activities also contains the cash outflow associated with the acquisition of an additional investment in Latexx Partners Berhad totalling EUR 63 thousand (previous year: 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 of 31 December 2015 net financial debt was EUR 169,724 thousand. The Semperit Group had net financial debt as of 31 December 2014 totalling EUR 15,698 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 of 31 December 2015 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 a greater effect on the financial result, cash flows and 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 hedge Semperit's financing to a subsidiary company issued in Malaysian ringgit, the Semperit AG Holding entered into a cross currency swap in April 2015. On the one hand, the cross currency swap causes the variable refinancing to be converted into fixed interest rates, on the other hand, the exchange rate of the euro and the Malaysian ringgit is fixed. According to IAS 39 the cross currency swap is classified as a cash flow hedge (regarding interest rate risk) and as a fair value hedge (regarding the exchange risk) too. In total, the derivative is accounted for at fair value. As of 31 December 2015 fair value totals EUR 4,462 thousand. The initial valuation of the cross currency swap on the balance sheet date resulted in an expense of EUR 711 thousand.

As of the reporting date the requirements for hedge accounting in accordance with IAS 39 are no longer present. As a result, the existing cash flow hedge reserve from the cross currency swap in the amount of EUR 61 thousand (previous year: EUR 0 thousand) has been reclassified to the consolidated income statement. The fair value is reported in the consolidated balance sheet in the item "Other financial assets".

In order to minimise the cash flow risk associated with financial liabilities, interest rate swaps were concluded in 2013 that convert 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 were limited.

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.

In June 2015 Semperit AG Holding redeemed the variable five- and seven-year tranches (notional volume EUR 36,500 thousand and EUR 35,500 thousand) of the existing corporate Schuldschein loan. When the variable tranches of the corporate Schuldschein loan were redeemed in July 2015, the two interest rate swaps were liquidated as well (explanations see note 6.13.).

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

#### Hedged variable-interest bond tranches

31.12.2014 restated <sup>1)</sup>	Hedged amounts	Fair Value	Accrued interests	Total fair market value	Variable interest rate	Fixed interest rate
	in EUR thousand	in EUR thousand	in EUR thousand	in EUR thousand	in %	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%
	<b>30,240</b>	<b>-1,479</b>	<b>-161</b>	<b>-1,640</b>		

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

The current balance of interest rate risks is derived from the interest-bearing financial instruments as of the balance sheet date. The interest rate profile of the group's interest-bearing financial instruments is shown below:

in EUR thousand	31.12.2015		31.12.2014 restated <sup>1)</sup>	
	Fixed interest	Variable interest	Fixed interest	Variable interest
Financial assets	16,806	72,975	27,726	70,909
Financial liabilities	133,091	168,457	85,580	51,330

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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	31.12.2015			31.12.2014		
	Sensitivity to changes in interest rates by			Sensitivity to changes in interest rates by		
	Balance	+100 basis points	-100 basis points <sup>1)</sup>	Balance	+100 basis points	-100 basis points <sup>1)</sup>
Variable-interest financial assets	72,975	730	-438	70,909	709	-182
Variable-interest financial liabilities	168,457	-1,685	1,597	51,330	-513	451

<sup>1)</sup> For interest rates below 1%, negative interest rates are not taken into account

The shift in the yield curve by +100 basis points had no effect on equity as of 31 December 2015 because of the termination of the interest rate derivatives, which were designated as cash flow hedges. A shift in the yield curve by +100 basis points in the previous year would have increased equity by EUR 1,307 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:

### 31.12.2015

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	152,038	1,619	0	1,619	53,277	95,522
Liabilities to banks	168,699	1,817	3,665	77	162,065	1,075
Trade payables	100,661	54,579	36,516	8,950	50	566
Derivatives	240	72	168	0	0	0
Liabilities from finance leases	94	5	14	39	36	0
Other financial liabilities	14,409	7,637	627	3,669	2,436	40

**31.12.2014 restated<sup>1)</sup>**

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

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

**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 group's diversified customer structure means that risk is not concentrated on individual customers.

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

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

The group's maximum exposure to credit risk in the corresponding valuation categories in IAS 39.9 are as follows:

in EUR thousand	31.12.2015	31.12.2014 restated <sup>1)</sup>
Derivative financial instruments (held for trading)	4,469	2
Units in funds, government bonds, equities (AFS)	6,490	6,599
Loans and receivables	41,638	40,190
Cash and cash equivalents	126,430	115,574

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

**Currency risk management**

There are also currency risks associated with Semperit's operational activities. These risks arise from transactions 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 contracts in particular – are employed to limit and manage these risks.

The translation of separate financial statements in foreign currencies to the euro, the reporting currency, results in currency translation differences (translation risk), which amount to EUR -4,751 thousand (previous year: EUR 24,593 thousand) and were recognised in other comprehensive income. EUR -204 thousand (previous year: EUR 178 thousand) of this amount was attributable to non-controlling interests, and foreign exchange differences from joint ventures amounted to EUR 2,545 thousand (previous year: EUR 6,603 thousand). This led to a change in the foreign currency translation reserve from EUR 7,211 thousand as of 31 December 2014 to EUR 2,664 thousand as of 31 December 2015. In 2014 the foreign currency translation reserve changed from EUR -17,204 thousand to EUR 7,211 thousand. 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 2015, 47.5% (previous year: 46.4%) of sales was realised in a foreign currency.

in % of Group's revenue	2015	2014 restated <sup>1)</sup>
EUR	52.5%	53.6%
USD	35.6%	33.3%
CNY	2.9%	2.4%
GBP	2.2%	2.4%
PLN	2.2%	1.6%
INR	1.9%	1.9%
MYR	0.4%	0.5%
THB	0.2%	2.8%
Other	2.0%	1.5%

<sup>1)</sup> 2014 values restated (see notes page 90ff. in this report).

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. There are forward sales and one cross currency swap.



31.12.2015	Country	Type of transaction	Currency	Hedge amount <sup>1)</sup>	Hedge rate <sup>2)</sup>	Fair value in EUR thousand 31.12.2015	Range of remaining days to maturity in days
Sempertrans Bełchatów Sp. z o.o.	Poland	Forward exchange	EUR	26,000,000	4.27	-87	7-182
Semperit Technische Produkte GmbH	Austria	Forward exchange	CNY	58,590,000	7.29	-72	21
Semperit AG Holding	Austria	Forward exchange	USD	10,000,000	1.10	-73	57
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	25,641,026/ 100,000,000	3.90	4,462	1,449

<sup>1)</sup> Refers to the total amount of all existing derivative financial instruments as at the end of the reporting period.

<sup>2)</sup> Refers to the weighted average rate derived from all existing derivative financial instruments as at the end of the reporting period.

31.12.2014 restated <sup>3)</sup>	Country	Type of transaction	Currency	Hedge amount <sup>1)</sup>	Hedge rate <sup>2)</sup>	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

<sup>1)</sup> Refers to the total amount of all existing derivative financial instruments as at the end of the reporting period.

<sup>2)</sup> Refers to the weighted average rate derived from all existing derivative financial instruments as at the end of the reporting period.

<sup>3)</sup> 2014 values restated (see notes page 90ff. in this report).

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	2015			2014		
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
USD	5%	-554	554	9%	361	-361
THB	9%	23	-23	8%	56	-56
PLN	4%	-1,368	1,368	2%	-114	114
CZK	2%	146	-146	1%	31	-31
HUF	3%	40	-40	2%	9	-9
GBP	5%	158	-158	4%	248	-248
CNY	5%	676	-676	9%	229	-229
INR	6%	-176	176	7%	-185	185
MYR	14%	-2,877	2,877	7%	-78	78
SGD	5%	4	-4	6%	5	-5

Change in currency to USD	2015			2014		
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
THB	8%	147	-147	2%	127	-127
PLN	5%	496	-496	8%	516	-516
CZK	4%	45	-45	8%	70	-70
HUF	4%	11	-11	5%	0	0
BRL	21%	44	-44	10%	6	-6
CNY	3%	41	-41	2%	54	-54
INR	5%	27	-27	3%	0	0
MYR	14%	299	-299	5%	362	-362
SGD	4%	46	-46	2%	-4	4

## 9. Other commitments and risks

### Contingent liabilities and other financial obligations

A group company is currently conducting tax proceedings regarding levies in Brazil. Based on external expert opinions, management expects that the outcome of these proceedings should more likely be positive for the group. As such, no provision is recognized for this tax risk. In the event that the tax proceedings do not have a positive outcome, there could be a loss, which would significantly impact the asset, liabilities, financial and earnings position of the group. Management aims to ensure that all necessary measures will be taken for a successful enforcement of the legal position of the group company concerned. Appropriate provisions have been accrued for the expected costs of the proceedings (see note 6.12.).

There are otherwise 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 are currently at a stage at which the outcome can be estimated with a sufficient degree of probability. However, in light of the current insurance coverage, the management of the Semperit Group does not expect these cases to significantly impair the asset, liabilities, financial and earnings position.

One group company is involved in an unfair competition proceeding. 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 all the necessary assistance. The management of the Semperit Group does not expect this case to significantly impair the asset, liabilities, financial and earnings position and an appropriate provision has been made for the anticipated costs. The amount is reviewed periodically in case there is 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 involved in several legal proceedings with domestic courts in Thailand and with international arbitration tribunals seated in Zurich based on the rules of the International Chamber of Commerce (ICC). These proceedings relate in particular to the competencies and internal organisation of the Board of Directors (BoD) being the management body of Siam Sempermed Corp. Ltd. (SSC), a joint venture in Thailand. They also concern the business conducts 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 core issue at dispute is that the members of 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 SSC to include agenda points that have already been placed on the agenda of a BoD meeting. Semperit, based on several legal opinions, believes that (i) a quorum cannot be permanently avoided 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 March 2014, from full consolidation according to IFRS 10 to the equity method in accordance with IFRS 11/IAS 28 (see note 2.18.).

Currently, the arbitration proceedings are mostly at an advanced stage; the arbitration tribunals have been constituted and case management conferences have been held. Semperit has then prepared and submitted detailed statements of claim and additional briefs. In addition, hearings were held where witnesses were questioned.

The group's current assessment is that the conclusion of one of the arbitration proceedings and interim decisions in both of the other proceedings should be expected in the first half of 2016.

Several proceedings are still pending before the Thai courts. Some of these lawsuits were submitted by a Sri Trang nominated director against SSC directors nominated by Semperit and against SSC itself. Semperit nominated directors have also initiated lawsuits against Sri Trang nominated directors. In one of these litigations the request of the Semperit directors was not granted in the first instance, and this ruling has been appealed. Additionally, Semperit has filed another lawsuit against two Sri Trang nominated SSC directors. At the beginning of 2016 one of the Sri Trang nominated directors commenced a lawsuit against the validity of a unanimously passed shareholders' resolution. In several proceedings the dates for the court hearings and judgements have been set for March, April and June 2016.

In January 2015, a Sri Trang nominated director of the BoD of Sempermed USA Inc. (SUSA) issued a legal claim in Delaware, USA against a resolution adopted by the BoD of SUSA based on a casting vote decision. The director sought an injunction against this decision. The request for an injunction was not granted by the competent court, and a hearing was scheduled for July 2015 to deal with the lawsuit. In May 2015, the termination of the proceeding was agreed upon and the effectiveness of the right to cast a deciding vote was recognized. The statutes of SUSA were adopted accordingly.

In October 2015 the Austrian Federal Competition Authority (BWB) – acting on a petition from Sri Trang companies, which are Semperit's joint venture partners in SSC – commenced a proceeding against Semperit and these Sri Trang companies with the antitrust court in Vienna. The proceeding relates to exclusive distribution rights in Europe. In December 2015 Semperit submitted extensive briefs to defend its legal position.

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 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 Holding Österreich 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 2015 financial year consists of basic compensation, compensation for the members for each committee, and an attendance fee for each meeting. In the 2015 financial year, the remuneration paid to members of the Supervisory Board for 2014 amounted to EUR 353 thousand (previous year: EUR 269 thousand).

Balances and transactions with joint ventures and associated companies are explained in more detail in note 3.2.

With the other related parties mentioned below the group has the following transactions:

In 2015 the group conducted transactions with unit-it GmbH in the amount of EUR 1,130 thousand (previous year: EUR 558 thousand). This related to the purchase and maintenance of SAP licences and was conducted at arm's length conditions. As of 31 December 2015 there are unpaid liabilities to the company in the amount of EUR 558 thousand (previous year: EUR 0 thousand).

In 2015 the group conducted transactions with Grohs Hofer Rechtsanwälte Gesellschaft m.b.H. and Grohs Hofer Rechtsanwälte GmbH & Co KG in the amount of EUR 264 thousand (previous year: EUR 42 thousand). These transactions relate to legal consulting services and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to these companies in the amount of EUR 20 thousand (previous year: EUR 11 thousand).

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 company Semperflex Asia Corp. Ltd. has a business relationship with the non-controlling co-partner of this subsidiary, Sri Trang Agro-Industry Public Co Ltd. In addition, Sempertrans Best (Shandong) Belting Co. Ltd. conducts business with Wang Chao Coal & Electricity Group, the non-controlling co-partner of this subsidiary.

### 10.3. Management Board matters

There were no changes in the composition of the Management Board during 2015.

## 11. Events after the balance sheet date

No significant events requiring disclosure occurred between 31 December 2015, the balance sheet date, and 15 March 2016, the date on which this report was approved for publication.

Vienna, 15 March 2016

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

# Independent Auditor's Report<sup>1)</sup>

## Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Semperit Aktiengesellschaft Holding, Vienna, for the financial year from 1 January 2015 until 31 December 2015. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2015, 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 financial year ended 31 December 2015 and the notes.

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

The Company's management is responsible for the group accounting system and for the preparation of a true and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; 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 Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the 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.

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



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

**Opinion**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as of 31 December 2015 and of its financial performance and its cash flows for the financial year from 1 January 2015 to 31 December 2015 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

**Comments on the consolidated management report**

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

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

Vienna, 15 March 2016

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

**Gerhard Schwartz m.p.**  
Certified Auditor

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

**Balance sheet of Semperit AG Holding**

in EUR thousand	31.12.2015	31.12.2014
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	10,149	3,975
Tangible assets	1,088	997
Financial assets	335,403	183,103
	<b>346,640</b>	<b>188,076</b>
<b>Current assets</b>		
Receivables from affiliated companies	86,944	141,406
Receivables from joint ventures	129	129
Other receivables	4,681	4,481
Cash on hand, bank deposits	5,630	27,461
	<b>97,384</b>	<b>173,477</b>
Accruals and deferrals	613	419
<b>ASSETS</b>	<b>444,637</b>	<b>361,972</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	21,359	21,359
Capital reserves	21,540	21,540
Revenue reserves	48,499	33,299
Net profit for the period	24,798	123,572
	<b>116,195</b>	<b>199,770</b>
Untaxed reserves	1	1
<b>Provisions</b>		
Provisions for severance payments	2,644	2,502
Provisions for pensions	12,562	17,231
Tax provisions	1,071	1,071
Other provisions	12,649	9,358
	<b>28,926</b>	<b>30,163</b>
<b>Liabilities</b>		
Corporate Schuldschein loan	134,481	128,335
Liabilities to banks	161,467	0
Trade payables	2,788	2,036
Liabilities to affiliated companies	524	497
Other liabilities	254	1,171
	<b>299,514</b>	<b>132,039</b>
<b>LIABILITIES</b>	<b>444,637</b>	<b>361,972</b>
Contingent liabilities	3,312	863

**Income statement of Semperit AG Holding**

in EUR thousand	2015	2014
<b>Revenue</b>	<b>17,709</b>	<b>12,941</b>
Other own work capitalised	949	424
Other operating income	3,948	3,094
Personnel expenses	-16,654	-17,939
Depreciation and amortisation of tangible and intangible assets	-1,182	-424
Other operating expenses	-35,326	-23,601
<b>Earnings before interest and tax (EBIT)</b>	<b>-30,556</b>	<b>-25,505</b>
Income from investments	72,000	150,093
Income from other securities of financial assets	109	224
Interest and related income	6,474	5,008
Gains from the sale and disposal of investments	35	3
Expenses from financial assets	-4,362	-5,008
Interest and related expenses	-7,855	-4,942
<b>Financial result</b>	<b>66,401</b>	<b>145,378</b>
<b>Result from ordinary business activities</b>	<b>35,845</b>	<b>119,873</b>
Income taxes	4,021	2,533
<b>Earnings after tax</b>	<b>39,867</b>	<b>122,405</b>
Allocation of other reserves	-15,200	0
Release of other reserves	0	1,100
Profit carried forward from the previous year	131	66
<b>Net profit for the period</b>	<b>24,798</b>	<b>123,572</b>

The annual financial statements 2015 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 2015 in German, which is available for download from the homepage [www.semperitgroup.com/ir](http://www.semperitgroup.com/ir).

The Management Board proposes to the Annual General Meeting to distribute a dividend of EUR 1.20 per share from the net profit for the period of EUR 24,798 thousand and carry forward the remaining earnings to the new accounts.

Vienna, 15 March 2016

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) (3) of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements as at 31 December 2015 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 2015 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, 15 March 2016

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