

**committed**  
**appreciative**  
**trustful**  
**pro-active**  
**responsible**  
**showing integrity**  
**sincere**  
**fair**  
**loyal**  
**reliable**

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# Urge to move forward

Full steam ahead. Our engagement is aimed at strong growth. And a new Semperit corporate culture. With a clear direction. With high dynamism.



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# Creative power

Being able to handle the pressure which delivers results, requires mutual respect. Appreciation and value creation are two sides of the same coin.

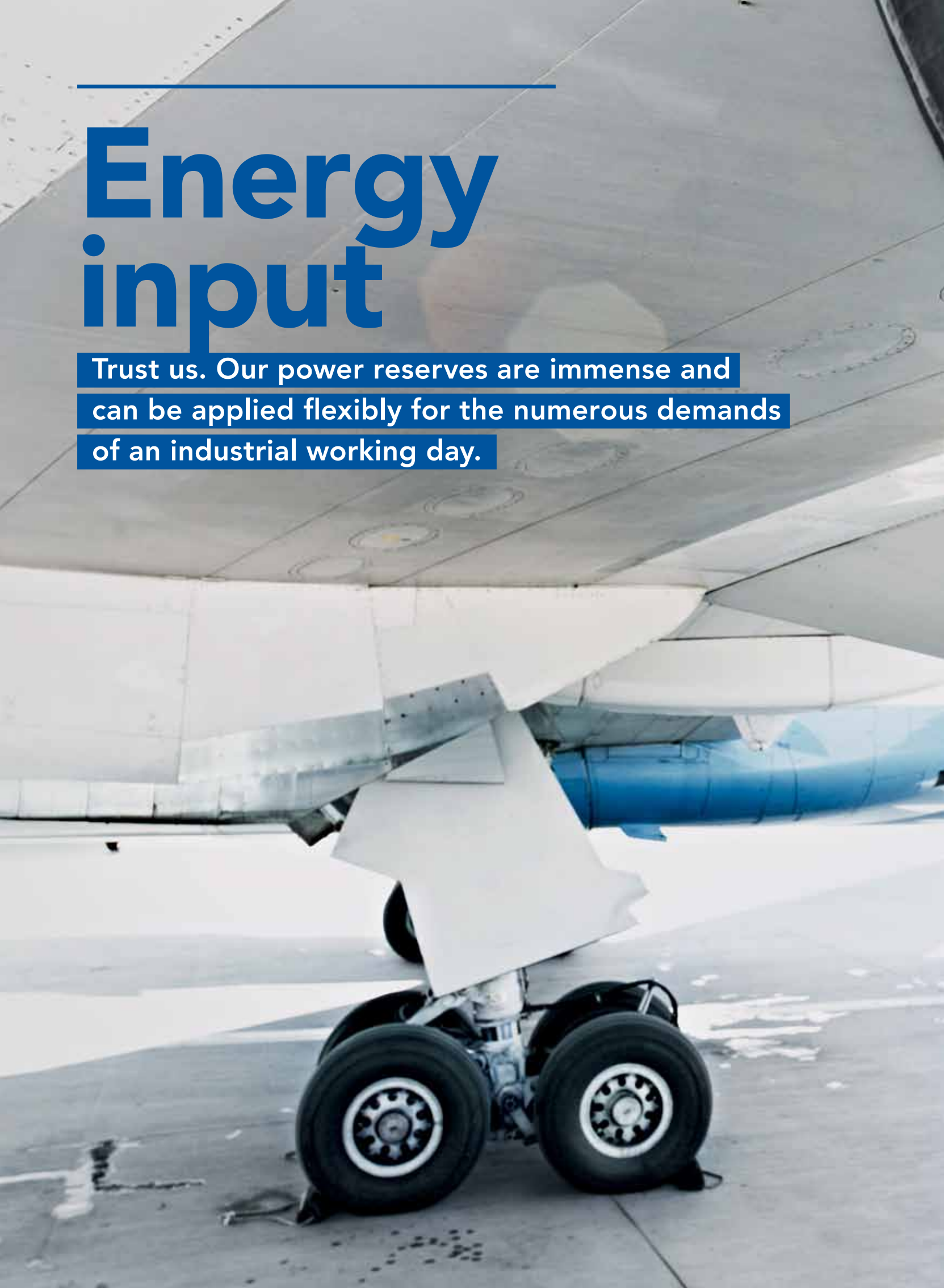




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# Energy input

Trust us. Our power reserves are immense and can be applied flexibly for the numerous demands of an industrial working day.





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# Upward trend

Show initiative and work your way up. This is how we achieve growth, promote innovation and increase the value of the company over the long term.





# Duty of care

Operating responsibly. Even if not necessarily on an open heart, we work on every case with care, just like with our operating diversification in the fields of medicine and industry.

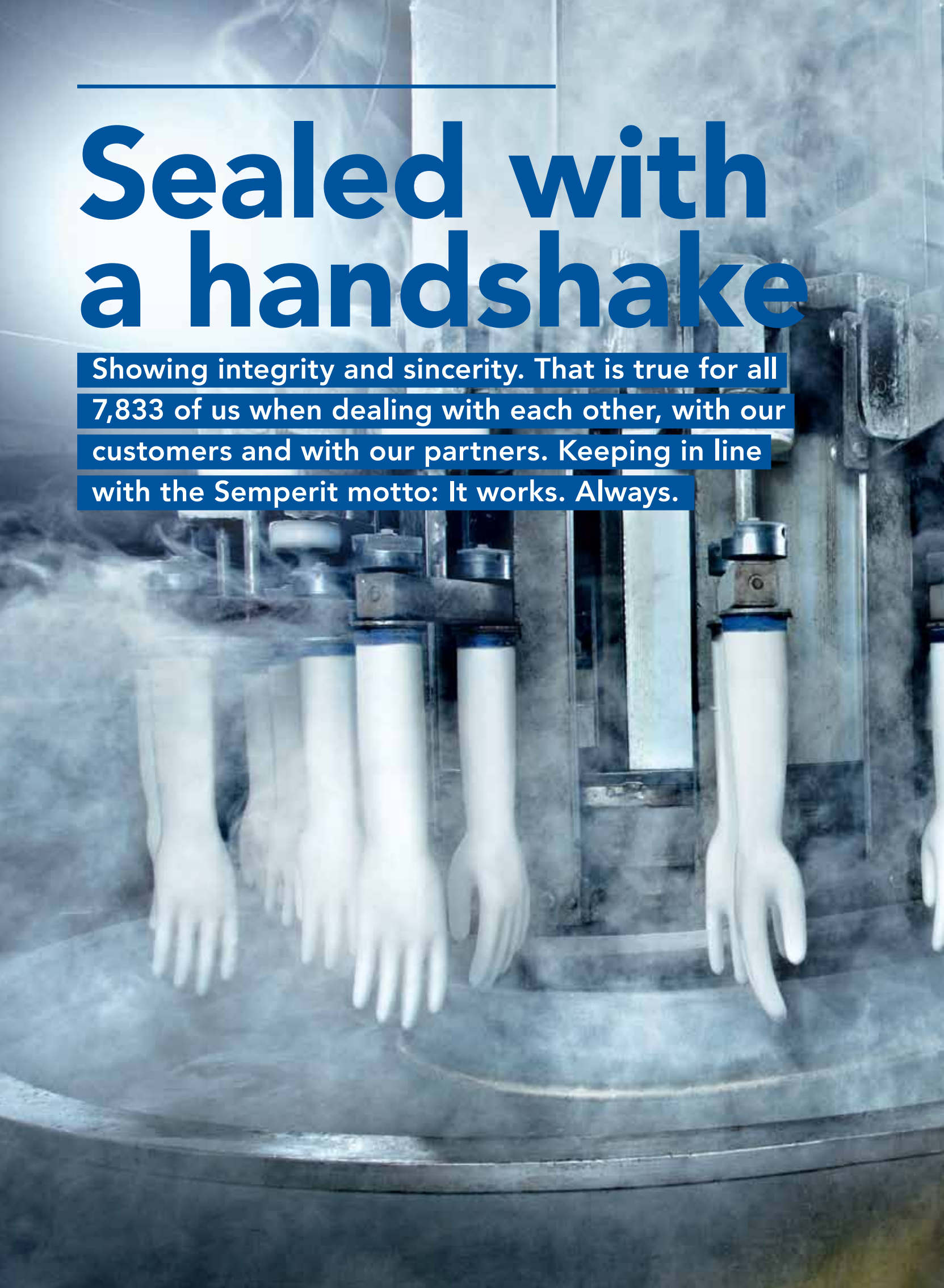




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# Sealed with a handshake

Showing integrity and sincerity. That is true for all 7,833 of us when dealing with each other, with our customers and with our partners. Keeping in line with the Semperit motto: It works. Always.





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# Fair ways

Unlocking new territory, through innovation  
or fair behaviour, is always really hard work.

But then suddenly completely new ways,  
far removed from the well-travelled routes, open up.





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# Proof of loyalty

We build for the long-term. With consistently loyal service to those counting on us, sustainable profits can only be made from what takes both of us safely to the top.



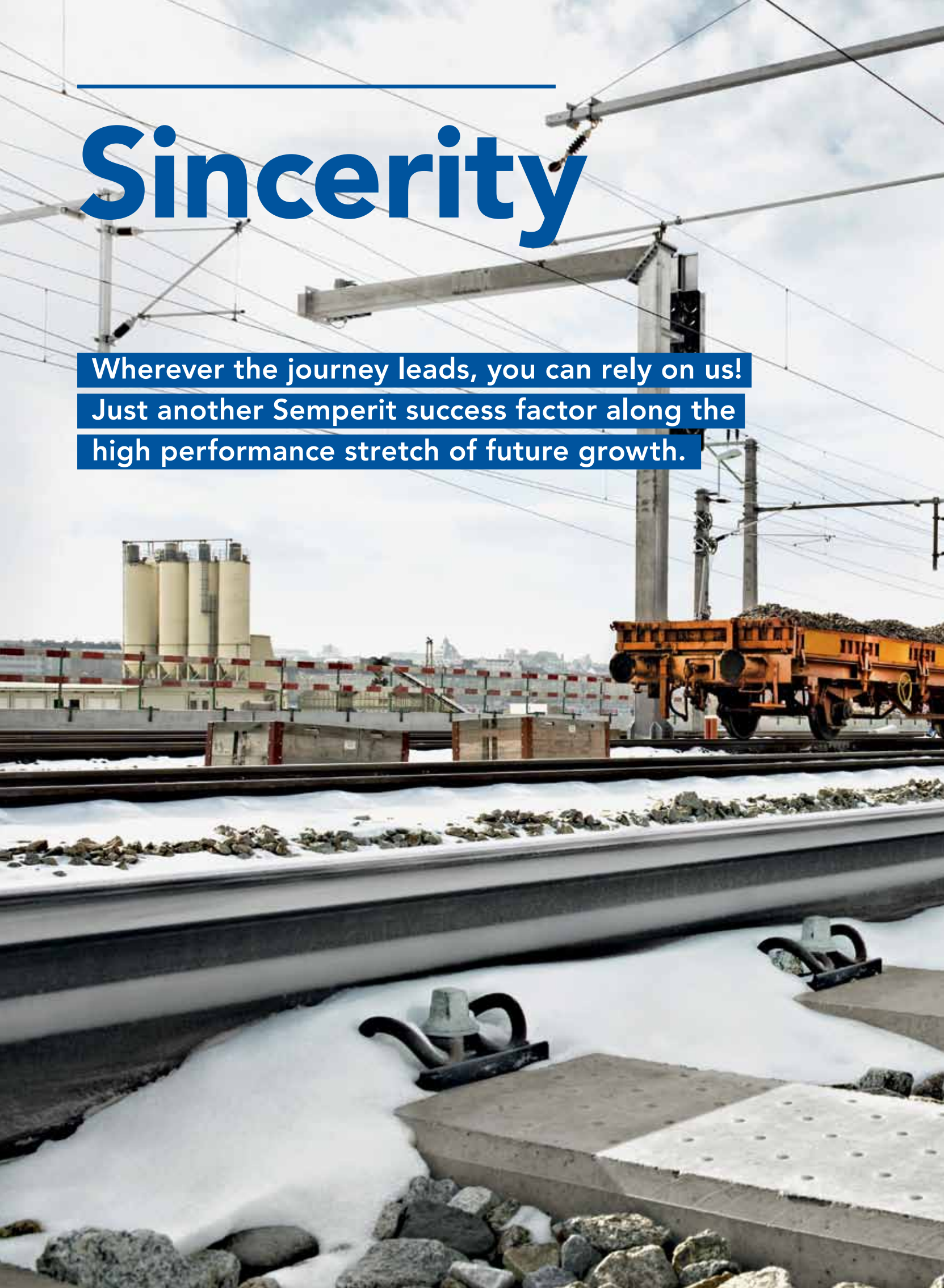




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# Sincerity

Wherever the journey leads, you can rely on us!  
Just another Semperit success factor along the  
high performance stretch of future growth.





**committed**  
**appreciative**  
**trustful**  
**pro-active**  
**responsible**  
**showing integrity**  
**sincere**  
**fair**  
**loyal**  
**reliable**

The Semperit Group is made up of four operating segments: Sempermed, Semperflex, Sempertrans and Semperform. Their product range places Semperit at the forefront in each of their respective fields of business.

A selection of items from the Semperit product range is shown on the right. Detailed information about all of our products, including their technical specifications and details of contact persons, can be found on the company website at [www.semperit.at](http://www.semperit.at).



Semperit transportation and conveyor belts, with either textile or steel carcasses, as well as heavy steel rope belts for use in extreme conditions are used in mining, heavy industry, in harbour facilities and many other fields. Semperit's experience and know-how have made us one of the world's leading suppliers.



Semperit handrails are used world-wide and offer high quality and durability. They are supplied in numerous colours and profiles, individually adapted to suit the needs of the user.



Semperit rubber foils are used in all well-known brands of skis and snowboards. Thanks to a special surface structure, they enhance the adhesive qualities of various materials in order to produce high-strength, but still flexible combined systems.



Semperit hydraulic hoses are designed to cope with the highest pressure in mining, machine building and plant construction as well as in agricultural technology and are distinguished by long durability under the most varied deployment conditions.



Semperit industrial hoses provide flexible solutions for the safe transport of materials, whether in the chemical industry or equally as well for the construction or food-stuffs industry or in the waste disposal field.



The high quality standard of Semperit gloves impresses purchasers world-wide. European know-how, environmentally friendly high-tech production and comprehensive quality management guarantee maximum safety and reliability, coupled with an optimum price-performance ratio.



Examination and surgical gloves: with innovative material creations and manufacturing technologies, Semperit is constantly setting new standards and driving forward research into glove production world-wide. Know-how gathered from more than 90 years of experience guarantees the highest level of product quality.



Semperit sheave and bullwheel liners are known internationally for their first-class standard of quality and safety and are used world-wide in the most varied kinds of ropeways.



Semperit is renowned as a well-established and experienced specialist in rail fastenings, offering optimum dampening behaviour in the track superstructure as well as stability.

# Key figures

## Semperit Group

		2011	2010	Change	2009	2008
<b>Key performance figures</b>						
Revenue	in EUR million	820.0	689.4	18.9%	588.1	655.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	in EUR million	112.8	112.3	0.5%	102.8	87.9
EBITDA margin	in %	13.8	16.3	-2.5 PP	17.5	13.4
Earnings before interest and tax (EBIT)	in EUR million	83.1	82.3	0.9%	69.6	58.7
EBIT margin	in %	10.1	11.9	-1.8 PP	11.8	9.0
Net profit for the year	in EUR million	54.1	45.4	19.2%	38.8	37.6
Gross cash flow	in EUR million	89.0	91.0	-2.2%	92.6	78.0
Return on equity	in %	14.5	12.9	1.6 PP	12.5	12.9
Return on total assets	in %	13.8	14.2	-0.4 PP	13.6	12.0
<b>Balance sheet key figures</b>						
Balance sheet total	in EUR million	616.7	593.5	3.9%	531.5	485.5
Equity	in EUR million	372.5	351.1	6.1%	310.6	291.9
Equity ratio	in %	60.4	59.2	1.2 PP	58.4	60.1
Investments in tangible and intangible assets	in EUR million	45.1	52.5	-14.1%	22.7	27.6
Employees (annual average)		7,833	7,008	11.8%	6,649	7,064
<b>Stock exchange key figures</b>						
Highest price	in EUR	41.47	39.67	4.5%	28.30	31.62
Lowest price	in EUR	27.15	25.94	4.7%	13.83	11.80
Price at year-end	in EUR	29.75	39.59	-24.9%	26.97	11.80
Number of shares issued	in thsd.	20,573	20,573	-	20,573	20,573
Market capitalisation at year-end	in EUR million	612.1	814.5	-24.8%	554.9	242.8
Earnings per share	in EUR	2.63	2.21	19.2%	1.89	1.83
Gross cash flow per share	in EUR	4.33	4.42	-2.1%	4.50	3.79
Equity per share	in EUR	18.10	17.06	6.1%	15.10	14.19
Dividend per share	in EUR	0.80*	1.25	-36.0%	1.15	1.09
Dividend payout ratio	in %	30.4	56.6	-26.2 PP	61.0	59.6
Price/earnings ratio at year-end		11.3	17.9	-36.9%	14.3	6.5
Average trading volume per day	in EUR million	1.4	1.8	-22.2%	1.1	0.9

\* Proposal to the General Meeting

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing aids.

# Semperit Group

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**Semperit AG Holding is one of the world's leading industrial groups. It is based in Austria and its origins go back to the year 1824. Semperit has a high profile in both the medical and industrial sectors based on its excellent know-how in the development, production and sales of high-quality rubber and plastic products. With 7,833 employees, deployed world-wide on average in 2011, Group revenues amounting to EUR 820.0 million were achieved (+18.9%).**

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**Credits****Concept, consulting and project management:**

Mensalia Unternehmensberatung GmbH

**Creative Concept and****Design:** Rosebud, Inc.**Photo:** Andreas Hofer; Semperit**Print:** Grasl FairPrint

# Letter to Shareholders

## Dear Sir or Madam,

Semperit Group succeeded in proving once again in the financial year 2011 that its business model is indeed based on a solid ground and an ambitious strategy. This course of business is determined by a clear perception of values that we present in the introduction of this report and formed by the cornerstones of our self-image. Based on these factors, we managed to turn in a successful performance in all four operating segments in 2011, boosting revenue by 18.9% to EUR 820.0 million overall and net income by 19.2% to EUR 54.1 million – new record highs that perpetuate the prosperous development of the Company over the years.

The Sempermed segment's revenue growth rate of 17.4% to EUR 371.5 million was slightly less than the Group average, but with a share of 45.3%, it is still the largest segment from a revenue perspective. This is followed by the Semperflex segment, which registered an above-average increase of 28.5% to EUR 186.9 million in 2011. Sempertrans profited from the sustained high demand from the raw material and energy sectors, and in 2011 its revenue increased by 24.5% to EUR 147.0 million. In the Semperform segment, selective order control ultimately led to only a moderate increase in revenue of 4.7% to EUR 114.6 million.

Along with an increase in volume, part of this positive revenue growth was due to price effects which were triggered by the rapid increase in raw material prices. Natural rubber, a raw material which is important for the Semperit Group, experienced average annual growth of around 30%; even more drastic were the price increases of butadiene and industrial carbon blacks. This growth led to a disproportionately high 25.1% increase in material costs to EUR 513.1 million; the ratio of materials to operating revenue increased by 4.0 percentage points to 62.3%. However, the increase in personnel costs and other operational expenses could be limited to 4.6% and 6.5% respectively, thanks to additional improvements in efficiency. Earnings before interest, tax, depreciation and amortisation (EBITDA) were therefore held at the previous year's level of EUR 112.8 million.

Following almost continuous depreciation, the operating profit (EBIT) was stable at EUR 83.1 million. However, thanks to the sharp improvement in the financial result, earn-

ings before taxes (EBT) increased significantly by 10.7% to EUR 69.9 million. Due to lower income taxes, 2011 ended in a net profit of EUR 54.1 million – a 19.2% increase on the previous year. Based on the unchanged quantity of outstanding shares, this resulted in earnings per share of EUR 2.63, compared to EUR 2.21 in the previous year. Based on this positive development and the Semperit Group's financial stability, we propose a dividend of EUR 0.80 per share to the Annual General Meeting. The reduction in the dividend payout ratio to the average level of around 30% for Austrian industrial companies represents an important precondition for the Semperit Group's pending organic and non-organic growth plans.

In addition to the operational challenges in 2011 we have in consultation with the Supervisory Board determined the strategic plans and goals for the coming years. We are focusing on a considerable increase in growth in the Group's existing business segments, and on further globalisation. In the Medical sector, we have enlarged the capacities of the Sempermed segment in Thailand. A new plant has started operations in addition to the three existing plants. This new plant will be enlarged further in 2012. Plans for a fifth plant are currently at an advanced stage. During the next few years, total production capacities are therefore expected to double to around 21.2 billion units of examination gloves. We are striving to achieve a total sales volume of 23 billion units (including merchandise products), which would increase our global market share from the current 8% to 12%. The countries of Brazil, China and Russia are lending particularly strong momentum to these growth plans. However, we are still seeking to expand our market shares in the core regions of Europe and the USA.

In the Industrial sector, which encompasses the Semperflex, Sempertrans and Semperform segments, the existing plants in Thailand, China, the Czech Republic and India will be expanded; these additional capacities will gradually become available through 2012. Semperflex is pursuing the medium-term goal of assuming a leading position on the world market in the hydraulic hose business unit by increasing its presence in South America and Asia. The industrial hose business unit focuses on Europe and is striving to become one of the top three providers in this field.



From left to right: Richard Ehrenfeldner, Richard Stralz, Thomas Fahnemann, Johannes Schmidt-Schultes

Following the successful turnaround in the year under review, the Sempertrans segment will also be putting more effort into the growth markets in Asia and South America in the next few years, so as to be able to participate in the sustained boom in the energy and raw material markets. Semperform will focus on the windows and door profiles business in Europe, and will exploit the potential of the hand-rails business unit in China to the best of its abilities.

With this short overview of the most important strategic goals, we want to confirm the Semperit Group's growth targets: in the years to 2015, we are seeking to achieve double-digit revenue growth on average, while at the same time maintaining the current profitability levels as measured by the return on total assets and the EBIT margin. Due to the general economic situation and the volatility of the

raw material markets, visibility on business development in the 2012 financial year is limited. From today's perspective, however, we assume that we will continue to expand in terms of volume, while enjoying a satisfactory level of profitability.

The commitment of our employees and their high motivation, for which we are sincerely grateful, is essential to achieve our specified growth targets. We are also grateful to our growing number of worldwide customers, and we will be strengthening our efforts in the future to repay their trust in all aspects. Furthermore, we would like to invite the shareholders of Semperit AG Holding to continue accompanying the company on its growth path.

Vienna, March 9, 2012

Richard Ehrenfeldner  
**Member of the  
Management Board**

Richard Stralz  
**Member of the  
Management Board**

Thomas Fahnemann  
**Chairman**

Johannes Schmidt-Schultes  
**Chief Financial Officer**

# The Semperit Group

As one of the world's leading companies in the rubber and plastics industry, Semperit Group is able to look back on a history spanning roughly 190 years. In 2011, revenue rose by 18.9% to EUR 820.0 million accompanied by a 19.2% increase in consolidated net profit to EUR 54.1 million, thus marking a further continuation of the growth that the Group has been achieving for many years.

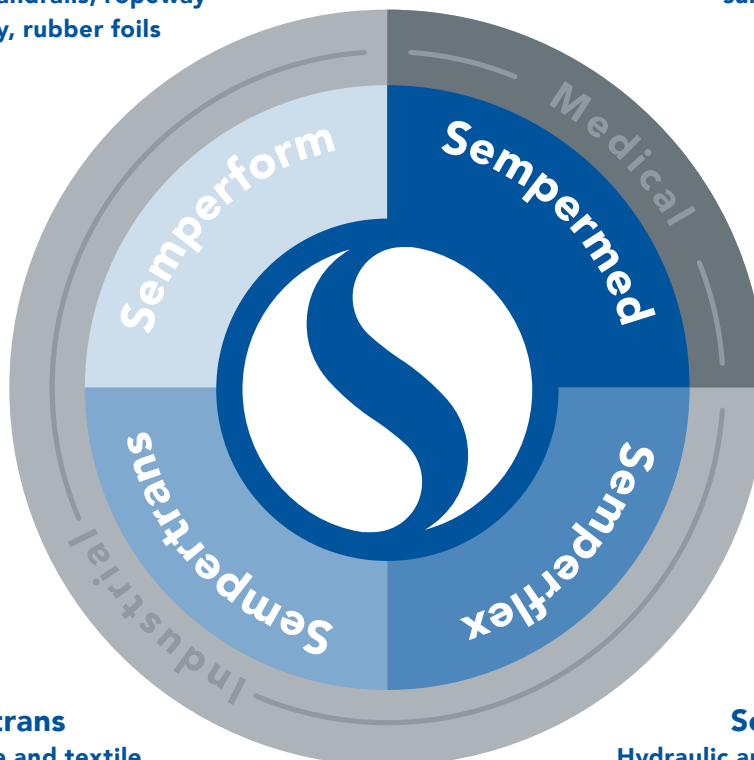
## Overview of the Semperit Group

### Semperform

Moulded goods, construction profiles, handrails, ropeway technology, rubber foils

### Sempermed

Examination and surgical gloves



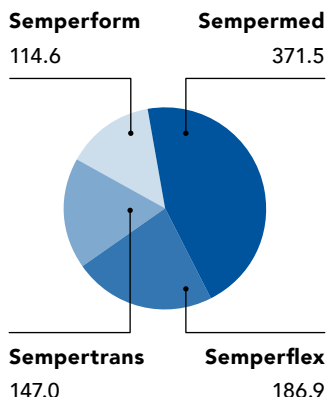
### Sempertrans

Steel cable and textile cable reinforced conveyor belts, servicing

### Semperflex

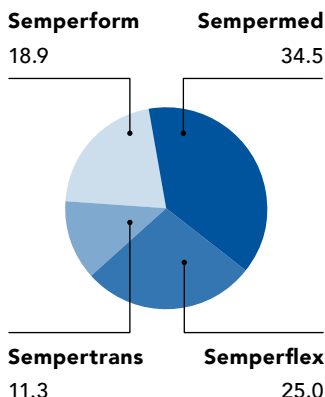
Hydraulic and industrial hoses, elastomer and anti-wear protection plates

### Revenue 2011 by segment in EUR million



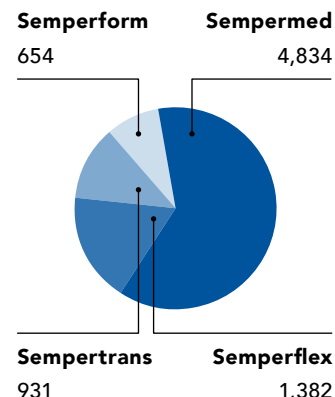
After elimination of intersegmental revenue, total revenue: EUR 820.0 million

### EBIT 2011 by segment in EUR million



Non-assigned and Group eliminations: EUR -6.7 million, thus total EBIT: EUR 83.1 million

### Annual average headcount 2011



Total number, incl. 32 employees of Semperit AG Holding: 7,833

## Regional and sector diversification

Semperit Group's operating business comprises activities in the medical sector (Sempermed segment) and industrial sector (Semperflex, Sempertrans and Semperform segments). While Sempermed's successful global position in the markets for examination and surgical gloves acts as a stabilising factor, the industrial segments are exposed to cyclical effects impacting demand to differing extents, although this also offers regular growth opportunities. Moreover, they are characterised by high profitability and momentum in selected niche markets.

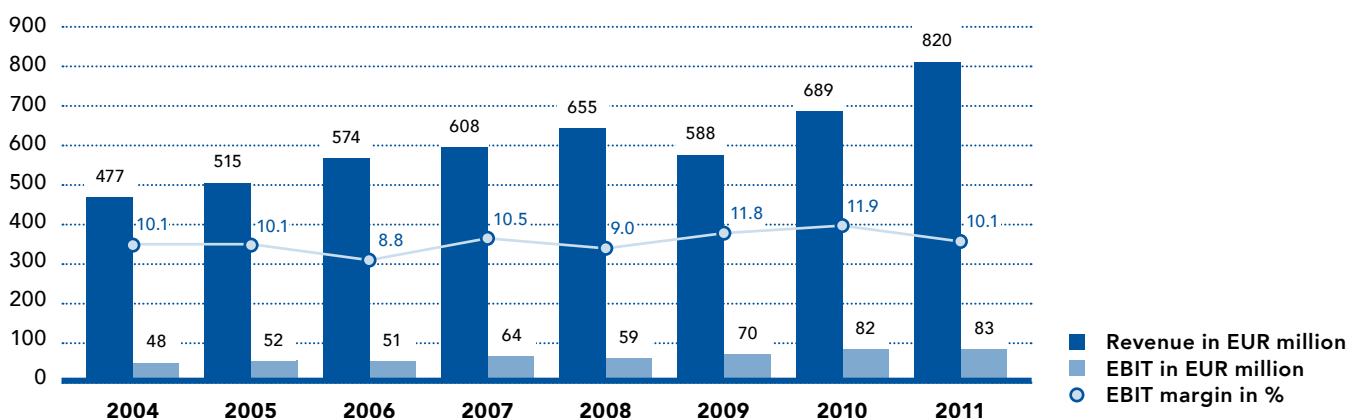
In addition to this sector-based structure, Semperit's international presence strengthens the independence of regional individual markets. Of the revenue generated in 2011, the European markets accounted for around 60.8%, Asia 13.2% and North and South America 23.4%.

Thanks to this balanced corporate structure, Semperit Group has been able to achieve steady growth in revenue and earnings even during the economic turbulence of the last few years. With a share of 45.3% in total revenue, Sempermed was the largest segment in 2011, followed by Semperflex with 22.8%, Sempertrans with 17.9% and Semperform with 14.0%.

Medical and Industrial sectors in focus

Stability thanks to four operating segments and a global presence

## Change in revenue and profit



## Milestones in the Group's history

<b>1824</b>	Johann Nepomuk Reithoffer awarded patent for "making woollen fabric for clothing watertight"
<b>1852</b>	Factory built in Wimpassing, Austria
<b>1890</b>	Company listed on the Vienna stock exchange for the first time
<b>1900</b>	The "Semperit" name mentioned for the first time
<b>1912</b>	Semperit Group established following the merger of several factories
<b>1920</b>	Production of latex gloves commenced
<b>1985</b>	Group reorganised to concentrate on four business segments Tire production business sold to Continental
<b>1989</b>	First glove factory established in Thailand Conveyor belt company acquired in France
<b>1996</b>	Hydraulic hose production commenced in Thailand First production facility in China built (handrails)
<b>1998</b>	Europe's largest hose factory acquired in the Czech Republic
<b>1999</b>	Handrail factory opened in New Jersey, USA
<b>2000</b>	Conveyor belt factory acquired in Poland
<b>2001</b>	Majority interest acquired in an Indian conveyor belt factory Hose factory bought in Italy
<b>2007</b>	New hose factory opened in China Handrail production relocated in Shanghai, China
<b>2008</b>	Distribution company for medical gloves bought in Brazil
<b>2009</b>	Joint venture forged for a conveyor belt factory in China
<b>2010</b>	New glove factory built in Thailand, Distribution company for hydraulic hoses established in Brazil
<b>2011</b>	Porcelain mould production facility established in a joint venture in Malaysia

## Geographic presence

Semperit Group has numerous branches in Europe, Asia and America and holds a leading market position across all business segments. Of its 7,833 employees, 68.4% are based in Asia, 30.6% in Europe and 1.0% in America. With their broad-based production capacities and proximity to sources of natural rubber, the Asian branches play a significant role. The core production facility in Wimpassing, Lower Austria, comprises the production lines for Sempermed, Semperflex and Semperform and serves as the Group-wide research and development center.

**68.4% of the 7,833 employees are based at Asian sites**

## Semper it – "there's always a way"

The name "Semperit" is derived from the two Latin words "semper" and "ire" and roughly means "it always works" in the sense of "there's always a way." When it was first coined at the beginning of the 20th century, the name sought to reflect the durability of rubber products. To this very day, it reflects the core values of Semperit Group, which satisfies customers' requirements all around the world with its innovative and competitive range of products and services. The next section of this report describes how the four segments are positioned in their respective markets.

# Geographical presence of the Semperit Group

## Europe

Revenue: EUR 498.6 million

Employees: 2,399

Subsidiaries: 22

## The Americas

Revenue: EUR 191.8 million

Employees: 79

Subsidiaries: 4

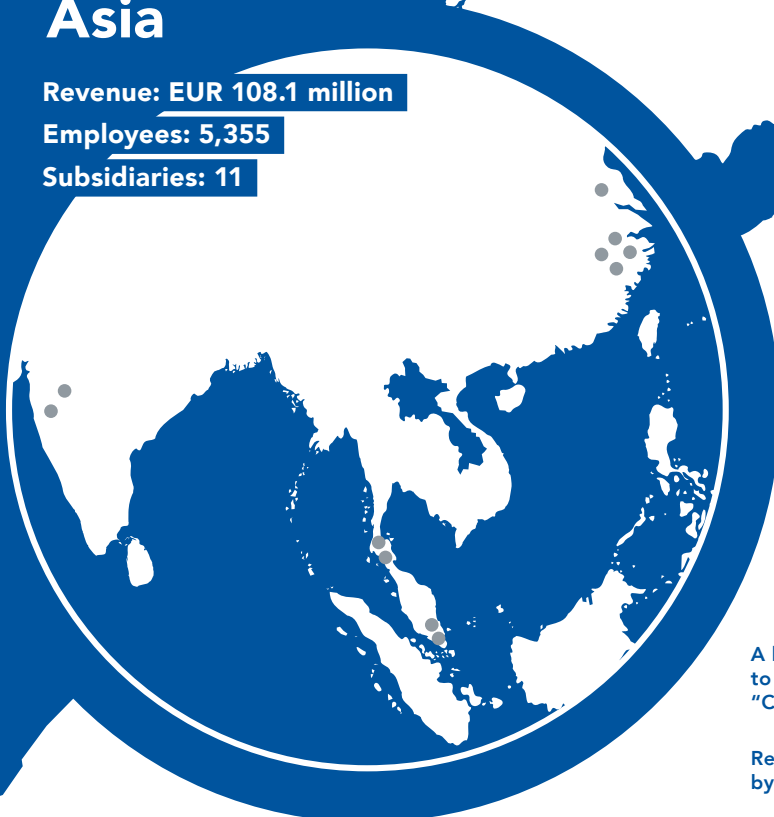


## Asia

Revenue: EUR 108.1 million

Employees: 5,355

Subsidiaries: 11



A list of all the global subsidiaries can be found in the notes to the consolidated financial statements in the section entitled "Consolidated Companies."

Recognition of revenue after elimination of internal revenue; by customer location.

# Sempermed

**With revenue of EUR 371.5 million in 2011, the Sempermed segment contributes 45.3% to Semperit Group's revenue. Sempermed develops, produces and distributes a wide range of surgical, examination and protective gloves and is one of the leading operators in this field.**

## Product portfolio

High-quality surgical gloves made from natural latex (powdered and powder-free) as well as synthetic polyisoprene are sold in different versions for medical facilities under the internationally renowned Sempermed brand.

Sempercare covers the broad range of medical examination gloves for daily use in hospitals, care facilities and dental and medical practices.

Semperguard comprises disposable and re-usable gloves offering protection in various areas such as industry, laboratories, pharmaceuticals, the food industry, professional cleaning and hygiene. The consumer market, which is supplied by retailers, is growing in significance due to increasing awareness of the importance of hygiene.

Besides natural rubber latex, examination and disposable gloves are made from the synthetic substances nitrile and vinyl.

All told, sales of Sempermed examination and disposable gloves rose by 7% to over 12.3 billion units and sales of Sempermed surgical gloves by 11% to 127 million pairs in 2011. Weighted by the underlying raw material, the share of nitrile-based examination and disposable gloves climbed to around 30% in 2011, up from 20% in the previous year. The proportion of vinyl-based gloves was reduced slightly to 10%. Natural latex was used in 60% of all Sempermed products in 2011 (2010: 70%). It was possible to react to this shift in demand thanks to flexible production processes, although this was at the expense of production volumes. Detailed information on sourcing and processing raw materials can be found on page 48.

All Sempermed surgical gloves are produced at the Wimpassing facility in Austria. The labor-intensive quality control and packaging activities are carried out in Sopron, Hungary, which is located around 60 kilometers away.

**Comprehensive product portfolio with surgical and examination gloves made from natural latex and polyisoprene.**

**Sharp rise in sales in 2011 and change in importance of the raw materials used**



## Production capacity at a glance

	Location	2011	Planned expansions between now and 2015
<b>Surgical gloves</b>			
	Wimpassing, Austria	150 million pairs of surgical gloves, (packaging and quality control at the Sopron facility in Hungary)	Capacity for synthetic surgical gloves to be enlarged to 160 million pairs
<b>Examination gloves</b>			
	Hatyai, Thailand*	10.7 billion units	Increase of 1.3 billion to 12 billion units
	Surat Thani, Thailand*	0.7 billion units	Increase to 3 billion units by 2013 (option of an increase to 4.7 billion)
	Trang, Thailand*	Production expected to commence end of 2012	Increase to 3 billion units (option of an increase to 4.5 billion)
<b>Total capacity of examination gloves (excl. retail goods)</b>		11.4 billion units	21.2 billion units

\* 50:50 joint venture with Sri Trang Agro-Industry

In Thailand, Sempermed has forged a joint venture with Sri Trang Agro-Industry covering several facilities responsible for fabricating the examination and protective gloves for global distribution. Sempermed operates three of the world's largest facilities in this sector in Hatyai, a city in the south of the country close to the Malaysian border. Currently, the capacity there stands at 10.7 billion units a year and is to be increased to 12 billion units by 2014. Surat Thani, where Sempermed currently has capacity of 0.7 billion units, is located some 300 kilometers from Hatyai; by the year 2013, this capacity should be expanded to 3 billion examination gloves (option on 4.7 billion). Production is expected to commence at the new facility in Trang – a city not far from the Indian Ocean that is considered to be the main trading center for rubber – at the end of 2012. The capacity at that facility is to be increased to 3 billion units by 2015 with an option for a further enlargement to 4.5 billion.

**Approx. doubling of production capacities to 21.2 billion gloves by 2015 planned**

The production of PVC examination gloves was discontinued at the Shanghai facility at the end of 2011. Since then, this niche product has been manufactured by external contractors in accordance with Sempermed's designs and quality standards.

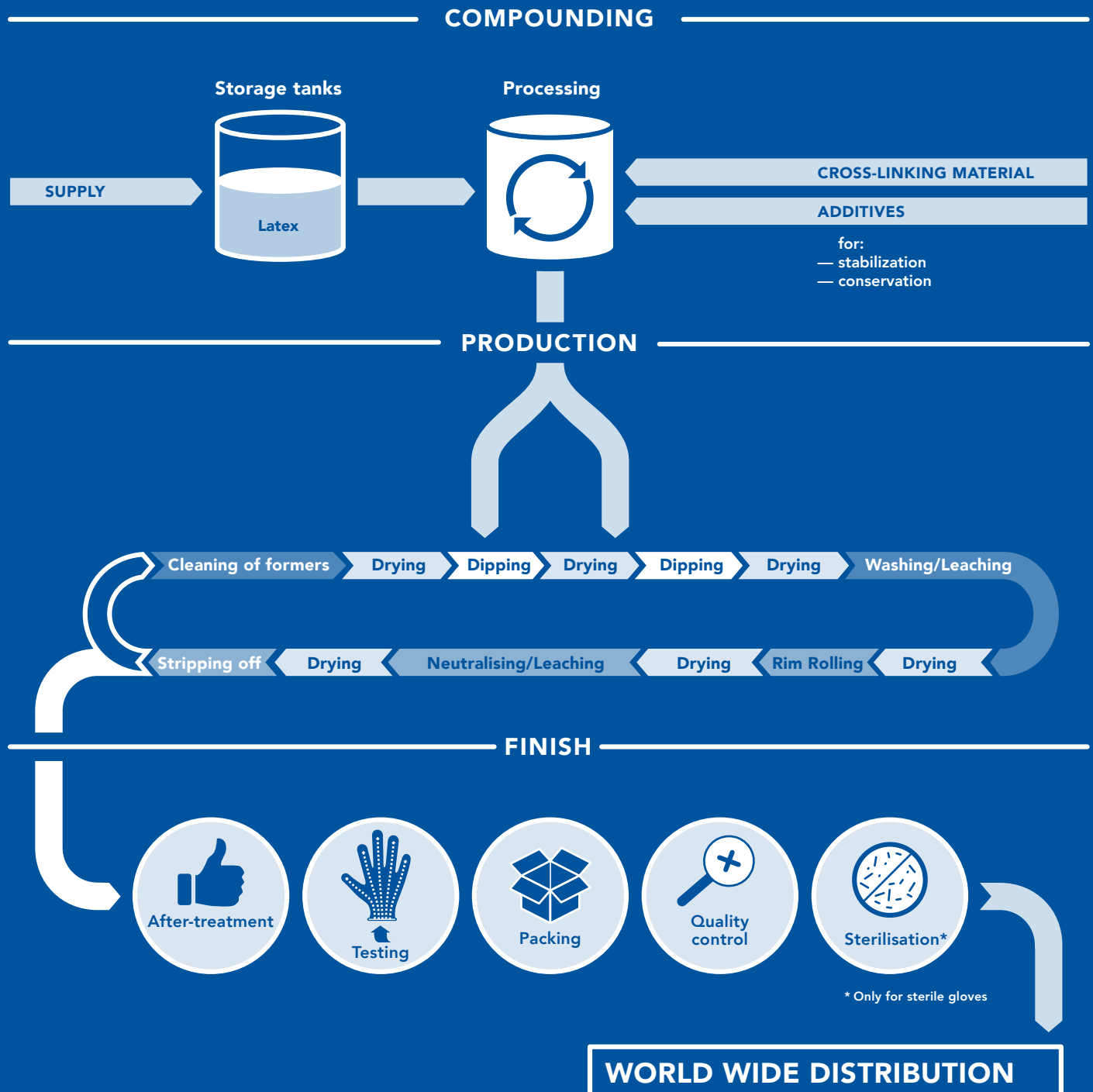
## Technology and production processes

The technology center in Wimpassing is responsible for the further development of all Sempermed production facilities. In addition to safeguarding and continuously enhancing quality standards, it focuses on improving efficiency and ensuring that all resources are used as sparingly as possible. The further automation of processes, such as for packaging, forms a crucial part of this as do ongoing improvements to formulas and the search for product characteristics exactly meeting customer requirements and expectations. All Sempermed production facilities undergo regular testing by the technical control board TÜV and the



**Sempermed gloves meet the highest requirements and standards in terms of safety and quality**

# Typical production process for Sempermed gloves



## Top quality for maximum safety

The high quality standard of Sempermed gloves is acknowledged worldwide. European know-how, environmentally-conscious high-tech production and extensive quality management guarantee maximum safety and reliability with a price/performance ratio aimed at customers.

US Food and Drug Administration (FDA). Production processes are regularly inspected by an accredited certification body for quality management system; certification is performed in accordance with ISO 9001, ISO 13485 and the requirements stipulated by the FDA. The Sempermed team tracks any changes in international standards to ensure an early response. Hence, Sempermed was the first manufacturer to produce examination gloves satisfying the new high-quality requirements stipulated by the Brazilian standard for medical gloves.

## Markets and distribution

With a share of 46%, Europe, the Middle East and Africa (EMEA) constitute the most important sales markets for Sempermed, followed by the USA with around 30%. Asia and Latin America each account for around 12% share.

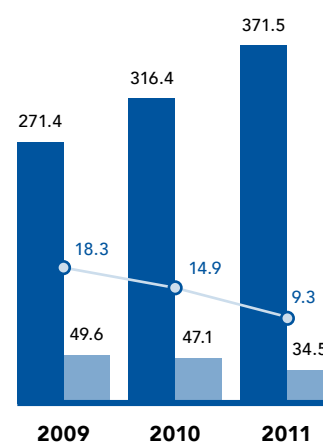
With sales of some 12 billion units, Sempermed holds around 8% of the market for examination gloves, with this share to be widened to 12% by 2015 thanks to an increase in sales volumes to 23 billion units. In the substantially smaller market for surgical gloves, Sempermed sold around 127 million pairs in 2011, achieving a share of 7% of the global market. The goal here is to sell 160 million pairs of surgical gloves and to attain 8% of the global market by 2015.

The products are sold via an established network of selected distribution partners and the company's own sales branches. International fairs such as Medica and A+A in Düsseldorf, Germany are used as a forum for showcasing the latest product developments and explaining the possible uses to additionally support distribution activities.

## Business performance in 2011

Sempermed achieved a 17.4% increase in revenue to EUR 371.5 million in 2011 thanks to price and volume effects. With EBIT coming to EUR 34.5 million, the EBIT margin stood at 9.3% and was thus substantially lower than in the previous year. A detailed analysis of business performance can be found in the segment management report on page 84.

## Revenue, EBIT, EBIT margin Sempermed



■ Revenue in EUR million  
■ EBIT in EUR million  
○ EBIT margin in %

17.4% increase in revenue to EUR 371.5 million, EBIT margin 9.3%

## Sempermed key figures

	2011	Change	2010	2009
Revenue in EUR million	371.5	17.4%	316.4	271.4
EBIT in EUR million	34.5	-26.8%	47.1	49.6
EBIT margin in %	9.3	-5,6 PP	14.9	18.3
Investments in EUR million	20.7	-22.8%	26.8	10.2
Annual average headcount	4,834	13.9%	4,244	4,141

## Volatile raw material costs

Raw material costs account for a high two thirds of total expenses, meaning that these prices exert a material effect on Sempermed's business performance. The price of natural rubber proved to be exceedingly volatile in the course of 2011, reaching a high for the year of USD 6.49 per kilogram in February and averaging USD 4.80, 30% higher than in the previous year. In the first half of 2011, the price of butadiene – the main petrochemical input material for synthetic latex – also rose substantially to around EUR 2,500 per ton, stabilising at roughly EUR 2,000 per ton toward the end of the year. It was only possible to pass on these higher prices to customers to a partial extent or with a delay.

Massive increase in the cost of natural rubber and butadiene

## Growth potential and trends

Global demand for examination gloves exhibits strong regional differences and peculiarities. Total annual sales volumes are currently estimated to equal around 155 billion units, with the USA accounting for 30% and Europe for 27%. Since these are highly saturated markets, annual growth is confined to a range of 3% to 5%. By contrast, Asia and the countries of Latin America, particularly Brazil, as well as the Eastern European markets such as Russia and Ukraine are growing substantially more dynamically, at annual rates of between 8% and 12% in these markets. This momentum is attributable to heightened awareness of the importance of hygiene as well as stricter rules in public medicine. In any case, these markets are starting from a substantially lower level. Whereas roughly 150 gloves per capita and year are used in the USA and over 60 in Europe, this figure stands at only 30 in Latin America and around 13 in Asia.



Modern immersion facility for glove manufacturing in Surat Thani, Thailand

Sempermed will be broadening its presence and strengthening distribution activities in these markets at the same time as well as widening market share in Europe and the USA to achieve its strategic goal of total sales of around 23 billion gloves by 2015. Around 70% of global demand is for products made from elastomer rubber, natural latex and synthetic latex (nitrile), with vinyl accounting for the remainder; in 2011, the nitrile business grew at a disproportionately strong rate. Looking forward over the coming years, the market share of nitrile as well as vinyl gloves is likely to continue expanding.

Global demand for surgical gloves currently stands at 1.7 billion pairs and is growing by around 3% per year. Given the nature of the application and the resulting significant demand for protection, the target groups are conservative and must be continuously convinced of the sustained reliability of the products and future product innovations. Sempermed reaps benefits from its strong brand image and will be intensifying efforts to set itself apart from its competitors, which are strengthening their positions in Asia in particular.

Increase in sales volumes  
to 23 billion gloves by  
2015 planned

# Semperflex

**With revenue of EUR 186.9 million in 2011, Semperflex contributes around 22.8% to Semperit Group's revenue. Semperflex develops, produces and distributes hydraulic and industrial hoses as well as elastomer and wear-resistant sheeting.**

## Product portfolio and markets

The Semperflex hydraulic hoses business unit manufactures products for the transmission of energy in powerful heavy-duty machinery such as excavators and cranes. The portfolio comprises standard hydraulic hoses in line with relevant global standards and for modern heavy-duty hydraulic applications exceeding the relevant standards, as well as spiral hoses that satisfy high requirements with respect to pressure, temperature and impulse resistance. Washing machine hoses in different forms and variations are also manufactured. Customers chiefly include large and renowned industrial companies and dealers. Geographically, Europe accounts for around 50% of sales, with the balance divided between America and Asia.

**Semperflex industrial and hydraulic hoses are characterised by their variety of applications**



Industrial and hydraulic hoses, for transport or efficient transmission of force

The industrial hoses business unit covers the broad range of hose applications for industrial and technical requirements. Customers in the chemicals, gas, process, oil, automotive and food industries are supplied via technical distribution partners. Hence, Semperflex industrial hoses can be found in milk collecting wagons as well as in aircraft fuelling systems, in mining, in the beverages industries, at steel mills and in the construction industry.

Elastomer and wear-resistant sheeting forms a further element of Semperflex's business. Elastomer sheeting is primarily sold to punching companies and technical traders for producing all kinds of seals. Wear-resistant sheeting is used for lining, among other things, and is characterised by high workability and abrasion resistance.

## Technology

Hydraulic and industrial hoses chiefly comprise three elements: the rubber lining, also known as the hose core, comes into direct contact with the medium to be transported. The selection of the appropriate rubber compound ensures that the hose is suitable for carrying the medium in question. The reinforcement provides the hose with the necessary resistance to pressure or ensures that a vacuum is maintained. Depending on use, this reinforcement is made from textiles or steel wire or a combination of these two materials. The cover forms the exterior and visible part of the hose, protecting it from external factors such as weather and mechanical impact in line with its intended use.

The technology center in Wimpassing is responsible for the ongoing further development of the Semperflex product range and the production technologies used. Centrally defined standards ensure uniform quality. Comparable production processes and raw materials are used at all production facilities around the world. In this way, customers are able to rely on Semperflex's quality regardless of where they are and simultaneously benefit from the Group's geographic proximity.

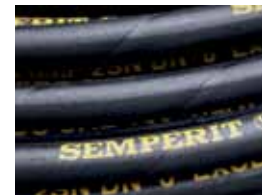
## Production facilities

Spiral hydraulic hoses, industrial hoses fabricated using steel spikes and elastomer and wear-resistant sheeting are produced at the Wimpassing facility. In Hatyai, Thailand, Semperflex operates one of the largest hose plants in Asia, which has been producing hydraulic and washing machine hoses for global distribution for over 15 years. The competence and production center for long-length industrial hoses is based in Odry, Czech Republic. Hydraulic braid hoses are also manufactured there for the European market. In addition, the hydraulic hose testing center is responsible for quality assurance for this product group. Bespoke industrial hoses for individual applications are produced in Rovigo, North Italy. Hydraulic hoses for the Chinese market are manufactured in Shanghai.

Broad range of uses for industrial hoses, Europe in focus



Example construction of a hose



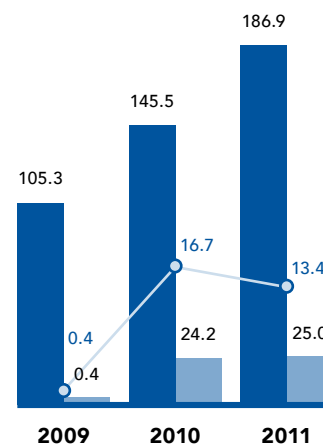
Production sites for hoses in Austria, the Czech Republic, Italy, Thailand and China

## Business performance in 2011

Revenue in the Semperflex segment rose by 28.5% to EUR 186.9 million in 2011. In addition to substantial volume growth, this was also due to price effects caused by higher raw material costs. EBIT climbed by 3.3% versus the previous year to 25.0 EUR million. A detailed analysis of business performance can be found in the management report on page 85.

Semperflex key figures	2011	Change	2010	2009
Revenue in EUR million	186.9	28.5%	145.5	105.3
EBIT in EUR million	25.0	3.3%	24.2	0.4
EBIT margin in %	13.4	-3.3 PP	16.7	0.4
Investments in EUR million	16.1	15.8%	13.9	4.4
Annual average headcount	1,382	19.0%	1,161	1,058

### Revenue, EBIT, EBIT margin Semperflex



■ Revenue in EUR million  
■ EBIT in EUR million  
○ EBIT margin in %

## Growth potential and trends

The performance of Semperflex's hydraulic hose business – and to a lesser extent its industrial hose business as well – is influenced by the trend in (end-) customers' investments. Given the difficult overall economic situation in Europe and the USA, demand is unlikely to surge substantially – at least not in the short term.

By contrast, growth is expected to be a good deal more robust in the markets of Asia and Latin America. Semperflex should benefit from this momentum with the planned expansions of its production facilities in China and Thailand. Sales activities in the industrial hose business are being stepped up in Ukraine and Russia, and production capacity in the Czech Republic boosted.



Semperflex hydraulic hoses, for optimum transmission of force



# Sempertrans

**As one of the world's largest producers of technical conveyor belts, Sempertrans generated revenue of EUR 147.0 million in 2011, thus contributing 17.9% to Semperit Group's total revenue.**

## Product portfolio

Sempertrans specialises in developing, producing and distributing conveyor belts used primarily in mining, the steel industry, the cement industry, in power stations, in civil engineering and in the transport industry (particularly for ports). The range comprises textile and steel-cord conveyor belts able to meet the requirements of the specific application to optimum effect. The core characteristics include high resistance to abrasion, heat and oil coupled with excellent high-strength performance. Sempertrans' extensive technical skills in designing and configuring conveyor belts help customers to achieve an optimum plant layout. Assembly and maintenance service and advice ensure that customers are able to use the belts as efficiently as possible. Furthermore, these services ensure direct contact with the application and customers' operations, thus providing valuable feedback that is used for the ongoing improvement of the product portfolio.

With more than 50 years of experience, Sempertrans is able to offer an optimum solution for just about any application. Sempertrans' steel-cord conveyor belts are characterised by high reliability and durability. Belt widths range from 500 to 3,200 millimeters. The requirements that must be met vary according to the specific application. Sempertrans steel-cord conveyor belts are particularly suitable for harsh conditions and wide axle distances and are additionally characterised by high tensile strength.

Sempertrans supplies textile conveyor belts in widths of 400 to 2,750 millimeters for transporting bulk materials of all characteristics. For example, the Transoil conveyor belt has been specifically developed for transporting products containing oil or fat, while Transflam and Transtherm offer fire and heat-resistant conveyor belts.



**Sempertrans textile or steel-cord conveyor belts are used world-wide.**



## Markets

Sempertrans' total production output came to around 36,000 tons in 2011. In Europe, it holds 20% of the market and globally it is the fourth largest producer, with 5% of the market. Directly supplied customers primarily comprise companies in mining and heavy-duty industry. In addition, it supplies plant construction companies, distributors and service providers. All customer segments are addressed by a globally active sales team and professional key account management. Sempertrans Maintenance France Nord offers global customers special services characterised by extensive skills and many years of experience in the on-site installation and maintenance of conveyor belts.

20% market share in Europe, world number 4



Production facility, Belchatów, Poland

## Production facilities

Sempertrans fabricates high-quality steel-cord and textile conveyor belts at its Belchatów facility in Poland. This facility specialises in heavy-duty, high-strength wide/extrawide belts. Stolin, which is located at the same site, also produces steel cords for internal use, thus ensuring individual solutions and short delivery times. Located in a suburb of Paris, the Argenteuil site specialises in producing technically complex textile and steel-cord conveyor belts for special uses.

Production sites in Poland, France, India and China

In Asia, Sempertrans has two production facilities of its own in the world's two largest single markets: namely, China and India. In India, Sempertrans Nirlon joined the Semperit Group in 2000. Light and middle-heavy textile conveyor belts meeting the highest possible standards of quality are produced in the city of Roha, approximately 120 kilometers south-east of Mumbai. Semperit acquired a majority interest in Sempertrans Best in China in 2009. Located in the province of Shandong, this production facility manufactures textile and steel-cord conveyor belts.

## Business performance in 2011

Revenue in the Sempertrans segment rose by 24.5% to EUR 147.0 million in 2011. At the same time, there was a fundamental improvement in EBIT to EUR 11.3 million. A detailed analysis of business performance can be found in the management report on page 87.

### Sempertrans key figures

	2011	Change	2010	2009
Revenue in EUR million	147.0	24.5%	118.1	114.9
EBIT in EUR million	11.3	-	0.0	11.8
EBIT margin in %	7.7	7.7 PP	0.0	10.3
Investments in EUR million	2.0	-66.6%	5.9	5.5
Annual average headcount	931	0.4%	927	759

### Growth potential and trends

Sempertrans is pursuing two mega-trends of modern times: raw materials and energy, which in the coming years too will primarily be driven by Asia and Latin America. Having already entered the Chinese market successfully in 2009 and now currently optimising production operations, Sempertrans is set to expand its position in the Asian markets. An order implemented in Thailand in 2011 for a 22 kilometer-long facility has become a reference project for the Asia-Pacific region. Additional growth in Europe is being driven by coal production, boosted by Germany's exit from nuclear power.

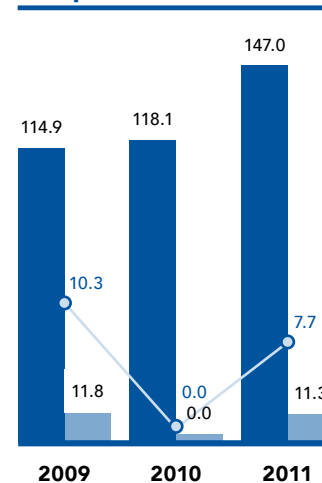
Thanks to product innovations such as the LRR conveyor belt (low rolling resistance) to reduce energy consumption (see page 53) and the acquisition of new customers in all regions, 2011 marked the achievement of several important milestones in terms of the future development of Sempertrans. The growth strategy is being supported by investments in production locations, most recently in Belchatów. This is where a highly modern rollerhead installation has been constructed, further enhancing quality and increasing productivity. Furthermore, know-how in China is constantly being expanded and improved.



Sempertrans conveyor belts



### Revenue, EBIT, EBIT margin Sempertrans



- Revenue in EUR million
- EBIT in EUR million
- EBIT margin in %

# Semperform

**As one of the leading European manufacturers of moulded and extrusion products made of rubber and plastic, the Semperform segment generated revenue of EUR 114.6 million in the 2011 financial year.**

## Product portfolio

Semperform has a comprehensive portfolio of products ranging from elastomer and insulation profiles, handrails, sheaves, liners and rubber foils to construction profiles. The success of these products depends on many different factors and conditions. The one common thread, however, is that tailored solutions are developed in close consultation with customers, forming a basis for many years of future collaboration. The most important product groups are described in the following section.

## Construction profile

The construction profile business unit generates the most sales for Semperform, offering seals for windows, doors and facades. Thanks to specially developed cross-section profiles, the rubber window seals not only ensure thermal insulation, but also provide protection between adjoining construction units, frames and window casements. Semperform is one of the market leaders in Europe with seals for plastic windows. Semperform seals for doors and gates are characterised by their special surface coating that prevents abrasion against the sliding surface. Seals for aluminum windows and facades by Semperform are used all around the world and are proven to be highly resistant to wind and rain as well as durable. The customers in these three product segments are largely system suppliers, and the principal sales markets are Austria, Germany, France, Poland, Ukraine and Russia. All of the seals are manufactured in Deggendorf, Germany, which has a capacity of more than 400 million meters. The main base material is EPDM (ethylene propylene diene monomer), prices for which rose sharply in 2011.



**Market leader in Europe for profiles for plastic windows**

## Handrails

Semperform manufactures handrails for escalators with varying technical specifications and properties in Wimpassing (Austria) and in Shanghai (China). Commanding a significant world market share, it is one of the market leaders not only in terms of volume, but also in the areas of quality and technology. The Chinese market accounts for roughly two-thirds of annual sales volumes. Handrails are safety components for use both indoors and outdoors and represent very sophisticated technology. The advantages of Semperit handrails lie in the high dimensional stability of the profiles and the high tensile strength, which exceed statutory safety standards.



**Very good market position for escalator handrails**

## Industrial moulds

The Semperform product portfolio also includes injection moulding items for sealing or absorbing purposes. For example, elastic mountings for sleepers are manufactured for track superstructures to absorb noise (sleeper shoes), or sleepers that are used for prefabricated track parts. Other key segments include pipe construction, sanitary and industrial seals. The moulds are produced in Wimpassing, Austria and in Sopron, Hungary.

Comprehensive product  
portfolio for track  
superstructures

## Sheave and bullwheel liners

Semperit sheaves and liners are used as wearing parts in ropeway facilities. Semperform has managed to position itself as one of the global market leaders in this niche market and works together with all of the main manufacturers of ropeways, surface lifts and cableways. In addition to constructing new systems, demand depends on the use of existing installations and therefore ultimately on the weather as well as snowfall in winter sports destinations.



Semperform sheave and bullwheel liners and ski foil

## Rubber foils

Semperform rubber foils are characterised by their special surface texture that guarantees optimal adhesive properties and therefore opens up new opportunities for use. They are used in many lightweight structures in the aviation and body construction sectors. These foils are also used as ski foils in the products of almost every popular brand, bringing added stability. Semperit is global market leader in this niche market.

## Business performance in 2011

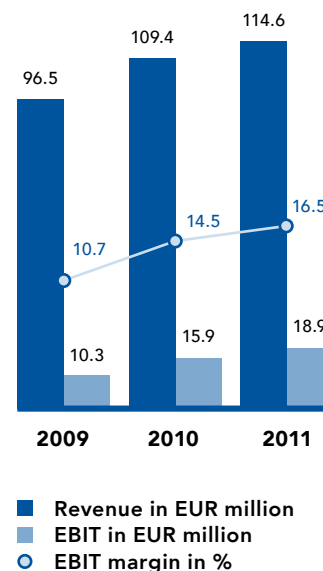
Revenue in the Semperform segment rose by 4.7% to EUR 114.6 million in 2011. Supported by effective cost management and non-recurring effects, EBIT improved by 18.9% to EUR 18.9 million. A detailed analysis of business performance can be found in the management report on page 88.

Semperform key figures	2011	Change	2010	2009
Revenue in EUR million	114.6	4.7%	109.4	96.5
EBIT in EUR million	18.9	18.9%	15.9	10.3
EBIT margin in %	16.5	2.0 PP	14.5	10.7
Investments in EUR million	5.6	-3.0%	5.8	2.5
Annual average headcount	654	0.6%	650	666

## Market trends and potential

Semperform benefits from its efficient positioning in selected niche markets, but ones that are growing at different rates. In the window profile business unit, the aim is to continue expanding the position accomplished with PVC windows and transfer this to the segment of metal windows. The handrails business unit is increasingly being influenced by the Chinese market, for which Semperform develops reasonably priced yet high-quality products. For all business segments, the objective is to improve customer support further with a view to countering the current uncertainties on the market and safeguarding earnings levels by means of active cost and materials management.

### Revenue, EBIT, EBIT margin Semperform



Semperform handrails are used for escalators worldwide

# Ambitious growth strategy

Semperit Group has the strategic goal of achieving double-digit average growth in revenue in the years to 2015 (compound annual growth rate, CAGR), thereby safeguarding the company's earnings capacity. The main growth impulses are expected to come from the Sempermed and Semperflex segments.



Investment in production capacity: Semperit plant in China

## Strategy process and responsibility

Semperit Group's Management Board launched a company-wide process at the end of 2010 to re-focus and define corporate strategy. In early 2011, this evolved into a comprehensive package of measures to achieve growth objectives.

The strategic goals are regularly addressed and updated by the Executive Committee, which comprises not only the directors but also the heads of segments and central administrative units. The Supervisory Board of Semperit AG Holding is regularly involved in this

process via the Management Board. The entire strategy process is supported by the central Corporate Development department. The segment heads are responsible for implementing the agreed measures, and are supported in these efforts by central admin units such as Human Resources, Purchasing, R&D and Technology.

## Strategic goals

Accelerating revenue and earnings growth and therefore securing a sustained increase in the company's enterprise value are key elements of the Semperit corporate strategy. The objective is to achieve double-digit average growth in revenue in the years to 2015 (CAGR), organically as well as through selected acquisitions.

**Accelerated growth, on average double-digit revenue increases until 2015**

In parallel, attention must be paid to cost management and therefore protecting the high earnings capacity of Semperit Group. The key figures for assessing these goals are the return on total assets before taxes and the EBIT margin. In both cases, the aim is to maintain these indicators in double digits.

For the two sectors of Medical and Industrial, this means adapting to different circumstances. While capacity growth for Medical has to be aligned with long-term market opportunities, the Industrial sector – with the segments of Semperflex, Sempertrans and Semperform – experiences strong cyclical demand in many areas, which explains why production capacities and resources here must be adapted quickly and flexibly to changes in demand. Semperit Group enjoys a valuable sectoral and geographical diversification thanks to the stability of the Medical sector combined with the growth and cyclical nature of the Industrial sector and the international focus.

**Stability gained from the medical sector, combined with the growth and cyclical tendency of the industrial sector**

Semperit Group's balance sheet structure is very stable, with an equity ratio of 60.4% as of year-end 2011 and cash and cash equivalents of EUR 97.9 million. To safeguard this stability and expansion opportunities, Semperit Group's resource utilisation strategy aims to strike a balance between growth investments and reasonable shareholder compensation. A payout ratio of 30% is now seen as appropriate shareholder remuneration. Investments to increase capacities or to develop new markets will be given priority if these can achieve a sustained increase in the company's enterprise value.

**Solid balance sheet structure with an equity ratio of 60.4%**

Semperit's growth strategy is based on the following factors and requirements, among other things:

- Significant expansion in sales channels
- Rapid integration of any corporate acquisitions
- Safeguarding cost management
- Development of market-driven product innovations in defined core business fields (see on page 51)
- Further improvements in customer service (see page 46)
- Positioning as attractive employer (see on page 58)
- Establishment of a platform for all corporate activities in China
- Gradual expansion of operations in Latin America
- Lean and effective corporate structures

## Focus on customer needs

Semperit Group has to hold its own in business areas that are extremely competitive, some of which have dominant players. Furthermore, the economic climate is characterised by volatile commodity prices, and above all, an industrial sector clouded by persistent uncertainty among market participants. Hence, optimising customer service plays a key role when implementing the growth strategy.

Group-wide initiative launched to further improve customer satisfaction

In the 2011 financial year, a group-wide initiative was launched to improve the standard of customer service. The main objectives here were to gradually increase delivery reliability, shorten order throughput times and optimise complaints management. Toward the end of 2011, an international customer survey was initiated to evaluate their most important concerns. The resulting findings were channeled into a comprehensive package of measures that is being implemented by the operating segments and gauged based on selected indicators.

## Effective structures and focus on performance

To meet the structural requirements for continued growth, the organisational focus of Semperit Group is based on the four operating segments of Sempermed, Semperflex, Sempertrans and Semperform. The segment heads manage the various company units in their segments and coordinate their strategic focus with the overall strategy of Semperit Group.

Clear structures and effective tools to promote the company's identity and motivation

To encourage this focus on performance and boost motivation, efforts began in the reporting year to implement various instruments such as management by objectives and a bonus framework, which should embrace all management levels in the coming years. The development of a common corporate culture and values is just as important here as effective feedback, internal career and junior staff planning as well as fostering special talent. The Management Board is particularly keen to promote international exchanges in the context of global cooperation and knowledge transfer (more details on this are available from page 58).

## Sempermed – accelerated growth

In the business unit of Examination Gloves, the Sempermed segment has set itself the objective of raising its global market share from approximately 8% at present to 12% by 2015, which means doubling sold quantities to roughly 23 billion examination gloves. The countries of Brazil, Russia and China are likely to lend some particularly strong momentum to these growth plans, alongside the expansion of market share in the core regions of the USA and Europe. Sempermed sites in Thailand are currently being expanded to provide the capacities needed for this, and they will move into production in various stages by 2015. The goal for the business unit of Surgical Gloves is to increase production volumes by 2015 from the current 128 million pairs to 160 million, thereby increasing the global market share from 7% to 8% (more details on Sempermed can be found from page 30 as well as in the management report from page 84).

Sempermed

## Semperflex – increase of market shares

By strengthening our presence in the growth markets of Asia and Latin America as well as expanding existing and acquiring new capacities, Semperflex wants to carve out a leading position on the global market by 2015 for the business unit of Hydraulic Hoses. Sales activities in the business unit for Industrial Hoses are being stepped up in Ukraine, Russia and Turkey to carve out a leading market position in Europe, while production capacities are also being widened in the Czech Republic. The field of elastomer sheeting will continue to target the quality segment in Western European markets. (For more details on Semperflex please refer to page 35 as well as the management report on page 85).

Semperflex



## Sempertrans – selective growth

To benefit from the continued strong demand for materials and energy, Sempertrans will continue to drive business in the markets of Asia and Latin America. The planned investments focus on quality products to serve the growth markets and segments. After achieving the turnaround in the reporting year, the overarching objectives are to safeguard long-term earnings on the one hand, and to achieve region and segment-specific growth on the other (for more details on Sempertrans please refer to page 38 as well as the management report on page 87).

Sempertrans

## Semperform – focus on profitable market niches

In Semperform's Building Construction Profile business unit, the aim is to defend the achieved market position attained in Europe and fully exploit the potential in selected markets throughout Eastern Europe. In the Handrails business unit, work is progressing in line with the high demand of the Chinese market for a differentiated product range that meets local needs as accurately as possible (for more details on Semperform please refer to page 41 and the management report on page 88).

Semperform

## Expansion of capacities

The operating segments of Semperit Group are currently working on several projects to boost their capacities, which are estimated to cost up to EUR 45 million. These efforts focus on the two segments of Sempermed and Semperflex, and the following table provides an overview of the plans.

### Current investment projects 2011–2013

Sector	Segment	Measure	Place or country	Capacity	Year
Medical	Sempermed	Construction of new facility	Trang, Thailand	3 billion units (option of an increase to 4.5 billion)	from 2013
	Sempermed	Expansion	Surat Thani, Thailand	3 billion units (option of an increase to 4.7 billion)	from 2012
	Sempermed	Production of porcelain-dip moulds	Malaysia		from 2012
<b>Investment volume up to EUR 35 million</b>					
Industrial	Semperflex	Expansion	Thailand	up to +15%	H2 2012
	Semperflex	Expansion	China	up to +15%	H2 2012
	Semperflex	Expansion	Czech Republic	up to +20%	H2 2012
	Sempertrans	Expansion	India	up to +30%	2012
	Semperform	Expansion	China	up to +15%	2012
<b>Investment volume up to EUR 10 million</b>					

# Active cost and raw materials management

Given the high proportion of raw materials in Semperit Group's total expenditures, pursuing an active purchasing policy along with integrated raw materials management is strategically important. While personnel costs have been limited over several years to roughly 15% of operating performance, material costs make up approximately 60%. Due to Semperit's product portfolio, a large part of these expenses relate to latex and rubber, synthetic raw materials and auxiliary materials that are required for further processing.

As part of the active cost and raw materials management approach, risks incurred due to volatile trends in raw material costs are minimised. Detailed market analyses enable countermeasures to be introduced in time, leading to delivery conditions that meet the needs of the market. Thanks to the flexible design of production lines and formulas, the raw materials used can quickly be changed: e.g. switching from natural latex to nitrile latex. Group-wide programs ensure that resource utilisation is continuously optimised (for details see page 52, Research and development).

## Natural rubber and natural latex

Around 11 million tons of natural rubber and natural latex are produced each year, 70% of which in Thailand, Malaysia and Indonesia. As a renewable resource, natural latex comes from rubber trees, and 80% to 90% of it is processed into natural rubber. Rubber trees grow for about seven years after being planted before they can be tapped for the first time by making an incision into the bark. Every day, one tree can provide roughly 100 milliliters of latex, which corresponds to about 30–40 grams of solid rubber. In the countries referred to above, around 80% to 90% of the total area under cultivation is managed by so-called smallholders. The average area cultivated is about two hectares, which can yield roughly two to three tons of solid rubber per year. These quantities are sold by intermediaries who supply the processing businesses with the latex or raw rubber. A large proportion of the processed quantities – about 80% to 90% – is required by the markets and sold in the form of rubber. Prices for end-users are determined on commodity exchanges. Given the small scale of the processes to tap latex, it is very difficult to manage supply, while the quality fluctuates strongly too. This creates significant challenges for Semperit both with production and purchasing.

Volatile raw material costs demand active management and flexible production processes



Natural rubber can only be harvested seven years after planting



Raw natural rubber, Thai farmer harvesting rubber



The price of natural rubber proved to be exceedingly volatile in the course of 2011, reaching a high for the year of USD 6.49 per kg in February and averaging out at USD 4.80 per kg for the year, which is 30% higher than in the previous year. The price headed steadily downward from the second quarter, leading to a price of around USD 3.00 per kg by the end of 2011, but this was still profitable for farmers and manufacturers. In addition to supply being influenced by the weather and market speculation surrounding the rubber exchanges, prices are determined above all by demand in the tire industry, which accounts for approximately 70% to 80% of annual quantities.

The market for natural latex also reached its annual peak toward the end of the first quarter and the start of the second quarter. Prices fell steadily in what remained of the year.

The price of natural rubber rose by 30% on average in 2011

### Synthetic rubber and synthetic latex

Butadiene is the main raw material for synthetic latex and rubber. As a petrochemical by-product, its price is partially dependent on the price of crude oil, and in this case we have seen above-average increases in recent years caused by factors specific to the market. In the first eight months of 2011, the price of butadiene almost doubled to around EUR 2,500, but by the end of the year it had fallen back down below EUR 2,000 per tonne. The price of butadiene had a significant influence on pricing trends for the main types of synthetic rubber and latex. After bottlenecks in supply in the first six months of 2011, prices rose until the third quarter by more than the inflation of the base material, but then proceeded to fall again from September.

Doubling of the price of butadiene to EUR 2,500 per tonne, although levelling out towards the end of the year

### Industrial carbon black and wire

Industrial carbon blacks play a crucial role in the processing of rubber. They increase the firmness of the rubber and therefore make it stiffer, harder, give it better impact resistance, greater tensile strength and optimal abrasion resistance. Global annual demand amounts to approximately nine million tons. The production of carbon blacks requires a significant amount of energy. The high demand from the tire industry resulted in significant problems with supply in the second quarter of 2011, while higher energy costs also led to higher prices. In the second half of the year, spot prices receded to contract level and stabilised.

Sharp rise in the price of wires and carbon black in 2011

Higher prices for long steel and the strong economic activity in the automobile and tire sectors pushed wire prices up in the first half of 2011. Toward the end of the year, however, the reduction in demand exerted downward pressure on prices, and prices in China especially dropped sharply from November.

## Centralised purchasing

Semperit Group's company-wide purchasing processes are guided by centralised procurement procedures to take advantage of economies of scale and uniform quality standards.

Semperit safeguards its supply of raw materials by working closely with many suppliers. One such partnership is with Sri Trang Agro-Industry, the largest producer and exporter of latex and natural rubber in Thailand, with whom the company also has a production joint venture in Thailand. To intensify efforts on the procurement market, purchasing responsibilities for latex and natural rubber were relocated to Singapore in 2011.

The purchasing of industrial carbon black is also diversified over several sources, whereby producers from China and India are increasingly moving into the global markets in addition to European players. The work on these markets is supported by local organisations. For example, around the middle of the year a purchasing office was opened in Shanghai, which is responsible for coordinating all purchasing activities in China.

The acquisition prices for wires and steel cord that are used in the conveyor belt installations of Sempertrans and in the hoses of Semperflex are naturally dependent on the prices of the corresponding raw material and have proven to be extremely volatile in recent years. In these segments, the company works together with leading market suppliers, achieving cost advantages via supplies from Asia. The purchasing risk with steel cord is minimised thanks to the company's own production operations in Belchatów.

Economies of scale with purchasing are secured by pooling raw material requirements within a region and on a global scale. Additionally, standardising raw material specifications forms the basis for high-quality standards at Semperit. A centralised supplier management and information system supports the operating units and helps to establish a cross-segment supplier network.



Natural rubber in processing

Bundling and coordination of purchasing to ensure economies of scale

# Research and development

Semperit Group has established itself as a leader in cost, innovation and quality, depending on the requirements of the different sales markets. The varying requirements for product characteristics and manufacturing processes are met thanks to a fundamental research and development strategy.



Employee in the research and development centre in Wimpassing, Austria

## Research strategy and organisation

The high value placed on research and development is also reflected by the research center at the Austrian Wimpassing site, which approves and manages all related agendas. It also serves as a cross-departmental transfer of knowledge and exchange of experience, as well as for coordinating with external development partners. An average of 65 employees work at this main center of excellence. Semperit Group's research strategy focuses on the following objectives:

- Market-oriented product innovations in the specified business segments
- Securing a competitive edge by reducing costs and quality advantages
- Flexible production processes thanks to the optimisation of the capacity of reaction to changes in raw material prices and market needs.
- Securing internal synergies through the transfer of knowledge

**Research centre Wimpassing approves and manages all R&D agendas**

## Optimising the use of resources

In order to achieve the aforementioned strategic objective, Semperit Group has been pursuing two central program for several years: With the Waste of Material Program (WOM), the use of resources is being continuously improved through three focal points. WOM 1 focuses on inspecting the quantities delivered, to the extent that is permitted by law. WOM 2 focuses on reducing the amount of waste, aborted work and complaints by improving the stability and control of processes. The ongoing optimisation of product designs is guaranteed thanks to WOM 3. The Waste of Properties Program (WOP) refers to the characteristics of raw materials and of materials developed and manufactured internally. At the same time, it is critically scrutinised as to which characteristics of the end-product are actually expected, and which of them could be made more efficient. Stable and reproducible processes are the bases for the practicability of both programs. In order to determine which influencing variables are relevant, it is crucial that the key basic and auxiliary processes of the rubber processing industry – such as mixing, shaping and vulcanising – are fundamentally scrutinised. After evaluating the degree of conversion used up until now, and identifying the potential, the WOM and WOP programs were relaunched in the fourth quarter of 2011, when the requirements for further optimisation steps in the subsequent years were established.

**Two group-wide programmes to reduce the consumption of resources and to optimise product characteristics**

## Research collaborations

Semperit Group is involved in numerous basic research collaborations with international research institutes and universities. The research areas range from basic development to rheology (deformation and flow behavior), and from the life expectancy of rubber mixtures to dynamically stressed objects and the development of elastomer adhesives. In addition to collaborating with universities, the Group is notably also conducting basic research at so-called Kplus centers, which are research facilities operated jointly by business and scientific experts for a limited period of time. An example of successful collaboration is the UV Crosslinking Project, which was undertaken by Semperit together with the Polymer Competence Center Leoben (PCCL), the Graz University of Technology and the University of Leoben. The aim of the project is to reduce allergies and skin irritations caused by natural latex gloves by eliminating irritant chemicals and latex proteins. UV Crosslinking is an innovative process, whereby natural latex is prevulcanised by way of a UV-induced reaction, which means that sensitising or allergenic chemicals are not required. The procedure was patent pending in 2011, and should finally allow UV-connected surgical gloves to be manufactured. A detailed study of the production processes and procedures necessary for this is currently being undertaken.

**Cooperations with universities focus on basic developments and market-driven product innovations**

## Sempermed

After completing the development process for the production of powder-free natural and synthetic latex gloves in an online process last year, the manufacturing process could be implemented on the Thai production line in 2011. The production processes are currently being stabilised, and preparations are being made for automatic packaging directly on the production line. In addition, various production stabilisation projects were completed in 2011. The projects for developing procurement alternatives for strategically important raw materials – which can only be obtained from a small number of suppliers – will also continue in the next few years, as well as studies into the reduction of allergenic proteins. An additional development project is focusing on an innovative packaging concept involving the automatic cuffing of surgical gloves.



Ongoing product innovations and further optimisation of production processes

## Semperflex

In the 2011 financial year, the Hydraulics business undertook several procedural projects with the aim of improving process capability and safety, developing materials and harmonising materials that had previously been used differently across various regions. The Industrial sector successfully pushed forward with the redesign of sandblasting and welding gas hoses, as well as the redevelopment of hoses for new and existing operational areas. Important preliminary work was carried out for the development of new products, such as the channel flush hose and abrasion hose. In the Elastomer Sheeting business, the procedural and material-related projects aimed at retaining competitiveness were continued.



Redesign of industrial hoses and preliminary work for new applications

## Sempertrans

Numerous research projects and initiatives were also completed or continued in the Sempertrans business in 2011. This included a project for reducing vulcanisation times during the manufacture of steel rope and textile conveyor belts, the completion of the development of flame-retardant, oil-resistant and cryogenically suitable conveyor belts, and an examination of the energy-saving potential of steel rope conveyor belts. Four years ago, the low rolling resistance belt marked the beginning of a research project carried out by the Sempertrans segment into the development of an energy-saving conveyor belt. The defined objective was to reduce the energy needs of an entire conveyor mechanism by 20%. Since the rolling friction of the conveyor belt was the cause of about 60% of the total resistance, it was necessary to reduce energy loss by optimising the materials used to cover the belt. Two generations of the ECO Belt have now been developed. In comparison with previous solutions, during the first generation, a potential energy-saving rate of around 20% was achieved with the material. The second generation then achieved a saving of between 35% and 40%. An endurance test was then carried out at the Institution for Transport and Automation Technology (ITA) in the German city of Hanover, and a practical test phase began in early 2011. The actual market launch is planned for 2012.



Low rolling resistance belt increases energy efficiency, market entry planned for 2012

## Semperform

In 2011, the Semperform segment was able to finalise the development process for the partly automated manufacture of handrails for the factory in China. In addition to the achievement of cost-reduction potential, a handrail was developed, which meets tailor-made new, customer-specific requirements. In the area of window, door and façade sections, two projects were carried out, in which economically optimised solutions were developed thanks to improved use of materials, and the manufacturing process for the complex alloy window structures was optimised. There were also redevelopments for stoneware pipe seals, heating expansion tank membranes and filter membranes. In addition, product development projects are currently being undertaken for insulating rail pads and rail mounting elements, for optimising vulcanisation times, and in the area of aluminium windows and façades.



Improved material usage and partly automated manufacture of handrails in China

# Sustainable company management

Semperit Group's primary strategic objective is aimed at achieving a sustainable increase in the company's enterprise value. In order to achieve this goal, it is vital to strike a balance between economic, ecological and social aspects. Due to the Group's line of business, the economical use of resources of all types and the fair, responsible treatment of employees are particularly important.



Longstanding collaboration with SOS Children's Villages in Thailand



## Environmental management

Semperit Group is preventing pollution caused by all segments during production to the greatest extent possible by means of an effective environmental management system. The bases for this management system are statutory provisions and requirements aimed at environmental protection and the reduction of emissions. The management staff of the respective production and business premises are responsible for complying with these provisions. Furthermore, there are clear regulations governing responsibilities for the different issues of environmental protection, such as waste management officers and effluent treatment managers. Employees are regularly informed about and trained on the issue of compliance with the relevant regulations and instructions, and officers are familiarised with the latest versions of laws and ordinances.

Semperit Technische Produkte GmbH has been certified under ISO 9001 for many years, as well as under ISO EN 13485 in the area of medical technology. In the 2010 financial year, the Shanghai Semperit Rubber & Plastic Products Co. Ltd. factory became the first site in the Group to undergo an external evaluation of its environmental performance and was certified under ISO 14001:2004 at the beginning of 2011.

Semperit Group supports the REACH (Registration, Evaluation and Authorisation of Chemicals) guidelines, which took effect in 2007, and are designed to promote the responsible use of chemical substances.

## Economical use of resources

By constantly increasing its resource efficiency, Semperit wants to reduce pollution, while at the same time improving profitability. During the planning stage, all raw materials, mixtures and processes that were originally used are researched to ascertain their impact on the environment, and are then optimised. The use of environmentally harmful raw materials is avoided during the main material development as far as is practically possible. Detailed objectives for the reduction of material usage and energy consumption have been established, which are periodically examined by the management and amended for further procedures. No banned materials are used in any part of the production process. Furthermore, wherever possible, extreme caution is exercised when using putrescible or recyclable raw materials (replacing foil with paper, PVC with PP etc.).

## Minimising the impact on the environment

Semperit's typical business activities involve air and water emissions and waste. Semperit makes an effort to coordinate production processes in such a way that emissions and waste not only conform with legal regulations, but also fall significantly below the permitted limits. Through the use of effective technology – such as sewage treatment and filtering plants, extraction units, dust filters and closed weighing systems for raw materials and chemicals that leave large quantities of dust – Semperit is playing an active role in minimising its impact on the environment.

All sewage released by Semperit is disposed of in accordance with the respective local regulations. The company has partially installed its own sewage treatment plants, which operate in line with the valid regulatory requirements. Any dirt residues are disposed of professionally. Semperit's waste management concept, which was approved by the responsible authorities in Austria, places great value on environmentally friendly waste disposal and aims to prevent or reduce the amount of waste as much as possible. Each site has its own detailed objectives, which derive from Semperit's waste avoidance program. Waste is recycled back into the cycle of materials wherever physically and economically possible. Recyclable rubber waste is processed in its own rubber recycling plant and is reclaimed as a raw material. If re-

cycling is not possible or practical, the materials are incinerated under thermally controlled conditions by a qualified waste disposal company. In order to reduce packaging materials, reusable palettes, wire mesh crates and PAL boxes are used.

Further details regarding these programs run by Semperit can be found in the "Research and development" section on page 51.

### Fair working conditions

About 70% of Semperit's employees work in plants in Asia, mainly in Thailand. Semperit is deeply concerned that local regulations ensuring safe working conditions and the avoidance of child labor are complied with. Furthermore, the company additionally sets standards that far exceed the average conditions in this region. Siam Sempermed therefore only hires employees and staff over 18 years of age and is committed to constantly improving employees' living conditions through numerous voluntary social security benefits. This offer ranges from providing low-cost housing opportunities and work clothes for employees, to granting special payments and additional insurance. The measures, which fall under the motto of "happy workplace," should improve satisfaction in the workplace as well as enhance the company's reputation. Further information about the topic of personnel development can be found on page 58.

**Voluntary social security  
benefits for employees  
at all sites**



Promotion of employee satisfaction and corporate identity through numerous measures



Employees in a Chinese Semperit production facility

### Local responsibility

Semperit feels a particular responsibility for the regions in which the group operates. This also applies to Austria, where acknowledgement at the Wimpassing site has been reaffirmed several times in the last few years, as well as for international activities. Thailand is particularly important since it is the world's largest and most important producer of natural rubber for Semperit Group. Semperit has been operating in Thailand since 1989, through both Siam Sempermed Corp. Ltd. and Semperflex Asia Corp. Ltd. Considerable financial resources will be invested in the further expansion and construction of manufacturing plants in the next few years, which will support economic development in this region.

**Positive economic trend for Thailand through massive investment**

### Social commitment

Semperit regularly donates examination and surgical gloves for charitable causes, and it is a partner of Doctors Without Borders / Médecins Sans Frontières (MSF) and a supporter of SOS Children's Villages. Alongside these sponsorship activities, Semperit AG Holding also supports the respective business sites with economically sustainable projects and initiatives. For example, in Hatyai, Thailand, Siam Sempermed has been carrying out conservation projects in the local SOS Children's Village for several years, providing educational materials and sports equipment for children to use in their spare time.

**Semperit supports selected social institutions worldwide and accepts its corporate responsibility**

# 7,833 employees worldwide

Semperit Group's strategic growth targets call for professional human resources management, which prepares employees for the challenges ahead and caters for the future need for managers and specialists. In parallel, the Group aims to foster employees' focus on achievement and entrepreneurial thinking, as well as establish a general concept of values.



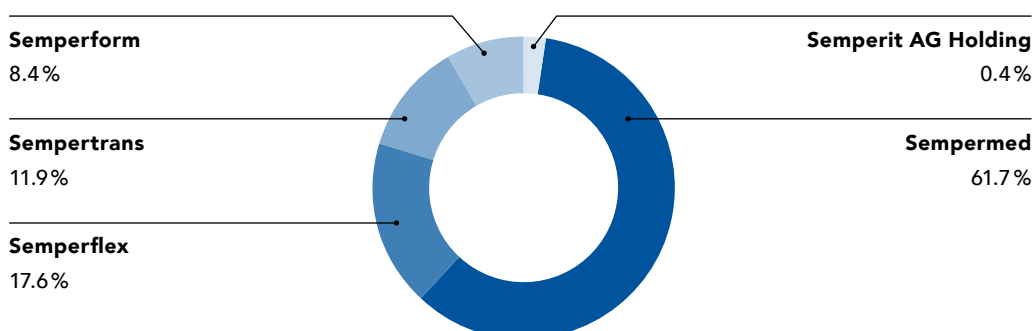
One of 7,833 Semperit employees

## Boosting headcount by 11.8%

In 2011, Semperit Group employed an average of 7,833 employees – an 11.8% increase on the previous year. Sempermed makes up the largest segment, with 4,834 employees, most of whom work at the manufacturing plants in Asia. Roughly 1,382 employees worked in the Semperflex segment, which corresponds to 17.6% of the total workforce. Moreover, 931 and 654 employees worked in the Sempertrans and Semperform segments respectively, with 32 employees working in Semperit AG Holding.

Growth-related rise in the number of employees in all segments

## Employee structure 2011 by segment



Annual average headcount	2011	% Change	2010	2009
Sempermed	4,834	13.9	4,244	4,141
Semperflex	1,382	19.0	1,161	1,058
Sempertrans	931	0.4	927	759
Semperform	654	0.6	650	666
Semperit AG Holding	32	18.5	27	25
<b>Total</b>	<b>7,833</b>	<b>11.8</b>	<b>7,008</b>	<b>6,649</b>
of which in Austria	702	6.0	662	709

## Human Resources management

Semperit Group's Human Resources management was previously characterised by peripheral structures and regional strategies. Without curtailing the advantages arising from this, important initiatives for implementing group-wide standards and management tools began during the year under review. The central Human Resources unit took on more personnel and developed in consultation with the guidelines of the Management Board to support those responsible for the segments and regional business units.

Initiatives to standardise human resources throughout the group

The cornerstones of this strategy are the identification of talent and qualified employees, the promotion of international exchanges and diversity in the company, and instruments promoting achievement orientation and executive development. Alongside the gradual introduction of feedback discussions and individual target agreements for employees with management responsibilities, an effective performance management system was developed. Qualitative goals for encouraging leadership and professional skills were also defined, as well as financial indicators, such as results development or capital commitment through stock-keeping. The Group therefore clearly aims to strengthen the sense of responsibility at all management levels, and to develop a common understanding of staffing issues.

Promotion of talents and focus on achievements

## Training and continuing education

Semperit Group's management understands that the expertise and innovative strength of employees is an important success factor for justifying and extending the current market positions. Semperit therefore offers its employees an extensive training and continuing education program, which can prepare employees optimally for operational and strategic challenges. Personality development training is offered, which provides employees with skills in conflict, time and target management and presentation techniques. Subject-specific training focuses on, among other things, rubber technology, process validation and methods engineering. EDP training and language courses are also offered in the Group's advanced training program. Selected managers are also offered training at the prestigious Malik Management Institute in St Gallen.

Extensive range of training helps employees to overcome professional challenges

New employees complete a standard enrolment program, which provides them with an overview of the company's individual segments and facilitates integration. Furthermore, new employees also receive segment-specific on-the-job training, which varies according to the segment.

A training program for foremen, which was initiated in 2010, was successfully completed by production workers in the year under review. The training concept, which was restructured in the previous year, was implemented in 2011 and includes a new training process consisting of clear and uniformly structured process documents. These give clear instructions, both for task-specific procedures and for both upstream and downstream activities.

Completion of the training programme for foremen and new training concept

In the 2011 financial year, 14 trainees in Austria gained qualifications in the area of maintenance. Semperit offers these young people well-founded access to the world of work, and furthermore gains qualified specialists who are familiar with process operations.

## Internal transfer of knowledge

Semperit Group places great importance on the exchange of knowledge and experience within the company, in order to utilise the various areas of knowledge through internationalisation and diversification as well as possible, and for them to interconnect with one another. The synergies intended through these exchanges are ensured through numerous international meetings of technicians and sales employees, and through cross-departmental training programs. For example, a group-wide rubber technology training program was organised in 2011.

International meetings and training sessions ensure that knowledge is exchanged internally

As part of the "XPERIENCE XCHANGE" program, talented young employees meet several times a year to exchange their experiences and discuss current issues relevant to the company. The target audience for this program is academics and graduates of technical higher education institutions.

## Collaboration with universities

In order to meet the current and future need for specialists and managers, Semperit Group supports several collaborations with technical higher education institutions, universities and technical colleges, with the aim of attracting qualified and ambitious employees. The Group provides support for numerous theses and dissertations that are relevant to the company. Furthermore, the Company enables students to gain insight into the world of Semperit through facility visits and field trips. Semperit Group also offers work experience placements of varying characteristics and durations. By taking part in careers fairs and recruitment days, such as TUDay11 at the Vienna University of Technology, the job fair at the Wiener Neustadt University of Applied Sciences or the open semester at the Graz University of Technology, Semperit presents itself as an attractive employer with fascinating occupational fields and career opportunities, both in Austria and abroad.

## Health and safety

Semperit is fully aware of its business responsibility to employees and actively takes measures to constantly improve operational safety and promote health. Safety-related and workplace-specific training is regularly offered, and new employees are given extensive safety instructions as part of their general initial training. There are specific instructions, amongst other things, for contact with hazardous materials and welding equipment, as well as for operating cranes and forklift trucks. Furthermore, employees responsible for these safety aspects provide an intensive personal introduction, and periodic focus training is offered. Customised advanced training events are organised for first-aid workers, forklift truck drivers and members of the Company fire-service basic training at the Wimpassing site.

Effective measures to improve operational safety and promote health



Modern working environment promotes employee satisfaction

The Safety Technology department offers all employees free access to general training documents and safety training programs. It also compiles the accident frequency statistics that are reported to the Steering Committee after evaluation. It is also mandatory to report near misses, in order to be able to take appropriate preventative measures in the future. Detailed instructions for the work stations are available in the respective production departments.



Employee in hose production

Semperit's employees are offered numerous means of improving their health, by way of sports facilities, seminars, regular health surveys and first aid courses. The Semperit Sports Club has many sections, which ranges from therapeutic sport to archery. Further encouragement is provided by way of company runs, skiing competitions and skittles tournaments.

Vaccinations for health protection are offered by the company's own medical department and an occupational physician, and a first aid kit is provided. Semperit's private foundation for the promotion of the health of employees supports employees with subsidies for vaccinations, visual and hearing aids and dentures.

### Equal opportunities

Characterised by its image as a fair and responsible employer, Semperit strives to continuously improve the notion of equal opportunities within the company. In Austria, the proportion of female employees at technically focused traditional industrial companies is currently only 19%. Flexible models in the form of flexitime and part-time work, as well as special arrangements for employees with children, should contribute to a continual increase in the proportion of female employees.



# The Semperit share

**With a stock market listing that dates back to 1890, Semperit is one of the oldest shares trading on the Vienna stock exchange. During the last ten years, the Semperit share price has gained terrain by almost 290% and has thereby succeeded in significantly outperforming the ATX.**

## Performance on capital markets

In 2011, the performance on international capital markets was characterised by major price disruptions. While profit could still be made at the beginning of 2011 due to the economic growth of the previous year, as the year progressed, capital markets started to be affected by the turbulence caused by the worsening debt problems in Europe and the USA. The fall in prices in European stock markets was particularly drastic. The German DAX lost 15% on the previous year, the CAC 40 in France lost 19%, and the DJ EURO STOXX 50 – representing the whole of Europe – lost around 17% versus the level at the beginning of the year. The declines in British and American share prices were comparatively moderate, and in some cases, prices even rose. The FTSE 100, the leading index at the London Stock Exchange, was down only 6% on the previous year, while the Dow Jones Industrial Average even managed to gain 5%. The Dow Jones Global Index, which covers about 95% of shares worldwide, lost about 10% in value compared with the previous year.

Volatility dominates stock market in 2011

The performance of Asian share prices through the year was also affected by global concerns over growth and inflation, as well as by the euro debt crisis. The MSCI Far East (ex-Japan) Index lost 13% of its value in 2011. Losses were particularly high in Japan due to the Fukushima nuclear accident in that country. The Nikkei Index lost more than 17% in the course of the year.

Massive price falls in Asia

ATX, the leading index at the Vienna Stock Exchange, lost 35% of its value from the previous year and closed at 1,891.7 points at the end of 2011. The total turnover of all market segments at the Vienna Stock Exchange decreased by 19% to EUR 62.3 million.

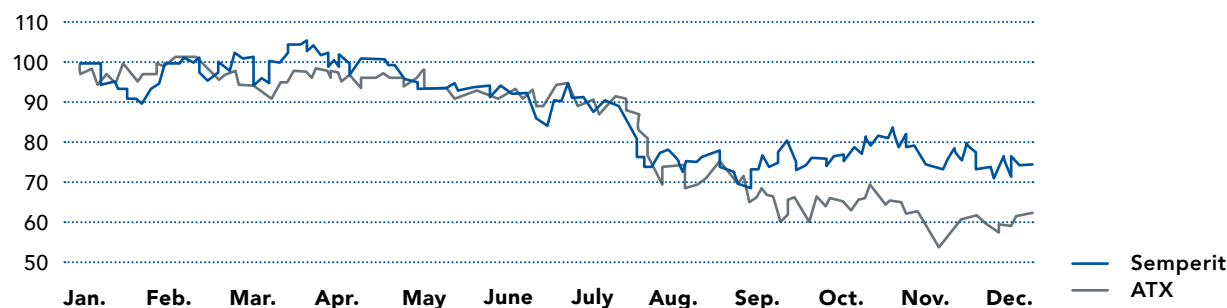
## Performance of the Semperit share

Until May 2011, the Semperit share experienced a stable trend, on a par with the ATX. During the summer of 2011, a downmove began, the lowest point of which occurred on September 12, with a price of EUR 27.15. From then until the end of 2011, the share price trended on a positive and stable course. With a year-end closing price of EUR 29.75, the Semperit share lost ground by about 25% – albeit still a significantly better performance than the ATX.

Semperit share outperforms ATX by a clear margin

## Share price performance

Semperit/ATX January 2011 to December 2011, indexed (1.1.2011 = 100)



Semperit AG Holding's market capitalisation at the end of 2011 totaled EUR 612.1 million, compared with EUR 814.5 million on the same day of the previous year. The Semperit share's stock exchange turnover decreased from EUR 454.8 million to EUR 340.5 million, while the total number of shares traded declined from 14.9 million to 9.8 million. Possible reasons for this are the change in shareholder structure and withdrawal of the Semperit share from the ATX in September 2011.

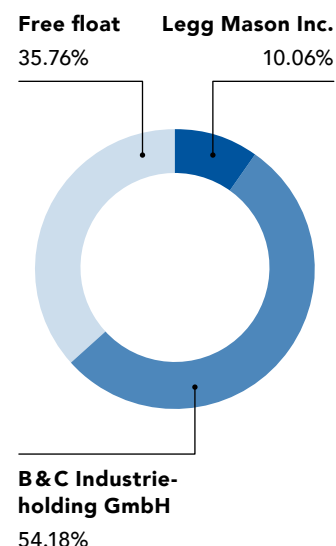
## Shareholder structure

Semperit AG Holding lists 20,573,434 no-par value bearer shares on the prime market of the Vienna Stock Exchange. With a share of 54.18% (11,145,917 shares), B & C Industrieholding is the majority stakeholder and long-term core shareholder.

In March 2011, Semperit AG Holding was informed that Legg Mason Inc. held a total 10.06% share across two management companies. At the time of the previous report in November 2010, Legg Mason Inc. declared that it had a 5.10% share.

The remaining shares are diversified holdings, mainly held by American institutional investors and Austrian private shareholders.

## Shareholder structure



## Key figures on the Semperit share

		2011	2010	Change	2009	2008
Highest price	in EUR	41.47	39.67	4,5%	28.30	31.62
Lowest price	in EUR	27.15	25.94	4,7%	13.83	11.80
Price at year-end	in EUR	29.75	39.59	-24,9%	26.97	11.80
Number of shares issued	in thousand units	20,573	20,573	-	20,573	20,573
Market capitalisation at year-end	in EUR million	612.1	814.5	-24.8%	554.9	242.8
Earnings per share	in EUR	2.63	2.21	19.2%	1.89	1.83
Gross cash flow per share	in EUR	4.33	4.42	-2.1%	4.50	3.79
Equity per share	in EUR	18.10	17.06	6.1%	15.10	14.19
Dividend per share	in EUR	0.80	1.25	-36.0%	1.15	1.09
Dividend payout ratio	in %	30.4	56.6	-26.2 PP	61.0	59.6
Price/earnings ratio at year-end		11.3	17.9	-36.9%	14.3	6.5
Average trading volume per day	in EUR million	1.4	1.8	-22.2%	1.1	0.9

## Investor relations

Semperit AG Holding would like to portray a true and fair depiction of the business performance of the company to current and potential shareholders, by way of a transparent and prompt communications policy. Hence, this should pave the way for an accurate valuation of the Semperit share on stock exchanges and facilitate a long-term relationship of trust with both shareholders and the general public.

Transparent and prompt corporate communication

The Chairman of the Management Board and Chief Financial Officer are actively pursuing dialogue with key players on the financial markets; both are giving presentations about Semperit Group at numerous events. For example, in 2011, several road shows and investor conferences were held, in London, Frankfurt and Zürs amongst other venues. Additionally, numerous discussions were held with analysts and conference calls were organised within the scope of financial reporting during the course of the year.

The responsibilities of Investor Relations are assigned to the Group Accounting department. It works in close collaboration with the Chief Financial Officer on the preparation of annual and quarterly reports. In addition to regular updates, the website [www.semperit.at/investor-relations/](http://www.semperit.at/investor-relations/), which underwent a large-scale makeover in the year under review, provides current information, presentations and further accounts of Semperit Group.

Relaunch of company website  
[www.semperit.at](http://www.semperit.at)

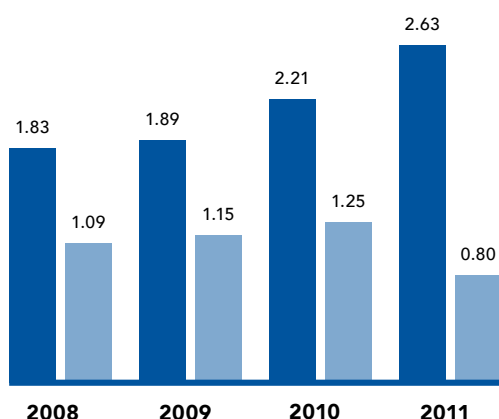
## Dividend policy

The aim of the Semperit Group's allocation of funds strategy is to achieve a balance between investments in growth and appropriate remuneration to shareholders in the form of dividends. Investments for increasing capacities or breaking into new markets will then be given precedence if it leads to a sustainable increase in the company's enterprise value. Semperit Group is now aiming for a payout ratio of around 30%.

At the Annual General Meeting on April 23, 2012, the Management Board will propose a dividend in the amount of EUR 0.80 per eligible share for the 2011 financial year. This corresponds to a dividend payout ratio of 30.4% of the annual net profit, compared to 56.6% in the previous year. With a year-end closing price of EUR 29.75 per share, the dividend yield will amount to 2.7% (2010: 3.2%), based on an average year-end price of 2.3% (2010: 4,2%).

Payout ratio reduced to fund growth plans

## Profit and dividends per share



- Earnings per share in EUR
- Dividends per share in EUR (2011 Proposal to the Annual General Meeting)

## Financial calendar 2012

March 29, 2012	Publication of 2011 annual financial statements and press conference
April 23, 2012	Annual General Meeting
April 26, 2012	Ex-dividend day
May 2, 2012	Dividend payment day
May 15, 2012	Report on the first quarter of 2012
August 14, 2012	Half-year financial report 2012
November 13, 2012	Report on the third quarter of 2012

# Corporate Governance Report

## Austrian Corporate Governance Code

In 2002 the Austrian Corporate Governance Code established a regulatory framework for the management and monitoring of Austrian joint stock companies. This code contains internationally adopted standards, as well as significant related regulations stipulated in the Austrian Stock Corporation, Stock Exchange and Capital Markets Acts and the basic principles encompassed in the OECD Guidelines for Corporate Governance.

**Voluntary commitment  
to the Austrian Corporate  
Governance Code**

The rules are aimed at ensuring the responsible management and supervision of companies and corporations with the goal of achieving a sustainable and long-term creation of value. The code seeks to create a high level of transparency for all company stakeholders. It creates guidelines for the equal treatment of all shareholders, for transparency, open communication between the Management and Supervisory Boards, the avoidance of conflicts of interest between bodies, and efficient checks by the Supervisory Board and auditors.

Companies voluntarily undertake to comply with the guidelines contained in the Austrian Corporate Governance Code in the current and binding version. The version of the code that was applicable in the 2011 financial year was published in January 2010 and takes into account the changes included in the Austrian Stock Corporation Amendment Act of 2009 and the implementation of the European Commission's Recommendation on Directors' Remuneration of April 30, 2009. The Austrian Corporate Governance Code was last amended in January 2012. The amendments contained therein are valid for financial years that begin after December 31, 2011 and therefore do not apply to the present Corporate Governance Report of Semperit AG Holding.

The Austrian Corporate Governance Code can be viewed at the website [www.corporate-governance.at](http://www.corporate-governance.at).

## Statement on corporate governance

The Semperit Group hereby declares that it will voluntarily observe the Austrian Corporate Governance Code, and also intends to observe the code in the future or justify any deviations from it. The Supervisory Board also reached a corresponding unanimous decision.

**Compliance  
with the code**

Semperit Holding AG complies with all legally binding L-rules (Legal Requirement). Unless otherwise declared, the C-rules (Comply-or-Explain) will be observed by the relevant bodies and the company.

# Corporate bodies of Semperit AG Holding

## Management Board

### **Thomas Fahnemann**

Chairman and Chief Executive Officer since April 14, 2011; previously Deputy Chairman since joining the company on December 1, 2010; current period of office ends November 30, 2013

Departmental responsibilities: Medical Sector, which includes the Sempermed segment, Corporate Development & Strategy, Human Resources, Internal Audit, Communications, Purchasing, Compliance and Legal Matters

Following his studies in business administration in Mainz, Germany, Thomas Fahnemann, who was born in 1961, completed an Executive MBA Program at Northwestern University in Chicago. Thomas Fahnemann began his professional career with Hoechst AG in Frankfurt in 1983. He subsequently assumed several executive positions in Germany and the USA. In 1995 he was appointed Group Department Manager for Trevira in North Carolina, USA and starting 1998 served as Chief Operating Officer for KoSa in Houston, USA. In 2003 he returned to Austria and worked as CEO and Chairman of the Management Board of Lenzing AG. From 2009 to 2010 he was Chairman of the Management Board of RHI AG, Vienna. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Richard Ehrenfeldner**

Member of the Management Board since October 1, 2001; current period of office ends May 31, 2012; in September 2011 this was extended early, until May 31, 2015

Departmental responsibilities: Technology, Innovation, Operational Excellence and Quality Assurance

After concluding his studies in process engineering (chemical plant engineering) at Graz University of Technology, Richard Ehrenfeldner, who was born in 1954, commenced his professional career in 1984 with AT&S in Leoben, where he headed the Production and Expansion Departments, with a particular focus on large investments in expanding production capabilities. In 1989 he moved to Semperit AG Holding. As Technical Manager of the Sempermed segment, he was responsible for the expansion of manufacturing facilities as well as the construction and development of new plants in Sopron, Hat Yai and Shanghai. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Johannes Schmidt-Schultes**

Member of the Management Board since April 15, 2011; Chief Financial Officer (CFO); current period of office ends April 14, 2014

Departmental responsibilities: Accounting, Segment Controlling, Treasury, IT, Planning & Reporting, Taxes and Investor Relations

Johannes Schmidt-Schultes, who was born in 1966, concluded his studies in economics at the University of Hanover in 1993. In 1996 he graduated with a PhD from the Ludwig Maximilian University, Munich. He also studied abroad at Aston University in Birmingham, UK, as well as the University of California in Berkeley, USA.

During his doctoral studies, Johannes Schmidt-Schultes worked for the strategic consultants Bain & Company in Munich. From 1996 to 1999 he served as head of the Department of Investment Controlling and Group Development at VIAG AG in Munich, and from 1999 to 2001 he was Managing Director of Finance for Kloeckner & Co in Vienna. In 2001 he moved to Deutsche Telekom Group – first as CFO of T-Mobile Austria in Vienna and then, from 2004 to 2007, of T-Mobile UK in Hatfield, UK. From 2007 to 2011 he was Deputy Chief Financial Officer of the Australian Telekom Telstra Corporation, which is based in Melbourne. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Richard Stralz**

Member of the Management Board since June 1, 2004; current period of office ends May 31, 2013

Departmental responsibilities: Heads the Industrial Sector, including the Semperflex, Sempertrans and Semperform segments, as well as Marketing, Sales and Logistics

Following the completion of his studies at Montan University of Leoben, Richard Stralz, who was born in 1963, started his professional career at Semperit AG Holding in 1987 as a Semperform Production Management Assistant. In 1989 he became Production Manager for Rubber and Plastic Moulded Parts. From 1991 to 1994 he headed the Industrial Engineering and Logistics Departments. Subsequently he switched to the Semperflex segment, first as Technical Segment Manager from 1994 to 1996, and later as Commercial Division Manager during the years 1996 to 2004. He exercises no Supervisory Board mandates in other companies not included in the consolidated financial statements pursuant to C-rule 16 of the Austrian Corporate Governance Code.

### **Rainer Zellner**

Chairman of the Management Board and CEO from October 1, 1989 to April 14, 2011; previously member of the Management Board from March 1, 1983

The Management Board consists of four members. It has full responsibility for managing the company for the benefit of the enterprise while taking account of the interests of shareholders and employees as well as the public interest (L-rule 13).

In April 2011, Rainer Zellner stepped down as Chairman of the Management Board. His deputy, Thomas Fahnemann, was appointed to succeed him. In April 2011, Johannes Schmidt-Schultes was appointed as Chief Financial Officer (CFO) and in September 2011 Richard Ehrenfeldner's period of office was extended early, for a further three years.

Internal rules of procedure govern the allocation of business responsibility and cooperation between members of the Management Board. Decisions of primary importance are taken by the Management Board as a whole. The Management Board itself takes full responsibility for communication tasks that have a significant impact on how the company is perceived by its stakeholders. The legally binding regulations, the Articles of Association and the internal rules of procedure laid down by the Supervisory Board form the basis for corporate management. In addition, behavioural guidelines are also contained in the Austrian Corporate Governance Code.

## Supervisory Board

		Year of birth	First appointed	End of current term of office <sup>1)</sup>	Supervisory Board positions in other listed companies
<b>Shareholder representatives</b>					
Veit Sorger Chairman	<sup>2) 3) 4) 5) 6) 7)</sup>	1942	26.5.2004	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Lenzing AG
Michael Junghans Deputy Chairman	<sup>2) 3) 4) 5) 6)</sup>	1967	28.4.2010	Until the Annual General Meeting (AGM) resolving upon the 2012 financial year	Lenzing AG (Chairman) Allgemeine Baugesellschaft A. Porr AG
Walter Lederer Member	<sup>2)</sup>	1961	7.6.2002	Until 14.4.2011	–
Martin Payer Member	<sup>2) 7)</sup>	1978	24.5.2007	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Lenzing AG
Patrick Prügger Member	<sup>2) 5)</sup>	1975	14.4.2011	Until the Annual General Meeting (AGM) resolving upon the 2013 financial year	Lenzing AG
Andreas Schmidradner Member	<sup>2)</sup>	1961	20.5.2008	Until the Annual General Meeting (AGM) resolving upon the 2012 financial year	Lenzing AG
Anton Schneider Member	<sup>2) 7)</sup>	1951	30.4.2009	Until the Annual General Meeting (AGM) resolving upon the 2011 financial year	Linz Textil AG SHW AG (Germany) (Chairman)
<b>Employee representatives</b>					
Alexander Hollerer	<sup>5) 6)</sup>	1954	1.7.1998	-	-
Andreas Slama	<sup>5)</sup>	1966	31.1.2009	-	-
Matthias Unkrig		1968	5.4.2005	-	-

1) One fifth of the members of the Supervisory Board automatically leave their positions every year at the end of the Annual General Meeting, pursuant to the Articles of Association.

2) Have declared their independence vis-à-vis the Supervisory Board in accordance with Rule 53 of the Austrian Corporate Governance Code.

3) Executive Committee

4) Remuneration Committee

5) Audit Committee

6) Nominating Committee

7) No representation by a shareholder over 10% (Rule 54 of the Austrian Corporate Governance Code).

## Supervisory Board

The Supervisory Board consists of six shareholder representatives and three employee representatives.

The Supervisory Board resolved to establish the following committees consisting of its own members to carry out specific functions: Executive Committee, Remuneration Committee, Audit Committee, Nominating Committee and Strategy Committee (see page 70). The authority to make decisions and pass resolutions rests in the hands of the entire Supervisory Board.

The Supervisory Board supervises the Management Board and supports it in managing the company, particularly when decisions of primary importance are to be made.

## Meetings of the Supervisory Board and its committees

The Supervisory Board convened for five meetings and a separate strategy workshop during the 2011 financial year. No member of the Supervisory Board attended less than 50% of the meetings in the course of 2011.

The Audit Committee led by Veit Sorger carried out its activities in accordance with prevailing legal regulations (two meetings), and in particular dealt with risk management, corporate governance and cooperation with the auditors.

The Nominating Committee, also under the chairmanship of Veit Sorger, met twice to prepare for the selection of a new Chief Financial Officer and the reappointment of Richard Ehrenfeldner as a member of the Management Board.

The Strategy Committee was set up for the first time in December 2011.

The Remuneration Committee, chaired by Veit Sorger, held three meetings at which it discussed the objectives of the newly appointed members of the Management Board and the remuneration system for the reappointed member of the Management Board.

An explicit and formal self-evaluation (in accordance with Rule 36) did not take place in the 2011 financial year. However, the Supervisory Board regularly focused on its own work and its consequences for the company, and is working on its own further development. There are plans to introduce a structured self-evaluation process in the 2012 financial year.

## Guidelines for the independence of Supervisory Board members

A member of the Supervisory Board shall be deemed independent if he/she has no business or personal relations with the company or its Management Board that would constitute a material conflict of interests, and thus could influence the member's behaviour.

In evaluating the independence of a Supervisory Board member, the Supervisory Board uses the following guidelines, which correspond to those contained in Appendix 1 of the January 2010 version of the Austrian Corporate Governance Code:

- The Supervisory Board member shall not have served as a member of the Management Board or as a senior manager of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board according to Section 95 Para. 5 Austrian Stock Corporation Act does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have been auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the Management Board of another company in which a Management Board member of the company is a Supervisory Board member.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the aforementioned positions.



## Cooperation between Management Board and Supervisory Board

The strategic direction of the company is determined in close cooperation between the Management Board and the Supervisory Board and discussed in Supervisory Board meetings held at regular intervals. In addition, a strategy workshop was held during the year under review.

Responsible corporate  
management

The Supervisory Board determines the division of departments and responsibilities in the Management Board, as well as those transactions requiring its explicit authorisation in accordance with statutory provisions. Furthermore, the Supervisory Board supports the Management Board in managing the company, particularly when decisions of primary importance are to be made.

## Remuneration of Management Board and Supervisory Board

The remuneration of the Management Board encompasses both a fixed salary component and a variable, performance-based component, as well as remuneration in kind. The assessment for the variable salary component of the Management Board is based on net profit (earnings after tax), the dividend amount distributed and the return on total assets.

Fixed and variable  
remuneration

In line with the stipulations contained in the Austrian Corporate Governance Code, a third salary component was integrated in the remuneration of the most recently appointed Management Board members Thomas Fahnemann and Johannes Schmidt-Schultes. This is linked to the achievement of sustainable, long-term and multi-annual performance criteria. Based on the achievement of the targeted objectives, this bonus is subsequently determined for the past financial year and paid in three equal instalments over a period of three years. If the pre-defined goals are not attained, no bonus is assigned to the variable remuneration category, or else the still unpaid share of the bonus is either reduced or completely cancelled.

The variable remuneration components (the performance-based share and the third salary component) may not exceed more than 111% of the annual fixed remuneration.

In the 2011 financial year, the remuneration paid to the Management Board totalled kEUR 3,099 (previous year: kEUR 2,716), of which kEUR 1,619 (previous year: kEUR 1,540) consisted of variable salary components. Owing to changes in the composition of the Management Board during the year under review, the comparability with the previous year is limited.

A contractual agreement stipulating direct retirement benefits for the former Chairman of the Management Board was concluded on his initial appointment to this position. For the new Chairman and other members of the Management Board, retirement benefits are either specified in the Articles of Association, which prescribe pension plan reinsurance using the defined contribution principle, or specified in the respective contract using the defined contribution principle.

In the case of termination of the employment contract of a Management Board member, the respective member is entitled to a severance payment in accordance with the Salaried Employees Act or the Corporate Employee and Self-Employed Pension Act.

No share options have been granted.

A Directors and Officers (D&O) insurance has been taken out for the members of the Management Board and senior executives; the company bears the related costs.

Remuneration of the Supervisory Board is governed by Section 15 of the Articles of Association. Accordingly, each member of the Supervisory Board receives an attendance fee for each session totalling EUR 120 as compensation for expenses, as well as an annual fee amounting to EUR 4,360. Both fees are linked to the consumer price index (basis: CPI 2000, annual average 2004 = 108.1), therefore the fees for 2011 are slightly higher than the aforementioned amounts. The fixed annual fee is increased by 100% for the Chairman of the Supervisory Board and 50% for the Deputy Chairman. In addition, the members of the Supervisory Board as a whole (excluding employee representatives) receive 0.15% of the earnings after tax of Semperit Holding AG as a performance-based profit-sharing bonus, after the consolidated financial statements have been granted an unqualified opinion by the auditors. This profit-sharing bonus is divided among the Supervisory Board members so that each member receives an equal share, the Chairman an additional 100% of this share and the Deputy Chairman an additional 50%. Moreover, the performance-based component may not exceed 2.5 times the annual fixed fee (excluding attendance fees) for each Supervisory Board member.

**Statutory remuneration of the Supervisory Board**

The remuneration paid to the Management and Supervisory Boards is not disclosed separately for each member but for the board as a whole (pursuant to Rules 31 and 51). Publication of the individual remuneration is the personal decision of each member of the Management and Supervisory Boards and in the opinion of Semperit AG Holding does not constitute additional information relevant to the capital market, nor does it provide significant additional information from the business perspective. Individual remuneration is therefore not disclosed in this report.

## Compliance Directive

Semperit has issued its own compliance guidelines designed to prevent the misuse or dissemination of insider information. Compliance is monitored and administered by a specially designated compliance officer reporting directly to the Management Board. The Compliance Directive has been published on the company website at [www.semperit.at](http://www.semperit.at).

**Own compliance officer**

## Advancement of women

The Semperit Group attaches great importance to ensuring the equal treatment of men and women in all respects. In recent years, the number of women employed in management-track positions within the Semperit Group has steadily increased. In Austria women already comprise about one-third of the employees participating in junior management development programmes. Moreover, if the respective job position allows, Semperit promotes the compatibility of family and career by providing flexible working models and teleworking opportunities.

**Proportion of women steadily increasing**

## Directors' dealings

In accordance with Section 48d of the Austrian Stock Exchange Act, share purchases or sales by members of the Management and Supervisory Boards must be reported to the Austrian Financial Market Authority within five working days following conclusion of the transaction, and published on its website.

**Disclosure of directors' dealings**

## Internal auditing and risk management

The Internal Audit department reports directly to the Management Board and prepares an audit plan and an annual activity report for the previous financial year. The Management Board discusses these reports with the members of the Supervisory Board.

Internal Control  
System

The effectiveness of the company's risk management system is evaluated by the auditor on the basis of the reports and other documents provided. The auditor's report is presented to the Management Board as well as to the Supervisory Board. At the beginning of 2011, the Audit Committee commissioned an external evaluation to examine the effectiveness of the company's risk management system, and the results were reported to the Supervisory Board.

The Internal Control System (ICS) established in the Semperit Group serves to ensure the effectiveness and profitability of business operations, the integrity and reliability of financial reporting and adherence to the applicable laws and regulations. It is being continually updated and expanded by the Internal Audit department and the related departments in the company as a means of supporting the early identification and ongoing monitoring of risk. The ICS was last subject to an external evaluation in 2010, and the results were reported to the Supervisory Board.

## External evaluation

In accordance with Rule 62 of the Austrian Corporate Governance Code, the Semperit Group has its compliance with the stipulations contained in the code and the accuracy of its related public reporting evaluated by an external institution. This was last performed at the beginning of 2011. The most recent evaluation carried out by KPMG did not discover any facts which are inconsistent with the declaration of the Management Board and Supervisory Board found in the Corporate Governance Report of the company with respect to its compliance with the C-Rules and R-Rules of the Austrian Corporate Governance Code.

Vienna, March 9, 2012



Richard Ehrenfeldner  
**Member of the  
Management Board**



Richard Stralz  
**Member of the  
Management Board**



Thomas Fahnemann  
**Chairman**



Johannes Schmidt-Schultes  
**Chief Financial Officer**

# Report of the Supervisory Board

## Dear Sir or Madam,

The Semperit Group had another successful financial year in 2011, again significantly increasing revenues and earnings. At the same time, preparations were made to considerably accelerate growth, and important foundations were laid for the future of the company in terms of personnel and organisational measures.

The Supervisory Board held five meetings and a special strategy workshop during the financial year 2011 and fulfilled the duties required from it by law and the company's statutes. The meetings focused primarily on business performance, the further strategic development of the Group and key business events and measures. Two meetings of the Audit Committee, two meetings of the Nominating Committee and three meetings of the Remuneration Committee took place in the financial year 2011. In addition, the Strategy Committee was newly formed in December 2011.

The Management Board keeps the Supervisory Board informed of business developments with a regular monthly report. In-depth documents are made available in good time in advance of the Supervisory Board meetings. Between these meetings, the Management Board also reported to the Executive Committee regularly on the progress of the business and the situation of the company.

In the meeting on April 14, 2011, the Supervisory Board appointed Thomas Fahnemann as the new Chairman of the Management Board of Semperit AG Holding, following his appointment as Vice-Chairman on December 1, 2010. He succeeds Rainer Zellner in the post, who made a decisive and very successful contribution to the development of the Semperit Group from the 1980s onwards, for which I would like to thank him on behalf of the entire Supervisory Board.

In addition, Johannes Schmidt-Schultes was appointed Chief Financial Officer for a period of three years on April 15, 2011, and at the meeting on September 12, 2011 Richard Ehrenfeldner's mandate as a member of the Management Board was extended ahead of time until May 31, 2015.

The annual financial statements of Semperit AG Holding, including the management report, were audited on the basis of the accounts kept by the auditor, Deloitte Audit Wirtschaftsprüfungs GmbH of Vienna. The auditor confirmed that the annual financial statements comply with the statutory regulations; that they give a true and fair view of the company's



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**Veit Sorger, Chairman  
of the Supervisory Board**

assets and financial position at December 31, 2011 and of the company's earnings for the financial year from January 1, 2011 to December 31, 2011 in compliance with generally accepted Austrian accounting principles; and that the management report is consistent with the annual financial statements. Furthermore, the auditor confirmed that a Corporate Governance Report had been prepared. The auditor awarded an unqualified audit opinion to the annual financial statements for 2011.

Deloitte Audit Wirtschaftsprüfungs GmbH of Vienna audited and issued an unqualified audit opinion on the consolidated financial statements, which were prepared in compliance with the International Financial Reporting Standards (IFRS), as they are applied in the EU, and the Group management report, which was prepared in accordance with the Austrian Company Code (UGB). The auditor confirmed that the consolidated financial statements give a true and fair view of the Group's assets and financial position at December 31, 2011 and of the Group's earnings and cash flows for the financial year from January 1, 2011 to December 31, 2011, and that the Group management report is consistent with the consolidated financial statements. The auditor awarded an unqualified audit opinion to the consolidated financial statements for 2011.

Unqualified audit  
opinion awarded

In a meeting held on March 23, 2012, the Audit Committee of the Supervisory Board gave detailed consideration to the annual financial statements, the Corporate Governance Report, the consolidated financial statements and the auditor's reports and discussed the results of the audit in detail with the auditor.

The Supervisory Board has examined the annual financial statements, the consolidated financial statements, the management report and the Group management report and concurs with the conclusions of the auditor. The Supervisory Board formally approves the annual financial statements for the financial year 2011, which are consequently adopted in accordance with Section 96 Para. 4 of the Austrian Stock Corporation Act. The management report, the consolidated financial statements and the Group management report for 2011 have been approved by the Supervisory Board.

Annual financial  
statements 2011  
adopted

The Supervisory Board accepts the Management Board's proposal on the distribution of profits, according to which a dividend of EUR 0.80 per eligible share is to be paid from Semperit AG Holding's reported net profit for the year of kEUR 16,835, with the remaining profit being carried forward.

On behalf of the Supervisory Board, I would like to thank the Management Board and all members of staff for their commitment and for the very good results achieved for the financial year. I would also like to thank the shareholders and customers of Semperit AG Holding for their faith and express the hope that they will accompany the company on its forward way into what promises to be a successful future.

Vienna, March 23, 2012

Veit Sorger m.p.  
Chairman of the Supervisory Board

# Group Management Report

## Economic environment

### Weak growth

The global economy in 2011 was marked by the resurgence of the financial and debt crisis which originated in 2008. The global economic recovery of the previous year was still producing positive economic data at the start of 2011; however, from the third quarter on they became markedly less positive in light of the growing economic uncertainty. The slowdown in the economy was caused by the euro crisis as well as the weak economic data from the USA and the increased fear of another recession. According to the World Bank, in 2011 growth of global domestic product (GDP) stood at 3.2%, down from 3.8% in the previous year. In the Eurozone GDP growth was 1.7% and in the USA it was 2.6%. In China, GDP growth fell by a percentage point to 9.3%, and India recorded an increase of 8.0%, after 8.8% in the prior year. The fall was also significant in Brazil, where in 2011 a figure of only 4.2% was achieved, after 7.5% GDP growth in the previous year. Russia, however, recorded an increase from 4.0% to 4.4%.

Deterioration in economy since mid-2011

Austria's economy expanded particularly at the start of the year and in the first two quarters of 2011 it was still strong. According to the Austrian National Bank (OeNB), a real GDP growth figure of 3.3% (2010: 2.3%) can be assumed, which places Austria above both the global average as well as the average growth rate for the Eurozone. In 2012 however, a significant slowdown in the economic dynamic is expected.

At 3.3%, Austrian GDP growth above the eurozone average

Global trade and global industrial production have, according to the International Monetary Fund (IMF), slowed significantly since the second quarter of 2011. Global supply chains were impacted by the earthquake and tsunami in Japan. Furthermore, the high price of oil led to modest consumer spending in industrialised nations.

### Developments in the commodities markets

Commodities prices in 2011 were markedly affected by the global economic conditions and the developments on the financial markets. Falling economic growth rates were accompanied by lower prices for industrial commodities in particular. While gold made gains of roughly 12% in dollar terms due to its reputation as a refuge in economic crises, the industrial metal copper lost around 23% of its value over the course of the year. The price of aluminium fell by around 20% over the year.

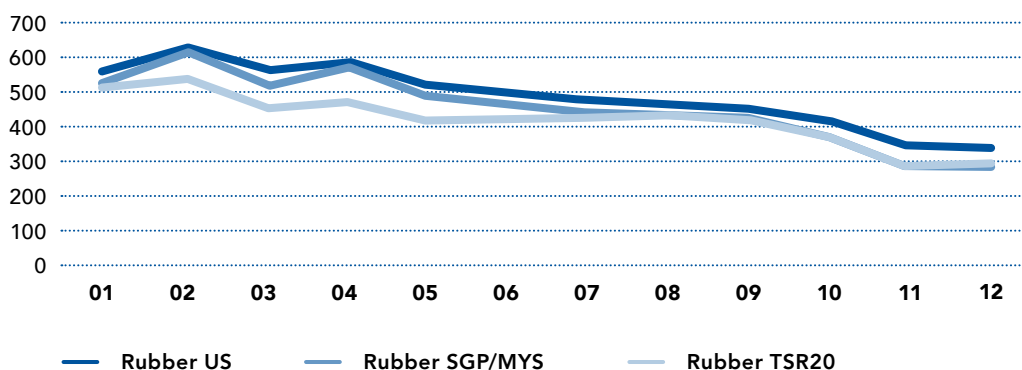
Copper and aluminium price falls

The energy market was considerably influenced in 2011 by geo-political tensions in the Near and Middle East. The crude oil price for the Brent benchmark increased by 12% in dollar terms in comparison with the previous year.

In February 2011 the international prices for natural rubber increased to highs of up to USD 6.49/kg due to the ongoing demand-driven price rally which started in 2010. Subsequently, a marked weakening began, which was caused by higher supply, as well as decreased demand due to the economic slowdown. Nevertheless, the annual average price level stood at USD 4.80/kg, 30% more than the comparable price in the previous year.

Natural rubber 30% more expensive year-on-year

### Pricing trend of natural rubber in 2011 in dollar cents / kg



Source: World Bank, 2011

The prices for synthetic rubber increased significantly with a time lag to the natural rubber prices in the financial year 2011 and reached an all-time high at the end of the third quarter, which was fundamentally linked to the growing demand for high-quality tyres and capacity constraints. However, there was a significant slump in the fourth quarter, caused by falling sales figures in the automotive sector as well as lower prices for butadiene, an important component in synthetic rubber. While during the first eight months of 2011 the price for butadiene almost doubled to around EUR 2,500/tonne, it level off to around EUR 2,000/tonne by year end 2011.

Massive price hike in butadiene

# Financial development

## Abstract from the consolidated income statement for the financial year from January 1, 2011 until December 31, 2011

In EUR million	2011	2010	Change in %
<b>Revenue</b>	<b>820.0</b>	<b>689.4</b>	<b>18.9</b>
Changes in inventories	2.8	13.6	-79.5
Own work capitalised	0.8	0.8	1.0
<b>Operating revenue</b>	<b>823.6</b>	<b>703.8</b>	<b>17.0</b>
Other operating income	33.8	38.0	-11.0
Material costs	-513.1	-410.2	25.1
Personnel expenses	-114.9	-109.9	4.6
Other operating expenses	-116.6	-109.5	6.5
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>112.8</b>	<b>112.3</b>	<b>0.5</b>
Depreciation and amortisation of tangible and intangible assets	-29.7	-29.9	-0.9
<b>Earnings before interest and tax (EBIT)</b>	<b>83.1</b>	<b>82.3</b>	<b>0.9</b>
<b>Financial result</b>	<b>-13.2</b>	<b>-19.2</b>	<b>-31.1</b>
<b>Earnings before tax (EBT)</b>	<b>69.9</b>	<b>63.1</b>	<b>10.7</b>
Income taxes	-15.8	-17.7	-10.9
<b>Earnings after tax</b>	<b>54.1</b>	<b>45.4</b>	<b>19.2</b>

## Revenue

The Semperit Group increased group revenue by 18.9% to a record level of EUR 820 million in 2011, based on strong price and volume growth and supported by a positive general economic development that progressively slackened in the second half. Some 12.8 percentage points of the growth were due to price effects and 6.1 percentage points were due to the volume increase. All four operating segments contributed to the increased revenue, with the strongest growth seen in the Semperflex and Sempertrans segments.

Revenue up in all  
four segments

The Sempermed segment managed to increase revenue by 17.4% to EUR 371.5 million through the positive development, at both business units, of examination gloves as well as surgical gloves. The share of group revenue amounted to 45.3%, after 45.9% in the previous year, which meant that Sempermed remained unchanged as the most important segment of the Semperit Group.

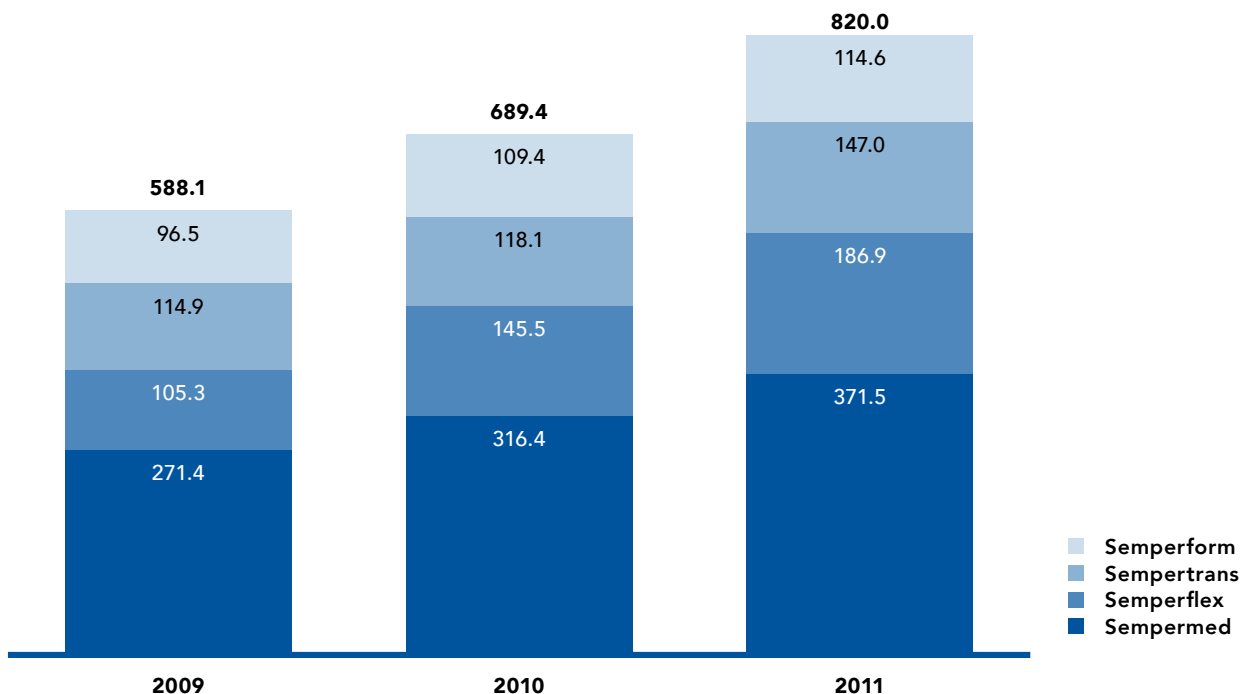
The strongest revenue growth in 2011 was seen in the Semperflex segment. Based on stronger demand across all three business units (hydraulic hoses, industrial hoses, elastomer and anti-wear protection plates), Semperflex increased revenue by 28.5% to EUR 186.9 million. Semperflex recorded a 22.8% share of group revenue, after 21.1% in 2010.

The Sempertrans segment was able to take advantage of the positive business for steel cord conveyor belts and increased revenue by 24.5% to EUR 147.0 million. That equates to a 17.9% share of group revenue, after 17.1% in the previous year.

The Semperform segment grew revenue volume by 4.7% to EUR 114.6 million, primarily due to the higher sales volumes in the industrial moulds and special applications business units. However, the Semperform share of total group revenue was reduced from 15.9% to 14.0%. Revenue growth was recorded in all sales regions. Growth levels in Asia and the EU



Revenue by segment in EUR million

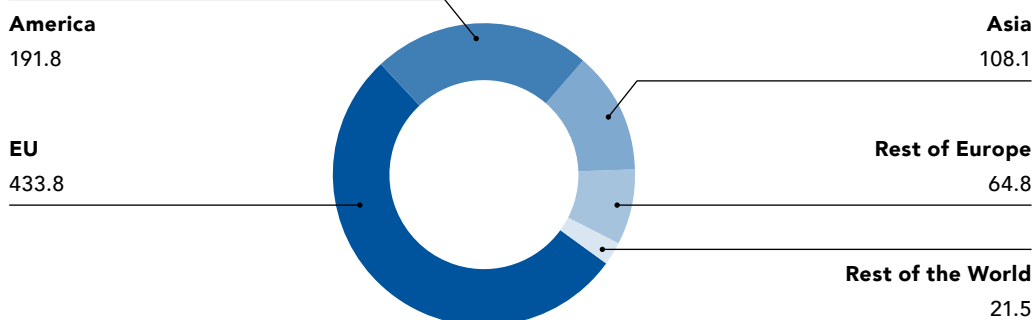


were especially high. Despite the already high market penetration in Austria, further growth was achieved, albeit at a slower pace. By contrast, in the USA and in the rest of Europe, growth rates were in the double-digit range. Likewise, revenues from the rest of the world were encouraging.

Above-average revenue growth in Asia and EU

In total, the Semperit Group recorded revenue of EUR 433.8 million from customers in the EU member states, which corresponds to 52.9% of total group revenue, after 54.3% in the previous year. In the rest of Europe, revenue of EUR 64.8 million, or 7.9% (2010: 8.2%), was achieved. The USA accounted for EUR 191.8 million, or a 23.4% share (previous year: 22.9%). Revenue of EUR 108.1 million (13.2% compared to 12.6% in the previous year) was recorded in Asia, and in the rest of the world there was revenue of EUR 21.5 million (2.6% after 2.0% in the previous year).

Revenue by region in EUR million



## Profitability

Other operating income fell by 11.0% year-on-year to EUR 33.8 million. Chiefly responsible were insurance compensation claims that were received in the previous year due to the flooding in Thailand.

2011 was marked by a difficult commodities price environment, which was also reflected in the trend of material costs. They increased by 25.1% in the reporting period due to price and volume factors and were thus significantly higher than revenue growth. Passing on the increased purchasing price to customers proved to be difficult. These challenging general conditions were successfully countered by the constant adjustment of material used by actively managing raw materials, as well as through economies of scale for long periods. Nevertheless, the share of cost of materials to operating profit (EBIT) grew by 4.0 percentage points to 62.3%.

At 25.1%, rise in material costs significantly higher than revenue growth

Compared with the increase in revenue, personnel costs as well as the other operating expenses posted disproportionately small increases to EUR 114.9 million and EUR 116.6 million, respectively. The growth rates were 4.6% and 6.5%, respectively.

Headcount increased on average by 825 people to 7,833 due to capacity expansion and the positive order situation for most of the year. Despite this trend, and supported by a lower discount rate for the calculation of personnel provisions, the share of the personnel costs to the operating profit (EBIT) was reduced to 14.0%, down from 15.6% in the previous year.

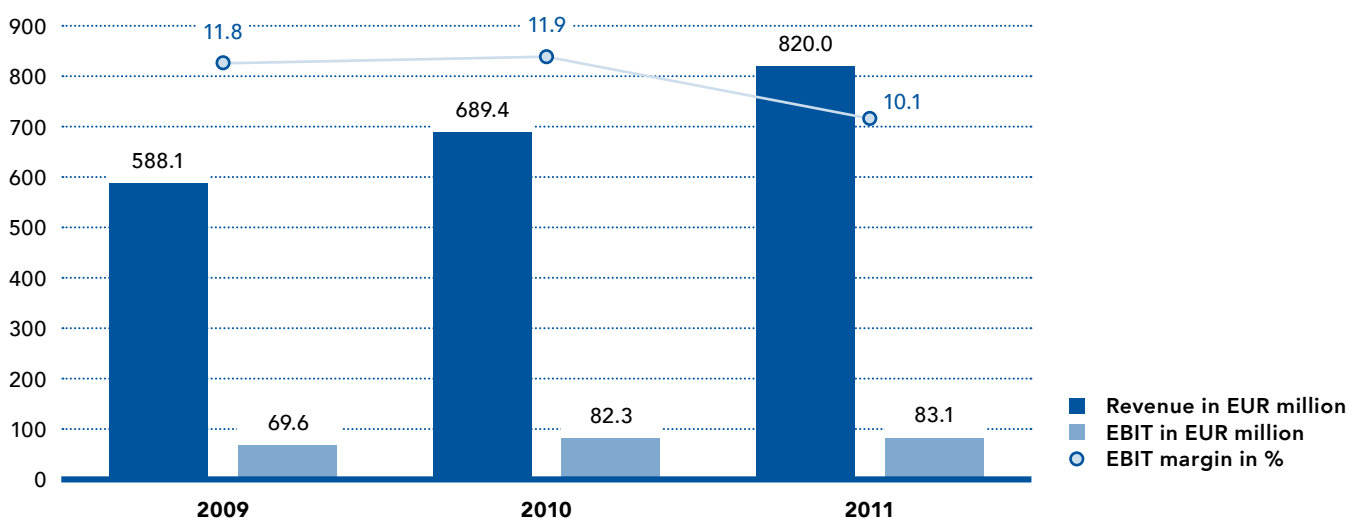
Decrease in ratio of personnel costs to operating profit

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased slightly in the financial year 2011 by EUR 0.5 million to EUR 112.8 million; the EBITDA margin on revenue fell from 16.3% to 13.8%.

Depreciation and amortisation remained almost unchanged compared to the previous year at EUR 29.7 million.

Earnings before interest and tax (EBIT) grew by 0.9% year-on-year to EUR 83.1 million. The EBIT margin on revenue reached 10.1% after 11.9% in the previous year.

## Revenue, EBIT and EBIT margin trends



The financial result improved on the year from negative EUR 19.2 million to negative EUR 13.2 million. This development is mainly attributable to the weaker result, which was caused by redeemable non-controlling shares – predominantly in the Sempermed segment.

Sharp improvement in financial result

Earnings before tax for the Semperit Group were EUR 69.9 million in the reported period, up 10.7% from the previous year.

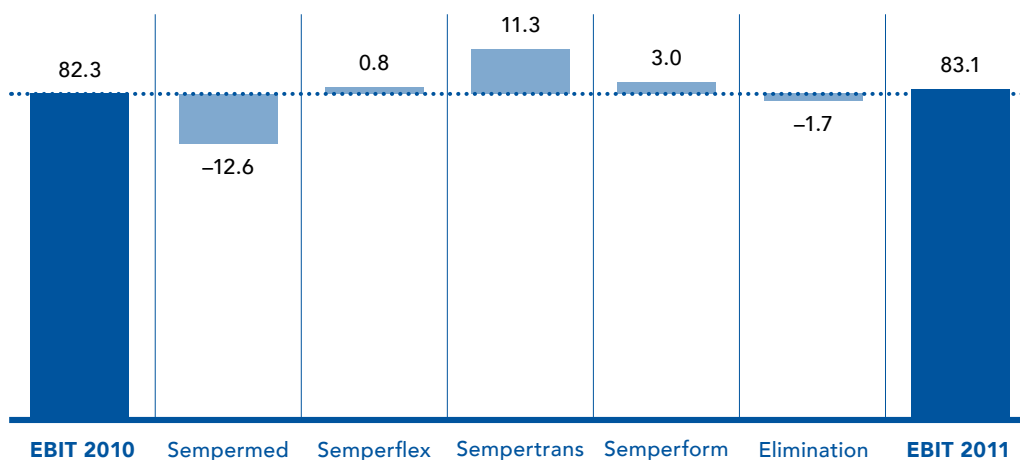
The tax burden decreased in the financial year 2011 by EUR 1.9 million to EUR 15.8 million. The effective tax rate (calculated on profit before taxes and before redeemable non-controlling shares) decreased from 21.1% to 18.7% due to a changed geographical profit distribution, which consequently resulted in a lower tax burden, and to tax investment allowances.

Earnings after tax for the Semperit Group increased by 19.2% to EUR 54.1 million due to improved financial results and lower tax expenditure.

19.2% rise in earnings after tax to EUR 54.1 million

As a result of this improved profit, the return on equity improved from 12.9% in the previous year to 14.5% and the return on total assets before taxes fell from 14.2% to 13.8%.

### EBIT trend in comparison with the previous year in EUR million



Results of operations and earnings in comparison with the previous year were quite mixed in the individual segments. The Sempermed segment recorded a fall in operating profit (EBIT) from EUR 47.1 million to EUR 34.5 million on the year, mainly due to increased price pressure, and the EBIT margin fell from 14.9% to 9.3%.

Varying performance by the segments

The Semperflex segment slightly improved operating profit (EBIT) by EUR 0.8 million to EUR 25.0 million, and EBIT margin was 13.4% after 16.7% in the previous year. There was a trend reversal for the Sempertrans segment after the crisis year of 2010; operating profit (EBIT) was improved to EUR 11.3 million, and an EBIT margin of 7.7% (2010: 0.0%) was achieved. The Semperform segment recorded a renewed increase in operating profit to EUR 18.9 million (previous year: EUR 15.9 million) and this improved the EBIT margin from 14.5% to 16.5%.

The share capital of Semperit AG Holding amounts to EUR 21.4 million and is composed of 20,573,434 no-parvalue shares, whereby each share participates equally in the share capital.

Earnings per share increased from EUR 2.21 in 2010 to a new record high of EUR 2.63.

The board will propose reducing the dividend to EUR 0.80 per share to the annual general meeting. The distribution rate for 2011 of 30.4% is subject to agreement at the annual general meeting. The dividend yield on the closing price of EUR 29.75 amounts to 2.7% and 2.3% measured against the average share price for 2011.

Proposed dividend of  
EUR 0.80 per share

## Financial position

### Abstract from the consolidated balance sheet dated December 31, 2011

In EUR million	Dec. 31, 2011	Dec. 31, 2010	Change in %
<b>Assets</b>			
Fixed assets	233.4	219.8	6.2
Inventories	137.6	113.7	21.0
Trade accounts receivable	114.3	85.5	33.6
Current assets including deferred taxes	131.3	174.4	-24.7
<b>Balance sheet total</b>	<b>616.7</b>	<b>593.5</b>	<b>3.9</b>
<b>Equity and liabilities</b>			
Equity	372.5	351.1	6.1
Liabilities from redeemable non-controlling shares	97.3	83.4	16.6
Provisions including social capital	79.1	91.5	-13.5
Other liabilities including deferred taxes	67.8	67.5	0.4
<b>Balance sheet total</b>	<b>616.7</b>	<b>593.5</b>	<b>3.9</b>

The balance sheet total of Semperit Group increased by 3.9% to EUR 616.7 million in the financial year.

Fixed assets increased once again by 6.2% to EUR 233.4 million due to higher investments. Contained in this are advance payments and plant under construction worth EUR 38.0 million (2010: EUR 28.8 million).

Current assets including deferred taxes were increased by 2.5% to EUR 383.2 million. Against the increase in provisions and the trade receivables is a reduction in the liquid assets (cash and cash equivalents).

Current assets up 2.5%

Working capital, composed of inventories plus trade receivables less trade liabilities, was at EUR 213.1 million, 34.6% above the previous year's figure of EUR 158.3 million.

Due to the higher sales volume and the marked increase in commodity prices, inventories were increased by 21.0% to EUR 137.6 million.

The increased revenue lead, in combination with heightened competition which impacted the agreed terms of payment, to an increase in the trade receivables by 33.6% to EUR 114.3 million.

Cash and cash equivalents decreased to EUR 97.9 million in comparison with EUR 139.2 million the previous year due to the working capital increase described above and the investments effected by the balance sheet date. The Semperit Group continues to command a very sound basis for the financing of the planned investments and future acquisitions.

Cash and cash equivalents down EUR 97.9 million

Equity increased by 6.1% to EUR 372.5 million, composed of earnings after tax of EUR 54.1 million, the disbursement of the dividend payment to the shareholders (EUR 25.7 million) and the negative amendment of the currency translation differences (EUR 6.9 million) as well as the negative effects of the revaluations (EUR 0.1 million).

The equity ratio as a measure of the financial independence of the company is 60.4% (previous year: 59.2%). Shareholders' funds cover the fixed assets of the Semperit Group to 159.6% (previous year: 159.7%).

Debt remained largely unaltered; an increase in liabilities arising from redeemable non-controlling shares of EUR 13.9 million was contrasted by a fall in provisions including social capital by EUR 12.4 million. Other liabilities including deferred taxes increased only slightly by EUR 0.3 million to EUR 67.8 million.

Debt stable

## Cash flow

### Abstract from the cash flow statement for the financial year from January 1, 2011 until December 31, 2011

In EUR million	2011	2010	Change in %
Gross cash flow	89.0	91.0	-2.2
Cash flow from operating activities	29.4	50.4	-41.6
Cash flow from investing activities	-43.0	-66.4	-35.3
Cash flow from financing activities	-24.4	-46.6	-47.6
Changes in cash and cash equivalents	-38.1	-62.7	-39.3
Cash and cash equivalents at the end of the period	97.9	139.2	-29.7

Gross cash flow from earnings in 2011 decreased by 2.2% to EUR 89.0 million, while cash flow from operating activities decreased by 41.6% to EUR 29.4 million due to the increase in working capital.

Cash flow from investing activities was EUR -43.0 million in the 2011 financial year and showed a fall of 35.3%. EUR 45.1 million was spent on replacement, expansion and rationalisation investments in tangible assets and intangible assets (previous year: EUR 52.5 million).

Investment down EUR 45.1 million

Cash flow from financing activities fell by 47.6% to EUR -24.4 million and includes the dividend payment to shareholders of Semperit AG Holding for the financial year 2010 amounting to EUR 25.7 million, dividend payments to non-controlling shareholders in subsidiaries amounting to EUR 1.2 million, and net deposits from financing totalling EUR 1.5 million, as well as deposits from non-controlling shareholders amounting to EUR 1.0 million.

The closing balance of cash and cash equivalents taking into account currency exchange rate fluctuations was EUR 97.9 million as at the balance sheet date, thus EUR 41.3 million short of the previous year's figure.

The cash flow ratio is an indicator of the company's ability to finance investment and thus future corporate growth from its own earnings, and is expressed as the percentage ratio of operating cash flow to sales. The Semperit Group achieved a cash flow ratio of 10.9% in 2011 (previous year: 13.2%). This fall is primarily due to the increase in material costs.

Cash flow ratio of 10.9%

## Performance of the segments

### Sempermed

Despite difficult conditions the Sempermed segment continued its growth of recent years in the financial year 2011, increasing revenues by 17.4% to EUR 371.5 million. This significant increase in revenue is due in more or less equal measures to price and volume effects.

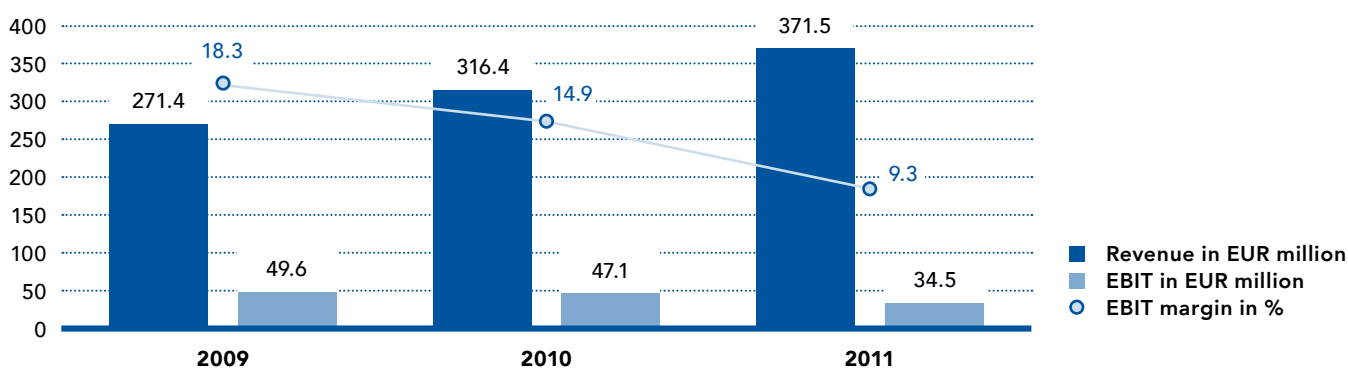
Revenue up 17.4% to  
EUR 371.5 million

The strong demand for high quality gloves for the medical sector continued, however volatile commodity prices, changes to production processes between natural latex and nitrile due to the changed demand mix, and the extended start-up phase for the plant in Surat Thani led to a charge against earnings. By means of a flexible pricing policy, ongoing productivity improvements and strict material cost management it was possible to partly offset these negative factors.

Due to the prevailing pressure on markets prices, operating profit (EBIT) was down by 26.8% to EUR 34.5 million in 2011 and the return on sales of 14.9% fell to 9.3%.

EBIT margin falls to 9.3%

### Sempermed: Growth in revenue, EBIT and EBIT margin



### Performance

The growth in sales volume of examination gloves in 2011 was again positive overall, although the challenges posed by the market varied from one half of the year to the next. Due to the increases in raw materials prices during the first few months the main difficulty was to pass on the increased costs of key inputs on the price side to customers. The year's raw materials price high was followed by growing pressure on prices, which was exacerbated by the existing overcapacity in the market and aggressive pricing by competitors.

Performance  
determined by higher  
commodity prices and  
price pressure

The extraordinarily large increase in the price of natural latex reinforced the market trend towards high quality gloves made of synthetic nitrile. The share accounted for by nitrile in 2011 was 30%, compared to 20% in the previous year. While nitrile has always been a very expensive raw material compared to natural latex in recent years, this situation has changed with the increase in the price of natural latex. Similar price levels have led to a situation in which, due to their excellent properties, products made of nitrile have become more attractive for many customers.

Indeed, as a result of the switching of individual distribution channels from natural latex to nitrile products, some distribution partners found that they had temporarily built up surplus stocks of examination gloves made of natural latex; the consequence was a temporary reduction in order intake in this product area.

**Nitrile products growing in importance**

Start-up of the new lines at the new production location in Surat Thani was adapted to existing demand and gradually implemented over the course of the year.

The increase in sales volume in the financial year 2011 is mainly due to very good growth in demand in South America and a slight increase in volume in the US. By contrast, sales volume in Europe and Asia stagnated.

In surgical gloves an increase in sales volume of 11% was achieved in 2011, after the market had shown signs of saturation in 2010. This revenue growth is mainly due to improved demand in the main market, the EU, and the increase in packaging capacity at the Sopron location in Hungary. In this business area, too, profitability was dampened by the volatility of commodity prices.

**Sales of surgical gloves up 11%**

In-house production of PVC examination gloves at the Shanghai location was discontinued at the end of 2011. Since then, this niche product has been manufactured by external contractors in accordance with Sempermed's designs and quality standards.

## Investments

Once again, investment in 2011 was concentrated on the plants in Thailand, amounting to EUR 20.7 million. After the delays in construction work due to the floods in November of 2010, in 2011 Sempermed succeeded in completing the basic structure of the new plant at Surat Thani and in starting up seven state-of-the-art production lines. The planning and preparation phase for the new plant at Trang, the third location in Thailand, was largely completed.

**Investment volume EUR 20.7 million**

At the manufacturing location for surgical gloves in Wimpassing, Austria, the batch tunnel washer and dryer were modernised last fiscal year and improved batch tracking systems were installed. Furthermore, at the finishing plant in Sopron, Hungary, the packaging line newly constructed in the previous year was optimised.

## Semperflex

In 2011 the Semperflex segment continued its upward trend of 2010, achieving a record revenue of EUR 186.9 million, up 28.5% on the previous year. The bulk of this increase was due to volume effects.

**Revenue up 28.5% to EUR 186.9 million**

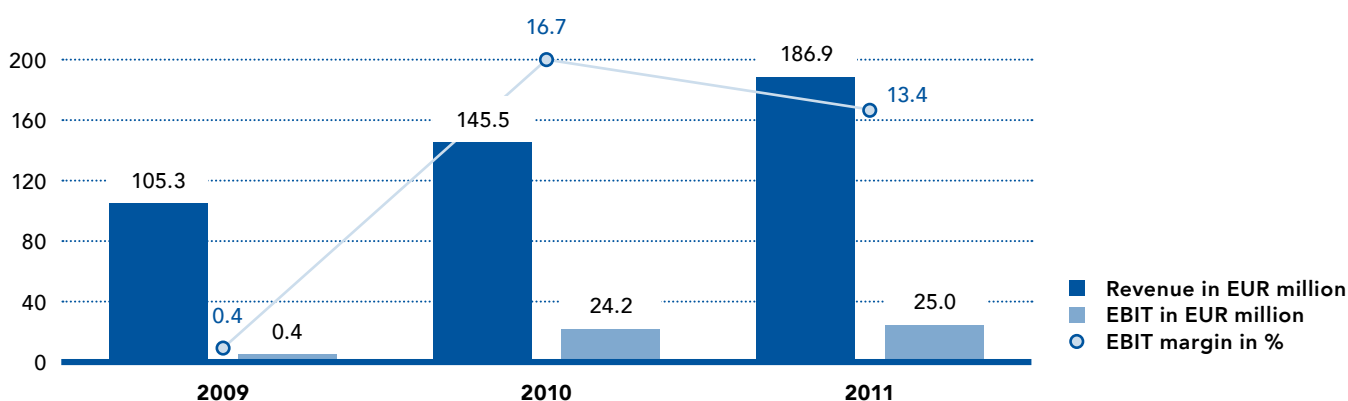
The demand situation in 2011 varied greatly over the course of the year. In the Semperflex segment the first few months of 2011 were marked by continued strong order intake and dynamic volume growth, which resulted in full capacity utilisation. By increasing the number of shifts the company tried to minimise the lengthening of delivery times and best meet customer requirements. However, from mid-year we saw demand consolidate in some geographical markets; given the uncertainty with commodities, full warehouses and slowing

economic growth customers were much more cautious in their ordering behaviour, resulting in normalisation of order intake and order book size as the year progressed. In response to these conditions production capacity at a number of plants, which had been fully utilised in the first half of the year, was adjusted to take account of the lower demand.

Semperflex achieved an operating profit (EBIT) of EUR 25.0 million last financial year and was thus able to generate a return on sales of 13.4%, which was respectable in view of the challenges posed by the market. The significant increase in sales volume thus compensated for the inflation in raw materials prices, the poor availability of certain raw materials, and the difficulties experienced in implementing customer price increases.

EBIT margin edges  
down to 13.4%

### Semperflex: Growth in revenue, EBIT and EBIT margin



### Performance

The Hydraulic Hose business unit posted a significant increase in sales volume for the reporting period of about one quarter, but passing on higher raw materials prices to customers proved difficult. The strong fluctuation in the order situation in the course of the year previously referred to combined with the necessary capacity adjustments due to more cautious customer stocking behaviour mainly impacted this business unit.

Significant volume  
growth in hydraulic  
hoses

The volume growth in hydraulic hoses was boosted above all by overseas markets, the Thai plant in particular significantly increasing its sales and gaining market shares in Asia. The newly-established Brazilian distributor of hydraulic hoses established a good foothold in the market.

The Industrial Hose business unit increased its revenues by roughly one-fifth in the financial year 2011, despite below-average growth in volumes. Due to the absence of global standards for these products Semperflex focused on European growth markets such as Russia and Ukraine in order to expand sales volume.

Subdued demand for  
industrial hoses

The Elastomer and Wear-resistant Sheeting business unit, the smallest unit in the segment, was just short of double-digit unit revenue growth in 2011, and its capacities were well utilised over the course of the year. However, order intake fell off slightly towards year-end.



## Investments

In the financial year 2011 EUR 16.1 million was invested in the Semperflex segment, with the focus being on expansion of capacity at the plants in the Czech Republic, Thailand and China. In the course of 2012 the available production capacity at these locations will be increased by about a fifth in total.

## Sempertrans

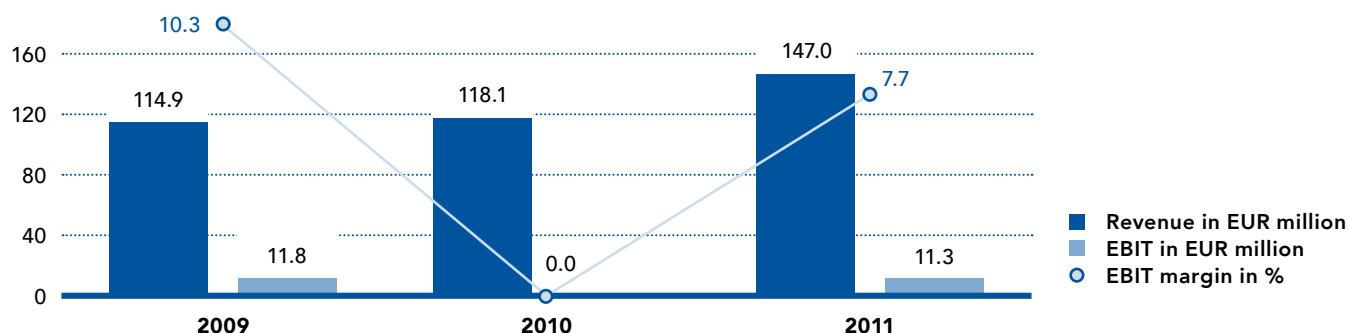
In the financial year 2011 the Sempertrans segment reported a significant increase in revenue of 24.5% to EUR 147.0 million, thus achieving a new revenue record. The trading environment was characterised by very dynamic demand throughout 2011, mainly driven by strong order volume from the mining sector. Attractive major contracts were won not only in the core regions of Eastern and Central Europe, but also in the high-growth markets of South America, Asia and North Africa. Demand from the steel and cement industry and for port facilities was lower.

After the difficult business climate of the previous year Sempertrans succeeded in greatly improving profitability during the fiscal year by means of pricing designed to allow better and faster adaptation to the raw materials situation, optimisation of the product mix, and consistent cost management. Following a break-even result in 2010, the turnaround was achieved in 2011 with EBIT of EUR 11.3 million. Nevertheless, the competitive situation continues to be marked by severe price competition between market players. In addition there is a growing trend towards import of Asian products in the standard conveyor belts business.

Revenue up 24.5% to  
EUR 147.0 million

EBIT of EUR 11.3 million  
brings turnaround

### Sempertrans: Growth in revenue, EBIT and EBIT margin



## Performance

All the plants were working at full capacity in the financial year 2011, though the strike in the plant in Nirlon, India, triggered a reduction in the available volume from the segment in the fourth quarter. However, any impact on customers was largely forestalled by shipments from the plants in Europe and Asia. Due to the entrenched positions the strike is continuing into 2012 and it had not been settled at the time of writing this report.

High utilisation of  
production capacity

Following the start-up in 2010 of the extra-wide extruder combined with a modern roller head system, the Polish plant in Belchatów greatly increased its capacity and also completely filled it. The French production facility in Argenteuil concentrated on manufacturing high quality metal and special conveyor belts due to the challenging market situation and the cutthroat competition in standard conveyor belts. The manufacturing facility in Shandong, China, focused on stabilising quality and on technical development. In addition, the focus was on improvement of local marketing and supply within the segment.

## Investments

Investment was concentrated on ongoing productivity and quality improvements together with optimisation at the existing locations. Total investment after completion of major projects in the previous years was EUR 2.0 million.

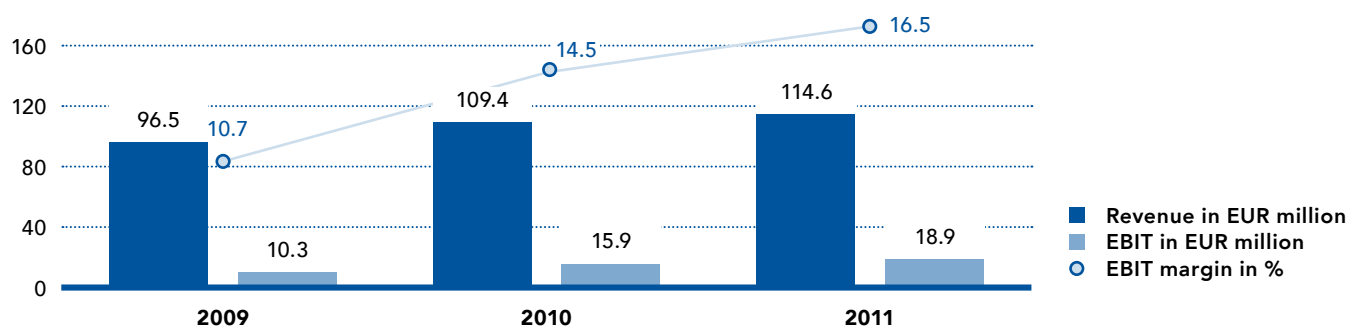
## Semperform

The Semperform segment ended the financial year 2011 with revenue growth of 4.7% to EUR 114.6 million. This was assisted in particular by the Moulded Parts and Special Applications business units, which contributed double-digit growth, while the Building Profiles and Handrails business units were slightly down and remained unchanged respectively.

Revenue 4.7% higher  
at EUR 114.6 million

The difficulties experienced in passing on rises in raw materials prices to customers had a negative impact on earnings. Nevertheless, due to the reversal of a provision, the Semperform segment reported an increase in operating profit (EBIT) of 18.9% to EUR 18.9 million.

### Semperform: Growth in revenue, EBIT and EBIT margin



## Performance

The largest business unit, Building Profiles, comprising window and door seals, was particularly hard hit by the raw material price increases and also faced very aggressive pricing behaviour from competitors in some markets. Selective order control ultimately led to a reduction in sales volume and hence to a flattening of revenue growth. This quantitative fall in sales mainly took place in Eastern Europe and was only partly offset by the price increases which became necessary on the revenue side, so sales fell slightly in 2011 compared to the previous year.

Construction profile  
prices under heavy  
pressure

In Moulded Parts, the second-largest business unit, satisfactory performance was achieved in fiscal 2011, mainly driven by price-related growth. Strong demand from construction and industrial clients was a major factor here.

Handrails, the third-largest business unit, posted static revenue growth in 2011 – slight volume growth contrasted with a negative price trend. The competitive situation worsened noticeably, especially in the main market, China, and Semperform will be addressing this situation with a new and differentiated product strategy.

The smallest business unit, Special Applications, which comprises the rubber foils, sheave and bull wheel liners and sponge rubber product groups, achieved double-digit revenue growth in 2011. This growth can be attributed to price increases, though sales volume fell slightly

### Investments

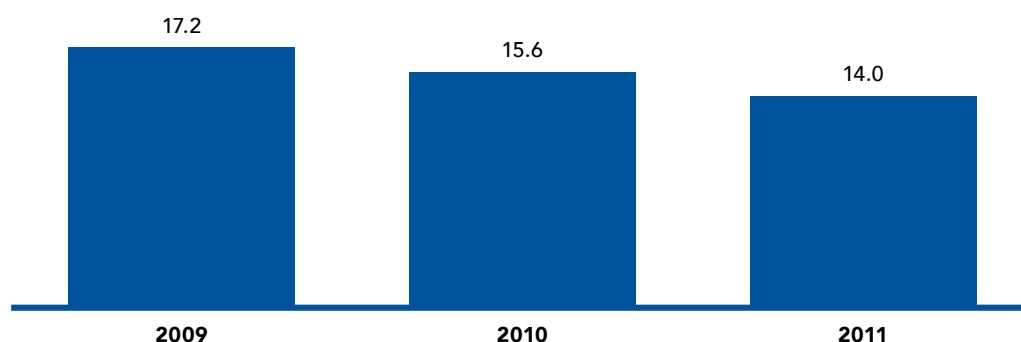
In total Semperform invested EUR 5.6 million in the year under review compared to EUR 5.8 million in the previous year. The investment activity focused on new capacity at the Chinese location in Shanghai, adaptation of buildings at the Deggendorf location in Germany, and a new injection moulding machine at the main plant in Wimpassing, Austria.

## Employees

The Semperit Group employed an average of 7,833 individuals in 2011, or 11.8% more than in the prior year. The Sempermed and Semperflex segments recorded the largest increase. A total of 702 individuals were employed in Austria and thus 6.0% more than in the prior year. The ratio of personnel expenses in the amount of EUR 114.9 million to gross profit was 14.0% following 15.6% in the prior year.

Headcount up 11.8%  
to 7,833

### Personnel expenses as a % of gross profit



The Semperit Group's management regards its employees' expertise and innovativeness to be an important factor of success for defending and further expanding the current market position. Therefore, Semperit offers its employees a comprehensive program for basic and advanced training intended to optimally prepare them for operational and strategic challenges. Personnel management focuses on continuously improving operating security and promoting the health of all employees.

Extensive training and  
continuing education  
programme

## Research and development

In order to successfully position itself among the competition, the Semperit Group pursues a clearly defined research strategy that focuses on increasing the flexibility of production processes for optimising the use of raw materials in addition to continuous product innovations. Safeguarding and further developing the standard of quality also forms a central element. Group-wide research activities are coordinated and managed in the research centre Wimpassing, Lower Austria.

Focus on market-driven product innovation and process optimisation

## Environmental protection and conservation of resources

The Semperit Group reduces the environmental burden resulting from production that is typical for the industry as much as possible through an effective environmental management system, based on legal provisions and requirements. The management of each production and operating facility is responsible for compliance with these provisions. In addition, there are clear rules and regulations governing responsibility for various environmental protection issues; for instance, waste and effluent treatment managers. The employees are regularly instructed and trained to adhere to the corresponding provisions and instructions. The environmental effects of all raw materials, mixtures, and processes used for the first time are inspected and optimised in the planning stage. Detailed goals for reducing materials usage and energy consumption are established and are periodically reviewed by management and supplemented by further measures.

Group-wide programme to optimise resource utilisation

## Disclosures pursuant to Section 243a Para. 1 Austrian Company Code (UGB)

The share capital of Semperit AG Holding amounted to EUR 21,358,996.53 as at December 31, 2011, and consisted of 20,573,434 no-par-value ordinary shares, each carrying equal rights in every respect.

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

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

Shareholder structure

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

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

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

Age limits for Management and Supervisory Boards

The age limit for members of the Supervisory Board is 70. They are only permitted to carry out their mandate until the Annual General Meeting following their 70th birthday.

The following applies with respect to the appointment and revocation of Supervisory Board members pursuant to the Articles of Association:

Appointments and  
dismissal of Supervisory  
Board members

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

The selection of the members departing will be undertaken using the following procedures:

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

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

Any member of the Supervisory Board can resign from 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, the observation of a four-week time period is required.

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

The authorisation granted to the Management Board by the 120th Annual General Meeting held on April 30, 2009, pursuant to Section 65 Para. 1 (8) of the Austrian Stock Corporation Act to repurchase shares comprising up to 5% of the share capital expired on November 30, 2011. In addition, the Management Board has no powers within the meaning of Section 243a Para. 7, Austrian Company Code (UGB).

Share repurchase  
approval expired in  
November 2011

The company has not concluded any agreements in respect to a potential change of controlling interest in the event of takeovers within the meaning of Section 243a Para. 1 (8), Austrian Company Code (UGB).

No compensation agreements pursuant to Section 243a Para. 9 of the Austrian Company Code (UGB) exist.

## Risk report

### Risk environment

The fragility of the current global economy, with its stark regional discontinuities, presents Semperit as an internationally active corporate group with certain challenges. The strategic orientation of Semperit's four operating segments means that their success depends to differing degrees on the general economic situation. Our global presence itself helps to ensure that our risks are diversified.

Regional and sector  
diversification

In the current economic environment, high volatility between the euro and the US dollar itself 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 in selling prices quickly enough.

Semperit is active in countries that are at different stages in 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 environment disasters are also associated with significant potential losses for the Semperit Group.

### Risk management

Semperit's objective is an effective risk-management system that minimises potential threats from future events and actively exploits opportunities for growth in pursuit of continual increases in enterprise value.

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 is accordingly an important component of these units' management activity, based on a uniform group-wide system of monthly reporting. 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 operating and strategic planning.

Group-wide, integrated  
control system

Whenever necessary, measures to reduce risk 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 occurring, in accordance with the international COSO Standards (Committee of Sponsoring Organisations of the Treadway Commission).

### Risk organisation

Beginning in 2012, the Internal Audit department will take over responsibility for risk management. This particularly includes the central coordination and monitoring of risk-management processes for the Group as a whole, as well as risk assessment and comprehensive reporting to the Management and Supervisory Boards.

Risk organisation  
strengthened

Beginning in 2012, the Internal Audit department will take over responsibility for risk management. This particularly includes the central coordination and monitoring of risk-management processes for the Group as a whole, as well as risk assessment and comprehensive reporting to the Management and Supervisory Boards.

## Significant individual risks

General market risks that may arise from developments in the global economy and from the regions and sectors relevant to Semperit are explicitly assessed in the Management Report under Outlook. Selected individual risks are explained below.

## Operating risk

### Procurement risk

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

Actively managed  
supplier portfolio

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

### Sales and customer default risk

The customer structure of the Semperit Group is broad and well-balanced, thus avoiding concentrating too much on individual consumers with regard to risk. No client accounts for more than 10% of sales. Bad debt losses and sales losses play a minor role. Credit risks and the risk of payment default are reduced with the use of standardised credit checks, set credit limits and loan insurance. The measures initiated in the reporting year aimed at improving the management of client relationships also certainly serve to reduce this risk class.

Broad and well-balanced  
customer structure

The sales risk is also reduced through an active management of the product portfolio as well as the ongoing development of product innovations and by tapping into new markets. Semperit is confronting the risk of overcapacities with its ongoing evaluation of market and order data, thus allowing it to react quickly to changes with the appropriate measures such as temporary shutdowns and shift adjustments.

### Production risk

The Semperit Group has set high technological and safety standards for its production sites both at home and abroad. The risk that the production plants will break down is also reduced through regular maintenance as well as through flexible production control. Despite all its efforts, the risk of operational disruptions, accidents and environmental damage cannot be completely ruled out, as disruptions can come about especially through natural occurrences beyond the control of the Semperit Group. The company safeguards against these types of risk to the extent feasible with an economically sensible level of insurance.

Ongoing maintenance  
and insurance

## Personnel risk

The business performance of Semperit in the future will largely be determined by the commitment, expertise, and productivity of its employees. Semperit rises to the competition for highly qualified specialists and executive staff in the form of cooperations with universities, colleges and advanced technical colleges and its positioning as an attractive employer with trade fairs and similar events. In addition to forward-looking estate planning, attractive qualification options and performance-based remuneration systems form the basis for human resource management.

## Financial risk

As is stipulated in IFRS 7.31, the financial risks are shown in detail in the notes to the consolidated financial statements on page 146. The following is a summary and interpretation.

### Default risk of financial instruments

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

Banking partners with outstanding creditworthiness

### Interest-rate risk

To a minor extent, operating resources and investments are financed using debt capital in the scope of the business operations. As at the balance sheet date of December 31, 2011, liabilities to banks amounting to EUR 6.2 million (2010: EUR 6.0 million) are shown. The liabilities have variable interest rates and are subject to the usual interest-rate risk within the market. The interest-rate risk is assessed as insignificant due to the volume mentioned.

### Liquidity risk

Cash and cash equivalents amounted to EUR 97.9 million as at the balance sheet date December 31, 2011 (2010: EUR 139.2 million). The ongoing improvement to the group's treasury guidelines and information systems helps recognise financial risks early on and enables suitable measures to take hold in due time. The solid balance sheet structure of the Semperit Group, with an equity ratio of 60.4% as at the end of 2011 (2010: 59.2%), ensures access to cheap debt financing when needed.

Cash and equivalents  
EUR 97.9 million, equity  
ratio 60.4%

### Currency risk

In light of the subsidiaries' international trade relations, the Semperit Group is exposed to currency risk. Transaction risks can be found above all at subsidiaries which are not located in the Eurozone, but maintain business relationships there, and in exchange rate fluctuations between the euro and US dollar. The company protects against these risks with forward transactions where appropriate. No derivative financial instruments are entered into for the purpose of speculation.

Forwards used for hedging where appropriate



## Internal Controls System (ICS)

The Semperit Group's internal control system pursues the goal of securing the effectiveness and efficiency of its business activities, the reliability of its financial reporting, and compliance with relevant statutory provisions. It also supports the early recognition and monitoring of risks from insufficient monitoring systems and fraudulent actions and is currently being revised and expanded by the Internal Audit department together with the respective specialised 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 prescribes cross-divisional framework conditions and regulations applicable throughout the group.

Clear goals and continuing optimisation

The following principles form the basis of the ICS:

- Risk-oriented approach
- Clear organisation and responsibilities
- Standardised rules or procedure for preparing the financial reporting (documentation, controls, approval)
- Separation of functions (review by second person)
- Analysis and plausibility checks
- IT process control
- Inclusion of specialist divisions
- IT general controls

At the time this management report was prepared, no risks were identified in connection with the future development that could threaten the existence of the Semperit Group as a going concern either in isolated cases or jointly. Adequate insurance has been taken out for specific liability risks and damages where this makes economic sense.

# Outlook

Short-term improvement in the economic environment is not expected for 2012. Moreover, the World Bank expects global economic growth to further weaken in 2012 compared to 2011, whereby growth should gradually increase in the second half of the year. Economic indicators are first forecast to recover again from an annual perspective in 2013.

Further downturn  
in global economy  
expected

Both developed markets as well as emerging regions will be affected by this temporary economic downturn. For instance, the Eurozone is expected to stagnate on average in 2012; but growth markets in Asia and South America will also be confronted with reduced expectations for growth according to the World Bank's estimates.

In light of these estimates regarding overall economic development and in the expectation that commodities markets will remain volatile, visibility for the earnings trend for the 2012 fiscal year is significantly limited. The Semperit Group will orient its short-term operational focus on further optimising the development of sales and earnings in 2012 without neglecting its medium-term growth plans or to improve its strategic orientation.

Limited visibility for  
earnings in 2012

Selective order management, ongoing measures to increase productivity and efficiency, and a more flexible adjustment of sales to raw materials prices should contribute to continued earnings-oriented growth.

The Semperit Group will put the planned expansions of capacity in both the medical and industrial sectors successively into operation in order to achieve the planned increases in market share as well as to maintain the price and volume-based sales policies.

A surplus of capacity and a continuation of the aggressive pricing behavior of some competitors are foreseeable for medical products, so that the margin trend in the Sempermed segment is expected to be slightly below average in the first half of 2012. We are currently not able to determine how much this situation will change in the second half of 2012. However, we continue to pursue the goal of increasing the global market share for examination gloves from currently 8% to 12% by 2015 with the acceleration in sales activities implemented in 2011 and the further improvement of customer service.

Step up in sales activi-  
ties and improvement in  
customer service

Planning in the industrial sector is based on the assumption that the current business trend will continue and the Semperit Group will be in a position to take advantage of growth opportunities resulting from the intended expansions of capacity after the order situation normalises in the second half of 2011. The Semperflex segment plans to actively take advantage of growth opportunities in Asia and Latin America by strengthening sales in order to at least compensate for the current stagnation on the markets in Europe and the USA. The Sempertrans segment should continue to profit from the sustained boom in the energy economy and commodities. Semperform will continue to concentrate on the selected niche markets and plans to strengthen development in the Asian market through reasonably priced product variations.

The Semperit Group expects volume to continue to grow for the full 2012 year. Due to the limited operational visibility, dominated in particular by the raw materials price trend and the difficult to forecast economic environment, a well-founded outlook with respect to the development of sales and earnings for the 2012 fiscal year is not possible at this time. However, the Semperit Group continues to maintain the same multi-year growth targets. On average, double-digit sales growth should be realised in the years up to and including 2015, while simultaneously maintaining the current level of profitability.

Multi-year growth  
objectives maintained

This outlook for the 2012 fiscal year corresponds to the estimates of the Board of Managing Directors as of March 9, 2012, and does not reflect any effects from possible acquisitions, sales, or other structural changes during 2012. The cited estimates are subject to both identified as well as unidentified risks and uncertainties that could cause the actual results to differ from the statements made here.

## Events after the balance sheet date

There have been no events of particular significance since January 1, 2012 which would be expected to have a substantial influence on the asset, financial and earnings position of the Semperit Group.

Vienna, March 9, 2012



Richard Ehrenfeldner  
**Member of the  
Management Board**



Richard Stralz  
**Member of the  
Management Board**



Thomas Fahnemann  
**Chairman**



Johannes Schmidt-Schultes  
**Chief Financial Officer**



# Consolidated financial statements

## Content

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## Consolidated income statement

for the financial year 2011 starting January 1, and ending December 31, 2011

in kEUR	Note	2011	2010
<b>Revenue</b>	<b>5.1.</b>	<b>820,006</b>	<b>689,425</b>
Changes in inventories		2,786	13,603
Own work capitalised		802	793
<b>Operating revenue</b>		<b>823,595</b>	<b>703,821</b>
Other operating income	5.2.	33,782	37,961
Material costs	5.3.	-513,059	-410,173
Personnel expenses	5.4.	-114,947	-109,872
Other operating expenses	5.5.	-116,594	-109,470
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>112,776</b>	<b>112,267</b>
Depreciation and amortisation of tangible and intangible assets	5.6.	-29,673	-29,939
<b>Earnings before interest and tax (EBIT)</b>		<b>83,103</b>	<b>82,328</b>
Share of profit from associated companies		207	162
Interest and other financial income		1,703	1,887
Expenses on financial assets		-52	-89
Interest and other financial expenses		-418	-222
Profit/loss attributable to redeemable non-controlling shares		-14,680	-20,969
<b>Financial result</b>	<b>5.7.</b>	<b>-13,241</b>	<b>-19,231</b>
<b>Earnings before tax (EBT)</b>		<b>69,862</b>	<b>63,098</b>
Income taxes	5.8.	-15,784	-17,715
<b>Earnings after tax</b>		<b>54,078</b>	<b>45,382</b>
<b>Earnings per share (undiluted)</b>	<b>5.9.</b>	<b>2.63</b>	<b>2.21</b>

The following notes to the consolidated financial statements comprise an integral part of this consolidated income statement.

## Consolidated statement of comprehensive income

for the financial year 2011 starting January 1, and ending December 31, 2011

in kEUR	Note	2011	2010
<b>Earnings after tax</b>		<b>54,078</b>	<b>45,382</b>
<b>Other comprehensive income</b>			
"Available for sale" financial assets		-132	-21
thereof deferred taxes		33	6
Currency translation differences for the period		-6,879	18,729
Reclassification to net profit		5	68
		<b>-6,973</b>	<b>18,782</b>
<b>Total recognised comprehensive income</b>		<b>47,105</b>	<b>64,164</b>

The following notes to the consolidated financial statements comprise an integral part of this consolidated statement of comprehensive income.

# Consolidated balance sheet

as at December 31, 2011

in kEUR	Note	31.12.2011	31.12.2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6.1.	5,615	6,031
Tangible assets	6.2.	216,720	199,843
Investments in associated companies	3.2.	767	560
Other financial assets	6.5.	11,884	13,720
Other assets	6.6.	310	445
Deferred taxes	6.8.	8,772	10,761
		<b>244,068</b>	<b>231,359</b>
<b>Current assets</b>			
Inventories	6.3.	137,595	113,689
Trade receivables	6.4.	114,329	85,546
Other financial assets	6.5.	3,695	4,869
Other assets	6.6.	11,390	11,953
Current tax receivables		7,681	6,874
Cash and cash equivalents	6.7.	97,892	139,186
		<b>372,582</b>	<b>362,116</b>
<b>TOTAL ASSETS</b>		<b>616,650</b>	<b>593,476</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
	<b>6.9.</b>		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Revenue reserves		316,875	288,613
Currency translation adjustments		12,716	19,590
		<b>372,453</b>	<b>351,065</b>
<b>Non-current provisions and liabilities</b>			
Provisions for pension and severance payments	6.11.	36,924	41,998
Other provisions	6.12.	17,084	18,924
Liabilities from redeemable non-controlling shares	6.10.	97,292	83,405
Liabilities to banks	6.13.	0	5,974
Other financial liabilities	6.15.	3,074	762
Other liabilities	6.16.	200	211
Deferred taxes	6.8.	2,178	4,206
		<b>156,751</b>	<b>155,480</b>
<b>Current provisions and liabilities</b>			
Other provisions	6.12.	20,561	24,848
Liabilities to banks	6.13.	6,178	0
Trade payables	6.14.	38,815	40,969
Other financial liabilities	6.15.	8,816	9,646
Other liabilities	6.16.	7,084	4,964
Current tax liabilities		5,991	6,504
		<b>87,445</b>	<b>86,931</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>616,650</b>	<b>593,476</b>

The following notes to the consolidated financial statements comprise an integral part of this consolidated balance sheet.

# Consolidated cash flow statement

for the financial year 2011 starting January 1, and ending December 31, 2011

in kEUR	Note	2011	2010
Earnings after tax		54,078	45,382
Depreciation/write-ups of tangible and intangible assets		28,862	26,320
Profit and loss from disposal of assets		-126	71
Changes in non-current provisions		-8,188	-2,285
Share of profit from associated companies		-207	-162
Profit/loss attributable to redeemable non-controlling shares		14,680	20,969
Other non-cash expense/income		-51	674
<b>Gross cash flow</b>		<b>89,049</b>	<b>90,969</b>
Increase/decrease in inventories		-23,906	-38,704
Increase/decrease in trade receivables		-28,783	-6,037
Increase/decrease in other receivables and assets		4,541	-9,965
Increase/decrease in trade payables		-6,375	10,970
Increase/decrease in other liabilities and current provisions		-2,679	3,618
Changes in working capital resulting from currency translation adjustments		-2,442	-468
<b>Cash flow from operating activities</b>		<b>29,405</b>	<b>50,383</b>
Proceeds from sale of tangible and intangible assets		1,312	172
Proceeds from sale of current and non-current financial assets		3,000	179
Investments in tangible and intangible assets		-45,098	-52,462
Investments in current and non-current financial assets		-2,235	-4,722
Net cash outflow on acquisition of businesses		0	-9,615
<b>Cash flow from investing activities</b>		<b>-43,020</b>	<b>-66,448</b>
Net payments from current and non-current financing liabilities		1,485	0
Dividends to shareholders of Semperit AG Holding		-25,717	-23,659
Dividends to non-controlling shareholders of subsidiaries		-1,187	-22,410
Equity payments received from non-controlling shareholders of subsidiaries		973	0
Payments due to capital decrease		0	-565
<b>Cash flow from financing activities</b>		<b>-24,446</b>	<b>-46,635</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-38,062</b>	<b>-62,700</b>
Effects resulting from currency translation		-3,233	16,130
Cash and cash equivalents at the beginning of the year		139,186	185,756
<b>Cash and cash equivalents at the end of the year</b>	<b>7.</b>	<b>97,892</b>	<b>139,186</b>

The following notes to the consolidated financial statements comprise an integral part of this consolidated cash flow statement.



# Consolidated statement of changes in equity

for the financial year 2011 starting January 1, and ending December 31, 2011

in kEUR	Share capital	Capital reserves	Revenue reserves	Re-valuation reserves	Currency translation	Total
<b>Balance at 31.12.2009</b>	<b>21,359</b>	<b>21,503</b>	<b>267,085</b>	<b>-182</b>	<b>793</b>	<b>310,558</b>
Total recognised comprehensive income			45,382	-15	18,797	64,164
Dividends			-23,659			-23,659
Other			3			3
<b>Balance at 31.12.2010</b>	<b>21,359</b>	<b>21,503</b>	<b>288,811</b>	<b>-198</b>	<b>19,590</b>	<b>351,065</b>
Total recognised comprehensive income			54,078	-99	-6,874	47,105
Dividends			-25,717			-25,717
<b>Balance at 31.12.2011</b>	<b>21,359</b>	<b>21,503</b>	<b>317,172</b>	<b>-297</b>	<b>12,716</b>	<b>372,453</b>

The following notes to the consolidated financial statements comprise an integral part of this consolidated statement of changes in equity.

# Notes to the consolidated financial statements

## 1. General information

Semperit Aktiengesellschaft 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 Aktiengesellschaft Holding and B&C Privatstiftung is the dominant legal entity. The activities of the Group are divided into four strategic business segments: Sempermed, Semperflex, Sempertrans and Semperform.

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

The consolidated financial statements as at December 31, 2011 were prepared in accordance with Section 245a of the Austrian Company Code (UGB) in conjunction with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial year covers the period from January 1 to December 31.

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

The receivables from income taxes, as well as the financial and non-financial assets and liabilities previously summarised under other receivables and assets or under other liabilities on the balance sheet are now reported separately; the previous year's figures have been adjusted accordingly.

### 1.2. Adoption of new and revised accounting standards

#### First-time adoption of standards

The following new or revised standards and interpretations were adopted by the EU and are to be applied for the first time in business year 2011:

#### **IFRS 1 First-time adoption of International Financial Reporting Standards – Amendment: Exemption from IFRS 7 Comparatives**

The amendment had no relevance for the Semperit Group.

#### **IAS 32 Financial Instruments: Presentation – Amendment: Classification of Rights Issues**

In accordance with this amendment, rights (e.g. options or subscription rights) to acquire a fixed number of the entity's own equity instruments for a fixed amount of currency are to be classified as equity instruments if offered pro rata to all existing shareholders of the entity. The amendment had no effect on the consolidated financial statements of the Semperit Group.

**IAS 24 Related Party Disclosures (revised 2009)**

This standard, revised in 2009, simplifies the definition of related entities and persons, clarifies the intended meaning of these terms and eliminates contradictions. A partial exemption for government-related entities is provided. The first-time adoption in business year 2011 had no major effect on the consolidated financial statements of the Semperit Group.

**Various standards – Improvements to IFRS (2010)**

Adjustments focused on changes relating to presentation, recognition and measurement, as well as new terms or editorial changes. The changes did not have a material impact on the consolidated financial statements of the Semperit Group.

**IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**

This interpretation stipulates that an entity's own equity instruments used to extinguish financial liabilities, initially recognised at fair value, represent "consideration paid" in accordance with IAS 39.41. The interpretation had no effect on the consolidated financial statements of the Semperit Group.

**IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

The amendment allows voluntary prepayments for minimum funding contributions to be recognised as an asset. The amendment had no effect on the consolidated financial statements of the Semperit Group.

**Standards already issued but not yet applied**

The following new and revised standards and interpretations had already been issued up to the time of preparation of the consolidated financial statements. Their application to business years beginning on or before January 1, 2011 is not mandatory and they were not applied early on a voluntary basis.

**IFRS 1 First-time adoption of International Financial Reporting Standards – Amendment: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters**

Subject to adoption by the EU, the amendment is applicable to business years beginning on or after July 1, 2011 and has no relevance for the Semperit Group.

**IFRS 7 Financial Instruments: Disclosures – Amendment: Transfers of Financial Assets**

Additional disclosures are required for the accounting treatment of financial assets which were already transferred but not fully derecognised. This amendment has been adopted by the EU, and is applicable to business years beginning on or after July 1, 2012. This change is not expected to have an effect on the consolidated financial statements of the Semperit Group.

**IFRS 9 Financial Instruments**

IFRS 9 regulates the classification and measurement of financial assets. A new classification of financial instruments in the categories of "at amortised cost" and "at fair value" will be introduced. Whether an instrument is classified in the "at amortised cost" category depends on the company's business model and on the contractual cash flows of the instrument in question. Subject to adoption by the EU amendments must be applied with retrospective effect to business years beginning on or after January 1, 2015. The effects on the consolidated financial statements of the Semperit Group are currently being examined. The expected amendments will predominantly relate to the measurement and presentation of changes in the value of financial assets in the income statement or in other comprehensive income.

**IFRS 10 Consolidated Financial Statements**

IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. By redefining the term "control", the new standard creates a uniform basis for determining the scope of consolidation and includes numerous application examples for individual issues not previously covered, such as intellectual property rights and principal/agent relationships. Subject to adoption by the EU, the standard is applicable to business years beginning on or after January 1, 2013 and is not expected to have any major effects on the consolidated financial statements of the Semperit Group.

**IFRS 11 Joint Arrangements**

IFRS 11 regulates the accounting treatment of joint ventures and joint operations. The new standard replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The most important difference between IFRS 11 and IAS 31 is the elimination of proportionate consolidation; under IFRS 11 joint ventures are always accounted for using the equity method. For joint operations, assets, liabilities, income and expenses directly attributable to the participating company are recognised directly in the consolidated financial statements of the participating company. The standard is – subject to adoption by the EU – applicable to business years beginning on or after January 1, 2013. This change is not expected to have a major effect on the consolidated financial statements of the Semperit Group.

**IFRS 12 Disclosures of Interests in Other Entities**

IFRS 12 contains the disclosure requirements resulting from the new standards IFRS 10 and IFRS 11. The standard replaces the disclosure requirements currently contained in IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates. Subject to adoption by the EU, the standard is applicable to business years beginning on or after January 1, 2013 and is expected to lead to an expansion of the disclosures in the consolidated financial statements of the Semperit Group.

**IFRS 13 Fair Value Measurements**

IFRS 13 provides guidance for measuring fair value and expands the required disclosures. Subject to adoption by the EU, the amendment is applicable to business years beginning on or after July 1, 2013. Earlier application is permissible. The effects on the consolidated financial statements of the Semperit Group are currently being reviewed; the new standard is expected to lead to additional disclosures.

**IAS 1 Presentation of Financial Statements – Amendment: Presentation of Items of Other Comprehensive Income**

In accordance with this amendment, items presented in other comprehensive income are to be divided into two categories, depending on whether they can be reclassified to profit or loss in the future (or “recycled”). If items of other comprehensive income are presented before tax, the associated tax must be shown separately for each of the two categories. The term “statement of comprehensive income” used so far in IAS 1 has been replaced with “profit and loss and other comprehensive income”. Subject to adoption by the EU, the standard is applicable with retroactive effect to business years beginning on or after January 1, 2012 and is expected to lead to an adjustment in the presentation of other comprehensive income in the consolidated financial statements of the Semperit Group.

**IAS 12 Income Taxes – Amendment: Deferred Tax Recovery of Underlying Assets**

The amendment states that the measurement of deferred tax assets and liabilities relating to real estate and tangible assets held as financial investments which are measured using the fair value or revaluation model is based on the refutable presumption that the carrying amounts of these assets will be realised through sale. Subject to adoption by the EU, the amendment is applicable to business years beginning on or after January 1, 2012 and is currently not expected to have any major effects on the consolidated financial statements of the Semperit Group.

**IAS 19 Employee Benefits (revised 2011)**

The most important amendment is that actuarial gains and losses must be recognised in other comprehensive income. The application of the corridor method or an immediate recognition in profit or loss are no longer permissible. Other major amendments concern the recognition of past-service costs, the annual valuation of the expense of the defined benefit plans funded with plan assets and the disclosures in the notes. Subject to adoption by the EU, the standard is applicable to business years beginning on or after July 1, 2013. The effects on the consolidated financial statements of the Semperit Group are currently being examined. The primary effect of the amendments will be that actuarial gains and losses will no longer be recognised directly in profit and loss for the reporting period in which they accrued as per the current method, but rather in other comprehensive income, and additional disclosures will be required.

**IAS 27 Separate Financial Statements (amended 2011)**

IAS 27 was revised in connection with the publication of IFRS 10 and now exclusively contains the unchanged provisions on IFRS individual financial statements. The revised IAS 27 is – subject to adoption by the EU – applicable to business years beginning on or after January 1, 2013 and has no relevance for the Semperit Group.

**IAS 28 Investments in Associates and Joint Ventures (amended 2011)**

IAS 28 was revised in connection with the publications of IFRS 10, 11 and 12 and adapted to the new standards. Subject to adoption by the EU, the amended standard is also applicable to business years beginning on or after January 1, 2013 and will not have any major effects on the consolidated financial statements of the Semperit Group.

**IAS 32 Financial Instruments: Presentation – Amendment: Offsetting Financial Assets and Financial Liabilities**

The amendment clarifies the requirements for offsetting financial assets and financial liabilities. The standard must be applied – subject to adoption by the EU – with retrospective effect to business years beginning on or after January 1, 2014. This change is not expected to have a major effect on the consolidated financial statements of the Semperit Group.

**IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**

The new interpretation is applicable to business years beginning on or after January 1, 2013 and has no relevance for the Semperit Group.

**1.3. Principles and methods of consolidation, business combinations**

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

The annual financial statements of the fully-consolidated individual domestic and international companies were prepared as at December 31, 2011, 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.

The financial statements of all major or fully consolidated companies in Austria and abroad that are subject to statutory audits were audited by independent auditors and were awarded unqualified opinions. The statutory transition of commercial balance sheets prepared in conformance with national regulations to the financial statements in accordance with the reporting and valuation guidelines stipulated in International Financial Reporting Standards was also confirmed by locally certified auditors.

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 consolidation involves offsetting the acquisition costs of the shares in the subsidiary and the prorated equity of the respective subsidiary.

Business combinations are accounted for in accordance with the acquisition method. This stipulates that identifiable assets and liabilities which are acquired as well as contingent liabilities at the date of acquisition are to be recognised at fair value at this acquisition date. The exceptions are deferred tax assets or liabilities, the recognition of which are 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.

The difference between the sum total of the consideration transferred in the business combination for the acquisition including any liabilities measured at fair value from the redeemable shares of non-controlling shareholders in the acquired company (see below) and equity of non-controlling shareholders in the acquired company which involve equity instruments on the one hand, and the net value of the acquired identifiable assets and the recognised value of the acquired liabilities and contingent liabilities on the acquisition date on the other hand, inasmuch as they are asset items, is to be recognised as goodwill.

If the difference is negative, this is immediately recognised as a profit or loss in the period and presented within other operating income.

Incidental acquisition costs are recognised to profit or loss in the period in which they arise.

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

In the course of debt consolidation, all inter-company receivables and liabilities are fully netted off.

Inter-company profits from intra-Group deliveries of fixed assets and inventories are eliminated by means of a surcharge method if they are not of immaterial significance.

In the course of expenses and income elimination, all inter-company income and expenses that arise from the sale of goods or services between Group companies are eliminated.

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

The non-controlling interests are initially capitalised either

- a) at a proportionate share of the net value of the identifiable assets and the recognised total for the acquired liabilities and contingent liabilities on the date of acquisition or
- b) recognised at fair value (limited to business combinations as of January 1, 2010).

This choice of recognition relating to business combinations as of January 1, 2010 can be exercised differently depending on the type of transaction. On subsequent balance sheet dates, the carrying amounts of the non-controlling interests are carried forward and adjusted to reflect the changes in equity assignable to the non-controlling interests, even if the carrying amount of the non-controlling interests comprises a negative value.

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

If the non-controlling shareholder of a subsidiary is entitled to an unconditional right of termination or if the company in which the non-controlling shareholder is involved has a fixed term, there is a liability of the Group towards this non-controlling shareholder. For such interests the "anticipated acquisition approach" is assumed, in which the Group is considered to have already acquired these shares and is only obliged to compensate the non-controlling shareholder for its shares. If a liability to a non-controlling shareholder exists, the proportionate share of net assets held by the non-controlling shareholder of the respective subsidiary is not reported within equity as "equity attributable to non-controlling shareholders of subsidiaries". The financial liability relating to such a shareholding is reported as "Liabilities from redeemable shares of non-controlling shares" and recognised at fair value on the acquisition date of the respective subsidiary (reference is made in particular to the subsequent measurement as explained in the Notes 2.12).

## 1.4. Currency translation

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

The individual 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, and any adjustments made to the fair values originally reported at the acquisition date, are translated at the reference exchange rate on the balance sheet date. Items in the income statement and other results are translated as the average reference rates of the financial year, which correspond to the arithmetic mean of the average reference rates on the Fridays of the financial year in question. These average reference rates led to accumulated amounts in euros, which do not materially differ from the accumulated amounts which would have arisen when translating the transactions at the reference exchange rate at the date of transaction.

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

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

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

FX rate for 1 EUR	Average rate		Rate on balance sheet date	
	2011	2010	2011	2010
US dollar	1.39	1.33	1.30	1.34
Thai baht	42.11	41.72	40.72	39.63
Polish zloty	4.11	4.00	4.43	3.97
Czech koruna	24.55	25.24	25.82	25.08
Hungarian forint	278.23	275.26	312.00	278.00
British pound sterling	0.87	0.86	0.84	0.86
Brazilian real	2.31	2.33	2.41	2.20
Chinese renminbi	8.99	8.98	8.15	8.75
Indian rupee	64.61	60.53	68.56	59.80
Malaysian ringgit	4.25	–	4.11	–

## 2. Accounting and valuation methods

### 2.1. Valuation principles

With the exception of the revaluation of specified financial instruments, the consolidated financial statements are prepared on the basis of the 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.

### 2.2. Recognition and valuation of revenue and other income

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

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

Income from services is recognised to the degree of their completion.

After expiration, licence and rental revenues are realised pro rata temporis on a straight line basis over the contract term. Licence income measured according to other parameters is measured and recognised in accordance with these underlying parameters.

### 2.3. Earnings per share

Earnings per share are determined in accordance with IAS 33 Earnings Per Share. The undiluted earnings per share are calculated by dividing the share of profit attributable to shareholders of Semperit AG Holding by the weighted average number of shares issued during the financial year. The diluted earnings per share are calculated by adjusting the share of profit attributable to shareholders of Semperit AG Holding and the number of shares issued for all dilution effects of potential ordinary shares. No dilution effects were taken into account as at December 31, 2010 and December 31, 2011.

### 2.4. Tangible and intangible assets

#### Acquired intangible assets

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

#### Internally generated intangible assets

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

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



Only expenditures 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 depreciation, the same applies analogously as for the aforementioned acquired intangible assets.

### **Intangible assets acquired in the course of business combinations**

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

### **Goodwill**

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

For the purpose of the impairment test, goodwill is assigned to cash generating units or groups of cash generating units which are expected to benefit from the synergies arising from business combinations. Normally, the beneficiary is the acquired subsidiary.

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 carry 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 in use of the projected discounted cash flows generated by the cash generating unit in the future. Taking the results for the current year, the expected discounted cash flows of the cash generating unit are determined on the basis of multi-period calculations using projections of the expected future development of the business. The expected business development for each of the cash generating units is ascertained on the basis of the market-specific conditions as well as on the basis of the individual cost structure and the development of the relevant raw material prices. The relevant cost of capital underlying the discount rate is determined on the basis of a risk premium or risk discount to the weighted average cost of capital (WACC) of the Group, taking the deviation of the risk situation of the respective cash generating unit from the risk situation of the Group into account – provided that this deviating risk situation is not taken into consideration by adjusting payment flows.

If an impairment of the cash generating unit including goodwill is determined in this manner, the goodwill assigned to this cash generating unit is subsequently amortised. 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 fixed assets with the exception of commercial properties are valued at their cost of acquisition or production starting at the date in which the assets are put into initial operation according to the straight-line method, taking into account their probable useful lives. Any residual values are considered to be negligible, so that the depreciable amount is not reduced by the possible residual value. 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 point 2.15).

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

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

### **Finance leases**

Assets used as part of rental and lease agreements are accounted for as Group assets, if all major opportunities and risks arising from the use of the leased object (finance lease) revert to the Semperit Group according to the terms of the rental and lease agreement. Such assets are recognised at the date of the agreement at the lower of the fair value of the leasing object or present value of the future minimum leasing payments; a finance lease liability is recognised in the same amount. Depreciation is carried out over the object's useful life or, if shorter, over the term of the lease agreement.

### **Impairment**

The same method applies for goodwill as mentioned above. Other intangible and tangible fixed assets are subject to an impairment test where there are indications that an asset is impaired. In this case, assets are assigned to cash generating units – that is, the smallest possible groups of assets which generate separately identifiable cash flows independently of other assets or other groups of assets. The impairment test is carried out on the basis of a comparison of the recoverable amount for the respective cash generating unit with the carrying amount. If the recoverable amount is lower than the carrying amount, an extraordinary write-down amounting to the difference between the two is carried out. In respect to determining the value in use, the same method applies analogously as used to determine impairment on goodwill.

### **Reversal of impairment**

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

### **Derecognition of tangible and intangible assets**

The carrying amount of a tangible or intangible asset is derecognised if the respective asset is disposed of or if no further economic benefit is to be expected from its use or its disposal. The resulting gains or losses resulting from its deconsolidation, 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 deconsolidated.

## **2.5. Investments in associated companies**

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

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

## 2.6. Financial assets

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

### Categories of financial assets

Their natures and purposes are used to categorise newly-acquired financial assets as being:

- 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 purposes. 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 is the case for earnings from interest or from dividends stemming from these financial instruments, each expenditure or income resulting from the subsequent measurement of the asset is reported in the income statement compiled for the respective period. Comprised in these are earnings or expenditures from the measurement of such derivative financial instruments as forward exchange transactions, with this reporting occurring as other operating expenses or earnings items, and, additionally, earnings and expenditures resulting from the measurement of available for sale financial assets. This also includes the earnings from interest and dividends stemming from such financial investments, with these being reported in the interest earnings and other earnings from financial investments and the expenditures for financial investments items respectively.

### Held to maturity financial investments

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

### Available-for-sale financial assets

Federal bonds and shares in funds held by the Group and equity instruments in other companies held as financial investments are categorised as being available-for-sale financial assets and recognised at fair value. Profits and losses resulting from fluctuations in market value are reported in other earnings and in the revaluation reserves. Earnings from interest and from dividends and losses from value impairments are, on the other hand, reported in the earnings from interest and other earnings from financial investments or expenditures for financial investments items respectively in the income statement for the period. The sale of such a financial asset or the determination of its value being impaired causes the cumulative earnings or expenditures reported in the revaluation reserves being reclassified to the income statement.

### Loans and receivables

Trade accounts receivable, loans and other receivables featuring preset or determinable payments and which are not listed on an active market are categorised as being loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any value impairment. This method is used to report interest earnings, with the exception of short-term receivables, in which interest plays a negligible role.

### Impairment

Financial assets with the exception of those assets recognised at fair value through profit or loss are evaluated as of every balance sheet date for indications of value impairment. Accounts receivable whose value impairments cannot clearly be determined on an individual basis are also to be examined for such impairments on the portfolio level.

Value impairment with respect to a financial asset or group of financial assets is assumed and recognised if there is objective evidence of impairment as the result of one or more events which occurred since initial operation of the respective asset or group of assets, and this event or these events impacted or will impact the probable future cash flow of the respective asset or group of assets.

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

With respect to financial assets stated at amortised cost, the impairment corresponds to the difference between the carrying amount of the respective asset using the effective interest method and the present value of the estimated future cash flows of the asset. In principle, in case of impairment the carrying amount of the respective financial asset is directly reduced with the exception of impairments relating to accounts receivable which are recognised in a valuation adjustment account. Irrecoverable account receivables are deconsolidated based on the previously recognised value adjustments.

### **Reversal of impairment**

In cases in which a financial asset is first recognised as having undergone a value 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 value impairment, the value impairment is to be reversed using the income statement compiled for the period in which the appreciation took place with the exception of impairment losses relating to the disposal of available-for-sale equity instruments.

With respect to available for sale equity instruments in which impairments were carried out in the past and reported in the income statement, appreciations in value are not reported in the period's income statement but rather in other operating results.

### **Derecognition**

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

## **2.7. Inventories**

Inventories are valued at the lower of cost and net realisable value. Adequate write-downs are taken into consideration for stock risks resulting from duration of storage or impaired usability. The valuation is generally based on the moving average method.

Manufacturing costs encompass direct expenses as well as all variable and fixed overheads incurred by production.

## **2.8. Emission certificates**

Emission certificates allocated free of charge are not reported in the balance sheet (net method). In accordance with the Emission Certificate Act, a total of 26,592 emission certificates were allocated to Semperit Technische Produkte GmbH and Semperflex Optimit S.R.O. at no charge in the 2010 and 2011 financial years. The companies used 18,739 emission certificates in the 2011 financial year (previous year: 19,729), and did not purchase or sell any additional certificates. A total of 26,813 emission certificates were unused as at December 31, 2011 (previous year: 18,960).

## 2.9. Equity and debt capital instruments issued by the Group

The contents of their contracts of creation 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 reported as the sum of revenues of issuance minus directly attributable costs of issuance. These, in turn, are those which would not have been incurred had the equity instrument not been issued.

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

## 2.10. Retirement benefit expenses, provisions for pension and severance payments

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

In the case of defined benefit pension plans, the cost of providing the benefit is calculated using the projected unit credit method; for this purpose, an actuarial assessment is carried out on each balance sheet date. Actuarial gains and losses are recognised in profit or loss in full in the period in which they arise.

The provisions recognised in the balance sheet for defined benefit pension plans equal 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 particulars concerning provisions for pension 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 obligating events may involve legal or constructive obligations. The 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 are recognised for restructuring expenses only if the Group has developed a formal restructuring plan which has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. These provisions include only the direct restructuring expenses: i.e. only those expenses which are caused by restructuring and are not related to the Group's continuing operations.

## 2.12. Liabilities from redeemable non-controlling shares

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

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

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

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

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

As the 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 account of the information requirements of the users of the financial statements and which presents a true and fair view of the assets, liabilities, financial position, cash flows and profit and loss of the Group and is neutral, i.e. free of any distorting influences, cautious and free of any materially omissions. Thus, for the purposes of subsequent measurement, the amount of the liability initially recognised is increased by the share in profit or reduced by the share in loss accruing as of measurement date in accordance with the possibility described in the statement issued by the Institute of Public Auditors in Germany on individual issues relating to the recognition of financial instruments pursuant to IAS 32 (IDW RS HFA 45). In this connection, this share of profit or loss also includes the share in other comprehensive income. In addition, any amounts reported directly in equity are included in the measurement of the liability. Dividends distributed to non-controlling shareholders are deducted from the liability.

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

## 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 purposes; 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", something 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 measured at their fair value. All income or expense arising from subsequent measurement as well as interest expense on these financial instruments are recorded in profit and loss for the period concerned; specifically, income and expense from the measurement of derivative financial instruments, particularly

currency forwards, is reported within other operating income or other operating expenses, as the case may be, and interest and expenses from the measurement of financial liabilities and interest expense on such liabilities within interest and other financial expenses.

### **Other financial liabilities**

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

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

### **Derecognition**

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

## **2.14. Derivative financial instruments**

In addition to operating measures, individual derivative financial instruments, particularly currency forwards, are used to hedge foreign-currency risks. Derivatives are reported in the balance sheet as independent transactions and not as hedges. Hedge accounting as defined in IAS 39 is not applied as the conditions for this are not satisfied. They are therefore recognised as financial instruments held for trading and are measured at their current market value. This corresponds to the value that the respective company would receive or would have to pay if the transaction were settled on the balance sheet date. Positive market values as of the balance sheet date are reported within other financial assets and negative market values within other financial liabilities.

## **2.15. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets, the acquisition, construction or production of which entail a substantial period of time for their intended use or sale, are included in the cost of such assets up until the date on which they become chiefly available for their intended use or sale. Otherwise, borrowing costs are recorded within profit and loss, specifically within interest and other financial expenses for the period in which they arise.

## **2.16. Income taxes**

Income taxes constitute the sum total of current income tax expense and deferred income tax assets and liabilities. As a matter of principle, current and deferred income taxes are reported as expense or income in the income statement for the period. However, the tax effects of items which are not recorded in profit and loss for the period but in other comprehensive income or directly within equity are not included in profit and loss for the period but similarly also in other comprehensive income or directly within equity. Similarly, in connection with a business combination, the tax effect arising from the measurement of the assets and liabilities is not recorded in profit and loss but included in the business combination accounts.

Current income tax expense is calculated on the basis of the taxable profit for the period in question. The taxable profit differs from the earnings before tax listed in the consolidated income statement. This difference is caused by expenses and income which are either subject to tax in a period after the balance sheet date or are not subject to tax liability or are tax-deductible at that time.

Deferred income 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 income tax assets are recognised if and to the extent that taxable profit will be available and can be offset against the deductible temporary differences. Similarly, deferred income tax assets are recognised for the carryforward of unused tax losses if and to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. However, this does not apply to temporary differences arising from the initial recognition of good-

will 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 result.

Deferred income taxes are also recognised for the tax effects resulting from taxable temporary differences in connection with shares in subsidiaries and associates 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 reverse in the foreseeable future. Deferred income taxes are recognised for the future tax effects of deductible temporary differences involving shares held in subsidiaries and associates only 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 reverse in the foreseeable future.

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

Deferred income tax assets and liabilities are calculated using the tax laws and rates that have been enacted or substantively enacted as of 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 income tax assets and liabilities of one and the same taxable entity are offset if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off the recognised amounts. The tax group formed in Austria in accordance with Section 9 of the Corporate 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 requires for estimates and assumptions to be made by management concerning the future and affecting the recognition and valuation of assets and liabilities shown on the balance sheet, the disclosure of other liabilities on the balance sheet date and the recognition of income and expenses during the fiscal year. The actual amounts earned may differ from the amounts recognised on the balance sheet on the basis of such assumptions and estimates.

The recoverability of the carrying amount of goodwill and intangible assets with indefinite useful lives is determined once a year and in the event of any circumstances indicating impairment. The recoverability of the carrying amount of property, plant and equipment as well as intangible assets with a finite useful life is to be determined upon any evidence of permanent impairment arising. Recoverability of the carrying amount is determined on the basis of forward-looking assumptions such as company planning, future inflation rates and currency exchange rates, and assumptions about specific market, sector and company discount rates. Any changes in these assumptions may result in impairments having to be recognised in future periods.

The actuarial assumptions underlying the measurement of the provisions for pension and severance payments are based on estimates concerning interest rates, expected returns on plan assets, salary increases, fluctuation, retirement ages and life expectancy. Any changes in these assumptions may lead to a substantially different valuation.

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 which lead to a substantially different recognition amounts on future balance sheet dates.



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

In addition, assumptions and estimates must be made with respect to determining the useful life of intangible assets with a finite useful life, property, plant and equipment and the measurement of receivables and inventories.

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

## **2.18. Changes to accounting and valuation methods**

There were no changes in the accounting and valuation methods in 2011 over the previous year.

## 3. Consolidated companies

### 3.1. Subsidiaries (fully consolidated)

	Currency	Authorised share capital in '000s	Investment in %
<b>Domestic</b>			
Semperit AG Holding, Vienna	EUR	21,359	–
Semperit Technische Produkte GmbH, Vienna	EUR	10,901	100
Arcit HandelsgmbH, Vienna	EUR	36	100
PA 82 WT Holding GmbH, Vienna	EUR	35	100
<b>Foreign</b>			
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100
Semperflex Optimit s.r.o, Odry, Czech Republic	CZK	470,318	100
Semperit Ibérica S.A., Barcelona, Spain	EUR	156	100
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750	100
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100
Sempermed Kft., Sopron, Hungary	EUR	3,680	100
Semperit (France) S.A.R.L., Argenteuil, France	EUR	495	100
Semperit Gummiwerk Deggendorf GmbH, Deggendorf, Germany	EUR	2,050	100
Semperit Technische Produkte GmbH, Gevelsberg, Germany	EUR	50	100
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165	100
Sempertrans Maintenance France Méditerranée E.U.R.L., Port de Bouc, France	EUR	165	100
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176	100
Shanghai Semperit Rubber & Plastic Products Co., Shanghai, China	EUR	2,471	90
Sempertrans Best (Shandong) Belting Co., Shangdong, China	EUR	20,000	80
Semperit Industrial Products Ltd., Daventry, United Kingdom	GBP	750	100
Semperform Kft., Sopron, Hungary	HUF	243,000	100
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000	100
Sempertrans Nirlon (P) Ltd., Maharashtra, Roha, India	INR	230,769	100
Fabryka Lin "Stolin" Sp. z o.o., Belchatów, Poland	PLN	800	100
Sempertrans Belchatow Sp. z o.o., Belchatów, Poland	PLN	7,301	100
Semperit Tekniska Produkter AB, Skärholmen, Sweden	SEK	800	100
Semperit Industrial Products Singapore Pte Ltd., Singapore	SGD	191	100
Semperflex Asia Corp. Ltd., Hatyai, Thailand	THB	380,000	50 <sup>1)</sup>
Semperform Pacific Corp. Ltd., Hatyai, Thailand	THB	15,000	50 <sup>1)</sup>
Siam Sempermed Corp. Ltd., Hatyai, Thailand	THB	200,000	50 <sup>1)</sup>
Shanghai Sempermed Gloves Co Ltd., Shanghai, China	USD	6,000	100 <sup>2)</sup>
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000	75 <sup>2)</sup>
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	50 <sup>1)</sup>
Sempermed Singapore Pte Ltd., Singapore	USD	8,000	50 <sup>1)</sup>
Sempermed Brazil Comércio Exterior Ltda. Piracicaba, Brazil	BRL	12,547	100 <sup>2)</sup>
FormTech Engineering (M) Sdn Bhd, Malaysia	MYR	7,000	82.86 <sup>3)</sup>
Semperit Brasil Produtos Técnicos Ltda., Sao Paulo, Brazil	BRL	150	100

1) As the Chairman nominated by the Semperit Group has the right to cast a deciding vote, the Group has a controlling influence over the company. 2) The de facto shareholding of Semperit amounts to 50%. As the Chairman nominated by the Semperit Group has the right to cast a deciding vote, the Group has a controlling influence over the company. 3) The de facto shareholding of Semperit amounts to 41.43%. As the Chairman nominated by the Semperit Group has the right to cast a deciding vote, the Group has a controlling influence over the company.

### 3.2. Associated companies (equity method)

Foreign	Currency	Nominal currency in '000s	Share %
Isotron Deutschland GmbH, Allershausen, Germany	EUR	512	37.5

The company is consolidated in accordance with the equity method with the following values (100%):

in kEUR	31.03.2011	31.03.2010
<b>Assets</b>		
Non-current assets	4,671	4,603
Current assets	511	458
	<b>5,182</b>	<b>5,062</b>
<b>Equity and liabilities</b>		
Equity	2,043	1,492
Non-current provisions	276	276
Non-current liabilities	1,500	1,500
Current provisions	368	284
Current liabilities	995	1,510
	<b>5,182</b>	<b>5,062</b>

in kEUR	2010/11	2009/10
Revenue	3,087	2,868
Earnings after tax	551	433

### 3.3. Business combinations

There were no new business combinations in 2011.

### 3.4. Changes in scope of consolidation

In May 2011, FormTech Engineering (M) Sdn Bhd, Malaysia, was incorporated together with Sri Trang Agro-Industry Public Company Limited and a further two companies. This company will be producing porcelain dip moulds to be used by Sempermed for its own needs. The joint venture is to ensure the future supply of glove forms to the production facilities in Thailand.

## 4. Segment reporting

The segment reporting 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 these segments.

The segments have been defined on the basis of product groups. 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 protective gloves by means of an immersion technology and sells these gloves throughout the world. The product portfolio of these protective gloves encompasses surgical gloves and examination gloves.

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

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

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

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

**Segment reporting by division**

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

2011 in kEUR	Sempermed	Semperflex	Sempertrans	Semperform	Non- assigned and Group eliminations	Group
Revenue <sup>1)</sup>	371,539	186,904	147,001	114,562	0	<b>820,006</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	44,506	35,657	14,895	24,274	-6,557	<b>112,776</b>
Depreciation and amortisation	-9,999	-10,599	-3,581	-5,317	-93	<b>-29,589</b>
Impairments on property, plant and equipment and intangible assets	-4	-17	0	-63	0	<b>-84</b>
Operating profit (EBIT) = segment results	34,503	25,041	11,314	18,894	-6,650	<b>83,103</b>
Segment assets	229,346	161,301	125,543	81,547	18,913	<b>616,650</b>
Segment liabilities	115,824	48,594	34,448	19,557	25,773	<b>244,197</b>
Investments in intangible assets and property, plant and equipment	20,726	16,080	1,986	5,581	726	<b>45,098</b>
Shares in associates	767	0	0	0	0	<b>767</b>
Employees	4,834	1,382	931	654	32	<b>7,833</b>

1) After eliminating internal revenue.

2010 in kEUR	Sempermed	Semperflex	Sempertrans	Semperform	Non- assigned and Group eliminations	Group
Revenue <sup>1)</sup>	316,440	145,480	118,076	109,428	0	<b>689,425</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	56,870	34,175	3,621	22,468	-4,867	<b>112,267</b>
Depreciation and amortisation	-9,729	-9,926	-3,651	-6,582	-52	<b>-29,939</b>
Operating profit (EBIT) = segment results	47,141	24,250	-30	15,886	-4,919	<b>82,328</b>
Segment assets	220,576	154,725	103,652	89,831	24,692	<b>593,476</b>
Segment liabilities	109,101	45,010	36,099	25,468	26,733	<b>242,411</b>
Investments in intangible assets and property, plant and equipment	26,844	13,883	5,948	5,756	31	<b>52,462</b>
Shares in associates	560	0	0	0	0	<b>560</b>
Employees	4,244	1,161	927	650	27	<b>7,008</b>

1) After eliminating internal revenue.

All assets in the Group are assigned to the segments with the exception of the assets of Semperit AG Holding, the non-operating parent company. A large percentage of the assets can be clearly assigned to the segments as the companies operate in only one segment. The cash and cash equivalents of Semperit Technische Produkte GmbH are assigned in equal portions to the segments in which the company is active. The assets of the sales companies are classified according to the revenue which is generated.

All of the Group's liabilities are assigned to the segments with the exception of the liabilities attributable to Semperit AG Holding. A large percentage of the liabilities can be clearly assigned to the segments as the companies operate in only one segment. Liabilities of Semperit Technische Produkte GmbH, for which the assets of several segments jointly comprise the liability fund, are assigned in equal portions to the segments in which the company is active. Liabilities held by sales companies are classified according to the revenue which is generated.

**Segment reporting by geographical areas**

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

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

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

	<b>Non current assets<sup>2) 3)</sup></b>	<b>Invest- ments</b>	<b>2011 Revenue<sup>1)</sup></b>	<b>Non current assets<sup>2) 3)</sup></b>	<b>Invest- ments</b>	<b>2010 Revenue<sup>1)</sup></b>
Austria	30,498	7,799	34,673	29,787	8,214	33,904
EU excluding Austria	63,502	10,232	399,133	66,312	17,555	340,490
<b>Total for EU</b>	<b>94,001</b>	<b>18,031</b>	<b>433,806</b>	<b>96,100</b>	<b>25,796</b>	<b>374,394</b>
Rest of Europe	0	0	64,813	0	0	56,389
<b>Total for Europe</b>	<b>94,001</b>	<b>18,031</b>	<b>498,619</b>	<b>96,100</b>	<b>25,796</b>	<b>430,782</b>
Asia	126,375	26,860	108,104	106,913	26,560	86,633
The Americas	3,821	207	191,777	3,629	106	158,178
Rest of the world	0	0	21,508	0	0	13,831
<b>Group</b>	<b>224,197</b>	<b>45,098</b>	<b>820,006</b>	<b>206,642</b>	<b>52,462</b>	<b>689,425</b>

1) After eliminating internal revenue.

2) Consolidation entries are assigned to the regions whenever possible.

3) Non-current assets do not include deferred income tax assets, financial instruments, shares in associates and claims under insurance policies.

## 5. Notes to the income statement

### 5.1. Revenue

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

### 5.2. Other operating income

in kEUR	2011	2010
Exchange rate gains	12,716	9,909
Net gains from currency forwards	1,190	2,222
Rental income	386	433
Reversal of value adjustments	3,774	1,460
Insurance claims	3,223	12,876
Other	12,494	11,060
	<b>33,782</b>	<b>37,961</b>

Other income mainly includes income from a variety of reimbursements, from the sale of by-products and waste products and income from write-ups on fixed assets and reversals of provisions.

### 5.3. Material costs

in kEUR	2011	2010
Cost of materials	462,301	366,573
Third-party services	50,759	43,600
	<b>513,059</b>	<b>410,173</b>

### 5.4. Personnel expenses

Personnel expenses include the following items:

in kEUR	2011	2010
Wages	45,341	41,317
Salaries	48,024	46,405
Termination compensation	708	1,202
Retirement benefit expenses	-60	1,503
Statutory social security expenses and other compulsory wage-related payments	18,978	17,985
Other social security expenses	1,956	1,461
	<b>114,947</b>	<b>109,872</b>

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

	2011	2010
Blue-collar workers	6,230	5,556
White-collar workers	1,603	1,452
	<b>7,833</b>	<b>7,008</b>

The average number of employees in Austria totalled 702 (previous year: 662).

In the 2011 financial year, the remuneration payable to members of the Management Board at short notice recognised in profit and loss amounted to kEUR 2,683 (previous year: kEUR 2,525). This includes compensation payable to members of the Management Board for the financial year including variable compensation and non-cash benefits, the allocations to vacation provisions and other current provisions attributable to the members of the Management Board.

The remuneration payable after and as a result of the expiry of Management Board service contracts recognised in profit and loss came to kEUR 700 (previous year: kEUR 3,736). The remuneration payable after the expiry of Management Board service contracts comprises the allocations to the termination compensation provisions attributable to the members of the Management Board, the contributions to pension funds attributable to the members of the Management Board and reinsurance premiums.

## 5.5. Other operating expenses

Other operating expenses comprise the following:

in kEUR	2011	2010
Outgoing freight	20,662	22,256
Maintenance and third-party services	30,515	28,427
Commission and advertising costs	8,908	8,025
Exchange rate losses	10,042	11,956
Net losses from currency forwards	4,384	2,076
Travel expenses	5,917	5,341
Insurance premiums	3,685	3,220
Rental and leasing expenses	3,317	2,642
Other taxes	2,824	1,848
Auditing and consulting fees	5,988	2,674
Fees, subscriptions and donations	992	928
Loss of trade receivables	1,352	1,777
Other	18,008	18,301
	<b>116,594</b>	<b>109,470</b>

Of which costs for the auditors of the consolidated financial statements:

in kEUR	2011	2010
Audit of the consolidated financial statements	21	21
Other certification services	59	56
Tax advisory services	0	0
Other services	17	3
	<b>97</b>	<b>80</b>



## 5.6. Depreciation and amortisation

in kEUR	2011	2010
Scheduled depreciation and amortisation	29,589	29,939
Impairments	84	0
	<b>29,673</b>	<b>29,939</b>

Impairments are primarily related to technical equipment and machinery. No depreciation due to impairments was required in the previous year.

## 5.7. Financial result

in kEUR	2011	2010
<b>Share of profit from associated companies</b>	<b>207</b>	<b>162</b>
Income from securities	451	402
Write-ups of financial assets	0	86
Profit on the disposal of financial assets	0	8
Interest and related income	1,252	1,390
<b>Interest and other financial income</b>	<b>1,703</b>	<b>1,887</b>
Losses on the disposal of financial assets	-8	-9
Write-downs of available-for-sale financial assets	-37	-80
Other expenses on financial assets	-7	0
<b>Expenses on financial assets</b>	<b>-52</b>	<b>-89</b>
<b>Interest and other financial expenses</b>	<b>-418</b>	<b>-222</b>
<b>Profit/loss attributable to redeemable non-controlling shares</b>	<b>-14,680</b>	<b>-20,969</b>
	<b>-13,241</b>	<b>-19,231</b>

Income from securities includes dividend income of kEUR 121 (previous year: kEUR 131) from available-for-sale financial assets. Net interest of kEUR 676 was recognised as cash inflow in 2011 (previous year kEUR 1,074).

The following chart breaks down interest income and other income from financial assets in accordance with IFRS 7.20(a):

in kEUR	2011	2010
Income from available-for-sale financial assets	451	497
Expenses from available-for-sale financial assets	-46	-89
<b>Net income from available-for-sale financial assets</b>	<b>405</b>	<b>408</b>
Income from loans and receivables	1,252	1,390
Expenses from loans and receivables	0	0
<b>Net income from loans and receivables</b>	<b>1,252</b>	<b>1,390</b>

Impairment losses break down as follows:

in kEUR	2011	2010
Available-for-sale financial assets	-37	-80
Loans and receivables	-1,352	-1,777
<b>Total impairment losses on financial assets</b>	<b>-1,389</b>	<b>-1,857</b>

Impairment losses arising from loans and receivables are summarised under other operating expenses (see point 5.5.).

The net income from available-for-sale financial assets reported within comprehensive income breaks down as follows:

in kEUR	2011	2010
Net income reported directly in profit and loss	405	408
Net income/expenses reported in other comprehensive income	-132	-21
<b>Total net income reported in comprehensive income</b>	<b>273</b>	<b>387</b>

Net expenses in connection with financial liabilities at amortised cost amounted to kEUR 418 (previous year: kEUR 222).

## 5.8. Income taxes

Income tax expense reported for the financial year includes income tax for the individual companies calculated on the basis of taxable income and the applicable tax rate in the relevant countries ("current tax"), as well as the changes to deferred income tax assets and liabilities.

in kEUR	2011	2010
Current tax expense	15,659	15,533
Deferred tax expense	126	2,182
	<b>15,784</b>	<b>17,715</b>

The cash outflow for income taxes in 2011 amounted to kEUR 13,855 (previous year kEUR 22,291).

The effective tax rate in 2011, i.e. tax expense relative to earnings before tax and before reduction of profit or loss attributable to redeemable non-controlling shares, was 18.7% (previous year: 21.1%). 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 recorded in the income statement:

in kEUR	2011	2010
Earnings before tax	69,862	63,098
Tax expense/income (-/+ ) at 25%	-17,466	-15,774
Tax rates in other countries	-397	-99
Share of profit/loss of associates	52	41
Net profit/loss from redeemable non-controlling interests	-3,670	-5,242
Non-deductible expenses	-690	-642
Non-taxable income, tax exemptions and tax deductibles	5,913	6,022
Changes in value adjustments for deferred taxes on tax loss carry forwards and deductible temporary differences	-37	-3,285
Withholding taxes	-49	-613
Tax arrears from previous periods	-80	-114
Tax rate changes	433	320
Other	206	1,673
<b>Income taxes according to the income statement</b>	<b>-15,784</b>	<b>-17,715</b>

in kEUR	2011	2010
Earnings before tax	69,862	63,098
Results attributable to redeemable non-controlling shares	14,680	20,969
	<b>84,542</b>	<b>84,067</b>
Income taxes according to the income statement	-15,784	-17,715
<b>Effective tax rate in %</b>	<b>18.7%</b>	<b>21.1%</b>

## 5.9. Earnings per share

		2011	2010
Earnings after tax	in kEUR	54,078	45,382
Average number of shares outstanding	number	20,573,434	20,573,434
IFRS earnings per share (undiluted and diluted)	in EUR	2.63	2.21

There were no dilution effects as at December 31, 2010 and December 31, 2011.

## 6. Notes to the balance sheet

### 6.1. Intangible assets

in kEUR	Software licenses, industrial property rights and similar rights	Goodwill	Prepayments	Total
<b>Historical cost</b>				
<b>Balance at 1.1.2010</b>	<b>12,588</b>	<b>2,884</b>	<b>95</b>	<b>15,568</b>
Additions due to business combinations	518	0	0	518
Currency translation differences	547	23	7	577
Additions	487	0	0	487
Disposals	-126	0	0	-126
Transfers	90	0	-3	87
<b>Balance at 31.12.2010</b>	<b>14,104</b>	<b>2,907</b>	<b>100</b>	<b>17,111</b>
Currency translation differences	-299	10	3	-285
Additions	467	0	1	467
Disposals	-90	0	0	-90
Transfers	43	0	0	43
<b>Balance at 31.12.2011</b>	<b>14,225</b>	<b>2,917</b>	<b>104</b>	<b>17,246</b>
<b>Depreciation/write-ups</b>				
<b>Balance at 1.1.2010</b>	<b>10,025</b>	<b>0</b>	<b>92</b>	<b>10,117</b>
Currency translation differences	290	0	7	297
Depreciation for the year 2010	792	0	0	792
Disposals	-126	0	0	-126
<b>Balance at 31.12.2010</b>	<b>10,980</b>	<b>0</b>	<b>100</b>	<b>11,080</b>
Currency translation differences	-154	0	3	-151
Depreciation for the year 2011	792	0	0	792
Disposals	-90	0	0	-90
<b>Balance at 31.12.2011</b>	<b>11,528</b>	<b>0</b>	<b>103</b>	<b>11,631</b>
<b>Book value</b>				
Book value at 31.12.2009	2,563	2,884	3	5,451
Book value at 31.12.2010	3,124	2,907	0	6,031
<b>Book value at 31.12.2011</b>	<b>2,697</b>	<b>2,917</b>	<b>1</b>	<b>5,615</b>

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

Amortisation and impairments are reported in the income statement within "Depreciation and amortisation". As in the previous year, there were no impairment losses on intangible assets in the 2011 financial year. No impairment losses were reversed.

The Group had no intangible assets of an indefinite useful life aside from goodwill.

## 6.2. Tangible assets

in kEUR	Land and buildings, including buildings on land owned by third parties	Technical equipment and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
<b>Acquisition/production costs</b>					
<b>Balance at 1.1.2010</b>	<b>127,864</b>	<b>307,271</b>	<b>68,683</b>	<b>9,098</b>	<b>512,915</b>
Additions due to business combination	1,585	7,227	0	0	8,813
Currency translation differences	8,300	20,282	6,770	1,771	37,123
Additions	4,165	9,950	4,890	31,187	50,193
Disposals	-515	-8,567	-3,016	0	-12,098
Transfers	3,066	8,028	1,324	-12,505	-87
<b>Balance at 31.12.2010</b>	<b>144,465</b>	<b>344,191</b>	<b>78,652</b>	<b>29,551</b>	<b>596,860</b>
Currency translation differences	-1,972	-6,524	-1,658	-668	-10,822
Additions	3,380	9,830	5,560	30,082	48,851
Disposals	-2,169	-7,390	-2,705	-4	-12,268
Transfers	3,561	13,936	2,690	-20,231	-43
<b>Balance at 31.12.2011</b>	<b>147,265</b>	<b>354,043</b>	<b>82,539</b>	<b>38,731</b>	<b>622,578</b>
<b>Depreciation/write-ups</b>					
<b>Balance at 1.1.2010</b>	<b>69,630</b>	<b>234,504</b>	<b>56,952</b>	<b>198</b>	<b>361,283</b>
Currency translation differences	3,343	13,137	5,624	8	22,112
Depreciation for the 2010 financial year	3,919	19,242	5,447	539	29,147
Disposals	-495	-8,420	-2,951	0	-11,865
Write-ups for the 2010 financial year	0	-3,661	0	0	-3,661
<b>Balance at 31.12.2010</b>	<b>76,397</b>	<b>254,803</b>	<b>65,072</b>	<b>744</b>	<b>397,016</b>
Currency translation differences	-1,358	-5,425	-1,353	6	-8,130
Depreciation for the 2011 financial year	4,105	19,200	5,553	24	28,881
Disposals	-1,418	-7,047	-2,630	0	-11,095
Transfers	0	-13	13	0	0
Write-ups for the 2011 financial year	-734	-51	-29	0	-813
<b>Balance at 31.12.2011</b>	<b>76,992</b>	<b>261,466</b>	<b>66,626</b>	<b>774</b>	<b>405,858</b>
<b>Book value</b>					
Book value at 31.12.2009	58,234	72,766	11,731	8,900	151,632
Book value at 31.12.2010	68,068	89,388	13,579	28,807	199,843
<b>Book value at 31.12.2011</b>	<b>70,274</b>	<b>92,577</b>	<b>15,913</b>	<b>37,957</b>	<b>216,720</b>

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

Land with buildings includes real estate assets (land value) amounting to kEUR 14,694 (previous year: kEUR 12,892).

In the 2010 and 2011 financial years, no borrowing costs were capitalised as part of the production costs of qualified assets.

Both scheduled depreciation and extraordinary depreciation as a result of value impairments are recognised in the income statement under the item "Depreciation on tangible and intangible assets".

In the 2011 financial year, extraordinary value impairments amounting to kEUR 84 (previous year: kEUR 0) were made for technical equipment and machinery.

As a result of a reversal of impairment, there were write-ups for the financial year 2011 in the amount of kEUR 813. In the previous year, there was a write-up on the technical equipment, plants and machinery of Semperflex Shanghai, amounting to kEUR 3,661.

No tangible assets were pledged as security for loans.

As at December 31, 2011, there were contractual obligations to acquire plant, property and equipment totalling kEUR 1,980 (previous year: kEUR 4,669).

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

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

in kEUR	31.12.2011			31.12.2010		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Technical equipment and machinery	471	319	152	484	285	198
Other equipment, office furniture and equipment	373	283	90	496	305	191
	<b>844</b>	<b>602</b>	<b>242</b>	<b>979</b>	<b>590</b>	<b>389</b>

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

in kEUR	2011	2010
Within the following year	383	643
Within the following 2 to 5 years	596	526
Over 5 years	363	403

The cost of rent and leases from operating lease agreements came to a total of kEUR 3,317 in the 2011 financial year (previous year: kEUR 2,642).

### 6.3. Inventories

The balance sheet item "Inventories" comprises the following:

in kEUR	31.12.2011	31.12.2010
Raw materials and supplies	48,170	40,993
Work in progress	14,818	14,881
Finished goods and merchandise	73,903	57,243
Prepayments	704	573
	<b>137,595</b>	<b>113,689</b>

in kEUR	31.12.2011	31.12.2010
Inventories		
of which at acquisition/production costs	121,055	100,898
of which at fair value less costs to sell	16,540	12,792
	<b>137,595</b>	<b>113,689</b>

The valuation adjustments for inventories recognised as an expense totalled kEUR 5,598 in the year under review (previous year: kEUR 6,244).

### 6.4. Trade receivables

Trade receivables are assigned to the category "Loans and receivables" and are therefore recognised at amortised cost. The valuation adjustments necessary are made to the receivables.

Trade receivables comprise the following:

in kEUR	Total	31.12.2011		Total	31.12.2010	
		Term to maturity of less than 1 year	Term to maturity of over 1 year		Term to maturity of less than 1 year	Term to maturity of over 1 year
Trade receivables for invoiced activities	114,075	114,012	63	85,531	85,531	0
Trade receivables for activities not yet invoiced	254	254	0	15	15	0
	<b>114,329</b>	<b>114,267</b>	<b>63</b>	<b>85,546</b>	<b>85,546</b>	<b>0</b>

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

in kEUR	2011	2010
Up to 1 month overdue <sup>1)</sup>	13,349	6,116
1 to 3 months overdue	5,204	398
3 to 6 months overdue	564	63
6 to 12 months overdue	182	12
More than 12 months overdue	0	0
<b>Book value of due trade receivables not subject to valuation adjustment</b>	<b>19,298</b>	<b>6,589</b>

1) Also includes trade receivables that are due immediately.

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

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

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

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

in kEUR	2011	2010
Net amount on January 1	8,068	7,121
Release	-3,774	-220
Currency translation difference	-98	128
Written down due to irrecoverability	-939	-810
Additions	1,288	1,850
<b>Net amount on December 31</b>	<b>4,545</b>	<b>8,068</b>

The valuation adjustments at the end of the financial year, including specific valuation allowances for receivables based on an individual assessment of the respective customers, totalled kEUR 3,039 (previous year: kEUR 3,241). They are primarily allocated on the basis of insolvency proceedings to be opened over the assets of the affected customers. The remaining book values after deduction of the valuation adjustments are the amounts likely to be considered recoverable in the insolvency proceedings.



## 6.5. Other financial assets

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

in kEUR	Book value at 31.12.2011	Of which non-current	Of which current	Book value at 31.12.2010	Of which non-current	Of which current
<b>Securities available for sale</b>						
Federal bonds	7,332	6,306	1,026	9,422	9,422	0
Shares in funds, shares, other securities	3,455	3,455	0	3,404	3,404	0
	<b>10,787</b>	<b>9,761</b>	<b>1,026</b>	<b>12,826</b>	<b>12,826</b>	<b>0</b>
<b>Financial assets recognised at fair value through profit or loss – held for trading</b>						
Derivatives	34	0	34	295	0	295
<b>Loans and receivables recognised at amortised cost</b>						
Loans to associated companies	563	563	0	563	563	0
Other loans	9	9	0	8	8	0
Other receivables from associated companies	0	0	0	6	0	6
Other receivables	4,188	1,552	2,635	4,891	323	4,568
	<b>4,759</b>	<b>2,123</b>	<b>2,635</b>	<b>5,468</b>	<b>894</b>	<b>4,574</b>
	<b>15,579</b>	<b>11,884</b>	<b>3,695</b>	<b>18,589</b>	<b>13,720</b>	<b>4,869</b>

The federal bonds are Austrian and German federal bonds at a nominal value of kEUR 7,000 with interest rates of 3.8% and 5.0% of the nominal value that are due between 2012 and 2014.

The shares in funds are 58,000 shares in the PIA TopRent, a fund that is invested in bond funds suitable for funding pension provisions, consisting primarily of fixed- and variable-interest eurozone government bonds.

The book value of the financial assets available for sale amounting to kEUR 10,787 (previous year: kEUR 12,826), corresponds to the market value. The average effective interest rate in the 2011 financial year was 3.0% (previous year: 2.6%).

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

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

## 6.6. Other assets

in kEUR	31.12.2011			31.12.2010		
	Total	Of which non-current	Of which current	Total	Of which non-current	Of which current
Accruals and deferrals	1,950	108	1,842	2,130	388	1,742
Prepayments	807	0	807	205	0	205
Other non-financial receivables	8,944	203	8,741	10,062	57	10,005
	<b>11,700</b>	<b>310</b>	<b>11,390</b>	<b>12,397</b>	<b>445</b>	<b>11,953</b>

## 6.7. Cash and cash equivalents

in kEUR	31.12.2011	31.12.2010
Cash on hand	36	111
Cheques	1	1
Cash deposits in banks	97,502	123,253
Short-term deposits	353	15,820
	<b>97,892</b>	<b>139,186</b>

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

Deferred tax assets and liabilities relate to the following balance sheet items:

in kEUR	31.12.2011		31.12.2010	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Intangible assets	4	-418	4	-522
Tangible assets	270	-1,997	224	-1,995
Financial assets	118	-7	120	-12
Inventories	3,733	-166	2,890	-45
Receivables	1,058	-1,964	1,257	-365
Other assets	1	-4	4	-223
Provisions for personnel	4,982	0	5,062	0
Other provisions	2,075	0	2,193	0
Trade payables	142	-7	118	-1
Other liabilities	536	-1,801	341	-1,872
Tax loss carry forwards	3,315	0	2,955	0
<b>Total deferred tax assets and liabilities</b>	<b>16,233</b>	<b>-6,364</b>	<b>15,169</b>	<b>-5,036</b>
Valuation allowance for deferred tax assets	-3,276	0	-3,578	1
<b>Offset of deferred tax assets and liabilities</b>	<b>-4,186</b>	<b>4,186</b>	<b>-830</b>	<b>830</b>
<b>Net deferred tax assets</b>	<b>8,772</b>		<b>10,761</b>	
<b>Net deferred tax liabilities</b>		<b>-2,178</b>		<b>-4,206</b>

in kEUR	2011	2010
Net deferred taxes at the beginning of the financial year	6,554	8,498
Deferred taxes in profit or loss for the financial year	-125	-2,182
Deferred taxes in other results for the financial year	33	6
Currency translation differences	132	232
<b>Net deferred taxes at the end of the financial year</b>	<b>6,594</b>	<b>6,554</b>

At the balance sheet date there are unused tax losses of kEUR 6,035 (previous year: kEUR 6,245), for which no deferred tax assets were recognised. Loss carry forwards that have not yet been taken into account amounting to kEUR 4,563 (previous year: kEUR 2,264) expire within five years, the remaining loss carry forwards can be carried forward indefinitely.

At a foreign subsidiary, kEUR 6,443 (previous year: kEUR 7,144) is available for offsetable deductible investments until and including 2013. Of that amount, kEUR 1,593 (previous year: kEUR 2,150) can presumably be utilised according to the current forecasts. In addition, there is kEUR 4,686 (previous year: kEUR 4,825) at a foreign subsidiary available for offsetable deductible investments that can be utilised when achieving relevant tax results in the period from 2014 to 2018. With this respect no deferred tax assets were recognised.

For subsidiaries which are still in the start-up phase and for which losses have accrued, asset items for tax loss carry-forwards were recognised in the amount of kEUR 1,381 (previous year: kEUR 980), as in the judgment of Group management sufficient future profits can be achieved to offset these losses or tax planning measures can be implemented that would utilise the loss carry forwards.

## 6.9. Equity

The development of shareholders' equity is presented in detail in the consolidated statement of changes in equity.

Semperit AG Holding has share capital of EUR 21,358,997. It is divided into 20,573,434 fully paid ordinary shares, as it was on December 31, 2010, the previous balance sheet date. Each share represents an equal interest in the equity 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). A total of kEUR 21,503 of the capital reserves are appropriated reserves. These may only be released to compensate for a net loss for the year as reported in the annual financial statements of the parent company Semperit AG Holding if no free reserves are available to cover the loss.

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

The foreign 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 of the respective subsidiary.

The revenue reserves consist of the statutory reserves of Semperit AG Holding, amounting to kEUR 999, the free revenue reserves of Semperit AG Holding, amounting to kEUR 15,000, the net profit for the period of Semperit AG Holding, amounting to kEUR 16,835, the untaxed reserves less the deduction of deferred taxes of the subsidiaries included in the consolidated financial statements, the retained earnings of subsidiaries since the date of acquisition and the effects of adjusting the annual accounts of the companies included in the consolidated financial statements to the valuation and accounting policies of the Group. The shareholders are entitled to a distribution of Semperit AG Holding's net profit for the year. The statutory reserves of Semperit AG Holding may only be released to compensate for a net loss for the year as reported in its annual financial statements if no free reserves are available to cover the loss.

For the 2011 financial year, the Management Board proposes to distribute a dividend per share of EUR 0.80, which amounts to a total of kEUR 16,459. This will have to be voted on at the Annual General Meeting and is therefore not yet recognised as a liability in these consolidated financial statements. The payment of the dividend has no tax consequences for the Semperit Group.

## 6.10. Liabilities from redeemable non-controlling shares

Shares of subsidiaries' net assets held by non-controlling shareholders are recognised as liabilities from redeemable non-controlling shares provided the respective shareholder has an unconditional termination right or a termination right with conditions that cannot be influenced by the Semperit group or the company in which the non-controlling shareholder owns an interest has a limited life span.

Liabilities from redeemable shares of non-controlling shareholders developed as follows:

in kEUR	2011	2010
Balance as at January 1	83,405	71,576
Payments received for establishment of a company and through capital increase	973	0
Dividends	-1,187	-22,410
Payments due to capital decrease	0	-565
Share of annual income	14,680	20,969
Currency translation differences	-579	13,835
<b>Balance as at December 31</b>	<b>97,292</b>	<b>83,405</b>

## 6.11. Provisions for pensions and severance payments

### Pension plans – defined benefit plans

In accordance with the Austrian Corporate Pension Statute of 1997, employees whose tenure at their companies began prior to January 1, 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 dependents are entitled to these pensions. These obligations are not funded by plan assets.

A former member of the Management Board was granted a pension by individual agreement. This obligation is also not funded by plan assets.

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

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

These obligations were valued based on an assumed interest rate of 4.75% (December 31, 2010: 4%) and an assumed average annual salary increase of 3.4% (December 31, 2010: 3.4%).

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

in kEUR	2011	2010
Present value of funded defined benefit obligations	7,015	3,204
Fair value of the plan assets	5,501	3,204
<b>Deficit</b>	<b>1,514</b>	<b>0</b>
Present value of unfunded defined benefit obligations	15,647	20,639
<b>Plan deficit = provision</b>	<b>17,161</b>	<b>20,639</b>

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

in kEUR	2011	2010
<b>Pensions</b>		
Present value of the obligations (DBO) as at January 1	23,843	23,993
Additional entitlements acquired during the financial year and actuarial gains/losses	-208	687
Imputed interest costs on existing obligations	963	955
Total expenses for pensions	755	1,641
Payments	-1,936	-1,792
<b>Present value of the obligations (DBO) as at December 31</b>	<b>22,662</b>	<b>23,843</b>

The total expenses of kEUR 755 shown in the table (previous year: kEUR 1,641) are recognised under the item "Personnel expenses" in the income statement in accordance with the breakdown contained in section 5.4 under "Pension expenses".

The plan assets recognised at fair value, which comprise of a reinsurance policy, cash on hand and a receivable of a pension plan against Semperit group, developed as follows:

in kEUR	2011	2010
Fair value of the plan assets as at January 1	3,204	2,806
Contributions of the Group	344	456
Return from plan assets less administrative costs	518	-24
Payments	-244	-35
Other change	1,679	0
<b>Fair value of the plan assets as at December 31</b>	<b>5,501</b>	<b>3,204</b>

The total return of kEUR 518 shown in the table (previous year: expense of kEUR 24) are recognised under the item "Personnel expenses" in the income statement in accordance with the breakdown contained in point 5.4 under "Pension expenses".

in kEUR	2011	2010
<b>Severance payments</b>		
Present value of the obligations (DBO) as at January 1	21,359	21,635
Additional entitlements acquired during the financial year	1,057	483
Imputed interest costs on existing obligations	729	769
Actuarial gains/losses	-1,400	-10
Total expenses for severance payments	386	1,242
Payments	-1,982	-1,518
<b>Present value of the obligations (DBO) as at December 31</b>	<b>19,763</b>	<b>21,359</b>

The total expenses of kEUR 386 shown in the table (previous year: kEUR 1,242) are recognised under the item "Personnel expenses" in the income statement in accordance with the breakdown contained in point 5.4 under "Severance expenses".

The development of the present value of the obligation and of the plan assets recognised at fair value and the actuarial gains and losses from experience adjustments over the last five years are as follows, with a positive value (+) for experience adjustments indicating gains and a negative value (-) indicating losses:

in kEUR	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
<b>Pensions</b>					
Present value of the obligation	22,662	23,843	23,993	24,030	22,574
Plan assets	5,501	3,204	2,806	2,353	1,901
Plan deficit	17,161	20,639	21,187	21,676	20,673
Actuarial gains/losses	1,262	-269	-450	-1,829	992
of which experience adjustments	10	-269	-450	-922	992
of which effects of changes in actuarial assumptions	1,252	0	0	-907	0
<b>Severance payments</b>					
Present value of the obligation	19,763	21,359	21,635	22,880	23,148
Actuarial gains/losses	1,400	10	38	-370	-1,549
of which experience adjustments	-83	10	38	-422	-1,549
of which effects of changes in actuarial assumptions	1,483	0	0	52	0

### Pension plans – defined contribution plans

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

Employees whose employment relationships are subject to Austrian law and who entered into this employment relationship after December 31, 2002 are not entitled to severance payments from their employer. For these employees and two members of the Executive Board, contributions amounting to 1.53% of their wages or salaries are paid into a staff provision fund. In the year under review, Semperit's contributions amounted to kEUR 210 (previous year: kEUR 146).

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

## 6.12. Other provisions

The other provisions break down as follows:

in kEUR	1.1.2011	Currency translation differences	Release	Use	Additions	31.12.2011
Restructuring	6,944	0	0	0	0	6,944
Long-service bonuses	3,255	0	0	-161	0	3,094
Leave	2,244	-8	-3	-1,793	1,579	2,020
Guarantees	12,499	-421	-4,409	-4,201	5,054	8,522
Sales bonuses	1,249	2	-5	-1,224	1,244	1,266
Other	17,581	-52	-1,955	-9,026	9,250	15,798
	<b>43,773</b>	<b>-479</b>	<b>-6,371</b>	<b>-16,405</b>	<b>17,127</b>	<b>37,645</b>

in kEUR	1.1.2010	Currency translation differences	Release	Use	Additions	31.12.2010
Restructuring	6,921	0	0	0	24	6,944
Long-service bonuses	3,276	0	0	-40	19	3,255
Leave	2,589	8	0	-2,126	1,773	2,244
Guarantees	12,225	150	-667	-2,249	3,040	12,499
Sales bonuses	1,031	4	-57	-974	1,245	1,249
Other	12,993	262	-1,714	-6,310	12,350	17,581
	<b>39,035</b>	<b>424</b>	<b>-2,438</b>	<b>-11,699</b>	<b>18,451</b>	<b>43,773</b>

The "Other" item essentially covers a variety of provisions for personnel.

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

The table below shows the terms to maturity of the provisions.

in kEUR	Total	Of which long term	31.12.2011 Of which short term	Total	Of which long term	31.12.2010 Of which short term
Restructuring	6,944	6,944	0	6,944	6,944	0
Long-service bonuses	3,094	3,094	0	3,255	3,255	0
Leave	2,020	40	1,979	2,244	0	2,244
Guarantees	8,522	3,943	4,580	12,499	7,276	5,223
Sales bonuses	1,266	0	1,266	1,249	0	1,249
Other	15,798	3,062	12,735	17,581	1,449	16,132
	<b>37,645</b>	<b>17,084</b>	<b>20,561</b>	<b>43,773</b>	<b>18,924</b>	<b>24,848</b>

### 6.13. Liabilities to banks

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

	31.12.2011				31.12.2010			
	Nominal value in local currency	Book value in kEUR	Of which long term	Of which short term	Nominal value in local currency	Book value in kEUR	Of which long term	Of which short term
Loans	TUSD 8,000	6,175	0	6,175	TUSD 8,000	5,974	5,974	0
Open credit	kEUR 3	3	0	3	-	-	0	0
<b>Total</b>		<b>6,178</b>	<b>0</b>	<b>6,178</b>		<b>5,974</b>	<b>5,974</b>	<b>0</b>

Liabilities to banks are denominated primarily in US dollars and are subject to variable interest rates. The effective interest rate for the year 2011 was 2.4% (previous year: 1.4%). The interest rate is adjusted monthly.

There is no collateralisation.

Due to interest in line with typical market conditions, it is assumed that the book values of the liabilities to banks correspond to the fair values.

### 6.14. Trade payables

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

### 6.15. Other financial liabilities

in kEUR	31.12.2011			31.12.2010		
	Total	Of which long term	Of which short term	Total	Of which long term	Of which short term
Loans from non-controlling shareholders of subsidiaries	1,568	1,568	0	0	0	0
Liabilities to affiliated, unconsolidated companies	26	0	26	27	0	27
Loans to associated companies	32	0	32	0	0	0
Liabilities from finance leases	242	138	105	360	247	113
Derivative financial liabilities	1,753	0	1,753	220	0	220
All other financial liabilities	8,270	1,369	6,901	9,801	515	9,286
	<b>11,891</b>	<b>3,074</b>	<b>8,816</b>	<b>10,408</b>	<b>762</b>	<b>9,646</b>



The derivative financial liabilities are assigned to the category "Financial liabilities recognised at fair value – held for trading". The other financial liabilities are recognised at amortised cost.

The existing liabilities from finance leases as at December 31, 2011 are as follows:

in kEUR	31.12.2011			31.12.2010		
	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	113	142	0	124	262	0
Interest portion	-8	-4	0	-11	-15	0
<b>Present value of the minimum leasing payments</b>	<b>105</b>	<b>138</b>	<b>0</b>	<b>113</b>	<b>247</b>	<b>0</b>

## 6.16. Other liabilities

in kEUR	31.12.2011			31.12.2010		
	Total	Of which long term	Of which short term	Total	Of which long term	Of which short term
Liabilities from taxes and social security contributions	4,771	0	4,771	4,292	0	4,292
Prepayments received	800	0	800	464	0	464
Accruals and deferrals	211	200	11	419	211	208
All other liabilities	1,502	0	1,502	0	0	0
	<b>7,284</b>	<b>200</b>	<b>7,084</b>	<b>5,175</b>	<b>211</b>	<b>4,964</b>

**6.17. Fair values of financial instruments**

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

31.12.2011 in kEUR	Held for trading	AFS at fair value/other comprehen- sive income	LAR at amortised cost	Book value as at 31.12.2011	Fair value as at 31.12.2011	Hierarchy level
<b>Assets</b>						
Securities	0	10,787	0	10,787	10,787	1
Loans to associated companies	0	0	563	563	563	3
Other long-term loans	0	0	9	9	9	3
Trade receivables	0	0	114,329	114,329	114,329	3
Derivative financial instruments	34	0	0	34	34	2
Other financial assets	0	0	4,188	4,188	4,188	3
<b>Liabilities</b>						
Liabilities from redeemable non-controlling shares	n/a	n/a	n/a	97,292	n/a	n/a
Liabilities to banks	0	0	6,178	6,178	6,178	3
Trade payables	0	0	38,815	38,815	38,815	3
Derivative financial liabilities	1,753	0	0	1,753	1,753	2
Other financial liabilities	0	0	10,138	10,138	10,138	3

31.12.2010 in kEUR	Held for trading	AFS at fair value/other comprehen- sive income	LAR at amortised cost	Book value as at 31.12.2010	Fair value as at 31.12.2010	Hierarchy level
<b>Assets</b>						
Securities	0	12,826	0	12,826	12,826	1
Loans to associated companies	0	0	563	563	563	3
Other long-term loans	0	0	8	8	8	3
Trade receivables	0	0	85,546	85,546	85,546	3
Derivative financial instruments	295	0	0	295	295	2
Other financial assets	0	0	4,897	4,897	4,897	3
<b>Liabilities</b>						
Liabilities from redeemable non-controlling shares	n/a	n/a	n/a	83,405	n/a	n/a
Liabilities to banks	0	0	5,974	5,974	5,974	3
Trade payables	0	0	40,969	40,969	40,969	3
Derivative financial liabilities	220	0	0	220	220	2
Other financial liabilities	0	0	10,188	10,188	10,188	3

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

Level 1: Valuation based on quoted market prices for a specific financial instrument.

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

Level 3: Valuation on the basis of models with significant valuation parameters that are not observable in the market.

The liabilities from redeemable non-controlling shares are not assigned to any of the categories stipulated in IAS 39 but to financial liabilities sui generis. Their valuation is described in section 2.12. The fair value can only be calculated at a disproportionately high cost and is thus not disclosed.

## 7. Notes to the consolidated cash flow statement

The consolidated cash flow statement is created using the indirect method and shows how the cash and cash equivalents of the Semperit Group changed in the course of the financial year. The fund comprises cash and cash equivalents. Its composition can be seen in section 6.7.

Due to the expansion of the Group's business operations and big increases in raw material prices, there was a significant build-up of inventories, which had a negative impact on the cash flow from operating activities.

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

The cash flow from financing activities includes the dividend of EUR 1.25 per share distributed to Semperit AG Holding shareholders in 2011. In addition, there was a cash outflow due to dividends distributed to non-controlling shareholders of subsidiary companies.

The cash flow from operating activities contains a inpayment-effective balance consisting of interest inflows and outflows amounting to kEUR 676 (previous year: kEUR 1,074) and an outpayment-effective balance from tax payments amounting to kEUR 13,855 (previous year: kEUR 22,291).

## 8. Risk management

IFRS 7.31 requires reporting on the nature and scope of the risks arising from financial instruments to which the Group is exposed as at the balance sheet date to allow readers of the balance sheet to make an assessment of these risks.

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

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

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

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

### Capital risk management

The goals of capital management are to ensure the company's continued existence, enable growth-oriented organic and non-organic investment activity and finance dividends on a continuous basis. The Group's overall strategy has not changed since 2010.

The Group's total capital consists of equity, including the shares attributable to non-controlling shareholders of subsidiaries, provided these are equity instruments, and net debt. Net debt is the amount by which the sum of provisions for severance payments and pensions, provisions for long-service bonuses, interest-bearing liabilities, in particular liabilities to banks, and the non-interest-bearing liabilities from redeemable non-controlling shares exceeds the level of cash and cash equivalents plus current financial assets. Net gearing is defined as the ratio of net debt to equity. Net debt as at December 31, 2011 totalled kEUR 43,622 and net gearing amounted to 11.7%. Cash and cash equivalents exceeded net debt as at December 31, 2010.

The Group is not subject to any statutory or contractual requirements with regard to a minimum level of equity, a minimum equity ratio or a maximum level of gearing. The Semperit Group has not set a defined target capital structure internally.

**Interest rate risk management**

Equipment and investments required for the company's business operations are funded to a certain extent using a low level of outside capital. The outside capital is currently borrowed at variable interest rates and is subject to the prevailing level of interest rate risk. Because the amounts involved are not large, the interest rate risk can be classified as insignificant overall. A sensitivity analysis is therefore not necessary.

**Liquidity risk management**

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

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

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

**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 routine audits.

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

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

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

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

Without taking into account the risk minimisation strategy described above, the Group's maximum default risk corresponds to the book value of its recognised financial assets, which can be broken down into the following categories:

in kEUR	2011	2010
Derivative financial instruments (held for trading)	34	295
Shares in funds, government bonds, shares (AFS)	10,787	12,826
Loans and receivables (LAR) at amortised costs	119,088	91,014
Cash and cash equivalents	97,892	139,186

### Foreign exchange risk management

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

The following breakdown of the Semperit Group's revenue and earnings into key currencies (as percentage of overall revenue) shows that in the 2011 financial year, 43.6% (previous year: 44.4%) was earned in foreign currency.

in % of Group's revenue	2011	2010
EUR	56.4	55.6
USD	28.9	29.8
INR	1.9	2.4
CNY	2.2	2.4
BRL	2.7	1.9
THB	2.0	1.7
PLN	2.0	2.3

A significant portion of the Group's revenues are earned by subsidiaries headquartered outside the eurozone.

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

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

Company	Country	Type of transaction	Currency	Hedged amount <sup>1)</sup>	Hedged rate <sup>2)</sup>	Fair value in kEUR 31.12.2011	Range of remaining days to maturity (in days)
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	2,661,000	25.29	-52	6-55
Sempertrans		Forward exchange					
Belchatow Sp. z o.o.	Poland	Forward exchange	EUR	14,700,000	4.44	-117	5-82
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	1,500,000	0.87	-66	19-110
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	170,000,000	302.24	25	19-103
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	37,860,913	30.44	-1,258	20-135
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	EUR	105,000	43.44	6	127
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	7,550,000	30.40	-258	41-135

1) Refers to the total amount of all existing derivative financial instruments as at the balance sheet date.

2) Refers to the weighted average rate derived from all existing derivative financial instruments as at the balance sheet date.

Company	Country	Type of transaction	Currency	Hedged amount <sup>1)</sup>	Hedged rate <sup>2)</sup>	Fair value in kEUR 31.12.2011	Range of remaining days to maturity (in days)
Semperflex Optimit s.r.o.	Czech Republic	Forward exchange	EUR	1,188,000	24.88	-9	5-54
Sempertrans		Forward exchange					
Belchatow Sp. z o.o.	Poland	Forward exchange	EUR	8,900,000	3.99	20	3-90
Semperit Technische Produkte GmbH	Austria	Forward exchange	GBP	2,000,000	0.85	29	18-46
Semperit Technische Produkte GmbH	Austria	Forward exchange	HUF	80,000,000	279.06	0	18-46
Semperit Technische Produkte GmbH	Austria	Forward exchange	USD	150,000	1.36	-2	273-349
Semperit AG Holding <sup>3)</sup>	Austria	Forward exchange	EUR	3,500,000	8.78	-13	73-165
Semperit AG Holding	Austria	Forward exchange	PLN	10,000,000	4.06	-42	73
Siam Sempermed Corp. Ltd.	Thailand	Forward exchange	USD	34,949,172	30.31	99	61-186
Semperflex Asia Corp. Ltd.	Thailand	Forward exchange	USD	1,526,169	30.03	-7	91-140

1) Refers to the total amount of all existing derivative financial instruments as at the balance sheet date.

2) Refers to the weighted average rate derived from all existing derivative financial instruments as at the balance sheet date.

3) Refers to a EUR to CNY hedging relationship.

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

The translation of items in foreign currencies to the euro, the Group's currency, results in currency translation differences (translation risk). This is reported in the "other earnings" item as a difference resulting from currency translation. Book values of assets and liabilities on the Group balance sheet belonging to subsidiaries not based in the eurozone and the contribution of these subsidiary firms to the earnings of the group depend to a significant degree on the exchange rate between the euro and the functional currency used by these subsidiaries.

## 9. Contingent liabilities and other financial liabilities

in kEUR	2011	2010
Contingent liabilities	1,383	2,903
Liabilities from the acquisition of tangible assets (purchase commitments)	1,980	4,669
Liabilities from the utilisation of tangible assets not reported on the balance sheet due to rental and leasing agreements	1,342	1,572
Other financial liabilities	119	972

Contingent liabilities are attributable primarily to payment guarantees in favour of third parties and bill of exchange liabilities. Liabilities from the acquisition of intangible assets result from binding contracted investment projects for intangible assets.

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

### 10.1. Related-party transactions with companies and individuals

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

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

The related parties of the Semperit Group include the members of the Management Board and Supervisory Board of Semperit Aktiengesellschaft Holding, the managing directors and Supervisory Board members of all companies that directly or indirectly hold a majority stake in Semperit Aktiengesellschaft Holding, the members of the Management Board of B&C Privatstiftung and close family members of these Management Board and Supervisory Board members and managing directors.



The remuneration paid to the Management Board members is contained in point 5.4. The remuneration for the Supervisory Board for the financial year 2011 was calculated on the basis of fixed and variable components. In the year under review, the remuneration paid to the Supervisory Board amounted to kEUR 109 (previous year: kEUR 96). There are no further related-party transactions.

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

## 10.2. Transactions with co-partners

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

# 11. Events after the balance sheet date

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

Vienna March 9, 2012

### The Management Board



Richard Ehrenfeldner  
**Member of the  
Management Board**



Richard Stralz  
**Member of the  
Management Board**



Thomas Fahnmann  
**Chairman**



Johannes Schmidt-Schultes  
**Chief Financial Officer**

# Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Semperit Aktiengesellschaft Holding, Vienna, ("the Company") for the fiscal year from January 1, 2011 to December 31, 2011, which are presented on pages 99 through to 151. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year ended December 31, 2011, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Consolidated Financial Statements and for Maintaining the Books of Account**

The Company's management is responsible for maintaining the books of account and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; 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, Austrian Standards on Auditing and International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. Those standards require that we comply with professional requirements and that we plan and perform the audit to obtain reasonable assurance about 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 Company'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 Groups's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## 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 Semperit Aktiengesellschaft Holding as of December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

## Comments on the Group Management Report

Pursuant to statutory provisions, the group management report, which is presented on pages 76 through to 97, is to be tested 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 Group's position. The auditor's report also has to contain a statement as to whether the group management report is consistent with the consolidated financial statements and as to whether the notes pursuant to section 243a of the Austrian Company Code hold true.

In our opinion, the group management report is consistent with the consolidated financial statements. The notes pursuant to section 243a of the Austrian Company Code hold true.

Vienna, March 9, 2012

### Deloitte Audit Wirtschaftsprüfungs GmbH

MMag. Dr. Leopold Fischl e.h.  
**Certified Public Accountant  
in Austria**

Mag. Nikolaus Schaffer e.h.  
**Certified Public Accountant  
in Austria**

This report is a translation of the report in German, which is solely valid.

# Balance sheet of Semperit AG Holding

as at December 31, 2011

in kEUR	31.12.2011	31.12.2010
<b>ASSETS</b>		
<b>Assets</b>		
Intangible assets	93	45
Tangible assets	679	78
Financial assets	71,354	71,724
	<b>72,126</b>	<b>71,847</b>
<b>Current assets</b>		
Receivables from affiliated companies	31,759	27,549
Other receivables	5,973	6,021
Cash on hand, bank deposits	457	2,770
	<b>38,189</b>	<b>36,340</b>
Accruals and deferrals	253	334
<b>TOTAL ASSETS</b>	<b>110,568</b>	<b>108,521</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	21,359	21,359
Capital reserves	21,539	21,539
Revenue reserves	15,999	999
Net profit for the period	16,835	26,842
	<b>75,733</b>	<b>70,739</b>
<b>Untaxed reserves</b>	<b>2</b>	<b>2</b>
<b>Provisions</b>		
Provisions for severance payments	2,963	3,157
Provisions for pensions	15,585	15,897
Tax provisions	1,851	633
Other provisions	13,139	13,592
	<b>33,539</b>	<b>33,279</b>
<b>Liabilities</b>		
Trade payables	487	95
Liabilities to affiliated companies	331	3,979
Other liabilities	476	427
	<b>1,295</b>	<b>4,501</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>110,568</b>	<b>108,521</b>
Contingent liabilities	1,544	1,499

# Income statement of Semperit AG Holding

for the financial year January 1, 2011 to December 31, 2011

in kEUR	2011	2010
<b>Revenue</b>	<b>7,681</b>	<b>7,066</b>
Other operating income	1,797	894
Personnel expenses	-7,810	-9,816
Depreciation on tangible and intangible assets	-93	-52
Other operating expenses	-7,298	-3,178
<b>Earnings before interest and tax (EBIT)</b>	<b>-5,723</b>	<b>-5,086</b>
Income from investments	35,000	29,764
Income from other securities of financial assets	295	279
Interest and related income	96	52
Expenditures for financial investments	-124	-74
Interest and related expenses	-81	-41
<b>Financial result</b>	<b>35,186</b>	<b>29,980</b>
<b>Result from ordinary business activities</b>	<b>29,463</b>	<b>24,894</b>
Income taxes	1,246	1,208
<b>Profit for the period</b>	<b>30,709</b>	<b>26,102</b>
Allocation of other reserves	-15,000	0
Profit carried forward from the previous year	1,126	741
<b>Net profit for the period</b>	<b>16,835</b>	<b>26,843</b>

The annual financial statements 2011 of Semperit AG Holding, which were prepared according to Austrian accounting standards and awarded an unqualified audit opinion by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, were submitted together with all the relevant documentation to the commercial register of the Vienna Commercial Court under the commercial register number 112544. These financial statements are included in the Annual Financial Report 2011 in German, which is available for download from the homepage [www.semperit.at](http://www.semperit.at).

The Management Board proposes to the Annual General Meeting to distribute a dividend of EUR 0.80 per share from the net profit for the period of kEUR 16,835 and carry forward the retained earnings to the new accounts

Vienna, March 9, 2012

## The Management Board



Richard Ehrenfeldner  
**Member of the  
Management Board**



Richard Stralz  
**Member of the  
Management Board**



Thomas Fahnemann  
**Chairman**



Johannes Schmidt-Schultes  
**Chief Financial Officer**

# Statement of all legal representatives

## pursuant to section 82 (4) Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements 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 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, March 9, 2012

### The Management Board



Richard Ehrenfeldner  
**Member of the  
Management Board**



Richard Stralz  
**Member of the  
Management Board**



Thomas Fahnemann  
**Chairman**



Johannes Schmidt-Schultes  
**Chief Financial Officer**

# Glossary

## A

### ATX (Austrian Traded Index)

Leading index of the Vienna Stock Exchange

## B

### Butadiene

Organic, twofold unsaturated chemical polymer used in the manufacture of synthetic latex, amongst other things  
Petrochemical byproduct

## C

### CAGR (Compound Annual Growth Rate)

Average annual growth rate over a specific period of time

### Cash flow ratio

Cash flow relative to sales

### Compliance

Conformity with regulations; adherence to rules, guidelines and voluntary codes within a company

### Corporate Governance

Rules for the responsible management and control of a company; laid out in the Austrian Corporate Governance Code

## D

### DAX

German equity index comprising the 30 largest companies

### Directors' dealings

Share transactions conducted by the management of exchange-listed companies in the companies' own shares

### Directors and Officers (D&O) Insurance

Liability insurance taken out by a company for its boards and executives

## E

### EBIT (Earnings Before Interest and Tax)

Earnings before interest and tax, operating result

### EBIT margin

EBIT in relation to revenue

### EBITDA

Earnings before interest, tax, depreciation and amortisation

### EBITDA margin

EBITDA in relation to revenue

**Elastomer**

Form stable but elastically deformable plastics

**EMEA**

Europe, Middle East, Africa

**EPDM (Ethylen-Propylen-Dien-Monomer)**

Synthetic rubber

**Equity ratio**

Equity in relation to total assets

**I****IFRS (International Financial Reporting Standards)**

Accounting standards developed by the International Accounting Standards Board (IASB). In addition to the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) of the IASB, it also incorporates the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Interpretations of the Standing Interpretations Committee (SIC).

**ISO (International Organization for Standardization)**

Institute responsible for coordinating standards worldwide

**K****Key Account Management**

A type of marketing organisation. Preferred treatment of buyers that hold a key position in relation to a company's success

**M****Market capitalisation**

Number of shares multiplied by the share price; market value of a company in absolute terms

**N****Natural latex**

Milky juice of the rubber tree that is obtained by grazing the bark

**Nitrile**

Comprehensive term for a group of chemical compounds. Basic material for Semperit's synthetic gloves

**O****Organisation for Economic Cooperation and Development (OECD)**

A union of 30 industrial states aiming to promote economic growth and global trade

**P****Payout ratio**

Distribution ratio, share of the profit that is distributed to shareholders in the form of dividends

**Polypropylene (PP)**

Thermoplastic weldable polymers made of carbon and hydrogen atoms. They are defined by their great hardness, rigidity and heat resistance and can be disposed of in an environmentally safe manner.

**Price/earnings ratio**

Share price divided by the profit per share

**Provisions**

Accounting provisions for future obligations, the extent and maturity of which cannot be determine explicitly

**R****Return on equity before taxes**

The return on equity in terms of EBIT

**S****Spot price**

The price paid for the immediate, effective delivery of a standardised commodity that has already been produced

**T****Total return on assets before taxes**

Return on total capital employed in terms of EBIT

**V****Vinyl**

Thermoplastic polymer such as polyvinylchloride (PVC)



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## Financial Calendar 2012

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March 29, 2012	Publication of 2011 annual financial statements and press conference
April 23, 2012	Annual General Meeting
April 26, 2012	Ex-dividend day
May 2, 2012	Dividend payment day
May 15, 2012	Report on the first quarter of 2012
August 14, 2012	Half-year financial report 2012
November 13, 2012	Report on the third quarter of 2012

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## Imprint

Ownership and publisher: Semperit Aktiengesellschaft Holding, Modecenterstrasse 22, A-1031 Vienna

We have prepared this Annual Report and verified the information contained in it with the greatest possible care. In spite of this, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

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Statements referring to people are valid for both men and women.

This Annual Report was prepared in German and English.

In case of doubt, the German version shall take precedence.

This annual report was prepared by Mensalia (www.mensalia.at) on behalf of Semperit AG Holding.

