

Group Management Report

Economic environment

According to data of the International Monetary Fund (IMF), the recovery of global economy continued in the course of 2017 with 3.7% (2016: 3.2%) economic growth. The emerging and developing countries reported the most significant increase with 4.7% (2016: 4.4%), followed by the euro zone with 2.4% (2016: 1.8%) and the USA with 2.3% (2016: 1.5%).

At the beginning of January 2018, the IMF slightly revised its forecast for 2018 upward due to the globally stronger growth dynamics and US taxation reforms. The IMF expects an increase of the global economic output for 2018 by 3.9%. While economic growth in the industrialised countries maintains the same level as the previous year at a growth rate of 2.3%, economic growth in the emerging and developing countries continues to rise at 4.9%. In the USA, GDP is anticipated to increase by 2.7% in 2018, while growth is expected to remain at 2.2% in the euro zone. Despite the optimistic growth prospects, the IMF continues to forecast slight risks for an economic upturn due to the expected tightening of monetary policies.

Developments in the raw materials markets

The markets for natural rubber/natural latex as well as synthetic rubber/synthetic latex and carbon black are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by production conditions, while the fields of synthetic rubber and carbon black are impacted by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is influenced primarily by the main buyers of rubber products, the tyre and automotive industry.

In the first two months of 2017, price indices for natural rubber and natural latex as well as synthetic latex and synthetic rubber showed another very significant increase compared with the end of 2016. In the second quarter of 2017, a stabilisation as well as a decrease of price indices depending on the raw material was recorded. In the third and fourth quarters of 2017, there was a sideways movement that has continued in the first two months of 2018. The average price indices of 2017 were significantly – in some instances up to 50% – above the average values of 2016.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black, for example, is important for all three segments of the Industrial Sector. Prices for this raw material in the first half of 2017 were on the level of year-end 2016. However, since the third quarter of 2017, there has been a continuous rise. Therefore, the average prices of 2017 for carbon black were significantly above the average of 2016. In 2017, the average prices for wire, which is used primarily in the Semperflex and Sempertrans segments, rose compared with 2016 due to the significant price increase for wire rods.

Revenue and earnings of Semperit Group

The Semperit Group increased its revenue in 2017 by 2.6% to EUR 874.2 million. In addition to partial price increases, the increase in revenue was particularly based on higher volumes sold in the Semperflex and Semperform segments, while the volumes sold in the Sempertrans and Sempermed segments were declining. The Industrial Sector achieved an increase in revenue of +6.0% while the Medical Sector recorded a decrease in revenue of 2.6% (for details on the development of the sectors and segments see page 37ff.). The distribution of revenues shifted slightly in favour of the Industrial Sector. In 2017, the Industrial Sector accounted for 61% and the Medical Sector for 39% (2016: 59% to 41%) of revenue.

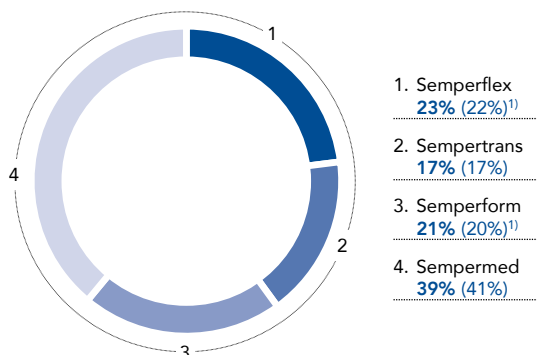
In 2017, inventories increased by EUR 14.8 million compared with EUR 2.2 million in 2016.

Other operating income increased from EUR 10.5 million in 2016 to EUR 92.4 million in 2017, basically due to positive one-off effects relating to the termination of almost all joint business activities with the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. Group ("joint venture transaction"). The one-off effects, recorded as other operating income in the first quarter of 2017, totalled around EUR 88 million, including around EUR 78 million in the Sempermed segment and around EUR 10 million in the Corporate Center segment. These positive one-off effects were up against transaction-related legal and consulting expenses of around EUR 3 million, which were included in other operating expenses. The positive one-off effects from the joint venture transaction, which had an impact on EBIT, totalled around EUR 85 million.

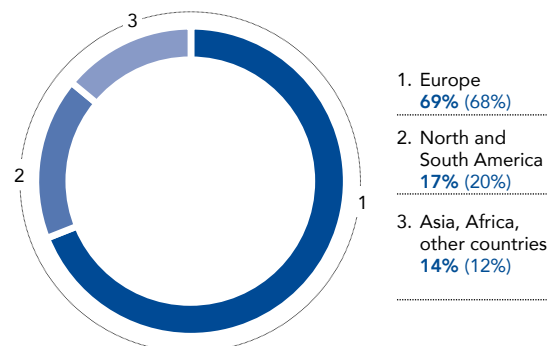
Cost of materials increased by EUR 35.8 million or 7.1% to EUR 541.3 million, supported by higher raw material prices.

Personnel expenses increased to EUR 186.5 million (+12.8%) due to one-time expenses and increases in salaries and wages. The one-time expenses included special compensations for employees, payments to resigned board members, executives and employees as well as a significant part of the restructuring expenses for the Sempertrans production site in Argenteuil, France.

Revenue split by segments



Revenue split by region



¹⁾ Values adjusted for 2016; there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Other operating expenses rose by 22.2% compared with 2016 to EUR 158.0 million. The increase was influenced among other things by the following effects: negative effect of EUR 5.4 million due to the results of a tax audit in Austria, higher legal and consulting expenses (among other things due to the joint venture transaction as well as the external consulting for support of the corporate transformation) as well as derecognitions of intangible and tangible assets based on the lack of future economic value. A material position of the tax audit for Austria is the denial of the refund for the energy tax for the years since 2011, resulting from the change in the viewpoint by the tax authority for production companies with trading revenues. Semperit has filed a complaint with the tax authorities against the issued decision.

Since the beginning of January 2017, the item "Share of profits from joint ventures and associated companies" at EUR 0.5 million has not included the earnings contribution of the glove production joint venture in Thailand any more, but only the contribution of the incomparably smaller company Synergy Health Allershausen GmbH, which is headquartered in Germany and sterilises surgical gloves for the Sempermed segment.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose to EUR 100.2 million, while the calculated EBITDA margin increased to 11.5%. The EBITDA adjusted for the positive effects of the joint venture transaction in the first quarter of 2017 as well as the negative one-off effects was EUR 35.8 million, while the adjusted EBITDA margin was 4.1%.

Depreciation increased to EUR 36.6 million, which was among other things due to the investments carried out. In the Sempermed segment, an impairment of EUR 26.0 million was recorded. This decision was the consequence of an in-depth assessment in mid-2017. The Management Board of Semperit AG Holding concluded that the production volume sustainably achievable at the location Kamunting, Malaysia, is below previous assumptions. As a result, a non-cash-effective impairment had to be recorded.

At EUR 37.6 million, EBIT (earnings before interest and tax) was slightly below the previous year's level, while the calculated EBIT margin amounted to 4.3%. In the assessment of EBIT, several selected one-off effects have to be considered. On the one hand there was a positive one-off effect from the joint venture transaction of around EUR 85 million. On the other hand, there were several negative one-off effects: as explained above, the impairment in the Sempermed segment amounting to EUR 26.0 million, expenses for restructuring the Sempertrans production site (incl. its shutdown) in Argenteuil, France, totalling EUR 11.4 million, the one-off effect of EUR 3.6 million in the Corporate Center segment due to a value adjustment for activated IT costs that cannot be utilised in the future as well as expenses of EUR 5.4 million recorded relating to the tax audit for Austria (particularly the energy tax refund).

Hence, the positive one-off effects for EBIT total around EUR 38 million in 2017, including around EUR 85 million positive one-off effects and a total of slightly less than EUR 47 million negative one-off effects. Without the above-mentioned one-off effect, the adjusted EBIT amounted to EUR – 0.8 million and the EBIT margin was –0.1%.

Key figures Semperit Group

in EUR million	2017	2016	Change	Change in EUR million
Revenue	874.2	852.4	+2.6%	+21.8
EBITDA adjusted ¹⁾	35.8	74.7	-52.1%	-39.0
EBITDA margin adjusted	4.1%	8.8%	-4.7 PP	-
EBITDA	100.2	77.9	+28.6%	+22.3
EBITDA margin	11.5%	9.1%	+2.4 PP	-
EBIT adjusted ²⁾	-0.8	41.1	-	-42.0
EBIT margin adjusted	-0.1%	4.8%	-4.9 PP	-
EBIT	37.6	27.3	+37.8%	+10.3
EBIT margin	4.3%	3.2%	+1.1 PP	-
Earnings after tax adjusted ³⁾	-43.3	15.2	-	-58.5
Earnings after tax	-26.3	-8.8	> 100%	-17.5
Investments in tangible and intangible assets	74.5	65.1	+14.5%	+9.4
Employees (at balance sheet date)	6,838	6,974	-1.9%	-136

¹⁾ EBITDA for 2017 adjusted for the effects of the joint venture transaction as well as the one-off effects of restructuring/shutdown of the production site in France, expenses relating to the tax audit for Austria (primarily energy tax rebate) and value adjustment for IT costs. EBITDA for 2016 adjusted for the earnings contribution from SSC and one-off effect of levies in Brazil.

²⁾ EBIT for 2017 adjusted for the effects of the joint venture transaction, the impairment in the Sempermed segment as well as the one-off effects of restructuring/shutdown of the production site in France, expenses relating to the tax audit for Austria (primarily energy tax rebate) and value adjustment for IT costs.

EBIT for 2016 adjusted for the earnings contribution from SSC, one-off effects of levies in Brazil and impairment of the Sempermed goodwill.

³⁾ 2017 earnings after tax adjusted for effects of the joint venture transaction, impairment in the Sempermed segment and other listed one-off effects.

2016 earnings after tax adjusted for the earnings contribution from SSC, tax effect of the joint venture transaction and other listed one-off effects.

The negative financial result totalled EUR 25.5 million in 2017 after EUR 19.9 million in the previous year. Financial income increased by EUR 10.2 million compared to the previous year and amounted to EUR 33.1 million which is primarily due to increased foreign currency gains. Financial expenses increased by EUR 16.9 million to EUR 53.3 million compared with the previous year. The reasons for this are increased foreign currency gains, repayment expenses for the acquisition of redeemable non-controlling interests within the context of the joint venture transaction, which was recognised in profit or loss in the item "Financial expenses", as well as higher interest expenses due to the changed maturity and currency structure of financial liabilities.

The item "Profit/loss attributable to redeemable non-controlling interests" improved compared with the previous year (minus EUR 5.3 million after minus EUR 6.4 million in 2016). As of the end of the first quarter of 2017, it includes only Semperflex Asia Corp. Ltd, which produces hydraulic hoses in Thailand and whose shares continue to be held jointly with the joint venture partner Sri Trang, as well as a Chinese joint venture company in the Sempertrans segment, which is operated jointly with a different joint venture partner.

Income tax expenses increased by EUR 22.2 million to EUR 38.4 million. The increase resulted basically from one-off effects relating to the joint venture transaction and a reduction of the approach (value adjustment) of deferred tax assets.

Earnings after tax totalled EUR -26.3 million, resulting in earnings per share of EUR -1.25 in 2017, following EUR -0.43 in 2016. After deduction of the positive and negative one-off effects totalling around EUR 17 million in 2017 (including the positive one-off effects from the joint venture transaction totalling around EUR 65 million as well as the negative one-off effects totalling around

EUR 47 million), adjusted earnings after tax amount to EUR –43.3 million for 2017 while adjusted earnings per share are EUR –2.11.

Termination of almost all joint business activities with the Thai Sri Trang Agro-Industry Public Co Ltd. Group

With regard to the termination of almost all joint business activities with the Thai Sri Trang Agro-Industry Public Co Ltd. Group on 15 March 2017, please refer to the Consolidated Financial Statement on page 91 for details.

Dividend

Semperit's dividend policy is, in principle: The pay-out ratio to shareholders is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances. Due to negative earnings after tax and the continued restructuring and transformation process, the Management Board will not propose a dividend (previous year: EUR 0.70 per share) at the Annual General Meeting on 25 April 2018.

Assets and financial position

Compared with the balance as of 31 December 2016, the balance sheet total declined by 17.5% to EUR 853.2 million. On the asset side, the main reasons for this decrease were derecognition of the item "Non-current assets held for sale" relating to the joint venture transaction as well as the decline in intangible assets due to depreciation in the Sempermed segment. This was up against an increase in tangible assets relating to expansion investments as well as the increase of inventories.

On the liabilities side, current provisions increased, while primarily liabilities to banks decreased. The amount still included in the short-term item "Liabilities from redeemable non-controlling interests" at the end of 2016 was derecognised after the closing of the joint venture transaction.

Trade working capital (inventories plus trade receivables minus trade payables) slightly increased from EUR 145.4 million at the end of 2016 to EUR 152.4 million, and therefore constituted 17.4% of the revenues (year-end 2016: 17.1%). The change is attributable to an increase in inventories, while trade receivables declined. Trade payables remained almost unchanged.

Cash and cash equivalents were EUR 165.5 million at the end of December 2017 and were therefore below the level of the end of 2016 (EUR 190.2 million).

As of 31 December 2017, the Semperit Group's equity (without non-controlling interests) stood at EUR 278.5 million, EUR 50.8 million lower than at the end of 2016 (EUR 329.3 million). The change resulted from a decrease in revenue reserves due to the negative results and the dividend payment. In addition, the item "Reserves, which are classified as non-current assets held for sale" was derecognised due to the joint venture transaction.

The group's reported equity ratio as of 31 December 2017 amounted to 32.6% (year-end 2016: 31.8%). The return on equity stood at –9.2%, following –2.7% in 2016. The return on equity is calculated based on the earnings after tax in relation to the equity of EUR 278.5 million (each both in respect to the portion attributable to the shareholders of Semperit AG Holding). After deduction of the mentioned one-off effects, the return on equity was –15.6%.

Debt is significantly lower at EUR 572.9 million compared with the end of 2016 at EUR 703.5 million. Liabilities from the corporate Schuldschein loan and liabilities to banks significantly decreased from EUR 420.8 million at the end of 2016 to EUR 326.6 million as of 31 December 2017. Taking into consideration cash and cash equivalents, this resulted in an overall net debt of

EUR 161.1 million (year-end 2016: EUR 230.6 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 31 December 2017 is therefore 1.61 (year-end 2016: 2.96). The liabilities from redeemable non-controlling interests decreased significantly to EUR 13.3 million due to the joint venture transaction and affected primarily Semperflex Asia Corp. Ltd. Provisions including social capital amounted to EUR 76.0 million and are therefore slightly higher than at the end of 2016. Other liabilities and deferred taxes slightly decreased to EUR 46.1 million.

Hybrid capital line

In December 2017, the Management Board of Semperit AG Holding has signed an agreement regarding a hybrid capital line amounting to up to EUR 150 million with B & C Holding GmbH, a wholly-owned subsidiary of the core shareholder B & C Industrieholding GmbH. With this step, Semperit strengthens its equity in a sustainable manner and maintains the balance sheet figures, which have been negatively influenced by the current earnings situation, on a solid level. As a result, financing of the necessary investments for further organic growth and the transformation process will be secured. The interest rate agreed amounts to 5.25%, the commitment fee is set at 1.75%. The hybrid capital line is a subordinated liability with unlimited duration, which Semperit can draw in several tranches up to and including 31. December 2018 if required. A redemption right or conversion right of the creditor has not been provided for. The hybrid capital has features of equity as well as liabilities. However, according to IFRS it is classified as equity. By 31 December 2017, there were no draws in the hybrid capital line.

Cash flow

The gross cash flow in 2017 amounted to EUR 32.2 million after EUR 48.1 million in 2016. This was caused primarily by the low level of operating earnings. Cash flow from operating activities increased significantly to EUR 56.8 million in 2017 while cash flow from investing activities improved to EUR 69.4 million due to the incoming payments from the joint venture transaction. The cash flow from financing activities decreased to minus EUR 146.4 million due to the repayment of liabilities to banks as well as payments for acquisition of redeemable non-controlling interests.

Investments

At EUR 74.5 million, cash-relevant investments in tangible and intangible assets in 2017 were higher than in the previous year (EUR 65.1 million). The investment priorities were on expansion and improvement in the segments Semperflex (expansion of the hose production at the plant in Odry, Czech Republic), Sempermed (expansion of the glove production in Kamunting, Malaysia) and Semperform (expansion of the sites in Wimpassing, Austria, and in Germany).

Related-party transactions with companies and individuals

With regard to the related-party transactions with companies and individuals please refer to the Consolidated Financial Statements.

Additional information

There is a branch office in 2632 Wimpassing, Triester Bundesstraße 26, Austria.

The Corporate Governance report can be found on the Internet at www.semperitgroup.com/en/ir, menu item Corporate Governance. The direct link to the report is:

www.semperitgroup.com/en/ir/corporate-governance/corporate-governance-reports/.

Performance of the sectors and segments

Industrial Sector

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way. The sales volumes (volumes sold) in Semperflex and Semperform increased, while they declined in Sempertrans. Revenue increased by 6.0% to EUR 537.0 million including the by far largest share in the Semperflex segment.

Profitability was significantly impaired among other things due to developments in raw material prices that are unfavourable to Semperit and passing them on to the customers with a delay. In addition to the price development for synthetic rubber, the Industrial Sector was influenced by a prolonged price increase primarily for raw materials used in the Industrial Sector. In addition, earnings were impacted by a total of EUR 11.4 million due to restructuring expenses for the Sempertrans production site in Argenteuil, France, as well as recognised expenses of EUR 3.3 million relating to the tax audit for Austria (primarily energy tax rebate). Without these negative effects, EBIT is EUR 37.1 million and the EBIT margin is 6.9%. The Semperflex segment contributed the largest share of EBIT in the Industrial Sector, followed by Semperform, while the Sempertrans segment was significantly negative, also due to the one-off effect of the restructuring (shutdown) of the production site in France.

Key figures Industrial Sector

in EUR million	2017	Change	2016
Revenue	537.0	+6.0%	506.4
EBITDA adjusted ¹⁾	57.6	-35.6%	89.5
EBITDA margin adjusted	10.7%	-7.0 PP	17.7%
EBITDA	42.9	-52.0%	89.5
EBITDA margin	8.0%	-9.7 PP	17.7%
EBIT adjusted ¹⁾	37.1	-47.0%	70.0
EBIT margin adjusted	6.9%	-6.9 PP	13.8%
EBIT	22.4	-67.9%	70.0
EBIT margin	4.2%	-9.6 PP	13.8%
Investments in tangible and intangible assets	48.5	+39.0%	34.9
Employees (at balance sheet date)	3,648	+0.3%	3,637

¹⁾ EBITDA and EBIT for 2017 adjusted for the one-off effects (of restructuring/shutdown of production site in France and expenses relating to the tax audit for Austria (particularly energy tax rebate)).

Semperflex segment

The Semperflex segment increased sales as well as revenue thanks to higher production and sales performances. Nevertheless, profitability declined. The values of 2016 were adjusted as per January 2017 due to the reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment providing full comparability.

Demand in the global market, particularly in China, increased. The business unit for hydraulic hoses achieved sales successes primarily in Europe and China, while the rest of Asia recorded a recovery of demand. In total, sales increased in both the hydraulic hoses and industrial hoses business units. The booking situation for the coming months is good and therefore capacities are well utilised.

In order to meet the good demand better, approximately EUR 20 million were invested in an expansion of the capacities for hydraulic hoses at the site in Odry, Czech Republic. They are available step by step as of late 2017/early 2018 and are also well utilised.

The higher raw material prices as well as passing them on to customers partially and with a delay, plus the expenses of EUR 1.0 million recorded in the third quarter of 2017 relating to the tax audit for Austria (particularly the energy tax rebate) had a negative influence on EBITDA and EBIT, which were below the levels of 2016.

Sempertrans segment

The Sempertrans segment largely defended its position in established markets – revenue only slightly decreased compared with 2016. Following a period of low raw material prices that were relevant for production, the price level for raw materials started to increase sharply as of November 2016. These high increases could only partially be passed on to the customer and with a delay – the effects were noticed in the first and second quarters of 2017. Combined with competitive pressures of other manufacturers, price pressures continued to be high in the third and fourth quarters of 2017. Due to a further tense market situation for conveyor belts in the mining industry, Sempertrans has opened up other customer segments such as harbours, steel and cement factories to fully utilise its production capacities. These customers, however, rather have a demand in lighter belts, which had a negative effect on the volume sold and profitability.

Year-on-year, the volume sold was below previous year's level for steel cord reinforced conveyor belts as well as conveyor belts with textile carcasses.

Due to price and margin pressures and the market situation described above, revenue, EBITDA and EBIT decreased in a comparison of 2017 and 2016. It is important to note that the EBIT was additionally burdened by the following issues: expenses for restructuring (shutdown) of the Sempertrans production site in Argenteuil, France, totalling EUR 11.4 million, expenses for the own market development in the USA/Canada as well as expenses for the termination of the cooperation agreement with the joint venture partner for the USA.

Semperform segment

The Semperform segment profited from a consistent implementation of the organic growth strategy and an increased demand in all business units associated with it. The strategy is based among other things on globally oriented sales and on development partnerships with customers. Due to limited capacities in internal Mixing, which produces precursors for the segments, parts of the precursors had to be purchased externally in 2017. This shortage affected the profitability of Semperform. Therefore, group-wide investments will be made in the expansion of Mixing in 2018. Since January 2017, the business unit Sheeting has been part of the Semperform segment (so far Semperflex segment). Therefore, the comparative figures of 2016 were adjusted accordingly.

Due to an increased expansion into the segment for aluminium windows especially in Europe as well as the market entry in the USA, sales of window and door profiles were increased significantly compared with 2016.

Demand for products of the business unit Semperit Engineered Solutions was above the previous year's level. Sales of handrails increased year-on-year since Semperform gained market shares particularly in the after sales market (ASM) and expanded supply shares in a slightly declining OEM business (original equipment manufacturer). The business units Sheeting as well as Special Applications recorded increased sales due to higher market demands. On this basis, the business unit Sheeting also expanded its supply shares.

In a comparison of 2017 with the previous year, revenue increased on the segment level. Operational profitability decreased against the background of volatile raw material prices, which were only partially passed on to the customers and with a delay. In addition, the recorded expenses of EUR 2.3 million and relating to the tax audit for Austria (primarily energy tax rebate) had an impact on the earnings situation.

Key figures Semperflex

in EUR million	2017	Change	2016 ¹⁾
Revenue	206.1	+11.4%	184.9
EBITDA	40.4	-6.9%	43.4
EBITDA margin	19.6%	-3.9 PP	23.5%
EBIT	31.8	-10.1%	35.3
EBIT margin	15.4%	-3.7 PP	19.1%
Investments in tangible and intangible assets	30.1	> 100%	14.4
Employees (at balance sheet date)	1,732	+3.5%	1,674

¹⁾ 2016 values adjusted, there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Key figures Sempertrans

in EUR million	2017	Change	2016
Revenue	146.0	-1.6%	148.4
EBITDA adjusted ¹⁾	-5.3	-	15.9
EBITDA margin adjusted	-3.6%	-14.3 PP	10.7%
EBITDA	-16.7	-	15.9
EBITDA margin	-11.5%	-22.2 PP	10.7%
EBIT adjusted ¹⁾	-8.9	-	12.1
EBIT margin adjusted	-6.1%	-14.3 PP	8.2%
EBIT	-20.3	-	12.1
EBIT margin	-13.9%	-22.1 PP	8.2%
Investments in tangible and intangible assets	5.9	-12.2%	6.7
Employees (at balance sheet date)	991	-4.3%	1,036

¹⁾ EBITDA and EBIT for 2017 adjusted for one-off effects from restructuring/shutdown of the production site in France.

Key figures Semperform

in EUR million	2017	Change	2016 ¹⁾
Revenue	185.0	+6.9%	173.1
EBITDA	19.2	-36.3%	30.2
EBITDA margin	10.4%	-7.0 PP	17.4%
EBIT	11.0	-51.2%	22.5
EBIT margin	5.9%	-7.1 PP	13.0%
Investments in tangible and intangible assets	12.5	-9.2%	13.8
Employees (at balance sheet date)	925	-0.4%	928

¹⁾ 2016 values adjusted, there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Medical Sector: the Sempermed segment

The development of the Sempermed segment was characterised by a competitive market environment. Decrease of revenues by 2.6% was characterised by a declining sales development as well as price adjustments resulting from the volatile raw material prices. Price pressure remained high. The pricing policy particularly for nitrile gloves continued to be challenging.

Earnings in the Sempermed segment were substantially affected by the termination of the joint venture for the glove production in Thailand in the first quarter of 2017, the development of the raw material prices as well as additional improvement and maintenance measures in Malaysia, which are listed below. The termination of the joint venture resulted in a positive one-off effect amounting to around EUR 78 million which is included in the results of the first quarter of 2017. Another positive effect from the joint venture transaction totalling around EUR 7 million is posted in the Corporate Center segment. For additional information relating to the joint venture transaction see the Consolidated Financial Statement, page 91. Moreover, a negative effect was recognised due to an impairment amounting to EUR 26.0 million. In addition, the recorded expenses of EUR 2.0 million relating to the tax audit for Austria (primarily energy tax rebate) had an impact on the earnings situation. In 2017, this resulted in a positive effect totalling around EUR 50 million for the Sempermed segment.

Sales of examination and protective gloves, which are primarily sold in North American and Europe, was below the previous year's level. Sales of surgical gloves, which are produced in the core production facility in Wimpassing, Austria, has developed well compared to the previous year.

The expansion of the new plant and with it the expansion of production capacities in Malaysia was completed at the end of 2017/the beginning of 2018. Production and cost efficiency of the existing facilities in Malaysia (excl. the new facility) is currently not satisfying. Therefore, technical and operational improvements of certain stages of the production process are necessary. Appropriate improvement and maintenance measures were taken in 2017 and have partially affected the ongoing production and thereby profitability.

The initiated cost-cutting programme (production, marketing, sales) for the segment continues. In a comparison of end of December 2017 with end of December 2016, the number of employees at segment level dropped by almost 4% despite the expansion of the own capacities.

In total, the earnings development in 2017 was characterised by considerable price and margin pressure as well as the above-mentioned production impairments. In the comparison of EBITDA and EBIT with the previous year, it should be noted that since the beginning of 2017 no earnings contribution of Siam Sempermed Corporation Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) has been included in the Sempermed segment. In 2016, an earnings contribution of EUR 7.9 million

was still included. Adjusted EBITDA and adjusted EBIT, that is without the one-off effects of 2017, were below the previous year and are therefore not satisfactory.

Key figures Sempermed

in EUR million	2017	Change	2016
Revenue	337.1	-2.6%	346.0
EBITDA adjusted ¹⁾	1.8	-48.5%	3.4
EBITDA margin adjusted	0.5%	-0.5 PP	1.0%
EBITDA	77.9	> 100%	6.6
EBITDA margin	23.1%	+21.2 PP	1.9%
EBIT adjusted ²⁾	-12.1	+19.5%	-10.1
EBIT margin adjusted	-3.6%	-0.7 PP	-2.9%
EBIT	38.0	-	-23.9
EBIT margin	11.3%	+18.2 PP	-6.9%
Investments in tangible and intangible assets	25.3	-1.6%	25.7
Employees (at balance sheet date)	3,051	-4.2%	3,183

¹⁾ EBITDA for 2017 adjusted for the effects of the joint venture transaction and expenses relating to the tax audit for Austria (primarily energy tax rebate). EBITDA for 2016 adjusted for the one-off effect of levies in Brazil and the earnings contribution from SSC.

²⁾ EBIT for 2017 adjusted for effects of the joint venture transaction, the impairment and the expenses relating to the tax audit for Austria (primarily energy tax rebate). EBITDA for 2016 adjusted for the one-off effect of levies in Brazil, impairment and the earnings contribution from SSC.

Sustainability

The Semperit Group published a Sustainability Report for the first time in 2017. It is available at www.semperitgroup.com/en/sustainability/. Semperit has clearly marked its position for sustainability: For Semperit, sustainability is a fundamental business approach that makes a long-term business success possible and creates values for its stakeholders. The Semperit Group wants to pursue this path with targeted measures and innovative solutions by seizing new business chances and managing risks that result from economic, social and ecological developments. Because long-term success is created when a company operates in harmony with the environment and society.

As a global supplier of medical and technical rubber products as well as innovative solutions Semperit always strives for top performances and sustainability. For that, sustainability is integrated into all business units and Semperit's supply chain. Resource management is a long-time core competence of Semperit. Activities are concentrated in the major areas:

- Resource management and environmental protection
- Work safety and health
- Suppliers
- Innovation
- Employees and society

Employees

As of 31 December 2017, the number of employees was 6,838, which is 1.9% below the level of 31 December 2016. The employee headcount fell in all segments except the Semperflex segment. The analysis by segments shows that slightly less than half of the employees work in the Sempermed segment, while around 25% work in the Semperflex segment and around 15% in the Sempertrans and Semperform segments respectively.

Number of employees (full time equivalents) at year end

	2017	Structure	Change 2017 vs. 2016	2016
Semperflex	1,732	25.3%	+3.5%	1,674
Sempertrans	991	14.5%	-4.3%	1,036
Semperform	925	13.5%	-0.4%	928
Sempermed	3,051	44.6%	-4.2%	3,183
Corporate Center	140	2.0%	-9.1%	154
Total	6,838	100.0%	-1.9%	6,974
thereof Austria	841	12.3%	+0.4%	838
thereof Semperit AG Holding	119	1.7%	-2.1%	121

Research and development

Research and development of the Semperit Group is focused on three pillars: further development of materials (both elastomers and reinforcing materials), product development and process development. The research and development units of the Semperit Group are located in Malaysia, China, India, Poland, the Czech Republic, Germany and Austria. All of the related activities concerning this matter are coordinated at the Research & Development Center in Wimpassing, Austria. With more than 60 employees in research and development, the site in Wimpassing also serves for coordination with external development partners and the trans-sectoral exchange of knowledge and experience. In the Group, more than 260 employees work in research and development all over the world. In 2017, expenses amounted to slightly more than EUR 14 million or around 1.5% of revenue per year. Semperit's innovation power is also reflected in the Group having approximately more than 300 patents at its disposal.

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

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

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

1. The share capital of Semperit AG Holding amounted to EUR 21,358,996.53 as at 31 December 2017 and consisted of 20,573,434 non-par-value ordinary shares, each carrying equal rights in every respect.

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

3. B & C Semperit Holding GmbH directly owned more than 50% of the shares in Semperit AG Holding as at 31 December 2017 and is the majority shareholder of Semperit AG Holding. The private foundation B & C Privatstiftung is the highest controlling legal entity. B & C Holding Österreich GmbH is an indirect majority shareholder, who prepares and publishes consolidated financial statements including the Semperit Group. FMR Co, Inc. (Fidelity Management & Research Company) has held more than 5% of the ordinary shares since 17 February 2016. The remaining shares are in free float.

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

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

6. There are no other regulations extending beyond the legal requirements that relate to the appointment and dismissal of members of the Management Board.

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

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

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

¹ The numbering in this chapter refers to the numbers mentioned in Section 243a (1) UGB (Austrian Commercial Code).

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

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

7. The Management Board was authorised by the Annual General Meeting on 26 April 2016 subject to the approval of the Supervisory Board, to increase the share capital in the coming five years after registration of the amendment into the company register – in several tranches – against cash and/or contributions in kind by 50% or up to 10,286,717 new bearer shares. The Management Board is also authorised (anew), subject to the agreement of the Supervisory Board, to issue convertible bonds. These can be associated with conversion or subscription rights or obligations for up to 10,286,717 bearer shares of the company (50% of the existing shares).

The Annual General Meeting on 26 April 2016 authorised the Management Board with the consent of the Supervisory Board, to repurchase and, if applicable, retire own shares up to the legally permitted maximum of 10% of the share capital for a period of 30 months from the adoption of the resolution in the Annual General Meeting in accordance with Section 65 (1) (8) of the AktG. At the same Annual General Meeting, the Management Board was authorised, pursuant to Section 65 (1b) of the AktG and with the consent of the Supervisory Board, to decide on a different method of selling shares than via the stock exchange or through a public offer and on a possible exclusion of the pre-emption rights (subscription right) of shareholders. There is currently no share buyback programme and the company does not hold any treasury shares.

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

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

Risk management

Basic principles of risk management

The risk policy of the Semperit Group reflects the effort to achieve competitive advantages, thus increasing the Semperit Group's company value in the long term. In addition to meeting legal requirements (compliance) and occupational safety, the aim is to increase risk awareness. The knowledge gained as a result should be incorporated into operational work and strategic company development.

Semperit controls reasonable risks and tries to reduce or prevent unreasonable risks. The group-wide risk management of the Semperit Group is an integral part of planning and implementing Semperit's business strategies, with the Management Board defining the risk policy. In accordance with the organisation and the accountability structure, all Semperit companies are obliged to follow and implement the defined risk management process.

Enterprise risk management process

Semperit uses a series of coordinated risk management and control systems, which support the Semperit Group in identifying developments that could jeopardise the continued existence of the business at an early stage. In this context, the greatest importance is attached to group-wide processes and developments which serve to assess potential risks long before major business decisions are made. The internal reporting system allows monitoring such risks in business development in greater detail.

The Semperit Group's risk management is based on a comprehensive enterprise risk management (ERM) approach, which is integrated into corporate organisation. The ERM approach is based on a globally recognised framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the "Enterprise Risk Management – Integrated Framework" (2004). The ERM process aims at an early identification, assessment and control of risks which could have a significant influence on achieving strategic, operational, financial and compliance-relevant goals of the company.

Along a structured process combining elements of both the bottom-up and the top-down approach, risks are identified and evaluated. The reporting period within the framework of the ERM approach usually amounts to one year; in exceptional cases (for example for research and development) this period may be longer. The ERM is based on a net principle, according to which the risks remaining after (control) measures have been conducted are addressed. If risks have already been accounted for in planning, in the budget, in forecasts or in the consolidated financial statements (for example, as a provision), these risks are no longer shown. Only those potential deviations from the business objectives which have not been accounted for financially in any form are presented as risks. The progress made in implementing risk-reducing measures is monitored on a regular basis.

The Group Risk Management & Assurance department is responsible for the central coordination, moderation and monitoring of the structured risk management process for the entire group. Relevant risks are prioritised from different perspectives and later assessed for their impact and probability of occurrence. The bottom-up identification and prioritisation process is supported by workshops with the management of the respective Semperit companies. This top-down element ensures that potential new risks are brought up for discussion at the management level and are then incorporated into the reporting, if relevant. The risks are discussed and coordinated with the segment management (top down). Individual reporting follows immediately after visiting the respective Semperit companies. A comprehensive risk report of the individual risks and an aggregation are submitted to the Audit Committee and the Supervisory Board at least once per year. The regular reporting process is supplemented by an ad hoc reporting process in order to escalate critical topics in due time.

Organisation of risk management and responsibilities

To monitor the ERM process and to drive the integration and standardisation of existing controlling activities in accordance with legal and operational requirements, the Management Board has established the Risk Management Board. This Board consists of the CEO, CFO and Head of Group Risk Management & Assurance. As of the year 2018, the top risks are subject to monitoring in the Executive Committee on a quarterly basis.

The Group Risk Management & Assurance department is supported in the process by nominated risk managers of the individual Semperit companies. The update on the measures is largely provided directly by the risk owners. Where possible, measures to reduce risks are also implemented in the form of insurance contracts (see also "Insurable risks").

The legal framework and principles applicable to risk management are set forth in the Risk Management Guideline.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. audited and confirmed the functionality of the risk management system of Semperit for the year 2017 in accordance with C-Rule 83 of the Austrian Code of Corporate Governance.

Risk report

The global economic development with its strong regional variations continuously confronts Semperit as a group with international activities with new challenges. Semperit operates in countries with different economic framework conditions. Moreover, these countries are in different phases of political, constitutional and social development. The success of Semperit's two sectors and the four operating segments depends on the overall economic environment to a varying degree based on their strategic orientation. Accordingly, Semperit is exposed to risks.

An assessment of the general market risks and the development of the global economy is presented in the respective chapters of the management report.

Selected individual risks are explained below. In addition to the risks listed here, further strategic, operational, financial, compliance-relevant and other external risks exist, which are currently unknown to Semperit or which Semperit is not aware of at present. If one or several known or unknown risks occur, this may have significant adverse effects on the business, asset, financial and earnings position as well as the reputation of the Semperit Group.

Strategic risks

Transformation, restructuring and governance risks

Semperit is undergoing a strategy and transformation process including cost-reduction initiatives, restructuring of individual segments, evaluation of Semperit's portfolio as well as adjustments in the manufacturing footprint. The management information system, which only exists to a limited extent, and the lack of structures and standardised processes leads to risks of corporate management due to insufficient data and non-stable processes, and hence to potentially incorrect decisions.

There is a risk that the decisions made take more time and are associated with higher costs so that their actual benefit is lower than originally estimated, that they take effect later than assumed or they have no effect at all. In any case, Semperit's profitability is influenced by savings actually achieved and the ability of the Semperit Group to implement these ongoing projects on a sustained basis.

Disruptive technologies

The markets in which Semperit operates are subject to significant changes resulting from the introduction of innovative and disruptive technologies. In the area of digitalisation (Industry 4.0), there are risks of the substitution of existing products and new business models. In addition, there is a risk that competitors are able to launch their products and solutions in the market earlier than Semperit due to faster time-to-market strategies. The development of results significantly depends on the ability to anticipate changes in the markets, to adjust accordingly and to cut the manufacturing costs of the products. The introduction of new products and technologies requires a strong commitment to research and development, which is associated with substantial investments of financial resources and is not always successful. This could lead to a negative influence on the earnings situation, when investments do not lead to the expected success or are not met with the expected market acceptance. Existing patents and other intellectual property rights of Semperit cannot prevent competitors from developing products themselves that are very similar to Semperit products.

Organisational structure and flexibility

There is an inherent risk for the Semperit Group that market trends are not identified in due time or that the company is not flexible enough to adjust its products and production to market changes in time. This may lead to a non-competitive cost position and a significant negative effect on the business, asset, financial and earnings position of the Semperit Group.

Operational risks

Organisational risks

The organisation of the Semperit Group in the form of a matrix organisation is not fully developed yet on a global scale and includes potential process overlaps, inflexibilities and inefficiencies. Decision-making procedures in response to market-related or critical developments potentially bear the risk of time delays or other inefficiencies. The control systems and the measurement of key figures against internal and external benchmarks have to be developed further. As transparency is consequently limited, wrong decisions could be made. In addition, there is a potential risk of losing competitive advantages or not being able to generate new ones.

Investment and divestment risks

The Semperit Group invests in existing sites, for example through the construction of new buildings, purchasing new machines and replacement investments. In addition, there is the possibility that acquisitions of new companies or divestments (sale, closure) of existing parts of the company are carried out. In the course of such investments and divestments there is among other things a risk of misjudgements and of accrued legacy issues of any cause such as environmental risks and pollution that are not yet known.

Value chain risks

The value chain of Semperit covers all stages from research and development, through supply chain management and production to marketing and sales. In particular, bottlenecks in raw material supply may arise along the value chain; likewise, production disruptions, scrap, quality defects in products/packaging/storage/delivery may occur and lead to additional costs and delivery bottlenecks and/or delays. Moreover, this may result in reputational damage and loss of orders as well as potential product liability, occupational safety, regulatory and environmental risks, which may have a negative effect on the asset, financial and earnings position of the Semperit Group.

The earnings position of the Semperit Group depends on the reliable and effective management of our supply chain for raw materials and mixes. Capacity limitations and supply shortages attributable to ineffective management of the supply chain could lead to delays and additional costs. Semperit is fully dependent on external suppliers with regard to raw material supply, and partially depends on them for the supply of mixes. The Sempermed segment is to a significant extent dependent on the supply with finished products by third parties, which reduces the indirect possibilities of influencing productivity, quality assurance, delivery dates and costs, and increases the risk of not being able to react in due time and adequately to changing situations.

Supply shortages and delays could damage the business activities of the Semperit Group to a significant extent. Unexpected price increases for raw materials and components, for example due to market shortages, could also have a negative effect on the asset, financial and earnings position of the Semperit Group. Furthermore, Semperit could be confronted with the risk of delays and disruptions of the supply chain as a result of disasters, especially if Semperit does not manage to open up alternative sources of supply. If Semperit is not able to gain sufficient security along the supply chain, its reputation could also be adversely affected.

Procurement risks

Semperit purchases large amounts of raw materials such as rubber, (natural and synthetic rubber), chemicals, bulking agents (f.e. carbon black) and both textile and steel reinforcing materials as well as energy (gas, electricity) for manufacturing its products. These raw materials are subject to high price volatility. Price increases can be passed on to the customer only partially or with delay – depending

on the respective market situation. Therefore, an increase in raw material prices may have a negative impact on earnings.

A supply shortage of (individual) raw materials or failure of a major raw material supplier to deliver may lead to a massive production loss and to a significant negative impact on the asset, financial and earnings position of the Semperit Group.

Production and utilisation risks

Quality problems may arise in Semperit products, which result from the development or production of these products. Despite all efforts, the risk of operational downtimes, accidents, underutilisation, and limited availability of production, movement and storage areas cannot be ruled out. Such risks may lead to delayed deliveries and, subsequently, potentially to a loss of customers, with possible negative effects on the asset, financial and earnings position of the Semperit Group.

Information technology (IT) and data protection risks

The majority of production and control systems as well as services are dependent on a functioning and error-free IT landscape. The failure of essential servers and production scheduling units, ERP systems, non-availability and unauthorised access to IT networks (cyber-crime) may lead to an irrecoverable loss of production volumes, a negative impact on quality or delivery delays and thus be detrimental for Semperit. Like other multi-national companies, Semperit is also a target of cyber-attacks. Such attacks can potentially lead to the disclosure, falsification, espionage or loss of information, abuses of information systems or product faults, production losses and supply shortages, with negative effects on the reputation and competitiveness of the Semperit Group.

Additional risks are posed by IT systems developed in-house and a wide variety of different systems in use requiring a large number of manual interventions, which could have a negative effect on data quality and processes. The traceability of goods produced may not be given due to faulty and non-existent systems.

Handling sensitive/confidential data inappropriately or not in compliance with legal requirements may also represent a risk.

Personnel risks

Semperit continuously needs highly qualified employees. The competition for qualified employees continues to be intensive in regions where Semperit operates. Semperit's future business performance will be largely determined by the recruitment of adequately qualified professional and managerial staff at the individual locations, their integration, further development and long-term retention. The departure of key personnel must be covered by internal successors who have been trained in due time. Should this not be possible, it may lead to a risk of a deterioration of the business, asset, liabilities, financial, and earnings position of the Semperit Group.

Labour shortages, strikes, or outflow/unauthorised disclosure of know-how may lead to an impairment of production and to limitations in other business areas, thus also burdening productivity and the business, asset, financial and earnings position.

Financial risks

As required by IFRS 7.31, the financial risks are described in detail in the notes under point 8. A summary and interpretation are provided below.

Capital, liquidity and financial risks

The goals with capital management are to ensure the company's going concern status and to enable growth-oriented organic and non-organic investment activity and dividend policies based on these goals.

Political and economic developments all over the world influence the financial markets. With respect to our treasury and finance activities, negative developments related to the financial markets such as the limited availability of financial resources and of hedging instruments, changes in credit ratings given by banks/investors, interest rate developments and effects of more restrictive regulations of the finance sector, the policies of central banks and the use of financial instruments could have a negative impact on our deposit interest rates and financing costs. In addition, an increase in the credit risk premiums due to uncertainty and risk aversion in the financial markets could lead to a negative change in the market value of financial assets, especially derivative financial instruments. Due to an increased counterparty risk, the costs of hedging credit risks could rise.

In the context of loan contracts and Schuldschein loans, there are customary clauses ("Covenants criteria"), which, if not met, could lead to a deterioration in the credit rating and even to a termination by banks/investors and a related negative impact on the business, asset, financial and earnings position.

Default risks of customers and banks

Our business, asset, financial and earnings position could be negatively influenced if the credit rating of Semperit customers deteriorated or these customers did not pay their liabilities. There are additional risks in the case of a loss of value of collateral transferred to Semperit. The default of a key business partner could have a negative impact on our financial position and on our financial result.

There are default risks relating to Semperit's bank deposits. These deposits are not or only partially secured by deposit protection funds and may be the reason why Semperit cannot or only partially or only with some delay access this liquidity or credit lines in case of bankruptcy of individual banks or another bank and/or financial crisis. In addition, Semperit has business activities in countries with capital controls; also, there are agreements with joint venture partners, which result in restrictions on the free availability of the respective cash and cash equivalents.

Currency risk

As a result of international trading activities in various foreign currencies, the Semperit Group is exposed to currency risk. There are associated transaction risks in all group companies, which for example purchase raw materials in foreign currencies or sell products in another currency. The main currencies in this context are the US dollar, Czech crown, Polish zloty and Malaysian ringgit. In the notes under point 8 "Risk management/Currency risk management" there is a listing of revenue by the major currencies as well as those currency pairs that exist versus the euro and the US dollar which pose a significant currency risk.

Exchange rate developments may have a significant influence on our business, asset, financial and earnings position. Currency risks also result from granting loans denominated in euros or other currencies to group companies.

Interest rate risks

Operating resources, investments and acquisitions in the group's business operations are partially financed using debt and partially carry variable interest rates. Semperit partially secures risks relating to interest and exchange rates arising from ongoing business activities by derivative financial instruments, see notes under point 2.15 and point 6. Depending on the development of interest rates, hedging transactions could have a significant influence on our business, asset, financial and earnings position.

Tax risks

Semperit's subsidiaries are subject to local tax legislation in the respective countries and have to pay profit taxes as well as other (local) taxes and fees. Changes in tax legislation and regulations in these jurisdictions could lead to higher tax expenses. A negative influence on tax receivables and liabilities of the Semperit Group as well as on deferred tax assets and liabilities is also possible. Moreover, uncertainties in the tax environment of some regions could limit the possibilities of enforcing our own rights. The Semperit Group and its local companies are subject to regular tax audits by financial authorities which may entail negative findings.

There is a risk related to taxes if investments in Semperit companies and group-financed receivables and loans have to be further adjusted.

If one or several of the above-mentioned events occur, a negative effect on the business, asset, financial and earnings position has to be assumed.

A group company is currently involved in tax proceedings regarding levies for the assessment years 2008 to 2010 in Brazil, for which the management still assumes that the requirement of a provision for the import duty is met (see note 6.12., page 125). For the resale levy in 2017, a deposit was set for the further treatment of the case in the in the court instances; as the criteria of IAS 37 are not met, no contingent assets were recognised. For the assessment years 2011 and 2012 the management still assumes that no provision is necessary for a possible tax risk – see page 143 of the notes to the consolidated financial statements. Since the tax liability will have to be paid in Brazilian real, a currency risk arises from the relation of the euro to the Brazilian real.

Compliance risks

Regulatory risks and potential sanctions

Semperit has business activities with customers in countries such as Iran, Russia or Ukraine, which are subject to export control regulations or other forms of trade restrictions (for example through the USA and the EU). New or extended sanctions in countries in which Semperit has business operations could lead to restrictions of the existing business activities in these countries, or indirectly in other countries. In addition, Semperit could be subject to claims and other measures by customers due to the termination of our business in countries which are subject to sanctions. Due to the political agreement on a comprehensive joint action plan regarding the Iranian nuclear programme, Semperit has changed its corporate guidelines to the effect that business with Iranian customers is permitted provided that these customers are not included in the sanctions lists of the EU or the USA.

For business activities in emerging countries, there are risks such as unrest, health risks, cultural differences, for example regarding employment relationships and business practices, volatility of the gross domestic product, economic and governmental instability, possible nationalisation of private assets and imposition of currency restrictions and stricter environmental requirements.

Risks arising from cartel and corruption allegations

Future proceedings against Semperit regarding corruption and cartel allegations as well as other violations of laws could lead to monetary fines under criminal or civil law as well as to penalties, sanctions, court orders regarding future behaviour, disgorgement of profits, to the exclusion from directly or indirectly participating in certain business transactions, to the loss of trade licences or other restrictions and legal consequences. Part of Semperit's business activities is accounted for by state-owned companies. Pending and possible future investigations into corruption or cartel allegations or allegations regarding other legal violations could have a long-term impact on the Semperit Group's business, including even an exclusion from public and private-sector orders. Moreover, such investigations could also lead to the cancellation of existing contracts and loss of orders and customers, and proceedings against Semperit could be initiated.

Developments in ongoing or potential future investigations, such as the reaction to requests by the authorities and cooperation with the authorities, could distract the attention and resources of the management from other business matters.

One group company is involved in unfair competition proceedings. The case is currently at a stage at which the outcome cannot be estimated with a sufficient degree of probability. The case is being heard before the authorities in consultation with local specialists. The subsidiary is cooperating with the competent authorities and is providing all the necessary assistance. For the anticipated costs and the appropriate risk, a provision has been made in the most likely amount according to the assessment of the Semperit Group and in accordance with IAS 37. The amount is reviewed periodically in case there is need for adjustment.

Risks related to legal proceedings

Semperit is, and will be in the future, confronted with different legal disputes and proceedings as part of its ordinary business activities. As a consequence of such litigation, the payments of damages, punitive damages, meeting other claims as well as criminal or civil sanctions, fines or disgorgements may be imposed on Semperit. In addition, this may in individual cases result in the formal or informal exclusion from tendering procedures, or withdrawal or loss of business licences or permits. Moreover, further proceedings may be initiated, and existing proceedings could be extended. Asserted claims from litigation are generally subject to interest payments.

In some of these legal disputes, negative decisions can be made against Semperit, which may have significant effects on the business, asset, financial and earnings position of the company.

The Asian markets are of major importance for Semperit. These markets are subject to legal systems where regular changes occur, which could have negative effects on the business, asset, financial and earnings position of the Semperit Group.

In October 2015, the Austrian Federal Competition Authority (BWB) – acting on a petition from Sri Trang companies, which are Semperit's joint venture partners in SSC – commenced proceedings against Semperit and these Sri Trang companies with the antitrust court in Vienna – see page 144 of the notes. In September 2017, the Austrian Supreme Court of Justice ruled that the former exclusivity provision for the distribution and marketing by Semperit in Europe of gloves manufactured by the former joint venture company in Thailand was not compliant with competition law in the years 2015/16. In addition, the Supreme Court decided not to involve the European Court of Justice. A possible fine is yet to be decided on. However, discussions about a settlement with the BWB took place in the fourth quarter of 2017 and in the first quarter of 2018. A provision has been made for the expected further costs of the proceedings and a possible fine based on an estimate. Detailed information on the specific financial effects would have a severely negative impact on the Semperit Group when pushing through its interests; therefore, no such information was provided in accordance with IAS 37.92.

Safety, health and environmental risks (SHE)

Present or future environmental, health or safety-related or other state regulations, or changes of such regulations, could require adjustments of the operating activities of the Semperit Group or lead to a significant increase in operating costs. Moreover, there are risks regarding a possible environmental, health or safety-related incident, also when handling hazardous substances, as well as non-compliance with environmental, health or safety-related regulations, which could subsequently lead to severe accidents, reputation loss and legal consequences. Environmental damage could result in losses for Semperit which exceed the insured amount or are not covered by insurance, and such losses could have a negative impact on the business, asset, financial and earnings position.

Compliance risks regarding Corporate Social Responsibility (CSR)

There is a risk of violating existing CSR regulations of the local jurisdictions in the respective countries. In addition to burdens on the company's business, asset, financial and earnings position, this could also result in reputational damage and loss of customers.

Insurable risks

The existing insurance cover does not protect Semperit from possible reputational damage. Moreover, Semperit may suffer losses resulting from legal disputes which exceed the insured amount or are not covered by insurance.

Fire, elementary events and natural disasters hold significant loss potential for Semperit, which may not be fully covered despite the insurance programme in place.

Finally, it cannot be guaranteed that Semperit will also receive adequate insurance cover on economically reasonable conditions in the future.

External risks

Competitive environment

The global markets for our products are highly competitive in terms of pricing, product and service quality, product development and introduction times, customer service and financing conditions, and shifts in market needs. Semperit is confronted with strong competitors, partially also from emerging countries, which have a more favourable cost structure. Some industries in which Semperit operates are undergoing consolidation, which could lead to increased competition and a change in the relative market position of the Semperit Group. Furthermore, it must be noted that suppliers are also increasingly becoming serious competitors for Semperit.

Economic, political and geopolitical framework conditions

From Semperit's perspective there is currently a high level of insecurity regarding the future development of the global economy. One significant risk, for example, results from the United Kingdom's leaving the EU (Brexit). This could increase business volatility and represent risks for the financial markets. The investment climate could suffer a slump due to political friction, further independence movements in countries of the European Union or because of sustainable successes of protectionist parties and policies that are hostile to business and the EU.

A further intensification of the conflict between the USA and North Korea could have negative effects on the business performance of the Semperit Group.

A slowdown of economic growth in Asia or even a collapse of the Chinese real estate market, the banking sector or the stock market also represent significant risks.

A terrorist attack or a series of such attacks in large economies could reduce the global economic activity and cause the business climate to collapse. Further risks include political tensions, for example in Syria, Turkey, Ukraine, Russia, Iran and Egypt.

If the current economic recovery comes to a halt again and Semperit is not able adjust its production and cost structures appropriately, there is a risk of a negative impact on the asset, financial and earnings position of Semperit. For example, the financing options of our customers could deteriorate. As a result, intended purchases of our products could be changed, delayed or dropped, or purchases or contracts that have been commenced could not be completed. Moreover, the margins on Semperit products could drop to a greater extent than Semperit can currently foresee. In addition, contractual terms of payment could change to the disadvantage of Semperit, which could lead to negative effects on our financial position.

Internal Control System (ICS)

Semperit's internal control system is designed to ensure the effectiveness and efficiency of its business activities, the reliability of its financial reporting and compliance with relevant statutory regulations. It also supports the early recognition and monitoring of risks deriving from inadequate monitoring systems and fraudulent actions and is revised and expanded on an ongoing basis by the Risk Management & Assurance department together with the relevant specialist departments. The management of the respective business unit is responsible for implementing and monitoring the ICS and the risk management system. The Management Board of Semperit AG Holding stipulates cross-divisional framework conditions and regulations that are applicable throughout the group. Regular follow-up audits are performed at the locations to ensure the sustained implementation of the framework conditions and regulations.

The following principles form the basis of the ICS:

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

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

Essential characteristics of the internal control and risk management system with regard to the financial reporting process

The key points of the existing internal control system and the risk management system with regard to the (corporate) financial reporting process are summarised as follows:

- With regard to the financial reporting process, the functions of accounting are separated from other areas of responsibility such as treasury.
- The applied financial systems are protected against unauthorised access by appropriate IT facilities.
- With regard to applied financial systems, standard software is widely used.
- A guideline system (e.g. accounting guidelines, payment guidelines) has been implemented.
- Received or forwarded accounting data should be examined for completeness and correctness, e.g. by means of random samples, by the responsible persons.
- The dual-control-principle is applied in accounting-related processes.
- Accounting-related processes are examined on a random basis by internal audit.

Outlook

In the course of 2018, the Management Board will decide step by step whether there will be changes in the portfolio of existing segments as well as further adaptations in the manufacturing footprint. Continuous and potentially new measures to increase profitability and to strengthen the balance sheet structure remain right at the top of the Management Board's agenda. Further significant one-off charges in addition to the measures already taken and still being analysed can therefore not be excluded in the coming quarters. Therefore, 2018 should be viewed as a transition year. Due to the above-mentioned developments, the outlook remains suspended for the coming quarters.

Semperit continues to focus on organic growth. In addition to the ongoing optimisation measures in the Sempermed segment, Semperit will start further implementation steps for Sempertrans and Semperform. In the Semperflex segment and in Mixing, acceleration of the profitable implementation of still necessary investment projects and the related organic growth course are paramount. Investments in the expansion of capacities will be continued. Total capital expenditures (CAPEX) of around EUR 80 million (2017: EUR 74.5 million) have been planned for 2018.


Since the beginning of the analysis and transformation process in autumn 2017, the Management Board has identified significant potentials for earnings improvement and initiated appropriate implementation measures. The conclusion of the transformation of the Semperit Group is scheduled for the end of 2020. From this point of time, the Semperit Group aims to achieve an EBITDA margin of around 10% as central key performance indicator.

Note

This outlook is based on the assessments of the Management Board as of 15 March 2018 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2018. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Vienna, 15 March 2018

The Management Board



Martin Füllenbach
CEO



Frank Gumbinger
CFO



Michele Melchiorre
COO

Consolidated financial statements and notes

Consolidated income statement

in EUR thousand	Note	2017	2016
Revenue	5.1.	874,181	852,379
Changes in inventories		14,785	2,169
Own work capitalised		4,116	4,549
Operating revenue		893,082	859,097
Other operating income	5.2.	92,440	10,477
Cost of material and purchased services	5.3.	-541,293	-505,504
Personnel expenses	5.4.	-186,521	-165,294
Other operating expenses	5.5.	-157,968	-129,237
Share of profits from joint ventures and associated companies	3.2.	453	8,370
Earnings before interest, tax, depreciation and amortisation (EBITDA)		100,193	77,909
Depreciation and amortisation of tangible and intangible assets	5.6.	-36,593	-33,265
Impairment of tangible and intangible assets	5.6.	-25,976	-17,334
Earnings before interest and tax (EBIT)		37,625	27,310
Financial income	5.7.	33,058	22,813
Financial expenses	5.7.	-53,261	-36,350
Profit / loss attributable to redeemable non-controlling interests	6.10.	-5,326	-6,393
Financial result		-25,529	-19,930
Earnings before tax		12,096	7,379
Income taxes	5.8.	-38,351	-16,182
Earnings after tax		-26,255	-8,802
thereof attributable to the shareholders of Semperit AG Holding	6.9.	-25,657	-8,799
thereof attributable to non-controlling interests	6.9.	-598	-3
Earnings per share in EUR (diluted and undiluted)¹⁾	5.9.	-1.25	-0.43

¹⁾ Attributable to the shareholders of Semperit AG Holding.

Consolidated statement of comprehensive income

in EUR thousand	Note	2017	2016
Earnings after tax according to the consolidated income statement		-26,255	-8,802
Other comprehensive income			
Amounts that will not be recognised through profit and loss in future periods			
Remeasurements of defined benefit plans (IAS 19)	6.11.	1,472	-523
Related deferred taxes	6.8.	-925	328
		548	-195
Other comprehensive income from joint ventures / non-current assets held for sale	6.9.		
Remeasurements of defined benefit plans (IAS 19)	6.11.	0	9
Related deferred taxes	6.8.	0	-1
		0	7
		548	-188
Amounts that will potentially be recognised through profit and loss in future periods			
Available-for-sale financial assets			
Revaluation gains / losses for the period	5.7.	-123	12
Cash flow hedges			
Revaluation gains / losses for the period	8.	262	289
Reclassification to profit and loss for the period		-328	-274
		-66	15
Other comprehensive income from joint ventures / non-current assets held for sale	6.9.		
Currency translation differences for the period	5.7.	0	4,884
Reclassification to profit and loss for the period		-14,033	0
		-14,033	4,884
Currency translation differences	5.7.		
Currency translation differences for the period		2,801	-5,374
Related deferred taxes	6.8.	32	-7
		-11,389	-469
Other comprehensive income		-10,841	-657
Total recognised comprehensive income		-37,096	-9,459
thereof on earnings attributable to the shareholders of Semperit AG Holding		-36,449	-9,269
thereof on earnings attributable to non-controlling interests		-647	-191

Consolidated cash flow statement

in EUR thousand	Note	2017	2016
Earnings before tax		12,096	7,379
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets	6.1. / 6.2.	62,568	50,595
Profit / loss from disposal of assets (including current and non-current financial assets)		5,109	1,829
Change in non-current provisions		-6,325	3,731
Share of profits from joint ventures and associated companies		-453	-8,370
Dividends received from non-current assets held for sale (Joint Ventures)	3.3.	47,751	0
Dividends received from joint ventures and associated companies		938	0
Profit / loss attributable to redeemable non-controlling interests		5,326	6,393
Earnings from sale of non-current assets held for sale and repayment of non-controlling interests	3.3.	-75,000	0
Net interest income (including income from securities)		7,299	5,084
Interest paid		-8,477	-5,904
Interest received		1,123	1,178
Taxes paid on income	5.8.	-19,768	-13,839
Gross cash flow		32,188	48,077
Change in inventories	6.3.	-21,631	-2,393
Change in trade receivables		15,267	6,675
Change in other receivables and assets		6,213	-2,800
Change in trade payables		-583	1,193
Change in other liabilities and current provisions		26,235	-15,011
Changes in working capital resulting from currency translation adjustments		-919	-1,324
Cash flow from operating activities		56,770	34,416
Proceeds from sale of tangible and intangible assets		317	266
Proceeds from sale of current and non-current financial assets		6	2
Investments in tangible and intangible assets	6.1. / 6.2. / 7.	-74,475	-65,072
Proceeds from sale of non-current assets held for sale	3.3.	168,627	0
Taxes in connection with disposal of non-current assets held for sale	3.3.	-25,078	0
Cash flow from investing activities		69,397	-64,804
Cash receipts from current and non-current financing liabilities		0	144,204
Repayment of current and non-current financing liabilities	7.	-86,161	-26,552
Dividend to shareholders of Semperit AG Holding	6.9.	-14,401	-24,688
Dividends to non-controlling shareholders of subsidiaries	6.10.	-19,979	0
Cash outflow for purchased non-controlling interests in subsidiaries	3.3.	-25,842	0
Acquisition of non-controlling interests		-39	-57
Cash flow from financing activities		-146,422	92,907
Net increase / decrease in cash and cash equivalents		-20,256	62,518
Effects resulting from currency translation		-4,422	1,259
Cash and cash equivalents at the beginning of the period		190,208	126,430
Cash and cash equivalents at the end of the period		165,530	190,208

Consolidated balance sheet

in EUR thousand	Note	31.12.2017	31.12.2016
ASSETS			
Non-current assets			
Intangible assets	6.1.	17,513	53,396
Tangible assets	6.2.	356,040	313,560
Investments in joint ventures and associated companies	3.2.	2,124	2,608
Other financial assets	6.5.	13,298	13,170
Other assets	6.6.	2,183	4,404
Deferred taxes	6.8.	8,164	18,846
		399,322	405,984
Current assets			
Inventories	6.3.	159,736	138,105
Trade receivables	6.4.	103,577	118,844
Other financial assets	6.5.	2,373	7,698
Other assets	6.6.	15,165	14,121
Current tax receivables		7,509	6,842
Cash and cash equivalents	6.7.	165,530	190,208
		453,891	475,817
Non-current assets held for sale	3.2.	0	152,684
		453,891	628,501
ASSETS			
		853,212	1,034,485
EQUITY AND LIABILITIES			
Equity			
	6.9.		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Revenue reserves		244,464	284,079
Currency translation reserve		-8,820	-11,670
Reserves, which are classified as non-current assets held for sale		0	14,033
Equity attributable to the shareholders of Semperit AG Holding		278,506	329,304
Non-controlling interests		1,784	1,675
		280,291	330,979
Non-current provisions and liabilities			
Provisions for pension and severance payments	6.11.	35,815	40,066
Other provisions	6.12.	12,837	16,384
Liabilities from redeemable non-controlling interests	6.10.	13,276	14,319
Corporate Schuldschein loan	6.13.	254,168	275,578
Liabilities to banks	6.14.	51,310	136,421
Other financial liabilities	6.15.	936	796
Other liabilities	6.16.	701	832
Deferred taxes	6.8.	5,218	17,836
		374,261	502,231
Current provisions and liabilities			
Provisions for pension and severance payments	6.11.	2,489	2,612
Other provisions	6.12.	24,870	7,676
Liabilities from redeemable non-controlling interests	6.10.	0	37,506
Corporate Schuldschein loan	6.13.	15,542	1,969
Liabilities to banks	6.14.	5,578	6,814
Trade payables		110,913	111,569
Other financial liabilities	6.15.	17,076	15,576
Other liabilities	6.16.	20,631	13,349
Current tax liabilities		1,562	4,203
		198,660	201,275
EQUITY AND LIABILITIES			
		853,212	1,034,485

Consolidated statement of the changes in equity

in EUR thousand	Note	Share capital	Capital reserves	Revenue reserves			Currency translation reserve ²⁾	Semperit AG Holding	Non-controlling interests	Total equity
				Re-valuation reserves	Other revenue reserves ¹⁾	Total revenue reserves				
As at 1.1.2016		21,359	21,503	200	317,533	317,733	2,664	363,260	1,924	365,183
Earnings after tax		0	0	0	-8,799	-8,799	0	-8,799	-3	-8,802
Other comprehensive income		0	0	9	-177	-168	-302	-470	-187	-657
Total recognised comprehensive income		0	0	9	-8,976	-8,967	-302	-9,269	-191	-9,459
Dividend	6.9.	0	0	0	-24,688	-24,688	0	-24,688	0	-24,688
Acquisition of non-controlling interests	3.6.	0	0	0	1	1	0	1	-58	-57
As at 31.12.2016		21,359	21,503	209	283,870	284,079	2,363	329,304	1,675	330,979
As at 1.1.2017		21,359	21,503	209	283,870	284,079	2,363	329,304	1,675	330,979
Earnings after tax		0	0	0	-25,657	-25,657	0	-25,657	-598	-26,255
Other comprehensive income		0	0	-92	483	390	-11,183	-10,792	-49	-10,841
Total recognised comprehensive income		0	0	-92	-25,174	-25,266	-11,183	-36,449	-647	-37,096
Dividend	6.9.	0	0	0	-14,401	-14,401	0	-14,401	0	-14,401
Acquisition of non-controlling interests	3.6.	0	0	0	53	53	0	53	-92	-39
Reclassifications and other		0	0	0	0	0	0	0	848	849
As at 31.12.2017		21,359	21,503	117	244,347	244,464	-8,820	278,506	1,784	280,291

¹⁾ As of 1 January 2017 includes reserves which are classified as non-current assets held for sale.

²⁾ As of 1 January 2017 includes currency translation reserves which are classified as non-current assets held for sale.

Notes to consolidated financial statements

1. General information

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

1.1. Preparation and presentation of consolidated financial statements

The consolidated financial statements as of 31 December 2017 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in conjunction with Section 245a of the Austrian Company Code (UGB). The financial year covers the period starting 1 January and ending 31 December.

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

These consolidated financial statements were prepared by the Management Board of Semperit AG Holding on 15 March 2018, signed and approved for forwarding to the Supervisory Board. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating whether it approves them.

1.2. Adoption of new and revised accounting standards

First-time adoption of standards and interpretations

The following new or amended standards and interpretations were applied for the first time in the financial year 2017:

First-time adoption of standards and interpretations		Effective date ¹⁾	Endorsement
New standards and interpretations			
n/a			
Amended standards and interpretations			
IAS 7	Statement of Cash Flows - Amendments: Result of Disclosure Initiative	1.1.2017	November 2017
IAS 12	Income Taxes - Amendments: Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	November 2017
Misc.	Annual Improvements to IFRS, cycle 2014-2016: IFRS 12 Disclosure of Interests in Other Entities	1.1.2017	February 2018

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

IAS 7 Statement of Cash Flows – Result of disclosure initiative

The amendment of this standard was endorsed by the EU on 6 November 2017 and requires additional disclosures on the change of financing liabilities; it is retrospectively applicable from 1 January 2017. The additional disclosures relate to cash-effective as well as non cash-effective changes of financing liabilities. For the Semperit Group this amendment results in additional notes disclosures for the first time in the consolidated financial statements of the financial year 2017.

IAS 12 Income Taxes

The amendment of this standard was endorsed by the EU on 6 November 2017 and concerns the recognition of deferred tax assets on unrealized losses. This amendment of IAS 12 is to be applied for the first time by companies whose financial years start on or after 1 January 2017.

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

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

Annual Improvements to IFRS, cycle 2014-2016: IFRS 12 Disclosure of Interests in Other Entities

The IASB issued Annual Improvements to IFRS, cycle 2014-2016 on 8 December 2016 and thereby amended the standards IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interests in Other Entities as well as IAS 28 Investments in Associates and Joint Ventures.

The amendments of IFRS 12 are already to be applied for financial years commencing on or after 01 January 2017. The IASB clarified the scope of the standard by specifying that certain disclosure requirements in the standard apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

Standards and interpretations that have already been published but are not yet effective

The application of the following new or amended standards and interpretations that had already been published when the consolidated financial statements were prepared was not mandatory for financial years starting on or before 1 January 2017, nor were they applied voluntarily. The Semperit Group plans to apply these amendments for the first time once it becomes mandatory to apply them.

Standards and interpretations that are not yet effective		Effective date ¹⁾	Endorsement
New standards and interpretations			
IFRS 9	Financial Instruments	1.1.2018	November 2016
IFRS 14	Regulatory Deferral Accounts	1.1.2016	
IFRS 15	Revenue from Contracts with Customers	1.1.2018	September 2016
IFRS 16	Leases	1.1.2019	October 2017
IFRS 17	Insurance Contracts	1.1.2021	November 2016
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1.1.2018	
IFRIC 23	Uncertainty over Income Tax Treatments	1.1.2019	
Amended standards and interpretations			
IFRS 10, IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Amendments: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely	September 2016
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	1.1.2018	September 2016
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1.1.2018	February 2018
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1.1.2018	November 2017
IAS 40	Transfers of Investment Property	1.1.2018	
Misc.	Annual Improvements to IFRS, cycle 201-2016: IFRS 1 First-time Application of International Financial Reporting Standards as well as IAS 28 Investments in Associates and Joint Ventures	1.1.2018	February 2018
IFRS 9	Prepayment Features with Negative Compensation	1.1.2019	
IAS 28	Long-term Interests in Associates and Joint Ventures	1.1.2019	
Misc.	Annual Improvements to IFRS, cycle 2015-2017	1.1.2019	September 2016

¹⁾ In accordance with the provisions of the IASB on entry into force, the standards are obligatory for financial years commencing on or after the effective date.

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments which is effective for financial years beginning on or after 1 January 2018 and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes changes in the categorisation and measurement of financial instruments, the impairment of financial assets and regulations on hedge accounting. In November 2016 the standard was endorsed by the EU.

With the exception of fair value changes of the shares in a fund, now classified as available-for-sale, there will be no effects on the consolidated financial statements of the Semperit Group regarding classification and measurements of financial instruments. From the first-time adoption onwards the shares in a fund will be designated to the category fair value through profit or loss. As a consequence the fair value changes of these securities are now presented in the consolidated income statement and not in the other comprehensive income as before.

Relating to the recognition of impairments of financial assets the Semperit Group will apply the simplified approach for trade receivables. For that reason an analysis of payment defaults of the past four years differentiated by segment and region was made. Related to this analysis a provision matrix was prepared on a basis of time lines. The difference between impairment of trade receivables according to IAS 39 and the impairment according to the new provision matrix in the amount of approximately EUR 500 thousand (income) will be, in accordance with the transition requirements of IFRS 9 and after the consideration of income tax effects, shown in equity from 1 January 2018 onwards.

For determining impairments of financial assets IFRS 9 uses a general approach with 3 stages. The Semperit Group has analysed the effects of the application of this general approach for the impairment of significant financial assets (in particular bank deposits, other deposits and travel expense advances to employees). Compared to the previous impairment calculation for financial assets there are no significant effects on the consolidated financial statements of the Semperit Group.

Regarding to the hedge accounting requirements under IFRS 9 the Semperit Group does not expect any consequences, as all existing hedges will remain unchanged after the first time adoption of IFRS 9 and no new hedges will be designated.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts as well as the corresponding interpretations. The new regulations are to be applied for financial years commencing on or after 1 January 2018. The distinction between types of contracts and types of goods and services no longer applies. When applying this standard, an entity must implement a 5-step model that focuses in particular on the interpretation of contracts with customers. Standard criteria are stipulated defining the performance obligations as well as the point in time or time period when the performance obligations are satisfied.

The Semperit Group conducted an examination and analysis of topics concerning revenue recognition according to IFRS 15 in the year 2017; the diversification between the Sempermed segment, Semperflex segment, Sempertrans segment and Semperform segment was taken into account. In the course of this examination and this analysis following topics were identified as relevant and significant: the accounting of claims and credit notes (revenue reduction vs. expense recognition), definition of separable performance obligation "transportation service" when using two point clauses (Group of C-incoterms) in delivery terms including revenue allocation, the accounting of investment incentive, the recognition of nonrefundable up-front fees e.g. tool costs (potential identification of separable performance obligation, revenue allocation vs. recharge of expenses of the tool costs through depreciation of technical equipment or consumption of inventories, timely allocation) and the identification of separable performance obligation "service type warranty" (concerning period of time) when offering especially long term guaranty- or warranty agreements including allocation of sales. These topics are primary related to the Sempertrans segment and Semperform segment, due to the fact, that these two segments have more diversified performance portfolio concerning delivery agreements and more complex business model compared to the remaining segments.

The Semperit Group will apply the regulations of IFRS 15 with effect as of 1 January 2018. The modified retrospective approach have been chosen for the first time application. The cumulative effect of initially applying this standard would therefore be recognised without restating the comparable periods. During the financial year 2017 carried out analysis has shown, that the relevant quantitative adjustment will not have any material effect on the equity as of 31 December 2017. Starting from 2018 (compared to the previous accounting according to IAS 18) only minor timely postponement in revenue recognition and revenue disclosure, due to the new regulations and concerning the structure of future customer agreements, could be possible.

IFRS 16 Leases

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

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

The Semperit Group has conducted analyses to determine the effects on the consolidated financial statements. Material effects in the consolidated financial statements will result from the requirement to capitalise operating leases and rental agreements involving buildings, office equipment and vehicles. These effects will result from an increase in the balance sheet total and restatements in the income statement. The initial application will shift other operating expenses to depreciation and interest expense and thereby have a positive impact on the key figures EBITDA and EBIT. In addition, the shift of rent and lease payments to interest and principal payments will improve the operating cash flow.

The Semperit Group anticipates at present that it will apply the regulations of IFRS 16 with effect as of 1 January 2019. The modified retrospective approach will be selected for the first-time application. The cumulative effect of initially applying this standard will therefore be recognised as an adjustment to the opening balance of the reporting period, without restating the comparable period. The leasing liability is to be capitalised at the present value of the remaining lease payments. The right-of-use assets are to be recognised either at the value which would have resulted under retrospective accounting, or alternatively in the amount of the recognised leasing liability.

From today's perspective, no other new or amended standards or interpretations are relevant to the Semperit Group or are expected to have any significant effects on the consolidated financial statements.

1.3. Principles and methods of consolidation, business combinations

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

On the assessment whether the definition of control within the meaning of IFRS 10 is met, where the group's de facto shareholding in subsidiaries is or was either 50% or 41.43%, please refer to note 3.1.. In the first quarter of 2017 an increase of the consolidated group holdings of several subsidiaries was performed (please refer to chapter 3.3. Changes in the scope of consolidation).

The annual financial statements of the individual, fully consolidated domestic and international companies were prepared for the period ending as of 31 December 2017 the balance sheet date of the consolidated financial statements. If required, the annual financial statements of the subsidiaries are adjusted in accordance with the accounting and valuation methods applied by the Semperit Group.

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

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

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

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

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

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

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

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

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

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

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

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

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

For such interests the "anticipated acquisition approach" is assumed, in which the group is considered to have already acquired these shares or the scheduled time has elapsed and is only obliged to compensate non-controlling shareholders for their shares. If a liability to a non-controlling shareholder exists, the proportionate share of net assets held by the non-controlling shareholder of the respective subsidiary is not reported in equity as Equity attributable to non-controlling shareholders of subsidiaries. The financial liabilities associated with such an interest are recognised under Liabilities from redeemable non-controlling interests. For further explanatory material on accounting and valuation methods, see note 2.13.

1.4. Currency translation

The separate financial statements of each subsidiary included in the consolidated financial statements are prepared in the currency of the economic region in which the company primarily operates, thus in its functional currency. For all consolidated companies, the functional currency is the currency of the country in which the respective company operates, with the exception of Sempermed Singapore Pte Ltd., Sempermed Industrial Products Singapore Private Ltd., Sempermed Kft. and Semperit Investments Asia Pte Ltd. The currency of the primary business environment in which Sempermed Singapore Pte Ltd. (USD), Sempermed Industrial Products Singapore Private Ltd. (USD), Sempermed Kft. (EUR) and Semperit Investments Asia Pte Ltd. (USD) operate is the US dollar or the euro.

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

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

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

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

FX-rate for 1 EUR	Average rate		Rate on balance sheet date	
	2017	2016	2017	2016
US dollar	1.13	1.11	1.20	1.05
Thai baht	37.89	38.74	38.66	37.38
Polish zloty	4.26	4.36	4.18	4.41
Czech koruna	26.33	27.03	25.54	27.02
Hungarian forint	309.20	311.37	310.33	309.83
British pound sterling	0.88	0.82	0.89	0.86
Brazilian real	3.60	3.85	3.97	3.43
Chinese renminbi	7.62	7.35	7.80	7.32
Indian rupee	73.36	74.36	76.61	71.59
Malaysian ringgit	4.85	4.58	4.85	4.73

2. Accounting and valuation methods

2.1. Valuation principles

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

2.2. Recognition and measurement of revenue and other income

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

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

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

2.3. Earnings per share (EPS)

The undiluted earnings per share are calculated by dividing the share of earnings after taxes attributable to shareholders of Semperit AG Holding by the weighted average number of shares outstanding during the financial year. The diluted earnings per share are calculated by adjusting the share of earnings after taxes attributable to shareholders of Semperit AG Holding and the number of shares outstanding for all dilution effects of potential ordinary shares. No dilution effects were taken into account as at 31 December 2016 and 31 December 2017.

2.4. Tangible and intangible assets

Acquired intangible assets

Acquired intangible assets are recognised at acquisition cost, which is subsequently subject to amortization on a straight-line basis according to their expected useful lives. The expected useful life is usually considered to be in the range of one to ten years.

Due to the change of estimate, the useful life of an intangible asset (for one entity of the Semperit Group) has been adjusted effective from 1 January 2017. In accordance with IAS 8.32, this adjustment was made prospectively, therefore a retrospective change of previous reporting periods has not been made. Due to this change in accounting estimates, depreciation in the year 2017 increased by EUR 1,512 thousand. The whole amount is related to capitalized IT-costs.

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

Only expenses arising in connection with the development of the respective intangible asset incurred from the date when all the recognition criteria have been fulfilled are capitalized 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 amortization, the same applies analogously as for the before mentioned acquired intangible assets.

In the Semperit Group development costs are capitalized only to a limited extent taking into account the above mentioned recognition criteria. These costs are included under the intangible assets in the balance sheet.

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 amortized but is subject to an impairment test annually or more frequently if there are indications of a potential impairment.

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

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

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

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

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

Tangible assets

Tangible assets are valued at their cost of acquisition or production and, with the exception of land, depreciated according to the straight-line method, starting at the date in which the assets are available for initial operation, taking into account their probable useful lives. The costs of production in the case of assets generated by the company itself also include pro-rated overhead costs in addition to the direct costs, and also borrowing costs in the case of qualified assets (see note 2.16).

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

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

Finance leases

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

Impairment

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

Reversal of impairment

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

Derecognition of tangible and intangible assets

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

2.5. Investments in associated companies

The group's share in financial assets accounted for using the equity method includes only investments in associated companies.

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

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

2.6. Financial assets

The recognition and derecognition of financial assets whose purchase or sale occurs at standard market conditions, is performed as at the date of fulfilment. Initial recognition occurs at fair value plus transaction costs. The exceptions are those financial assets categorised as being at fair value through profit or loss. In such cases, the transaction costs are not taken into account, even at initial recognition, and instead are recorded directly in profit or loss.

Categories of financial assets

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

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

Financial assets at fair value through profit or loss

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

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

Income and expense from the measurement of foreign exchange transactions are reported within financial income or financial expenses and therefore in the financial result.

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

Held to maturity financial investments

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

Available-for-sale financial assets

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

Loans and receivables

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

Trade receivables are classified to the Loans and receivables category and therefore are measured at cost. Allowances of trade receivables are indirectly shown on separate accounts for allowances.

Impairment

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

With respect to available-for-sale equity instruments, a material and ongoing reduction in their fair value to a value below the cost of acquisition is considered to constitute objective evidence of impairment.

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

Reversal of impairment

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

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

Derecognition

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

2.7. Inventories

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

2.8. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if its carrying amount will be recovered most likely through a sales transaction rather than through continuing use. The asset is shown in the balance sheet separately in the line non-current assets held for sale. This is the case when the sale is highly probable, it will take place within upcoming twelve months and the asset or disposal group is available for immediate sale in its present condition. Non-current assets held for sales are recognised at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are no longer depreciated.

2.9. Emission certificates

Two companies in the Semperit Group (Semperit Technische Produkte Gesellschaft m.b.H. and Semperflex Optimit s.r.o.) are subject to the Emission Certificate Act in Austria and the Czech Republic and receive emission certificates free of charge from public authorities. These emission certificates are not reported in the balance sheet using the net method. In the financial year 2017 15,603 certificates (previous year: 16,238) were allocated to the Semperit Group free of charge and no additional certificates were purchased (as in the previous year). 20,120 certificates (previous year: 20,014) were used. There were no sales, as was the case in the previous year. A total of 34,311 emission certificates were unused as of 31 December 2017 (previous year: 38,828).

2.10. Equity and debt capital instruments issued by the group

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

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

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

2.11. Retirement benefit expenses, provisions for pensions and severance payments

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

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

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

2.12. Other provisions

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

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

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

2.13. Liabilities from redeemable non-controlling interests

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

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

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

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

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

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

When subsequent measurement takes place, the investment of the non-controlling shareholders in the subsidiary's comprehensive income and any amounts recognised directly in equity are recognised in the consolidated income statement and constitute financial expense for the group. This is disclosed separately as results attributable to redeemable non-controlling interests.

2.14. Other financial liabilities

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

Financial liabilities at fair value through profit and loss

Financial liabilities are recognised at fair value through profit and loss (FLFVTPL) if:

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

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

Income and expenses from the valuation of financial liabilities as well as interest expenses of such liabilities are shown as financial income respectively financial expenses.

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

Other financial liabilities

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

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

Derecognition

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

2.15. Derivative financial instruments

In addition to operating measures, individual derivative financial instruments, particularly foreign exchange forward contracts, are used to hedge currency risks. They are measured at their current fair value. This corresponds to the value that the respective company would achieve or would have to pay, should the business be disposed of at the end of the reporting period. Positive market values as of the balance sheet date are recognised under Other financial assets and negative market values under Other financial liabilities. Hedge accounting will be applied if the conditions are met. According to the classification as cash flow hedge or fair value hedge the recognition will be done as described below.

Derivative financial instruments are occasionally used to hedge interest rate risks. These derivative financial instruments are accounted for as either cash flow hedges or fair value hedges if the retrospective and prospective effectiveness measurements and the documentation of the hedging strategy are fulfilled as required by IAS 39.

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

2.16. Borrowing costs

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

2.17. Income taxes

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

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

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

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

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

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

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

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

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

2.18. Material assumptions and estimates

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

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

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

The recognition of deferred tax assets is based on the assumption that there will be sufficient taxable profit against which deductible temporary differences and/or tax loss carryforwards can be offset in the future. The requirements regarding the reliability of tax planning are increased, in case of a history of losses and due to the Semperit Group being in a restructuring and transformation phase until 2020. If actual future taxable profit differs negatively from assumptions, this may render the utilisation of deferred tax assets unlikely and result in an impairment of these assets. If actual future taxable profit differs positively from assumptions, this leads to a potential for write-up of previously recognised impairments and possibly to the (initial) recognition of tax loss carryforwards (for carrying amounts, see note 6.8).

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

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

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

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

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

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

3. Consolidated companies

3.1. Subsidiaries (fully consolidated)

	31.12.2017				31.12.2016		
	Currency	Authoris ed share capital in '000s	Direct Holding in %	Group holding in %	Authoris ed share capital in '000s	Direct Holding in %	Group holding in %
Europe							
Semperit Aktiengesellschaft Holding, Vienna, Austria	EUR	21,359			21,359		
Semperit Technische Produkte Gesellschaft m.b.H., Vienna, Austria	EUR	10,901	100.00	100.00	10,901	100.00	100.00
Semperit Import & Services GmbH, Vienna, Austria	EUR	36	100.00	100.00	36	100.00	100.00
PA 82 WT Holding GmbH, Vienna, Austria	EUR	35	100.00	100.00	35	100.00	100.00
Semperflex Rivalit GmbH, Waldböckelheim, Germany	EUR	1,281	100.00	100.00	1,281	100.00	100.00
Semperit Profiles Deggendorf GmbH, Deggendorf, Germany	EUR	11,050	100.00	100.00	11,050	100.00	100.00
Semperit Profiles Leeser GmbH, Hückelhoven, Germany	EUR	81	100.00	100.00 ²⁾	7,300	100.00	100.00 ²⁾
Leeser Verwaltungsgesellschaft mbH, Hückelhoven, Germany	EUR	0	0.00	0.00 ⁴⁾	81	100.00	100.00
Semperit Profiles Leeser Verwaltungs GmbH, Germany	EUR	25	100.00	100.00	25	100.00	100.00 ³⁾
Semperit (France) S.A.R.L., Levallois Perret, France	EUR	495	100.00	100.00	495	100.00	100.00
Sempertrans France Belting Technology S.A.S., Argenteuil, France	EUR	3,165	100.00	100.00	3,165	100.00	100.00
Sempertrans Maintenance France Nord E.U.R.L., Argenteuil, France	EUR	176	100.00	100.00	176	100.00	100.00
Semperit Industrial Products Ltd., Birmingham, Great Britain	GBP	150	100.00	100.00	150	100.00	100.00
Semperflex Roiter S.r.l., Rovigo, Italy	EUR	750	100.00	100.00	750	100.00	100.00
Sempertrans Belchatów Sp. z o.o., Belchatów, Poland	PLN	7,301	100.00	100.00	7,301	100.00	100.00
Carlona Sp. z o.o., Warsaw, Poland	PLN	66,394	100.00	100.00	66,394	100.00	100.00
Semperflex Optimit s.r.o., Odry, Czech Republic	CZK	470,318	100.00	100.00	470,318	100.00	100.00
Semperflex A.H. s.r.o., Odry, Czech Republic	CZK	100	100.00	100.00	100	100.00	100.00
Elastomer Technology Kmenta s.r.o., Husava, Czech Republic	CZK	2,848	75.00	75.00 ³⁾	2,848	75.00	75.00 ³⁾
Sempermed Kft., Sopron, Hungary	EUR	3,680	100.00	100.00	3,680	100.00	100.00
Semperform Kft., Sopron, Hungary	HUF	243,000	100.00	100.00	243,000	100.00	100.00
Sempermed Magyarország Kft., Budapest, Hungary	HUF	3,000	100.00	100.00	3,000	100.00	100.00
Sempertrans Conveyor Belt Solutions GmbH, Vienna, Austria	EUR	36	100.00	100.00	36	100.00	100.00

		31.12.2017			31.12.2016		
	Currency	Authorised share capital in '000s	Direct Holding in %	Group holding in %	Authorised share capital in '000s	Direct Holding in %	Group holding in %
The Americas							
Sempermed Brasil Promoção de Vendas Ltda., Piracicaba, Brazil	BRL	28,282	100.00	100.00 ²⁾	12,547	100.00	50.00 ¹⁾
Semperit Brasil Produtos Técnicos Ltda., Sao Paulo, Brazil	BRL	641	100.00	100.00	411	100.00	100.00
Sempermed USA Inc., Clearwater, Florida, USA	USD	4,000	100.00	100.00	4,000	75.00	50.00 ¹⁾
Semperit Industrial Products Inc., Fair Lawn, New Jersey, USA	USD	1	100.00	100.00	1	100.00	100.00
Sempertrans North America Investments Corp., Atlanta, USA	USD	0.001	100.00	100.00	0.001	100.00	100.00
Sempertrans USA, LLC, Atlanta, USA	USD	0	100.00	100.00	0	100.00	100.00
Semperit Productos Técnicos SpA, Santiago de Chile, Chile	CLP	46,000	100.00	100.00	46,000	100.00	100.00
Asia							
Semperflex Shanghai Ltd., Shanghai, China	USD	15,000	100.00	100.00	15,000	50.00	50.00 ¹⁾
Semperit (Shanghai) Management Co. Ltd., Shanghai, China	USD	2,000	100.00	100.00	2,000	100.00	100.00
Sempertrans Best (ShanDong) Belting Co. Ltd., Shandong, China	EUR	24,800	83.87	83.87 ¹⁾	20,000	80.00	80.00 ¹⁾
Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai, China	EUR	2,471	100.00	100.00	2,471	90.00	90.00 ¹⁾
Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China	USD	1,000	100.00	100.00 ²⁾	1,000	100.00	50.00 ¹⁾
Shanghai Changning Sempermed Glove Trading Co. Ltd., Shanghai, China	USD	310	100.00	100.00	310	100.00	100.00
Sempertrans India Pte. Ltd., Roha, Maharashtra, India	INR	262,769	100.00	100.00	230,769	100.00	100.00
FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia	MYR	8,300	69.88	69.88	7,000	82.86	41.43 ¹⁾
Latexx Partners Berhad, Kamunting, Malaysia	MYR	137,886	98.63	98.63	137,859	98.55	98.55
Latexx Manpower Services Sdn Bhd, Kamunting, Malaysia	MYR	0.002	100.00	98.63	0.002	100.00	98.55
Latexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	3,000	100.00	98.63	3,000	100.00	98.55
Medtexx Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	5,000	100.00	98.63	5,000	100.00	98.55
Total Glove Company Sdn Bhd, Kamunting, Malaysia	MYR	10	50.01	49.32	10	50.01	49.28
Worldmed Manufacturing Sdn Bhd, Kamunting, Malaysia	MYR	500	100.00	98.63	500	100.00	98.55
Semperit Engineering Technology Asia Sdn Bhd, Penang, Malaysia	MYR	600	100.00	100.00	600	100.00	100.00
Semperit Industrial Products Singapore Pte Ltd., Singapore	USD	665	100.00	100.00	665	100.00	100.00
Semperit Investments Asia Pte Ltd., Singapore	EUR	159,000	100.00	100.00	159,000	100.00	100.00
Sempermed Singapore Pte Ltd., Singapore	USD	13,360	100.00	100.00	8,000	50.00	50.00 ¹⁾
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	THB	380,000	50.00	50.00 ¹⁾	380,000	50.00	50.00 ¹⁾

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

²⁾ Change of company name during the financial year (see notes on the following page)

³⁾ Not consolidated due to a lack of materiality

⁴⁾ Merger to Semperit Profiles Deggendorf GmbH, Deggendorf, Germany

The company name of following entities has changed in the financial year 2017 and/or 2016:

- Leeser GmbH & Co. KG, Hückelhoven, Germany (until first quarter of 2016), thereafter Semperit Profiles Leeser GmbH & Co. KG, Hückelhoven, Germany (until third quarter of 2017) and now Semperit Profiles Leeser GmbH, Hückelhoven, Germany
- Sempermed Brazil Comércio Exterior Ltda., Piracicaba, Brazil now Sempermed Brasil Promoção de Vendas Ltda., Piracicaba, Brazil
- Shanghai Sempermed Gloves Co Ltd., Shanghai, China now Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China

The Semperit Group regards the following subsidiaries in which the group has a de facto interest of 50% as meeting the requirement for control within the meaning of IFRS 10 as at 31 December 2017:

Semperflex Asia Corp. Ltd. (SAC)

The Semperit Group carries out a thorough and ongoing analysis of the above mentioned subsidiary regarding its inclusion in the consolidated financial statement through full consolidation under IFRS 10. This analysis is based on the group's professional judgement and expert opinions on corporate law and IFRS.

In light of the conclusions of the analysis as of 31 December 2017 the Semperit Group remains of the opinion that the requirements for control under IFRS 10 are still met. This assessment is based on the underlying agreements, the investigation of the relevant activities and the facts and circumstances relating to the above companies. The following key arguments were evaluated:

- the deciding vote for the chairman of the BoD, who is appointed by the group
- purchasing, production and sales management within the framework of the Semperflex segment
- use of the Semperflex brand in the company name and the Semperit and Semperflex brands in distribution
- Semperit's option to purchase the remaining 50% share of Sri Trang during the period 2019 until 2021
- Implementation of two local employees from Semperit to strengthen and exercise of the right of control

Currently, there are no indications that the joint venture partner Sri Trang will prohibit the exercise of control in a similar way as in Siam Sempermed Corporation Ltd (SSC). In the future, such a development could lead to a different evaluation of control under IFRS 10.

Total Glove Company Sdn Bhd

The de facto investment of the group in the subsidiary Total Glove Company Sdn Bhd is below 50%. Due to the control exercised by Latexx Partners Berhad (98.63%), the Semperit Group regards the facts and circumstances as sufficient for control within the framework of IFRS 10.

Until 31 December 2016 the Semperit Group had carried out a thorough and ongoing analysis of further subsidiaries regarding their inclusion in the consolidated financial statement through full consolidation under IFRS 10, in particular due to the loss of control over the former subsidiary Siam Sempermed Corp. Ltd. (SSC) in 2014, and concluded that the requirements for control under IFRS 10 were met. This concerned the following subsidiaries:

- Sempermed USA Inc., Clearwater, Florida, USA
- Sempermed Brasil Promoção de Vendas Ltda., Piracicaba, Brazil
- Semperflex Shanghai Ltd., Shanghai, China
- Shanghai Sempermed Glove Sales Co Ltd., Shanghai, China
- Sempermed Singapore Pte Ltd., Singapore
- FormTech Engineering (M) Sdn Bhd, Nilai, Malaysia

The shares in these companies held by the joint venture partner Sri Trang were taken over by the Semperit group in the closing of the joint venture transaction in March 2017 (see note 3.3). In the subsidiary FormTech Engineering (M) Sdn Bhd non-controlling interests amounting to 30.12% are held by local management.

Significant non-controlling interests

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

Significant non-controlling interests as at 31.12.2017

in EUR thousand	Semperflex Asia Corp. Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
Non-controlling interests in %	50.0%	16.1%
Non-current assets	7,606	9,494
Current assets	21,004	8,186
Non-current provisions and liabilities	328	1,431
Current provisions and liabilities	5,969	3,066
Net assets	22,313	13,182
Redeemable non-controlling interests – non-current	11,157	2,119
Revenue	41,975	15,185
thereof revenue within the group	34,767	8,954
thereof revenue with third parties	7,207	6,231
Earnings after tax	9,903	–1,176
Other comprehensive income (currency translation differences)	–1,158	–595
Comprehensive income	8,746	–1,771
Profit / loss attributable to redeemable non-controlling interests	4,952	–189
Other comprehensive income attributable to redeemable non-controlling interests	–579	–96
Dividends paid to redeemable non-controlling interests	19,296	0
Cash flow from operating activities	11,308	–3,561
Cash flow from investing activities	–557	–176
Cash flow from financing activities (including dividends)	–38,592	4,909
Net increase / decrease in cash and cash equivalents	–27,841	1,172

Significant non-controlling interests as at 31.12.2016

in EUR thousand	Semperflex Asia Corp. Ltd.	Sempermed USA Inc.	Semperflex Shanghai Ltd.	Sempertrans Best (Shandong) Belting Co. Ltd.
Non-controlling interests in %	50.0%	50.0%	50.0%	20.0%
Non-current assets	8,883	1,705	10,923	10,533
Current assets	47,864	34,811	9,505	6,200
Non-current provisions and liabilities	246	90	0	3,889
Current provisions and liabilities	4,340	14,742	4,653	2,675
Net assets	52,161	21,684	15,774	10,168
Redeemable non-controlling interests – non-current	11,850	0	0	2,034
Redeemable non-controlling interests – current	14,230	10,842	7,887	0
Revenue	38,307	84,925	14,778	13,393
thereof revenue within the group	29,791	0	9,515	6,604
thereof revenue with third parties	8,517	84,925	5,263	6,790
Earnings after tax	9,436	1,761	1,500	–2,533
Other comprehensive income (currency translation differences)	2,185	719	–518	–478
Comprehensive income	11,621	2,480	982	–3,010
Profit / loss attributable to redeemable non-controlling interests	4,718	881	750	–507
Other comprehensive income attributable to redeemable non-controlling interests	1,092	360	–259	–96
Cash flow from operating activities	8,121	4,026	2,046	–1,449
Cash flow from investing activities	–248	–61	–145	–550
Cash flow from financing activities (including dividends)	0	0	0	0
Net increase / decrease in cash and cash equivalents	7,873	3,965	1,900	–1,999

3.2. Investments in joint ventures and associated companies

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

in EUR thousand	31.12.2017	31.12.2016
Joint ventures		
Siam Sempermed Corp. Ltd., Hat Yai, Thailand	0	0
Associated companies		
Synergy Health Allershausen GmbH, Allershausen, Germany	2,124	2,608
	2,124	2,608

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

in EUR thousand	2017	2016
As at 1.1.	2,608	102,670
Proportionate period result and intercompany elimination results	453	8,370
Dividends	-938	0
Currency translation	0	4,884
Revaluation of defined benefit obligation	0	7
Reclassification to non-current assets held for sale	0	-113,323
As at 31.12.	2,124	2,608

Investment in joint ventures

The investment in the joint venture in Siam Sempermed Corp. Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) was reclassified in the annual report of 2016 according to IFRS 5, to non-current assets held for sale amounting to EUR 113,323 thousand. Therefore at equity consolidation was ended. As a result there was no recognition of the proportionate period result of SSC from 1 January 2017 until the time of sale. As of 31 December 2016 the following assets and liabilities existed against the joint venture, and the following income and expenses resulted in 2016:

in EUR thousand	2017	2016
Revenue	0	685
Other operating income	0	619
Cost of material and purchased services	0	174,381
	31.12.2017	31.12.2016
Inventories	0	20,112
Trade receivables	0	1,930
Trade payables	0	27,447

Investments in associated companies

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

The company is included in the consolidated financial statements using the equity method. The group's investment and the nominal capital of the company remained unchanged in the financial year 2017.

The carrying amount of the investment in this associated company as of 31 December 2017 is EUR 2,124 thousand (previous year: EUR 2,608 thousand). A share in the profit of EUR 453 thousand was recognised in the consolidated income statement (previous year: EUR 473 thousand). No other comprehensive income attributable to the associated company had to be taken into account.

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

As of 31 December 2017 group companies had the following assets and liabilities against the associated company, and their business relationships resulted in the following income and expenses in 2017:

in EUR thousand	2017	2016
Other operating expenses	293	406
Financial income	6	6
	31.12.2017	31.12.2016
Other financial assets	563	569
Trade payables	25	32

3.3. Changes in the scope of consolidation

Changes in the scope of consolidation in the financial year 2017

On 18 January 2017, Semperit and the Thai company Sri Trang Agro-Industry Public Co Ltd. Group (Sri Trang) signed an agreement to terminate nearly all of their joint business activities. The transaction (joint venture transaction) was successfully executed after the approval of the supervisory board of Semperit AG Holding and the shareholder assembly of Sri Trang Group on 15 March 2017. Siam Sempermed Corporation Ltd (SSC) was sold to Sri Trang per the agreement. After the closing of the transaction SSC was thereafter renamed Sri Trang Gloves (Thailand) Co. Ltd. In exchange, Semperit acquired Sri Trang's respective shares in the following joint venture companies:

- Sempermed USA Inc. (USA) – Sempermed segment
- Shanghai Sempermed Glove Sales Co Ltd. (China) (previously: Shanghai Sempermed Gloves Co Ltd). – Sempermed segment
- Sempermed Singapore Pte Ltd. (Singapore) – Sempermed segment
- Formtech Engineering (M) Sdn Bhd (Malaysia) – Sempermed segment
- Sempermed Brasil Promoção de Vendas Ltda. (Brazil) (previously: Sempermed Brazil Comércio Exterior Ltda.) – Sempermed segment
- Semperflex Shanghai Ltd. (China) – Semperflex segment
- Shanghai Semperit Rubber & Plastic Products Co. Ltd. (China) – Semperform segment

With the closing of the joint venture transaction, Semperit shows a positive one-off effect amounting to EUR 160.3 million in the consolidated cash flow statement. In addition to an one-time compensation for the complete transfer of SSC to Sri Trang, the Semperit Group received a dividend in the amount of USD 51.0 million (EUR 47,8 million) before taxes immediately prior to the closing of the transaction. This distribution resulted in a positive effect in the cash flow from operating activities amounting to EUR 56,7 million after withholding tax, together with the compensation payment from the withdrawal of the ICC cases. Semperit also received a call option for the Thai joint venture company Semperflex Asia Corp. Ltd. (SAC), which may be exercised between the middle of 2019 and the middle of to acquire the remaining 50% interest in SAC 2021 at a fixed price. Modifications have been made to the SAC joint venture agreement in order to strengthen Semperit's control rights. Moreover, a joint dividend policy has been agreed for SAC for 2017 and subsequent years. Immediately before the closing of the joint venture transaction a dividend payment for 2017 in the amount of USD 15.0 million was made to the joint venture partner. This distribution amounting to EUR 14.0 million together with the acquisition of interest in the other joint venture companies amounting to EUR 25.8 million led to cash outflows amounting to EUR 39.9 million in the cash flow from financing activities.

After the successful closing of the joint venture transaction all pending arbitration and civil proceedings between Semperit Group and Sri Trang Group or SSC were settled.

The above mentioned transaction has resulted in the following material effects in these financial statements:

in EUR thousand	2017
Other income from the sale of SCC incl. reclassification of currency translation differences to profit an loss for the period	78,109
Other income from the ICC settlement	14,044
settled receivables from ICC settlement	-4,603
Stamp duty	-169
Effect on earnings before interests and tax (EBIT)	87,381
Losses from the purchase of non-controlling interest	-4,224
Effect on earnings before tax	83,158
Withholding tax resulting from sale of SSC and dividends SSC/SAC	-16,061
Effect on earnings after tax	67,097

3.4. Equity transactions

In the 2017 financial year a 0.08% interest in Latexx Partners Berhad was acquired for EUR 39 thousand. As of 31 December 2017 the group's interest totalled 98.63%, up from 98.55% as of 31 December 2016. In the 2016 financial year a 0.05% interest was acquired for EUR 57 thousand, increasing the group's total interest to 98.55% as of 31 December 2016.

The difference between the disposal of the carrying amount of the non-controlling interests (EUR 92 thousand, previous year: EUR 58 thousand) and the fair value of the consideration paid (EUR 39 thousand, previous year: EUR 57 thousand) amounted to EUR -53 thousand (previous year: EUR -1 thousand). This difference was recognised directly in equity and is presented in the consolidated statement of changes in equity as a change in the position other revenue reserves.

4. Segment reporting

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

The segments have been defined by product group. They are managed separately and correspond to the Semperit Group’s divisions. The Semperit Group thus comprises four reportable segments:

- **Sempermed**

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

- **Semperflex**

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

- **Sempertrans**

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

- **Semperform**

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

The accounting and measurement methods used in determining segment earnings, assets and liabilities are identical to those described in note 2. The segment result comprises EBIT and is derived in the same manner as EBIT (earnings before interest and tax) in the consolidated income statement. This is the figure reported to the Management Board for purposes of resource allocation and performance measurement.

Segment reporting by division

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

2017 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-form	Corporate Center and inter-company transactions	Group
Revenue	337,134	206,052	145,958	185,038	0	874,181
Share of profits from joint ventures and associated companies	453	0	0	0	0	453
EBITDA	77,868	40,415	-16,713	19,242	-20,619	100,193
EBIT = segment result	38,022	31,782	-20,322	10,978	-22,834	37,625
Depreciation and amortisation of tangible and intangible assets	-13,870	-8,633	-3,609	-8,265	-2,215	-36,593
Impairments of tangible and intangible assets	-25,976	0	0	0	0	-25,976
Reversal of impairments of property, plant and equipment	0	0	0	0	0	0
Trade Working Capital	51,044	44,152	33,585	27,881	-4,262	152,400
Segment assets	384,958	229,503	158,624	146,640	-66,512	853,212
Non-current assets held for sale	0	0	0	0	0	0
Segment liabilities	81,817	53,546	51,659	38,753	347,147	572,922
Cash-effective investments in tangible and intangible assets	25,312	30,138	5,861	12,501	663	74,475
Investments in associated companies	2,124	0	0	0	0	2,124
Employees (at balance sheet date)	3,051	1,732	991	925	140	6,838

2016 in EUR thousand	Semper-med	Semperflex ¹⁾	Semper-trans	Semperform ¹⁾	Corporate Center and inter-company transactions	Group
Revenue	345,956	184,934	148,351	173,138	0	852,379
Share of profits from joint ventures and associated companies	8,370	0	0	0	0	8,370
EBITDA	6,601	43,415	15,855	30,207	-18,168	77,909
EBIT = segment result	-23,942	35,337	12,129	22,509	-18,723	27,310
Depreciation and amortisation of tangible and intangible assets	-13,220	-8,066	-3,726	-7,698	-555	-33,265
Impairments of tangible and intangible assets	-17,323	-12	0	0	0	-17,334
Reversal of impairments of property, plant and equipment	0	0	4	0	0	4
Trade Working Capital	51,770	36,328	39,772	25,279	-7,770	145,380
Segment assets	420,832	219,405	147,943	136,183	-42,562	881,801
Non-current assets held for sale	152,684	0	0	0	0	152,684
Segment liabilities	109,831	66,718	31,272	37,180	458,505	703,506
Cash-effective investments in tangible and intangible assets	25,717	14,444	6,676	13,775	4,460	65,072
Investments in joint ventures and associated companies	2,608	0	0	0	0	2,608
Employees (at balance sheet date)	3,183	1,674	1,036	928	154	6,975

¹⁾ 2016 values restated, the business unit Sheeting was reclassified from segment Semperflex to segment Semperform.

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

All group liabilities are allocated to segments, with the exception of the liabilities of Semperit AG Holding as a non-operating parent company, as well as the liabilities of a management company in China and a service company in Singapore, which are allocated to the Corporate Center. A large percentage of the liabilities can be clearly assigned to the respective segments as the companies operate in only one segment. Liabilities of Semperit Technische Produkte Gesellschaft m.b.H. are assigned in equal portions to the segments in which the company is active. Liabilities held by sales companies are classified according to the revenue which is generated.

Segment reporting by region

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

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

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

in EUR thousand	2017			2016		
	Non-current assets ^{2) 3)}	Cash-effective Investments	Revenue ¹⁾	Non-current assets ^{2) 3)}	Cash-effective Investments	Revenue ¹⁾
Austria	59,243	9,145	35,336	67,445	13,150	34,615
EU excluding Austria	187,109	39,629	495,601	150,294	25,696	490,855
Total for EU	246,352	48,774	530,937	217,739	38,846	525,470
Rest of Europe	0	0	69,067	0	0	57,402
Total for Europe	246,352	48,774	600,004	217,739	38,846	582,872
Asia	134,944	25,576	99,742	157,132	26,141	90,009
The Americas	1,359	124	153,110	3,157	83	165,495
Rest of the world	3	1	21,326	3	1	14,003
Group	382,658	74,475	874,181	378,032	65,072	852,379

¹⁾ After eliminating internal revenue.

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

³⁾ Non-current assets do not include deferred income tax assets, financial investments and shares in joint ventures and associates.

5. Notes to the consolidated income statement

5.1. Revenue

Detailed information on the revenues of the various divisions and regions is provided in the segment reporting (see note 4.).

5.2. Other operating income

in EUR thousand	2017	2016
Insurance claims	401	3,106
Reimbursement of costs ICC1 case	0	2,514
Sale of by-products and waste materials	687	512
Rental income	269	365
Income from the sale of property, plant and equipment	146	67
Other income from the sale of SCC incl. reclassification of currency translation differences to profit an loss for the period	78,109	0
Other income minus paid receivables from the settlement ICC cases	9,441	0
Reversal of impairments of property, plant and equipment	0	4
Other	3,386	3,908
	92,440	10,477

For additional information relating to the other income from the sale of SCC see notes 3.3. Changes in the scope of consolidation.

5.3. Cost of material and purchased services

in EUR thousand	2017	2016
Cost of materials	490,087	459,908
Purchased services	51,205	45,596
	541,293	505,504

5.4. Personnel expenses

Personnel expenses include the following items:

in EUR thousand	2017	2016
Wages	62,433	58,997
Salaries	80,329	71,330
Severance payments	8,897	1,813
Retirement benefit expenses	1,003	1,125
Statutory social security expenses and other compulsory wage-related payments	29,837	28,059
Other social security expenses	4,023	3,970
	186,521	165,294

The increase in salaries resulted from the resignation of Management Board Members as well as the allocation to provisions for employee bonuses.

The increase in retirement benefit expenses resulted from the closure of Sempertrans France Belt-ing Technology S.A.S. (see note 6.12.).

The average number of employees in Austria totalled 836 (previous year: 838). The average number of people employed by the Semperit Group is as follows:

	2017	2016
Blue-collar workers	5,123	5,263
White-collar workers	1,712	1,776
	6,834	7,038

In the 2017 financial year, the remuneration paid to the active members of the Management Board totalled EUR 4,606 thousand (previous year: EUR 2,676 thousand), of which EUR 3,046 thousand (previous year: EUR 1,213 thousand) consisted of variable salary components. As a result of the change to the composition of the Management Board during 2016 and due to the repayment of variable compensation for previous years in 2016, comparing total compensation with the previous year is of limited value.

The expenses for pensions and severance payments for the active Management Board members amounted to EUR 169 thousand (previous year: EUR 216 thousand). Of this amount, EUR 159 thousand (previous year: EUR 201 thousand) is attributable to contribution-based severance and pension commitments.

5.5. Other operating expenses

Other operating expenses comprise the following:

in EUR thousand	2017	2016
Maintenance and services	42,845	33,758
Outgoing freight	31,272	30,179
Legal, consulting and auditing fees	20,979	16,654
Travel expenses	8,608	10,108
Commission and advertising costs	6,846	6,984
Rental and leasing expenses	5,641	5,350
Insurance premiums	4,427	4,155
Other taxes	4,336	4,017
Fees, subscriptions and donations	2,104	1,914
Waste disposal	2,103	1,852
Communications	1,359	1,750
Training and education expenditures	1,067	1,400
Office equipment	1,218	1,225
Energy costs not for production	1,171	1,037
Bank expenses	678	603
Other	23,318	8,252
	157,968	129,237

The increase in consulting fees is due to the use of interim managers and the implementation of strategic projects.

The miscellaneous other operating expenses include EUR 3,636 thousand arising from the changed assessment of the possible future application of an ERP-software and further EUR 1,155 thousand from the derecognition of technical equipment in connection to the closing of Sempertrans France Belting Technology S.A.S.

Moreover, expenses amounting to EUR 5,351 thousand are shown in this position relating to findings from a tax audit in Austria (especially from denial of the refund for energy tax). In addition, in the previous year an amount of EUR 4,532 thousand resulting from the release of guarantee provisions was included in this position.

In the 2017 financial year the expenses for research and development amounted to around EUR 14,200 thousand (previous year: EUR 13,320 thousand). This amount includes also personnel expenses.

The expenses for the auditors of the consolidated financial statements, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna as well as the entities of the worldwide Ernst & Young network, recognised in the 2017 financial year are as follows:

in EUR thousand	2017	2016
Auditing of consolidated financial statements and thereto related audit opinion	980	812
there of Ernst&Young Wirtschaftsprüfungsgesellschaft m.b.H.	414	333
Other valuation and certification services	35	15
Other services	175	112
	1,190	938

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

in EUR thousand	2017	2016
Depreciation and amortisation	36,593	33,265
Impairments	25,976	17,334
	62,568	50,599

From the impairments in the financial year 2017 EUR 25,149 thousand arise from the impairment of goodwill in the Sempermed segment (previous year: EUR 16,984 thousand). The other impairments are on technical equipment and machinery also in the Sempermed segment (see notes 6.1 and 6.2).

5.7. Financial result

in EUR thousand	2017	2016
Financial income		
Income from securities	83	145
Exchange rate gains	31,801	21,621
Interest and related income	1,174	1,048
	33,058	22,813
Financial expenses		
Repayment of liabilities from redeemable non-controlling interests concerning the Joint Venture transaction	-4,223	0
Other expenses from the amendment of redeemable non-controlling interests resulting from a capital measurement	-372	0
Exchange rate losses	-37,706	-25,287
Interest and other financial expenses	-10,959	-11,063
	-53,261	-36,350
Profit / loss attributable to redeemable non-controlling interests	-5,326	-6,393
Financial result	-25,529	-19,930

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

in EUR thousand	2017	2016
Net income recognised directly in profit and loss		
Income from available-for-sale financial assets	83	145
	83	145
Net income/expenses recognised in other comprehensive income		
Revaluation gains / losses for the period	-123	12
Reclassification to profit and loss for the period	0	0
	-123	12
Net income from available-for-sale financial assets	-41	156

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

in EUR thousand	2017	2016
Interest income from loans and receivables	1,174	1,048
Valuation adjustments of loans and receivables	-2,151	-1,779
Foreign exchange gains from loans and receivables	16,134	15,369
Foreign exchange losses from loans and receivables	-22,693	-13,186
Net income from loans and receivables	-7,536	1,451

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

Foreign exchange gains resulting from financial liabilities at amortized cost amounts to EUR 10,217 thousand (previous year: EUR 4,510 thousand). These foreign exchange gains were offset by foreign exchange losses resulting from financial liabilities at amortized cost of EUR 7,143 thousand (previous year: EUR 13,309 thousand).

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

in EUR thousand	2017	2016
Income from foreign exchange transactions	979	827
Expenses from foreign exchange transactions	-1,789	-3,593
Net income from financial instruments held for trading	-810	-2,766

From the interest expenses and other financial expenses included in the financial result, EUR 9,713 thousand (previous year: EUR 7,894 thousand) is attributable to liabilities valued at amortised cost. Liabilities from redeemable non-controlling interests correspond to the result shown in the consolidated income statement amounting to EUR 5,326 thousand (previous year: EUR 6,393 thousand) and represent the effective interest expense.

5.8. Income taxes

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

in EUR thousand	2017	2016
Current tax expense (+) / tax income (-)		
for the current period	40,833	12,166
for previous periods	802	484
	41,635	12,650
Deferred tax expense (+) / tax income (-)		
from the origination or reversal of temporary differences	-8,003	8,217
from value adjustment of tax loss carryforwards and temporary differences	30,860	3,085
other deferred tax effects	-26,141	-7,771
	-3,284	3,531
	38,351	16,182

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

The effective tax rate in the financial year 2017, i.e. the tax expense in relation to the earnings before tax and before deduction of profit or loss attributable to redeemable non-controlling interests, is 220.1% (previous year: 117.5%). The significant increase in comparison to the previous financial year results on the one hand from the withholding tax burdens and on the other hand from the effects from allowances of deferred tax assets, especially concerning the Austrian tax group, as well as a tax-neutral impairment of a goodwill.

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

in EUR thousand	2017	2016
Earnings before tax	12,096	7,379
Tax expense / income (-/+) at 25%	-3,024	-1,845
Tax rates in other countries	-715	23
Share of profits from joint ventures and associated companies	-121	2,093
Other income from the sale of SSC	19,527	0
Profit / loss attributable to redeemable non-controlling interests	-1,331	-1,598
Non-deductible expenses	-6,298	-4,041
Non-taxable income, tax exemptions and tax deductibles	1,006	1,795
Tax credits and tax concessions usable in future periods	5,963	4,553
Reduction of current tax expenses on the basis of yet unused tax loss carryforwards	0	369
Non-recognised deferred tax assets on new losses carryforwards and temporary differences in the financial year	-19,569	-3,892
Value adjustment of deferred tax assets from loss carryforwards or temporary differences arising and recognised in previous years	-11,290	438
Change to outside-basis-differences	14,437	-7,680
Tax effects on write-downs on holdings of fully consolidated companies	3,632	1,045
Non-deductible impairment of goodwill	-6,195	-4,246
Withholding taxes	-32,321	-1,158
Current tax arrears from previous periods	-802	-484
Other	-1,250	-1,553
Income taxes according to the consolidated income statement	-38,351	-16,182

in EUR thousand	2017	2016
Earnings before tax	12,096	7,379
Profit / loss attributable to redeemable non-controlling interests	5,326	6,393
	17,422	13,773
Income taxes according to the consolidated income statement	38,351	16,182
Effective tax rate in %	220.1%	117.5%

5.9. Earnings per share (EPS)

in EUR		2017	2016
Earnings after taxes attributable to the shareholders of Semperit AG Holding	in EUR	-25,656,732	-8,799,051
Average number of shares issued	in units	20,573,434	20,573,434
Earnings per share (diluted and undiluted)	in EUR	-1.25	-0.43

There were no dilution effects as of both 31 December 2016 and 31 December 2017.

6. Notes to the consolidated balance sheet

6.1. Intangible assets

in EUR thousand	Software licences, industrial property rights and similar rights	Goodwill	Prepayments	Total
Acquisition costs				
As at 1.1.2016	48,111	84,727	1,663	134,501
Currency translation differences	-110	-555	0	-664
Additions	2,145	0	3,358	5,503
Disposals	-47	0	0	-47
Reclassification to non-current assets held for sale	0	-39,361	0	-39,361
Transfers	608	0	-271	337
As at 31.12.2016	50,707	44,812	4,749	100,268
Currency translation differences	-281	-914	2	-1,193
Additions	325	0	336	661
Disposals	-2,839	0	-3,636	-6,475
Transfers	154	0	-14	140
As at 31.12.2017	48,067	43,898	1,437	93,402
Depreciation / write-ups / impairment				
As at 1.1.2016	23,186	0	0	23,187
Currency translation differences	-117	0	0	-117
Depreciation and amortisation	6,865	0	0	6,865
Impairments	0	16,984	0	16,984
Disposals	-47	0	0	-47
Reclassification to non-current assets held for sale	0	0	0	0
As at 31.12.2016	29,887	16,985	0	46,872
Currency translation differences	-65	0	0	-65
Depreciation and amortisation	6,768	0	0	6,768
Impairments	0	25,149	0	25,149
Disposals	-2,838	0	0	-2,838
Reclassification to non-current assets held for sale	0	0	0	0
Transfers	3	0	0	3
As at 31.12.2017	33,755	42,134	0	75,888
Carrying amount				
Carrying amount 1.1.2016	24,925	84,727	1,663	111,315
Carrying amount 31.12.2016	20,820	27,827	4,749	53,396
Carrying amount 31.12.2017	14,312	1,764	1,437	17,513

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

The scheduled depreciation, amortisation and impairments are reported in the consolidated income statement under the item depreciation, amortisation and impairment of tangible and intangible assets. In 2017 there was an impairment of intangible assets amounting to EUR 25,149 thousand (previous year: EUR 16,984 thousand) necessary.

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

Cash generating unit in EUR thousand	31.12.2017	31.12.2016
Segment Sempermed	0	26,063
Segment Semperflex	1,693	1,693
Segment Sempertrans	71	71
	1,765	27,828

Sempermed

Due to the fact that, based on an extensive examination, the sustainably achievable volumes of production at the site in Kamunting in Malaysia were below previous assumptions, Semperit performed an indicator-based impairment test of the Sempermed segment as of 30 June 2017.

As of 30 June 2017 the recoverable amount of the Sempermed segment was based on its value in use, which was calculated using the segment's discounted future cash flows. These forecasted cash flows were determined using the budgets for the 2017 financial year that were approved by the Management Board. In addition, an organic medium-term plan (growth from own business activity without acquisitions) covering the next five years was taken into account. For the Sempermed segment a financial haircut due to historical planning mismatches was also taken into account. The planning was based on assumptions made by segment management on the development of the markets, the market share of the segments and specific business initiatives.

Key assumptions in the plan are unit sales and EBIT margins, which were determined in medium-term planning in coordination with strategic product and customer initiatives.

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

A constant long-term growth rate of 0.75% (31 December 2016: 0.75%) was used for the period after the detailed planning time period in the Sempermed segment. This was based on market growth expected in the long term, allowing for forecast expectations in inflation.

The discount rate used was the weighted average cost of capital (WACC) as derived in the capital asset pricing model. When determining this rate, a separate peer group was assumed for the Medical Sector (equivalent to the Sempermed segment). The pre-tax discount rate, which was determined for the Sempermed segment individually, was 8.1% (31 December 2016: 8.7%).

For the Sempermed segment the recoverable amount for the cash generating unit (CGU) totalled EUR 173,956 thousand and therefore was below the book value (EUR 199,932 thousand) which resulted in the necessity for an impairment of EUR 25,976 thousand. Due to this fact the Sempermed related goodwill write-off totalled EUR 25,149 thousand. According to IAS 36 the residual amount of EUR 827 thousand has been assigned to Sempermed related non-current assets.

For the non-controlling interest of Latexx Partners Berhad a partial impairment amounting to EUR 575 thousand was recognised. These non-controlling interests were goodwill-carrying due to the application of the full-goodwill-method.

Semperflex

The impairment testing for the remaining goodwill in the Semperflex segment is based on the recoverable amount calculated in the previous year. The last calculation of the recoverable amount was significantly above the book value of the segment. The assets and liabilities included in the segment show not material changes since the last calculation and therefore, when analytically reviewing the figures, the probability of a possible impairment need is very low. The recoverability of the goodwill for the Semperflex segment could therefore be proven.

Sempertrans

The impairment testing for present goodwill in the Sempertrans segment was done as of 31 December 2017. The recoverable amount of the segment is based on the value in us, which is calculated using the segment's discounted future cash flows. The forecasted cash flows were determined using the budgets for the 2018 financial year created by the management board and an organic (growth from own business activity without acquisitions) medium-term plan covering the next five years.

The planning is based on assumptions made by segment management on the development of their markets, the market share of their segments and specific business initiatives. Key assumptions in the plan are unit sales and EBIT margins, which are determined in medium-term planning in coordination with strategic product and customer initiatives.

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

A constant long-term growth rate of 1.00% (previous year: 1.25%) was used for the period after the detailed planning time period in the Sempertrans segment. This was based on market growth expected in the long term, allowing for forecast expectations in inflation.

The discount rate used was the weighted average cost of capital (WACC) as derived in the capital asset pricing model. When determining this rate, a separate peer group was assumed for the Industrial Sector (Semperflex, Sempertrans and Semperform segments). The pre-tax discount rate, which was determined for the segment individually, was 11.1% (31 December 2016: 11.3%).

The recoverability of the goodwill for the Sempertrans segment could therefore be proven.

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

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

6.2. Tangible assets

in EUR thousand	Land and build- ings, including on land owned by third parties	Technical equipment and machinery	Other equipment, office furniture and equipment	Prepayments and assets under construction	Total
Acquisition costs					
As at 1.1.2016	154,865	408,606	67,294	46,372	677,138
Currency translation differences	-1,699	-2,566	171	-156	-4,249
Additions	5,083	22,191	4,957	37,235	69,466
Disposals	-150	-6,154	-1,998	-16	-8,317
Other adjustments	0	15	-44	0	-29
Transfers	16,915	21,156	2,760	-41,168	-337
As at 31.12.2016	175,015	443,248	73,141	42,269	733,673
Currency translation differences	1,266	2,594	32	974	4,866
Additions	7,445	40,601	5,061	19,668	72,775
Disposals	-214	-15,672	-2,035	-57	-17,978
Transfers	1,784	35,265	43	-37,232	-140
As at 31.12.2017	185,296	506,035	76,243	25,622	793,196
Depreciation / write-ups / impairment					
As at 1.1.2016	74,980	276,225	49,304	0	400,509
Currency translation differences	-334	-835	248	0	-922
Depreciation and amortisation	3,469	17,767	5,164	0	26,400
Impairments	12	339	0	0	350
Write-ups	-4	0	0	0	-4
Disposals	-50	-4,441	-1,728	0	-6,219
As at 31.12.2016	78,073	289,054	52,987	0	420,114
Currency translation differences	859	1,561	161	0	2,581
Depreciation and amortisation	3,772	21,296	4,783	-38	29,813
Impairments	12	827	0	0	838
Disposals	-198	-14,162	-1,828	0	-16,188
Transfers	7	0	-10	0	-3
As at 31.12.2017	82,524	298,576	56,094	-38	437,156
Carrying amount					
Carrying amount 1.1.2016	79,885	132,381	17,991	46,372	276,629
Carrying amount 31.12.2016	96,942	154,195	20,154	42,269	313,559
Carrying amount 31.12.2017	102,772	207,460	20,149	25,659	356,040

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

EUR 10,196 thousand of the carrying amount reported for land and buildings, including land owned by third parties, is attributable to land (land value) (previous year: EUR 10,481 thousand). EUR 16,967 thousand of the carrying amount reported for prepayments and assets under construction (previous year: EUR 33,194 thousand) is attributable to assets under construction.

In the financial year 2017 EUR 108 thousand (previous year: EUR 365 thousand) of borrowing costs were capitalised as part of the production costs of qualified assets.

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

In the 2017 financial year impairments totalling EUR 838 thousand (previous year: EUR 350 thousand) for tangible assets were necessary. Thereof an impairment amounting to EUR 827 thousand relates primarily to technical equipment, plant and machinery in the Sempermed segment. In the financial year 2016 there were impairments on technical equipment, plant and machinery in the amount of EUR 339 thousand in the Sempermed segment. In 2017 no impairment losses were reversed (previous year: EUR 4 thousand) .

As of 31 December 2017 tangible assets with a carrying amount of EUR 0 thousand (previous year: EUR 98 thousand) are pledged as collateral for liabilities to banks and liabilities from finance leases.

As of 31 December 2017 there were contractual obligations for the acquisition of fixed assets in the amount of EUR 53,547 thousand (previous year: EUR 53,214 thousand).

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

All finance lease agreements expired in the financial year 2017 and the leasing obligations were settled. Therefore, there are no assets from finance lease agreements included in the fixed assets (previous year: EUR 98 thousand).

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

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

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

in EUR thousand	31.12.2017	31.12.2016
Within the following year	2,741	2,928
Within the following 2 to 5 years	5,168	6,046
More than 5 years	734	376

The cost of rent and leases from operating lease agreements came to a total of EUR 5,641 thousand in the financial year 2017 (previous year: EUR 5,139 thousand).

6.3. Inventories

The balance sheet item inventories comprises the following:

in EUR thousand	31.12.2017	31.12.2016
Raw materials and supplies	47,805	36,378
Work in progress	24,569	18,699
Finished goods and merchandise	86,380	82,524
Prepayments	455	303
Services not yet billable	526	200
	159,736	138,105

The increase of inventories is resulting mainly from expanding of production capacities in the course of investments.

in EUR thousand	31.12.2017	31.12.2016
Inventories		
thereof at acquisition / production costs	123,766	124,468
thereof at their net realisable value	35,970	13,636
	159,736	138,105

The allowances for inventories recognised as an expense totalled EUR 4,067 thousand in the year under review (previous year: EUR 5,875 thousand).

6.4. Trade receivables

Trade receivables comprise the following:

in EUR thousand	31.12.2017			31.12.2016		
	Gross	Allowances	Net	Gross	Allowances	Net
Receivables not yet due	84,928	-220	84,708	87,900	-187	87,713
Up to 1 month overdue	13,295	-109	13,186	19,225	-123	19,102
1 to 3 months overdue	4,065	-239	3,826	7,822	-291	7,531
3 to 6 months overdue	1,590	-219	1,371	3,212	-90	3,122
6 to 12 months overdue	1,019	-713	305	3,129	-1,764	1,365
More than 12 months overdue	2,479	-2,300	180	954	-944	11
	107,377	-3,800	103,577	122,243	-3,399	118,844

Trade receivables which are already due, but have not been subject to valuation adjustments, total EUR 17,347 thousand as of 31 December 2017 (previous year: EUR 27,123 thousand).

The typically stipulated terms of payment range between 14 and 90 days. In addition to receivables which are classified as non-performing due to an individual assessment of the respective customers, and have been written down to the likely recoverable amount, valuation adjustments are also carried out in part on overdue receivables based on country-specific empirical values. Experience-based allowances also apply to receivables not covered by credit insurance at all or with regard to the retained portion of credit-insured receivables that the entity has to pay.

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

The receivables not covered by credit insurance exist primarily at subsidiaries in India, USA, Poland and China. With respect to non-insured receivables and the retained portion of insured receivables, there is no significant concentration of credit risk due to the company's diversified customer base.

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

in EUR thousand	2017	2016
As at 1.1.	3,399	2,172
Release	-592	-464
Currency translation difference	-254	62
Written down due to irrecoverability	-225	-515
Additions	1,472	2,144
As at 31.12.	3,800	3,399

The allowances as of the end of the financial year include specific valuation allowances for receivables based on an individual assessment of the respective customers. These specific allowances total EUR 2,827 thousand (previous year: EUR 2,272 thousand). They are primarily allocated on the basis of inability to pay or insolvency proceedings over the assets of the affected customers. The remaining carrying amounts after deduction of the allowances are the amounts likely to be recoverable in the insolvency proceedings. The other allowances were made on a portfolio basis.

6.5. Other financial assets

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

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Securities available-for-sale						
Shares in funds, shares, other securities	6,376	6,376	0	6,498	6,498	0
	6,376	6,376	0	6,498	6,498	0
Financial assets recognised at fair value through profit or loss						
Derivatives	5,705	5,610	95	4,811	4,802	9
Loans and receivables recognised at amortised cost						
Loans to associated companies	563	563	0	563	563	0
Other loans	10	8	2	13	5	8
Receivables to employees	461	28	433	1,740	427	1,313
Accruals and deferrals	1,000	0	1,000	2,517	0	2,517
Other financial assets	1,557	713	844	4,727	875	3,852
	3,590	1,311	2,279	9,559	1,870	7,689
	15,671	13,297	2,373	20,868	13,170	7,698

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

The carrying amount of the available-for-sale financial assets amounts to EUR 6,376 thousand (previous year: EUR 6,498 thousand) corresponds to the fair value.

The loan to associated companies, amounting to EUR 563 thousand (previous year: EUR 563 thousand), bears a standard market rate of interest of 1.12% as of 31 December 2017 (previous year: 1.12%) and is attributable to Synergy Health Allershausen GmbH, Allershausen, Germany, which is included in the consolidated financial statements in accordance with the equity method.

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

The part of the item other financial assets shown as current includes interest free employer loans for management amounting to EUR 0 thousand (previous year: EUR 654 thousand).

6.6. Other assets

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Accrued expenses	6,938	1,667	5,271	8,758	3,051	5,707
Prepayments	980	0	980	712	0	712
Tax receivables	8,484	456	8,028	7,544	337	7,208
Other non-financial receivables	946	60	886	1,510	1,017	494
	17,348	2,183	15,165	18,525	4,404	14,121

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

6.7. Cash and cash equivalents

in EUR thousand	31.12.2017	31.12.2016
Cash on hand	38	45
Cash deposits in banks	165,493	190,163
	165,530	190,208

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

6.8. Deferred taxes

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

in EUR thousand	31.12.2017		31.12.2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,143	647	1,154	2,227
Tangible assets	527	15,344	1,406	9,175
Financial assets	3,361	257	270	0
Inventories	2,551	1	2,622	0
Receivables	469	7,278	428	3,809
Other assets	430	90	177	1,062
Provisions for personnel	6,219	455	6,694	0
Other provisions	2,970	0	1,273	13
Trade payables	38	45	48	3
Other liabilities	1,050	3,878	1,131	487
Temporary differences in connection with shares in subsidiaries and joint ventures / non-current assets held for sale (outside-basis-differences)	0	1,075	0	15,604
Tax loss carryforwards and as yet unused tax credits	54,554	0	28,047	0
Total deferred tax assets and liabilities	73,311	29,070	43,250	32,380
Valuation allowance for deferred tax assets	-41,295	0	-9,860	0
Offset of deferred tax assets and liabilities	-23,852	-23,852	-14,544	-14,544
Net deferred tax assets	8,164		18,846	
Net deferred tax liabilities		5,218		17,836

The allowance for deferred tax assets of EUR 41,295 thousand (previous year: EUR 9,860 thousand) includes an allowance for deferred tax assets on temporary differences in the amount of EUR 11,487 thousand (previous year: EUR 3,730 thousand) and an allowance for deferred tax assets on loss carry forwards in the amount of EUR 29,808 thousand (previous year: EUR 6,130 thousand). The allowance also includes current deferred tax assets, that were not recognised.

From the allowance of deferred tax assets arising from temporary differences a loss carryforwards EUR 20,637 thousand (previous year: EUR 0 thousand) refer to the group of companies according to section 9 Austrian Corporate Tax Act, where Semperit AG Holding functions as the holding company. Based upon a history of losses of the Austrian tax group in the nearest past, the IFRS requirements to establish a reliable tax planning are increased. The recognition of deferred tax assets (not covered by deferred tax liabilities) on temporary differences and loss carryforwards requires additional substantial evidence, that in the upcoming years tax results are generated, that can be used for future tax reliefs. The fact that the Semperit Group is in a restructuring and transformation phase until 2020 led to the derecognition of the deferred tax assets of the Austrian tax group.

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

in EUR thousand	2017	2016
Net deferred taxes as at 1.1.	1,010	4,794
Deferred taxes recognised in profit or loss for the financial year	3,284	-3,531
Deferred taxes recognised in other comprehensive income for the financial year	-1,348	-253
Net deferred taxes as at 31.12.	2,946	1,010

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

in EUR thousand	2017	2016
Amounts that will not be recognised through profit and loss in future periods		
Deferred taxes related to remeasurements of defined benefit plans (IAS 19)	-925	326
Amounts that will potentially be recognised through profit and loss in future periods		
Deferred taxes related to available-for-sale financial assets	31	-3
Deferred taxes related to cash flow hedges	1	-4
Currency translation differences related to deferred taxes	-456	-573
	-424	-579
	-1,348	-253

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

The currency translation differences of EUR -456 thousand (previous year: EUR -573 thousand) are included in the consolidated statement of comprehensive income under the heading Currency translation differences for the period.

Deferred tax liabilities amounting to EUR 1,075 thousand (previous year: EUR 15,604 thousand) were recognised for temporary differences in connection with investments in subsidiaries and joint ventures (namely joint ventures, that are shown as non-current assets held for sale as of 31 December 2016).

In addition, there are taxable temporary differences in the amount of EUR 114,415 thousand (previous year: EUR 195,281 thousand) and deductible temporary differences of EUR 117,063 thousand (previous year: EUR 170,414 thousand) in connection with investments in subsidiaries, for which deferred tax liabilities of EUR 27,619 thousand (previous year: EUR 48,020 thousand) and deferred tax assets of EUR 35,480 thousand (previous year: EUR 33,971 thousand) were not recognised. This is because the parent is able to manage the timing of the offset of the temporary difference, and it is probable at the balance sheet date that the temporary differences will not be offset in the foreseeable future.

The temporary differences in connection with investments in subsidiaries and joint ventures (namely joint ventures, that are shown as non-current assets held for sale as of 31 December 2016) can arise either from the withholding tax on the distribution of dividends or from the tax obligation of the holding. Depending on the specifics of the transaction leading to the reversal of the differences, there may be tax consequences of various types at the different participation levels in the group. The computation of temporary differences in connection with investments in subsidiaries and joint ventures (namely joint ventures, that are shown as non-current assets held for sale as of 31 December 2016) was made taking into account tax effects outside the respective group level.

As of the reporting date there are further deductible temporary differences of EUR 43,489 thousand (previous year: EUR 13,714 thousand) and unused tax losses of EUR 128,665 thousand (previous year: EUR 26,202 thousand), for which no deferred tax assets were recognised. Of these unused tax losses, EUR 15,768 thousand (previous year: EUR 15,136 thousand) expire within five years. Otherwise these losses and deductible temporary differences can be carried forward without limit.

Recognised deferred tax assets include deferred tax assets for tax jurisdictions, in which during the reporting period or in the previous period tax losses were incurred, which exceed the deferred tax liabilities of the relevant companies by EUR 6,526 thousand (previous year: EUR 14,260 thousand). Deferred tax assets are recognised based on the assumption that there will be sufficient taxable profit in the coming years.

6.9. Equity

As at 31 December 2017, Semperit AG Holding's share capital was unchanged at EUR 21,358,997. It is divided into 20,573,434 fully paid in no-par-value ordinary shares. Each share represents an equal interest in the share capital. It entitles the holder to one vote and dividends.

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

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

The other revenue reserves encompass the statutory reserves of Semperit AG Holding totalling EUR 999 thousand (previous year: EUR 999 thousand), the free reserves of Semperit AG Holding amounting to EUR 29,400 thousand (previous year: EUR 32,500 thousand), Semperit AG Holding's net profit for the period under the Austrian Company Code (UGB) in the amount of EUR 12 thousand (previous year: EUR 14,548 thousand), and the retained earnings of subsidiaries since the date of acquisition and the effects of the first-time adjustment of the annual accounts of the consolidated companies (recognised and measured according to the accounting policies of the group). In addition, the item includes remeasurements from defined benefit plans (IAS 19) and the cash flow hedge reserve (IAS 39).

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

The other comprehensive income from joint ventures / non-current assets held for sale was shown in other revenue reserves and currency translation reserves in the financial year 2016. In the financial year 2016, the position other comprehensive income from joint ventures / non-current assets held for sale solely includes the result of SSC.

In the financial year 2017 the non-controlling interests as well as their corresponding portion of earnings after tax and comprehensive income relate to Latexx Partners Berhad, the company acquired in 2012, and its subsidiaries, as well as FormTech Engineering (M) Sdn.Bhd.

The management board was enabled by the shareholders' meeting per 26 April 2016 under approval of the board of directors, to raise the registered capital in the following five years from the date of the entry in the company register on – against cash and/or contributions in kind by 50% or up to 10,286,717 share units – at most in several instalments. Furthermore the management board was enabled, upon approval by the board of directors, to issue convertible bonds. Linked to this is the possibility to raise the registered capital through conversion or subscription rights respective conversion or subscription obligations up to 10,286,717 share units (50 % of the existing share units).

The management board was enabled by the shareholders' meeting per 26 April 2016 to repurchase and, if appropriate, to collect own shares up to the legal limit of 10% of the registered capital, for the duration of 30 month from the date of the corresponding resolution in the shareholders' meeting on in accordance with section 65 (1)(8) Austrian Stock Corporation Act under approval of the board of directors. In the same shareholders' meeting the management board was enabled, according to section 65 (1b) Austrian Stock Corporation Act, and under approval of the board of directors, to resolve another way of disposal than the stock exchange or a public offer or through an exclusion of the right to resale (subscription rights) for the shareholders. At the moment there is no share buyback program.

Hybrid capital

In December 2017, the management board of Semperit AG Holding signed an agreement regarding a hybrid capital line amounting to up to EUR 150 million with B & C Holding GmbH, a wholly-owned subsidiary of the core shareholder B & C Industrieholding GmbH. The interest rate agreed amounts to 5.25%, the commitment fee is set at 1.75%. The hybrid capital line is a subordinated liability with unlimited duration, which Semperit can draw in several tranches up to and including 31 December 2018 if required. A redemption right or conversion right of the creditor has not been provided for. The hybrid capital, which in principle has characteristics of both equity and debt, is classified as equity according to IFRS. Up to 31 December 2017 no drawing of the hybrid capital line has been made. In the 2017 financial year an accrued commitment fee of EUR 146 thousand was recognised in profit and loss.

Dividend and treasury shares

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

The management board will propose to distribute no dividend (previous year: EUR 14,401 thousand or EUR 0.70 per share), for the financial year 2017. The payment of a possible dividend has no tax consequences for the Semperit Group.

Semperit AG Holding has no treasury stock as at 31 December 2017.

6.10. Liabilities from redeemable non-controlling interests

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

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

in EUR thousand	2017	2016
As at 1.1.	51,825	44,192
Dividends	-19,979	0
Share of annual income after tax	5,326	6,591
Currency translation differences	-270	950
Changes in the scope of consolidation	-23,697	0
Other changes	71	92
As at 31.12.	13,276	51,825

EUR 0 thousand of the liabilities from redeemable non-controlling interests as of 31 December 2017 are current (previous year: EUR 37,506 thousand). In the financial year 2016 the short-term part was related to entities, for which Semperit Group took over the shares in course of the joint venture transaction in the first quarter 2017, as well as on the dividend of SAC. The profit / loss attributable to the redeemable, non-controlling shares is reported separately in the financial result in the consolidated income statement. For additional information relating to the change in the scope of consolidation see notes 3.3. Change in the scope of consolidation.

6.11. Provisions for pension and severance payments

Pension plans – defined benefit plans

Pension commitments

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

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

Severance payment commitments

Depending on their length of service, most employees in Austria, France, Italy and Thailand are legally entitled to a one-off payment on retirement. One now former Management Board member was contractually entitled to a severance payment in accordance with the Austrian Employee Act on termination of his service on the Management Board. In the course of the termination of the Management Board mandate the severance payment was paid out.

The benefits due on retirement are considered to be payments due following termination of the employment relationship in accordance with IAS 19. These obligations are not funded by plan assets.

Actuarial assumptions

The most important actuarial parameters for the defined benefit pension and severance plans are as follows. Interest rates were determined separately in the individual countries depending on the pension plan.

Discount rate p.a. in %	31.12.2017	31.12.2016
Austria – pensions	1.40% / 1.60%	1.10% / 1.40%
Austria – severance payments	1.70% / 1.80%	1.50% / 1.60%
Germany – pensions	1.60%	1.40% / 1.60%
Other countries – severance payments		
France	1.80% –2.0%	1.60% –1.80%
Italy	1.90%	1.70%
Poland	3.25%	3.50%
India	7.40%	6.70%
Thailand	1.46% –3.97%	3.00%

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

Salary increases p.a. in %	31.12.2017	31.12.2016
Austria – pensions	0% / 1.75%	0.00%
Austria – severance payments	3.50% / 4.00%	3.50% / 4.00%
Germany – pensions	1.80% / 2.30%	1.80% / 3.40%
Other countries – severance payments		
France	2.20%	2.30%
Italy	1.50%	1.50%
Poland	2.00%	2.00%
India	5.00% / 12.00%	5.00% / 12.00%
Thailand	3.00% / 5.00%	3.00% / 5.00%

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

Fluctuation deductions p.a. in %	31.12.2017	31.12.2016
Austria – pensions	0.00%	0.00%
Austria – severance payments	0.00% –2.08%	0.00% –1.25%
Germany – pensions	0.00%	0.00%
Other countries – severance payments		
France	0.00% –7.00%	0.00% –7.00%
Italy	5.00%	5.00%
Poland	5.12%	5.00%
India	2.00%	2.00%
Thailand	0.00% –30.00%	0.00% –30.00%

The retirement age was set either in accordance with the individual regulations of the specific plan or, in the absence of such, at the earliest possible statutory retirement age of the country concerned.

The following biometric parameters and assumptions were used:

- Austria: AVÖ 2008-P ANG
- Germany: Heubeck 2005G
- France: TH 00-02 / TF 00-02
- Italy: RG48 (Ragioneria Generale dello Stato)
- Poland: Life Expectancy Table of Poland 2016
- India: Indian Assured Live Mortality (2006 - 08)
- Thailand: Thailand TM008

Balance sheet figures

The provisions for pensions and severance payments comprise the following:

in EUR thousand	Total 31.12.2017	Thereof non-current	Thereof current	Total 31.12.2016	Thereof non-current	Thereof current
Provisions for pensions	18,448	16,783	1,665	19,623	17,886	1,737
Provisions for severance payments	19,857	19,032	825	23,055	22,180	875
	38,305	35,815	2,489	42,678	40,066	2,612

Provisions for pensions

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

in EUR thousand	31.12.2017	31.12.2016
Present value of funded defined benefit obligations	3,586	3,795
Fair value of the plan assets	-503	-691
Deficit	3,083	3,104
Present value of unfunded defined benefit obligations	15,365	16,519
Plan deficit = provision	18,448	19,623

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

in EUR thousand	2017	2016
Present value of the obligations (DBO) as at 1.1.	20,314	20,368
Current service costs	21	19
Interest expense	271	409
Total expenses for pensions	292	428
Remeasurements	30	1,288
Payments/Transfers	-1,685	-1,770
Present value of the obligations (DBO) as at 31.12.	18,951	20,314

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

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

Plan assets measured at fair value consist of the following:

in EUR thousand	31.12.2017	31.12.2016
Cash funds	247	180
Other receivables	255	511
Fair value of the plan assets as at 31.12.	503	691

Plan assets changed as follows:

in EUR thousand	2017	2016
Fair value of the plan assets as at 1.1.	691	886
Interest income from plan assets	1	0
Remeasurements of plan assets	20	44
Payments/Transfers	-210	-239
Fair value of the plan assets as at 31.12.	503	691

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

Provisions for severance payments

in EUR thousand	2017	2016
Present value of the obligations (DBO) as at 1.1.	23,055	24,159
Current service costs	561	611
Change in benefit plan resulting from restructuring	-1,089	0
Interest expense	381	550
Total expenses for severance payments	-147	1,161
Remeasurements	-1,482	-730
Payments	-1,552	-1,544
Currency translation differences	-17	9
Present value of the obligations (DBO) as at 31.12.	19,857	23,055

The position change in benefit plan resulting from restructuring is related to the announcement of the introduced economy and restructuring measures a subsidiary in France (see note 6.12.)

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

Remeasurements

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

in EUR thousand	2017	2016
Pensions		
Remeasurements of the obligation		
from changes to financial assumptions	415	-1,053
Experience adjustments	-445	-236
	-30	-1,288
Remeasurements of plan assets	20	44
	-10	-1,244
Severance payments		
Remeasurements of the obligation		
from changes to demographic assumptions	123	0
from changes to financial assumptions	293	458
Experience adjustments	1,066	272
	1,482	730
Total remeasurements	1,472	-515

Sensitivity analysis

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

A change of one percentage point in each of these parameters has the following impact on the present value of pension obligations totalling EUR 18,951 thousand (previous year: EUR 20,314 thousand) and on the present value of severance payment liabilities amounting to EUR 19,857 thousand (previous year: EUR 23,055 thousand):

in EUR thousand	Change in parameter	Present value of obligation (DBO) 31.12.2017		Present value of obligation (DBO) 31.12.2016	
		increase in parameter	decrease in parameter	increase in parameter	decrease in parameter
Pensions					
Interest rate	+/-1 percentage point	17,289	20,937	18,501	22,486
Increases in salaries	+/-1 percentage point	20,384	18,074	21,501	19,322
Life expectancy	+/-1 year	19,774	18,136	21,228	19,414
Severance payments					
Interest rate	+/-1 percentage point	17,905	22,150	20,691	25,852
Increases in salaries	+/-1 percentage point	21,947	18,034	25,617	21,834

Average duration

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

Weighted average duration	31.12.2017	31.12.2016
Austria – pensions	9.6	7.8
Austria – severance payments	11.1	11.5
Germany – pensions	10.2	10.9
Other countries – severance payments		
France	15.5	14.9
Italy	13.2	14.6
Poland	10.4	9.0
India	9.7	7.6
Thailand	15.0	15.0

Maturity analysis

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

in EUR thousand	31.12.2017	31.12.2016
Severance payments		
under 1 year	825	875
1 to 5 years	4,639	6,200
6 to 10 years	6,064	7,279
over 10 years	17,820	21,405
Pensions		
under 1 year	1,665	1,737
1 to 5 years	6,320	6,622
6 to 10 years	4,620	4,843
over 10 years	8,382	8,936

Pension plans – defined contribution plans

Semperit AG Holding is required to contribute to a pension fund for all members of the Management Board. Annually, 1/14 of the respective fixed remuneration is paid into a pension fund (APK Pensionkasse AG). In 2017 the expense for these contributions amounted to EUR 105 thousand (previous year: EUR 107 thousand).

One former member of the Management Board and selected executives were granted pensions, which are covered by reinsurance policies with Generali Versicherung AG, whereupon the pension entitlement matches the amount covered by the reinsurance. Based on an updated analysis of these commitments this plan is since 2015 treated as a defined contribution plan. In 2017 the expense for these contributions amounted to EUR 237 thousand (previous year: EUR 276 thousand).

Employees whose employment is subject to Austrian law and who entered into this employment relationship after 31 December 2002 are not entitled to severance payments from their employer. For these employees and all members of the Management Board, contributions amounting to 1.53% of their wages or salaries are paid into a staff pension fund. The expense for Semperit's contributions in the financial year 2017 amounted to EUR 574 thousand (previous year: EUR 526 thousand). It is expected that a similar amount of contributions will be paid out in the following year.

For employees in the USA, contributions amounting to a fixed percentage of the annual salary are paid into a pension fund. The expense for these contributions in the financial year 2017 amounted to EUR 119 thousand (previous year: EUR 145 thousand).

For employees in Singapore, contributions amounting to a fixed percentage of the annual salary are paid into a pension fund. The expense for these contributions in the financial year 2017 amounted to EUR 140 thousand (previous year: EUR 167 thousand).

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

6.12. Other provisions

The carrying amounts of the other provisions are as follows:

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Long-service bonuses	4,097	3,864	233	4,313	4,093	220
Guarantees	5,334	1,396	3,937	3,029	473	2,556
Bonuses and other personnel provisions	9,977	594	9,383	4,464	821	3,642
Other	18,299	6,983	11,316	12,255	10,998	1,257
	37,707	12,837	24,870	24,060	16,384	7,676

The other provisions changed as follows:

in EUR thousand	01.01.2017	Currency differences	Release	Use	Additions	Interest cost	31.12.2017
Long-service bonuses	4,313	3	-224	-228	232	0	4,097
Guarantees	3,029	20	-742	-740	3,767	0	5,334
Bonuses and other personnel provisions	4,464	-130	-304	-3,731	9,680	0	9,977
Other	12,255	-1,132	-646	-5,264	13,023	63	18,299
	24,060	-1,239	-1,916	-9,962	26,701	63	37,707

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

31.12.2017

in EUR thousand	Total	Under 1 year	1 to 5 years	More than 5 years
Long-service bonuses	9,770	241	1,317	8,212
Guarantees	5,334	3,937	1,396	0
Bonuses and other personnel provisions	9,977	9,370	445	162
Other	18,427	11,286	7,111	30

31.12.2016

in EUR thousand	Total	Under 1 year	1 to 5 years	More than 5 years
Long-service bonuses	10,531	225	1,620	8,687
Guarantees	3,029	2,556	473	0
Bonuses and other personnel provisions	4,464	3,642	535	286
Other	12,415	1,227	11,158	30

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

in EUR thousand	Change in parameter	Present value of obligation (DBO) 31.12.2017		Present value of obligation (DBO) 31.12.2016	
		increase in parameter	decrease in parameter	increase in parameter	decrease in parameter
Interest rate	+/- 1 percentage point	3,742	4,516	3,920	4,779
Increases in salaries	+/- 1 percentage point	4,424	3,813	4,676	3,998

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

The increase of the bonuses and other personnel provisions in 2017 mainly results from missing some of the earning targets in the Semperit group in the last year so there was no claim on the applicability of the group bonus policy.

In the remaining other provisions the most significant item is a provision for transfer taxes in Brazil with an amount of EUR 4,144 thousand (previous year: EUR 8,126 thousand). Furthermore EUR 1,546 thousand (previous year: EUR 1,238 thousand) are recognised for lawsuits in conjunction with the transfer tax topic in Brazil.

In the year 2017 Semperit Group has expensed EUR 11,389 thousand in connection with announced cost-saving/restructuring measures in relation to the production site of its subsidiary Sempertrans France Belting Technology S.A.S. in Argenteuil, France. Thereof, EUR 8,939 thousand have been recognised for provision for social plan, onerous contracts and advisory costs.

6.13. Corporate Schuldschein loan

Between 2013 and 2016 the Semperit Group has issued several corporate Schuldschein loans, partly with fix interest rates and partly with variable interest rates, in EUR as well as in foreign currencies as US dollar, Polish zloty and Czech koruna. In total the nominal value was EUR 344,466 thousand, in 2015 the variable tranches of the corporate Schuldschein loan in the amount of EUR 72,000 thousand from 2013 were repaid.

The terms of the actual tranches in EUR are five, seven, ten and fifteen years and for tranches in foreign currencies three, five and seven years. The actual total nominal amounts to EUR 272,466 thousand, thereof about 49% in EUR and about 51% in foreign currencies. The inflow of liquid funds in 2013 and 2016 was used to reduce current long-term borrowings by using these additional corporate Schuldschein loans, Semperit Group further optimizes its financing structure as well as its foreign exchange exposure management. Primarily, the proceeds from this transaction were used to reduce Semperit's current long-term borrowings provided by the revolving credit facility.

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Corporate Schuldschein loan	269,710	254,168	15,542	277,547	275,578	1,969
	269,710	254,168	15,542	277,547	275,578	1,969

As of 31 December 2017 accrued interest amounting to EUR 2,049 thousand (previous year: EUR 1,969 thousand) is recognised with the current liabilities section. The differences between the carrying amounts excluding interest (clean prices) and the nominal amounts are the transaction cost of the Schuldschein offerings are allocated over the terms of the corporate Schuldschein tranches in accordance with the effective interest rate method. In 2017 there were no Schuldschein offerings.

In order to hedge Semperit's financing to subsidiary companies issued in Malaysian Ringgit, Semperit AG Holding entered into cross currency swaps. In case the requirements for hedge accounting according to IAS 39 are met, hedge accounting will be applied. For further information we refer to chapter 8 risk management – interest rate risk management.

6.14. Liabilities to banks

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

31.12.2017						
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	Thereof current
Variable-interest liabilities to banks	1,0 - 4,1%	TEUR	102,000	51,428	51,310	118
	3,0 - 6,0%	TMYR	42,100	5,460	0	5,460
				56,888	51,310	5,578

31.12.2016						
	Effective interest rate	Currency	Nominal value in local currency	Carrying amount in EUR thousand	Thereof non-current	Thereof current
Variable-interest liabilities to banks	0,9 - 1,6%	TEUR	136,541	136,541	136,421	120
	3,0 - 5,0%	TMYR	26,271	5,556	0	5,556
	5.7%	TUSD	1,200	1,139	0	1,139
				143,236	136,421	6,814

In December 2014 a framework loan agreement for EUR 250,000 thousand, adopted to EUR 200,000 thousand in 2017, was concluded with a consortium of six banks. This agreement comprises two tranches, one for EUR 100,000 thousand, adopted to EUR 50,000 thousand in 2017, with a five-year term, and another in the amount of EUR 150,000 thousand with a seven-year term (original term of five years with two renewal options, each for one year, of which both options have already been exercised). As of the balance sheet date EUR 50,000 thousand (previous year: EUR 135,014 thousand) of the framework loan agreement was utilised.

6.15. Other financial liabilities

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

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Liabilities from finance leases	0	0	0	30	0	30
Derivatives	908	0	908	171	0	171
Personnel liabilities	5,068	25	5,043	5,853	86	5,767
Accrued bonifications	2,745	0	2,745	1,457	0	1,457
Accrued commissions	1,111	0	1,111	671	0	671
Remaining other financial liabilities	8,180	911	7,269	8,191	710	7,481
	18,012	936	17,076	16,372	796	15,576

The liabilities from finance leases as at 31 December 2017 break down as follows:

in EUR thousand	31.12.2017			31.12.2016		
	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	0	0	0	31	0	0
Interest portion	0	0	0	-1	0	0
Present value of the minimum leasing payments	0	0	0	30	0	0

6.16. Other liabilities

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

in EUR thousand	31.12.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Liabilities from taxes and social security contributions	12,047	0	12,047	5,238	0	5,238
Prepayments received	1,794	0	1,794	2,017	0	2,017
Accrued income	166	153	13	417	161	256
Unused holidays and overtime balances	5,947	290	5,657	5,699	328	5,371
All other liabilities	1,380	258	1,122	809	343	466
	21,333	701	20,631	14,181	832	13,349

6.17. Disclosures on financial instruments

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

Assets

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2017	Carrying amount 31.12.2016
Trade receivables	Loans and receivables	103,577	118,844
Other financial assets			
Securities	Available-for-sale	6,376	6,498
Loans to associated companies	Loans and receivables	563	563
Other loans	Loans and receivables	10	13
Derivative financial instruments	Held for trading	5,076	4,396
Derivative financial instruments	Designated as a hedging instrument	629	415
Other financial assets	Loans and receivables	3,017	8,984
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	-	165,530	190,208

Liabilities

in EUR thousand	Valuation category IAS 39	Carrying amount 31.12.2017	Carrying amount 31.12.2016
Corporate Schuldschein loan	Liabilities at amortised cost	269,710	277,547
Liabilities from redeemable non-controlling interests	Liabilities at amortised cost	13,276	51,825
Trade payables	Liabilities at amortised cost	110,913	111,569
Liabilities to banks	Liabilities at amortised cost	56,888	143,236
Other financial liabilities			
Derivative financial liabilities	Held for trading	845	171
Derivative financial liabilities	Designated as a hedging instrument	62	0
Liabilities from finance leases	Liabilities at amortised cost	0	30
Remaining other financial liabilities	Liabilities at amortised cost	17,104	16,172

Fair value

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

- Level 1: measurement based on quoted prices on an active market for a specific financial instrument
- Level 2: measurement based on quoted market prices for similar instruments or on the basis of valuation models based exclusively on input factors that are observable on the market
- Level 3: measurement based on models with significant input factors that are not observable on the market

In 2017 there were no reclassifications of financial instruments between the above mentioned levels.

Assets and liabilities at fair value

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

in EUR thousand	Valuation category IAS 39	Fair Value 31.12.2017	Fair Value 31.12.2016	Level
Assets				
Securities	Available-for-sale	6,376	6,498	1
Derivative financial instruments	Held for trading	5,076	4,396	2
Derivative financial instruments	Designated as a hedging instrument	629	415	2
Liabilities				
Derivative financial liabilities	Held for trading	845	171	2
Derivative financial liabilities	Designated as a hedging instrument	62	0	2

The fair values of available-for-sale securities are determined using publicly available prices. The derivative financial instruments held for trading purposes are foreign exchange forward contracts and one cross currency swap. The derivative financial instruments sidesignated as a hedging instrument are also foreign exchange forward contracts and cross currency swaps. Their fair values are determined using generally accepted financial valuation models (e.g. determination of the present value of expected future cash flows based on current foreign exchange rates and yield curves).

Assets and liabilities not measured at fair value

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

in EUR thousand	Valuation category IAS 39	Fair Value 31.12.2017	Fair Value 31.12.2016	Level
Liabilities				
Corporate Schuldschein loan	Liabilities at amortised cost	281,728	291,537	3
Liabilities from finance leases	Liabilities at amortised cost	0	44	3

The fair value of the corporate Schuldschein loan was determined by discounting the contractual payment streams with current interest rates. The comparable interest rates as at the reporting date were derived from capital market yields with matching maturities and then adjusted for current risk and liquidity costs that are observable on the market. These comparable interest rates were derived based on management's current assessment of the rating of the Semperit Group. The difference between carrying value and fair value is, on the one hand, the result of a very significant decrease since the issue of the corporate Schuldschein loan in the banks' refinancing costs (as part of the cost of corporate financing through banks) due to the measures taken by the ECB, such as medium-term refinancing tenders for banks at a current interest rate of 0.00% p.a. and the ECB's quantitative easing measures, which led to a significant decrease in risk premiums. On the other hand, the positive wording of several clauses in the corporate Schuldschein loan contract, which deviate from a standard loan, is in Semperit's favour.

The calculation of the fair value for the remaining redeemable non-controlling interests would require a disproportionately high effort and is thus not disclosed in this report.

7. Consolidated cash flow statement

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

Investments in tangible and intangible assets recognised in the consolidated cash flow statement are cash-effective investments in the 2017 financial year. These include investments from the previous year amounting to EUR 15,724 thousand (previous year: 7,194 thousand) which became cash-effective in the 2017 financial year.

The additions in the statement of changes in tangible and intangible assets (see notes 6.1. and 6.2.) amounting to EUR 73,436 thousand (previous year: EUR 74,969 thousand) include investments totalling EUR 14,684 thousand (previous year: EUR 17,091 thousand) that did not result in a cash outflow in the 2017 financial year.

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

Cash flow from financing activities does not include cash proceeds in the 2017 financial year (previous year: EUR 142,948 thousand) from the issue of a new corporate Schuldschein loan (see note 6.13.). A cash outflow of EUR 86,161 thousand (previous year EUR 26,837 thousand) results from the repayment of liabilities to banks. A further part of the cash flow from financing activities is the dividend payment to shareholders of Semperit AG Holding in the financial year 2017 in the amount of EUR 0.70 per share, in total EUR 14,401 thousand.

The cash flow from financing activities also contains the cash outflow associated with the acquisition of an additional investment in Latexx Partners Berhad totalling EUR 39 thousand (previous year: EUR 57 thousand) (see note 3.5.).

For a representation of the cash-effect resulting from the joint venture transaction please refer to note 3.3. Changes in the scope of consolidation.

in EUR thousand	Liabilities from financing activities							Total
	Liabilities to banks	Corporate Schuldschein loan	Liabilities from finance leases	Liabilities from redeemable non-controlling interests	Derivative financial liabilities	Dividends	Other	
As at 1.1.2016	168,458	134,096	91	44,192	240			347,076
Changes from financing cash flows	-25,234	142,948	-62	0	0	-24,688	-57	92,907
Effect of changes in foreign exchange rates	12	25	1	950		0	-187	801
Changes in fair values	0	0	0	0	-70	0	0	-70
Other changes	0	478	0	6,682	0	0	0	7,160
As at 31.12.2016	143,236	277,547	30	51,824	171			447,875
As at 1.1.2017	143,236	277,547	30	51,824	171			447,875
Changes from financing cash flows	-86,132	0	-29	-45,821	0	-14,401	-39	-146,422
Effect of changes in foreign exchange rates	-216	-8,065	-1	-270	0	0	0	-8,551
Changes in fair values	0	0	0	0	737	0	0	737
Other changes	0	228	0	7,542	0	0	0	7,770
As at 31.12.2017	56,888	269,710	0	13,276	908			301,409

The position Others concerning change of financing cash flow includes mainly the purchase of non-controlling interest of subsidiaries.

8. Risk management

The global economic development with its strong regional variations continuously confronts Semperit as a group with international activities with new challenges. Semperit operates in countries with different economic framework conditions. In addition, these countries are in different phases of political, constitutional and social development. The success of Semperit's two sectors and the four operating segments depends on the overall economic environment to a varying degree based on their strategic orientation. Accordingly, Semperit is exposed to risks.

As a result of international trading activities in various foreign currencies, the Semperit Group is exposed to currency risk. There are associated transaction risks in all group companies, which for example purchase raw materials in foreign currencies or sell products in a currency other than the euro. The main currencies in this context are the US dollar, Chinese renminbi, Czech crown, Polish zloty and Malaysian ringgit.

The Semperit Group's risk management is based on a comprehensive enterprise risk management (ERM) approach, which is integrated into corporate organisation. The ERM approach is based on a globally recognised framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the "Enterprise Risk Management – Integrated Framework" (2004). The ERM process aims at an early identification, assessment and control of risks which could have a significant influence on achieving strategic, operational, financial and compliance-relevant goals of the company.

Capital risk management

The goals of capital management are to ensure the company's continued existence and to enable growth-oriented organic and non-organic investment activity and dividend policies based on these goals. Relating to loan agreements, the usual clauses (covenants-criterias) include a termination by the banks/investors in case of non-compliance as well as a decrease of the rating indication of rating agencies for the Semperit Group and therefore a possible negative effect on the asset, liabilities, financial and earnings position.

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

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

As of 31 December 2017 net financial debt was EUR 154,692 thousand. The Semperit Group had net financial debt as of 31 December 2016 totalling EUR 224,106 thousand.

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

The group is subject to certain loan agreement requirements related to the consolidated financial statements. These requirements include a minimum equity ratio and a maximum level of indebtedness. As of 31 December 2017 the corresponding requirements were complied with. As of 31 December 2017 one subsidiary did not meet one contractual clause. This had no consequence due to disclosure as current liability.

Interest rate risk management

Operating resources, investments and acquisitions in the group's business operations are partially financed using debt and partially carry variable interest rates. Depending on the development of

interest rates, hedging transactions could have a significant influence on our business, asset, financial and earnings position.

The risk related to fixed-interest financial instruments is that the market value will be negatively impacted in the event of interest rate changes. In the case of variable-interest financial instruments, the risk is that fluctuations in cash flows can adversely affect the balance of cash and cash equivalents, and the planning of future cash flows.

In order to hedge Semperit's financing to a subsidiary company issued in Malaysian Ringgit, Semperit AG Holding entered into a cross currency swap in April 2015. On the one hand, the cross currency swap causes the variable refinancing to be converted into fixed interest rates, on the other hand, the exchange rate of the Euro and the Malaysian Ringgit was fixed. According to IAS 39 the cross currency swap was classified as a cash flow hedge (regarding interest rate risk) and as a fair value hedge (regarding the foreign exchange risk) too. In total, the derivative was accounted for at fair value. As of 31 December 2015 the requirements for hedge accounting in accordance with IAS 39 were no longer met. Since then, all fair value changes are recognised completely through profit and loss within the financial result section of the consolidated income statement. Considering also the ongoing negative EURIBOR, an interest rate floor was added to the existing cross currency swap on 30 September 2016 with the intention to increase the effectiveness of these counter-balancing fair value changes.

In order to hedge Semperit's further financing to a subsidiary company issued in Malaysian Ringgit, Semperit AG Holding entered into two additional cross currency swaps in March 2016 and in August 2016. On the one hand, the cross currency swaps again caused the variable refinancing to be converted into fixed interest rates, on the other hand, the exchange rates of the Euro and the Malaysian Ringgit were fixed. According to IAS 39 these cross currency swaps are also classified as cash flow hedges (regarding interest rate risk) and as fair value hedges (regarding the foreign exchange risk). In total, these derivatives are also accounted for at fair value. For 2017 the effective portion of this cash flow hedge of EUR 324 thousand was recognised in other comprehensive income and EUR - 328 thousand were reclassified in the consolidated income statement. As of 31 December 2017 the cash flow hedge reserve from both cross currency swaps amount to EUR 11 thousand (31 December 2016: EUR 15 thousand).

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

	31.12.2017		31.12.2016	
in EUR thousand	Fixed interest	Variable interest	Fixed interest	Variable interest
Financial assets	137	92,626	349	54,340
Financial liabilities	139,775	184,774	140,494	278,348

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

The resulting effects on the financial result are shown below:

	31.12.2017			31.12.2016		
in EUR thousand	Sensitivity to changes in interest rates by			Sensitivity to changes in interest rates by		
	Balance	+100 basis points	-100 basis points ¹⁾	Balance	+100 basis points	-100 basis points ¹⁾
Variable-interest financial assets	92,626	926	-60	54,340	543	-44
Variable-interest financial liabilities	184,774	-1,848	1,848	278,348	-2,783	2,740

¹⁾ For interest rates below 1%, negative interest rates are not taken into account

Liquidity risk management

There are default risks relating to Semperit's bank deposits. These deposits are not or only partially secured by deposit protection funds and may be the reason why Semperit cannot or only partially or only with some delay access this liquidity or credit lines in case of difficulties of individual banks or another bank and/or financial crisis. In addition, Semperit has business activities in countries with capital controls or agreements with joint venture partners, which results in restrictions on the free availability of the respective cash and cash equivalents. The above-mentioned risks may have negative effects on the asset, liabilities, financial and earnings position.

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

31.12.2017

in EUR thousand	Total	Up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	Over 5 years
Corporate Schuldschein loan	297,975	0	0	20,100	211,051	66,824
Liabilities to banks	57,122	2,859	2,635	84	50,725	819
Trade payables	111,925	56,783	51,798	2,619	388	337
Derivatives	908	33	338	537	0	0
Liabilities from finance leases	0	0	0	0	0	0
Other financial liabilities	15,132	6,875	5,608	2,146	471	32

31.12.2016

in EUR thousand	Total	Up to 1 month	2 to 3 months	4 to 12 months	1 to 5 years	Over 5 years
Corporate Schuldschein loan	310,108	0	0	6,787	197,651	105,670
Liabilities to banks	143,475	1,874	3,721	1,219	135,712	949
Trade payables	111,569	61,972	46,045	2,911	308	334
Derivatives	171	154	0	17	0	0
Liabilities from finance leases	30	2	5	22	0	0
Other financial liabilities	14,462	7,273	5,068	1,515	564	42

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 contractual partners are for the most part banks with a good credit rating. Furthermore, Semperit has defined maximum investment amounts with each contractual partner in order to minimise the default risk. In countries with restricted cash transfer, Semperit tries to limit the locally kept amount to the operationally necessary minimum.

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

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

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

The default risk associated with financial assets is considered by allowances.

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

in EUR thousand	31.12.2017	31.12.2016
Derivative financial instruments (held for trading)	5,705	4,811
Units in funds, government bonds, equities (AFS)	6,376	6,498
Loans and receivables	28,140	36,694
Cash and cash equivalents	165,530	190,208

Currency risk management

As a result of international trading activities in various foreign currencies, the Semperit Group is exposed to currency risk. There are associated transaction risks in all group companies, which for example purchase raw materials in foreign currencies or sell products in a currency other than the euro. The main currencies in this context are the US dollar, Chinese renminbi, Czech crown, Polish zloty and Malaysian ringgit.

The translation of separate financial statements in foreign currencies to the euro, the reporting currency, results in currency translation differences (translation risk), which amount to EUR -11,232 thousand (previous year: EUR -489 thousand) and were recognised in other comprehensive income. EUR -49 thousand (previous year: EUR -187 thousand) of this amount was attributable to non-controlling interests, and foreign exchange differences from joint ventures / non-current assets held for sale amounted to EUR 0 thousand (previous year: EUR 4,884 thousand). In connection with the joint venture transaction an amount of EUR 14,033 thousand has been classified from the currency translation reserve to reserves which are attributable to non-current assets held for sale in the financial year 2016. In 2017 this amount was reclassified in the consolidated income statement.

This led to a change in the foreign currency translation reserve from EUR -11,670 thousand as of 31 December 2016 to EUR -8,820 thousand as of 31 December 2017. In 2016 the foreign currency translation reserve changed from EUR 2,664 thousand to EUR -11,670 thousand.

The carrying amounts of assets and liabilities belonging to subsidiaries not based in the Eurozone and the contribution of these subsidiaries to the earnings of the group depend to a significant degree on the exchange rate between the euro and the functional currency used by these subsidiaries. Translation risk is not taken into account in the following disclosures under IFRS 7.

The following breakdown of the Semperit Group's revenue into key currencies (as a percentage of overall revenue) shows that in 2017, 38.1% (previous year: 41.1%) of sales was realised in a foreign currency.

in % of Group's revenue	2017	2016
EUR	61.9%	58.9%
USD	30.1%	31.9%
CNY	3.1%	2.9%
INR	1.5%	1.7%
GBP	1.1%	1.6%
CZK	0.6%	0.6%
MYR	0.4%	0.4%
THB	0.3%	0.3%
Other	1.0%	1.7%

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

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

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

31.12.2017	Country	Type of transaction	Currency	Hedge amount ¹⁾	Hedge rate ²⁾	Fair value in EUR thousand 31.12.2017	Range of remaining days to maturity in days
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	EUR	2,993,933	39.05	-20	163-184
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	USD	8,070,278	33.05	95	36-172
Latexx Manufacturing Sdn Bdh, Kamunting, Malaysien	Malaysien	Forward exchange	USD	38,500,000	5.20	-763	75-165
Semperit Investments Asia Pte Ltd., Singapur	Singapur	Forward exchange	GBP	1,721,026	1.31	-62	16-134
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	6,562,397/ 30,000,000	4.57	257	453
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	6,625,881/ 30,000,000	4.53	372	1,551
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	25,641,026/ 100,000,000	3.90	4,981	719

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

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

In order to hedge a business case in British pound Semperit Investments Asia Pte. Ltd. entered into foreign exchange forward contracts. With these foreign exchange forward contracts the exchange rate between US dollar and British pound was fixed. According to IAS 39 these foreign exchange forward contracts were classified as cash flow hedges and accounted for at fair value. For 2017 the effective portion of the cash flow hedges of EUR 62 thousand was recognised in other comprehensive income and EUR 0.4 thousand were reclassified in the consolidated income statement. As of 31 December 2017 the cash flow hedge reserve from these foreign exchange forward contracts amount to EUR 62 thousand (31 December 2016: EUR 0 thousand).

31.12.2016	Country	Type of transaction	Currency	Hedge amount ¹⁾	Hedge rate ²⁾	Fair value in EUR thousand 31.12.2016	Range of remaining days to maturity in days
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	EUR	1,549,895	38.39	8	160-187
Semperflex Asia Corp. Ltd., Hat Yai, Thailand	Thailand	Forward exchange	USD	6,833,779	35.01	-153	48-136
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	6,562,397/ 30,000,000	4.57	214	818
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	6,625,881/ 30,000,000	4.53	201	1,916
Semperit AG Holding	Austria	Cross Currency Swap	EUR/MYR	25,641,026/ 100,000,000	3.90	4,387	1,084

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

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

The derivatives of Semperflex Asia corp. Ltd and of Latexx Manufacturing Sdn Bdh are accounted as instruments held for trading rather than as hedges because the prerequisites for hedge accounting in accordance with IAS 39 are not met. The fair values are reported in the consolidated balance sheet as other financial assets or other financial liabilities. The remaining mentioned derivatives are accounted as hedges.

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

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

Change in currency to EUR	2017			2016		
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
USD	8%	13,557	-13,557	5%	4,904	-4,904
THB	4%	-658	658	4%	-598	598
PLN	2%	617	-617	3%	725	-725
CZK	4%	-860	860	0%	-24	24
HUF	2%	29	-29	2%	33	-33
GBP	4%	44	-44	10%	122	-122
CNY	5%	177	-177	3%	-141	141
INR	8%	-360	360	4%	-135	135
MYR	5%	-7,122	7,122	4%	-1,515	1,515
SGD	5%	0	0	3%	3	-3

Change in currency to USD	2017			2016		
	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease	Calculated fluctuation range	Impact on profit from price increase	Impact on profit from price decrease
	in %	in EUR thousand	in EUR thousand	in %	in EUR thousand	in EUR thousand
THB	5%	263	-263	2%	137	-137
PLN	11%	881	-881	6%	493	-493
CZK	14%	111	-111	4%	71	-71
HUF	10%	-232	232	5%	-92	92
GBP	7%	237	-237	11%	188	-188
CNY	4%	123	-123	4%	166	-166
INR	4%	-16	16	2%	0	0
MYR	6%	-1,318	1,318	7%	307	-307
SGD	4%	23	-23	4%	43	-43

9. Other commitments and risks

Contingent liabilities and other financial obligations

A group company is currently conducting tax proceedings regarding levies in Brazil. The management still expects for import duty that the requirements for a provision are fulfilled and therefore a provision is necessary for the assessment years 2008 to 2010 (see note 6.12.). In the year 2017 there was a deposit paid for the resale duty for the further handling of the case in the legal courts of instance. Due to the non-fulfillment of criteria according to IAS 37 a contingent asset was not recognised. For the assessment years 2011 and 2012 the management still assumes that no provision is necessary for a possible tax risk. In the event that this assessment of risk is not correct, there could be a loss, which would significantly impact the asset, liabilities, financial and earnings position of the group. Management aims to ensure that all necessary measures will be taken for a successful enforcement of the legal position of the group company concerned. Appropriate provisions have been accrued for the expected costs of the proceedings (see note 6.12.).

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

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

Legal disputes

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

One group company is involved in an unfair competition proceeding. The case is currently not at a stage at which the outcome can be estimated with a sufficient degree of probability. The case is being heard before the authorities in consultation with local specialists. The subsidiary is cooperating with the competent authorities and is providing all the necessary assistance. The management of the Semperit Group does not expect this case to significantly impair the asset, liabilities, financial and earnings position. For the anticipated costs and the appropriate risk a provision has been made in the most likely amount according to the assessment of the Semperit Group and in accordance with IAS 37. The amount is reviewed periodically in case there is need for adjustment.

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

Legal disputes involving the Siam Sempermed Corp. Ltd. joint venture

Since 2014 the Semperit Group was involved in several legal proceedings including the domestic courts in Thailand and international arbitration tribunals seated in Zurich administered by the International Chamber of Commerce (ICC). These legal proceedings related, in particular, to the competencies and internal organisation of the Board of Directors (BoD) being the management body of Siam Sempermed Corp. Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.), a former joint venture in Thailand. They also concerned the business conduct of SSC, SSC's business relationships with group subsidiaries of the Thai joint venture partner, Sri Trang Agro-Industry Public Co Ltd. (Sri Trang), and the exclusive distribution rights of the Semperit Group.

The opposing parties in the arbitration proceedings were the contracting parties in the joint venture agreements and SSC itself. In the Thai courts proceedings, the opposing parties were SSC BoD members who were nominated by the Sri Trang Group.

ICC Cases

Following the successful closing of the joint venture transaction between the Semperit Group and the Sri Trang Group or SSC in March 2017, all pending arbitration proceedings mentioned above were withdrawn.

Thailand Cases

As a result of the successful closing of the joint venture transaction, all aforementioned Thai Court proceedings have been settled during the third quarter of 2017.

Austrian Federal Competition Authority (BWB)

In October 2015, the BWB – acting on a petition from the Sri Trang companies, which were Semperit's joint venture partners in SSC – commenced a proceeding against Semperit and the Sri Trang companies with the antitrust court in Vienna. The proceeding relates to exclusive distribution rights in Europe. In December 2015, Semperit submitted extensive briefs to defend its legal position. In the first quarter of 2016, a court hearing was held and Semperit submitted additional briefs. By the end of June 2016, the antitrust court in Vienna determined, in a partial ruling, that the exclusive distribution rights were incompatible with the existing legal regulations of the EU Competition Law. In July 2016, Semperit filed an appeal with the Austrian Supreme Court. Semperit also proposed that this legal issue be decided by the European Court of Justice since to date, there has been no ruling on the prohibition of distribution regulations in similar circumstances.

In September 2017, the Austrian Supreme Court decided that the former exclusivity provision for Semperit's distribution and marketing of gloves manufactured by the former Thai joint venture Company in Europe was not compliant with existing competition law in 2015/16. The Supreme Court further decided not to involve the European Court of Justice. A potential penalty has yet to be decided. However in the last quarter of 2017 and in the first quarter of 2018 the settlement has been discussed with BWB.

This ruling by the Austrian Supreme Court has no impact on the ongoing Sempermed business and therefore has no influence on the day to day operations of Sempermed's glove business as the Joint Venture Agreement with Sri Trang Group was unanimously terminated on 15 March 2017.

Appropriate provisions have been set up for the expected further costs of the proceeding and the possible penalty based on estimates. Detailed information on the specific financial effects would seriously weaken the position of the Semperit Group in asserting its interests in the current legal proceedings, and disclosure is therefore omitted in application of IAS 37.92.

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

10.1. Related-party transactions with companies and individuals

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

B & C Semperit Holding GmbH is the direct majority shareholder of Semperit AG Holding, and B & C Privatstiftung is the dominant legal entity. B & C Holding Österreich GmbH is the shareholder holding an indirect majority stake which draws up and publishes consolidated financial statements in which the Semperit Group is consolidated. Under IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associated companies are related parties of the Semperit Group. Regarding the reorganisation of the B & C Group, we refer to voting rights notification as of 5 May 2017.

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

Compensation paid to members of the Management Board is shown in note 5.4., loans to the Management Board are shown in note 6.5.

The Supervisory Board compensation for the 2017 financial year consists of basic compensation, compensation for the members for each committee, and an attendance fee for each meeting. In the 2017 financial year, the remuneration paid to members of the Supervisory Board for 2016 amounted to EUR 489 thousand (previous year: EUR 452 thousand).

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

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

In 2017 the group conducted transactions with unit-it GmbH in the amount of EUR 480 thousand (previous year: EUR 462 thousand). This related to the maintenance of SAP licences and was conducted at arm's length conditions. As of 31 December 2017 there are no unpaid liabilities to the company (previous year: EUR 0 thousand).

In 2017 the group conducted transactions with Grohs Hofer Rechtsanwälte GmbH & Co KG in the amount of EUR 1,251 thousand (previous year: EUR 612 thousand). These transactions relate to legal consulting services and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to these companies in the amount of EUR 5 thousand (previous year: EUR 251 thousand).

In 2017 the group conducted transactions with B & C Industrieholding GmbH in the amount of EUR 98 thousand (previous year: EUR 28 thousand). These transactions relate to management and other services as well as charges and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to these companies in the amount of EUR 35 thousand (previous year: EUR 28 thousand).

In 2017 the group conducted transactions with B & C Holding GmbH in the amount of EUR 146 thousand (previous year: EUR 0 thousand). These transactions relate to commitment fee for hybrid capital line and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to these companies in the amount of EUR 146 thousand (previous year: EUR 0 thousand).

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

10.2. Transactions with co-partners

The fully consolidated company Semperflex Asia Corp. Ltd. has a business relationship with the non-controlling co-partner of this subsidiary, Sri Trang Agro-Industry Public Co Ltd.

In addition, Sempertrans Best (Shandong) Belting Co. Ltd. conducts business with Wang Chao Coal & Electricity Group, the non-controlling co-partner of this subsidiary.

10.3. Supervisory Board matters

Stephan B. Tanda has resigned his mandate on 1 February 2017. Andreas Schmidradner has resigned his mandate on 23 May 2017 (date of Annual General Meeting). The Annual General Meeting on 23 May 2017 elected Petra Preining and Klaus F. Erkes into the Supervisory Board. Stefan Fida, Patrick Prügger and Astrid Skala-Kuhmann have been re-elected into the Supervisory Board. In the subsequent Supervisory Board Meeting Veit Sorger has been re-elected as Chairman of the Supervisory Board. Patrick Prügger has been elected as his first and Stefan Fida as his second deputy. Veit Sorger, Patrick Prügger und Felix Strohbichler will resigne their mandate on 25 April 2018 (date of Annual General Meeting 2018).

10.4. Management Board matters

Thomas Fahnemann informed the Chairman of the Supervisory Board on 15 March 2017 about his immediate resignation from his position as Chairman of the Management Board.

On 27 March 2017, the Nominating Committee of Semperit AG Holding decided unanimously to propose Martin Füllenbach as the company's new Chairman of the Management Board (CEO) to the Supervisory Board. The appointment of Martin Füllenbach as CEO for a term from 1 June 2017 to 31 December 2020 was confirmed by the Supervisory Board on 26 April 2017.

The Supervisory Board and the long-standing Chief Technology Officer of the Company, Richard Ehrenfeldner, have commonly agreed to terminate his Management Board activities as of 15 April 2017.

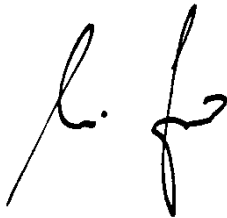
As of 1 June 2017, the Management Board of Semperit AG Holding consists of Martin Füllenbach (Chairman of the Management Board, CEO), Frank Gumbinger (CFO) and Michele Melchiorre (COO).

11. Events after the balance sheet date

No events requiring disclosure occurred between 31 December 2017, the balance sheet date, and 15 March 2018, the date on which this report was approved for publication.

Vienna, 15 March 2018

The Management Board



Martin Füllenbach
CEO



Frank Gumbinger
CFO



Michele Melchiorre
COO

Independent Auditor's Report¹⁾

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Semperit Aktiengesellschaft Holding, Vienna,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2017 and its financial performance for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below we describe the **Key Audit Matters**:

- Impairment of goodwill on the Sempermed segment
- Valuation of deferred tax assets

¹⁾ This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Impairment of goodwill in Sempermed segment

The consolidated financial statements of the Semperit Group contained a material goodwill as of December 31, 2017 (carrying value: EUR 26,063 thousand), which was allocated to the Sempermed cash generating unit (CGU).

In June 2017, there were indications towards a need for impairment in the CGU Sempermed. Based on the impairment test that was carried out as of June 30, 2017 the entire goodwill of the Sempermed CGU was impaired.

When performing the impairment test key assumptions and estimates in regard of future cash flows and discount rate must be made in calculating value in use, which is determined using the discounted cash flow method. The key risk lies in the estimation of these future cash flows and the discount rate.

The corresponding disclosures of the Semperit Group on goodwill are contained in Note "6.1 Intangible assets".

In order to address this risk we have scrutinized and reviewed management's assumptions and estimates. We have further performed audit procedures, including the following:

- Assessed the planning and design of the process to determine recoverability
- Audited the methodology applied, the mathematical accuracy of the documentation and calculations provided, and reviewed the plausibility of the discount rate with the assistance of our valuation specialists
- Audited whether the forecasted revenue and earnings as well as the investments for the Sempermed CGU agree with the plans submitted to the Supervisory Board, and whether these items are in compliance with the requirements of IAS 36
- Reviewed the planning documentation and performed a plausibility analysis of the key value drivers (revenue, expenses, investments and changes in working capital) in order to verify the appropriateness of these plans
- Audit of adequacy of impairment

Valuation of deferred tax assets

A material amount of deferred tax assets is recognized in the balance sheet of the Semperit Group (December 31, 2017: EUR 8,164 thousand), as of December 31, 2017, deferred tax assets were impaired by cumulatively EUR 41,295 thousand.

The measurement of deferred tax assets is based on significant estimates and judgements. The key risk relates to estimates of future taxable income and the assessment when this income will be realized. To do this management derives a plan for taxable income based on the company's medium-term planning. It then assesses as recoverable those amounts, which can probably be realized over the next five years.

The company's disclosures on deferred tax assets are contained in the Note "6.8 Deferred taxes".

Heading
Risk

Audit response

Heading
Risk

Audit response

In order to address this risk we have scrutinised and reviewed management's assumptions and estimates. We have additionally performed audit procedures, including the following:

- Assessed the planning and design of the process to review the recoverability of deferred tax assets
- Reconciled the planning data submitted to the Supervisory Board to the tax planning of the individual companies and analysed the plausibility of the key value drivers
- Audited the methodology applied and the mathematical accuracy of the documentation submitted and the calculations
- Performed analyses and assessed the plausibility of the recoverability of deferred tax assets within the next five years using the tax planning
- Audit of adequacy of impairment

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Additional information in accordance with article 10 EU regulation

We were elected as auditor by the ordinary general meeting at May 23, 2017. We were appointed by the Supervisory Board on August 21, 2017. We are auditors without cease since fiscal year 2012.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Hans-Erich Sorli.

Vienna, 15 March 2018

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Gerhard Schwartz mp

Wirtschaftsprüfer / Certified Public Accountant

Mag. Hans-Erich Sorli mp

Wirtschaftsprüfer / Certified Public Accountant

Balance sheet of Semperit AG Holding¹⁾

in EUR thousand	31.12.2017	31.12.2016
ASSETS		
Fixed assets		
Intangible assets	5,844	12,362
Tangible assets	752	889
Financial assets	162,450	337,898
	169,045	351,148
Current assets		
Receivables from affiliated companies	203,478	121,542
Receivables from joint ventures	0	258
Other receivables	1,837	6,995
Cash on hand, bank deposits	47,998	52,356
	253,313	181,150
Accruals and deferrals	1,130	903
Net deferred tax assets	0	3,259
ASSETS	423,488	536,461
LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,540	21,540
Revenue reserves	30,399	33,499
Net profit for the period	12	14,548
	73,310	90,946
Provisions		
Provisions for severance payments	1,596	2,334
Provisions for pensions	11,546	12,563
Tax provisions	0	1,071
Other provisions	7,024	8,454
	20,167	24,423
Liabilities		
Corporate Schuldschein loan	277,473	279,499
Liabilities to banks	50,006	135,014
Trade payables	1,939	3,328
Liabilities to affiliated companies	138	193
Other liabilities	455	3,058
	330,011	421,092
LIABILITIES	423,488	536,461

¹⁾ Shortened version.

Income statement of Semperit AG Holding¹⁾

in EUR thousand	2017	2016
Revenue	27,946	23,949
Other own work capitalised	0	111
Other operating income	2,588	3,168
Personnel expenses	-20,178	-17,576
Depreciation and amortisation of tangible and intangible assets	-7,562	-1,866
Other operating expenses	-37,137	-35,208
Earnings before interest and tax (EBIT)	-34,344	-27,421
Income from investments	60,000	32,500
Income from other securities of financial assets	58	102
Interest and related income	23,010	10,078
Income from write up to financial assets	0	129
Expenses from financial assets	-21,038	-7,389
Interest and related expenses	-30,221	-16,706
Financial result	31,810	18,714
Result from ordinary business activities	-2,534	-8,707
Income taxes	-700	8,143
Earnings after tax	-3,234	-564
Release of other reserves	3,100	15,003
Profit carried forward from the previous year	146	110
Net profit for the period	12	14,548

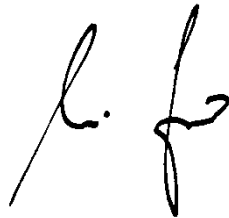
¹⁾ Shortened version.

The unshortened annual financial statements 2017 of Semperit AG Holding, which were prepared according to Austrian accounting standards and awarded an unqualified audit opinion by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, were submitted together with all the relevant documentation to the commercial register of the Vienna Commercial Court under the commercial register number 112544 g. These financial statements are included in the Annual Financial Report 2017 in German, which is available for download from the homepage www.semperitgroup.com/ir.

The local financial statement of the Semperit AG Holding as of 31. December 2016 shows net profit for the period EUR 12,403.32. Due to the continued restructuring and transformation process, the Management Board will not propose a dividend (previous year: EUR 0.70 per share) at the Annual General Meeting on 25 April 2018.

Vienna, 15 March 2018

The Management Board



Martin Füllenbach
CEO



Frank Gumbinger
CFO



Michele Melchiorre
COO

Statement of all legal representatives

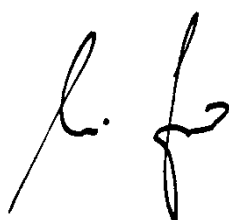
Pursuant to Section 82 (4) (3) of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements as at 31 December 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements of Semperit Aktiengesellschaft Holding as at 31 December 2017 prepared in accordance with the Austrian Company Code (UGB) give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 15 March 2018

The Management Board



Martin Füllenbach
CEO



Frank Gumbinger
CFO



Michele Melchiorre
COO